

HOLD

TP: Rs 427 | ▲ 3%

**NUVOCO VISTAS
CORPORATION**

| Cement

| 16 October 2025

No major surprises; new capacities to help growth

- Revenue growth at ~8% YoY, driven by 6% cement realisation gains as volume growth stays flat ~2% YoY to 4.3mt (down ~16% QoQ)
- EBITDA/ at Rs 853/t partially due to weak base and 6% realisation gains YoY to Rs5,074 (flat QoQ). EBITDA margin improved YoY to 14.9%
- Revenue/EBITDA CAGR of ~4%/13% over FY23-28E, earnings retained; value Nuvoco at 9x EV/EBITDA 1YF; maintain HOLD

Steady revenue growth: NUVOCO reported revenue growth of ~8% YoY (down ~15% QoQ) as volume growth was sluggish at ~2% YoY to 4.3mt (down ~16% QoQ). The trade mix was at 74% vs 71% in Q2FY25 while premium segment share stood at 44% vs 43% YoY of trade mix, supporting realization that gained 6% YoY.

Cost discipline supports stability: Overall cost/t remained largely stable at Rs 4,721 up 0.5% YoY (~6% QoQ), indicating Nuvocos's effective cost control measures. Raw material cost fell by ~10% YoY, aided by efficiency in sourcing and benefits from a long-term slag contract, while power & fuel costs declined by ~2% YoY as pet-coke prices softened. Freight cost inched up by ~2% YoY, while other expenses surged by ~10% YoY, partially offsetting the savings. Nuvoco's operational efficiency helped cushion profitability amid seasonal weakness.

EBITDA gains on a low base: EBITDA/t surged by ~65% YoY (-16% QoQ) to Rs 853/t, partially due to a weak base and also contributed by 6% realisation gains YoY to Rs5,074 (flat QoQ). Effectively, EBITDA margin improved by 529bps YoY to 14.9%, (down 312bps QoQ from 18.1%).

Deleveraging and capacity expansion: NUVOCO has managed to reduce debt by ~Rs 10bn with total debt at ~Rs 53bn, including Rs 18bn for Vadraj acquisition. Vadraj plant refurbishment remains on track with full operationalisation by Q3FY27. Additionally, plans for East expansion of 4mtpa will further consolidate position in the eastern region and help to maintain the clinker conversion ratio.

Maintain HOLD with unchanged estimates: We recently initiated coverage on NUVOCO ([link](#)), building a revenue/EBITDA CAGR of ~4%/13% over FY23-28E backed by new capacities and cost efficiencies. We maintain our earnings stance (unchanged), following Q2FY26 results. Nuvoco's performance is recovering post the steady growth 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 West region. We continue to value the stock at 9x EV/EBITDA (1 YF) with unchanged target price of Rs427. Maintain HOLD.

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Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	NUVOCO IN/Rs 413
Market cap	US\$ 963.4mn
Free float	28%
3M ADV	US\$ 2.8mn
52wk high/low	Rs 478/Rs 287
Promoter/FPI/DII	72%/4%/19%

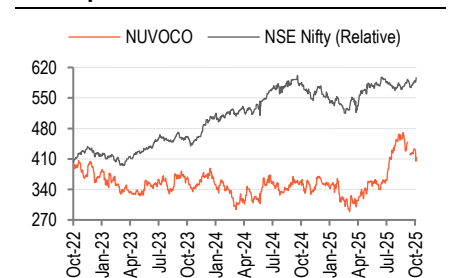
Source: NSE | Price as of 16 Oct 2025

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)	675.2	43.0	33.7
EV/EBITDA (x)	8.3	6.3	6.0
Adj. EPS growth (%)	(85.2)	1471.0	27.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings Call Highlights

Volume and Realisation

Cement sales volume in Q2FY26 was 4.3mt. Incremental volume of 1.75-2mt is expected in FY26, driven by Jojobera (1mt expansion in Q3FY26) and Panagarh (1mt in Q4FY26). Premiumisation reached a share of 44% (vs. 43% YoY), with Concreto and Duraguard brand gaining traction. North region premium sales currently came at ~16-18% vs 7-8%. Microfiber products fetch Rs 20/t premium over base products. Pricing remained flattish QoQ, with no major revisions post-GST cut (28% to 18%). Clinker-to-cement ratio operated was close to 2.1x, with headroom to increase further to 2.3x for blended cement push. Management expects the industry to grow by 7% and target above industry growth rate.

Margins

Blended fuel cost for Q2FY26 was Rs 1.46/kcal, up due to an uptick in petcoke prices and shutdowns. AFR consumption remains ~ 10%, and the management is targeting to increase to 12% by Q4FY26, with fuel cost expected to drop to Rs 1.43/kcal. Lead distance was stable at 331km vs 330km in Q2FY25, with 60% road and 40% rail mix; new railway sidings (Sonadih commissioned, Jajpur/Panagarh by Q4FY26) are expected to reduce freight costs further. The sharp increase in other expenses was on account of shutdowns in 2QFY26. Management indicated that the normalisation is expected by November as all kiln maintenance will be completed, with new GST rate fully implemented and operational efficiencies.

Capacity

NUVOCO commenced East expansion of 4mtpa with new Arasmeta plant and enhancements (Jojobera, Panagarh, Odisha) with plans to add 1mtpa capacity every quarter. East capacities are typically at ~85% utilisation during peak months, necessitating expansion to serve additional demand during season. Vadraj unit equipment check is completed and orders for critical goods are released. Additionally, initial approval for railway siding at Kutch has been received. CPP (50MW) acquisition near Vadraj premises is in final stages and is expected to be completed by Q3FY26. Post East expansion new expansion, either in North or South will be formalised.

Capex

Routine capex will be in the Rs 1-1.5bn range and new capex will be Rs 18bn phased in 3 equal parts over FY26-FY28, including East railway sidings. FY26 total capex is expected to be ~Rs 6bn, covering East expansion and Vadraj groundwork. The bridge financing of Rs12bn will be converted to CCDs (two Rs 6bn tranches, with average maturity of 3-6 years) issued for Vadra expansion.

Other Key Points

Cement GST rate cut (28% to 18%) was completely passed on to customers, enhancing affordability. Festive season disruption and rate-cut transition dampened the demand in Q2FY26, though steady demand is expected from Q3FY26 onwards.

In Q2FY26, net debt reduced by Rs 10bn YoY to Rs 34.9bn, however, QoQ net debt increased by Rs 180mn, as the company managed to control working capital requirement. Interest costs are expected to remain flat or go down in Q3FY26.

Fig 1 – Key quarterly metrics

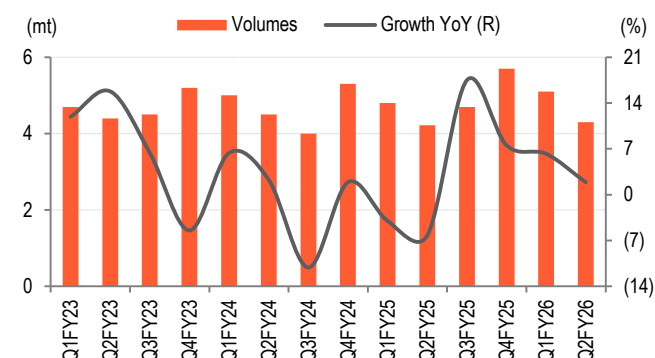
	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Deviation (%)
Volumes (mn mt)	4.3	4.2	1.9	5.1	(15.7)	4.47	(3.9)
Cement realisations (Rs/t)	5,715	5,376	6.3	5,633	1.5	5,080	12.5
Operating costs (Rs/t)*	4,721	4,700	0.5	4,471	5.6	4,606	2.5
EBITDA/t (Rs)	853	518	64.6	1,017	(16.1)	807	5.7

Source: Company, BOBCAPS Research | *Aggregate cost

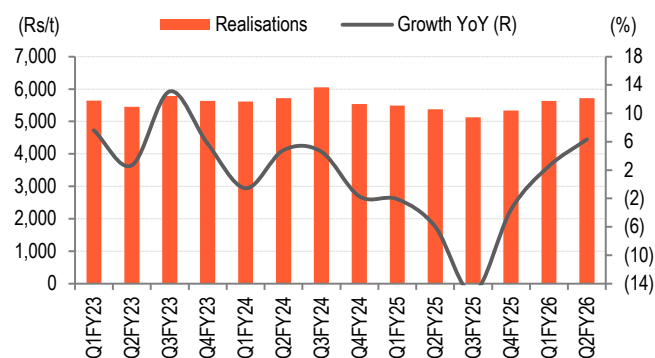
Fig 2 – Quarterly performance

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Deviation (%)
Net Sales	24,576	22,686	8.3	28,727	(14.5)	24,958	(1.5)
Expenditure							
Change in stock	(236)	(110)	114.6	(353)	(33.1)	(212)	
Raw material	3,931	4,152	(5.3)	4,536	(13.3)	4,021	(2.3)
purchased products	605	666	(9.1)	741	(18.4)	741	(18.4)
Power & fuel	4,536	4,527	0.2	5,140	(11.8)	4,598	(1.4)
Freight	6,471	6,198	4.4	7,856	(17.6)	6,996	(7.5)
Employee costs	1,783	1,655	7.7	1,795	(0.7)	1,710	4.3
Other exp	3,816	3,410	11.9	3,825	(0.2)	3,491	9.3
Total Operating Expenses	20,906	20,498	2.0	23,541	(11.2)	21,346	(2.1)
EBITDA	3,670	2,188	67.8	5,186	(29.2)	3,612	1.6
EBITDA margin (%)	14.9	9.6	529bps	18.1	(312bps)	14.5	46bps
Other Income	39	104	(62.8)	148	(73.8)	104	(62.7)
Interest	1,016	1,315	(22.8)	1,171	(13.3)	1,190	(14.7)
Depreciation	2,181	2,153	1.3	2,147	1.6	2,147	1.6
PBT	512	(1,176)	(143.5)	2,016	(74.6)	379	34.9
Non-recurring items	0	0	0.0	0	0.0		0.0
PBT (after non recurring items)	512	(1,176)	(143.5)	2,016	(74.6)	379	34.9
Tax	148	(325)	(145.4)	684	(78.4)	102	44.0
Reported PAT	364	(852)	(142.8)	1,332	(72.6)	277	31.6
Adjusted PAT	364	(852)	(142.8)	1,332	(72.6)	277	31.6
NPM (%)	1.5	(3.8)	524bps	4.6	(315bps)	1.1	37bps
Adjusted EPS (Rs)	1.0	(2.4)	(142.8)	3.7	(72.6)	0.8	31.6

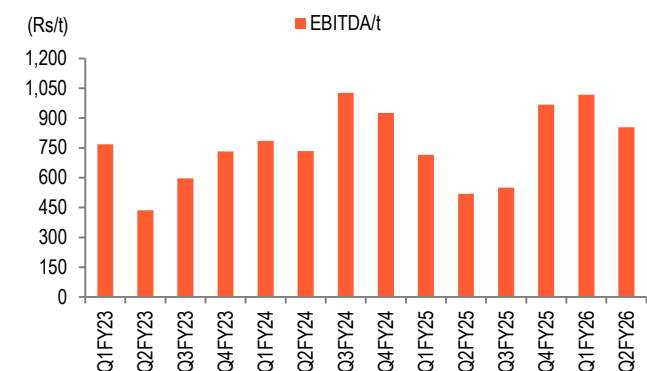
Source: Company, BOBCAPS Research

Fig 3 – Volume muted amid seasonal slowdown


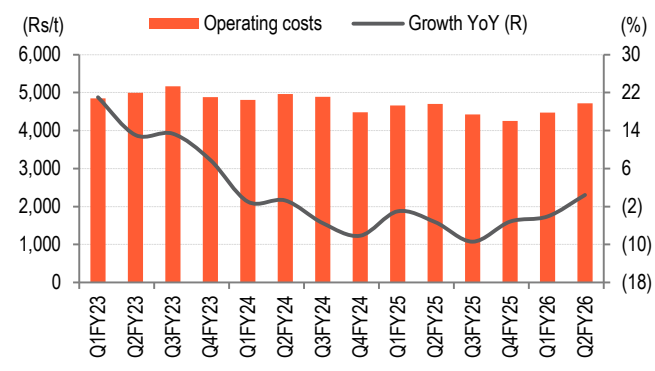
Source: Company, BOBCAPS Research

Fig 4 – Healthy trade mix support realization


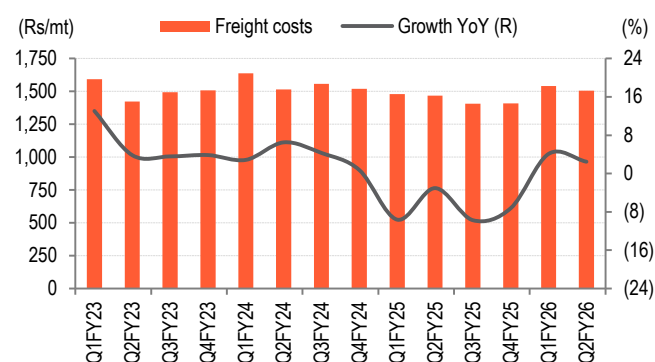
Source: Company, BOBCAPS Research

Fig 5 – Low base and 6% cement realization gain aid EBITDA/t


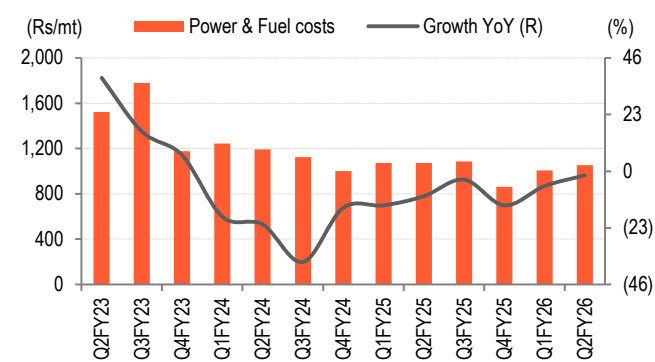
Source: Company, BOBCAPS Research

Fig 6 – Operating Cost in check due to lower raw material cost


Source: Company, BOBCAPS Research

Fig 7 – Freight cost stay range bound as lead distance was stable


Source: Company, BOBCAPS Research

Fig 8 – Energy cost rationalisation to continue aided by green energy sources


Source: Company, 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.

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 has also kept the ROCE and ROE at sub-par levels, hovering 7-9% and 4-6% respectively. Its 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 this in the backdrop, we continue to value Nuvoco at 9x EV/EBITDA 1YF earnings with unchanged TP of 427. At our TP, the stock trades at a replacement cost of ~Rs7bn indicating higher debt weighs heavily on the valuations. We continue to assign a HOLD rating on the stock.

Fig 9 – 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 10 – Valuation summary

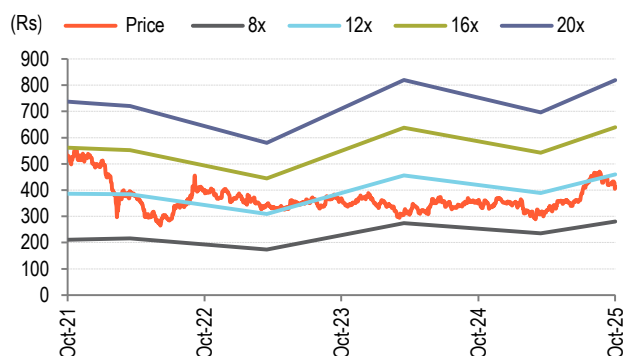
Business (Rs mn)	FY28E
Target EV/EBITDA (x)	9.0
EBITDA	22,491
Target EV	2,07,817
Total EV	2,07,817
Net debt	46,137
Target market capitalisation	1,61,680
Target price (Rs/sh)	427
Weighted average shares (mn)	357.2

Source: Company, BOBCAPS Research Note: Valuations based on 1-year forward earnings (September 2027)

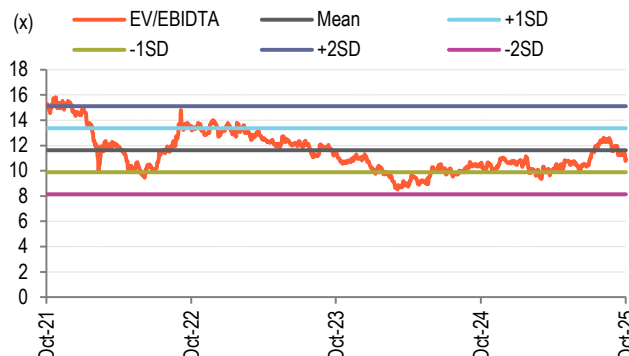
Fig 11 – Peer comparison

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

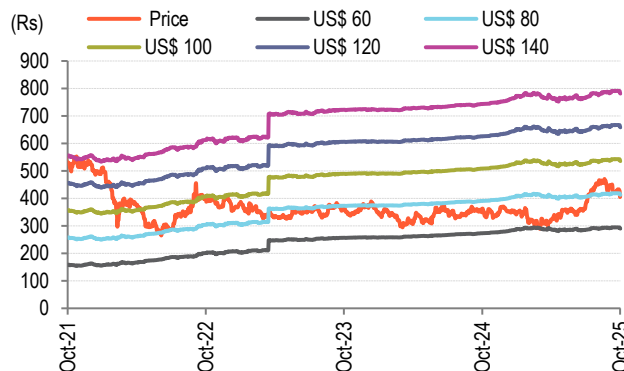
Source: Company, BOBCAPS Research

Fig 12 – EV/EBITDA band: Valued at 9x as elevated debt remains a key concern


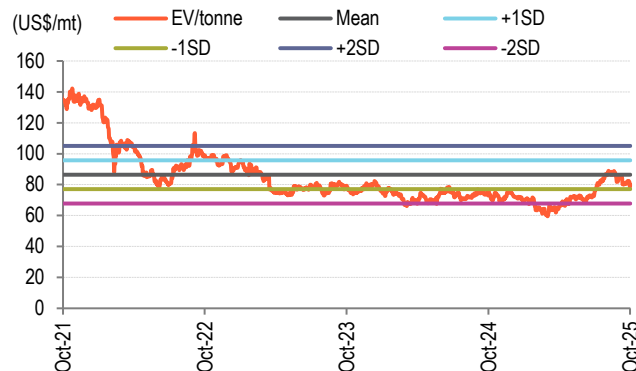
Source: Company, Bloomberg, BOBCAPS Research

Fig 13 – EV/EBITDA 1YF: Forward earnings reflect fair valuation


Source: Company, Bloomberg, BOBCAPS Research

Fig 14 – EV/Tonne band: Balance sheet concerns weigh on the replacement cost valuation


Source: Company, Bloomberg, BOBCAPS Research

Fig 15 – V/EBITDA 1YF: Apt reflection of earnings in valuations


Source: Company, Bloomberg, BOBCAPS Research

Key risks

Key risks to our estimates:

- Faster than expected improvements in the cement prices pose and upward risks to earnings
- Delayed execution of capex is a downside risk to earnings
- Faster than expected moderation of fuel prices will be an upward risk to earnings

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
ACC	ACC IN	4.0	1,860	2,038	HOLD
Ambuja Cements	ACEM IN	12.9	570	592	HOLD
Dalmia Bharat	DALBHARA IN	4.7	2,224	1,926	SELL
JK Cement	JKCE IN	5.8	6,555	5,652	SELL
JK Lakshmi Cement	JKLC IN	1.1	848	731	SELL
Nuvoco Vistas Corporation	NUVOCO IN	1.0	413	427	HOLD
Shree Cement	SRCM IN	12.3	30,010	28,874	HOLD
Star Cement	STRCEM IN	1.2	260	333	BUY
The Ramco Cements	TRCL IN	2.8	1,029	752	SELL
Ultratech Cement	UTCEN IN	40.6	12,358	14,556	BUY

Source: BOBCAPS Research, NSE | Price as of 16 Oct 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	0.5	1.1	1.0	1.0	1.0
EV/EBITDA	3.6	8.3	6.3	6.0	5.8
Adjusted P/E	100.1	675.2	43.0	33.7	26.6
P/BV	1.7	1.7	1.6	1.5	1.4

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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Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

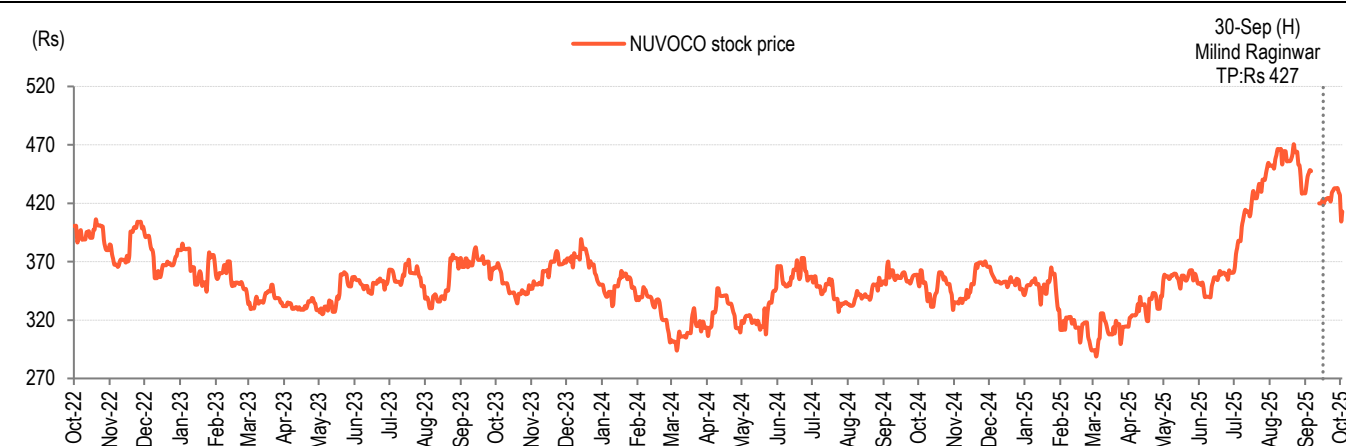
HOLD – Expected return from -6% to +15%

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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