



BIGBLOC CONSTRUCTION LIMITED

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NXTBLOC[®]
Autoclaved Aerated Concrete Blocks

Date: 29/05/2023

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai - 400001 Script Code: 540061 ISIN :INE412U01025	To, National Stock Exchange of India Limited, Exchange Plaza, C-1, BLOCK G, Bandra-Kurla Complex, Bandra (E) Mumbai - 400051 Symbol: BIGBLOC ISIN : INE412U01025
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Dear Sir/Madam,

Subject: Transcript of Earnings Call for Q4 FY23 financial results held on 25th May, 2023

Pursuant to Regulation 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings conference call held on Thursday, 25th May, 2023 to discuss on Q4 and FY23 results and business outlook of the Company.

The above information will also be made available on the website of the Company: www.nxtbloc.in.

You are requested to take the above information on record.

Thanking you.

Yours Faithfully,
For BIGBLOC CONSTRUCTION LIMITED,



ALPESH SOMJIBHAI MAKWANA
(Company Secretary and Compliance Officer)
ACS-46284

Encl.: as above



“Bigbloc Construction Limited Q4 FY23 Earnings Conference Call”

May 25, 2023



MANAGEMENT: MR. MANISH SABOO- HEAD (MARKETING & STRATEGY)

MR. MOHIT SABOO - DIRECTOR AND CHIEF FINANCIAL OFFICER

MODERATOR: MR. VIPUL SANGHVI – SYSTEMATIX INSTITUTIONAL EQUITIES



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Moderator: Ladies and gentlemen, good day and welcome to the Bigbloc Construction Limited Q4 FY23 Earnings Conference Call hosted by Systematic Institutional Equities.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vipul Sanghvi from Systematix Institutional Equities. Thank you and over to you.

Vipul Sanghvi: Thank you, Ryan. I welcome on behalf of Systematix Institutional Equities everyone to this call.

From the Bigbloc Construction Limited Management Team today, we have with us, Mr. Manish Saboo- Head of Marketing and Strategy, and Mr. Mohit Saboo - Director and Chief Financial Officer. We will start with opening remarks from Manish Ji and then Mohit Ji will take us through the financial numbers and after that, we will open the floor for question-and-answer session. So, over to you Manish ji.

Manish Saboo: Good morning, everyone. It is a pleasure to welcome you all to our Earnings Conference Call for the 4th Quarter of the Financial Year 2023.

Firstly, let me thank Systematix Broking for hosting the call and also all the participants joining us today for the call. In the interest of those of the participants joining us today who may be unfamiliar with the business, I would like to give a brief overview of the Company first.

Bigbloc Construction Limited is India's one of the largest manufacturers of AAC block and related products manufacturing Company. With the total capacity of 8,25,000 cubic meters per annum, AAC blocks are the superior quality building material which provides unparalleled blend of strength, lightweight, thermal insulation, soundproofing, unsurpassed fire resistance and highly proficient building capability. AAC is a natural and non-toxic construction material that saves energy and is ecofriendly. These AAC blocks of the Company are marketed under the brand name NXTBloc, which is a green product for the construction industry.

Bigbloc aims to become an unparalleled name in the industry, manufacturing quality building materials that focus on sustainability. It also hopes to aid the construction and infrastructure industry in adopting green and sustainable practices for a better future. Bigbloc has three state of art manufacturing units located at Vapi and Ahmedabad, Gujarat and Wada, Maharashtra, making it one of the largest AAC blocks manufacturer in the country. However, with the ongoing



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capacity expansion, the Company will catapult to become the largest AAC manufacturer in India by FY24.

Now let me ask our Director and CFO – Mr. Mohit Saboo, to brief the Company's "Financial Performance" on a consolidated basis for the 4th Quarter of the Financial Year 2022-2023. Thank you.

Mohit Saboo:

Good morning, everyone, and welcome to this Earnings Conference Call.

Let me take you to the performance of the Company for the 4th quarter and then followed by the annual results for the financial year ending 2023. For the 4th Quarter of the Financial Year 2023, the revenue from operations were Rs 46.5 crores, which declined on quarter-on-quarter and year-on-year basis due to impact of early Holi Festival and non-availability of labor at construction sites. Also, because the Umargaon plant is now 10 years old, we have to do an annual inspection of the boiler, which took a week-long period because of which the capacity utilization was on a lower.

The consolidated capacity utilization was 80.11% in Q4 FY23. EBITDA for the quarters stood at 10.6 crores. EBITDA margins stood at around 22.8%. Net profit after tax was reported at Rs. 5.6 crores and PAT margins for the quarter was approximately 12.04%. For the annual financial year ending 2023, we reported revenue from operations of Rs 200 crores, which grew by 14.2% YoY basis. The consolidated capacity utilization was 83.44% in FY23. EBITDA was reported at Rs 50 crores, which grew by 85% year-on-year. EBITDA margin stood at 25% and net profit after tax was reported Rs 30 crores, witnessing a growth of 87% on a year-on-year basis. PAT margin stood at 15.04%.

Coming to the "Operational Highlights":

During the quarter, we have successfully acquired a new major client to Shapoorji Pallonji and have also started supplying to Reliance Industries Limited at the Jamnagar site. We have also received approval to supply materials to the Gujarat State Police Housing Corporation. In our efforts to expand our market reach, we have ventured into new territories of Maharashtra and Gujarat. To support this expansion, we have strengthened our marketing team.

On the CAPEX front, significant progress has been made in our Greenfield project at Wada plant in Maharashtra. We have initiated trial runs of the machinery for closing quarter and commenced commercial production in mid-April. As part of our commitment to sustainable practices, we have successfully commissioned a 450-kilowatt rooftop solar power plant at our Umargaon unit. Additionally, we are also soon starting another rooftop solar plant in the Kapadvanj unit. We also completed the banking tie-up for financing the upcoming expansion in our joint venture



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Company, Siam Cement Bigbloc Construction Technologies Private Limited. Post-completion of both the expansion company's total capacity will increase to 13.75 lakh CBM per annum making the Company the largest player in the country, but these expansions will help the Company to further penetrate its presence into untapped markets across the western regions and also make it the largest player in India.

With this, we can now open the floor for a question-and-answer session.

Moderator: We will now begin the question-and-answer session. Our first question comes from the line of CA Garvit Goyal from Nvest Research. Please go ahead.

Garvit Goyal: Sir. My first question is on our volume side. Our volume have growth 11% stage in the last two years, but we failed to manage any growth in FY23. Major growth in the last two years came from the value growth. So, on one side, we are expanding our capacity, citing that huge demand is coming from AAC blocks and on the other side our volumes are telling a different story. So, kindly put some color on it and let the investor community know whether this is really an opportunity or are we facing any challenges in the terms of oversupply in the industry because we were supposed to grow our volumes in FY23 as well, but at the end of each quarter you gave one or other reason for the degrowth in the volume. So, kindly put some color on it sir.

Manish Saboo: So, frankly, there are no issues or challenges relating to demand in the industry, but the thing is we had delay in our expansion at Wada, which we had thought of starting commercial production in March, but because of delay in boiler permission from the Pollution Control Board, the expansion got delayed and it started commercial operations in April. Secondly, in this industry, I think an optimum capacity utilization of around 80% to 90% is considered quite good. So, we have achieved the capacity utilization of around 83% to 84% in the closing year, which seems to be good as per overall industry standards. I hope that solves your query for the capacity utilization and industry,

Mohit Saboo: Also, with Wada coming in this financial year. So, from this financial year, we will see growth on a quarter-on-quarter basis. Last year as the Company was already running at optimum capacity utilization, there was hardly any scope for growth.

Garvit Goyal: But Sir, my question is on the sales volume side like are you mentioned 84% capacity utilization and currently our capacity is somewhere around 8,25,000 right? So, if simply multiply the utilization rate to the total capacity it comes out to be 7 lakhs kind of volume and we are doing a sales volume of I think 4,60,000. So, where the gap is currently lined?



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Manish Saboo: So, our capacity till last financial year till March end FY23 was at 5,50,000 cubic meters. The Wada Plant Commercial Productions have started in mid of April. So, now currently our capacity stands at 8,25,000 cubic meters considering the Wada expansion.

Mohit Saboo: Also, the Wada expansion has started production from mid-April and the current utilizations at Wada unit are somewhere around 20% to 25%, which should keep on growing by 10% to 15% every month because it is a newly established unit and we need to streamline a lot of things whenever a new unit is commercialized. So, we should be reaching an optimum capacity utilization for the Wada unit in the upcoming four to five months.

Garvit Goyal: But in this particular year, what is our volume target then for the entire year?

Manish Saboo: So, we are targeting a revenue growth of almost 20 to 25 crores every quarter from this particular year.

Garvit Goyal: 20-to-25-year year-on-year.

Manish Saboo: In every three, six months, we should be having a volume growth of almost 20 to 25 crores considering the expansion upcoming at Wada as well as the new CAPEX that will happen at Wada, which will be capacity addition from 2,50,000 to 5,00,000 and the JV expansion in which we will be setting up the plant at Ahmedabad unit near Ahmedabad with our JV partner SIAM Cement Bigbloc Construction Technologies.

Garvit Goyal: That thing I am understanding, I was asking the total volume target, sales volume target for entirely.

Manish Saboo: So, last year, our capacity utilization was somewhere around 4,60,000 cubic meters, alright and this year we should be able to do around 6,00,000 to 6,50,000 cubic meters.

Garvit Goyal: Coming on the realization part which is dropping down marginally quarter-on-quarter in the last week quarter. So, how do you look at it and what kind of realizations you are witnessing in this ongoing quarter and how these will stabilize in longer term.

Manish Saboo: So, earlier also I mentioned in one of the conference calls that earnings are stabilized. So, this is what we see as current trend for the market because our capacity addition has also come up and right now we are maintaining a similar selling price as we are gradually scaling up on a month-on-month basis and the selling price realization should continue to be similar throughout the year.

Garvit Goyal: Is this 4,300 levels will continue in this particular year ended?



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- Manish Saboo:** Yes, somewhere the range is between 4,200 and 4,300 since the last three quarters and that should continue.
- Garvit Goyal:** Right, Sir, and Sir, can you put some color on the ongoing rate.
- Moderator:** Thank you. Our next question comes from the line of Jinal Kapolia with Emkay Global. Please go ahead.
- Jinal Kapolia:** My first question is wanted to know on the how is the progress on acquisition that we are planning to do in South and North side that is some feeder plant?
- Manish Saboo:** Actually, Company is exploring various opportunities to enter other geographies. So, I mean the research and everything is on and the vision is to make NXTBloc, a Pan India brand. So, here is the Company is working towards it and any further updates on the same the same shall be announced.
- Jinal Kapolia:** Sir my second question is so are we facing any I mean liquidity issues and the recent announcement on ban on Rs. 2,000 notes. So, are we facing any liquidity issues.
- Manish Saboo:** So, practically it does not affect us at all. I mean this ban and in fact I think overall I think it is pretty good for the organized economy overall, but it does not affect anything for the Company.
- Jinal Kapolia:** If you can give your outlook for the next three to five years. Like what is the growth numbers that you are projecting. I mean, how do we see the growth panning out over the next three to five years?
- Manish Saboo:** So, in this financial year, the Company plans to start two plants, one of them at Wada has already started commercial production, and the new expansion at near Ahmedabad shall also start in Q4 and going forward as I said before, the Company plans to have a Pan India presence in this product. So, we will be looking at different geographies and we shall be becoming the largest manufacturer of AAC blocks in India. So, we are quite positive on this product for at least for the next 10 to 15 years.
- Moderator:** Thank you. Our next question comes from the line of Bhavya Sonawala from Samaasa Capital. Please go ahead.
- Bhavya Sonawala:** Sir basically similar question. Firstly, just want to understand is the move from bricks to ACC lower than what we have expected or on similar lines what you are expected probably start of this year, if you could throw some light on that.



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Manish Saboo: So, the movement from bricks to blocks, I think it is steady. Overall, the real estate requirements have been also quite steady and robust. But as Holi was pretty early this year, there was a shortage of labor at construction sites and even our manufacturing units. So, this was I mean usually this scenario comes in April, but due to early Holi this was the scenario in current quarter rest conversion from bricks to blocks is happening pretty fast because red brick availability is also a concern now, and even the prices are pretty high.

Bhavya Sonawala: Some light on the bricks and the ACC blocks price parity. How do you see it going and what is your thought on this.

Manish Saboo: So, I think bricks have stabilized somewhere between Rs 4,500 to Rs 5,000 a cubic meter depending on the location and ACC blocks are in between Rs 4,000 and Rs 4,500 again depending on the location. So, yes, blocks are still, I would say about 10% cheaper compared to red bricks and it comes with various advantages which we have already discussed before. So, yes, I think everything is pretty steady in the overall industry.

Bhavya Sonawala: I will just squeeze in another question. Most of our sales is directly to our real estate customers and construction customers, right, right understanding.

Mohit Saboo: So, frankly, almost I think around 80%-85% of our sales is to real estate customers, which includes builders or contractors and around 15%-20% sales is for different mediums like what do you call the industries or the retail market etc and also in this sales, if I would like to highlight a little bit more, is that almost 55% to 60% of our sales to builders is also routed through dealers. So, we have more you know comfort towards the payment conditions and we have security checks as well as PDC from dealers etc and the rest of almost 15% to 20% of the sales is also to corporates, which includes the likes of L&T, Lodha, Runwal, Sun Tech, BG Shirke, Shapoorji Pallonji as I mentioned, we have recently started so they end up buying material directly from us.

Bhavya Sonawala: Okay basically where I was coming from was just to understand when the industry does see a decent move do we have a dealer network ready when we work with smaller customers that we cannot directly deal with. So, that is where I was just going to understand if we have a dealer network ready.

Manish Saboo: Yes, we do have our dealer network ready and I think in the last two to three years in fact, we have increased our sales through dealers on year-on-year basis. So, these dealers helps us to even enter into new geographies. So, I think we have the entire network ready and quite robust.

Manish Saboo: Thank you. Our next question comes from Ashish Poddar with Systematix Institutional Equities. Please go ahead.



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Ashish Poddar: Yes, thank you, Manish ji and Mohit ji. So, the question is on your geographic footprint. So, currently we are presently present in Maharashtra and Gujarat state. So, in the next 1-2 years, what are the growth plans? What are the next reasons you are focusing on and in the next two to three years definitely we are adding so much capacity, we will need you know more markets to sell. So, what is your strategy on geography footprint expansion?

Manish Saboo: So, frankly, coming down to your question for the geographical expansion, so all of our current plans are installed in the West and upcoming expansions so far planned are also in the West. So, we are done with the Western region for the time being because we are catering to entire Western India, which includes the states of Gujarat, Maharashtra, Madhya Pradesh, Rajasthan etc. Moving forward, once we complete the expansion at Wada and the JV CAPEX with SCG in which we will do manufacturing panel, our vision is to set up a plant near Delhi and another plant near Bangalore. So, after that, we plan to have a Pan India presence and both expansion at Wada and the JV expansion we will become the largest in the country. So, we will have a Pan India presence with the largest capacity.

Ashish Poddar: And will these plants come in the next 1-2 years or it is still in the contemplation phase?

Mohit Saboo: So, the plants in North India as well as South India also will come in the next two to three years maximum.

Ashish Poddar: And last year, definitely the numbers suggest that we had softer year in terms of volume growth, but what kind of customer addition, large customer additions we did last year and is there any more in the pipeline in the current year?

Manish Saboo: So, we have already lots of new customers. We have supplied starting material, supplied to Shapoorji Pallonji, the Jamnagar site of Reliance. We have been supplying material to different sites of PSP. We have started supplies to Adani and rest of the other corporates we already had our under our belt and still we are looking at increase our customer base and slowly going forward with the capacity addition we will keep on exploring more geographies as well.

Mohit Saboo: So, recently we started the new geographies of let's say the Nandurbar region, Aurangabad region, extreme North Gujarat which comes to Disa and we are supplying good quantities to Mundra. So, yes, we are growing both in terms of new customers as well as new geographies.

Ashish Poddar: So, the mix you mentioned will be meaningfully changed in the next 2-3 years.

Manish Saboo: No, we are looking to continue almost on a similar mix the supply of almost 55% to 60% through dealers, 25% to corporates and rest 10%-15% actually to good builders or contractors.



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Ashish Poddar: and and the last year specifically when the volume growth was a challenge, did we face any thing on the payment or on the receivable side from any of the customers?

Mohit Saboo: We have not faced any issues in payments or receivable sites from any of the customers and also one more thing that we are doing to secure our receivables etc is we are taking up trade credit insurance also for which we should be finalizing the same in the upcoming week itself. We have already just negotiated with the insurance companies for the same. So, in that case all our debtors will be insured that gives even a good comfort to the Company in the longer term.

Ashish Poddar: But currently is this 0 for us or it is a very small budget?

Manish Saboo: There hardly any issues of any bad payments, but just, looking at the expansion and everything coming in, we are expanding in different geographies so just thought that this would be the right thing to do for the longer term.

Moderator: Thank you. We have our next question from the line of CA Garvit Goyal from Nvest Research. Please go ahead.

CA Garvit Goyal: So, you mentioned volume growth of 30% for FY 24. So, do we expect similar cash margins of 15% within FY23 or is it going to fall further due to depreciation coming in for the newer brand.

Mohit Saboo: So, we expect a similar EBITDA margin because the prices of the products should remain steady during the year. So, we expect similar EBITDA margins.

CA Garvit Goyal: And what about PAT margin, Sir?

Manish Saboo: PAT margins also should be on similar lines.

CA Garvit Goyal: The JV plant in Ahmedabad is coming in H1 FY24 or is it coming in quarter 4 FY24?

Manish Saboo: So, it should be Q4 FY24.

CA Garvit Goyal: So, that means the depreciation will not be there for this particular plant in this year, right?

Manish Saboo: So, if the production starts in Q4. So, the depreciation, even if it starts, will be only for the period for which it is running. So, it should not impact much, but the capacity scaling up for each plant will be initially beginning with 15 - 20% for the first for few months and then gradually scaling up by almost 10% to 15% on every month basis. So, capacity utilization will reach optimum level in about 5 to 6 months of the plant being commissioned.



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- CA Garvit Goyal:** So, on an overall basis, we can assume PAT margins to sustain at 15% going forward.
- Manish Saboo:** Yes, sort of.
- Moderator:** Thank you. Our next question comes from the line of Avinash Gorakssakar with Profimart Securities. Please go ahead.
- Avinash Gorakssakar:** If you could share with us what is the kind of outlook you could share, the real estate sector as a whole because you know this year also seems to be, I mean you know things are going pretty well for the real estate sector and I think our Company has got a very large dependence on this sector. So, your thoughts on the sector, what kind of growth do you see for the real estate market and secondly, you mentioned the Wada facility has started from April. So, if you could give us some idea that what could be the kind of capacity utilization we expect in the first year and the second year that is for FY24 and FY25?
- Manish Saboo:** So, again, I think I answered so real estate. Basically, we have two major regions. One is towards Ahmedabad and the second one is towards Mumbai, Ahmedabad and Gandhinagar are seeing exceptional growth and from 24 stories now, they have a permission to go up to 40 story. The way GIFT city is coming up is phenomenal and also Ahmedabad bidding for Olympics next year. So, if that comes in, it can be an entirely game changer. Similarly, even Bombay and Pune markets, in fact, the new Bombay Thane region, the way they are coming up is fantastic and. I think all the real estate companies are also doing pretty good and they have good order books as well in their hands.
- Mohit Saboo:** And just to come down to your query for capacity utilization for the Wada unit, so we started just around a month back and right now the capacity utilizations are in the range of almost 20% to 25% and we should reach an optimum utilization of almost 75% to 80% in the upcoming four to five months. Post that we will take up the capacity expansion at Wada, which will be the addition from 2,50,000 to 5,00,000 for which the CAPEX should be approximately in the range of around 18 crores to 20 crores and for the upcoming facility at Ahmedabad also in the JV Company, initially we will begin with the capacity utilization of almost 15% to 20% on a monthly basis with a gradual scaling up of almost 70% to 80% capacity utilization by gradually increasing in five to six months. So, we should reach optimum capacity utilization for both these planned expansions and a total capacity of 13.5 lakhs cubic meters by the end of FY25.
- Avinash Gorakssakar:** Manishji, thank you for the answer. Just one last question on your joint venture I believe you all have tied up with the Thailand based Company. So, regarding this what is the kind of status I mean, what is the kind of current scenario and has decided by you if the timeline going to be as specific as you mentioned can we expect that you know this business can actually generate significant amount of revenue in FY25 if you could add some color here.



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Avinash Gorakssakar: I mean the plant and everything is on track. We have already tied up for financial closure with the banker and I think construction at the site should begin anytime in the next 30 to 45 days. We are looking at starting commercial production in Q4 and also, we are bringing in ALC panels as well. We have already done some mock up. We have imported some panels and sold them in the domestic market and the feedback has been quite good. But then yes, people were quite reluctant to rely on any imported products, and thus we decided to it is time to manufacture them in India. So, eventually we might start with a mix of, let us say about 20% panels and about 80% blocks. But I think eventually on a month-on-month basis then this capacity of panels should increase and the block should go down. So, the plan is to maybe in from this plant manufacture about 60% to 70% ALC panels going forward and remaining 30% can be AAC blocks.

Avinash Gorakssakar: OK, I think thank you very much Manish Ji and best wishes to you and the entire management team.

Moderator: Thank you. Our next question comes from Rahil Shah with Crown Capital. Please go ahead.

Rahul Shah: I just wanted to touch on the top line growth outlook point. So, you shared your views on EBITDA and PAT margins, but can you also so talk about the top line, what are you expecting with given all the expansions in FY24, so do you expect the similar 15% growth as you saw here in FY23 or so if you can share your views on that.

Manish Saboo: So, in FY23, we have just commercialized our Wada unit, which is currently running as I mentioned around most 20% and it will take almost for four to five months to scale up the capacity to an optimum level of almost 75% to 80%. So, for FY24, I think we should see a top line growth from current quarter itself, but every quarter will keep on getting better because the capacity utilization at Wada will improve and existing plants will keep on running at similar capacity utilizations as they were running in FY23.

Rahul Shah: And Sir, you in one of the earlier questions, you mentioned something you mentioned the figure 20-25 crore every month you are expecting. So, what was that? Can you revisit that point and explain it? I think I missed that. Is it related to revenue growth or sales? Sorry, volume growth, what was it?

Manish Saboo: So, for the next 7 to 8 quarters, we will be seeing our capacity additions coming in the form of expansion at recently done at Wada, plus the capacity addition, which will happen at Wada once we reach the capacity of almost 75% to 80% and the JV plant also we will start commercial productions in Q4 FY24 and the point I mentioned earlier was that every three to six months, we will see a revenue growth of almost 25 to 30 crores. That is what we are seeing going ahead from the next quarter itself.



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- Moderator:** Thank you. Our next question comes from Vaibhav Dimani, an investor. Please go ahead.
- Vaibhav Dimani:** I have two questions. One is on the realizations. Do you expect the 10% price differential vis-a-vis red bricks to continue for the next 5-10 years or is it more of a transient thing?
- Manish Saboo:** So, I think red brick prices went up to almost Rs 5500 to Rs 6000 and have stabilized at this level and the way the government is also basically supporting green building material, AAC blocks and discouraging the use of red bricks because it pollutes the environment and the brick manufacturers are eventually shifting away from the city because of the strict norms by NGT. I see brick prices further going up in the maybe next few months or maximum a year or two. So, yes, the availability and pricing both on the front of red bricks is a concern.
- Vaibhav Dimani:** And regarding competition, given that we have 20% to 25% OPM on average, do you see more organized competition in the industry for AAC blocks and that leading to possible oversupply in the industry in short to medium term? Is that a concern and if yes, do we? What are your views on our competitive advantages?
- Manish Saboo:** So, definitely the competition will come in because the industry is doing pretty well. But then the speed of conversion. So, basically there is already a growth in the real estate which must be maybe like say 7% to 10% and then the conversion happens from red bricks to blocks. So, even though there will be a fantastic growth in the consumption of AAC blocks. So, looking at both of these aspects, we see that the margins are quite sustainable. Also, when it comes to when you ask for the competitive advantages, so having the highest capacity in the entire region gives us quite good economies of scale. Carbon credit player comes into a picture which gives us straight away a good effect on the bottom line and having plants at different places gives us an edge of supplying material to any site through any plant. So, we are most competitive also we are now in talks with different raw material manufacturers as well to because the quantity is 4 plants in one region gives us an edge to negotiate for better quantities, a better price and we have our own fleet now of almost 65 odd trucks, so even that helps in bringing our costs down and also delivering material on time.
- Moderator:** Our next question comes from Adwait Joshi from Raj Services. Please go ahead.
- Adwait Joshi:** Sir as you said about the carbon credit what is the projection for the next 2-3 years in the revenue terms for the carbon credits will be getting.
- Manish Saboo:** So, currently our one project is registered wherein we get about 60,000 odd credits every year and going forward we own our four projects. So, the Ahmedabad facility, which is already installed at Kapadvanj is already we have applied for the credits. The application for the Wada Facility is being done as we have just started commercial production and even the new facility



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which will come up under the joint venture, we shall apply for carbon credits. So, anywhere between 2,00,000 to 3,00,000 credits we can expect after two years and the current pricing of this credit is approximately somewhere around \$3.5 to \$4.

Moderator: Our next question is from Rajeev Ranjan with JM Capital. Please go ahead.

Rajeev Ranjan: I had one question on the working capital. So, as you said that our business is bifurcated into dealers directly to the builders and to the Corporates. So, can you give some thoughts on how different is the working capital through all the three modes which would be more working capital consuming and how would be how many days it would be?

Manish Saboo: So, generally, we have some dealers working with us on advanced payment terms as well as credit terms generally with the dealers, the credit payment terms are on an average of almost 45 days and with the builders and corporates the payment terms are on average 60 days, but generally there is a delay in payment recoveries from the builders or from the corporate. It goes up to almost 75 to 90 days also time and that is how the payment cycle is working in the industry throughout.

Rajeev Ranjan: And Sir, we will continue to maintain the same issue right 60% to 65% of dealers and the remaining with directly to the builders and corporates.

Manish Saboo: That we have streamlined in the last two to three years and that is what we continue to invest and forecast for the upcoming future.

Rajeev Ranjan: And lastly, one question like consulting for the end user if you can share what would be the percentage in terms of usage of red bricks versus the blocks basically which we manufacture, what would be the percentage, how much percentage, this bricks are used? How many blocks are used for the end user?

Mohit Saboo: 85% to 90% of the overall building material must be red bricks and AAC blocks might be just about 8% to 10%.

Rajeev Ranjan: And it is currently increasing like do we expect At least the usage doubling for the blocks in the next 5 years from 10% to maybe.

Manish Saboo: It is definitely increasing on month-on-month basis, it is definitely increasing and we expect this increase to maybe, I mean eventually. So, the more productions will also come in and this percentage of AAC blocks to red bricks will eventually go up.



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Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vipul Sanghvi from Systematix Institutional Equities. Please go ahead.

Vipul Sanghvi: Thank you Manish ji, Mohit ji for giving us an opportunity to host you and thank you all the participants for your questions.

Manish Saboo: Thank you Vipul Ji. Thank you so much.

Mohit Saboo: Thank you everyone for participating in the Earnings Conference Call. Have a good day.

Moderator: Thank you. On behalf of Systematix Institutional Equities that concludes this conference, thank you for joining us and you may now disconnect your line.