

Nuvoco Vistas Corp. (NUVOCO) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.305	Fair Value (FV) Rs.400
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Rationale:

- Q4FY26 EBITDA was above our estimates, led by higher realizations/operating leverage.
- Company faces cost pressures in H1FY27 due to the Middle East conflict.
- We expect price hikes and changes in fuel mix to largely mitigate the industry-wide cost pressures.
- Projects at Vadraj in West is on track; East's debottlenecking is marginally delayed.
- We expect leverage has peaked post Vadraj acquisition in FY26; to decline thereafter.
- We estimate EBITDA/ton of Rs854/916/935 in FY27/28/29E vs Rs979 in Q4FY26.
- We revise the fair value to Rs400 (from Rs420) at an unchanged 8x EV/EBITDA.
- Declining regional concentration/compelling valuation make the risk-reward attractive.

Positives:

- Volumes were in line and stood at 60 lakh tons (+5.3% yoy, +20% qoq).
- Blended realizations were 2% higher qoq (+3.3% yoy) at Rs5,511/ton.
- EBITDA/ton at Rs979, was up Rs212 qoq (+28% qoq, our estimate: Rs903/ton).
- We expect capacity utilization for Nuvoco to be above industry utilization in FY27-29E.

Negatives:

- Nuvoco expects energy costs to increase in H1FY27, led by higher pet coke/packaging material/gypsum prices due to the ongoing conflict.
- We trim EBITDA estimates by 7%/6% in FY27/28E, factoring higher costs/lower volume.

(EV: Enterprise Value; EBITDA: Earnings Before Interest Depreciation and Tax)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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