

Nuvoco Vistas Corporation

Subdued margin in H1FY27E; capex on track

We maintain a BUY on Nuvoco Vistas, with an unchanged target price of INR 390/share (9x FY28E consolidated EBITDA). As per our interaction with the management, Nuvoco expects Q1FY27 volume growth to be similar to Q4FY26 growth of 5% YoY. While cement prices have gone by ~INR 10/bag QoQ, margin is expected to fall QoQ (our est ~INR 100/MT contraction) due to a spike in packing, freight and fuel costs along with op-lev loss. We expect a further rise in opex in Q2 (full-blown impact of fuel price increase and further op-lev loss) while packing cost moderation will offset the impact. We do not expect the industry including Nuvoco to take a price hike during the monsoon quarter, to reduce the margin contraction. However, we estimate with West Asia turmoil behind, cost pressure will ease off Q3FY27E onward. Nuvoco's cement capacity is set to rise by 10mn MT by H1FY28 and this should accelerate volume growth to 8% CAGR during FY26-28E vs 3% CAGR in the preceding four years. In our view, energy/packing cost pressure in H1FY27E and low utilization of upcoming capacity-led higher cost during H2FY27-FY28E should keep margin at ~INR 825/MT during FY27-28E vs INR 889/MT in FY26.

- H1FY27E trend:** Nuvoco delivered 5% YoY volume growth in Q4FY26. It expects to deliver similar growth in Q1FY27E. While offtake has been better in its northern region, its eastern sales growth (~75-80% of total sales) was impacted negatively by the West Bengal elections. The cement price hike of ~INR 10/bag taken at the start of Q1FY27E has largely held on and the management expects this to cover most of the variable cost increase in the quarter. Among the key costs, packaging costs are expected to rise by ~INR 70-80/MT, logistics cost by ~INR 20-30/MT and fuel/raw materials cost by ~INR 70-80/MT QoQ, cumulating to ~INR 160-190/MT increase QoQ. Nuvoco has increased share of domestic coal (vs pet coke) to reduce inflationary impact. We expect EBITDA margin in Q1FY27E to come off sequentially by ~INR 100/MT on account of both higher variable costs and op-lev loss. We expect a further rise in opex in Q2FY27E (full-blown impact of fuel price increase and further op-lev loss) while packing cost moderation will offset the impact. We do not expect the industry including Nuvoco to take a price hike during the monsoon quarter, to reduce the margin contraction.
- Expansion progress:** In the eastern region, the debottlenecking of cement capacities by 1mn MT each at Jojobera, Panagarh, and Jajpur will become operational by Q2FY27E. The 1mn MT new cement mill addition at Arasmeta will happen by the end of FY27. In the west, Vadraj refurbishment is going on in full swing and Nuvoco expects to operationalize the Surat SGU (2mn MT) and Kutch clinker plant (3.5mn MT) by the end of Q3FY27E. Thereafter, in early FY28, Nuvoco will operationalize 3mn MT cement mill in Kutch. During FY28, Nuvoco will further expand the Surat SGU capacity to 3mn MT, taking total cement capacity to 35mn MT. Nuvoco maintained its earlier capex guidance of INR 9/9.6bn for FY27/28E. It also completed INR 9bn worth of CCDS raised in H2FY26, which it used to repay the INR 12bn bridge finance loan taken for the Vadraj acquisition. It is also planning to refinance the remaining loan amount.

BUY

CMP (as on 24 Jun 2026)	INR 314
Target Price	INR 390
NIFTY	24,022

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 390	INR 390
EBITDA revision %	FY27E 0.0	FY28E 0.0

KEY STOCK DATA

Bloomberg code	NUVOCO IN
No. of Shares (mn)	357
MCap (INR bn) / (\$ mn)	112/1,186
6m avg traded value (INR mn)	154
52 Week high / low	INR 478/276

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.5	(14.3)	(7.7)
Relative (%)	4.5	(4.5)	(1.6)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	72.02	72.02
FIs & Local MFs	18.09	18.35
FPIs	5.00	4.88
Public & Others	4.89	4.75
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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- Vadraj assets' ramp-up plans:** Nuvoco expects to start cement production and sale from the refurbished plants by late Q3FY27E, initially from the Surat unit. Nuvoco will feed its existing customers in the Gujarat market from this new entity and will use its north plants to expand sales in the northern region. The Kutch clinker plant has a CPP (to operate at low-cost lignite) and captive jetty to ship clinker to Surat SGU (third party jetties next to the plant).

Nuvoco is also setting up a ~4.5km of captive railway sidings from Kutch plant until Wagoth, which the Indian railway is connecting through rail line till Naliya. A 24.65km railway line (broad gauge) is planned between Naliya and Vayor and Wagoth falls in between this route. Both the railway siding and the broad gauge connectively are expected to become operational by June 2027, as per the management. Nuvoco is setting up a blending unit (1.5mn MT) in Ahmedabad with captive railway siding. It will send bulk cement through BCFC rakes from Kutch to Ahmedabad to sell in both bulk and bag forms. Nuvoco expects these arrangements to help faster ramp-up of the western plants (total 6mn MT), thereby driving volume growth and providing regional sales diversification. Nuvoco also expects to get some state incentives on sales from these plants.

- Outlook:** During FY22-26, Nuvoco delivered 3% volume CAGR owing to peak utilization. However, we estimate volume growth will accelerate H2FY27E onward, post the stabilization of its Gujarat capacities along with expansions in the eastern region. Thus, we estimate 8% volume CAGR during FY26-28E. We estimate margins during FY27/28E will be lower (vs FY26) owing to cost spike in H1FY27E and estimated lower margin from Vadraj sales in the initial years. Hence, we estimate unit EBITDA of INR 812/838 per MT during FY27/28E, leading to 5% EBITDA CAGR during FY26-28E. We estimate net debt to EBITDA ratio will cool off to below 2x in FY28E vs 2.6x in Mar'26.

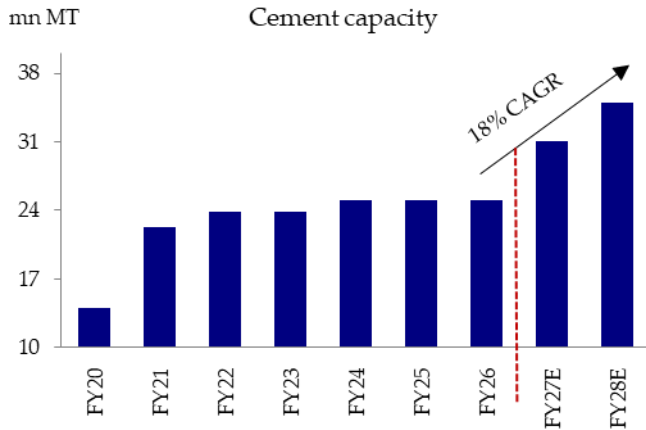
Key operational assumptions

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Cement Cap (mn MT)	23.8	23.8	25.0	25.0	25.0	31.0	35.0
Sales Volume (mn MT)	17.8	18.8	18.8	19.4	20.4	21.6	23.8
<i>YoY change (%)</i>	12.1	5.4	(0.1)	3.5	5.0	6.0	10.0
<i>Utilisation (%)</i>	74.9	78.9	75.0	77.7	81.5	69.7	67.9
(Rs/ MT trend)							
NSR	4,794	5,124	5,159	4,810	5,035	5,111	5,188
<i>YoY change (%)</i>	7.3	6.9	0.7	(6.8)	4.7	1.5	1.5
Input cost	1,529	1,961	1,665	1,578	1,526	1,560	1,555
Logistics costs	1,403	1,499	1,560	1,438	1,482	1,467	1,482
Fixed cost	1,030	1,053	1,111	1,111	1,139	1,272	1,313
Total Opex	3,962	4,513	4,336	4,127	4,146	4,299	4,350
<i>YoY change (%)</i>	12.3	13.9	(3.9)	(4.8)	0.5	3.7	1.2
EBITDA	832	611	824	683	889	812	838

Source: Company, HSIE Research

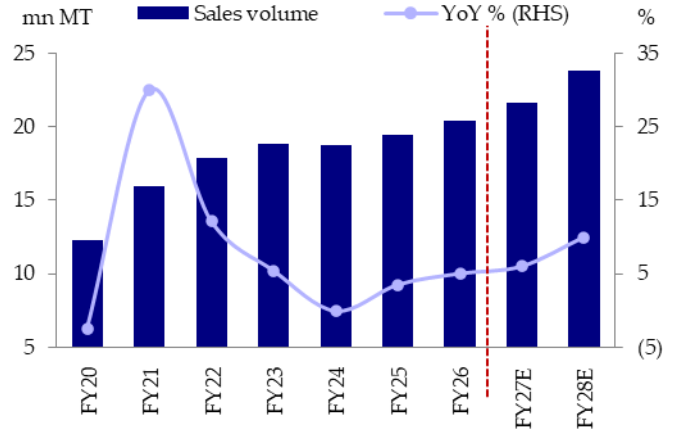
Nuvoco : Company Update

Cement capacity to grow at 18% CAGR during FY26-28E



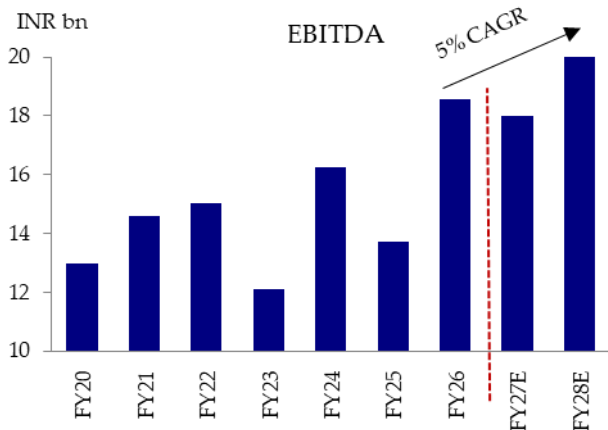
Source: Company, HSIE Research

We estimate 8% volume CAGR during FY26-28E



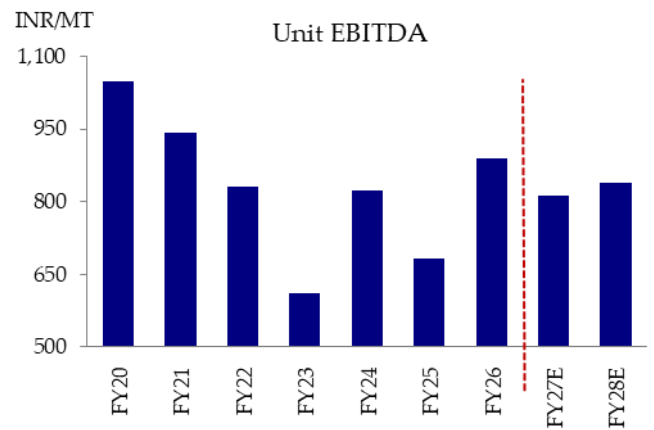
Source: Company, HSIE Research

We estimate 5% EBITDA CAGR on a high base



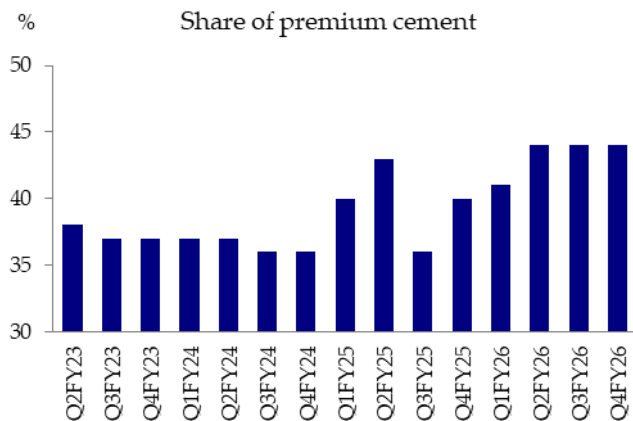
Source: Company, HSIE Research

Unit EBITDA trend



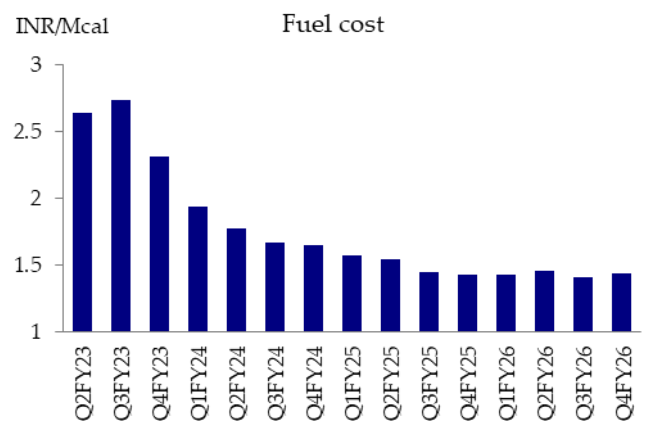
Source: Company, HSIE Research

Premium cement share has increased to 44%



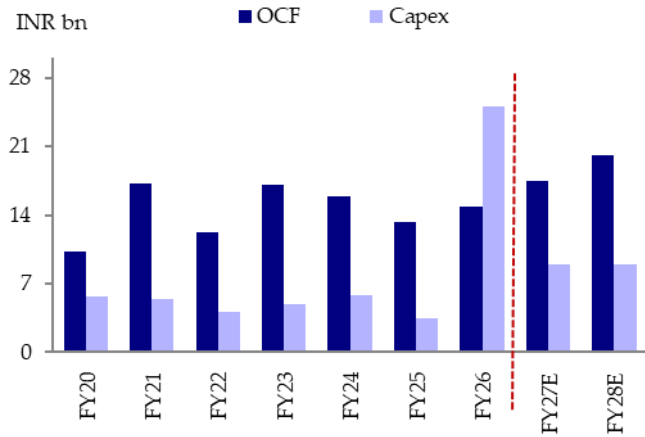
Source: Company, HSIE Research

Fuel cost expected to go up during H1FY27E



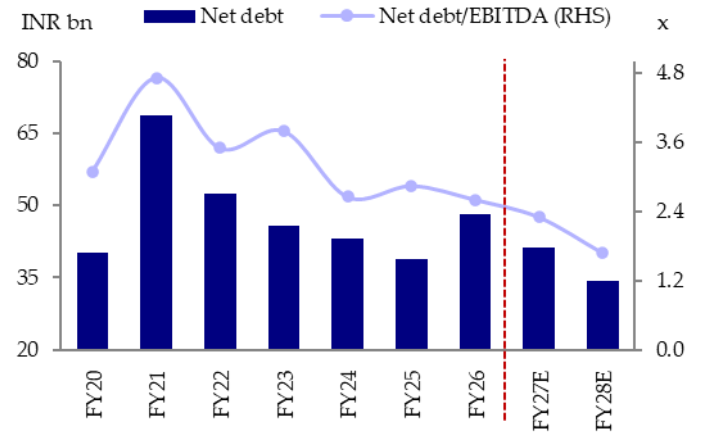
Source: Company, HSIE Research

OCF/ Capex trends



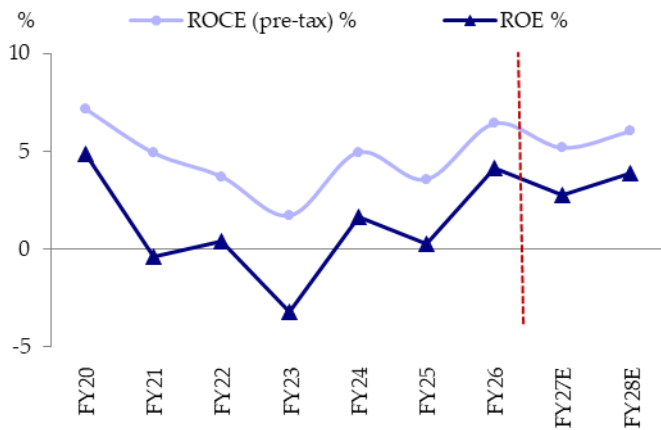
Source: Company, HSIE Research

Net debt and net debt to EBITDA trends



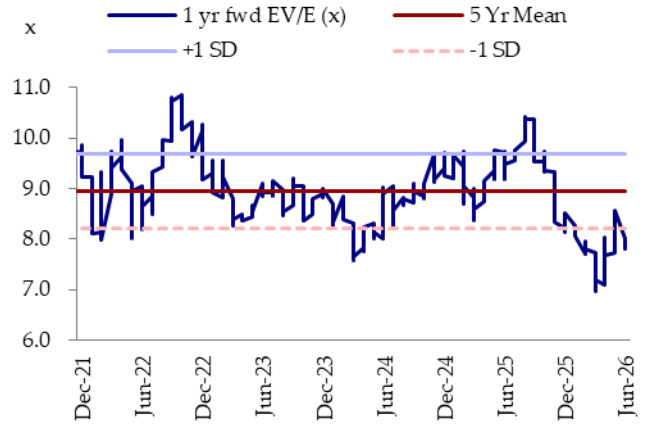
Source: Company, HSIE Research

RoCE/ RoE trends



Source: Company, HSIE Research

1 year forward EV/EBITDA trend



Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenues	105,862	107,329	103,567	113,383	122,246	136,294
<i>Growth %</i>	<i>13.6</i>	<i>1.4</i>	<i>(3.5)</i>	<i>9.5</i>	<i>7.8</i>	<i>11.5</i>
Raw Material	17,857	19,537	20,618	21,276	22,962	25,387
Power & Fuel	27,923	21,402	19,700	20,085	22,035	23,996
Freight Expense	28,183	29,285	27,937	30,227	31,720	35,241
Employee cost	6,055	6,818	6,758	7,233	8,318	9,150
Other Expenses	13,740	14,050	14,834	15,993	19,192	22,070
EBITDA	12,104	16,237	13,720	18,569	18,018	20,449
<i>EBITDA Margin (%)</i>	<i>11.4</i>	<i>15.1</i>	<i>13.2</i>	<i>16.4</i>	<i>14.7</i>	<i>15.0</i>
<i>EBITDA Growth %</i>	<i>(19.4)</i>	<i>34.1</i>	<i>(15.5)</i>	<i>35.3</i>	<i>(3.0)</i>	<i>13.5</i>
Depreciation	9,511	9,186	8,685	8,840	9,465	10,604
EBIT	2,593	7,051	5,035	9,729	8,554	9,845
Other Income (Including EO Items)	132	335	194	241	96	200
Interest	5,119	5,326	4,964	3,983	4,666	4,166
PBT	(2,394)	2,059	265	5,987	3,984	5,879
Tax	418	586	47	2,028	1,076	1,587
Minority Int	-	-	-	-	-	-
RPAT	159	1,474	218	3,598	2,908	4,292
EO (Loss) / Profit (Net of Tax)	2,971	-	-	(361)	-	-
APAT	(2,813)	1,474	218	3,959	2,908	4,292
<i>APAT Growth (%)</i>	<i>(976.4)</i>	<i>n/a</i>	<i>(85.2)</i>	<i>1,712.6</i>	<i>(26.5)</i>	<i>47.6</i>
AEPS	(7.9)	4.1	0.6	11.1	8.1	12.0
<i>AEPS Growth %</i>	<i>(976.4)</i>	<i>n/a</i>	<i>(85.2)</i>	<i>1,712.6</i>	<i>(26.5)</i>	<i>47.6</i>

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
SOURCES OF FUNDS						
Share Capital	3,572	3,572	3,572	3,572	3,572	3,572
Reserves And Surplus	84,818	86,264	86,452	89,716	92,624	96,916
Total Equity	88,390	89,835	90,023	93,288	96,196	100,488
Minority Int	-	-	-	9,000	12,000	12,000
Long-term Debt	47,851	44,037	40,738	49,161	44,161	39,161
Short-term Debt	-	-	-	-	-	-
Total Debt	47,851	44,037	40,738	49,161	44,161	39,161
Deferred Tax Liability	11,899	11,736	11,508	12,278	12,278	12,278
Long-term Liab+ Provisions	2,723	2,764	2,523	2,793	2,793	2,793
TOTAL SOURCES OF FUNDS	150,864	148,372	144,792	166,519	167,428	166,719
APPLICATION OF FUNDS						
Net Block	116,852	117,655	114,284	114,080	136,116	133,012
Capital WIP	5,941	4,708	3,825	24,745	2,245	3,745
Goodwill	32,785	32,785	32,785	32,785	32,785	32,785
Other Non-current Assets	9,062	8,396	7,962	7,649	7,649	8,147
Total Non-current Investments	1	8	8	8	8	8
Total Non-current Assets	164,639	163,552	158,865	179,267	178,802	177,697
Inventories	10,500	9,467	7,617	7,450	9,780	10,222
Debtors	6,012	5,907	6,601	7,439	7,335	8,178
Cash and Cash Equivalents	2,032	1,070	1,823	963	2,856	5,001
Other Current Assets (& Loans/adv)	6,695	7,104	6,672	7,871	8,521	9,229
Total Current Assets	25,238	23,547	22,712	23,723	28,491	32,630
Creditors	17,026	16,860	15,875	16,428	18,337	20,444
Other Current Liabilities & Provns	21,987	21,867	20,910	20,043	21,529	23,163
Total Current Liabilities	39,014	38,727	36,785	36,471	39,866	43,608
Net Current Assets	(13,775)	(15,180)	(14,073)	(12,748)	(11,375)	(10,978)
TOTAL APPLICATION OF FUNDS	150,864	148,372	144,792	166,519	167,428	166,719

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	(6,452)	2,059	265	5,505	3,984	5,879
Non-operating & EO Items	4,321	(79)	(371)	-	(96)	(200)
Interest Expenses	5,119	5,326	4,964	3,983	4,666	4,166
Depreciation	9,511	9,186	8,685	8,840	9,465	10,604
Working Capital Change	4,777	(164)	(274)	(2,757)	520	1,250
Tax Paid	(162)	(403)	15	(719)	(1,076)	(1,587)
OPERATING CASH FLOW (a)	17,114	15,925	13,285	14,852	17,463	20,112
Capex	(4,863)	(5,822)	(3,501)	(25,097)	(9,000)	(9,000)
Free Cash Flow (FCF)	12,251	10,104	9,784	(10,245)	8,463	11,112
Investments	2,224	56	79	44	-	-
Non-operating Income	35	33	51	51	96	200
INVESTING CASH FLOW (b)	(2,604)	(5,734)	(3,371)	(25,002)	(8,904)	(8,800)
Debt Issuance/(Repaid)	(8,910)	(6,156)	(4,626)	4,889	(5,000)	(5,000)
Interest Expenses	(4,707)	(4,985)	(4,500)	(4,460)	(4,666)	(4,166)
FCFE	(1,366)	(1,037)	658	(9,816)	(1,203)	1,945
Share Capital Issuance	-	-	-	8,836	3,000	-
Dividend	-	-	-	-	-	-
FINANCING CASH FLOW (c)	(13,617)	(11,141)	(9,126)	9,265	(6,666)	(9,166)
NET CASH FLOW (a+b+c)	894	(949)	788	(886)	1,893	2,145

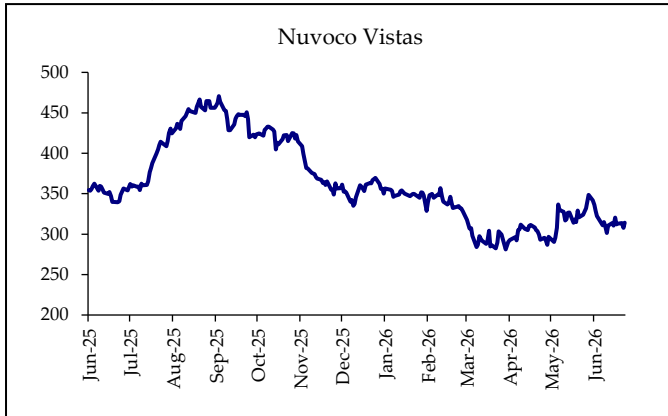
Source: Company, HSIE Research

Key Ratios

	FY23	FY24	FY25	FY26	FY27E	FY28E
PROFITABILITY %						
EBITDA Margin	11.4	15.1	13.2	16.4	14.7	15.0
EBIT Margin	2.4	6.6	4.9	8.6	7.0	7.2
APAT Margin	(2.7)	1.4	0.2	3.5	2.4	3.1
RoE	(3.2)	1.7	0.2	4.1	2.8	3.9
RoIC (pre-tax)	1.7	4.9	3.6	4.4	4.1	4.5
RoCE (pre-tax)	1.7	4.9	3.6	4.1	3.8	4.4
EFFICIENCY						
Tax Rate %	(17.5)	28.4	17.6	33.9	27.0	27.0
Fixed Asset Turnover (x)	0.5	0.5	0.5	0.5	0.5	0.5
Inventory (days)	36	32	27	24	29	27
Debtors (days)	21	20	23	24	22	22
Other Current Assets (days)	54	53	52	50	48	47
Payables (days)	59	57	56	53	55	55
Other Current Liab & Provns (days)	85	84	83	74	73	70
Cash Conversion Cycle (days)	(33)	(36)	(37)	(29)	(28)	(28)
Net Debt/EBITDA (x)	3.8	2.6	2.8	2.6	2.3	1.7
Net D/E	0.5	0.5	0.4	0.5	0.4	0.3
Interest Coverage	0.5	1.3	1.0	2.4	1.8	2.4
PER SHARE DATA (Rs)						
EPS	(7.9)	4.1	0.6	11.1	8.1	12.0
CEPS	18.8	29.8	24.9	35.8	34.6	41.7
Dividend	-	-	-	-	-	-
Book Value	247.5	251.5	252.1	286.4	302.9	315.0
VALUATION						
P/E (x)	(43.2)	82.5	556.6	33.4	38.6	26.1
P/Cash EPS (x)	12.6	11.4	13.7	10.6	9.1	7.5
P/BV (x)	1.4	1.4	1.4	1.4	1.2	1.1
EV/EBITDA (x)	13.6	10.0	11.6	9.5	9.1	7.7
EV/MT (Rs bn)	6.90	6.48	6.34	7.07	5.30	4.47
Dividend Yield (%)	-	-	-	-	-	-
OCF/EV (%)	10.4	9.8	8.4	8.4	10.6	12.9
FCFF/EV (%)	7.5	6.2	6.2	(5.8)	5.1	7.1
FCFE/M Cap (%)	(1.1)	(0.9)	0.5	(7.4)	(1.1)	1.7

Source: Company, HSIE Research

Price History



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

Disclosure:

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