

# Nirma's Nuvoco Vistas to invest ₹1,000 cr in captive power plant

To save ₹100 crore in cement production cost

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Nuvoco Vistas Corp (formerly Lafarge India) plans to invest ₹1,000 crore to set up captive power plants and waste heat recovery plants at its three factories in Chhattisgarh, Jharkhand and Rajasthan.

The company expects to save annually ₹100 crore with commissioning of these projects over the next two-three years.

Ujjwal Batria, Managing Director, Nuvoco Vistas Corp, told *BusinessLine* that the company is in the process of achieving operational excellence by reducing production cost and focusing on premium products to improve the profitability in the cut-throat competitive market.

"Currently, all the three plants are dependent on grid for the power supply. Depending on the coal prices at the time of comple-

tion of these projects, we will be saving ₹2 per unit by tapping into captive power supply," he added.

In 2016, the ₹7,000-crore Ahmedabad-based Nirma Group made waves by acquiring 11 million tonne of cement production capacity of French cement major Lafarge for ₹9,400 crore, piping large companies JSW Cement and marquee investor Piramal.

With completion of the deal, 71-year-old Karsanbhai Patel, Founder and Chairman of Nirma, made the soap-to-soda ash enterprise the sixth largest cement manufacturer in India taking its overall capacity to 13 million tonnes.

Nuvoco engaged global consulting firm McKinsey to conduct a study on its cement business and chart out its future plan.

It has already started working on reducing cost on logistics and implemented measures to increase the contribution of its premium products which accounts for 35 per cent of its total sales.

The company will stop using Lafarge's name in its

communication in the next four months.

However, it will continue to use the same three cement brands Concreto, Duraguard and Infracem to market its products.

"We will also use Nirma's two-million-tonne plant in Rajasthan to cross-sell products," said Batria.

Cement demand is picking up slowly since December, especially from the infrastructure projects even while the commercial real estate projects are still lagging.

Luckily for Nuvoco, he said there has been no major new capacity additions happening in the Eastern region unlike in other markets where the supply is more than the demand.

However, the rising raw material cost is a cause of concern and cement companies are expecting to pass on the incremental cost, he said.

Following successful supply of read mix concrete to Delhi and Jaipur metro projects, the company is in the race to sell RMC for Mumbai metro project.