

Name of the Company



KEY IPO Highlights

Subscription Period:
9th Aug., 2021 to 11th Aug., 2021

Issue Size: 87.72 Mn Shares
(Aggregating up to INR 5,000 Cr)
(OFS- 3,500 Cr)

Price Band: INR 560 to 570

Lot Size: 26Shares

Listing Date:
23/08/2021

About the Company:

- A part of Nirma Group Company is among one of the largest cement companies and concrete manufacturers in India.
- Offers a diversified range of products such as cement, Ready-mix Concrete (RMX), and modern building materials i.e. adhesives, wall putty, dry plaster, cover blocks, and more.
- The company sells its products in the trade segment (individual home buyers) and non-trade segment (institutional and bulk buyers).
- A strong distribution network with 15,969 dealers and 225 CFAs.
- Cement plants are located in the states of West Bengal, Bihar, Odisha, Chhattisgarh, and Jharkhand in East India and Rajasthan and Haryana in North India with an aggregated installed capacity of 22.32 MMTPA.

Objects of the Issue:

- To repay/prepay/redeem borrowings availed by the firm fully or partially.
- General corporate purposes.

Financial Overview (INR Million)

Particulars	Mar-21	Mar-20	Mar-19
Total Assets	199,076	134,443	132,617
Total Revenue	75,227	68,299	71,059
Profit After Tax	(259)	2,493	(265)

EV/EBITDA

NUVOCO VISTAS	—	17
Ultratech Cement	—	18
Shree Cement	—	25
Ambuja Cement	—	13

Recommendation from major brokerage houses

SUBSCRIBE

AVOID

Neutral



ANANDRATHI



Highlights:

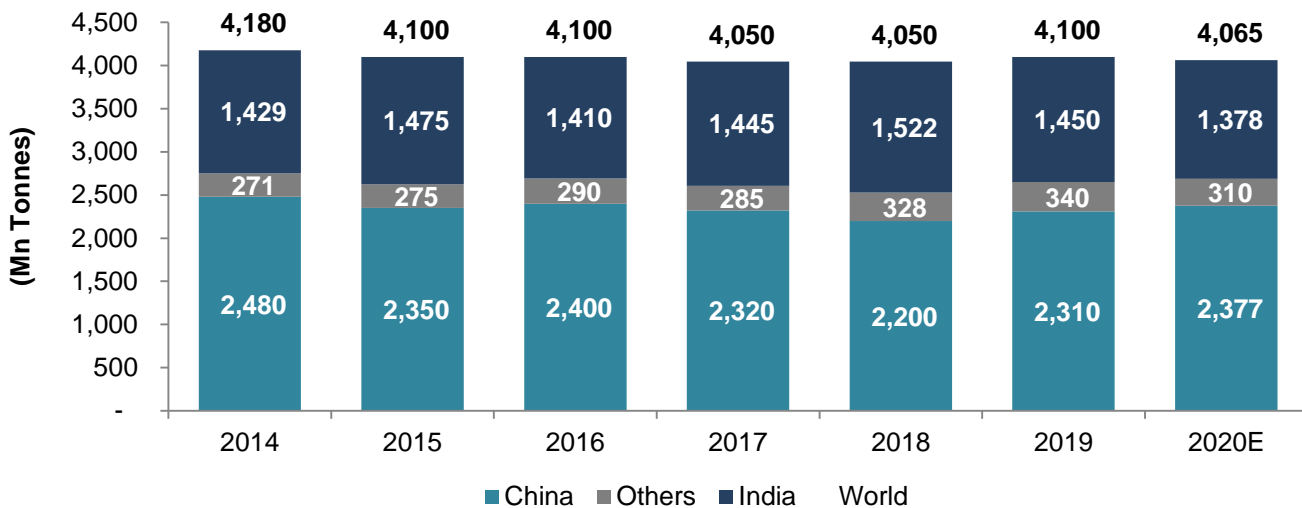
- Largest cement manufacturer in East India in terms of total capacity.
- Strategically located cement plants with close proximity to key markets.
- Strong brand recognition and a large distribution network.
- Experienced promoters and managers team.

Disclaimer: The recommendations stated above are given by individual advisors (including Kreo Capital). Investors are advised to consult their financial advisor and do their own due diligence before subscription.

Indian Cement Industry

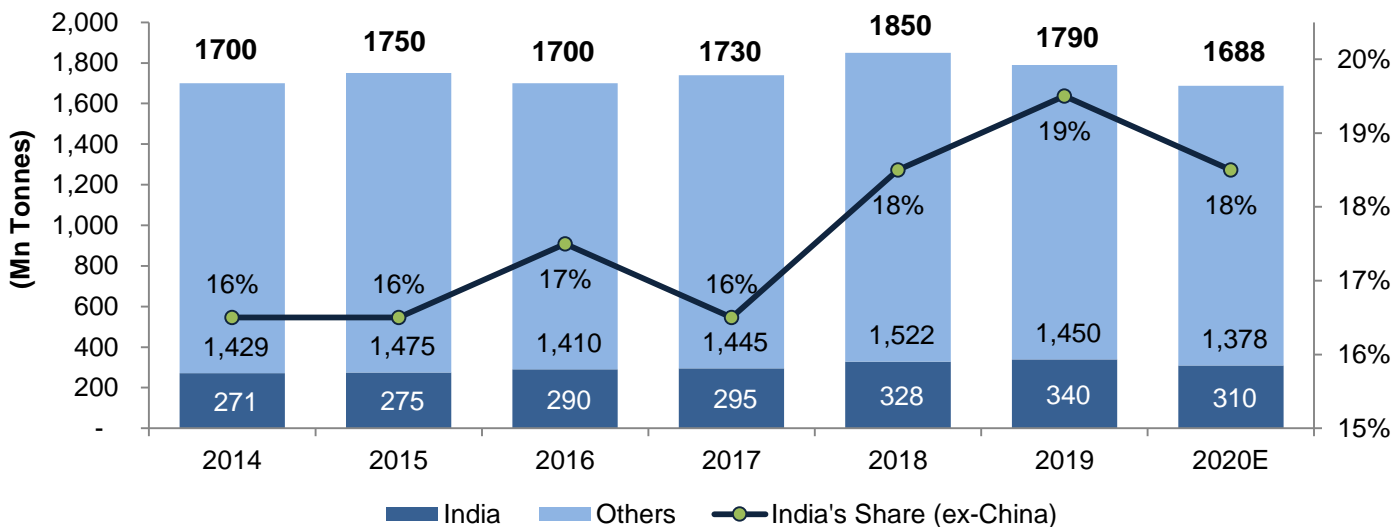
The market position of India's cement industry globally

Estimated trends in global cement production



Global cement production was approximately 4.1 billion metric tons in 2020. Growth of global cement production has remained muted over the past five years.

India's share in the global cement industry (ex-China) on the rise

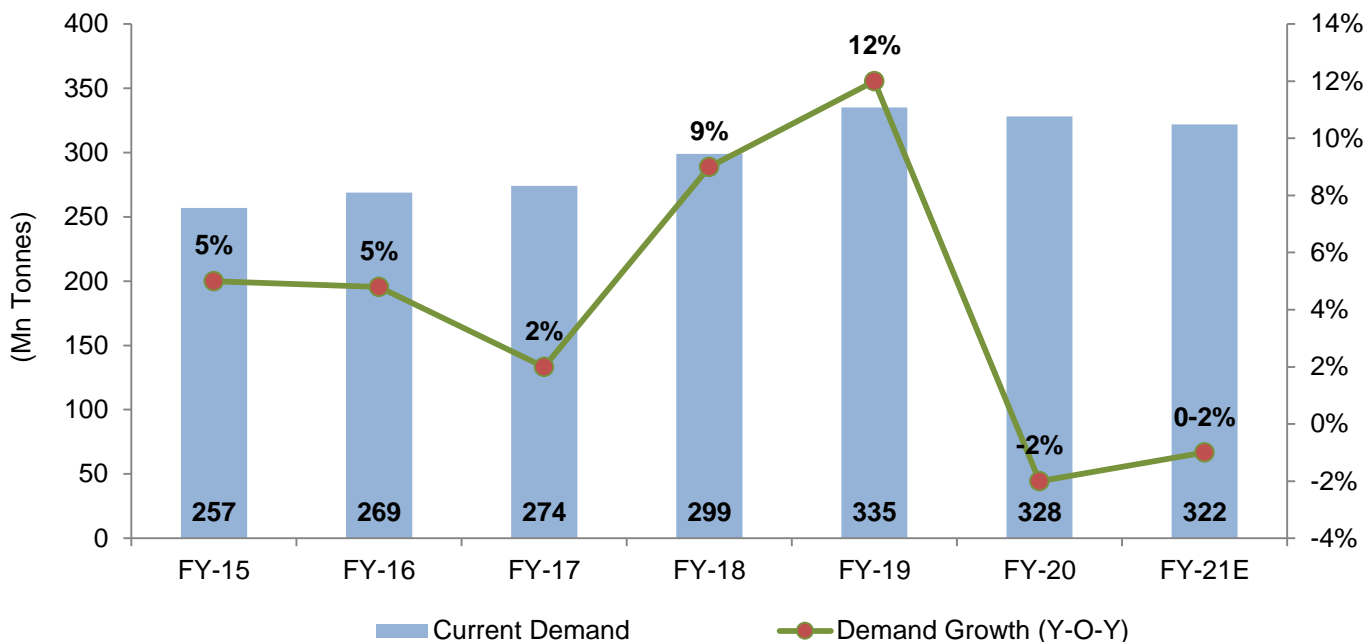


Source: United States Geological Survey-Mineral commodity summary, NBS China, Department for Promotion of Industry and Internal Trade, India and CRISIL Research

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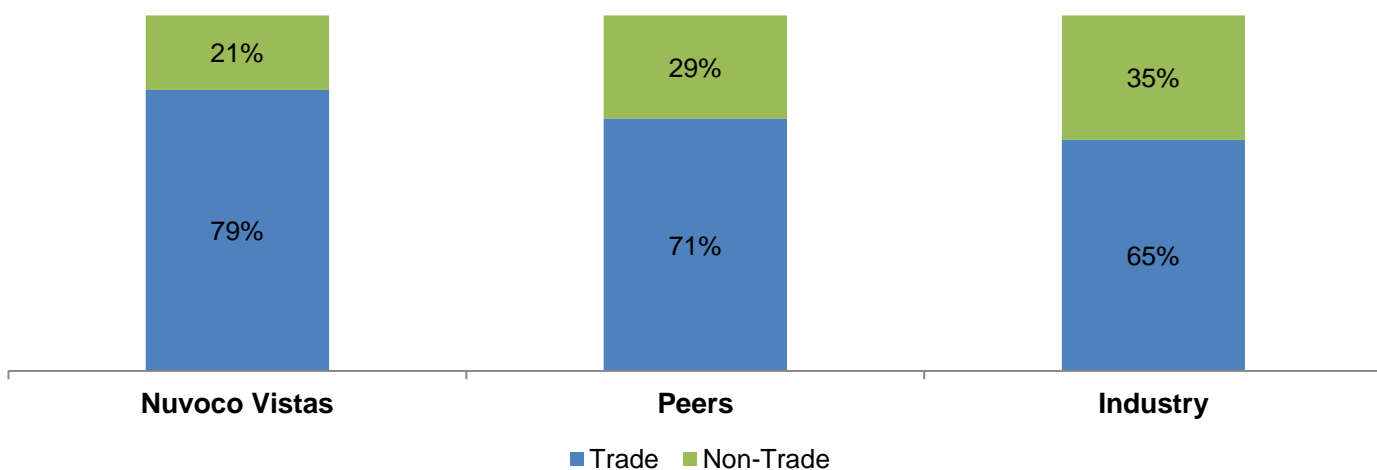
All-India Demand Overview

Historical Demand and Demand Growth



Source: Industry, CRISIL Research

Player-wise breakup in mode of sales - (2019-20)



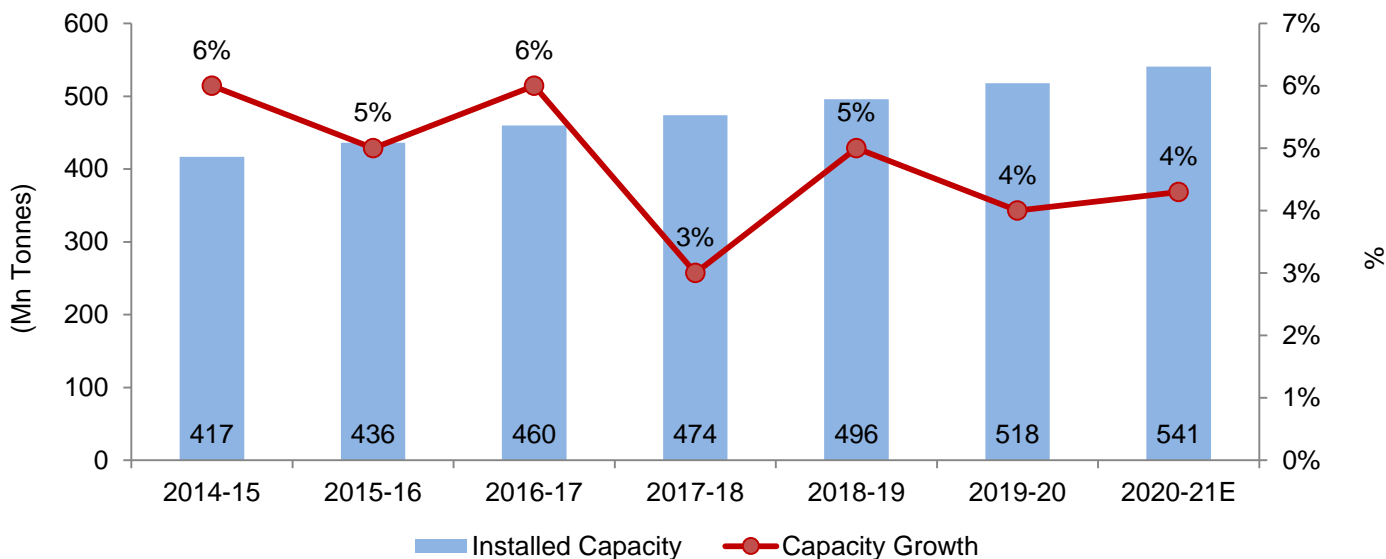
Source: CRISIL Research, Industry, Company Reports

Note: Industry peers comprises of Lafarge Holcim Group, Ultratech Cement, Dalmia Bharat and Shree Cement; Nuvoco Vistas comprises of NVCL (standalone) and Nimbol Assets

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An overview of cement supply in India

Historic capacity and capacity growth



Source: CRISIL Research

Player-wise capacity growth

Player-wise installed capacity

(Million tonnes)

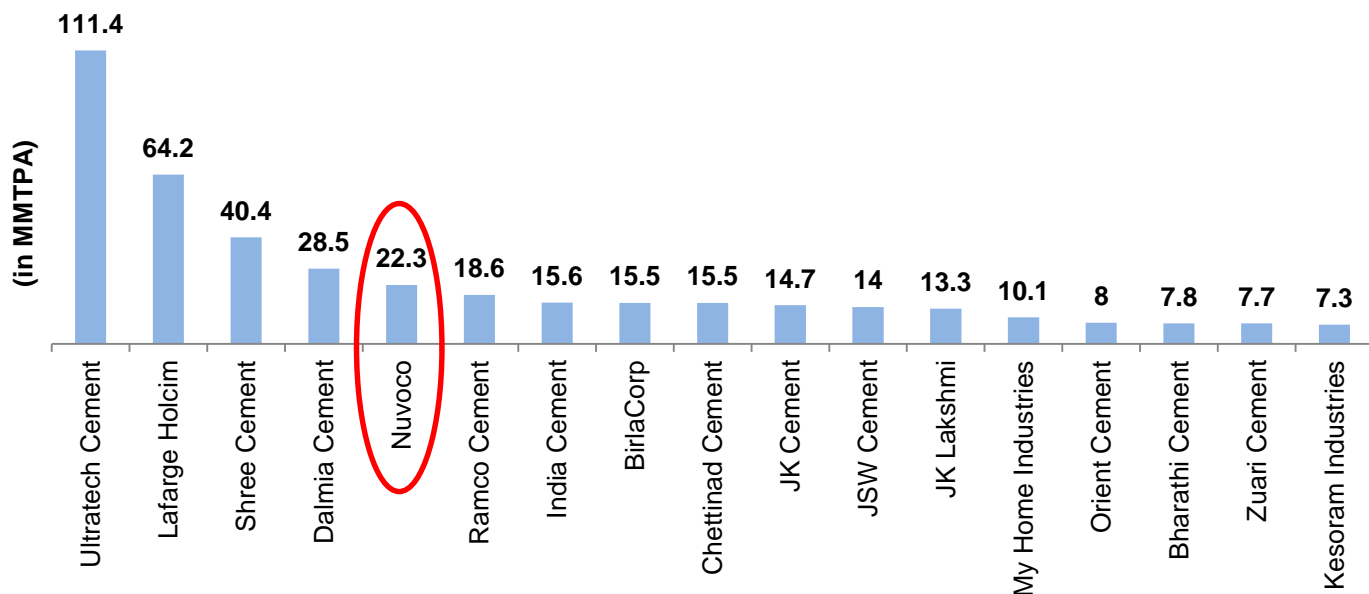
Name of the Company	FY16	FY17	FY18	FY19	FY20	Dec-20
Ultratech Cement Ltd	63.2	66.3	85.0	94.8	111.4	111.4
Lafarge Holcim Group	60.6	60.6	63.1	63.1	63.1	64.2
Shree Cement Ltd	25.6	29.3	34.9	37.9	40.4	40.4
Dalmia Bharat	24.9	24.9	24.9	26.5	26.5	28.5
Nuvoco Vistas	11.0	11.0	11.0	11.8	14.1	22.3
The Ramco Cements Ltd	16.5	16.5	16.5	16.7	18.8	19.8
India Cements Ltd	15.6	15.6	15.6	15.6	15.6	15.6
Birla Corporation Ltd (Con)	9.8	15.4	15.4	15.4	15.4	15.4
J K Cement Ltd	10.5	10.5	10.5	10.5	14.0	14.7
JK Lakshmi Cement Ltd (Con)	8.6	10.9	10.9	12.5	13.3	13.3
Prism Cements Ltd	5.6	7.0	7.0	7.0	7.0	7.0
Heidelberg Cement India Ltd	5.4	5.4	5.4	5.4	6.3	6.3
Sagar Cement Ltd. (Con)	2.9	4.0	4.3	5.8	5.8	5.8

Source: CRISIL Research, Company Annual Reports

Note: For Ultratech and Shree only India operations are considered, For JK Cement only grey cement sales are included. For JK Lakshmi Cement, Birla Corp and Sagar Cement consolidated capacity has been considered. For ACC & Ambuja Cements numbers are on calendar year basis; For Nuvoco Vistas only standalone assets considered from FY16-FY19; Standalone and Nimbol assets are considered for FY20; Standalone, Nimbol assets and Nu Vista Limited are considered FY20 onwards

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



Source: CRISIL Research As of December, 2020

Note: For Ultratech and Shree only India operations considered. For Nuvoco, Birla Corporation, India Cements, JK Lakshmi cement and Bharathi Cement (consolidated capacity considered)

Key financial metrics Of Nuvoco Vistas

Particulars (INR Mn)	FY-21	FY-20	FY-19
Revenue	75,226.9	68,299.4	71,058.9
EBITDA	14,943.54	13,338.49	9,714.35
PAT	(259.19)	2,492.55	(264.88)
EBITDA Margin (%)	19.86%	19.53%	13.67%
PAT Margin (%)	(0.34%)	3.65%	(0.37%)
ROE (%)	(0.35%)	4.72%	(0.53%)
ROCE (%)	4.21%	7.66%	4.30%
Net Debt	67,300.63	39,524.15	40,455.80
D/E Ratio	0.92	0.75	0.81
Cement EBITDA Per Tonne	966	1,082.54	732.96
Net Debt To EBITDA ratio	4.50	2.96	4.16

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Player-wise sales of key manufacturers

(Million tonnes)	FY16	FY17	FY18	FY19	FY20	Dec-20
Ultratech Cement	48	48.9	57.8	69.5	76.4	54.2
ACC Ltd	23.6	23	26.2	28.4	28.9	25.5
Shree Cement	14.2	20.6	22.5	25.1	24.9	18.6
Ambuja Cement	21.5	21.1	23	24.3	24	22.7
Dalmia Cement	12.8	15.3	17	18.5	19.3	14.3
Nuvoco (Con)	0	0	0	0	0	11.7
Nuvoco Vistas	9.6	9.7	10.6	11	12.2	0
Nu Vistas	0	0.5	2.7	4.6	4.8	0
Birla Corporation	8	10.1	12.5	13.8	13.6	9.2
Ramco Cements	7.2	8.4	9.3	11.2	11.2	6.8
India Cements	8.7	11	11.2	12.3	11	5.9
JK Lakshmi	7.3	8	8.5	9.7	9.2	7
JK Cement	6.9	6.8	7.9	8.4	8.4	7.1
Orient Cement	4.4	5.6	5.8	6.4	5.8	3.2
Prism Cement	5.3	5.4	5.6	6.3	5.7	3.9
Heidelberg Cement	4.4	4.5	4.7	4.9	4.7	3.2
Sagar Cement	1.7	2	2.7	3.3	3.1	2.1
Star Cement	2.7	2.7	2.4	2.7	2.9	1.8

Source: CRISIL Research

Note: FY16 data for Shree Cement is for 9 months, For Ultratech and Shree only India operations are considered, Birla-Corp consolidated figures are from FY17, For JK Cement only grey cement sales are included. For ACC & Ambuja (Lafarge Holcim Group) sales volume numbers are on calendar year basis - 9M FY21 numbers represents sales volume for CY 2020. For Nuvoco Vistas only standalone assets considered from FY16-FY19; Standalone and Nimbol assets are considered for FY20. Nuvoco Consolidated includes Nuvoco Vistas (NVCL and Nimbol) as well as Nu Vista Limited. Sales includes sale of grey cement and clinker

WHRS capacity of large scale players (March 2020)

Players	WHRS Capacity	Cement Capacity	WHRS / Cement (MW/MT)
Ultratech Cement	118 MW	111.4 MTPA	1.06
Shree Cement	186 MW	40.4 MTPA	4.6
Nuvoco (consolidated)*	44.7 MW	22.3 MTPA	2
ACC Limited (LH Group)	8 MW	34.5 MTPA	0.24
Ambuja Cement (LH Group)	7 MW	29.7 MTPA	0.24
J.K. Lakshmi	23 MW	13.3 MTPA	1.73
J.K. Cement	23 MW	14 MTPA	1.64
Birla Cement	12 MW	15.5 MTPA	0.77
Dalmia Bharat	9 MW	26.5 MTPA	0.34

Source: Company Annual reports, CRISIL Research

Note : Data for ACC and Ambuja are as of December 2020 (last annual report); LH Group stands for Lafarge Holcim Group comprising of Ambuja Cements and ACC Limited ; Data For Nuvoco (consolidated) is as of March 2021

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RMX (Ready Mix Concrete) market in India

Sl. No.	Player Name	No of Plants	Sales volume (lakh m3)	Revenue (in INR Crore)
1	ACC	90	35.2	1306
2	Ultratech cement	108	-	2147
3	Nuvoco Vistas	60	27.1	1088
4	Prism Johnson	106	-	1413
5	India Cements	9	2.8	110
6	The Ramco Cement	12	0.33	14

Source: CRISIL Research, Annual Reports

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



OPINION



The company is **the 5th largest** cement company in East India in terms of capacity & also the company has the highest market share in east India which is around **17%**.

The company has shown **robust growth with top line grew by 15% CAGR (FY19-21)**. The company has reduces its debt and improves its efficiency.

On the financial point of view, The company is backed by sound balance sheet as **Net debt / equity at around 0.6x** which is below the industry average **0.8x** & it has steady cash flows.

Though the company currently is having PAT loss in its book, but looking at the fair pricing and overall financial health, we propose to **subscribe this issue from long term perspective**

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