

HOLD

TP: Rs 427 | ▲ 1%

**NUVOCO VISTAS
CORPORATION**

| Cement

| 30 September 2025

Poised for growth, but leverage limits upside; assign HOLD

- Nuvoco's organic capacity will assist ~10% volume growth in FY26E; capacity addition to help stay on growth trajectory in FY27E/FY28E
- Operationally, continues to stay sound with higher capacity utilisation (~77%) and conversion ratio (77%) for the next 2 years
- Net debt over Rs50bn a key concern; value NUVOCO at 9x EV/EBITDA Sep 2027 earnings, arriving at TP of Rs427. Assign HOLD

Milind Raginwar
 Research Analyst
Ayush Dugar
 Research Associate
 research@bobcaps.in

Well geared for healthy growth: NUVOCO has a capacity of 25 mn tonnes and healthy clinker capacity of 13.5 mn tonnes assisting ~10% growth in FY26. FY27 and FY28 growth will be backed by new capacities (Vadraj Cement addition).

High-capacity utilisation rates and clinker conversion ratio: NUVOCO has maintained an average capacity utilisation rate at ~77% for the period FY20-25 and is expected to maintain a higher (~80%) CU from FY25-28E. Similarly, its eastern region presence has helped it to maintain higher cement clinker conversion rate of ~80% (FY20-25) and will maintain a higher CC ratio of ~70% in the next 3 years.

Regional diversification to help defuse concentration risk: NUVOCO currently have 76% capacity in the eastern region and 24% in the North. However, with new capacity in the West and debottlenecking in North India, concentration risk will be reduced with eastern exposure at 61% and increased exposure in better realisation markets like West (19%) and North (20%) helping improved earnings quality.

Secured raw material reserves: NUVOCO has total operational limestone reserves of ~800mn secured for the next 25-40 years with only ~7% of the reserves going for auction in the near period (2030-2034). This indicates long-term secured limestone reserves. Similarly, the company has entered into a long-term agreement with Tata Steel till 2047 that guarantees supply and inflation indexed price escalation.

Focus on margin expansion: Focus on margin expansion with diversified regions, additional railway sidings (details on page 6) and the use of cost-effective power (captive, WHRS and solar) will help improve margins in the next 2-3 years.

Balance sheet debt to continue: NUVOCO has tilt on higher leverage with its long-term debt (average) in Rs40-50bn range and we expect no change in till FY28.

Valuation and Rating: Our estimates build a revenue/EBITDA CAGR of ~4%/13% over FY23-28E backed by new capacities and cost efficiencies. We value the stock at 9x EV/EBITDA (Sep 2027) and arrive at a target price of Rs427. We initiate coverage with a HOLD rating on the stock.

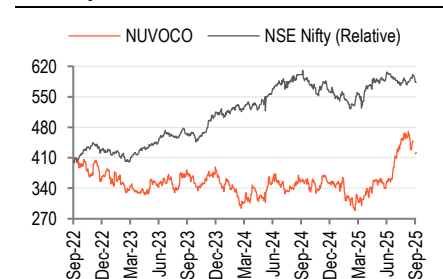
Ticker/Price	NUVOCO IN/Rs 423
Market cap	US\$ 976.0mn
Free float	28%
3M ADV	US\$ 6.3mn
52wk high/low	Rs 438/Rs 411
Promoter/FPI/DII	72%/4%/19%

Source: NSE | Price as of 29 Sep 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,03,567	1,11,220	1,20,686
EBITDA (Rs mn)	13,720	17,972	20,297
Adj. net profit (Rs mn)	218	3,431	4,372
Adj. EPS (Rs)	0.6	9.6	12.2
Consensus EPS (Rs)	12.0	13.8	13.8
Adj. ROAE (%)	0.2	3.8	4.6
Adj. P/E (x)	691.3	44.0	34.5
EV/EBITDA (x)	8.4	6.4	6.1
Adj. EPS growth (%)	(85.2)	1471.0	27.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



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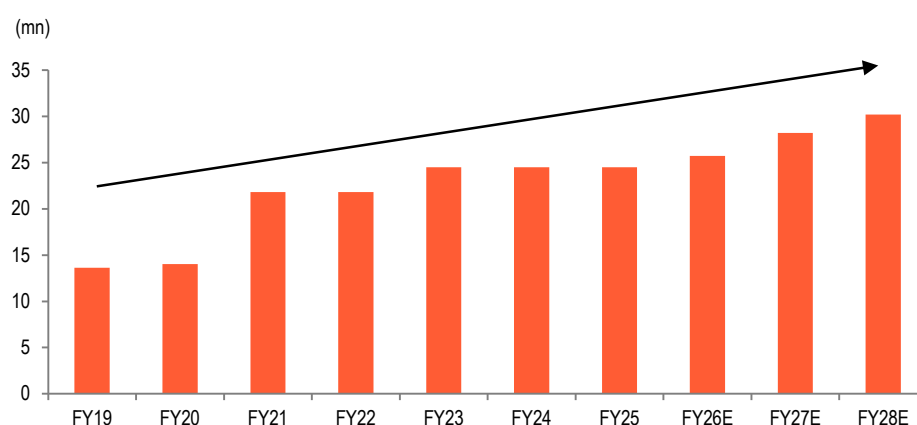
Key Investment Rationale

Geared for healthy growth poised by capacity headroom:

Nuvoco's volume growth was at a healthy pace of 9% CAGR in the past years (FY20-25), helped by organic and inorganic growth (acquisition of Emami assets in FY21). This was ahead of the industry growth of 7.4% CAGR in the same period. Volume growth was driven by capacity growth of 11.8% CAGR (including acquired capacities) ahead of industry capacity addition of 5.2% CAGR. Further, increased presence in the East and better conversion ratio also helped the company's growth ahead of the industry.

We expect Nuvoco to grow at 7% in the next 3 years FY25-28 (5% from FY23-28 including slow growth years of FY24/FY25, impacted by the election phase).

Fig 1 – Enough capacity headroom to help beat/maintain industry average growth

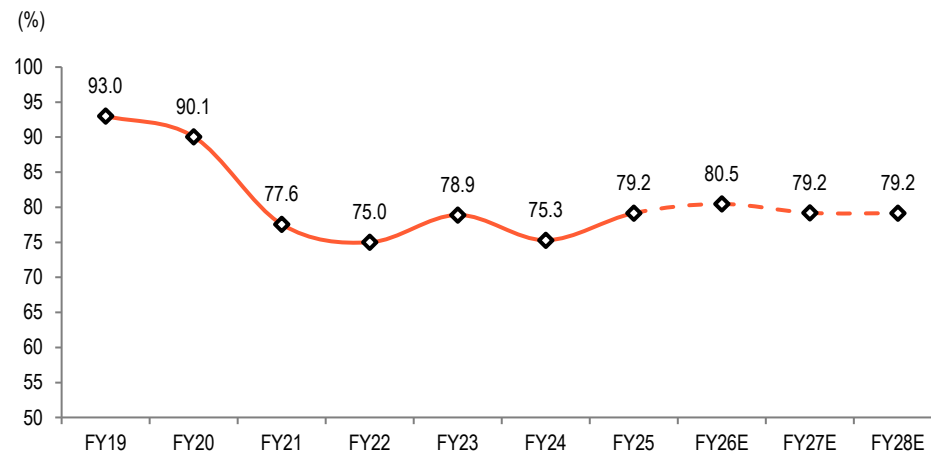


Source: Company, BOBCAPS Research

The growth will be driven by capacity headroom (organic) and new capacity acquisition from Vadraj Cement in the West (Gujarat). Further, the new capacities assure growth beyond FY28 with addition at Vadraj Cement (by 2mn tonnes) between FY28 and FY30. Additionally, capacity additions in Naguar (Rajasthan), Guntur (Andhra Pradesh) and Dhandhani (Chhattisgarh) will be beyond FY30.

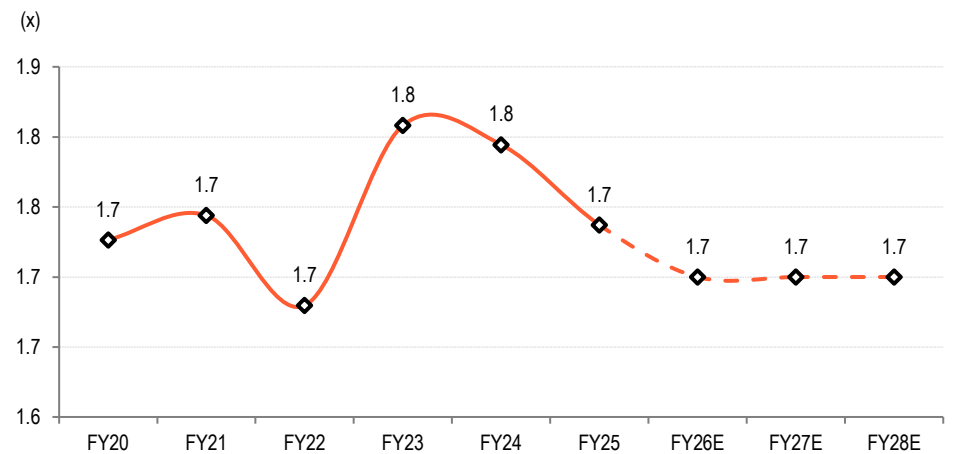
Consistent higher capacity utilisation rates (+75%) and better cement clinker conversion ratio (~ 75%):

Nuvoco has maintained higher utilisation rates of ~77% over a 5Y period, between FY20 and FY25 and will likely maintain a CU rate of ~80% over the period FY25-28E. Higher presence in the voluminous markets of eastern region largely helped the higher CU rate and is expected to continue the same with new capacity addition in the growth-driven markets of Gujarat and Maharashtra (new addition in Surat and Kutch).

Fig 2 – Higher capacity utilisation will continue in the range of ~78-80%


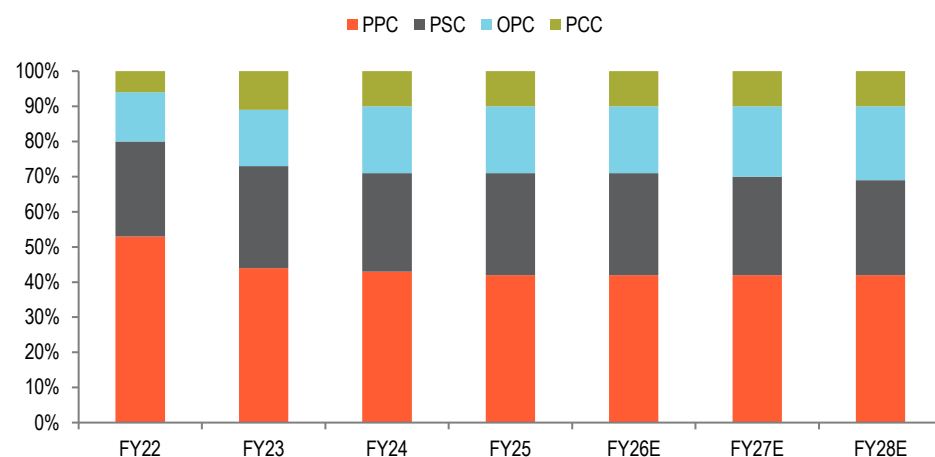
Source: Company, BOBCAPS Research

Further presence in the eastern region (76% of the total capacities) has helped Nuvoco maintain a higher cement conversion ratio of ~ 80% over the past 5 years. This has helped the company penetrate in the eastern market faster with the help of composite and slag cement. We expect cement conversion ratio to be maintained higher, upwards of 70% (but lower than 80%) as Nuvoco diversifies into the western market (Gujarat). However, this will be compensated by higher presence in the remunerative markets of Gujarat and Maharashtra, thereby having little impact on margins.

Fig 3 – Cement to clinker ratio to hover ~ 1.7x down from 1.8x as capacities move away from the eastern region, but regional mix will offset/compensate


Source: BOBCAPS Research Company

Fig 4 – Amongst the best cement product mix in the industry thanks to regional mix



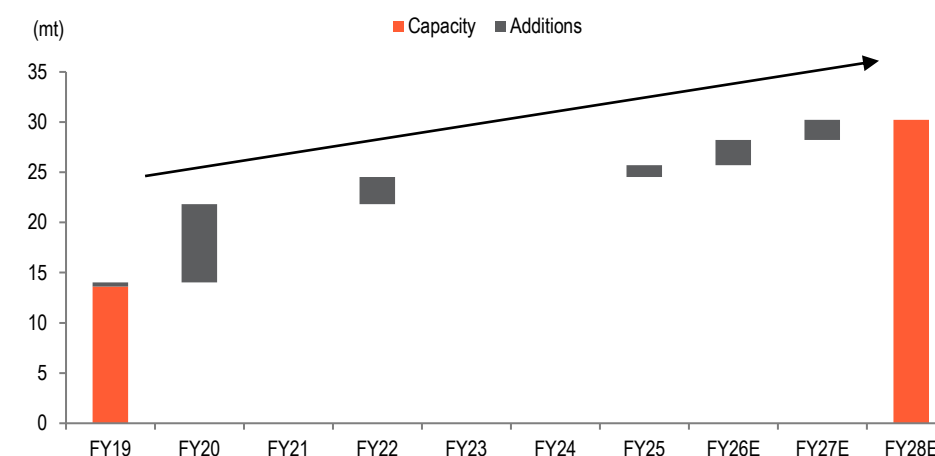
Source: Company, BOBCAPS Research

Regional diversification to help defuse concentration risk:

Nuvoco consolidated presence in the eastern region from 9mnt in FY20 to 20.1mnt in FY25 with its acquisition of Emami Cement's assets. The inorganic growth added 6mnt while the addition in Jajpur Odisha added 2mnt. With this, Nuvoco maintained 76% presence in the eastern region and 24% in the North.

Within eastern, Nuvoco had a third of its plants in the remunerative markets of Jharkhand and Bihar in FY20. However, this improved to 44% of the total eastern presence with the acquisition of Emami assets.

Fig 5 – New capacity addition to derisk regional concentration



Source: BOBCAPS Research Company

With new capacity in the West and debottlenecking in North India, the concentration risk will be reduced with eastern exposure at 61% and increased exposure in better realisation markets like West (19%) and North (20%), helping improved earnings quality.

Effectively, Nuvoco management is focused on striking a balance between capacity expansion and regional diversification to derisk regional concentration and improve realisation; thereby improving the quality of earnings.

Focus on securing key raw material resources:

Management has remained focused on securing key raw material sources. The company has total operational limestone reserves of 821.5mn tonnes. Limestone reserves are secured till the next 25-35 years (2050-2060), focusing on long-term reserves security. Of the total reserves, only 7% of reserves will be auctioned in the near period (2030-2034).

Additionally, Nuvoco has non-operational reserves of ~874 mn spread securing brownfield expansion and green field expansion in the medium term. Effectively, these reserves are secured over 40-45 years; this guarantees assurance of key reserves, implying sustained growth without any major hurdles.

Fig 6 – Secured limestone reserves a big advantage in the current business scenario

Mine Name	Location	Area Ha	Reserves	Lease validity
Arasmeta Limestone mine	Arasmeta, Janjgir-Champa, Chhattisgarh	499.99	24.5	31-03-2030
Kirari limestone mine	Kirari, Janjgir-Champa, Chhattisgarh	167.05	25.24	25-08-2050
Sonadih limestone mine	Baloda bazar, Chhattisgarh	444.76	21.92	14-01-2036
Chilhathi limestone mine	Chhattisgarh	1085.37	149.91	14-12-2065
Sinla limestone mine	Jaitaran, Rajasthan	140.5	14.64	13-02-2034
Digrana	Pali, Pajasthan		13.96	19-04-2031
Sita Ram Ji Ka Khera mines	Chittorgar, Rajasthan	602	65.44	07-07-2043
Arniya Joshi mines	Arniya Joshi mines	1476.43	63.92	13-05-2060
Risda limestone mine	Kukurdih, Chhattisgarh		220.83	07-09-2059
Chittapur	Gulbarga, Karnataka		221.15	17-11-2058
Total			821.51	
Non operational mines				
Arasmeta ML-3	Arasmeta, Janjgir-Champa, Chhattisgarh		14.15	17-06-2047
Sonadih	Baloda bazar, Chhattisgarh		156.79	10-01-2071
Dhandhani	Chhattisgarh		15.8	06-01-2067
Nagaur	Rajasthan		126.95	27-01-2069
Nagaur	Rajasthan		168.84	27-01-2069
Tengada	Dachepalli, Guntur, Andhra Pradesh		391.75	31-07-2068
Total			874.28	

Source: Company, BOBCAPS Research

Fig 7 – Raw material cost stability helped by focus on securing reserves



Source: Company, BOBCAPS Research

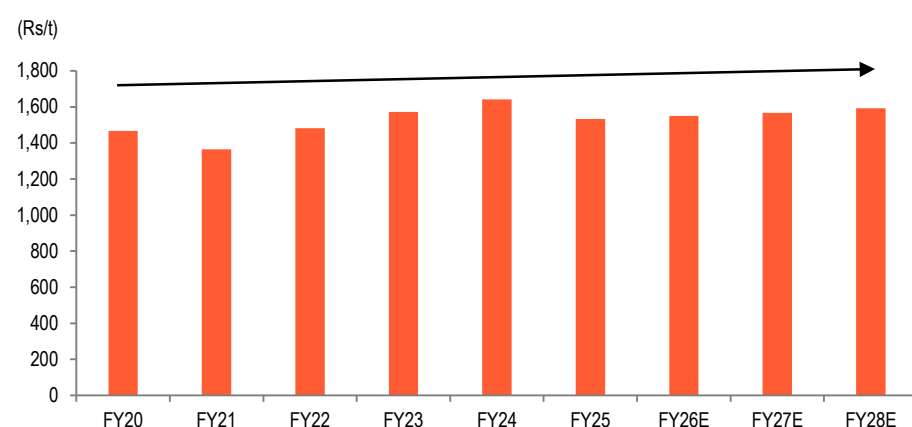
Further, the company has entered into a long-term agreement (till 2047) securing its slag requirement from Tata Steel. The agreement ensures smooth supply of slag, thereby guaranteeing supplies essential for slag cement in the eastern region. Additionally, the agreement ensures pricing with the cost inflation clause. Effectively, key raw material requirements are ensured for a considerably long period (till ~ 2068).

Focus on improving efficiencies:

Besides focusing on securing key raw material resources, Nuvoco is also focused on improving efficiencies focusing on rationalisation of cost with energy and transportation cost as the key focus areas.

The company has focused on adding railway sidings at its major integrated and grinding units; thereby focusing on reducing the transportation cost. Railway siding at the grinding unit at Sonadih has been operational from H2FY25. Jajpur siding to serve Odisha and WB is under development and is expected by FY26-end; while the Panagarh incremental siding for North-East will be a phased rollout completed by end of FY26. Effectively, all eastern capacities will now have a railway siding. The Chittorgarh siding for North India expected by H1FY26, helping incremental sales in the Rajasthan and NCR region. Nuvoco has earmarked a capital expenditure of Rs2bn for the railway sidings.

Fig 8 – New additions of railways sidings to rationalise logistic cost

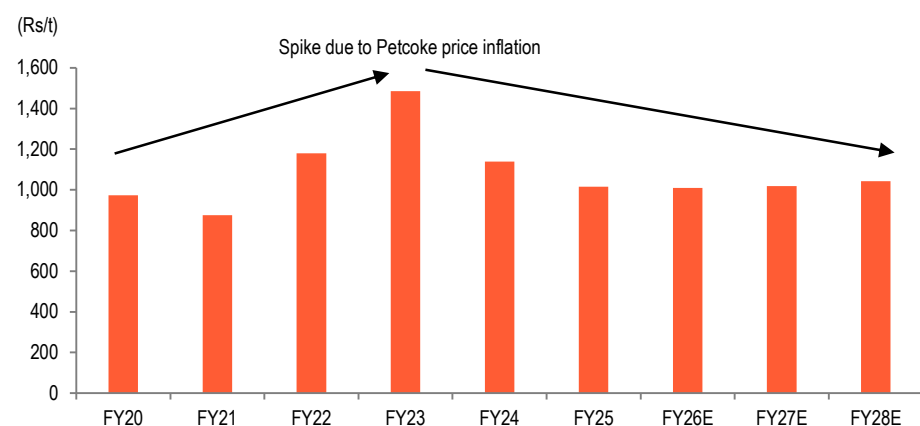


Source: Company, BOBCAPS Research

Further, Nuvoco has planned a railway siding at Kutch facilitating smooth movement of the material in Gujarat with a capex of Rs1bn.

In addition to focusing and ensuring raw material and transportation cost, focus is on using captive power; thereby ensuring rationalisation of the total energy cost. Total captive power capacity is ~ 151 Mwh, implying ~65% of its current power requirement supplied by captive usage. In addition, the company is focused on adding ~ 50Mwh captive power in Vadraj Cement facility in Kutch and captive power unit of 12Mwh.

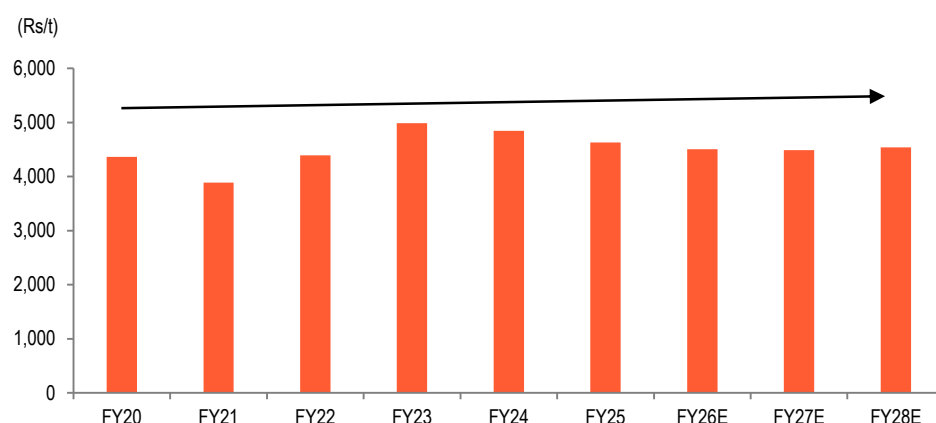
Fig 9 – Power and fuel cost savings aided by captive power and alternate energy sources



Source: Company, BOBCAPS Research

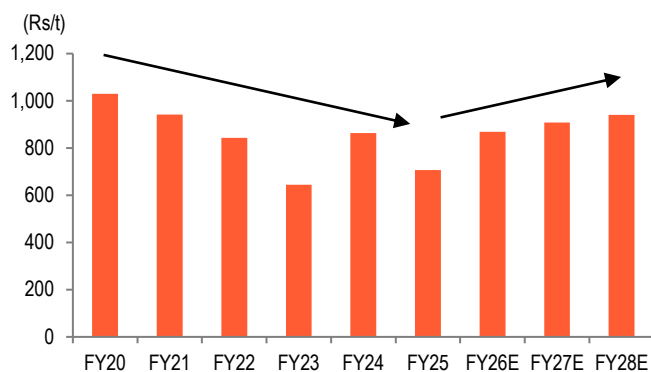
This will ensure that in addition to the focus on growth, Nuvoco is also focused on ensuring cost rationalisation by investments in its key resources (raw material).

Fig 10 – Steady cost/ton at 1% CAGR over an 8Y period is commendable

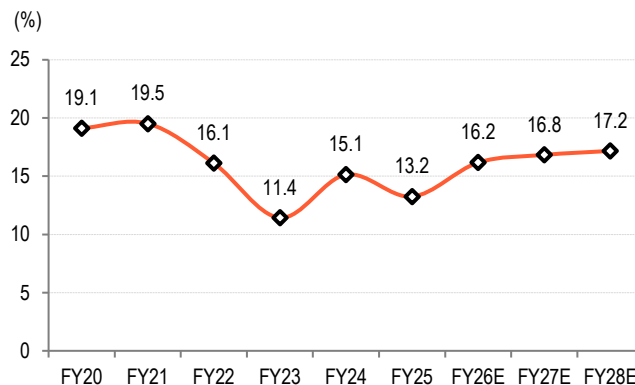


Source: Company, BOBCAPS Research

With improving cost efficiencies, Nuvoco has managed to keep its cost under control at 1% CAGR growth over 8 years (FY20-28E). This has helped maintain/improve operating efficiencies as the EBITDA margin is expected to improve to 17.2% after dipping to 15.1 in FY24 by FY28E (the pandemic peak margin in FY20/FY21 was ~19% but was also an aberration to the long-term average of 16%).

Fig 11 – EBITDA/ton improvement from lows but short of previous peak


Source: Company, BOBCAPS Research

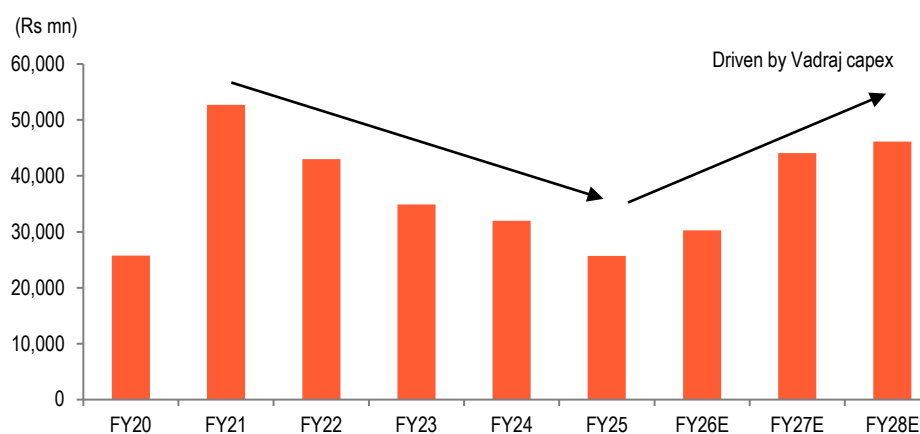
Fig 12 – EBITDA margin improvement purely on cost efficiencies with small help from realisations


Source: Company, BOBCAPS Research

Similarly, EBITDA/ton is expected to improve to Rs940/tn in FY28E from Rs864/tn (FY24) over the five-year period despite cost and realisation challenges. We expect the improvements are likely to continue beyond FY28 with further newer capacities.

Balance Sheet to stay debt heavy:

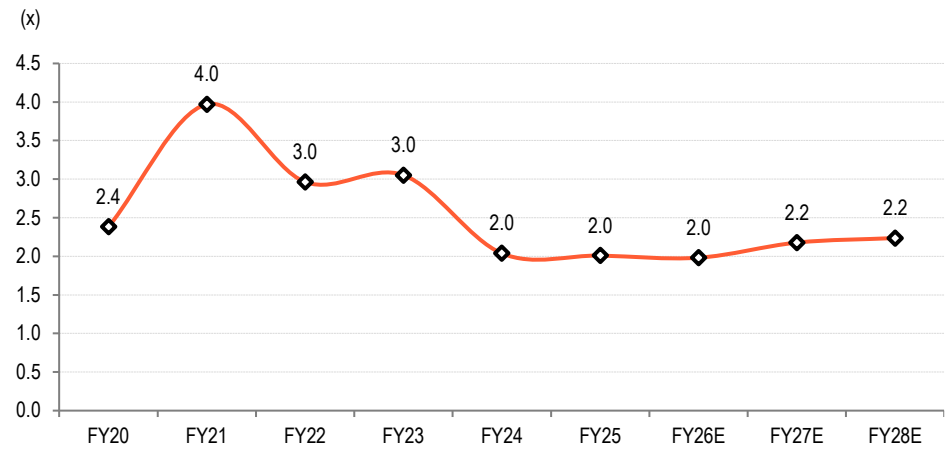
An improving earnings profile in the recent past has helped Nuvoco improve the balance sheet health with net debt rationalisation from Rs~53bn at the peak in FY21 to Rs30bn by FY26. However, this will reverse upwards to fund capex related to Vadraj Cement acquisition at a cost of Rs18bn spread over the next two years. This is expected to take the net debt to Rs46bn by FY28E according to our estimates.

Fig 13 – Net Debt cut commendable till FY25, but reverses upwards from FY26 to finance the new inorganic capacity addition


Source: Company, BOBCAPS Research

Nuvoco management has in the past inclined towards leveraged business/expansion and will continue to the same business strategy. However, with operating cash flows expected to improve from Rs8.3bn in FY25 to Rs20.3bn by FY28E we estimate this to rationalise the net-debt to EBITDA ratio at 2.1x by FY28E despite the incremental capex helped by these healthy operational cash flows from 3.6x at the peak in FY21.

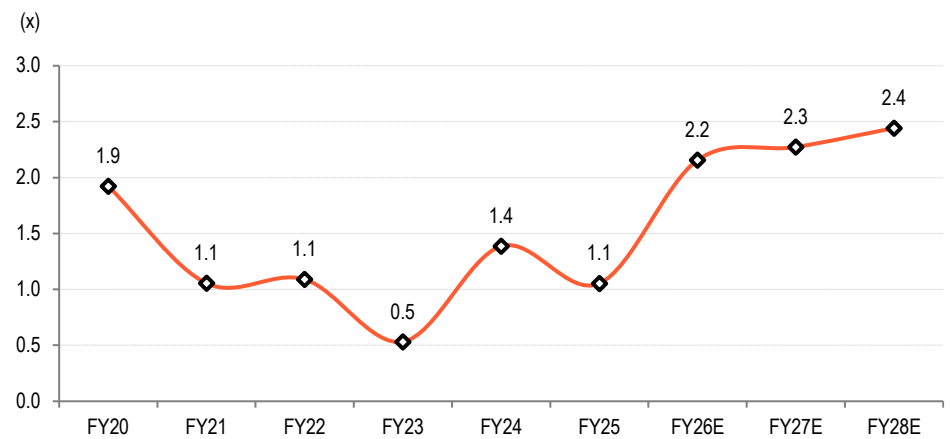
Fig 14 – Debt/EBITDA to stabilise ~ 2.5x far lower than the earlier peak of ~ 4x, helped by improving cash flows



Source: Company, BOBCAPS Research

Additionally, we with improved cash flows the Interest coverage is likely to strengthen from 0.5x at the bottom in FY23 to a healthier 2.4x by FY28E.

Fig 15 – Better earnings to aid interest coverage ratio



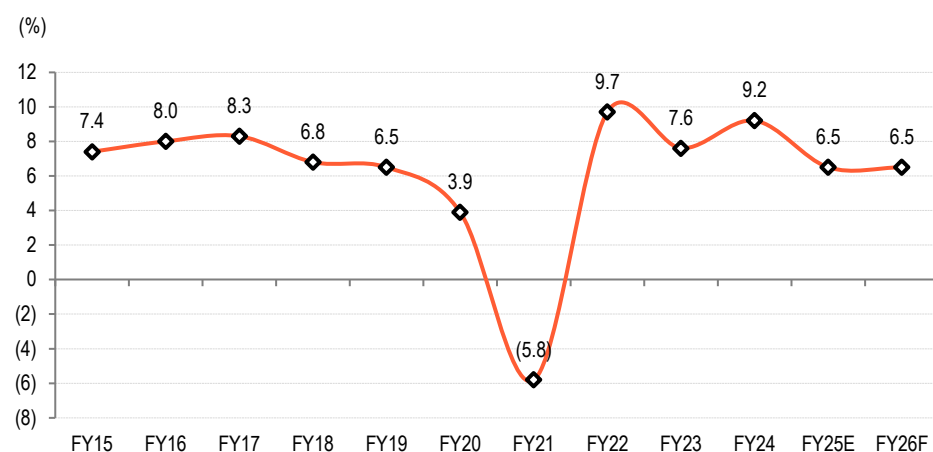
Source: Company, BOBCAPS Research

Industry Overview

The Indian cement industry ranks as the world's second-largest industry after China, producing ~450mt in CY24, accounting for ~11% of global output, up from 8.2% in CY18. Global production remained stagnant at ~4bt in 2024 over the previous 6 years, with China accounting for majority of the share at ~48% (1.9-2.5bt). India's cement production grew at a 5.04% CAGR from CY18 to CY24, the highest among top producers and was driven by increasing investment in infrastructure leading to higher demand (from infrastructure and housing). Being a leading cement producing country India's per capita consumption is low at 280-330 kg (CY24), compared to China's 1,320-1,370 kg and the world average of 470-520 kg, indicating significant potential demand for consumption in a growing economy scenario.

India's GDP slowed to 6.5% YoY in FY25, signalling a momentum downturn from previous years, with fixed investment growth at 6.1% (vs. 8.8% in FY24) and government consumption at 3.8% (vs. 8.1% FY24). However, private consumption improved to 7.6% (vs. 5.6% FY24), exports to 7.1% (vs. 2.2% FY24), while imports contracted by 1.1% (vs +13.8% FY24), indicating resilient domestic demand. The GDP growth underscores cement consumption, as ~60% of India's GDP is driven by consumption, which has a high correlation with construction activities as suggested by experts. FY26 GDP growth is expected to be 6.5% YoY, after a strong 7.8% YoY in Q1FY26, buoyed by private sector recovery, benign monsoon season, income tax cut, the GST rate rationalisation and export momentum.

Fig 16 – India among the highest GDP growth countries globally

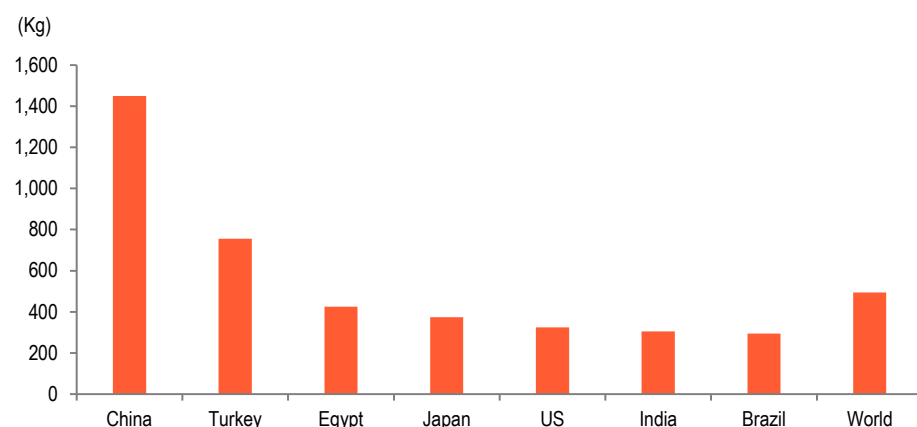


Source: RBI, NSO, CRISIL, BOBCAPS Research

Fig 17 – Per capita Income

Per capita Income	Level in FY25 (Rs '000)		Growth at constant prices (%)									
	Current Prices	Constant Prices	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
	184.21	106.74	6.17	6.67	6.88	5.52	5.19	2.48	-8.88	9.32	5.69	7.38

Source: MoSPI, IMF, CRISIL, BOBCAPS Research

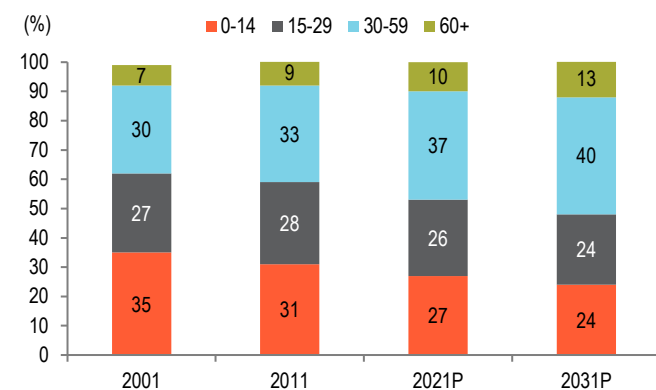
Fig 18 – Per capita cement consumption continues to be lower than peers


Source: US Geological Survey-Mineral commodity survey, UN Comtrade Database, The World Bank, CRISIL MI&A Research, BOBCAPS Research

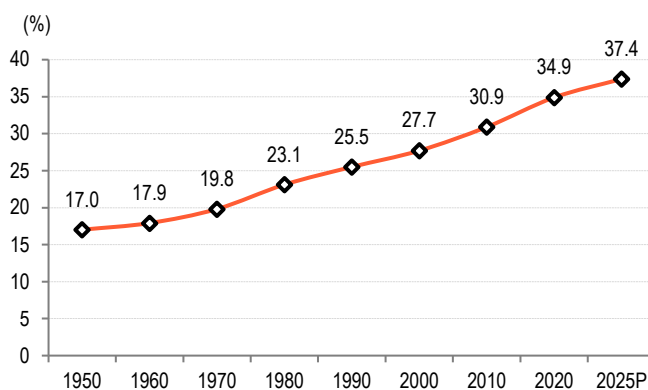
Demographic Drivers and Demand Surge

India's population (growing above 1.4bn) surpassed China's in 2023, accounting for 17% of the world's population. India's most populous states are comparable to other big countries for e.g. Maharashtra comparable to Japan, Karnataka comparable to the UK, and Gujarat comparable to Thailand. Although the nominal per capita income is ~2,940 USD, 4-12 times lower compared to China or Japan respectively, it offers a long-term opportunity for sustained growth. Globally, India boasts of one of the youngest populations with the median age of 28 years (vs China's 39 and Japan's 49) and 64% working-age population (15-59 years) in FY24, which further drive the consumption-led GDP.

Shifting demographics landscape towards youth (e.g. 26% aged 0-14 in FY21, declining to 22% by FY31) and rising proportion of urban population (35% in 2020, projected 37% by 2025 and 40-42% by 2030) fuels the demand for housing and infrastructure. Another caveat of young population is the increase in nuclearization (splitting joint families into multiple single families) which lead to new household formation, with urban areas seeing more single-family units due to individualism, mobility, and lifestyle changes. Besides favorable demographic profile this structural growth is significant to invigorate cement demand.

Fig 19 – Demographic dividend and nucleus families to help cement consumption


Source: UN Department of Economic and Social Affairs, CRISIL MI&A Research.

Fig 20 – Urbanisation of population a key cement demand driver


Source: Census 2011, World Urbanization Prospects 2021: The 2018 Revision (UN),

These factors strengthen cement demand: housing (55-57% of FY25 consumption) growing from rural concretisation and urban migration, while infrastructure (29-31%) benefits from capex. FY25-30 demand is projected at 7.5-8.5% CAGR, higher than the ~7% CAGR in FY21-25.

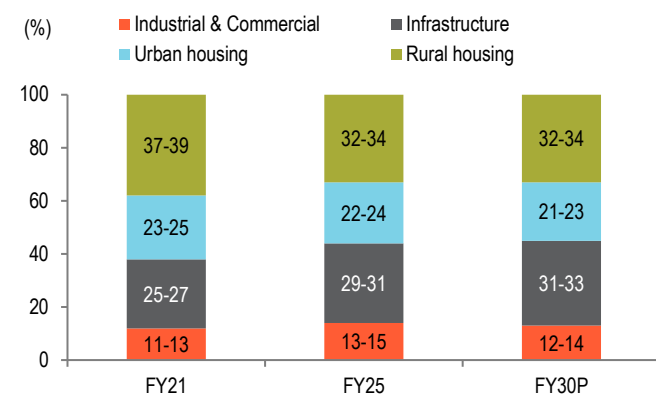
Budget Allocation and Cement Demand Drivers

Budget allocations to key sectors are pivotal drivers, directly influencing infrastructure and housing segments that account for ~85% of cement demand. The FY26 Budget Estimate (BE) to core infrastructure industries totals Rs 10.7trn, a 12% increase from FY25 Revised Estimate (RE), comprising Gross Budgetary Support (GBS) at Rs 5.77trn, Internal and Extra-Budgetary Resources (IEBR) at Rs 2.2trn, and Grants-in-Aid (GIA) for capital assets at Rs 2.72trn. Focus will be on connectivity and urban development to stimulate economic multipliers like job creation and logistics efficiency, which in turn boosts cement consumption.

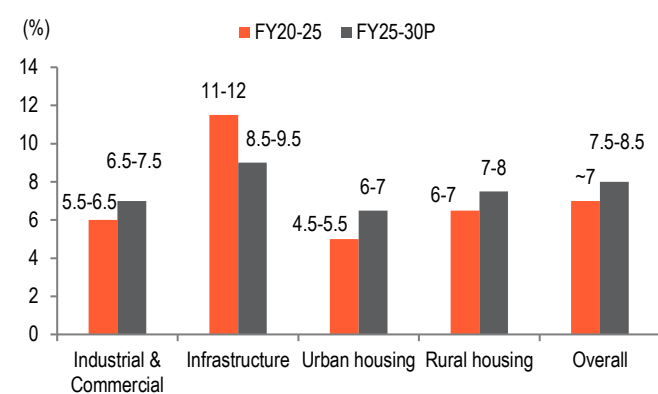
Key sectors driving cement demand include:

- **Roads and Highways:** Allocated Rs 2.81trn (flat YoY), as NHAI is emphasizing on asset monetisation (Rs 1trn crossed via TOT, InvIT, securitisation) to fund new projects, reducing reliance on borrowings. This supports ~35% of infrastructure cement use through expressways and bridges.
- **Railways:** Rs 2.65trn (flat YoY), to fund the 3 key economic corridors announced under the PM Gati Shakti initiative (energy/mineral/cement, port connectivity, high-traffic density) for multi-modal efficiency, expected to cut logistics costs by 5-7% and enhance cement transport.
- **Housing (PMAY):** Total Rs 811bn, up significantly by 70% YoY: PMAY-U Rs 198bn (+45% YoY), PMAY-U 2.0 Rs 35bn (+133%), PMAY-G Rs 548bn (+69%). Targeting 3 crore additional houses (1 crore urban, 2 crores rural) over next 5 years, driving 55-57% housing cement demand.
- **Urban Infrastructure (Metro/MRTS/AMRUT/Smart Cities):** Metro/MRTS at Rs 310bn (~26% YoY); AMRUT/Smart Cities Rs 100bn (+25%). These are allocated to fund 1,000+ km operational metros (1,100 km under construction) and 500+ smart cities (7,504/8,063 projects completed by March 2025), boosting urban cement needs.

States receive Rs 1.5trn in 50-year interest-free loans for capex, encouraging PPP pipelines. Overall, these allocations (e.g., Rs 10trn asset monetisation FY25-30) are expected to elevate infrastructure's share further by FY30, sustaining 7.5-8.5% cement demand CAGR amid urbanisation and demographics.

Fig 21 – Sectoral mix of cement demand tilting towards infrastructure


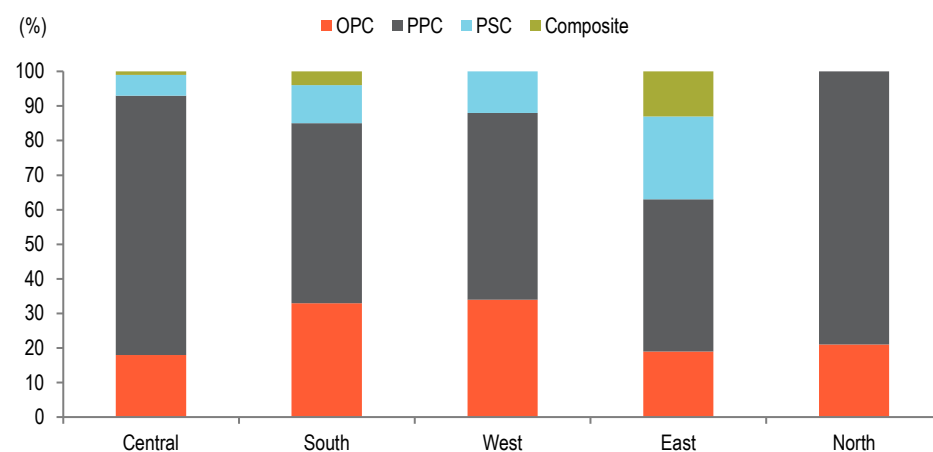
Source: CRISIL, Industry, BOBCAPS Research

Fig 22 – Segment-wise demand growth indicates infrastructure a key driver


Source: CRISIL, Industry, BOBCAPS Research

Nuvoco's Strategic Advantage in Blended Cement

Nuvoco Vistas Corporation Limited benefits significantly from its high proportion of blended cement, a strategic advantage driven by its strong presence in the East, where slag and other raw materials are readily available. The East is home to numerous steel plants that provide abundant long-term supply of slag a key for Portland Slag Cement (PSC) and composite cement enhancing cost efficiency and sustainability. In FY25, blended cement (PPC, PSC, composite) accounted for ~81% of Nuvoco's mix, with a clinker to cement ratio of 1.7, reflecting optimal use of local resources. This aligns with industry trends, where blending rose from 70% in FY20 to 76% in FY25, reducing clinker dependence and emissions.

Fig 23 – Best cement portfolio on the offering amongst industry


Source: CRISIL, Industry, BOBCAPS Research

Key Regional Markets

Fig 24 – Higher growth rate in key regions of presence to be helpful

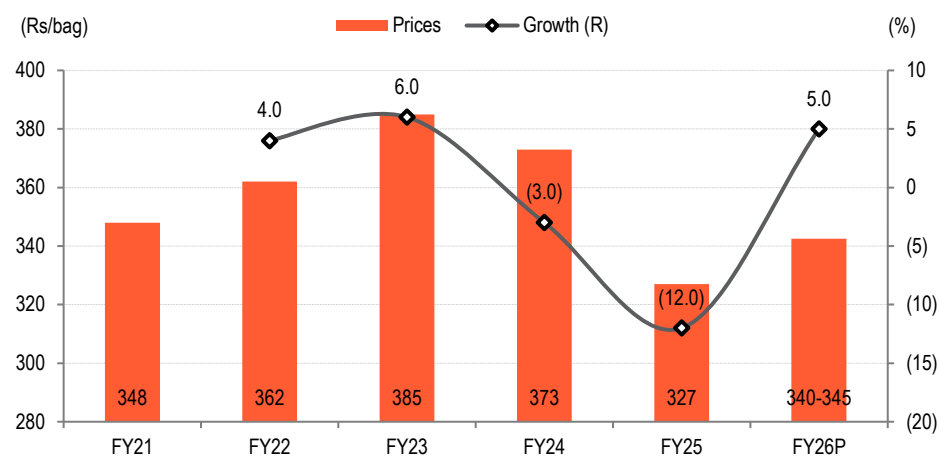
South (%)	FY23	FY24	FY25	FY26P	FY26-30P
Pan India	12	11	5	6.5-7.5	7.5-8.5
North	9	12	7	4-5	6.5-7.5
South	13	13	2	6.5-7.5	7-8
East	16	9	5	6.5-7.5	8.5-9.5
West	10	13	8	6-7	6-7
Central	12	12	4	7.5-8.5	7.5-8.5

Source: RISIL, Industry, BOBCAPS Research

East Region: Growth Engine

Eastern region, Nuvoco's key market with 76% share of installed capacity, recorded a 7-8% CAGR in cement demand from FY21 to FY25. However, this has moderated to ~5% in FY25, on the back of elections and material shortages; but is expected to rebound to 6.5-7.5% in FY26 and 8.5-9.5% CAGR through FY30. This region has the lowest per capita cement consumption and an estimated 30-35 mn housing shortage. This key factor in addition to rural demand (PMAY-G, IHB) and infrastructure (e.g., Patna-Purnea Expressway) will continue to drive growth. Projects like Kolkata, Patna, and Ranchi metros, and smart cities in Bhubaneswar and Raipur drive the demand. However, high competitiveness challenges Nuvoco despite its 19mtpa capacity.

Fig 25 – Price trend in East points towards improvement from the lows but still way below the prices in FY23 partially aided by GST rate cut

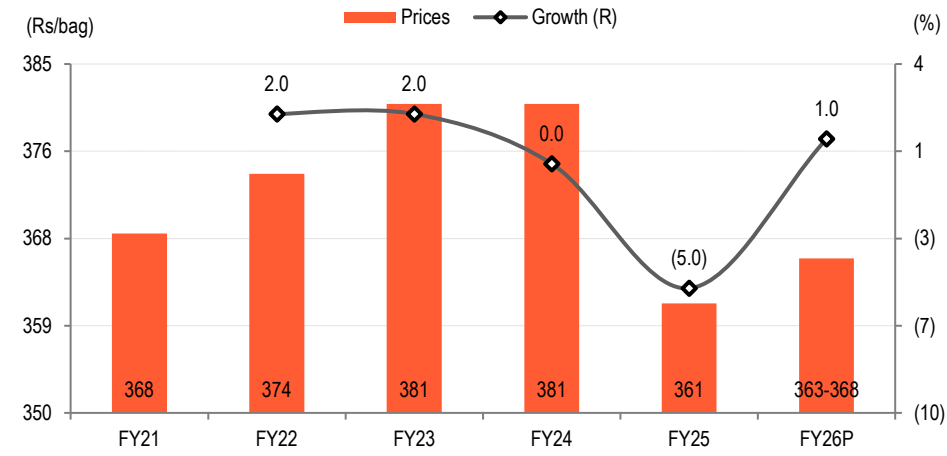


Source: CRISIL, Industry, BOBCAPS Research

North Region: Moderate Growth

The North, where Nuvoco has a smaller presence (24% of installed capacity), grew by a healthy 8-9% CAGR (FY21-25). Growth is expected to moderate to 4-5% in FY26 and later improve to 6.5-7.5% CAGR through FY30. Metro projects (Delhi-Gurugram), Smart cities (Delhi, Rajasthan and Haryana) and roads and highway support demand, but a high concretisation base limits housing upside. Nuvoco can target selective infra opportunities here.

Fig 26 – Price trend in North indicates similar trends as in East



Source: CRISIL, Industry, BOBCAPS Research

Valuation Methodology

Nuvoco's growth is largely secured (assuming healthy industry growth), contributed dominantly by the Cement segment (~90%+) and the RMC and building material (BM) segment of ~10%. We build a revenue CAGR of ~4% and EBITDA CAGR of ~13% over FY25-28E. The company's performance is on recovery mode post the steady growth rate phase between FY22 and FY25. Growth has been bumpy post capacity addition (organic/inorganic) and will follow the same trend post new acquisition (Vadraj Cement) in the western region.

With improving efficiencies helping generate healthy cashflows, Nuvoco is expected to attempt to rationalise the debt (as optically seen in FY25). However, the next leg of capex (of Rs18bn for Vadraj Cement) will effectively imply debt concerns resurfacing as the net debt moves back to Rs50bn. However, net debt to EBITDA may not touch the previous high of 4.0x and hover ~2/2.5x in FY28E, given the improving earnings profile. The leveraged balance sheet preference have also kept the ROCE and ROE at sub-par levels hovering 7-9% and 4-6% respectively.

Beyond FY28E, growth plans are in place with securing additional limestone reserves for brownfield and greenfield expansion (in Andhra Pradesh). Effectively, however, this will keep the balance sheet loaded with debt as in the past.

With this in the backdrop, we value Nuvoco at 9x EV/EBITDA Sep 2027 earnings and derive TP of Rs 427. At our target price the stock trades at a replacement cost of ~Rs7bn indicating higher debt weighs heavily on the valuations. Our key concern remains execution at new capacities that will push the growth, investments in improving efficiencies and higher debt. We initiate coverage with a watch on the key concerns and assign a HOLD rating on the stock.

Fig 27 – Key assumptions

Parameter	FY25	FY26E	FY27E	FY28E
Volumes (mt)	19.4	20.7	22.4	23.9
Realisations (Rs/t)	4,858	4,870	4,919	5,017
Operating costs (Rs/t)	4,629	4,505	4,491	4,539
EBITDA/t (Rs/t)	707	868	908	940

Source: Company, BOBCAPS Research

Fig 28 – Valuation summary

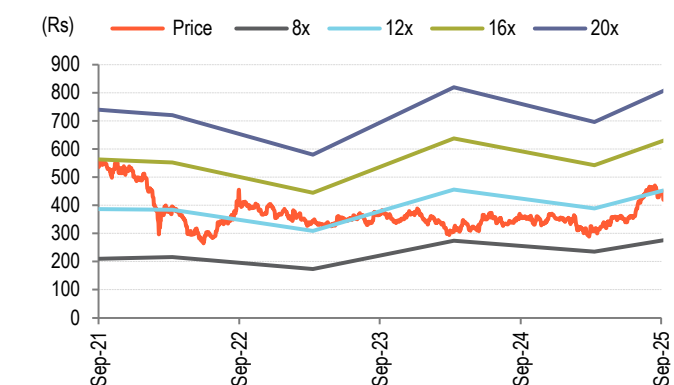
Business (Rs mn)	FY28E
Target EV/EBITDA (x)	9.0
EBITDA	22,491
Target EV	2,07,817
Total EV	2,07,817
Net debt	46,137
Target market capitalisation	1,61,680
Target price (Rs/sh)	427
Weighted average shares (mn)	357.2

Source: BOBCAPS Research, Valuations based on 1-year forward earnings

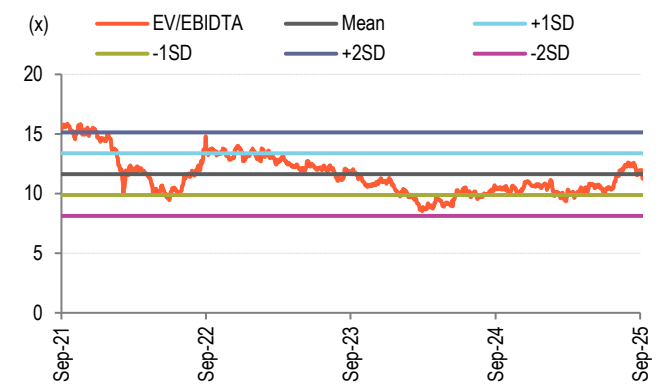
Fig 29 – Peer comparison

Ticker	Rating	TP (Rs)	EV/EBITDA (x)			EV/tonne (US\$)			ROE (%)			ROCE (%)		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NUVOCO IN	HOLD	427	6.4	6.1	5.9	74	81	82	3.8	4.6	5.5	7.1	7.9	8.7
JKCE IN	SELL	5,652	19.0	15.3	14.1	217	215	214	18.8	18.2	18.3	16.3	17.7	18.9
TRCL IN	SELL	752	19.1	15.0	13.7	129	130	132	4.3	7.6	8.8	6.7	9.3	10.1

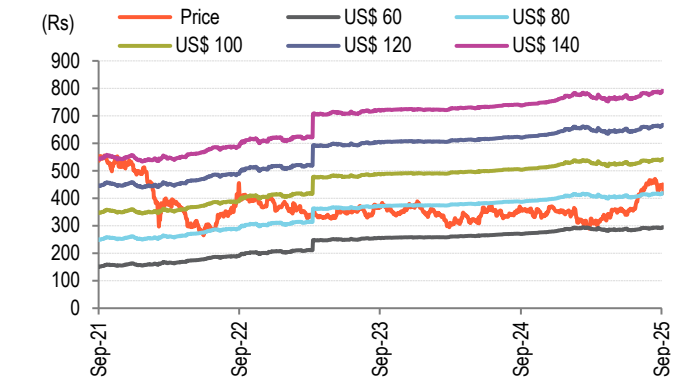
Source: BOBCAPS Research

Fig 30 – EV/EBITDA band: Valued at 9x as elevated debt remains a key concern


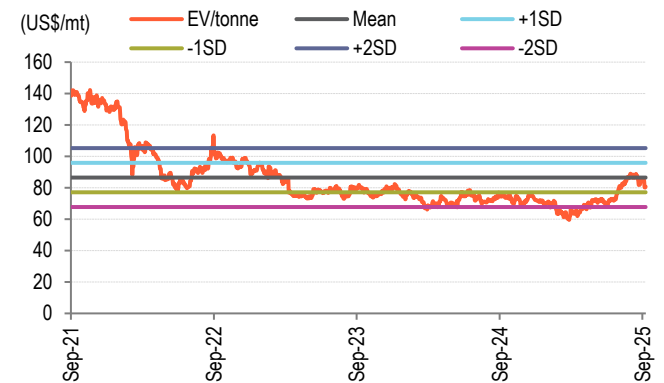
Source: Company, Bloomberg, BOBCAPS Research

Fig 31 – EV/EBITDA 1YF: Forward earnings reflect fair valuation


Source: Company, Bloomberg, BOBCAPS Research

Fig 32 – EV/Tonne band: Balance sheet concerns weigh on the replacement cost valuation


Source: Company, Bloomberg, BOBCAPS Research

Fig 33 – EV/EBITDA 1YF: Apt reflection of earnings in valuations


Source: Company, Bloomberg, BOBCAPS Research

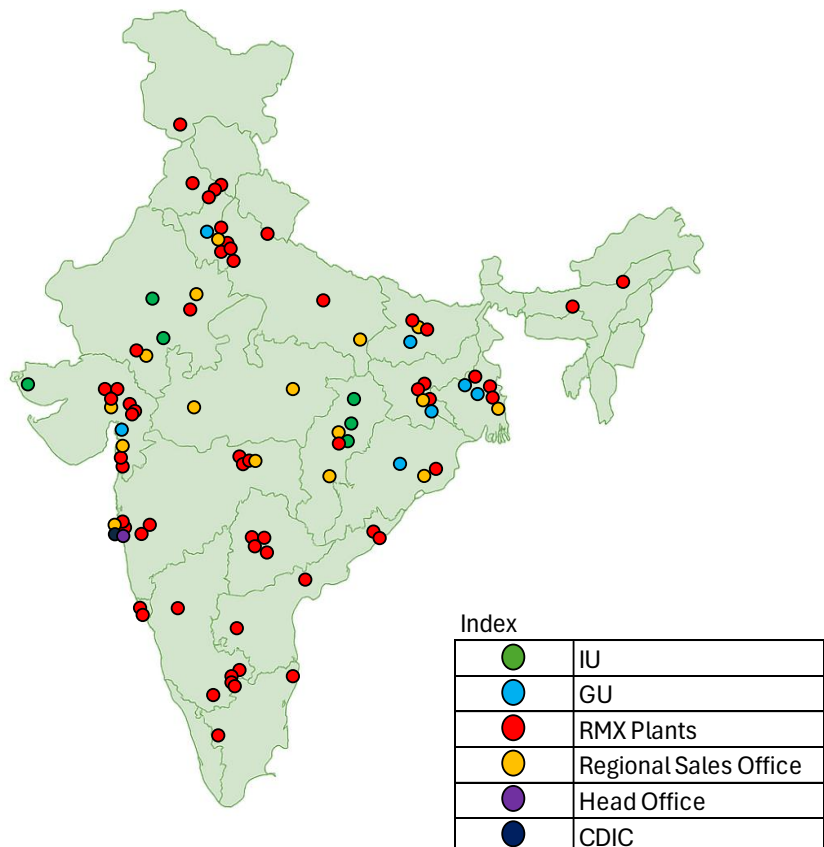
Company Overview

Nuvoco Vistas Corporation Limited (Nuvoco) is a leading cement manufacturer in India, with a combined installed capacity of 25mtpa as of FY25, with plans to reach to 31mtpa by FY27 through strategic acquisitions, ranking it as the 5th largest cement company in the country. It is a dominant player in the East with a growing presence in the North and West India. The company has three products under its portfolio cement, ready-mix concrete (RMX), and modern building materials (MBM), focusing on sustainable and innovative solutions. Nuvoco is the part of Nirma Group which is a diversified conglomerate offering various products like detergents & soaps, cement, chemicals & pharmaceuticals, cosmetics and salt.

Core Business Segments

- **Cement:** Nuvoco's primary business, with a focus on premium products like Concreto Uno and Duraguard Microfiber.
- **Ready-Mix Concrete (RMX):** Nuvoco provides specialized concrete solutions, such as Ecodure Thermal Insulated Concrete and Concreto Uno (hydrophobic concrete), which reduce indoor temperatures and protect against water damage.
- **Modern Building Materials (MBM):** This segment includes innovative products like Zero M Roof Shield (reduces surface temperatures by up to 10°C), Tile Adhesive T5, Tile Glitter, and Tile Bonder, strengthening Nuvoco's portfolio in waterproofing and construction chemicals.

Fig 34 – Regional diversification will be the key for Nuvoco in the medium term



Source: Company, BOBCAPS Research

History and Timeline

Nuvoco's evolution through the years reflects strategic expansions and integrations within the Indian cement industry, starting from its incorporation and scaling through key acquisitions.

- 1999: Commenced operations with the acquisition of the cement business of Tata Iron and Steel Company Limited, including the Jojobera Cement Plant and Sonadih Cement Plant, establishing its initial manufacturing base.
- 2000: Acquired the cement business of Raymond Limited, incorporating the Arasmeta Cement Plant, expanding its presence in Central India.
- 2008: Acquired the ready-mix concrete (RMX) business of Larsen & Toubro Limited, marking Nuvoco's entry into the RMX segment.
- 2012: Inaugurated the Construction Development & Innovation Centre (CDIC) in Mumbai, Maharashtra, establishing a hub for research and product innovation.
- 2013: Commenced operations at the Chittorgarh Cement Plant, strengthening its foothold in Rajasthan and North India.
- 2014: Commenced operations at the Bhiwani Cement Plant in Haryana; through an erstwhile group entity, began RMX supply for the Jaipur Metro railway project; supplied concrete for the Nazrul Tirtha and Swami Narayan Temple projects in Kolkata, West Bengal, highlighting its growing infrastructure role.
- 2015: Commenced supply of concrete for the Noida Metro railway project in Uttar Pradesh, expanding its Northern infrastructure presence.
- 2016: Nirchem Cement Limited, a subsidiary of Nirma Limited, acquired all Equity Shares held by the Lafarge Group in Nuvoco, marking a significant ownership transition and integration into the Nirma ecosystem.
- 2017: Changed the company name to "Nuvoco Vistas Corporation Limited" to reflect its rebranded identity; commenced concrete supply for the Mumbai Metro railway project; amalgamated Nirchem Cement Limited with Nuvoco, streamlining operations.
- 2019: Commissioned its first captive power plant (CPP) and waste heat recovery system (WHRS) at the Chittorgarh Cement Plant, enhancing energy efficiency and sustainability.
- 2020: Acquired NU Vista (formerly Emami Cement) as a wholly-owned subsidiary, adding 8.3mtpa capacity; amalgamated the Nimbol, Rajasthan cement undertaking of Nirma Limited with Nuvoco, consolidating its Rajasthan operations.
- 2021: Completed IPO on August 23, raising Rs 50bn
- 2025: Acquired Vadraj Cement in January for Rs 18bn, adding 3.5mtpa clinker and 6mtpa grinding capacity in Gujarat (trial runs in H1FY27); NCLAT upheld the acquisition in August.

Board and Key Management Profile

Nuvoco's governance structure comprises a 7-member Board (3 non-executive promoter representatives, 1 executive, 3 independent), ensuring balanced oversight. Key Managerial Personnel (KMP) manage daily operations, reporting to the MD.

Board of Directors

- Hiren K. Patel (Non-Executive Chairman): B.E., MBA 30+ years with Nirma Group; MD of Nirma Ltd. Expertise in strategy, M&A.
- Kaushikbhai N. Patel (Non-Executive Director): B.Com, CA. 40+ years in finance; Nirma since 2002. Chairs Audit Committee.
- Jayakumar Krishnaswamy (Managing Director): B.E. (Mechanical Engineering). 40+ years in cement; ex-Hul, Akzo Nobel. Joined in 2018.
- Bhavna G. Doshi (Independent Director): M.Com, CA. 45+ years in accounting; ex-ICAI Council. Chairs Audit Committee.
- Achal Bakeri (Independent Director): MBA, Expertise in business development.
- Shishir Desai (Independent Director): CS, LLB member of Bombay Incorporated Law Society, Expertise in governance and risk.

Key Managerial Personnel

- Maneesh Agrawal (CFO): CA, 25+ years; ex-Dalmia Bharat. Joined 2017; oversees finance. Led IPO, debt reduction.
- Shruta Sanghavi (SVP & Company Secretary): CS, CAIIB 30+ years in compliance. Joined 2018; handles SEBI/ROC.
- Manisha Kelkar (CHRO): MBA (HR). 25+ years; ex-Crompton Greaves
- Rajiv Ranjan Thakur (Chief Procurement Officer): B.Tech, MBA. 30+ years in supply chain.

Key Risks

Key upside/downside risks to our estimates:

- Faster than expected improvement in cement prices will be an upward risk for earnings
- Faster than expected moderation of key fuel prices (coal and pet-coke will be a upward risk for earnings.
- Slower execution of capex a key downside to earnings
- Slower industry growth will risk our earnings estimates implying weaker cash flows thus enhancing the balance sheet risks
- Higher competitive intensity in key markets can put pressure on earnings and impact debt servicing with lower than estimated interest coverage ratio.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
ACC	ACC IN	3.8	1,808	2,038	HOLD
Ambuja Cements	ACEM IN	12.6	562	592	HOLD
Dalmia Bharat	DALBHARA IN	4.6	2,229	1,926	SELL
JK Cement	JKCE IN	5.5	6,315	5,652	SELL
JK Lakshmi Cement	JKLC IN	1.1	841	731	SELL
Nuvoco Vistas Corporation	NUVOCO IN	1.0	423	427	HOLD
Shree Cement	SRCM IN	12.1	29,735	28,874	HOLD
Star Cement	STRCEM IN	1.2	256	333	BUY
The Ramco Cements	TRCL IN	2.6	997	752	SELL
Ultratech Cement	UTCEN IN	39.2	12,041	14,556	BUY

Source: BOBCAPS Research, NSE | Price as of 29 Sep 2025

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,07,329	1,03,567	1,11,220	1,20,686	1,31,059
EBITDA	16,237	13,720	17,972	20,297	22,491
Depreciation	(9,186)	(8,685)	(8,589)	(8,965)	(8,993)
EBIT	7,386	5,229	9,561	11,594	13,887
Net interest inc./(exp.)	(5,326)	(4,964)	(4,433)	(5,101)	(5,686)
Other inc./(exp.)	335	194	178	263	389
Exceptional items	0	0	0	0	0
EBT	2,059	265	5,128	6,493	8,201
Income taxes	(586)	(47)	(1,697)	(2,121)	(2,653)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	1,474	218	3,431	4,372	5,548
Adjustments	0	0	0	0	0
Adjusted net profit	1,474	218	3,431	4,372	5,548

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	16,860	15,875	15,584	16,777	18,144
Other current liabilities	35,608	36,631	36,997	37,367	37,741
Provisions	0	0	0	0	0
Debt funds	33,061	27,539	35,572	44,151	50,256
Other liabilities	11,736	11,854	11,972	12,092	12,213
Equity capital	3,572	3,572	3,572	3,572	3,572
Reserves & surplus	86,184	86,087	89,518	93,890	99,437
Shareholders' fund	88,660	88,643	93,089	97,461	1,03,009
Total liab. and equities	1,85,924	1,80,541	1,93,215	2,07,849	2,21,363
Cash and cash eq.	1,070	1,823	5,300	55	4,119
Accounts receivables	5,907	6,601	5,942	6,778	7,361
Inventories	9,467	7,617	6,704	7,605	8,259
Other current assets	15,500	14,634	15,619	16,793	18,088
Investments	8	8	0	0	0
Net fixed assets	82,621	78,972	76,238	99,745	1,12,602
CWIP	4,708	3,825	16,000	9,000	2,500
Intangible assets	66,644	67,061	67,412	67,872	68,434
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,85,924	1,80,541	1,93,215	2,07,849	2,21,363

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	10,277	8,250	16,616	16,811	20,308
Capital expenditures	(7,024)	(1,740)	(22,197)	(30,635)	(22,349)
Change in investments	(8)	0	8	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(7,033)	(1,740)	(22,189)	(30,635)	(22,349)
Equities issued/Others	(252)	80	1,016	0	0
Debt raised/repaid	(3,847)	(5,521)	8,033	8,579	6,105
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(107)	(316)	0	0	0
Cash flow from financing	(4,206)	(5,757)	9,049	8,579	6,105
Chg in cash & cash eq.	(962)	754	3,476	(5,245)	4,064
Closing cash & cash eq.	1,070	1,823	5,299	55	4,119

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	4.1	0.6	9.6	12.2	15.5
Adjusted EPS	4.1	0.6	9.6	12.2	15.5
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	247.2	247.1	259.6	271.8	287.4

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.6	1.1	1.0	1.0	1.0
EV/EBITDA	3.8	8.4	6.4	6.1	5.9
Adjusted P/E	102.5	691.3	44.0	34.5	27.2
P/BV	1.7	1.7	1.6	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	71.6	82.4	66.9	67.3	67.6
Interest burden (PBT/EBIT)	27.9	5.1	53.6	56.0	59.1
EBIT margin (EBIT/Revenue)	6.9	5.0	8.6	9.6	10.6
Asset turnover (Rev./Avg TA)	57.2	56.5	59.5	60.2	61.1
Leverage (Avg TA/Avg Equity)	2.1	2.1	2.1	2.1	2.1
Adjusted ROAE	1.7	0.2	3.8	4.6	5.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	1.4	(3.5)	7.4	8.5	8.6
EBITDA	34.1	(15.5)	31.0	12.9	10.8
Adjusted EPS	(65.1)	(85.2)	1471.0	27.4	26.9

Profitability & Return ratios (%)

EBITDA margin	15.1	13.2	16.2	16.8	17.2
EBIT margin	6.9	5.0	8.6	9.6	10.6
Adjusted profit margin	1.4	0.2	3.1	3.6	4.2
Adjusted ROAE	1.7	0.2	3.8	4.6	5.5
ROCE	5.5	4.0	7.1	7.9	8.7

Working capital days (days)

Receivables	20	23	20	21	21
Inventory	32	27	22	23	23
Payables	68	64	61	61	61

Ratios (x)

Gross asset turnover	0.5	0.5	0.5	0.4	0.4
Current ratio	0.6	0.6	0.6	0.6	0.7
Net interest coverage ratio	1.4	1.1	2.2	2.3	2.4
Adjusted debt/equity	0.4	0.3	0.4	0.5	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
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BUY – Expected return >+15%

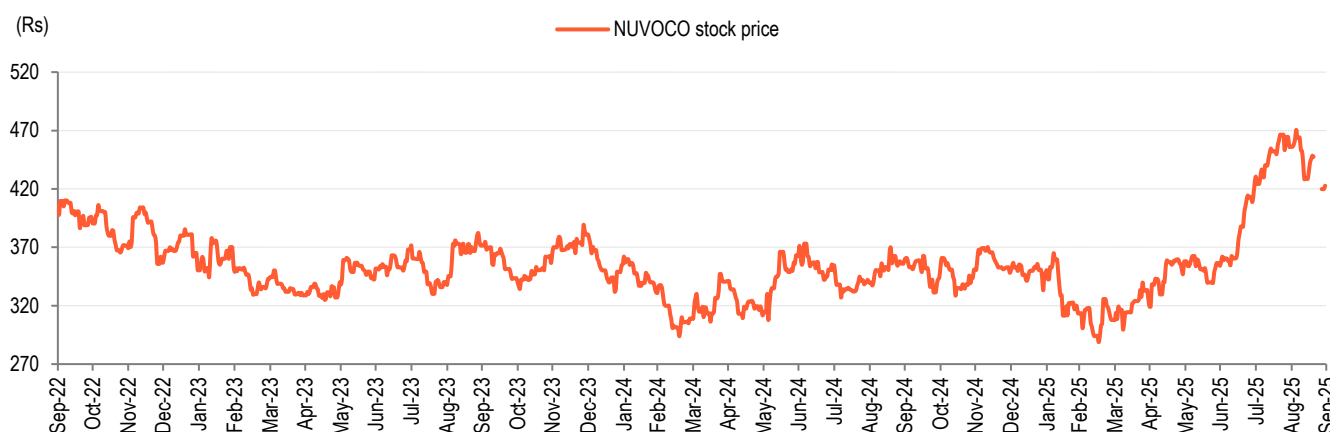
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): NUVOCO VISTAS CORPORATION (NUVOCO IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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