



BIGBLOC CONSTRUCTION LIMITED

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NXTBLOC
Autoclaved Aerated Concrete Blocks

Date: 05/05/2022

To, Department of Corporate Service, Bombay Stock Exchange Limited, 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Script Code: 540061 ISIN : INE412U01025	To, Listing Department, 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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Sub: Transcript of Conference call

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of conference call held on Monday, 2nd May, 2022 at 12:00 PM IST to discuss on Q4 and FY22 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.

Yours Faithfully,

**FOR AND ON BEHALF OF
BIGBLOC CONSTRUCTION LIMITED**

MOHIT SABOO
DIRECTOR & CFO
DIN: 02357431



Encl. as above



“Bigbloc Construction Limited Q4 FY2022 Earnings Conference Call”

May 02, 2022



ANALYST:

MR. KARAN THAKKER - S-ANCIAL TECHNOLOGIES

MANAGEMENT:

**MR. NARAYAN SABOO - CHAIRMAN & EXECUTIVE
DIRECTOR – BIGBLOC CONSTRUCTION LIMITED**

**MR. NARESH SABOO - MANAGING DIRECTOR –
BIGBLOC CONSTRUCTION LIMITED**

**MR. MOHIT SABOO – DIRECTOR & CHIEF
FINANCIAL OFFICER - BIGBLOC CONSTRUCTION
LIMITED**

**MR. MANISH SABOO - MARKETING & STRATEGY -
BIGBLOC CONSTRUCTION LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Q4 & FY2022 earnings conference call of Bigbloc Construction Limited. 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. Karan Thakker. Thank you and over to you Sir.

Karan Thakker: Thank you. Good afternoon everyone. This is Karan Thakker; on behalf of S-Ancial Technologies I welcome you all to Bigbloc Construction Limited Q4 and FY2022 earnings conference call. From the management we have Mr. Narayan Saboo Chairman & Executive Director; Mr. Naresh Saboo – Managing Director; Mr. Mohit Saboo – Director & CFO; and Mr. Manish Saboo – Marketing & Strategy. I would request you to refer to the investor presentation that has been uploaded on the exchange, which will throw much more light. Starting with statutory declarations, certain statements in the concall may be forward looking. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results. May I now request Mr. Mohit Saboo to take us through his opening remarks, subsequent to which we can open the floor for the Q&A session. Thank you and over to you Mohitji.

Mohit Saboo: Good morning everyone. I am Mohit Saboo; Director & CFO at Bigbloc Construction Limited welcome you to the Q4 and FY2022 Earnings Call for Bigbloc Construction Limited. Bigbloc Construction Limited is India’s Premier AAC block Manufacturing Company, which is having currently two plants spread across two different locations, one at Umargaon which is having an installed capacity of 3,25,000 cubic meters per annum to cater to the markets of Mumbai, Pune, Vapi, Silvassa, and other regions of Maharashtra whereas other plants is located near Ahmedabad in a wholly owned subsidiary company by the name of Starbigbloc Building Elements Private Limited. The installed capacity of this plant is around 2,50,000 cubic meters per annum and this is used for servicing the markets of Ahmedabad, Baroda, North Gujarat, Madhya Pradesh as well as Rajasthan. So AAC Blocks is a light weight green building material which is used as a substitute for red brick and 65% of the raw material in this material is fly ash which is a waste for the thermal power plant. Apart from that the other additives use for making AAC blocks is cement, lime, aluminum powder, gypsum as well as some other chemicals to give strength and stability to the material.

During the last year we have done lots of achievements. To come down to the results, for quarter-over-quarter the company has reported revenue of 531 million which is a 25% increase over Q4 FY2021 and EBITDA of 108 million which is 85% increase over Q4 FY2021 with a PAT of around 75 million which is an increase of 116% over Q4 FY2021.



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Coming down to the consolidated performance year-over-year for FY2022 against FY2021 the revenue has been reported at 1,752 million which is a 70% increase over the revenue from FY2021. The EBITDA has gone from 122 million to 277 million which is a 125% increase over FY2021. Moreover there has been a good volume increase also from 3,75,000 cubic meter per annum in FY2021 to 4,98,000 cubic meter in FY2022, and the EPS has also increased from 35 paisa per share to Rs.2.27 per share. The company has achieved excellent capacity utilization in the last year; also we have done some debottlenecking in the last year at our Umargaon unit whereby we have increased our capacity from 3,00,000 to 3,25,000 cubic meters per annum. We are one of the early companies in the country who is currently earning carbon credits for manufacturing of AAC Blocks. The project at Umargaon which was installed in 2012 was registered for carbon credit in the same year and at that point of time we had registered the project for 10 years, so the validity was expiring in FY2022 itself, but we have been able to get the project extended for earning carbon credit for further 20 years and now the expiry for the same at 2042, so we will continue earning carbon credit for the next 20 years.

Also last year has been a phenomenal year where we have been able to utilize our capacities to the maximum possible level and that is the reason that we have announced a few expansions in the company. In the quarter of December we did a JVA with a Thai company by the name of Siam Cement Group, "SCG" which is the Forbes 641 rated company and they are into various businesses, which involves construction, cement, petrochemicals, packaging, etc., and this will be their first investment in India whereby we will be setting up altogether a new Greenfield unit for manufacturing of AAC panels as well as AAC blocks. So we have just incorporated the company currently in which Bigbloc is holding a stake of 52% whereas SCG the Thai company is holding a stake of 48% and we will be setting up a Greenfield unit in the region of Ahmedabad with a capex of almost 55 to 60 Crores and a capacity of 3,00,000 cubic meters per annum. Also in the last quarter we did an announcement for increasing our capacities of AAC Blocks as well whereby as we are incorporating a wholly owned subsidiary of Bigbloc which is already done by the name of Bigbloc Building Elements Private Limited and we will be setting up a Greenfield unit in Palghar District at Vada from which we have recently purchased land of 9.5 acres and we will be setting up a plant with a capex of almost 60 to 70 Crores for which the manufacturing installed capacity will be 5,00,000 cubic meter per annum. This will be the largest AAC Blocks plant in India and post installation of these two units from currently the leader in Western India we will be the leader in India and we will become the largest company manufacturing AAC Blocks in the country. I now request the speaker to start the Q&A session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Nishant Shah from Emkay. Please go ahead.

Nishant Shah: Hi! Sir, congratulations for the good set of numbers. Basically I have three questions, first is on the strategy part means since we are hearing the ACC Ambuja going off the field what will be the impact on the company?



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- Manish Saboo:** Hello everyone, Manish Saboo here. ACC Ambuja basically yes, even currently the cement prices off late have gone up a bit and I think they have become steady at their levels. So even ACC Ambuja let's say being acquired by any of the companies which we are hearing about I do not see any impact honestly on supplies of cement and the region we are in currently we have various suppliers, so we have an option of buying cement from at least 7 to 8 suppliers so that ways I do not see any impact on the company's performances or working.
- Nishant Shah:** On the company perspective, I think so it forms around 10%, 12% of the total revenue.
- Mohit Saboo:** Currently if you see during the last year the revenue by sales of AAC blocks to Ambuja or ACC would have been around 3% to 4% so that is not a huge impact to be very frank and moreover the demand scenario and the real estate growth scenario is such that even if any customer like ACC or Ambuja moves out it is not much of a challenge as our sales are not concentrated on a single supplier at all. So to any single supplier our sales as of today would be maximum on an average 3% to 4% per month.
- Nishant Shah:** So not much impact on it. Another question is on the marketing strategy, are you doing any kind of a PR or marketing advertisement something like that, so what is the strategy for that?
- Manish Saboo:** We already have a PR in place and the company is doing financial PR as well and soon the company is planning actually to make NXTBLOC as a brand because as mentioned before we are currently the largest AAC manufacturer in Western India and the idea is to have, after these two plants we will be the largest in India and maybe in the next year we plan to shift from western region and have a PAN-India presence, so we are planning at marketing PR as well in current year.
- Nishant Shah:** What will be the cost attached to it maybe any rough idea?
- Manish Saboo:** That honestly needs to be figured out, but looking at the company's increasing productions and everything that will not be much looking at the overall production at all, and maximum what we are currently estimating is about Rs.2 lakh per month so that will not have much of an impact.
- Nishant Shah:** That is all from my side. Thank you.
- Moderator:** Thank you. Our next question is in the line of Pranay Jain as an individual investor. Please go ahead.
- Pranay Jain:** Thank you for this opportunity and congratulations on the good Q4 numbers. I had a couple of questions and it's not short term it's a little long term, so for the next two years based on the capacities, which we are bringing on stream what is the kind of revenue and margins that we are looking at?



Mohit Saboo: Just to get back to you for the next two years we have planned a capacity increase of almost 150% spread across two different locations. With the current capacities our revenue should be somewhere around 225 to 250 Crores for FY2023 and both the expansion that we are planning to do we intend to commercially begin the productions in the current year itself by March FY2023. Also with the revenue and everything for FY2024 we estimate the revenues of the company to almost go to around 500 to 600 Crores with the plant expansion and the margins and everything we can see similar margins that we saw in Q4 FY2023 to continue further as the demand scenario and everything is pretty good and real estate looks to be in a very good and strong shape with it.

Pranay Jain: We would have capability of more value-added products I believe and wouldn't that provide some kind of fillip to the margins while demand remains steady or firm since infrastructure is also going to be a big pillar but what is the plan on lifting the margin profile over the next two to three years and what is the strategy going to be for the same?

Manish Saboo: As mentioned before we have recently tied up with Siam Cement and we will be manufacturing these AAC panels in the new facility at Ahmedabad in which the margins will be way better than what we are actually getting currently in blocks. So looking forward to that the margin should improve, but the company when we are projecting anything we don't want to be very optimistic on our approach honestly and the company is even exploring some other building materials with the Siam Cement as well as some other construction chemicals which will be way higher in margins. Also these two facilities that the company is planning we will be registering them for carbon credits as well and the future of carbon credit market also looks fantastic. So at the end the company expects to generate about 2,50,000 to 3,00,000 carbon credits every year post 2023. Also the facility at Wada which is coming up with a capacity of 5,00,000 cubic meters, the company will be availing subsidy of up to 3 Crores every year from the Maharashtra government which will further add to the margins as well as the bottomline.

Pranay Jain: In terms of new products something you mentioned on lines of construction chemicals could you give us a flavor of the new ones that you will be bringing to market in the next two years and what is the opportunity for the same, also who would be your key benchmarks in India for any of those products if they are existing?

Mohit Saboo: Currently apart from AAC Blocks we are doing trading for other materials which includes Block Jointing Mortar which is a chemical used for joining of blocks as well as Ready Mix Plaster which is the plaster material used after the block wall has been completed. Apart from this we plan to add other construction chemicals like tile adhesive as well as gypsum plaster, so these are the other products that we are looking to add in the coming couple of years.

Pranay Jain: So from non-AAC Block revenue what could that slice look like two years down the line from whatever it is presently?



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- Manish Saboo:** This will be maybe about 15% to 20% but even the panels will be about 15% to 20%.
- Pranay Jain:** Got it. I will get back in the queue and if I have any followup I will ask later. Thank you.
- Moderator:** Thank you. The next question is from the line of Palak Agarwal from Prabhudas Lilladher. Please go ahead.
- Palak Agarwal:** Hi Manish, and hi Mohit. Basically I have two or three questions. You have mentioned in your presentation that the new capacities which is coming up in Palghar has 60% subsidy from government and you are doing capex of about 75 Crores, so is this capex amount you mentioned is net of subsidy or with subsidy and the followup question on the same is that do you get subsidy in all the regions or in select region?
- Manish Saboo:** There is a subsidy only in Vada region and other than that maybe some other regions of Maharashtra as well but nearby Bombay Vada was best suited for manufacturing of AAC Blocks, Bombay and Pune being the largest market and this subsidy will be getting about 30 Crores of total subsidy which will be spread across 10 years and basically we will be getting SGST refund up to 3 Crores or else interest subvention or power subsidy, so it will be a mix of all three, but the total subsidy that we will be able to get will be maximum 3 Crores per annum.
- Palak Agarwal:** The 75 Crores include subsidy amount right?
- Mohit Saboo:** No this is the gross capex; we have not considered anything for subsidy in this so far.
- Palak Agarwal:** Okay this is not net of subsidy I just wanted to clarify it and another thing is that what are the key factors which could have contributed to this big jump in margins and what are the sustainable margins you guys are having in your mind?
- Mohit Saboo:** So what has happened in the last 15 to 18 months is this is a direct substitute for red bricks and red bricks used to be in the price range of almost Rs.2,200 a cubic meter whereas AAC Block used to be in the price range of Rs.2,500 to Rs.2,800 a cubic meter this is I am talking about almost 18 months back, but during the last 18 months post-COVID what has happened is the price for red bricks has also started to climb up and at one point of time the price of red brick had almost tripled from Rs.2,200 to Rs.6,500 a cubic meter whereas AAC Blocks are currently in the price range of approximately Rs.4,000 to Rs.4,200 a cubic meter and red bricks are currently in the price range of around Rs.5,000 to Rs.5,500 a cubic meter. So this is one big reason that these margins have improved as the competitive product is in shortage and their prices have also increased a lot. So it is adaptation of AAC Blocks against red bricks which is now the conversion demand is taking up quite rapidly. Earlier around five seven years back the share of AAC Blocks in the walling material market was just around 3% to 4% which today is at around 10% to 11% and this share should keep on increasing time-over-time and if you see our margins and all then

the margin that we have seen in Q4 FY2022 I think similar margins are sustainable at current levels maybe we can see further improvement but these are easily sustainable.

Palak Agarwal: So you are saying that the jump in margins are mainly because of two reasons one is the higher conversion from red bricks into block and another one is the higher price?

Mohit Saboo: Yes and also the capacity utilization in this year has been far better than the earlier year, for FY2021 the capacity utilizations were much lower.

Palak Agarwal: My last question would be as you have mentioned to one of the previous participants that panels which are going to be commissioned from next year almost up to 12 months that would contribute around 15% to 20% to the revenue so could you please give me a bifurcated growth number for blocks and panels and some percentage in revenue growth for maybe next three years or so because panels is something which is introducing new to these countries, it is at a very initial stages?

Manish Saboo: Yes, so the plant that we will be installing will be capable of manufacturing blocks as well panels, so to start with we plan to start develop the market and so we have already started selling these panels currently we are importing them and already developing a market and the market response is quite positive for the sale, so eventually we will be starting maybe with a production of about 30% - 35% panels and remaining blocks which as the demand increases we can shift from blocks to panels. So this will be currently at our Ahmedabad facility and going forward even our current facility with a small capex we can convert them into panels as well, so panels is definitely the future product, but yes, AAC is the current product so we are seeing good conversion from red bricks to AAC blocks and maybe future five to seven years down the line so it will be all AAC panels going forward.

Palak Agarwal: But I would be more interested in listening to the growth number. For example in your block segment could grow by this number or your panels, so you mentioned the whole revenue guidance that is around 200 to 250 Crores in 2023 and in 2024 as well, so I would need a growth number that your panel segment would grow maybe by 15% - 20% or higher than that or something like that?

Manish Saboo: To give you a revenue guidance for FY2023 with the current installed capacity we see our revenue to be around 225 to 275 Crores as the plant expansion should also start probably in Q4 FY2023 to some extent and for FY2024 we see the revenues somewhere to be in the range of 550 to 650 Crores out of which from blocks we see a revenue of almost 500 Crores and from panels around 40 to 60 Crores somewhere.

Palak Agarwal: Out of your three segments panels, blocks and your ancillary construction related products, which would fetch more margin, blocks or panels?



Manish Saboo: In the initial phases blocks because panels being a new product initially the market adaptation and everything might take a little time so we won't be able to command premium over it, but as and how we see adaptation of panels the panels would definitely have a better margin as it is a more value-added product.

Palak Agarwal: Thank you.

Moderator: Thank you. Our next question is from the line of Faisal Hawa from H.G Hawa & Co. Please go ahead.

Faisal Hawa: Would any kind of a co-branding strategy or with a superstar or a cricketer make a sense for us like it has done for Astral Poly Technik recent for Prince Pipes and all so would that kind of a strategy work for us for having a very good brand first up because you do have the first mover advantage?

Manish Saboo: I don't know if a cricketer or someone but yes a good branding will definitely help but that I think we should be looking at once we have a PAN India presence which we plan to cover up in the next two to three years' time, so maybe once we are there when we have a facility in north as well as south, so then we will be looking at having some sort of a more branding.

Faisal Hawa: Till the time others are not waking up to the opportunity what kind of a timeframe do you feel that you have to go PAN India and how much percentage of the net profits or the net cash flow that you generate would you like to invest back into capex and get the further production up and because you have an advantage it seems that your new plants the go-to market is much lesser by the time you set up the unit and you can sell it is a very short capex period?

Mohit Saboo: Can you come back on the question again we did not get it very clearly.

Faisal Hawa: Yes, so what I meant is that capex period is quite low for us and we are already generating good operating cash flows what percentage of operating cash flows would you like to put that into capex and expand quickly so that this first mover advantage is converted into like a permanent advantage?

Manish Saboo: So the capex period when we said that installation of plant and everything we with our expertise are able to achieve the same in about eight to ten months period whereas other companies take about maybe anywhere between 18 and 24 months to install a plant and coming back to your question so we will be investing all our profits and all the cash flows back in the same business and going forward I think post this year's expansion plan which is for these two plants next year we will be planning at again to have two more facilities hopefully one somewhere in North or Central India and one will be in South India so that is what the plan is.



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- Mohit Saboo:** Also just to give you a more brief intro on it, the current levels of data are quite low, Bigbloc is completely a debt free, we just have some working capital limits for the Bigbloc Plant at Umargaon and for the plant in Ahmedabad we just have a term debt of almost 12-13 Crores with a working capital limit of 3-4 Crores so that is the only debt on the company. Apart from that we have some commercial vehicle loans which are also on the books of the company and that is the reason that the total debt is around in the range of 40 to 45 Crores.
- Faisal Hawa:** What kind of technical expertise that will Siam get into the group and how can we really benefit from it?
- Manish Saboo:** Siam Cement is already manufacturing panels at two or three units in Thailand, Indonesia, so as it is a new product, new technology so they will be helping us and their technical expert from Thailand will also be present in India. Also we are exploring as I mentioned before we are exploring some other materials as well because Siam has a portfolio of I think about 10 to 15 building odd materials so Company is exploring the same to get the same in India as well.
- Faisal Hawa:** There is an export potential for this also?
- Manish Saboo:** Well currently the local demand itself is so good that I don't think there is any need for export. Yes, the product can be exported and has been exported in past to countries where the freight has been less like Middle East as well as Sri Lanka, but currently I think the international freight rates are very, very high, so I do not see any opportunity as of now.
- Faisal Hawa:** So would it be a fair assumption to make that for the next four to five years we will at least grow like 15% to 20% on volume terms?
- Manish Saboo:** We plan to grow more than that, but yes, we can actually assume that.
- Faisal Hawa:** Are you seeing any green shoots from the real estate sector on ground from most of the developers and where the demand is coming up and the payment itself are also improving?
- Manish Saboo:** The real estate is doing very good and as Mohit mentioned before we are seeing a very good conversion demand. So now the demand that we are seeing is coming from small villages as well which were unheard of before about two to three years, so that demand is also picking up and which is really helping the industry.
- Faisal Hawa:** Any social media campaign that we can plan around the ESG theme and kind of make our brand a much more youth oriented brand also, well you know the youth itself creates the demand for the product by saying that we will not use the old traditional bricks?



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- Manish Saboo:** So we are exploring the same, we have actually appointed a new PR as well and we are actually working on these lines, so I am sure we will be doing a lot more than what we have done in the past on the PR front.
- Faisal Hawa:** Thanks a lot for answering all my questions so well.
- Moderator:** Thank you. Our next question is from the line of Kartik Mediratta from Niveshaay. Please go ahead.
- Kartik Mediratta:** Congrats for a good set of numbers. My question is that how difficult it is for those cement manufacturers to enter into AAC Blocks?
- Mohit Saboo:** The capex of one plant, in terms of capex it is not at all difficult for anyone to enter a plant. So there are the likes of UltraTech who had set up two different plants one in Vada District and another near Hyderabad, but both their plants went shut, currently also the Vada plant is completely shut and they could not get the right product, they were running at a rejection level of approximately 15% to 20% from what we hear in the market and we on an average run at a rejection level of almost 3% to 4% so because of such high levels of rejections it turned out very difficult and the other cement players the likes of Ambuja, ACC and everyone has decided to get contract manufacturing done from the existing AAC players instead of themselves venturing into manufacturing of AAC Blocks. As the main criteria for cement players is sale of their cement and that is the reason that they are getting into forward integration.
- Kartik Mediratta:** What is the impact of current power crisis in Gujarat any impact?
- Manish Saboo:** Gujarat is doing still fine, we do have some staggering of about 8 to 10 hours once in a week, but our power requirements are comparatively very less, power cost per cubic meter is hardly Rs.40 to Rs.50 and I do not think it will have any impact on us honestly.
- Kartik Mediratta:** Okay that is it from my side. Thank you.
- Moderator:** Thank you. Our next question is from the line of Pranay Jain as an individual investor. Please go ahead.
- Pranay Jain:** I wanted to understand in our long-term ambition of becoming a PAN-India player which will be the next focus markets since we would be serving West very well so where would we like to set up a plant next because if we look at competition there have been a couple of announcements recently may not be large players but for example there is Renaatus which has announced 100 Crores investment for which commercial production will start from this financial year itself and they are going to focus on Tamil Nadu and Kerala from the markets of Coimbatore so that being a good market what are we looking at after two years?



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Manish Saboo: Before the company had taken over this facility at Ahmedabad which is currently running as a wholly owned subsidiary "Starbigbloc Building Element" the company had identified a location near Bengaluru to set up a plant there. So we will be exploring one plant near Bengaluru next year and the second location which is honestly there in our mind is either somewhere in Madhya Pradesh because the development there is quite good or else somewhere near NCR, so one will be south that is for sure and one will be somewhere one of these two regions.

Pranay Jain: These investments would be in the ballpark of 75 to 100 Crores?

Manish Saboo: Yes.

Pranay Jain: Also what is the vision of SCG for this JV over the next decade what kind of scale do they see if you can give some indicative numbers and by becoming maybe a one stop shop in this area what could be our product profile as per two, three key segments and something like that because I am sure this being their first investment and seems like a sunrise space so before other competition starts making a bigger foothold I am sure they would have had long-term plans with you also if something you can share on that front?

Manish Saboo: Well honestly currently what I can tell you is that SCG has ventured into India so they have not come in to India for just this one plant otherwise they would not have done it. So even their vision is pretty big and we are already exploring as I said other materials, other region for AAC Blocks as well as AAC panels, but I think currently it will be too premature to make more comments on the same, but, yes, I can assure you that SCG has entered India with a very large vision and I am sure the association should be quite fruitful with them.

Pranay Jain: Just last on the competitive scenario which are the kind of capacities that are coming up in the next 18 to 24 months the large ones I would want to know in the industry?

Manish Saboo: In the western region there are some facilities coming up, but I think most of the facilities that are coming up are smaller plants 1,00,000 to 1,50,000 cubic meters and new players whereas in near Bombay I think there is a Magicrete which is expanding and maybe there might be again some two, three smaller plants coming up.

Pranay Jain: So our current market share so far would be what and any ambitions over the next three to four years how you would want it to read like double from the present and so on just some indicative numbers that you could provide?

Manish Saboo: Our current market share somewhere would be in the range of 12% to 15% approximately in the Western India and the plant expansion we intend to almost make it to 25% to 30% in the coming one to two years.

Pranay Jain: Got it. Thank you.



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- Moderator:** Thank you. Our next question is from the line of Harshita Gupta as an individual investor. Please go ahead.
- Harshadha Gupta:** Hi! Sorry I joined in a little late, so apologies if the questions are repetitive. I just wanted to know that as per your earlier notification with regards to the joint venture with SCG you were going to come up with a plant in Gujarat any progress on that front?
- Manish Saboo:** For the same the land has been identified and the due diligence for the same is on. The company has already been incorporated and we are planning commercial production in current financial year.
- Harshadha Gupta:** What is the proposed time of commencement for operation for that plant would be?
- Manish Saboo:** We are actually planning to start commercial productions by Jan 2023.
- Harshadha Gupta:** What is the capex for that plant be and how much would it add to our revenue?
- Mohit Saboo:** The plant with SCG would be of 3,00,000 cubic meter capacity and it should give us revenue of approximately 100 to 125 Crores per annum.
- Harshadha Gupta:** Also what would the source for this capex be, what would the percentage of debt and equity be?
- Mohit Saboo:** In this wholly owned subsidiary 52% will be held by Bigbloc and 48% will be held by SCG and we will avail a debt of almost 60% to 65% and for the balance portion which will be done through internal accruals or through promoters' contribution and unsecured loans as we get.
- Harshita Gupta:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Rakesh Yadav as an individual investor. Please go ahead.
- Rakesh Yadav:** Any increase in cost of blocks during this month and have you passed on the cost increase to the customer?
- Manish Saboo:** There has not been much of an increase in the current month, just maybe the cement prices might have gone up by Rs.10-Rs.15 per bag and other than that there has not been much of an impact on any other raw material.
- Mohit Saboo:** Whatever the cost has increased we have been able to pass it on in the current month itself.
- Rakesh Yadav:** Since we are scaling up with addition of these plants how about our dealer network strengths?



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- Mohit Saboo:** Just to give you a brief more understanding on that around two to three years back our sales through dealers used to be in the range of 20% - 25% which is now almost in the range of 55% to 60% and around 25% - 30% sale is to the corporates which includes the like of Lodha, L&T, Runwal, B G Shirke, Adani and all such customers and only around 10%-15% sale is to direct builders, so every quarter we have been able to get new dealers on board and thereby increasing our market share or market presence.
- Rakesh Yadav:** Any developments on penetration to Tier-2 cities?
- Manish Saboo:** We are already selling to Tier-2 cities like Baroda, Nadiad, Anand, Vapi, Silvassa we already have good presences here and in fact Tier-2 now we are even able to sell material as I mentioned before to small villages as well because the brick prices are actually shot up and their demand has increased, also brick is also in short supply that demand is coming in from Tier-2, Tier-3 cities as well.
- Rakesh Yadav:** Last question from me correct me if I am wrong. I believe the bricks have now come under the GST bracket so what impact do you see on the brick players and will we benefit from this?
- Manish Saboo:** Well definitely we will benefit out of it brick has come under 12% GST and before I think this industry had no taxation or anything so any sort of taxation or compliance they will face I am sure a little difficulty and I am sure their productions and everything will also get affected and it will even have a cost impact on them, which they will be passing on to the builders and which will further lead to increase in brick prices, so yes it is definitely beneficial for us.
- Mohit Saboo:** The government is also trying to continuously increase overall compliances for the brick industry, so whoever is the organized player in the brick industry they will only be able to sustain as per our understanding and also the organized sales, the selling price and all are comparatively higher as compared to the unorganized players. Moreover with a further increase in diesel and transport costs and everything so that would also have a higher impact on red bricks as compared to our product because the density of AAC blocks is one third that of bricks, the transfer cost should also increase efficiently more.
- Rakesh Yadav:** Thank you so much that is all from me. Thank you.
- Moderator:** Thank you. We have our next question from the line of Viral Parekh from Systematix Group. Please go ahead.
- Viral Parekh:** Actually I wanted guidance on the prices, so do you see the prices of AAC Blocks sustaining at higher levels even going forward like in the next one year or two years or you see a declining trend in the prices or like stability in the prices at these levels what is the outlook on the prices?



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Manish Saboo: We do not see any declining trend to be very frank either the prices should keep on remaining stable or if there is any cost escalation we can see similar price increment going forward at least.

Viral Parekh: Thank you.

Moderator: Thank you. We have the next question from the line of Pawan Roy as an individual investor. Please go ahead.

Pawan Roy: Hi! Good afternoon everybody, heartiest congratulations for the excellent number which we have produced. My question is pertaining to the presentation then you have mentioned that the total global size of the AAC industries is about \$15 billion and it is growing at a rate of 7.5 CAGR my question is what is the size within the Indian market and from within the Indian market what is the total size of the AAC blocks that is the bricks and AAC put together what is the size of AAC block in terms of cubic meter and what is the market share of the organized player versus non-organized player because there are more than 150 plants and what do you expect that CAGR will be there in India this was my first question and the second question is that I see we are running at more than 100% capacity utilization and we do not have any means to go beyond 100% for the next nine or one year that is a timeline set by you for the capex to realize so what is the strategy of the company meets the increased demand within this sector so that at least we are able to match the CAGR of the sector within India?

Mohit Saboo: Just to brief you about the status of plants in India. So as mentioned in our PPT there are almost about 150 to 175 AAC Blocks plant across India and the total AAC Blocks installed capacity would be somewhere around 1.5 Crores cubic meter per annum, but this product is such that it gets difficult to transported beyond a distance of almost 300, 400 kilometers so if we see the western region the installed capacity in western region would be somewhere around 70 to 75 lakh cubic meter per annum at the max and out of that we have a current installed capacity of 5.75 lakh so our share is somewhere around 7% to 8% of the western region. Moreover just to brief you about the organized and unorganized players so out of this 150, 160 plants almost around 25 to 30 plants are in the organized players who have more than one plant across India rest almost 75% to 80% are unorganized players that is what we can bifurcate and just to brief you about the increased demand and the supply shortage so that is the reason that in the last two quarters we have done these announcements of capacity additions which will be done in the upcoming eight to nine months so that we can fulfill the shortage of products.

Pawan Roy: That means there is no plan to augment capacity by outsourcing from the unorganized players?

Manish Saboo: No, honestly most of the players must be running at full capacity as there is pretty good demand and yes we are definitely planning to start our commercial productions at the Vada unit at the earliest so that's how we are working and maybe we should be able to start the production by



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December or January. The company is entirely focused to start the commercial production at the earliest.

Pawan Roy: Thank you.

Moderator: Thank you. Ladies and gentlemen that would be our last question for today. I would now like to hand the conference over to Mr. Mohit Saboo for closing comments. Thank you and over to you Sir!

Mohit Saboo: I would like to thank each and every one of you for attending the Q4 FY2022 Earnings Call for Bigbloc Construction Limited. It has been a phenomenal year for the company and we wish to keep on growing with the upcoming future with your insightful presence. Thank you.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Bigbloc Construction Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.