



BIGBLOC CONSTRUCTION LIMITED

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NXTBLOC[®]
Autoclaved Aerated Concrete Blocks

Date: 21/08/2021

To, Department of Corporate Service, Bombay Stock Exchange Limited, 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Script Code: 540061 ISIN : INE412U01017	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 : INE412U01017
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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 hold on Wednesday, 18th August 2021 at 11:00 AM IST to discuss on Q1FY22 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**

S. B. Kapadia

**(Shyam Kapadia)
Company Secretary & Compliance Officer
ACS – 55158**



Encl. as above

Transcript

Bigbloc Construction Limited Q1FY22 Earnings Conference Call

Event Date / Time : 18th August 2021, 11:00 Hrs IST

Event Duration : 34 mins 40 secs

Presentation Session

Bharati: Good Morning ladies and gentlemen, I am Bharati, moderator for the conference call. Welcome to Q1FY22 earnings conference call of Bigbloc Construction Ltd. hosted by S-Ancial Technologies. As a reminder all participants will be in 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 touch tone telephone. Please note this conference is recorded. I would now like to handover the floor to Mr. Nikunj Seth of S - Ancial Technologies. Thank you and over to you Sir.

Mr Nikunj Seth: Thank you Bharati. Good morning everyone, on behalf of S - Ancial Technologies, I welcome you all to the Bigbloc Construction Ltd. Q1FY22 Earnings Conference Call. Today, from the management we have Mr. Narayan Saboo, Chairman and Executive Director, Mr. Mohit Saboo, Director and CFO, and Mr. Manish Saboo, Marketing and Strategy. Starting with the statutory declaration, certain statements in this con call 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 guarantee of future results. Now may I request Mr. Manish Saboo to take us through his opening remarks subsequent to which we can open the floor for Q&A session. Thank you and over to you Sir.

Mr. Manish Saboo: Good Morning everyone. So, I think, you know, we can start with discussing about who we are. So, basically, we were into manufacturing of textiles since 1991 in the name of Mohit Industries Ltd. So, in the same company we were manufacturing polyester yarn as well as fabric. Majority of that used to go in export. The company has an export of about 60 to 70 crores per annum. In the year 2010, the company decided to diversify into manufacturing of AAC blocks. So, the first plant for manufacturing of these was setup at Palghar, which is near Mumbai with a capacity of 1,00,000 cubic meters per annum. The company had run this plant for one year and after one year the same was sold to Thapar Group in the year 2011. Reason for selling the same was the plant size was too small, the land area was very small. There was no scope for expansion at the same unit and the company got very good valuation for the same and thus the company decided to dispose it off and in 2012 the company had a new facility at Vapi running with the capacity of 3,00,000 cubic meters. So, in one year's time the company had installed three times the size of what it had disposed off. Thereafter in 2016, the company decided to demerge its AAC block division from Mohit

Industries Ltd. and hence BigBloc Constructions came into existence. Before two years, the company decided to further expand and hence the company took over one plant near Ahmedabad. The company name was Hilltop Concrete Pvt Ltd. which the company later on changed to Starbigbloc Building Materials Pvt Ltd. This company is a 100% subsidiary of BigBloc Constructions Ltd. with a capacity of 2,00,000 cubic meters. So currently, BigBloc Construction is the largest manufacturer of AAC blocks in western India. Last year the company did expansion at its Ahmedabad facility and enhanced its capacity by 25% to 2,50,000 cubic meters and currently the company is expanding its capacity by 15% at BigBloc Constructions which is a plant at Vapi. A bit more about AAC blocks. So, AAC block is a green building material, which is replacement for red bricks. These blocks are superior in all possible ways compared to bricks and the weight of these is 30% than that of bricks. Thus, the dead load of the building becomes very light and there is considerable saving in the structure cost. Other than this, the material is sound proof, fire resistant, is way better than that of bricks. We are the only company in this field, which generates carbon credit. The carbon credits market also has changed tremendously in the last six to eight months and the prices of these credits in the international market has increased. Company also makes blocks for ACC as well as Ambuja. Few customers for the company are Lodha, L&T, PSP, Runwal, Adani, CIDCO, IndiaBulls. The company was one of the major suppliers of blocks to WorldOne, which is the tallest residential project at Mumbai. Other than this, the company also sells block jointing mortar as well as plaster, and the company is in process of launching other new products like tile adhesive, gypsum plaster as well as other construction chemicals. The expansion at Starbigbloc facility at Ahmedabad was done last year in September and the company has achieved 100% production at both its facility in the last quarter of last year. Again, the first quarter of the current year was a bit slow due to second phase of COVID. The Government is now focusing on housing for all and it's mandatory to use AAC blocks in majority of the government projects including PMAY. Thus, the demand for AAC blocks should remain very good in the near future. So before ten years, the blocks were about 4% compared to red bricks. The entire walling market, the blocks were only about 4% and now the same are at about 10%. So, still the scope for conversion from red bricks to blocks is pretty big. Also, India has about 40 to 50 AAC block running plants currently whereas China must be at about 2,000 plus, which can, you know, you guys can figure out where the company can reach in the near future. Nikunj anything else or else we can discuss about the financials of the first quarter.

Mr Nikunj Seth: Yeah, Mohitji we can go ahead with the financials.

Mr. Mohit Saboo: Hello, good afternoon. This is Mohit Saboo from Bigbloc Construction Ltd. So, coming to the financials, last year for the financial year 20-21 the total turnover of the company was 102 crores with a bottom line of two crore forty-seven lakhs and an EPS of 1.6 per share. For the current quarter ended, first quarter FY22 the total income for the company was 28 crore because of the slow down induced by the lockdown in many regions with the EBITDA margin of 11.67% and a PAT margin of 4.33% and an EPS of 0.86 per share. For the current financial year, we are looking at a revenue growth of approximately 40 to 50 % with an expected EBITDA margin of approximately 13 to

15%. We are planning to achieve this by better capacity utilization in the current year and also by introducing the new materials that Manish has informed about the tile adhesive as well as gypsum plaster. So, I would now like to ask any of you if you would like to ask any questions. Nikunjji, should we start with the Q and A.

Mr Nikunj Seth: Yeah. Yeah, sure. Bharati you can just go ahead with the Q&A session.

Bharati: Yes Sir. Thank you, Sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing star and one again. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. First question comes from Lokesh Daga, an individual investor. Please go ahead.

Mr Lokesh Daga: Yes, Sir. Thank you so much for giving the opportunity and first of all I would like to tell you that this is a great opportunity, a great platform that you have started doing the conference call the investors like us have great opportunity to ask few questions to you as well

So, just broadly I would like to ask some questions related to the industry or the market. Can you Sir please elaborate in terms of what is the market size of the AAC block market in terms of global or may be domestic and what is the market, market in terms of any numbers and what is our share in that market? If not global, at least I would like to know what is our share in domestic market, in terms of percentage may be.

Mr. Mohit Saboo: It would not be wise to discuss PAN India because these blocks usually are sold, you know, at a distance of maximum 300 to 400 kilometers of the plant location and we can assume that you know Maharashtra market size on a monthly basis would be about 4,00,000 cubic meters per month and out of that our supplies to that market are about 25,000 cubic meters. So, to Maharashtra market we are at about 6% and similarly the market size for Gujarat would be about 2,00,000 to 2,50,000 cubic meters out of which we supply about anywhere between 20,000 25,000 cubic meters. So, about 10 to 12% of Gujarat market is served by us.

Mr Lokesh Daga: Okay and in terms of PAN India?

Mr. Mohit Saboo: Hello.

Mr Lokesh Daga: Hello.

Mr. Mohit Saboo: Yes.

Mr Lokesh Daga: Okay, okay sir and even about our Ahmedabad and Vapi plants, what kind of capacity we have over there, production capacity and what is the utilization would be maintained on a general level?

Mr. Mohit Saboo: So, Vapi plant the capacity we have is 3,00,000 cubic meters per

annum and currently we are running the same at about 90% in the current scenario in the first quarter, we were at about 70% because of second wave of COVID and at our Ahmedabad unit the capacity is 2,50,000 cubic meters per annum. Currently, again the same is running at 100% and it was running at about 75 to 80 % in the first quarter.

Mr Lokesh Daga: Okay, okay. Sir, and would you like to tell what was the capacity during the COVID times may be or during the first phase when COVID started? What kind of downfall did we see or did we did not see any downfall in terms of capacity?

Mr. Mohit Saboo: So, the Ahmedabad plant during the last year from April to September had an installed capacity of 2,00,000 cubic meters per annum. And the utilized capacity in the first half year was at approximately 60-65% whereas for the second part of the year, for the Ahmedabad plant the utilized capacity was at 100% even after the capacity addition done in the month of October, whereas for the Vapi plant, at Umargaon, the majority of our sales come from Bombay and Pune region and that was majorly under lockdown during the first phase of COVID from April till about August. So, capacity utilization at Umargaon plant for the first half year of last year was approximately 45% whereas for the second half....

Mr Lokesh Daga: Hello

Mr. Mohit Saboo: ... it was around 85 to 90%.

Mr Lokesh Daga: In the second half it was around 75 to 90%?

Bharati: Sorry to interrupt Lokesh Sir.

Mr Lokesh Daga: Yeah

Bharati: Yes, sir. Sir, your voice is breaking, can you please rejoin the queue Sir. We will check your line.

Mr Lokesh Daga: Okay.

Bharati: Thank you Sir. Next question comes from Nilesh Karani from Magnum Equity Broking Ltd. Please go ahead.

Mr Nilesh Karani: Hello. Hi Sir.

Mr. Mohit Saboo: ... Your voice is a little low.

Mr Nilesh Karani: But, yeah, hello, I am audible?

Mr. Mohit Saboo: Yes, perfect now.

Mr Nilesh Karani: So, just to understand, see you spoke about like 50% from here you see for next two-three quarters rise in your topline or probably an EBITDA levels around 13%, so do you think that the construction or this market is growing so fast like that our products will, you know, like we will have 50% more revenues and EBITDA

levels and all.

Mr. Mohit Saboo: So, in the first quarter of the current year the capital utilization was less only because of the lockdown induced because of the second wave of COVID. Apart from that the demand is pretty good in the industry. And also, as we already mentioned that as of today out of the walling material markets it is still majorly dominated by the red bricks by approximately 85% whereas only 10% comes from AAC blocks and other 5% from other walling material like MIVAN structure and all those things, pre fabricated structures.

Mr Nilesh Karani: Correct. No, no, my question was more like have we secured any further orders already in hand so are projecting that 50% rise from there or what, what is that scenario actually?

Mr. Mohit Saboo: So, we keep on getting regular orders from our customers and also there are big and huge projects in pipeline, like government is also incentivizing on Awas Yojana housing for all and CIDCO is also coming up with huge projects in Palghar as well as in Navi Mumbai for development. These are all the Government projects that I am talking about. Apart from this even private projects are coming up pretty good.

Mr Nilesh Karani: Okay. And Sir, how are our payments coming?

Mr. Mohit Saboo: ACC Cement as well as Ambuja Cement and we are manufacturing approximately 5 to 6 % of our blocks for their brand name on a month-on-month basis.

Mr Nilesh Karani: Okay. And there the margins would be less or what?

Mr. Mohit Saboo: No No, margins are almost same or better.

Mr Nilesh Karani: And just one more question Sir, like I wanted to understand like how are the payment this thing comes when we give the this to the builders or whatever direct sale or how do we do this billing and invoicing and, you know, how do we get our payments released like can you just...

Mr. Mohit Saboo: So, we have different angles of sales, either we sell through distributors or directly to builders, so when we sell through distributors, we have a security check of the distributor and everything and a proper KYC is done and the payments terms with distributor are generally 30 to 45 days and at times even advance. Whereas for builders, the payment terms are generally 45 to 60 days, but the payments are on an average generally delayed by 15 days, but not more than that generally.

Mr Nilesh Karani: Okay, but any defaults do you see in this segment or no, no defaults?

Mr. Mohit Saboo: See after GST and after RERA and everything, there are hardly any defaults because by the RERA number we can see the status of the project as well as if there are any litigations in the project, the estimated date of project completion,

because of all those things it has become much helpful.

Mr Nilesh Karani: You know because I have read somewhere like you know these loans to builder and probably that could be a, you know, probably a headache for, you know, banks and everybody going forward, so how do you see our company in that state like whether we will be 100% secured on that front or how we can?

Mr. Mohit Saboo: So, for the payment security what we have started all the more after COVID is that either we are selling through distributors with whom we have done proper KYC and we are giving open credit to only reputed builders to the likes of Lodha, L&T, PSP and all such big customers who have been in the industry since more than 10-15 years. For other builders who are new in the industry, we have adopted a system of collecting PDCs on delivery of materials.

Mr Nilesh Karani: Great, great and Sir what is our inventory right now can you just if you have some figures, number?

Mr. Mohit Saboo: So, current inventory stands at about 8 to 10% of the sales.

Mr Nilesh Karani: Okay, thank you sir. Thank you so much.

Bharati: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next question comes from Tushar Sardar, an individual investor. Please go ahead.

Mr Tushar Sardar: Hello, am I audible?

Mr. Mohit Saboo: Yes.

Mr Tushar Sardar: Yeah, so congratulations on good set of numbers. So, I have two questions. So, first question is have we seen any price hike in our raw material during the lockdown period? And if there is an increase in price, so do we pass it to end consumer?

Mr. Mohit Saboo: Yes, so, you know, in the last four or five months there has been a price rise of approximately 4-5% in some of the raw materials and we keep on doing price hikes as we keep get raw material price hike when the demand is good.

Mr Tushar Sardar: Okay, okay. Thank you.

Mr. Mohit Saboo: The first quarter was slow, we did not do any price hike in the first quarter, but now that the demand and everything is good since the last one month, now we are doing a price hike.

Mr Tushar Sardar: Okay. So, the second question is what do you think would be our competitive advantage over our peers? Why are we different than our peers?

Mr. Mohit Saboo: So, the company is already BigBloc Constructions doesn't have any long-term debt and there is a very very small debt on the company which we have

taken over. So, that is I think one of our biggest advantage. Other than that, the locations of our plants are major supplies are to Mumbai from our Vapi unit whereas majority of the other units are located at Surat, which is another 150 kilometers more than where we are. Similarly, our plant near Ahmedabad is just at about 60 kilometers from the city and transportation being one of the major costs, I think that gives us one of the advantages. Other than that, our own fleet of trucks where 40 trucks wherein, you know, we take care of almost 40% of our finished goods transportation. This helps us to deliver material on time and thus you know our services are way better compared to our competitors.

Mr Tushar Sardar: Okay. Okay. Fine. And my last question is so since we are in a growth phase, so there are any plans for exports?

Mr. Mohit Saboo: Frankly, the demand in India currently is so good that we don't need to look at export, but yes, we do get inquiries from Sri Lanka and Dubai markets on and off, which we can explore and also currently the international freight prices are very very high and I think India is doing way better in COVID compared to other countries. So, may be once these situations settle, we can definitely look at export market, but for our capacity Indian market is good enough in current scenario.

Mr Tushar Sardar: Okay. Okay. Fine, fine. Thank you so much and all the best.

Bharati: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next question comes from Shivam Pandey, an individual investor, please go ahead. Mr. Shivam Pandey you can go ahead with the question.

Mr Shivam Pandey: Am I audible?

Mr. Mohit Saboo: Yes, you are.

Mr Shivam Pandey: Yes, so my question is what about our logistics and freight cost like how much percent of total sales?

Mr. Mohit Saboo: So, the total logistics cost is involved in two parts; one of them is getting the raw material to the factories as the fly ash is free of cost, we just have to bear the transportation in case of fly ash and you know, 60 % of our raw material is fly ash. So, one part is that cost whereas the other cost is in sending the goods to the customers. Combining both the things together, our total freight cost is approximately 17 to 20% of our total sales.

Mr Shivam Pandey: Okay. Yeah. Thank you so much.

Bharati: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next, we have a follow up question from Mr. Lokesh Daga, an individual investor, please go ahead.

Mr Lokesh Daga: Hello Sir. Now can you hear me? I guess there was some disturbance in my line earlier time.

Mr. Mohit Saboo: Yes, we can hear you now.

Mr Lokesh Daga: Yes, Sir. Thank you so much. I just had a couple of more questions may be. As we know that we are currently almost on a 100%, nearly 90% capacity. So, Sir is there any plans for expansion because as you mentioned you are also getting orders from Sri Lanka or something. So, considering the exports and we are also or considering to take a bit of debt as we are not very much debt heavy. So, can we have some plans to expand in may be domestically or also consider exports and if we do that, how would it be as in greenfield or brownfield, can you throw some light on it?

Mr. Mohit Saboo: So, we are already in plans to expand the installed capacity at Umargaon, which is the Vapi plant by approximately 15% in the current fiscal and apart from that we are also looking at some other greenfield expansions to be done, but we are still in the talks and we should be finalizing the same in the coming month or two.

Mr Lokesh Daga: Okay, okay. Sure, Sir and what kind of growth do we see in terms of as in if we are planning to do a 15% capex so, do we plan to continuously do add or there would be some sort of stagnancy for a couple of years or maybe we can do it again.

Mr. Mohit Saboo: Can you come again on the question your voice was breaking in between somehow?

Mr Lokesh Daga: No, no. I was saying as now planning to expand 15% and the next expansion as in [inaudible 00:28:11].

Mr. Mohit Saboo: Sorry to bother, sorry to interrupt but your voice was again breaking. We plan to increase the capacity by 15% and again further expansion.

Mr Lokesh Daga: Hello

Mr. Mohit Saboo: Yes.

Mr Lokesh Daga: So, I guess there is some issue from my line, so I would like to restrict my question.

Mr. Mohit Saboo: Okay.

Bharati: Thank you Lokesh Sir.

Mr Lokesh Daga: Thank you.

Bharati: Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next, we have a question from Chirag Shah, an individual investor. Please go ahead.

Mr Chirag Shah: I am audible?

Mr. Mohit Saboo: Yes.

Mr Chirag Shah: Hi Sir, congratulations on good set of numbers. As the industry already faced some problems in the COVID times, so how we can see the industry moving ahead post the resumption of activities?

Mr. Mohit Saboo: So, whatever issues the industry faced during COVID times, I think it was not for just construction industry, but for all the industries. There were labor shortages, each state had its own, you know, lockdown, new rules were coming in every day which affected entire working, entire nation and past that I think all the real estate companies, all the builders, everyone have performed well, the sales across the sector; be it housing or offices, everything has been good. So, the industry has actually come out really well and there are pretty good new project coming up both at Gujarat as well as Maharashtra going forward.

Mr Chirag Shah: I have one more question. As we used, as earlier mentioned we use fly ash as a raw material component for bricks. So, how this can be beneficial to our company?

Mr. Mohit Saboo: So, fly ash is a waste from thermal power plants. It's a by-product for them, which they were using for land fills, frankly. So, this fly ash we are getting free of cost. We are only, we only have to pay the transportation cost. So, in a way we are saving the environment and also doing that we are generating carbon credits. So, it's a very very positive thing that 60-65% of the raw material is free of cost for the company, so even, you know, in difficult times, in inflationary times wherein 65% of the raw materials the company only has to pay transportation cost, it actually there is no pressure on pricing for the company for the raw material.

Mr Chirag Shah: Okay. And one more thing Sir, as currently we are the family run business, so are we looking at hiring a professional team seeing respective domains like sales, marketing?

Mr. Mohit Saboo: We already have professionals at each of our units. At our Vapi unit we have someone from the industry, who has an experience in building material of more than 30 years and at our marketing facilities at Ahmedabad and Mumbai, we have a setup of, at Mumbai we have about 15 people in marketing whereas at Ahmedabad office we have about 7 people at marketing. So, also, we have marketing people at MP, even at Rajasthan and Pune market.

Mr Chirag Shah: Okay. Thank you so much for your guidance and all the best.

Mr. Mohit Saboo: Thank you.

Bharati: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Ladies and gentlemen... Yes, sir

Mr Nikunj Seth: Bharati, there are no further questions, I think.

Bharati: Yes Sir. Ladies and gentlemen, that would be the last question for the day. Now I hand over the floor to Mr. Nikunj Seth for the closing comments.

Mr Nikunj Seth: Yeah. Thank you, thank you the participants for joining the call and thank you management for taking our time and lastly Manishji and Mohitji, if you can, you know, give us some guidance on the volume growth, the margin growth to our investors, probably, you know, would be helpful.

Mr. Mohit Saboo: So, for the current fiscal year end at March 22 we are looking at the volume growth of approximately 40 to 45% with the EBITDA increase of approximately 2-4% anywhere and plus, you know, we are as I already mentioned that we are even looking at some other green field expansion, but that might take some time to materialize and commercialize, but yeah, we should be coming up with those announcements as well in the due course of time.

Mr Nikunj Seth: Sure, that helps. Thank you, Manish ji if you can just, you know, give your closing comments on the call.

Mr. Manish Saboo: Thank you everyone. It was really nice answering all your queries. I hope we did justice to all of them. Thank you very much.

Bharati: Thank you Sir. Thank you everyone. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.
