

## Breaking into Gujarat's Top 3

7 January 2025

Nuvoco Vistas Corporation (NUVOCO IN) has been selected as the successful resolution applicant for Vadraj Cement (VCL, Not Listed), which is currently under corporate insolvency resolution. We estimate investment for the acquisition will be ~INR 30bn, including refurbishment cost. VCL assets are likely to become operational by Q3FY27. After adjusting for surplus grinding capacity, the deal is estimated to be valued at an EV/tonne of ~USD 62 or ~INR 5,357, below the past two years' average deal value of ~INR 7,833 for integrated plants. We believe this acquisition will not only provide visibility to NUVOCO's growth prospects but also offset geographical concentration risks, which should have a positive impact on valuation multiple. Further, we expect the acquisition to become earnings-accretive by FY29. So, we reiterate **Accumulate** with a TP of INR 383.

**Acquisition to bolster NUVOCO's capacity by ~24%...** As on end-Q3FY25, NUVOCO operates in East and North India with a combined cement capacity of ~25mn tonne. Once the acquisition is completed, consolidated cement capacity will increase by ~24% to ~31mn tonne by FY27E. VCL's existing assets include a 6mn-tonne grinding unit at Surat and a 3.5mn-tonne clinker unit at Kutch in Gujarat.

**...and expands its geographical footprints:** Currently NUVOCO's regional mix is highly concentrated, with ~76% in East India and ~24% in North India. However, with this acquisition its East India exposure is set to reduce from ~76% to ~61%, from current ~24% to ~20% in North India, and from 0% to ~19% in West India (Gujarat).

**Poised to become Gujarat's third-largest cement producer by capacity:** As on end-FY24, Gujarat's cement capacity stood at ~38mn tonne, with the Top 3 companies controlling ~79% and the Top 5 commanding ~90% of capacity share. This strategic acquisition is likely to mark NUVOCO's entry into Gujarat's consolidated cement market, positioning it as the third-largest firm, following the Adani Group and Ultratech Cement.

**Strengthening presence across West India as well as all-India markets:** Beyond Gujarat, this strategic acquisition will position NUVOCO among the Top 5 cement producers at the West India and all-India levels. This deal underscores the company's commitment to growth and solidifying its presence in key markets nationwide.

**VCL assets likely to be earnings accretive by FY29:** We believe improved growth prospects and reduced geographical concentration risks will have a positive impact on the company's valuation multiples, with the acquisition likely to become earnings-accretive by FY29. We have yet to factor in VCL's acquisition in [NUVOCO's](#) estimates, and we will revisit our numbers post Q3FY25 results. We reiterate **Accumulate** with a TP of INR 383 based on 9x September 2026E EV/EBITDA. **Key downside risks** are sub-par demand, weak cement prices, and a sharp rise in fuel prices.

Ravi Sodah

Cement, Metals & Mining  
+91 22 6164 8517  
ravi.sodah@elaracapital.com

Associates  
Saurabh Mitra  
Bhavi Shah

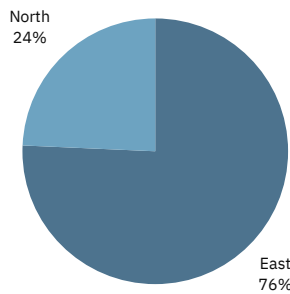


**Exhibit 1: NUVOCO capacity to surge ~24% post the acquisition**



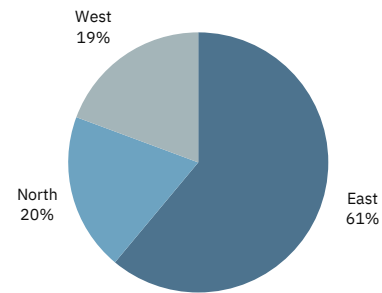
Source: Company, Elara Securities Estimate

**Exhibit 2: East India accounts for the highest NUVOCO capacity mix as on end-FY24...**



Source: Company, Elara Securities Research

**Exhibit 3: ... but acquisition is likely to reduce it to ~61% as on end-FY27E**



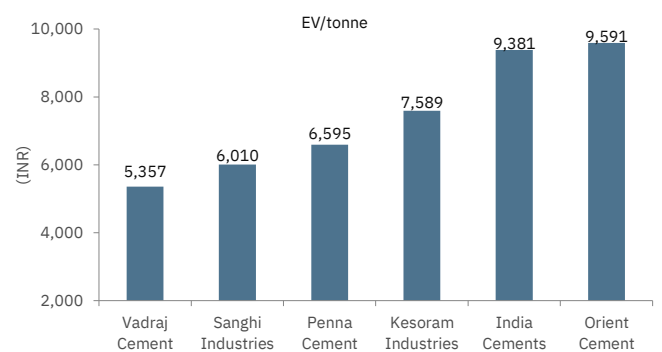
Source: Company, Elara Securities Estimate

**Exhibit 4: NUVOCO to break into the Top 3 in Gujarat by FY27E**

Capacity share (%)	Top 5	
	FY24	FY27E
UltraTech Cement	36.9	Adani Group 32.9
Adani Group	34.5	UltraTech Cement 27.7
Mehta Group	7.1	Nuvoco Vistas Corporation 11.8
JK Lakshmi Cement	5.9	JK Lakshmi Cement 7.1
Wonder Cement	5.3	Shree Digvijay Cement 5.9

Source: Company, Elara Securities Estimate

**Exhibit 5: NUVOCO-VCL deal is at ~32% discount to the past two years' average value**



Source: Company, Elara Securities Estimate

## Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE], in the Capital Market Segment of BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued adverse letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website [www.elaracapital.com](http://www.elaracapital.com)

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

## Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## Disclosures for U.S. Investors

The research analyst did not receive compensation from Nuvoco Vistas Corporation Limited.

Elara Capital Inc.'s affiliate did not manage an offering for Nuvoco Vistas Corporation Limited.

Elara Capital Inc.'s affiliate did not receive compensation from Nuvoco Vistas Corporation Limited in the last 12 months.

Elara Capital Inc.'s affiliate does not expect to receive compensation from Nuvoco Vistas Corporation Limited in the next 3 months.

## Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

## Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.

<b>India</b> <b>Elara Securities (India) Private Limited</b> One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500	<b>Europe</b> <b>Elara Capital Plc.</b> 6th Floor, The Grove, 248A Marylebone Road, London, NW1 6JZ, United Kingdom Tel : +44 20 7486 9733	<b>USA</b> <b>Elara Securities Inc.</b> 230 Park Avenue, Suite 2415, New York, NY 10169, USA Tel: +1 212 430 5870 Fax: +1 212 208 2501	<b>Asia / Pacific</b> <b>Elara Capital (Asia) Pte.Ltd.</b> One Marina Boulevard, Level 20, Singapore 018989 Tel : +65 6978 4047
---	--	---	--

	<b>Managing Director</b>	<b>Harendra Kumar</b>   harendra.kumar@elaracapital.com   +91 22 6164 8571
	<b>Head of Research</b>	<b>Dr Bino Pathiparampil</b>   bino.pathiparampil@elaracapital.com   +91 22 6164 8572

## Sales Team

	<b>India</b>	<b>Hitesh Danak</b> - hitesh.danak@elaracapital.com - +91 22 6164 8543 <b>Ashok Agarwal</b> - ashok.agarwal@elaracapital.com - +91 22 6164 8558
	<b>India, APAC &amp; Australia</b>	<b>Sudhanshu Rajpal</b> - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508 <b>Joshua Saldanha</b> - joshua.saldanha@elaracapital.com - +91 22 6164 8541 <b>Shraddha Shrikhande</b> - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567
	<b>India &amp; UK</b>	<b>Prashin Lalvani</b> - prashin.lalvani@elaracapital.com - +91 22 6164 8544
	<b>India &amp; US</b>	<b>Karan Rathod</b> - karan.rathod@elaracapital.com - +91 22 6164 8570
	<b>Corporate Access, Conference &amp; Events</b>	<b>Anita Nazareth</b> - anita.nazareth@elaracapital.com - +91 22 6164 8520 <b>Tina D'souza</b> - tina.dsouza@elaracapital.com - +91 22 6164 8595

Access our reports on Bloomberg: Type **RESP ESEC <GO>**

Also available on **Thomson & Reuters**

**Elara Securities (India) Private Limited**  
 Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500  
 CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933  
 Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ 000 238236  
 Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018  
 Investor Grievance Email ID: [investor.grievances@elaracapital.com](mailto:investor.grievances@elaracapital.com) - Tel. +91 22 6164 8509  
 Compliance Officer: Mr. Anand Rao - Email ID: [anand.rao@elaracapital.com](mailto:anand.rao@elaracapital.com) - Tel. +91 22 6164 8509