



BIGBLOC CONSTRUCTION LIMITED

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NXTBLOC[®]
Autoclaved Aerated Concrete Blocks

Date: 05/08/2023

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 Q1 FY24 financial results held on 3rd August, 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, 3rd August, 2023 to discuss on Q1 and FY24 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
Q1 FY '24 Earnings Conference Call Transcript
August 3, 2023

Moderator: Ladies and gentlemen, good day and welcome to Bigbloc Construction Limited Q1 FY '24 Earnings Conference Call. 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 star then zero on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you sir.

Anuj Sonpal: Thank you. Good afternoon everyone. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Bigbloc Construction Limited. On behalf of the company, I'd like to thank you all for participating in the company's earnings call for the first quarter of the Financial Year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements and to make any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Mohit Saboo, Director and Chief Financial Officer and Mr. Manish Saboo, Marketing and Strategy Head. Without any further delay, I request Mr. Mohit Saboo to start with his opening remarks. Thank you and over to you sir.

Mohit Saboo: Thank you, Anuj. Good afternoon everyone. It is a pleasure to welcome you all to our earnings conference call for the first quarter of the financial year 2024. Firstly, let me thank all the participants joining us today and I hope everyone is keeping safe and well. In the interest of those of the participants joining us today who may be unfamiliar with the business of the company, I'd like to give a brief overview. Firstly, Bigbloc Construction Limited is one of India's largest manufacturers of AAC blocks and related products. We have a total capacity of 825,000 cubic meters per annum including the newly commercialized Wada plant. AAC blocks are superior quality building materials which provides an unparalleled blend of strength, lightweight, thermal insulation, soundproofing, unsurpassed fire resistance and highly

proficient building capabilities. AAC is a natural and non-toxic construction material that saves energy and is eco-friendly.

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 focuses on sustainability. We also hope to aid the construction and infrastructure industries in adopting green and sustainable practices for a better future. Bigbloc has three state-of-the-art manufacturing units located at Vapi and Ahmedabad and Gujarat and Wada in Maharashtra making it one of the largest AAC manufacturers in India and the largest in Western India. However, with the ongoing capacity expansion plans, the company will catapult to become the largest AAC manufacturer in India by end of FY '24.

Now let me brief you on the company's financials and operational performances on a consolidated basis for the first quarter of the financial year 2024. During this quarter, the company's operating revenues were INR 54.9 crores, which declined marginally by 1% compared to the same period last year due to labor shortages in post-holy period at construction sites and also due to disruption caused by Cyclone Biparjoy. The company's EBITDA to let INR 12.7 crores, which grew by 4% year-on-year with EBITDA margin of 23.13% and improvement by 115 basis points per year-on-year basis mainly driven by decline in raw material prices. The PAT for the quarter was reported at INR 6 crores with PAT margin of approximately 10.75%. The capacity utilization for the quarter was 65% of the overall capacity primarily affected by lower capacity utilization at the newly commercialized Wada plant, which is gradually filling up productions on a month-on-month basis. During this quarter, the company expanded its customer base by supplying new projects of Adani and also adding Reliance Life Sciences to its list of esteemed customers. The company has also placed orders for the supply of machinery and technical services for manufacturing of AAC blocks for its joint venture company, that's SIAM Cement Bigbloc Construction Technologies Private Limited, which is setting up a greenfield unit at Kapadvanj district. Thank you. With this we now can open the floor to the question and answer session.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of CA Garvit Goyal, Invest Analytics. Please go ahead sir.

Garvit Goyal:

The first question is on the capacity expansion side. We are continuously adding on the capacities and the impact is getting reflected in our numbers in terms of depreciation and interest costs, which ultimately impacted our NPM margin in this quarter like these are 10% versus 15% guidance given by you earlier. So, if we see in Q1 FY '23 last year that is, with similar kind of top line, we did better bottom line. So, what is the benefit of this capacity expansion if

we are not able to improve our bottom line despite this CAPEX and all we as a company are standing at a lower position as compared to last year? So, what is your view in this and what is the outlook from here? Is the 30% growth in top line with the net profit margin of 15% for FY '24 is intact or not?

Mohit Saboo: Garvit, thank you for the question firstly. So, just to bring down and talk about the CAPEX plans of the company, so whenever any company goes into a CAPEX cycle, the first one or two quarters it takes a little bit of a time to build up the capacity, which happens on a month-on-month or a quarter-on-quarter basis. And since Wada plant had started commercial productions in mid of April approximately, we see that it has been scaling up productions on a month-on-month basis. And I think by end of September '23 we should reach almost 70% of our capacity utilization and thereby the Wada plant we'll take up the expansion also at Wada plant after that.

Manish Saboo: Also Mohit if you can just check, so last year I think you know the PAT margins were a little higher maybe due to the carry forward losses if you can just check.

Mohit Saboo: Yes. So, if we see in our -- if you have been talking about the financial also, so the PAT or PPT has gone down because Wada has recently started and because of that the finance cost and depreciation cost has increased compared to that. And if we look in terms of our EBITDA margins then as we have mentioned on our earlier calls that EBITDA margin in the ratio of 20% to 25% are long-term sustainable and that's what we have been observing. This quarter also the EBITDA has been in the range of around 23% - 24%. And also in our notes to the results we have mentioned that last year in Q1 we had accumulated losses for the sick unit which we had acquired named Star Bigbloc, which is a subsidiary company. And because of that accumulated losses, the taxation in first quarter was almost negligible or very less.

Garvit Goyal: So, 15% net profit margin for FY '24, is it intact or not with 30% growth in top line?

Mohit Saboo: So, as I mentioned more than net profit margin I think we should be calculating on the EBITDA margins that the company is concentrating more on.

Garvit Goyal: And in last con call you were mentioning there will be 30% growth in top line, so is that story is intact or how do you see, is there any reason in the guidance?

Mohit Saboo: So, if you can see as compared to Q4 FY '23, Q1 FY '24 we have seen a revenue jump also. That is because the new plant has also started capacity utilization. And yeah, quarter-on-quarter basis, we'll see our revenue growth and on an annual basis, I think we should be able to achieve anywhere around approximately a 30% revenue increase.

Garvit Goyal: 30% you mentioned, right?

Mohit Saboo: Yeah.

Garvit Goyal:

And sir, you mentioned we are improving Q-on-Q, but sir in last seven quarters we are doing similar numbers in our top line. So, if the demand is there, why are we not capitalizing on that? See, I agree there may be one or two quarters where we will see the problem but like in this quarter two we are saying the labor issue and in quarter two we will say the monsoon. So, it is like we are not walking the talk. So, kindly put the exact picture to the investor community, is ramp up going to happen in a fast manner or is it really a slow process because sir, if it is really an opportunity then this year, see we are having the capacities in hand, so we should be at 80% utilization for the total capacity. That means there should be a volume growth of at least 35% to 40%, because last year you said you were capacity constraint but this year it is not that case. We are having a good capacity in hand. So, how do you look at this?

Manish Saboo:

So, Mohit, I'll take that. So, basically the company's current two plants other than the Wada unit are actually running at about 80% capacity and Wada unit has just started. So, you know the results will as Mohit mentioned before, show on month-on-month basis. So, it should show an increase on a quarterly basis because the existing two plants were already running at optimum capacities and that's why you could not see any growth in the last you said almost four, five quarters. But yes, from this year onwards as mentioned before on a quarterly basis we will see growth in top line and hopefully by the end of this financial year the new capacity with SIAM Cement will also start and then even that should start showing results.

Garvit Goyal:

And sir, there is a little bit confusion regarding the guidance number like sir mentioned 30% growth in top line, but in investor presentation he did mentioned that 20% to 25% growth. In last con call you mentioned 30%. So, can you please clarify that?

Mohit Saboo:

So, Garvit frankly, we are targeting at 30% growth but then all these are forward-looking projections. And if you see as I mentioned earlier that our Q4 FY '23 numbers as compared to that Q1 FY '24 there has been almost a 15% to 20% growth in our top line as well. So, every quarter-on-quarter basis we should keep on seeing top-line growth and in Q3 and Q4 we should see better top line growth.

Garvit Goyal:

And sir, what about the net profit margin guidance from here. Like you mentioned last year there were some taxation benefits. So, what is the outlook from here sir? What kind of margin percentage we can look for in future and here margins?

Mohit Saboo:

So, as I mentioned that instead of NPM margin, we are concentrating more on our EBITDA margins because we are on a CAPEX cycle, so we recently expanded the Wada facility for which the interest and depreciation cost has gone up although the utilization levels are comparatively lower right now. Secondly, we will also be putting up capacity expansion at Wada once we reach a 70% capacity and get the eligibility certificate for the subsidy. And in the JV Company also we have as I mentioned earlier in my speech that we have just placed order for machineries and construction at the site is about to begin shortly in the upcoming 10 to 15 days as we have already finalized the contractor as well for the same. So, whenever we are in a CAPEX cycle, it's

better to concentrate on the overall working of the company like EBITDA, which shows the operability performances of the company rather than just the net profit margin.

Garvit Goyal: I was just asking just because in earlier con call when I was asking the same question to you, you were saying we were always operating at NPM of 15%. Then I asked you some definition goes willing that though you said the sales will also be there so that will make up for the depreciation, so we will always be at the NPM of 15% so that's why I asked this question sir.

Mohit Saboo: So, NPM again, if you see the taxation effect and everything also keep on changing on the company because the new companies that we are incorporating like the Wada plant once it becomes profitable, we'll also have a taxation effect of only 15%. And all these NPM margins cannot be considered on a routine or a regular basis because interest, depreciation, taxation are not factors that are completely which the company can handle.

Garvit Goyal: Okay sir. And lastly, what is the projection for two - three years in the revenue terms for carbon credit sir?

Manish Saboo: So, I think as mentioned before the carbon credits, the company is already generating about 60,000 credits from its Umbergaon facility and the company has already done application for the Ahmedabad Star Bigbloc, which is a subsidiary at GCC. And also, as the Wada plant has recently started, the company has almost finalized its paperwork and should be applying for the carbon credits for its Wada facility as well. So, going forward, the company plans to generate anywhere between 200,000 and 300,000 carbon credits every year.

Moderator: Sir, does that answer your question? Looks like the line for the current question it has been disconnected. We will move on to the next question from the line of Mr. Aditya.

Aditya: Sir, what is the current price differential between the red brick and the AAC block?

Mohit Saboo: So, as per industry estimates the red bricks are still in the price range of around INR 7.50 - INR 8 a brick which comes down to almost INR 4500 to INR 5000 of cubic meters whereas the AAC blocks are currently of almost INR 4100 of cubic meters. So, red bricks are almost 10% to 20% expensive as compared to AAC block.

Aditya: And how has the trend been for the red bricks in the last six to eight months? Have you seen a correction?

Mohit Saboo: So, last six months the pricing of red bricks have almost been on a similar basis, just maybe 2% - 3% here and there, not major changes to be very frank. But overall, what happens is in monsoon the production of red bricks does not take place and that's why post monsoon generally the prices of red bricks we can maybe witness an upward trend in them.

Aditya: Sir, after COVID the prices of red bricks have seen a rapid increase. So, what factors which has led to this increase?

Manish Saboo: So, there are various factors basically. I think the government, the national NGT has become very, very strict with, you know, because red bricks are the biggest pollutants, so NGT has become pretty strict, the pollution control boards. Before the red brick manufacturers were almost in the city or in the suburbs of the city, which eventually have shifted to maybe 30 to 50 kilometers away from the city. The overloading in trucks on highways have become really, really strict so no overloads are allowed and bricks are the weight in bricks is three times compared to blocks. So, the transport costs have gone up substantially. The labor costs for them have gone up substantially. I think these are the few factors which has actually led to an increase in the prices of red bricks. Also red bricks have come under GST since last year so even the government is now basically promoting the use of AAC blocks and discouraging red bricks.

Aditya: So, transport and labor cost would have gone up as well and the GST part it was there from I think it was after 2018.

Manish Saboo: So, red bricks have come under GST since April 2022. And before that, red bricks had no taxes and the transportation for us has also definitely gone up. But then eventually the red bricks manufacturers before two years, three years, they were almost in the city or on the suburbs of the city. And now they have shifted maybe 50 - 75 kilometers away from the city. So, that has led to the increase in transportation prices for them compared to us.

Aditya: Okay. Got it.

Mohit Saboo: Also, the rate of red bricks is almost three times that of AAC blocks, so the impact of transport cost to us as compared to what it is for the red bricks manufacturers has also huge difference.

Aditya: Got it. And sir, what is the demand outlook in the construction and real estate sector because another listed AAC player commented that there was some slowdown in the AAC block market. So, if you could just highlight what kind of demand are we witnessing?

Mohit Saboo: So, in terms of demand witnessing frankly our old plants have seen a capacity utilizations of somewhere around 85% to 90% the Umbergaon as well as the Ahmedabad unit. Only the Wada plant the capacity utilization has been on a lower level that is principally because it is a newly commercialized unit and we are also setting up a lot of other things along with it the infrastructure, etcetera. And that was witnessing a month-on-month growth from the time it has started to almost three months back. So, I think by the end of September quarter or from Q3 onwards we should see 65% - 70% plus utilization at the Wada unit.

Aditya: Got it, sir. And sir, our EBITDA margins are quite high, two big players like HIL and Magic [Crit] [Phonetic] [0:19:35]. So, do we sell our product at a higher price or we have some sort of a cost advantage over them if you could just highlight?

Mohit Saboo: Our selling prices are somewhat higher than HIL maybe at par with Magic Crit in terms of EBITDA margins and everything also. So, we have a little edge over our competitors that is also

because of one, carbon credit. Second, we have a fleet of almost 65 - 70 trucks of our own, that also adds to overall some profitability for us. And thirdly, if we compare to HIL or any other small AAC players like Magic Crit is also running good capacity in Western India. And other players, they have just one unit of working over here, whereas we have three different units working in similar vicinity. So, in terms of raw material purchasing we have similar vendors and because of our quantities, we get some advantages like quantity discounts from the vendors in terms of from cement or lime or all other raw material purchases.

Aditya: Got it. Okay. Thanks.

Mohit Saboo: Thank you.

Moderator: Thank you. A reminder to all the participants. If you wish to ask a question, you may press star and one on your touchtone telephone. We take the next question from the line of Ms. Richa from Equitymaster. Please go ahead.

Richa: Sir, thank you for the opportunity. Sir, you spoke about the demand momentum and you suggested that it is likely to remain go to stable. Could you also talk about capacity additions in the industry considering that the unauthorized share is quite high? What is your confidence on the pricing levels and what kind of capacity additions are you witnessing?

Mohit Saboo: So, in terms of capacity addition frankly, I understand that the margins in the industry are quite high like our EBITDA margins are in the range of 23% - 24%. But that is because of the advantages that we are being a larger player. In terms of the smaller players, their EBITDA margins would be somewhere lower maybe in the range of around 15% to 18%. One more big difference amongst the smaller players and ourselves is that our rejection levels at plant level are somewhere in the range of 4% - 4.5%. And for the Wada plant the rejection level is considering it is a fully automatic plant will further go down below 2% level whereas for the competitors or small players it will be in the range of 6% to 7%. So, that also gives us some advantage over our competitors in terms of margin. And if we see in the market share then the share of AAC blocks is still around somewhere between 8% to 10% percentage, whereas that of red bricks is still almost 85% plus. So, we just want the market to convert from red bricks to AAC blocks and to the upcoming capacities as well.

Manish Saboo: Also there might be some good triggers which might lead to a demand like India might be bidding for the Commonwealth Games which Australia was planning to host in 2026 and Ahmedabad should be the selected destination. So, where anything like this comes in and even India will be bidding for Olympics. So, any of these if it, you know we are lucky enough to get it. It can actually lead to a jump in demand for us.

Richa: Okay. And sir, second question is related to upcoming capacities and utilization. So, I mean, I read something about some certification pending for ISI. So, I mean, is there any kind of

timeline that you expect or is it something that can get delayed and can affect your the entire timeline of incremental capacity. Second thing is once you -.

Mohit Saboo: So, ISI certification we can get only after we start commercial productions. We can only apply after we get commercial production. So, we started somewhere in mid-April and we had applied immediately. And it's a procedure of almost two and a half, three months. So, recently, just in the last week or just before a couple of few days we have received the ISI certification at Wada, which has started itself from yesterday or today.

Richa: Okay. And sir, this another 2.5 kind of addition that you are doing at Wada plant, when is this expected to come online and start production?

Mohit Saboo: So, we have just put up the file for subsidy and once we get the eligibility certificate, which takes almost I think 45 days to two months at demand, I think we should take up the Phase II for Wada plant. And we expect our capacity utilization of reaching a capacity utilization of almost 65% - 70% by September. And after that we will take up the capacity utilization for Wada plant to increase the capacity from 250,000 to 500,000 cubic meters. And the CAPEX for the same should be somewhere in the range of almost INR 18 crores to INR 20 crores.

Richa: Okay. And let's say by the end of FY '25, if we consider this entire incremental of 5,00,000 cubic meters, what kind of utilization do you expect by the end of FY '25?

Mohit Saboo: So, apart from this, we are also putting up a new facility which is in a JV Company, SIAM Cement Bigbloc Construction Technologies Private Limited where we are setting up a greenfield unit which will be for manufacturing of AAC blocks as well as panels. So, panels is a further advancement of technology which is currently not so much prevalent in India. And for that plant we intend to start commercial production by the end of Q4 FY '24. So, if I talk about the capacity utilizations for these three units which are wholly owned companies of Bigbloc, we should be at a capacity utilization of 80% - 85% for the consolidated capacity of almost 1 million cubic meters per annum, 1.05 million. Whereas for the JV Company since it will start commercial productions by end of FY '24 that will take almost another six months to scale up.

Richa: Okay. And sir, the subsidy benefit, how does it get accounted for? Is it something that you get compensated every year from the government for the Wada?

Mohit Saboo: So, the subsidy in Wada is that if you are a MSME and if the CAPEX is less than INR 50 crores, which was for our project, we will get a CAPEX subsidy of 60%, which comes down to almost INR 30 crores, which is spread over a period of 10 years, so INR 3 crores every year. And the ways for release of subsidy are in different manners, which includes internet subvention, electricity duty exemption, some deduction in electricity rate. And apart from this, gross GST refund, so there are various means of getting a subsidy.

Richa: Okay. Sir, if you could also talk about any new territories that you have ventured into or planned to venture into in your time the marketing or the sales effort is going on?

Mohit Saboo: So, frankly, in the last con call also we had mentioned that we have started marketing in different regions of Nashik, Nandurbar and some regions of Madhya Pradesh also including Indore and Dhar. Plus some regions of Rajasthan as well including Udaipur as well as some other small towns in similar locality. So, these are the other regions with which we are targeting to increase our capacities.

Richa: Okay. And sir, what is the CAPEX outlook for next two years? I mean, I know the plan that you had but how much of it has already been exerts. How much extra CAPEX is yet to be done and what is the peak debt that you expect for the company?

Mohit Saboo: So, as on FY '23 balance sheet, our debt equity ratio was in the range of 1.1 something and the cash flows and everything was also sufficient enough for the company. So, looking at that, we are taking up some more debt also for the upcoming balance sheet and the cash flows are continuing, which we have seen over the quarterly results as well and which will keep on increasing from quarter-to-quarter basis. So, comfortably, we should be maintaining a debt equity ratio somewhere between 1 -1.5 itself which will suffice our upcoming expansion. And once we start these two, we are also exploring other opportunities to set up a plant in the North Indian region as well as South Indian region as well to become a Pan India player in this product.

To give some numbers on that debt that we are looking to take so the Wada CAPEX will take approximately INR 18 crores to INR 20 crores so which will come almost INR 12 crores to INR 15 crores in terms of debt and rest in the form of internal approvals. And the JV Company CAPEX, the total CAPEX is approximately around INR 65 crores and almost 65% of its almost INR 42 crores will come in form of debt from the bank. And since the ratio of holding in that company is 52% by Bigbloc and 48% by SCG. So, we'll have to put in our share of 52% which will be around most around INR 12 crores to INR 15 crores and the rest will be put in by our venture partners.

Richa: Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Mohan Singh Meena, an individual investor. Please go ahead sir.

Mohan Singh Meena: Sir, my two questions are already answered. One question pending that is what is the status of carbon credit? Is there any pending carbon credits which we didn't sell?

Manish Saboo: So, the company has already applied for carbon credits up to November '22 and we are expecting it in the next two months. So, we should be getting anywhere around 45,000 to 50,000 credits and the current market price must be approximately in the range of anywhere between \$3 and \$5.

Mohan Singh Meena: Thank you.

Mohit Saboo: Thank you for that as the question.

Moderator: Thank you. The next question is from the line of Pradyumna Singhania from Rashi Fincorp. Please go ahead sir.

Pradyumna Singhania: I think most of my questions have been answered. I just pretty much had a question on the capacity over the next two years and what would be the commencement and the commercial production dates for the Wada plant and the JV plant, so I think you've gone through those. But I think if you can just clarify one more thing. You mentioned something on the lines of that you want to be doing around 1 million cubic meters when your entire capacity is made of the AAC blocks, am I right?

Mohit Saboo: Sorry. So, capacity right now is 8.25 [Overlapping]. Post the expansion at Wada, it will become around 10,75,000 cubic meters. And the JV Company is putting up another plant which will be around 2,50,000 cubic meters, so it will become 13,25,000 cubic meters.

Pradyumna Singhania: 13,25,000.

Mohit Saboo: That's it.

Pradyumna Singhania: And then on your presentation, it's said that you're making around 3,00,000 cubic meters per annum in the JV Company which was adding up to around 13,75,000 if I'm not wrong.

Mohit Saboo: So, what happens is when we manufacture panel and when we manufacture block so there will be a difference in capacity because block production is comparatively a faster process, whereas when we manufacture panels, production capacity goes down to 2,50,000 cubic meters. So, we can define the capacity in the range of 250,000 to 300,000 cubic meters for the JV project.

Pradyumna Singhania: So, and what kind of utilization would you do for the panels because out of the 3,00,000 for example if you've got demand for the panel, so are you going to cut down on your production of the AAC blocks in that plant? And what will the realizations also be on the panel side?

Mohit Saboo: So, as of today, panels is our new product which is hardly being sold in the market. And the current prices that we intend to put out for the panels in the market will be keeping our similar EBITDA levels as we are doing for the blocks industry. And going ahead since it's a better product and we'll have sort of a monopoly, so we'll look at scaling up the prices for the panels. And in terms of utilization, it's a complete fungible capacity as I mentioned earlier and we keep on manufacturing as and when how the market demands.

Pradyumna Singhania: Okay. And you mentioned that this will start at the end of Q4. So, I'm going to assume the revenues will start coming from Q1 FY '25 and when the new plant starts, I'm guessing will start at around 15% to 20% utilization, right? So, I'm going to assume there is going to be no revenue income from the new JV venture coming in in Q4.

Mohit Saboo: Yes. So, we will start commercial productions in Q4 FY '24. So, for current year, we don't estimate a lot of revenue expecting from the JV Company.

Pradyumna Singhania: From the JV Company. And for FY '24 towards the end we can expect an entire utilization of around 75% and towards FY '25 and again around 70% to 75%.

Mohit Saboo: That's right.

Pradyumna Singhania: Okay. Yeah, that answers my questions. Thank you.

Moderator: Thank you sir. The next question is from the line of Mr. Aditya from Securities Investment Management. Please go ahead sir.

Aditya: Thanks for the follow up. Sir, I just wanted to understand what is the distribution process we have for the AAC blocks? So, is it sold directly to the real estate and EPC players or we have a dealer and distribution network through which we sell our product.

Mohit Saboo: So, for our sales we have marketing teams in different locations like Bombay, Pune, Vapi, Silvassa, Baroda, Ahmedabad, Indore, Rajkot and Nashik, Nandurbar, Duliajan. So, we have our marketing team present in all these locations and we try to sell almost 55% to 60% sales like through dealers. So, in smaller towns like Nandurbar, Dulia or Rajkot or even some places like Dhar and Udaipur we try to sell more through dealers, whereas in big cities we have sales directly to builders as well as contractors or corporates as well. And our sales mix has been almost 55% - 60% sales through dealers and distributors, 20% - 25% is to the likes of corporates including the likes of Lodha, L&T, Runwal, Sunteck, PSP, Adani. And rest 20% is sort of the direct builder.

Aditya: Yes, 20% with?

Mohit Saboo: Directly to the builder or to the EPC contractor.

Aditya: Okay. So, the other 20% that you will give to Lodha, L&T package is different from this 20%?

Mohit Saboo: Sorry. I didn't get you.

Aditya: You mentioned that 50% to 55% is through dealer and distributor. 20% is through the real estate dealers like Lodha and another 20% is direct.

Mohit Saboo: That's right.

Aditya: So, what is the difference between the 20% which we go for direct and 20% which we have to players like Lodha and DLF?

Mohit Saboo: So, frankly, the corporates, they're being multiple buyers sites and big buyers and repeat customers. Their selling prices are comparatively around 2% to 3% lower than the selling prices that are there for direct builders. And the dealer selling prices are also on credit terms similar to the corporate pricing.

Aditya: Okay. Got it sir. Thank you.

Moderator: Thank you. We take the next question from the line of CA Garvit Goyal from Invest Analytics. Please go ahead sir.

Garvit Goyal: So, I was asking how the demand is looking in this quarter like July is over and are you people witnessing any kind of slowdown in demand due to monsoon? I'm asking this because you are saying Q2 will be better than Q1.

Mohit Saboo: So, frankly, in terms of capacity utilizations, July is somewhat better than what we have witnessed in the first quarter. And in terms of better, so as I mentioned earlier that our Umbergaon and Wada plant -- Umbergaon and Kapadvanj plant are almost running 85% to 90%, which is sort of an industry standard. In the Wada plant, since we have recently received the ISI certification, we will see better utilizations for the Wada plant from August month.

Garvit Goyal: That means Q2 will show the better to plan as compared to Q1 despite monsoon.

Mohit Saboo: Yes, that's what we are understanding.

Garvit Goyal: And sir, you mentioned to earlier participant like you will be at 80% utilization by the end of this year on total capacity of 10,00,000 after Phase II expansion as well for Wada plant. So, did I hear correct or you were saying something else?

Mohit Saboo: Yes. By the end of this year, we will be at approx. 75% to 80% utilization for the overall capacity of 1 million cubic meters.

Garvit Goyal: That means from next year onwards we should be doing like minimum of 8,50,000 kind of sales volume, right?

Mohit Saboo: Yes. From next year onwards for our capacities we should be seeing a sales volume of approximately around 7,50,000 to 8,00,000 cubic meters.

Garvit Goyal: Thank you sir. Thank you. All the best.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one on your touchtone telephone. Anyone who wishes to ask a question may press star and one on the touchstone telephone. A reminder to all the participants. If you wish to ask a question, you may press star and one on your touchtone telephone. We take the next question from the line of Mr. Satyajit from Bigbloc Constructions. Please go ahead.

Satyajit: Most of my questions have been answered. So, I have just one question. So, there was a news I think couple of days back regarding a CRISIL report where the issue was not cooperating. So, can you give us some idea on that like what is happening there?

Mohit Saboo: So, what has happened is we had given a mandate to CRISIL to rate our external credit facilities almost two, two and a half years back. And based on that they have been doing review of the credit facilities. And since before almost one and a half, two years, our bankers are HDFC Bank which wanted the external credit rating. Almost 15 months back, we have shifted our bankers from HDFC Bank to Axis Bank. And now Axis Bank does not want any external crediting. We have given the NOC for withdrawal of credit rating from Axis Bank, so they started asking various other questions like you have to give NOC for your commercial vehicle loan as well as property loans etcetera also on the books of the company.

They have provided all the requisite documents for the same also. But in spite of that they have been asking the questions that you have to give NOC for the car loans and everything as well. So, we took up the matter with CRISIL in the last week because this was done almost eight or nine days back and we have gotten a verbal communication from CRISIL for the same effect that yesterday itself. They have taken up in the committee meeting and the credit rating withdrawal process has been done. And the same should be released to the exchanges and once we get the written communication for the same in the next couple of days.

Satyajit: Okay. Got it sir. And one more question. So, what are your top line and EBITDA expectations from this quarter considering there will be a monsoon? So, like are you expecting 20% growth in top line and similar margins in the bottom match?

Mohit Saboo: So, we are targeting a top line growth from this quarter itself. And as I mentioned on some earlier questions as well that the Wada ISI certificate and everything has been received. So, month-on-month basis the Wada capacity will keep on expanding. And we see for the last quarter the capacity utilization was somewhere in the subpar of 65%. And I think we should keep on increasing capacity utilization by at least 5% - 10% quarter-over-quarter.

Satyajit: Okay. And EBITDA will be the same, similar percent?

Mohit Saboo: Yes. We intend to maintain a similar EBITDA level of somewhere in the range of 20% to 25% what we are witnessing since the last few quarters.

Satyajit: And this is despite there will be rains and all those factors available, isn't it?

Mohit Saboo: Normal rains that we witness every year that is still okay. But if there are some torrential rains or any other disturbances like in the last quarter, there was Biparjoy Cyclone, which affected almost a week or 10 days of working as lots of sites etcetera were also shut because of the effect of Biparjoy in North Gujarat region, etcetera. But apart from that yes, we see good demand from the market in spite of regular monsoons.

Satyajit: All right, alright. So, thank you.

Mohit Saboo: Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Mohit Saboo for closing comments.

Mohit Saboo: Thank you everyone for participating in the Earnings Con-Call. I hope we were able to answer your questions satisfactorily and at the same time offered insights into our business in future. If you have any further queries or would like to know more about the company, please reach out to our Investor Relations managers at Valorem Advisors. Thank you. Stay safe and stay healthy. Have a good day.

Moderator: Thank you. On behalf of Bigbloc Construction Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.