Company Name: Bigbloc Construction Limited

Quarter under review: Q1-FY27

BigBloc Construction Limited: Q1-FY27 Concall Highlights:

BIGBLOC Construction Ltd (Consolidated)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	791	564	40.4%	869	-8.9%
EBITDA	63	13	NA	64	-1.3%
EBITDA M (%)	7.93%	2.29%	564 bps	7.31%	62 bps
PAT	-7	-50	-85.7%	-8	-12.1%
PAT M (%)	-0.91%	-8.92%	801 bps	-0.94%	3 bps
Diluted EPS	0.01	-0.23	NA	0.06	-83.3%

Operational Highlights:

- Sales volume stood at 2.22 lakh CBM, registering 32% YoY growth, despite seasonal labour availability challenges. Average plant capacity utilization reached ~69%, marking a significant improvement as the business moves beyond its recent capacity expansion phase.
- The focus is now shifting from capacity creation to utilization improvement, operational efficiency, cost optimization and cash-flow generation, with operational break-even approaching as utilization moves toward 75%+.
- AAC blocks continue to have significant headroom for penetration, currently accounting for only around 9–10% of the walling-material market versus 80–85% for red bricks.
- Continued conversion from red bricks to AAC blocks is expected, with AAC's long-term market share potentially moving toward 40–50%, in line with more developed markets.
- Total capacity stands at ~1.3 million CBM, comprising around 1.05 million CBM dedicated to AAC blocks and 2.5 lakh CBM of fungible capacity that can be used for blocks or panels.
- AAC Wall Panels are gaining traction among large institutional customers, with projects executed for ITC and L&T's bullet train stations, while discussions are underway for data centres and metro projects. Volume and revenue contribution from AAC Wall Panels are expected to improve as utilization and market awareness increase.
- AAC Wall Panels offer potential for 30–35% EBITDA margins at higher utilization levels, providing an opportunity to improve the overall margin profile as the product scales.
- Labour availability challenges have largely normalized, while plant-level automation has reduced dependence on labour, supporting more efficient production operations.
- Rooftop solar capacity has been expanded to ~3.3 MW across four plants, reducing direct electricity costs, while plans to introduce electric forklifts are expected to further improve operational efficiency.
- Volumes follow a seasonal pattern, with Q1 generally being the weakest quarter and Q3/Q4 typically stronger; volumes are expected to improve through the remaining quarters of FY27.

Key Questions & Answers discussed during the Concall:

- **What is driving the improvement in capacity utilization?** We have improved capacity utilization to 70%+ as we complete the ramp-up of capacities added over the last two years. With the major expansion cycle largely behind us, our focus has shifted toward improving utilization, operational efficiency and cost optimization.

- **At what utilization level can you achieve stronger profitability?** We are approaching operational break-even, and we expect utilization moving toward 75% and beyond to result in better fixed-cost absorption and operating leverage. This should support a meaningful improvement in profitability as our expanded capacities mature.

- **What drove the higher EBITDA margins in FY23–FY24 compared with the subsequent period?** The earlier period benefited from a strong real-estate cycle, with our existing plants operating at around 80–85% utilization. We subsequently undertook significant capex, increasing capacity by around 2.5x, which temporarily impacted profitability as the new plants required around 12–18 months to ramp up.

- **How does higher utilization translate into margin improvement?** Higher utilization enables us to spread our fixed costs over a larger production volume, thereby reducing the per-unit cost of AAC blocks and improving operating leverage. We also see segmental contribution, particularly the potential improvement from higher-value products, as an additional margin driver.

- **What is the outlook for competitive intensity in AAC blocks?** Competitive intensity increased over the last two years as new capacities entered the market, but we believe the competitive environment has now matured. We do not expect a significant increase in competition going forward and expect our established market position to support further volume and margin improvement.

- **What is the margin potential of AAC Wall Panels?** AAC Wall Panels have the potential to achieve EBITDA margins of around 30–35% at higher utilization levels. As utilization improves and the product gains wider market acceptance, we expect the higher-margin panel business to contribute meaningfully to our overall margin improvement.

- **How do you see fly ash availability and pricing evolving, and could any supply constraints impact AAC block margins?** Fly ash prices have increased by around 5–10% over the last 6–12 months, primarily due to higher transportation costs rather than an increase in the underlying material cost. Availability remains comfortable in our key operating region, and we do not currently see fly ash supply as a significant operational constraint.

- **What is the status of the MP plant, and when is it expected to become operational?** The required clearances for the MP plant have been completed, and the project is now progressing toward commissioning. We expect the plant to become operational within the next 12 months, adding further capacity and supporting our volume growth and utilization ramp-up.

- **Does the transportation limitation affect AAC Wall Panels in the same way as AAC Blocks?** The transportation constraint is more relevant to AAC Blocks because of their economics and relatively higher competition. Wall Panels face less competition from local manufacturers, allowing us to serve customers across a wider geography, including Raipur, Delhi, Bengaluru and Chennai.

- **How do you respond to the lack of sales in the Versova project this quarter?** We are being very cautious with this luxury collective project. We are currently in the excavation stage and have observed that demand for larger apartments in this micro-market typically accelerates once the building reaches the RCC level. We are not in a rush and have no debt on this property, so we are not pushing for distress sales. We expect better traction as the superstructure progresses.

- **What is the expected seasonal trend in volumes during FY27?** We typically experience a lean Q1, while Q3 and Q4 are the peak quarters. Accordingly, we expect operating activity and volumes to strengthen as the year progresses, supported by improving construction activity and better utilization of our expanded manufacturing base.