

# NUVOCO VISTAS CORPORATION LIMITED

## Issue highlights

- ❑ **Nuvoco Vistas Corporation Limited ("NVCL")** was incorporated on February 8, 1999. NVCL is promoted by Dr. Karsanbhai K. Patel, who is a successful entrepreneur and is associated with the Nirma Group. NVCL is the 5<sup>th</sup> largest cement company in India and the largest cement company in East India in terms of capacity. As of December 31, 2020, their cement production capacity constituted approximately 4.2% of total cement capacity in India, 17% of total cement capacity in East India and 5% of total cement capacity in North India, and they are one of the leading **Ready-Mix Concrete ("RMX")** manufacturers in India.
- ❑ As of March 31, 2021, NVCL has **11 Cement Plants** (8 in East India and 3 in North India). Company's Cement Plants are in the states of West Bengal, Bihar, Odisha, Chhattisgarh and Jharkhand in East India and Rajasthan and Haryana in North India, while their RMX Plants are located across India. As of March 31, 2021, their Cement Plants have an installed capacity of 22.32 MMTPA. 3 of their plants in East India are integrated units and 5 plants are grinding units. 2 of their plants in North India are integrated units and the third is a blending unit.
- ❑ As of March 31, 2021, NVCL operates **49 RMX Plants** which are in key states in India, enhancing their pan-India presence.
- ❑ NVCL is the fastest growing cement company in terms of capacity addition on percentage terms with installed capacity doubling over the last 5 years post the acquisition of NU Vista.
- ❑ NVCL operates through a range of distribution channels and direct sales to improve their reach to customers. As at March 31, 2021, they have 244 CFAs (162 in East India and 82 in North India) and 16,076 dealers in India (10,091 in East India and 5,985 in North India).

## Brief Financial Details\*

(₹ In Cr)

	As at Mar' 31,		
	2021	2020	2019
Equity Share Capital	315.09	242.36	200.00
Reserves as stated~	6,644.36	5,172.59	4,926.94
Net worth as stated	6,959.45	5,414.95	5,126.94
Revenue from Operations	7,488.84	6,793.24	7,052.13
Revenue Growth (%)	10.24%	(3.67)%	-
EBITDA as stated	1,494.35	1,333.85	971.44
EBITDA (%) as stated	19.86%	19.53%	13.67%
Profit Before Tax	36.54	386.75	16.60
Net Profit for the period	(25.92)	249.26	(26.49)
Net Profit (%) as stated	(0.34)%	3.65%	(0.37)%
EPS (₹)	(0.82)	10.28	(1.09)
RoNW (%)	(0.35)%	4.72%	(0.53)%
NAV(₹)	232.43	217.83	249.41
ROE (%)	(0.35)%	4.72%	(0.53)%
ROCE (%)	4.21%	7.66%	4.30%

Source: RHP \*Restated Consolidated Summary, ~Reserve includes Securities Premium, Capital Redemption reserve, General Reserve, Statutory Reserve u/s451C, Retained Earnings and Debenture Redemption Reserve

## Issue Details

**Offer of Equity shares aggregating upto ₹ 5,000 Cr**

(Fresh Issue of Equity Shares aggregating upto ₹ 1,500 Crore and Offer for sale of Equity Shares aggregating upto ₹ 3,500 Cr)

**Issue size: ₹ 5,000 Cr**

**No. of shares: 89,285,714 – 87,719,297**

**Face value: ₹ 10**

**Price band : ₹ 560 – 570**

**Bid Lot: 26 Shares** and in multiple thereof

**Post Issue Implied Market Cap:**

**₹ 20,027 – 20,358 Cr**

**BRLMs: Axis Capital, ICICI Securities, HSBC Securities, J P Morgan India, SBI Capital Markets**

**Registrar: Link Intime India Pvt Ltd**

**Issue opens on: Monday, 9<sup>th</sup> Aug'2021**

**Issue closes on: Wednesday, 11<sup>th</sup> Aug'2021**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	17-08-2021
Refunds/Unblocking ASBA Fund	18-08-2021
Credit of equity shares to DP A/c	20-08-2021
Trading commences	23-08-2021

## Issue break-up

	No. of Shares (Approx)	₹ In Cr	% of Issue
QIB	44,642,856 - 43,859,648	2,500	50%
NIB	13,392,858 - 13,157,895	750	15%
Retail	31,250,000 - 30,701,754	1,750	35%
<b>Total</b>	<b>89,285,714 - 87,719,297</b>	<b>5,000</b>	<b>100%</b>

## Listing: BSE & NSE

## Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
330,840,364	357,626,078	357,156,153

~@Lower price Band ^@ Upper Price Band

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	89.99%	66.16%
Promoter Group	5.25%	4.87%
Public	4.76%	28.97%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was incorporated as 'Infra Cement India Private Limited' on February 8, 1999. Pursuant to the investment in the company by the erstwhile shareholders in the year 1999, the name of the company was changed to "Lafarge India Private Limited". Niyogi Enterprise Private Limited and Dr. Karsanbhai K. Patel are the promoters of the company and currently hold an aggregate of 297,711,625 Equity Shares, comprising 89.99% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

### Brief Biographies of Directors

**Hiren Patel** is the Chairman and the Non-executive Director of the company. He has been on the Board since November 11, 2017. He has been associated with the Nirma group since the year 1997. He has experience in the cement, consumer goods, chemicals and health care industry. He is presently the managing director of Nirma Ltd.

**Jayakumar Krishnaswamy** is the Managing Director of the company. He has been on the Board since September 17, 2018. He is responsible for the cement, RMX and modern building materials divisions of the company. He has experience across FMCG and paint and coating industry.

**Kaushikbhai Patel** is the Non-executive Director of the company. He has been on the Board since November 9, 2017. He has experience in strategy, financial planning, mergers and acquisitions, direct tax and capital markets. He has been associated with Nirma Ltd since 2002.

**Berjis Desai** is the Independent Director of the company. He has been on the Board since January 3, 2017. He has experience in private client practice, business laws, transactional and dispute resolution.

**Bhavna Doshi** is the Independent Director of the company. She has been on the Board since January 3, 2017. She has experience in taxation, accounting, corporate and regulatory matters.

**Achal Bakeri** is the Independent Director of the company. He has been on the Board since April 7, 2021. He has experience in aircon industry. He is the promoter, chairman and managing director of Symphony Ltd.

### Key Managerial Personnel

**Maneesh Agrawal** is the Chief Financial Officer of the company. He joined the company with effect from October 10, 2017. He is responsible for the overall finance and information management functions of the cement, RMX and modern building materials divisions of the company. He has over two decades of experience primarily in cement, RMX and paper businesses.

**Shruta Sanghavi** is the Company Secretary and Compliance Officer of the company. She is responsible for secretarial functions of the company. She has experience in agro-chemicals, automobile, and logistics industries.

**Sanjay Joshi** is the Chief Manufacturing Officer of the company. He joined the company w.e.f. December 10, 2018. He is responsible for the manufacturing function for the cement and RMX business line of the company.

**Raakesh Jain** is the Chief Sales Officer (cement) of the company. He joined the company in the year 2007. He is responsible for the sales of cement of the company. He has experience in sales and marketing of cement manufacturing companies.

**Joydeep Chatterjee** is the Chief Projects & Corporate Affairs Officer of the company. He joined the company in the year 2008. He is responsible for overseeing the projects and CSR activities and corporate affairs of the company. He has experience in project management and operations.

**Prashant Jha** is the Chief of RMX of the company. He joined the company w.e.f. February 1, 2019. He is responsible for sales of RMX of the company. He has experience in construction and ready-mix concrete industry.

**Manisha Kelkar** is the Chief Human Resources Officer of the company. She joined the company in the year 2009. She is responsible for human resources and management development of the company. She has experience in human resource development of IT service management companies, business process management companies, technology solutions companies and consumer products manufacturing companies.

**Madhumita Basu** is the Chief Strategy & Marketing Officer of the company. She joined the company in the year 2010. She is responsible for strategy and marketing for all businesses of the company. She has experience in strategic planning, sales, marketing, business development and IT.

**Ashish Palod** is the Chief Procurement Officer of the company. He joined the company in the year 2004. He is responsible for the sourcing strategy and its implementation across business verticals of the company.

## OBJECTS OF THE ISSUE

(₹ In Cr)	
Objects	Amount
Repayment/prepayment/redemption, in full or part, of certain borrowings availed of by the company	1,350.00
General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

## OFFER DETAILS

The Offer	Amount	No. of Shares
Fresh Issue	₹ 1,500 Cr	Upto 26,785,714 <sup>^</sup> - 26,315,789 <sup>~</sup> Equity Shares
<b>* Offer for sale by The Promoter Selling Shareholder:</b>		
Niyogi Enterprise Pvt. Ltd. Promoter Selling S/h	₹ 3,500 Cr	Upto 62,500,000 <sup>^</sup> - 61,403,508 <sup>~</sup> Equity Shares

(<sup>^</sup> at upper price band and <sup>~</sup> lower price band)

## BUSINESS OVERVIEW

Nuvoco Vistas Corporation Limited (“NVCL”) is the 5<sup>th</sup> largest cement company in India and the largest cement company in East India in terms of capacity. As of December 31, 2020, their cement production capacity constituted approximately 4.2% of total cement capacity in India, 17% of total cement capacity in East India and 5% of total cement capacity in North India, and they are one of the leading ready-mix concrete manufacturers in India.

**NVCL is promoted by Dr. Karsanbhai K. Patel, who is a successful entrepreneur and is associated with the Nirma Group.** The Nirma Group is a diversified conglomerate that manufactures products ranging from chemicals to detergents, soaps, healthcare products and real estate development. The Nirma Group forayed into the cement business in 2014 through a greenfield cement plant in Nimbol. Thereafter, as a part of the Nirma Group, NVCL has grown the cement businesses, through acquisitions such as the acquisition of the Indian cement business of LafargeHolcim in 2016 and in 2020 by acquiring NU Vista. Earlier, in February 2020, NVCL completed the merger of the cement undertaking of Nirma Limited located at Nimbol, Rajasthan with the company. They have grown from being solely cement based to a building materials company with a vision to “Build a Safer, Smarter and Sustainable world”.

As of March 31, 2021, NVCL has 11 Cement Plants (8 in East India and 3 in North India). Company’s Cement Plants are in the states of West Bengal, Bihar, Odisha, Chhattisgarh and Jharkhand in East India and Rajasthan and Haryana in North India, while their RMX Plants are located across India. As of March 31, 2021, their Cement Plants have an installed capacity of 22.32 MMTPA. 3 of their plants in East India are integrated units and 5 plants are grinding units. 2 of their plants in North India are integrated units and the third is a blending unit. They have waste heat recovery systems at all their integrated plants with a total capacity of 44.7 MW, solar power plants with a total capacity of 1.5 MW and captive power plants with generation capacity of 105 MW. As of March 31, 2021, these generated 50.43% (on a proforma basis) of their total power requirements.

As of March 31, 2021, NVCL operates 49 RMX Plants which are in key states in India, enhancing their pan-India presence. Their Cement Plants are strategically located with road and rail connectivity to their key markets of East India and North India. Their plants are also located in proximity to their limestone reserves and other raw materials, such as slag and fly ash. They transport clinker from their integrated Cement Plants to their grinding units via rail and road. Gypsum, coal, slag and pet coke, which are essential raw materials for the manufacture of cement and generation of power for their captive power plants, are sourced via rail and road. NVCL has captive railway sidings at 6 of their plants; these give them a significant competitive advantage in transporting raw materials and finished products from these plants.

NVCL is the fastest growing cement company in terms of capacity addition on percentage terms with installed capacity doubling over the last 5 years post the acquisition of NU Vista. According to CRISIL, they were one of the players to increase market share in the last 2 years. For the Fiscals 2021, 2020 and 2019, the total capacity utilisation

of their plants in North India, calculated on the basis of total production capacity, was 72.67%, 83.79% and 85.59% respectively.

During the same periods, the total capacity utilisation of their plants in East India, calculated based on total production capacity, was 79.16%, 93.39% and 97.12% respectively. For the Fiscals 2021, 2020 and 2019, the total capacity utilisation of all their plants across India, calculated based on total production capacity, was 77.57%, 90.05% and 92.99% respectively. During the same periods, their total cement-to-clinker ratio across all units was 1.73, 1.73 and 1.72 respectively.

NVCL distributes their products through the trade segment, which mainly caters to individual home buyers (“**Trade Segment**”), and the non-trade segment, which is mainly via direct sales to institutional and bulk buyers (“**Nontrade Segment**”). Their focus is on the Trade Segment, where their distribution channels are a mix of wholesale and retail dealers and a sub-dealer network.

They have developed strong relationships with their channel partners over the years and built a loyal base of customers across their operational markets with the aim to achieve both their customers’ and their own growth objectives. NVCL operates through a range of distribution channels and direct sales to improve their reach to customers. As at March 31, 2021, they have 244 CFAs (162 in East India and 82 in North India) and 16,076 dealers in India (10,091 in East India and 5,985 in North India). Their institutional and corporate clients undertake bulk and large volume purchases. In Fiscal 2021, based on their proforma financials, their sales from the Trade Segment of the market constituted 73% (East India – 76%, North India – 56%, Central India – 79%) of total cement sales volume, whilst sales from the Non-trade Segment constituted 27% (East India – 24%, North India – 44% and Central India – 21%) of total cement sales volume. NVCL offers a range of over 50 products across cement, RMX and modern building materials.

The company has a dedicated Construction Development and Innovation Centre (“**CDIC**”) located in Mumbai. This CDIC is accredited by NABL (ISO/IEC 17025:2017 Standards) which operates a well-equipped facility on an area of 17,500 sq. ft. for developing and prototyping innovative products across the Cement, Ready Mix and Modern Building Materials businesses. In India, they have filed patent applications for 4 of their products, of which 1 has already been granted.

As of March 31, 2021, they had 3,846 full-time employees. In addition, they contract with third-party manpower and services firms for performance of some of their ancillary operations.

## REVENUE FROM OPERATIONS

	2020-21		2019-20		2018-19	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
<b>Sale of Products</b>	<b>7,308.05</b>	<b>97.59%</b>	<b>6,709.41</b>	<b>98.77%</b>	<b>6,878.01</b>	<b>97.53%</b>
Finished goods *	7,269.94		6,682.98		6,857.81	
Traded goods*	38.11		26.43		20.20	
<b>Other operating revenue</b>	<b>181.45</b>	<b>2.42%</b>	<b>83.83</b>	<b>1.23%</b>	<b>174.13</b>	<b>2.47%</b>
Industrial promotional assistance - fiscal incentive*	77.11		47.46		81.28	
Provision/liabilities no longer required, written back	47.49		6.29		47.72	
Scrap sales	15.92		17.92		10.49	
Recoveries of shortages & damages	31.06		10.14		2.78	
Sale of power and other services	9.87		2.02		31.86	
<b>Total revenue from operations</b>	<b>7,488.84</b>	<b>100.00%</b>	<b>6,793.24</b>	<b>100.00%</b>	<b>7,052.13</b>	<b>100.00%</b>

\* for details please refer RHP

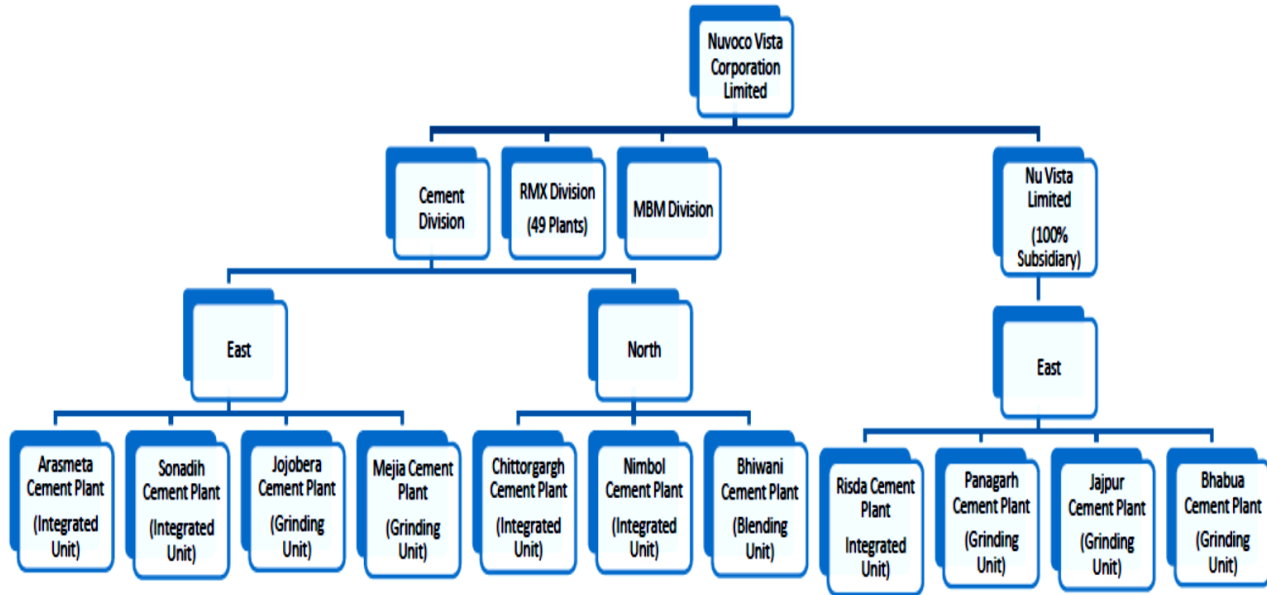
### The other key financial metrics and ratios for the periods indicated:

Particulars	Restated Financial Statements and other information as of/for		
	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net Debt (₹ Cr)	6,730.06	3,952.42	4,045.58
Debt Equity Ratio	0.92	0.75	0.81
Cement EBITDA per tonne (₹)	966.00	1082.54	732.96
Net Debt to EBITDA ratio	4.50	2.96	4.16

## OPERATIONAL OVERVIEW AND PRODUCTS PORTFOLIO

The company started operations in India in 1999 and, since then, have emerged as one of the major players in the building materials industry in India

**The organisation structure:**



**Their diversified portfolio includes products and brands:**

<p><b>Cement</b></p>	 <p>Company’s cement portfolio includes different types of Cement like Ordinary Portland Cement (OPC), Portland Slag Cement (PSC), Portland Pozzolana Cement (PPC) and Portland Composite Cement (PCC).</p> <p>They have leading brands with multiple products under each brand including Concreto, Duraguard, Premium Slag Cement, Nirmax, Double Bull, Infracem and Procem.</p> <p>The key brands include Concreto, Concreto Green, Duraguard, Duraguard Microfiber, Duraguard Waterseal, Duraguard Silver, Duraguard Rapidix Xtra, Premium Slag Cement, Nirmax Cement, Infracem Cement, Double Bull Cement, Procem Cement, Double Bull Master and Double Bull Subh.</p> <p>After being launched in 2004 Concreto has been one of the best-selling brands for the company. While Concreto and Duraguard are market leaders in terms of cement prices in the respective segment as well as regions.</p>
<p><b>Ready Mix Concrete (RMX)</b></p>	 <p>The brand portfolio includes Concreto, Instamix, Artiste and X-Con range of products.</p> <p>This portfolio includes products such as self-compacting concrete, decorative concrete, ready-to-use concrete, crack-resistant concrete, concrete with steel fibers, and lean concrete, as well as concrete with varied characteristics for specialty uses.</p>
<p><b>Modern Building Materials</b></p>	 <p>The modern building material products are a key differentiator for the company. Their suite of products under this category include a range of construction chemicals, tile adhesives, wall putty, dry plaster, cover blocks and ready-mix dry concrete.</p> <p>Their modern building material products are marketed and sold under the “Zero M” and “Instamix” brands.</p>

## Market leading Premium Cement Brands:



- **Concreto** and **Duraguard** are the flagships brands.
- **Double bull** is the fastest growing brand.
- **Double Bull Subh** is a premium slag product.

## MANUFACTURING UNITS

### Production and Production Capacity (Plant-wise) for the Fiscal 2021\*:

#### NU Vista Cement Plants

	Risda Cement Plant		Panagarh Cement Plant	Jajpur Cement Plant	Bhabua Cement Plant
	Cement	Clinker	Cement	Cement	Cement
Installed/Production Capacity (MMTPA)	2.15	2.29	1.79	1.43	0.57
Production (Million MT)	1.79	2.39	1.45	0.64	0.46
Capacity Utilisation (%)	83.54%	104.51%	81.22%	44.45%	79.97%

\* Considering utilisation calculated from July 14, 2020 (the date of completion of the acquisition of NU Vista) to March 31, 2021

#### Company Cement Plants

### Installed Production Capacity and Capacity Utilization:

Plant	Fiscal 2021			Fiscal 2020			Fiscal 2019		
	Installed/Production Capacity (MMTPA)	Production in Million MT	Capacity Utilization (%)	Installed/Production Capacity (MMTPA)	Production in Million MT	Capacity Utilization (%)	Installed/Production Capacity (MMTPA)	Production in Million MT	Capacity Utilization (%)
Arasmeta Cement Plant - Cement	1.89	1.38	73.10%	1.89	1.55	81.70%	1.89	1.64	86.57%
Arasmeta Cement Plant – Clinker	1.66	1.03	61.97%	1.66	1.55	92.80%	1.66	1.35	81.15%
Sonadih Cement Plant – Cement	0.65	0.54	83.34%	0.64	0.57	88.87%	0.60	0.56	93.17%
Sonadih Cement Plant – Clinker	3.30	2.74	83.11%	3.00	2.66	88.60%	3.00	2.85	95.03%
Jojobera Cement Plant – Cement	4.95	4.24	85.75%	4.95	4.87	98.44%	4.60	4.72	102.65%
Mejia Cement Plant – Cement	1.65	1.43	86.58%	1.65	1.54	93.39%	1.65	1.57	95.21%
Chittorgarh Cement Plant – Cement	2.10	2.04	97.15%	2.10	1.96	93.29%	2.10	1.99	94.57%
Chittorgarh Cement Plant – Clinker	1.94	1.55	80.06%	1.94	1.75	90.21%	1.94	1.56	80.36%
Nimbol Cement Plant – Cement	2.28	1.40	61.35%	2.28	1.63	71.32%	2.28	1.68	73.51%
Nimbol Cement Plant – Clinker	1.48	1.17	79.15%	1.48	1.35	90.91%	1.48	1.48	100.00%
Bhiwani Cement Plant - Cement	0.50	0.11	21.49%	0.50	0.50	100.80%	0.50	0.52	103.00%



**Installed capacities – total and Proposed expansion plans – plant wise**

	Installed Capacity (MMTPA) (as of Mar'31,2021)	Proposed Capacity expansion (MMTPA)	Targeted time period
Arasmeta Cement Plant (Clinker)	1.66	-	-
Sonadih Cement Plant (Clinker)	3.30	-	-
Chittorgarh Cement Plant (Clinker)	1.94	-	-
Nimbol Cement Plant (Clinker)	1.48	-	-
Arasmeta Cement Plant (Cement)	1.89	-	-
Sonadih Cement Plant (Cement)	0.65	-	-
Jojobera Cement Plant (Cement)	4.95	1.50	Fiscal 2022
Mejia Cement Plant (Cement)	1.65	-	-
Chittorgarh Cement Plant (Cement)	2.10	-	-
Nimbol Cement Plant (Cement)	2.28	-	-
Bhiwani Cement Plant (Cement)	0.50	-	-
Risda Cement Plant (Clinker)	3.20	-	-
Risda Cement Plant (Cement)	3.00	-	-
Panagarh Cement Plant (Cement)	2.50	-	-
Bhabua Cement Plant (Cement)	0.80	1.20	Fiscal 2023
Jajpur Cement Plant (Cement)	2.00	-	-

**Capacity Utilisation**

Capacity Utilisation (%) (actual)	FY2021	FY2020	FY2019
Cement	77.57%	90.05%	92.99%
Clinker	83.30%	90.27%	89.56%

**COMPETITIVE STRENGTHS**

- **Largest cement manufacturing company in East India in terms of total capacity**

The location of their plants allows them to maintain their leadership position in East India while growing their business in North India. In addition, their Cement Plants in Chhattisgarh and Rajasthan are ideally placed to serve the adjacent markets of Uttar Pradesh and Madhya Pradesh in Central India and Maharashtra in West India respectively. They also have a third-party procurement agreement for manufacturing and packaging certain cement products in the State of Uttar Pradesh, thereby establishing a presence in the high growth market of Central India.

NVCL has an extensive portfolio of cement, RMX and modern building materials to cater to the needs of their customers. As of March 31, 2021, their ratio of Trade Segment sales to Non-trade Segment sales in East India was 76:24, in Central India was 79.21 and in North India was 56.44, which allows them to achieve higher sales volumes and improved margins. Their sales to the Trade Segment allow them to achieve high volume sales, thereby ensuring high capacity utilisation of their plants and ensuring steady cash flows. They also have steady Non-trade Segment sales and revenues which allow them to secure volume-based sales orders and improved margins. They sold 17.26 million MT ("MMT") of cement in India in Fiscal 2021 (based on their Proforma financial Statements). Of this figure, they sold 13.47 MMT in East India, 2.66 MMT in North India and 1.13 MMT in Central India.

Additionally, they are one of the leading industry players in the RMX industry. Their position in the RMX industry allows them to access key markets in India, particularly in areas where their cement products are not readily available.

- **Market-leading brands that establish and enhance the leadership as a building materials company with strong brand recognition**

Company's established record of strong performance and reputation for quality products in cement, RMX and modern building materials has helped them build reputable brands in the building materials industry in India. They have a comprehensive suite of brands across all these segments. Their brands have differentiated characteristics and qualities which fulfil diverse customer needs and thereby attract new customers as well as retaining and increasing demand from existing customers.

Company's modern building material products are a key differentiator for them. Their suite of products under this category include a range of construction chemicals, adhesives, wall putty, dry plaster, cover blocks and dry concrete.

Their Modern Building Material products and brands are an important value-added business for them. NVCL market these products to meet the requirements of their customers, such as providing a product that provides an immediate solution to their construction requirements or by offering a product as an alternative to their usual requirements.

- ***Strategically located cement production facilities that are in close proximity to raw materials and key markets***

Company's Cement Plants are located at various strategic locations in East and North India. These locations allow them to effectively sell and market their products in East and North India as well as access to select key markets in Central India. **They have 3 integrated units and 5 grinding units located in East India, and 2 integrated units and 1 blending unit located in North India.** They are also in the process of enhancing their cement capacity in their existing grinding units in Jojobera Cement Plant and Bhabua Cement Plant in East India. The connectivity to raw materials and their customers allows them to manufacture and sell their cement products to customers in a cost-efficient manner.

- ***Extensive sales, marketing and distribution network with diversified product portfolio***

NVCL has strong sales, marketing and distribution capabilities in East and North India, and strategic access to some key markets in Central India. This distribution network allows them to effectively target and drive sales within the Trade Segment. **As at March 31, 2021, they have 244 CFAs (162 in East India and 82 in North India) and 16,076 dealers in India (10,091 in East India and 5,985 in North India).** Their extensive network of warehouses, logistics partners and dealers in East and North India gives them a competitive advantage in their operating regions.

- ***Growth in the business and operations from the recently concluded acquisition of NU Vista***

NVCL has a successful track record of executing acquisitions that aid in the growth of their business based on a careful selection of potential assets and the integration of these assets with their business. They have recently successfully completed the acquisition of NU Vista, the cement business of Emami Group.

This acquisition gives them several competitive advantages, including:

- They are now a leading cement player in India ensuring their market-leading presence in each of the core states in East India;
- The inclusion of the brand "Double Bull Cement" and its variants in their brand portfolio.
- Synergies in the cross-sourcing of raw materials such as clinker, logistics for the shipping of their products, and economies of scale in procurement;
- The combined product portfolio includes all standard grades of cement (including Portland Composite Cement) and value-added products; and
- They can implement and apply best practices in manufacturing across all their plants.

- ***Strong research and development and technological capabilities***

NVCL places a strong focus on innovation, with an emphasis on developing a comprehensive product range to meet the requirements of their customers, address the gaps in the market and improve their profitability. They have set up the CDIC, their innovation centre located in Mumbai. Through CDIC, they can and have developed new products that address market needs.

Some of their innovative products include cement with added micro fiber, ready-to-use wet micro concrete for structural strengthening and retrofitting, high-strength, high-density and lightweight concrete (as compared to regular concrete), wet mix cement mortar in bags, quick-setting OPC, fast-bonding adhesive for tile fixing and high-quality wall putty for interior and exterior walls.

NVCL has been successful in diversifying their products by leveraging their innovation and technological capabilities. They actively benchmark their products against their regional and international competitors to ensure that their products are innovative and meet market and technology trends.

- ***Experienced Individual Promoter and professional management team***

NVCL has seen strong growth under the vision, leadership and guidance of the Individual Promoter, Dr. Karsanbhai K. Patel, who is a successful entrepreneur committed to becoming a key player in the high-growth building materials industry. They also have a well-qualified senior management team with experience across all functions of the building materials industry. The experience of the Individual Promoter and their management team provides them with a significant competitive advantage with which to grow their business.



## KEY BUSINESS STRATEGIES

- **Consolidate and grow the market share in East, North and Central India**

NVCL intends to leverage their existing manufacturing facilities and distribution network to capitalise on the expected demand for cement products from their customers. Further, with the acquisition of NU Vista and the merger of Nimbol Cement Plant in East and North India respectively, they now have access to high-growth markets like Uttar Pradesh, Maharashtra and Gujarat. Their Cement Plants in Chhattisgarh and Rajasthan are ideally placed to serve the adjacent markets of Uttar Pradesh and Madhya Pradesh in Central India and Maharashtra in West India respectively. They also have a third-party procurement agreement in the State of Uttar Pradesh for manufacturing and packaging certain cement products, thereby establishing a presence in the high growth market of Central India. These regions are within the range of their existing manufacturing units that would allow them to distribute and sell cement at cost-effective and competitive prices. Their additional grinding capacity in West Bengal will target demand from the high-growth markets in the North East region of India.

For their RMX business, whilst they have a comprehensive pan-India presence, there are several tier-2 cities and other regions where opportunities exist for the expansion of their sales footprint.

- **Increase the portfolio of premium products and profit margins**

NVCL will continue to consolidate their market position in the building materials industry through the following initiatives:

- Focus on enhancing the sales and penetration of their existing brands with particularly premium brands such as “Concreto”;
  - Identify gaps in the industry and in their portfolio and introduce new products, particularly targeting the premium segments;
  - Extend the range of modern building materials to provide a comprehensive product/solution set for their distribution channels and based on customer demands; and
  - Focus on enhancing the range of value-added products in the RMX business.
- **Focus on operational efficiencies and synergies to improve returns, whilst expanding manufacturing Capabilities**

The company had focused on the reduction of electricity and heat consumption to reduce their production costs and to lessen the environmental impact of their operations. They are focused on the reduction of power consumption in their clinker and grinding units, as well as heat consumption in integrated units. They have installed waste heat recovery systems across all their integrated Cement Plants.

They are also setting up captive power plants at some of their units to further help in cost reduction and operational efficiency of their units by ensuring uninterrupted electricity supply. As of March 31, 2021, their captive power plant capacity is 105 MW, and 29.25% of the total power demand of their units is serviced by captive power plants. The company is in the process of implementing clinker debottlenecking at their integrated cement units located at Risda, Nimbol and Sonadih. Additionally, they are undertaking capacity expansion exercises at their Jojobera Cement Plant, to increase its capacity to 6.45 MTPA and at their Bhabua Cement Plant, to increase its capacity to 2 MTPA. They also have the option to undertake expansion in West India by utilising their limestone reserves in Chittapur, Gulbarga in Karnataka.

- **Strengthen the brand and expand their distribution network**

Nucovo has an extensive brand portfolio for their key product segments. They aim to continue to undertake brand awareness and brand building measures targeted at their customers and in key geographies to increase their market share and revenues from sales of their products. They have undertaken corporate and brand-specific advertising, such as their sponsorship of the Royal Challengers Bangalore, a professional cricket team in the Indian Premier League. Company’s expansion strategy is based on a calibrated and systematic evaluation of the market size, customer demand, competition and economic factors for the sale of their products in a particular location.

- **Growth through expanding operations and through acquisitions**

Through the merger of the Nimbol Cement Plant and the acquisition of NU Vista, Nuvoco has enhanced their business operations, growth and prospects. They are also well- positioned to undertake both core and value-add

acquisition opportunities in the future given their pan-India presence, knowledge of local markets, proven management capabilities and deep customer relationships.

As of March 31, 2021, they have a strong balance sheet, resulting in high capital structure flexibility. As of March 31, 2021, their net debt is ₹ 6,730.06 crore. Further, the use of the proceeds from the Fresh Issue will further reduce their total indebtedness. The reduction in the total borrowings will de-lever the balance sheet and will enable them to undertake future acquisitions.

- **Complete the integration of the NU Vista cement business with the business**

Since the completion of the acquisition of the NU Vista cement business, they have undertaken several steps to integrate the acquired business, plant operations and personnel with their existing business. They intend to continue to complete the integration of the NU Vista business with their business by implementing the following initiatives:

- They are in the process of adopting a multiple price point strategy using their expanded product portfolio, including the “Double Bull” brands. They intend to include products at multiple price points in their product portfolio to combat the competitive pressures from brands of other manufacturers, and service customers from different demographic categories.
- They have initiated implementation of cross sourcing of brands from their various production facilities to ensure that the full range of brands are made available across their network, to improve the reach of their premium products and ensure they service their customers in a cost-effective manner.
- They have initiated the increase of product variants by adding Portland Composite Cement manufactured at the NU Vista facilities to their product portfolio.
- They intend to implement combined sourcing of raw materials, goods and services to achieve benefits of economies of scale. They have commenced this process across the company and NU Vista and intend to continue to focus on additional initiatives to ensure a common procurement policy.
- They are implementing measures to optimise the regional sourcing of cement across their plants in each of the core states of East India to leverage the presence of their existing plants and the plants operating under NU Vista. They will strategically enhance the capacity of their plants to ensure they have a 2 million tonne production in each of their core states.
- They are in the process of business integration at various levels focused on their employees and business processes, to ensure uniformity and rationalisation of their products and services.

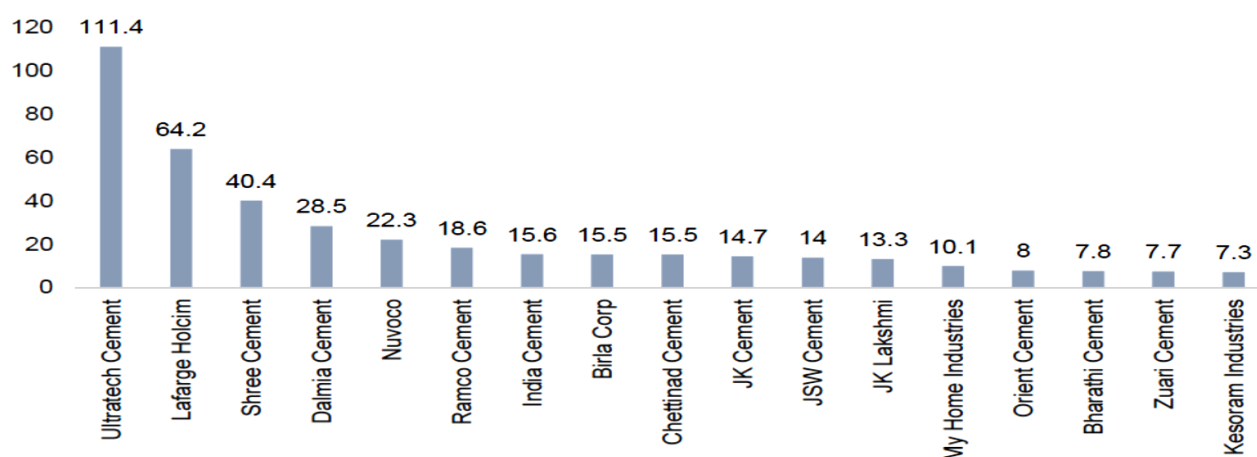
## COMPETITION

The Indian cement industry is witnessing increasing consolidation, with an emphasis on marketing and brand. Competition occurs on range, quality, delivery, management and price. As a result, to remain competitive in their markets, NVCL must invest in building networks and their branding on the one hand, and, on the other hand, remain focused on improving operating efficiency and reducing in-production and distribution costs. National and regional players characterise the cement industry in India. The company faces competition from national players, including **UltraTech Cement Ltd, ACC Ltd, Ambuja Cements Ltd, Dalmia Bharat Ltd and Shree Cement**.

## INDUSTRY OVERVIEW

### An overview of cement supply in India

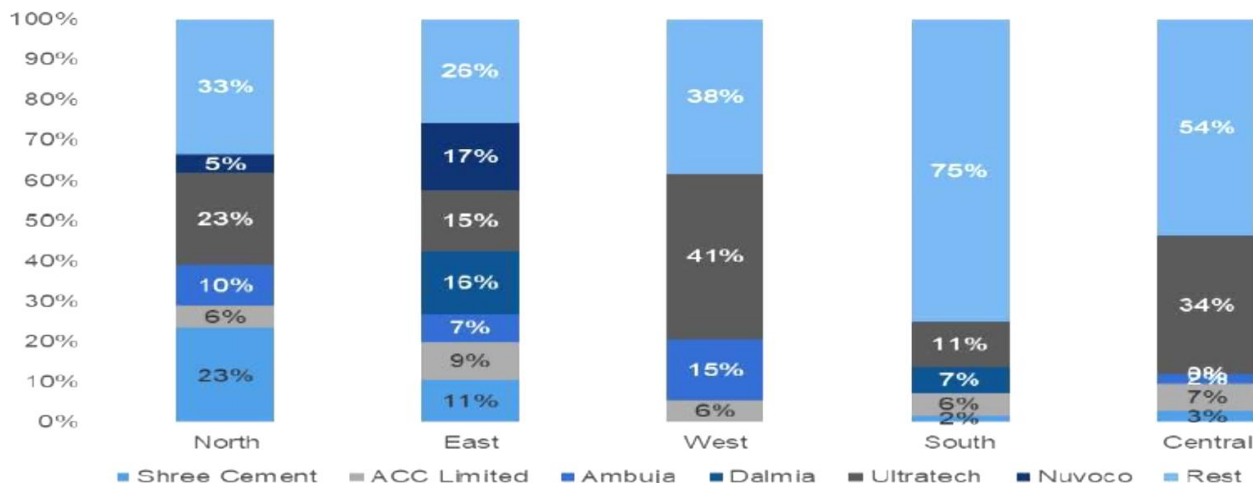
#### Player-wise domestic capacity of the key players in the industry



**Player-wise Cement sales of key manufacturers:**

Players	Cement Sales in Million Tonnes					
	9M FY21	FY20	FY19	FY18	FY17	FY16
Utratech Cement	54.2	76.4	69.5	57.8	48.9	48.0
ACC Limited	25.5	28.9	28.4	26.2	23.0	23.6
Shree Cement	18.6	24.9	25.1	22.5	20.6	14.2
Ambuja Cement	22.7	24.0	24.3	23.0	21.1	21.5
Dalmia Cement	14.3	19.3	18.5	17.0	15.3	12.8
Nuvoco (Consolidated)	11.7	-	-	-	-	-
Nuvoco Vistas	-	12.2	11.0	10.6	9.7	9.6
Nu Vista Limited	-	4.8	4.6	2.7	0.5	-
Birla Corporation	9.2	13.6	13.8	12.5	10.1	8.0
Ramco Cements	6.8	11.2	11.2	9.3	8.4	7.2
India Cements	5.9	11.0	12.3	11.2	11.0	8.7
JK Lakshmi	7.0	9.2	9.7	8.5	8.0	7.3
JK Cement	7.1	8.4	8.4	7.9	6.8	6.9
Orient Cement	3.2	5.8	6.4	5.8	5.6	4.4
Prism Cement	3.9	5.7	6.3	5.6	5.4	5.3
Heidelberg Cement	3.2	4.7	4.9	4.7	4.5	4.4
Sagar Cement	2.1	3.1	3.3	2.7	2.0	1.7
Star Cement	1.8	2.9	2.7	2.4	2.7	2.7

**Regional capacity breakup of large players:**



**Key brands across regions:**

Major Cities	Premium	Category-A	Category-B	Category-C
<b>North</b> Delhi, Jaipur, Chandigarh, Faridabad	UltraTech – Weather Plus ACC – Gold, F2R Ambuja – Plus Nuvoco – Concreto Green, Duragaurd MF	UltraTech – UT PPC, Super ACC – Suraksha Ambuja – Ambuja PPC Nuvoco – Duragaurd	JK – Super JK Lakshmi- JKLC Cement Shree – Ultra, Jangrohdhak Birla – Chetak Wonder- Wonder PPC	
<b>Central</b> Noida, Allahabad, Indore, Bhopal	UltraTech – Weather Plus ACC – Gold, F2R Ambuja – Plus	UltraTech – Super ACC – Suraksha Ambuja – PPC Nuvoco – Duragaurd	Prism– Champion Shree – Ultra, Jangrohdhak Birla – Chetak, Samrat Wonder – PPC Heidelberg - My cem	KJS cement
<b>West</b> Mumbai, Pune, Ahmedabad	UltraTech – Weather Plus ACC – Gold, F2R Ambuja – Plus	UltraTech – Super ACC – Suraksha Ambuja – Plus Nuvoco – Duragaurd	JK – Super, Lakshmi, Super Strong Sanghi – PPC Wonder – PPC MP Birla - Samrat	Hathi cement Sidhee cement Saurashtra Cement
<b>East</b> Kolkata, Guwahati, Bhubaneswar, Ranchi, Patna	UltraTech – Weather Plus ACC – Gold, F2R Ambuja – Plus Nuvoco – Concreto, Duragaurd MF	UltraTech – UT PCC, Super ACC – Suraksha Ambuja – Plus Nuvoco – Duragaurd Dalmia - DSP	Dalmia – PSC Shree – Jungrohdhak Star Cement Nu Vista – Double Bull	JSW cement
<b>South</b> Hyderabad, Chennai, Bengaluru, Kochi	UltraTech – Weather Plus ACC – Gold, F2R Ramco – Supercrete India– Coromandel King	UltraTech – Super ACC – Suraksha Ramco – Super grade Bharathi - Bharathi India Cement – Coromandel KCP – KCP PPC	Orient –Birla A1 Kesoram – Birla Shakti Dalmia – DSP, Super Sagar – PPC, PSC Chettinad - PPC	Raasi cement Priya cement Penna cement JSW cement

**The RMX market in India:**

Player Name	No of Plants	Sales volume (lakh m3)	Revenue (in ₹ crore)
ACC	90	35.2	1,306
Ultratech Cement	108	-	2,147
Nuvoco Vistas	60	27.1	1,088
Prism Johnson	106	-	1,413
India Cements	9	2.8	110
The Ramco Cement	12	0.33	14

Note: Data is for FY2019-20 except ACC for which data is for CY2019; Ultratech and Prism Johnson do not report RMX volumes.

**Construction Chemicals and others - Key players in the industry and their portfolios:**

Player	AAC Block	Waterproofing	Tile Adhesives	Plasters	Grout
Ultratech Cement	✓	✓	✓	✓	✓
ACC Limited	✓	✓	✓	✓	✓
Ambuja Cement	✓	✓	✓	✓	✓
Dalmia Bharat	x	x	x	✓	x
Shree Cement	✓	x	x	x	x
Nuvoco Vistas	x	✓	✓	✓	x

**COMPARISON WITH LISTED INDUSTRY PEERS**

Name of the Company	Consolidated / Standalone	Face Value	Total Income (₹ Cr)	EPS (Diluted)	NAV <sup>^</sup>	P/E <sup>~</sup>	RoNW (%)
<b>Nuvoco Vistas Corporation Limited#</b>	<b>Restated</b>	<b>10</b>	<b>7,522.69</b>	<b>(0.82)</b>	<b>232.43</b>	<b>-</b>	<b>(0.35)%</b>
<b>Industry Peers</b>							
Ultratech Cement Limited#	Consolidated	10	45,459.97	189.33	153.06	38.62	12.36%
Shree Cement Limited#	Consolidated	10	13,942.66	633.54	428.17	44.26	14.82%
Ambuja Cement Limited~	Consolidated	2	24,965.76	11.91	14.65	32.40	10.68%
ACC Limited~	Consolidated	10	14,002.72	75.98	67.64	28.31	11.26%

Source: RHP; # Financial information for the year ended March 31, 2021; ~ Financial information for the year ended December 31, 2020, P/E Ratio has been computed based on the closing market price of the equity shares (Source: BSE) on July 19, 2021.

**AXIS CAPITAL LIMITED**

Axis House, 1<sup>st</sup> Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

[www.axiscapital.co.in](http://www.axiscapital.co.in)

This document has been prepared by Axis Capital Limited. Affiliates of Axis Capital Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Affiliates research report.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient.

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. The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.

Axis Capital Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval.

Axis Capital Limited, 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 report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document.

This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Axis Capital Limited. The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof.

This report 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 Axis Capital Limited to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Nuvoco Vistas Corporation Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in), on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) as well as on the websites of the BRLMs, Axis Capital Limited at [www.axiscapital.co.in](http://www.axiscapital.co.in). Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

Copyright in this document vests exclusively with Axis Capital Limited.