



BIGBLOC CONSTRUCTION LIMITED

CIN NO. : L45200GJ2015PLC083577

Regd. Off. : 601-B, 'A' Wing, International Trade Centre, Majura Gate, Ring Road, Surat-395 002.

(Ph.) : +91-261-2463261, 2463262, 2463263 (F) : +91-261-2463264

(E) : bigblockconstructionltd@gmail.com Visit us : www.nxtbloc.in



NXTBLOC
Autoclaved Aerated Concrete Blocks

Date: 01/02/2023

To, Department of Corporate Service, Bombay Stock Exchange Limited, 1 st Floor, PhirozeJeejeebhoy 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 Wednesday, 25th January, 2023 at 2:00PM IST to discuss on Q3/9M-FY23 results and business outlook of the Company.

You are requested to take the above information on record.

Yours Faithfully,

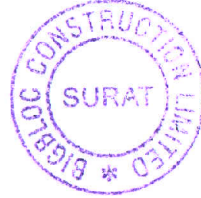
FOR AND ON BEHALF OF BIGBLOC CONSTRUCTION LIMITED

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NISHTHA PAMNANI

(Company Secretary and Compliance Officer)

ACS-58276



Encl. as above

Bigbloc Construction Limited
Earnings Conference Call
January 25, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY23 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. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Sir.

Anuj Sonpal: Thank you Michelle. Good afternoon, everyone, and a very welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Bigbloc Construction Limited.

On behalf of the company, I would like to thank you all for participating in the company's earnings call for the third quarter and 9 months ended of financial year 2023. 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 information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making 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 to the management participating with us in today's earnings call I will hand it over to them for remarks. We have with us Mr. Mohit Saboo – Director and Chief Financial Officer. Without any further delay, I request Mr. Mohit to start with his opening remarks. Thank you and over to you, Sir.

Mohit Saboo: Good afternoon, everyone. It gives me immense pleasure to welcome you all to our earnings conference call for the third quarter and 9 months ended for the financial year 2023. In the interest of those participants joining us today who may be unfamiliar with the business of the company I would like to give a brief overview of the company first. Bigbloc Construction Limited is one of the largest manufacturers in India of autoclaved aerated concrete blocks AAC blocks and related product manufacturing company with a total installed capacity of 5,75,000

cubic meter per annum. AAC blocks are a superior quality building material which provide an unparalleled blend of strength, thermal insulation, sound proofing, unsurpassed fire resistance and highly proficient building capacity. AAC is a light weight, natural and nontoxic construction materials that saves energy and is ecofriendly. These AAC blocks of the company are marketed under the brand names NXTBLOC which is a green product for the construction industry. Bigbloc aims to become an unparallel name in the industry manufacturing quality building materials that focus on sustainability. It also hopes to aid the construction and infrastructure industry and adopting green and sustainable practices for a better future. Bigbloc currently has two state of the art manufacturing units located at Vapi and Ahmedabad in Gujarat and making it one of the largest AAC manufactures in India. Moreover, with the ongoing capacity expansion plans the company will catapult to become the largest AAC manufacture in India by FY24.

Now, let me start by briefing you on the company's financial performances on a consolidated basis for the third quarter of the financial year 2023. The third quarter operating revenues were 49.5 crores which was up by 2% quarter-on-quarter, but were marginally down by 6% year-on-year due to impact on demand driven by an extended monsoon season, Diwali season and also some impact due to inflationary reasons although the decline in sales volume were offset by the higher sales realizations. The consolidated capacity utilization improved from 79% in Q2 FY23 to 83% in Q3 FY23. EBITDA stood at Rs. 13.3 crores witnessing a robust growth of 82% on a year-on-year basis. EBITDA margins stood at around 26.87%. EBITDA margins improved in Q3 FY23 due to higher sales realization and further cost optimization on logistics and power cost. PAT was reported at Rs. 7 crores which grew by almost 83% year-on-year basis. PAT margins for the quarter was approximately 15.56%. For the 9 months under review, we reported consolidated operating revenue of Rs. 154 crores which grew by 25% year-on-year basis. EBITDA was reported Rs. 40 crores which grew by 141% year-on-year. EBITDA margin stood at 25.72% also PAT was reported Rs. 25 crores witnessing a growth of almost 186% on a year-on-year basis. PAT margins stood at 16.02%.

Coming to the operational highlights for the quarter under review. During the quarter the joint venture company Siam Cement Big Bloc Construction Technologies Private Limited acquired 60,000 square meter land at KapadvanjKheda district near Ahmedabad, Gujarat for setting up a 3 lakhs cubic meter per annum per annum plant. Siam Cement Big Bloc Construction Technologies Private Limited is a JV between Bigbloc Construction Limited and SCG group from Thailand wherein Bigbloc holds 52% stake and SCG holds the stake of 48%. The JV with SCG group aims to share techno commercial knowledge somewhat mutual growth and corporation in the construction industry and bring new edge building materials to Indian markets. The company is also setting up two Greenfield projects with a combined capacity of 8 lakh CMB per annum out of which 5 lakh CBM plant at Wada is at Palghar District at Maharashtra which is currently under installation and the commercial productions are expected to begin in the month of February. Post completion of all expansion projects the

company storing capacity is increased to 13.75 lakh cubic meter per annum making the company the largest AAC player in the country. We also expect to generate almost 2.5 to 3 lakh tons of carbon credit ever year post this expansion. With these expansions the company will further penetrate its presence in the untapped tap market across the western regions and also make it the largest player in India. Strategic initiatives and operational efficiency with a vision for building a brand with innovative products are likely to contribute to healthy growth and maximize value for all stakeholders in the near-to-medium term. With this, we can now open the floor for questions and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of CA Garvit Goyal from NVest Research. Please go ahead.

CA Garvit Goyal: My first question is on the volume side volumes for the Quarter 3 are significantly down on YoY basis despite being a very good quarter for construction activities as you also mentioned in last concall so this call is raising a big question on migration from red bricks to AAC blocks and ramping up of your upcoming facilities, so what is your honest view on the same sir?

Mohit Saboo: The volume for year-on-year basis is a little on the lower side there are mainly three arbitral reasons for the same. One of them is the little slowdown in monsoon as monsoon continued even during October month in Gujarat and Maharashtra region. Secondly, this year because of lot of travel and everything opening up during Diwali. So, it was a long vacation season during which labor as well as lot of people were busy travelling and thirdly because of better prices realization the volume turn down to be little on the lower side, but inspite of that the capacity utilization has been at around 83% and also during after Diwali what happens generally in Gujarat and such region is there is a long vacation period because of which the capacity utilization for the Gujarat plant was comparatively lower whereas for Bombay it was comparatively on a higher side.

CA Garvit Goyal: That is one and coming to the guidance part that was given in last concall you mentioned volume shall grow 8% to 9% over FY22, but your 9month volumes are down as compared to the corresponding 9 months that is 4% down, so what is your view on that and how will the total volume will shape up by the end of financial year 23?

Mohit Saboo: For the financial year 2023 the volume should be at almost similar level as what it was for FY22 because of these slowdowns because of the monsoon season and slowdown monsoon and Diwali vacations and also apart from this because of the interest rate hikes and inflationary pressure there was a little bit sluggishness in the market as compared to what it was in the previous year, but that margins compensation has been happened by the increase in realizations.

CA Garvit Goyal: Sir in this particular quarter your realizations I think are down to 4,290 in H1 it was 4,380 so what is the reason for that?

Mohit Saboo: The realizations are little down in that aspect because of overall the pricing of all the raw materials and everything have also come down and because of which our customers have also requested us to reduce some prices on some aspects that is the whole and sole reason behind that.

CA Garvit Goyal: Means your earlier guidance is not holding true like 8% to 9% increase in volume as you mentioned the volume will be flattish for FY23?

Mohit Saboo: Our volumes should remain flattish in FY23 for the existing capacities for the new upcoming capacities the scale up will happen month-over-month and our guidance remains still the same that the lower capacity volumes have been compensated by higher margins, higher selling prices little bit over new prices for year-on-year basis and selling prices have gone up by almost 12 to 15%.

CA Garvit Goyal: That I agree, but earlier you mentioned that the volume growth will be 8% to 9% over FY22, if FY22 you did around 497,000 kind of volume and based on that it should be 562,000, so I was asking from that point of view whether you are stepping back from those guidance in volumes?

Mohit Saboo: So, on a year-on-year basis our volume should be more or less flattish.

CA Garvit Goyal: And earlier guidance in the terms of top line you were mentioning you will achieve 225 Cr kind of top line, so what is your view on that now?

Mohit Saboo: Our top line should be achieved as it was guided earlier because the volume down growth has been compensated by a better pricing and better margin realization.

CA Garvit Goyal: So that means you are saying your guidance for 225 Cr of top line you will achieve, but in 9 months you have done only 154 Cr, so for that to achieve you have to achieve almost 55 Cr kind of revenues in Quarter 4, is it okay with you means or else with your guidance?

Mohit Saboo: Yes in 9 months we have achieved almost 154 crores of volumes and also there will be new capacity addition taking place in the upcoming months the Wada plant will start commercial production so that should add to the volumes, the better revenues.

CA Garvit Goyal: I agree but the point is you are saying earlier you had guided for 225 Cr kind of revenue right and in first 9 months you have achieved 154 Cr, so you are saying the guidance is still holding true for revenues in value terms, so for that to achieve you have to almost do around 75 Cr kind of revenues in Quarter 4, so are you seeing this numbers to come in Quarter 4?

Mohit Saboo: We should be getting almost 55 crore to 65 crores of revenue in Quarter 4 that is what we are envisaging so far because in Q3 also we got a revenue of almost 50 crores and in last year also we got similar revenues so 50 crores is the revenue from the normal operations that we are

getting on a quarter-on-quarter basis and apart from that we should get some additional revenue from the upcoming facilities. So, 55 crores to 65 crores should be the revenue for the next quarter.

CA Garvit Goyal: And what kind of EBITDA margins you are expecting for that 65 Cr revenue?

Mohit Saboo: The EBITDA margins that we have witnessed in the last two, three quarters we should be able to continue with those things.

CA Garvit Goyal: In the Quarter 4 right?

Mohit Saboo: Yes.

Moderator: Thank you. We have the next question from the line of Foram Ghoshal, an Individual Investor. Please go ahead.

Foram Ghoshal: So, just you can you elaborate on previous person questions as in why volumes decline by over 15% year-on-year like is there a structural slowdown in the real estate sector that you are witnessing like we are hearing very good sales from the real estate players these days, so then why is it that it is not reflecting in our sales, how is like the current order book right now and also demand was down why did realizations go up even in this quarter, do you see any correction impact on the realization in the coming quarters due to the lower demand?

Mohit Saboo: So, the capacity utilization has been down by almost approximately 15% majority of the reasons that can be attributed to the same is a little bit of the prolong monsoon as I already mentioned earlier and also what happens during Diwali this year after two years of COVID which was there during Diwali period this time it was a completely open travel season. So, because of which a lot of people were travelling and that was probably one of the reasons that we can envisage for the slowdown during Diwali period which was for almost 10 days to 15 days and regarding pricing utilization so the demand has been pretty good because of which we have been able to get our prices on a better and get better realizations in this quarter and we see in the current quarter also we see the pricing to be almost the similar basis or a little bit maybe also on the higher side. Coming down to your question for the real estate sector in the demand scenario. So, overall, currently also we are seeing good demand in the market and we are continuously seeing that red bricks are being replaced by AAC blocks on a quarter-on-quarter basis, consumption of AAC blocks is going high and as of today also I think AAC blocks in majority of the regions that we are present in the pricing of AAC blocks is lower than that of red bricks. So, from that angle also we see a good comfort level in increasing the prices or maintaining our similar margins going ahead.

Foram Ghoshal: Then if you are saying that if demand is good then why our current sales down?

Mohit Saboo: As I mentioned the sales were down during October and November month. October was because of prolonged monsoon season because generally people do not expect monsoon to continue until almost 10th, 15th October one reason was that and secondly also during Diwali period what happen was there this demand was a little slow because of unavailability of labor also and also because of lot of people travelling so these were the main things that we have observed. December months the demand was at full fledge and currently also we are observing full demand scenario.

Foram Ghoshal: Sir one follow-up question regarding volumes so with volume coming down are you sure that we will be able to sustain the margins in the long run and what is the biggest reason for seeing such a high margins because we have not seen such margins in the industry before?

Mohit Saboo: So, the volumes have come down, but as you have seen in Q3 also that margins have gone up. So, it means that the prices are sustainable and also this is a product in which you cannot do inventory for a very long period nor at our factories, nor at the site of the builder or the contractor. So, it is not possible to stop this product for a very long period or huge quantity of it nor at our factory premises nor at the site of the customers who is the builder or a contractor because it is a bulky product and because of that when there is a temporary slowdown like because of prolonged monsoons or because of slowdown during Diwali season when a lot of the construction sites were closed because of all such things the capacity utilization has been a little lower in this quarter, but we have been able to get better realizations in the last quarter even after lower capacity utilizations and in the current quarter also we are witnessing almost similar pricing.

Participant: Sir just one more last question did we have any carbon credit sales during the quarter and if so how much was it?

Mohit Saboo: In the running quarter Q3 there was no carbon credit sales. We are currently getting our credit issued for which the audit is ongoing and the last carbon credit that we had sold were in Q2 which was for an amount of approximately 1.35 or 1.4 crores and these credits were issued for the period up to August 2021. Now for the period from September 2021 till November 2022 the audit is ongoing.

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

CA Garvit Goyal: Sir can you spent some time on your expansion plans number one, do you have currently expansion plans at two facilities one is in Wada and one is in Kapadvanj. One is in Maharashtra and another one would be in Gujarat. So, what is the status currently and how are you looking at utilizing these facilities if you are not going to seeing aggressive growth in AAC blocks, so can you spent some time in explaining this?

Mohit Saboo: We have two upcoming facilities for expansion. One of them you said Wada which is again in a wholly owned subsidiary of Bigbloc Construction Limited whereby we are putting up a capacity of 5,00,000 cubic meter per annum which will be into two phases. First phase we are starting commercial production tentatively in February 2023 of 2,50,000 cubic meters per annum and the second expansion that is upcoming at Kapadvanj near Kheda is in the JV company with SCG where Bigbloc who has the stake of 52% and SCG holders stake of 48%. So, the expansion at Wada is only for AAC blocks whereas the expansion at in the JV company is for AAC blocks as well as panels. Coming down to the status of expansion so the Wada plant as I mentioned we will start commercial production in February 23 for phase 1 and phase 2 we intend to start commercial production tentatively later on in the year 2023 itself and for the JV company also we intend to start commercial production and calendar year 2023 so probably in Q3 2023 and regarding the capacity addition so we see a robust future and for the real estate segment and also we are increasing our marketing spread and marketing teams in order to get better capacity utilizations for the upcoming capacities and replacement of red brick is still huge opportunity market for us. As per our estimate, the share of AAC blocks is just around 10% to 11% whereas red bricks is still around 80%, 85%.

CA Garvit Goyal: See when I look at these capacity expansion if this is huge so are you sure that the market needs that level of capacity which can be observed within say one or two years from the time you go or commercialize these facilities, you have any view on that?

Mohit Saboo: This capacity addition is needed because as I mentioned the share of AAC blocks is still very low in our country. If we look at a country like China where there are more than 3,500 - 4,000 AAC blocks plant whereas India just have maybe around 150 to 175 AAC block plants. So, if you look from that dynamics and if you look from that growth opportunity I am sure you can visualize that kind of growth is possible and much needed. Moreover, what happens is earlier red bricks used to be very cheap and also of lately the government is also trying to curve down on the usage of red bricks and that is how we are trying to gain attraction and advantage for AAC blocks.

CA Garvit Goyal: Another question in your presentation you have spoken about 60% subsidiary from State government it is on which amount sir like when you say 60% how would you quantify that the CAPEX that you incurred in?

Mohit Saboo: So, the CAPEX that is upcoming in Wada there is a state government subsidiary ongoing whereby if you are an MSME and if your CAPEX is less than 50 crores then 60% of that amount will be few debt subsidy from the government spread over a period of 10 years. So, that is the reason that we have divided the project into two phases. The first phase this will be 2.5 lakh cubic meters for which the CAPEX will be approximately 48 – 49 crores and on this we will get subsidy from the government which will be in the form of interest subvention, electricity, UT subventions, stamp duty exemption, gross GST refunds all such methods.

CA Garvit Goyal: Regarding this joint venture that you are with the Singapore based company, can you elaborate on the product I see that something like wall panels and stuff which is being considered, so can you spent two minutes on explaining the products that you are looking at as part of the joint venture?

Mohit Saboo: Currently we are manufacturing AAC blocks which is autoclaved aerated concrete blocks and one block is almost in terms of size that 9 red bricks is equal to one AAC blocks. In the joint venture we will be manufacture AAC panels so again more or less majority of the setup and majority of the infrastructure is the same, but instead of manufacturing AAC blocks what will happen is the panels will be huge big size panels which will have a height of almost 8, 9 or 10 feet as required at the construction site a width of three feet which will be more or less standard and thickness of 3 inch, 4 inch, 6 inch which is required by the customer depending on his internal or external wall partition. Moreover, this panel will be reinforced with steel. So, because of using these panels the construction will be much more faster. It is steel reinforce so that way the product is much superior as compared to AAC blocks. So, this will be what and currently there is hardly anyone who is doing AIC panels in India. So, it is another new age green building material.

CA Garvit Goyal: And predominantly these panels are used in commercial projects is it or it could be used anywhere?

Mohit Saboo: It can be used anywhere, can be used even in residential, commercial, industrial all projects. So, currently the AAC blocks that we are selling we are supplying to lots of industries as well. So, we are supplying to AmiOrganics if you are aware also we are getting lots of inquiries from lots of other industrial developments that are taking place in Gujarat as well as Maharashtra. So, L&T also to the likes of developing a factor for JSW for that also they are using AAC blocks. Reliance township is coming up in Nagothane for which we are supplying AAC blocks. So, the demand scope and potential is huge.

CA Garvit Goyal: And have you started doing some pilot work on this wall paneling as well I know that your facility is not ready, but in order to test the pulse of the customer like whether they would be really using those stuff, so have you had any experience firsthand experience on that till now?

Mohit Saboo: So our partner deal from SCG has already been selling panels at different locations across the country and we together have also done some mockups at some of our customer size which includes the like of Lodha and L&T and they have shown interest in the product and they have liked the product, but they want to know the consistent supplier the lead time and everything and when you are importing and selling the product all those things turn out to be little bit of the challenge and we are not able to comment them all those things and because of which they have not yet placed commercial orders for the same, but the additional marketing efforts that we will have to do which will be done in before three months of which the commercial production at that particular plant.

CA Garvit Goyal: Regarding this target sir like for this year you as the previous participant was asking you it was 225 Cr or something like that for FY23 you are confident of achieving that levels that is what you responded I suppose can you confirm that?

Mohit Saboo: We are confident of achieving at least around 95% of that targets.

CA Garvit Goyal: And with the similar level of margins that is what you said correct?

Mohit Saboo: Yes, I think you would have observed that moreover in all quarters our margins have been at almost similar levels.

CA Garvit Goyal: I think I asked this question again and again you have this basic raw material for manufacturing this block as flyash, so if it is sufficiently available for you are you seeing any challenges in near future in terms of raw material procurement side?

Mohit Saboo: No, we are not facing any such challenges because our main raw materials are fly ash, cement, lime and all of them are available in abundance in the regions where we are currently present.

CA Garvit Goyal: And what is your view for next three years like where you want to reach?

Mohit Saboo: We already have these two CAPEX plans for west in hand and once we start the commercial production at Wada we will be looking at two other altogether new geographies for our further expansions. One of them will be in the North and the second in the South.

Moderator: Thank you. We have the next question from the line of Chintan Desai from Param Capital. Please go ahead.

Chintan Desai: Just one data point I needed for the bricks till Q1 we have been sharing the pricing of bricks, can you please share us what would be the pricing for Q2 and Q3 of bricks?

Mohit Saboo: Brick pricing earlier used to be in the range of almost two years back used to be in the range of Rs. 3 and Rs. 3.5 which on the topmost level had gone up to almost Rs. 10 to Rs. 11 a brick and after that the brick prices have also come down marginally and current brick prices are ranging in the range of Rs. 8 to Rs. 9 a brick, if we see that in terms of cubic meter than the brick pricing comes down to almost Rs. 4,500 to Rs. 5,500 a cubic meter approximately.

Chintan Desai: And any outlook on the pricing for the bricks as in the stricter regulation and hence this price more or less should be the precursor that we should look at or it can further fall?

Mohit Saboo: I think this pricing of bricks are nowhere coming down because for them the transportation cost is three times than what it is for us because the densities are much higher. Secondly, slowly and gradually the kilns are moving away from the city. So, for them the distance is also

increasing and the pricing is also going up and also overall manufacturing bricks as well application of bricks making of all using bricks in every aspects bricks are turning out to be more and more expensive. So, looking at that aspect brick will keep on going down from quarter-on-quarter basis going ahead.

Chintan Desai: Last question in terms of awareness in particular with respect to AAC blocks tier wise if you could give us some flavor as to urban areas developers are well aware of AAC blocks, how is the situation in rural areas or the towns where a single house is made by individual?

Mohit Saboo: In urban areas I think the market penetration in Tier 1 cities or going up to maybe even Tier 2 cities the penetration has been pretty good. In Tier 1 the penetration might be going up to 75%, 80% in Tier 2 maybe at around 60%, but in Tier 3 cities the penetration and awareness is still a little bit low and that is where we are working on ourselves also as well as through the contract manufacturing that we are doing for Ambuja and such people because of which we are able to penetrate such markets and generate some interest and inquiries and increase our quantities in that region.

Chintan Desai: Any activities from your side that you do to increase awareness in those areas?

Mohit Saboo: Just a normal marketing activities and getting them more aware about the advantages of AAC blocks and the harmful effects of bricks.

Moderator: Thank you. We have the next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: There is a lot of questions on your volume and demand, so do you have any way of estimate the demand in the region that you serve and your market share?

Mohit Saboo: So, the market share as of today in the region that we are present in so we would be having a market share of almost 4% to 6% on an average out of the total market of AAC blocks in western India which includes the cities of Bombay, Pune and mainly the states of Gujarat and Maharashtra and there is no concrete way to understand demand scenario because this product is replacing red bricks which is more or less a complete unorganized industry and what has happened since April even red bricks have been gotten under GST. So, lot of the red brick manufactures and all have also been to facing lot of challenges because of the compliance burden in Eway bill, re-invoicing of...

Moderator: I am sorry to interrupt sir can you please repeat your last line we could not hear you Mr. Saboo. Mr. Saboo are unable to hear you sir. I would request you to repeat your last line sir.

Mohit Saboo: So, from first April onwards even red bricks have come under the purview of GST and GST is okay, but for them the entire compliance of GST, Eway bills and also things are of huge headaches because of which lots of small unorganized red brick manufactures are also shutting down their facility to be very kind. So, there is no concrete market share for this product as compared to against red bricks.

Tushar Sarda: When I say market assessment you have given two states Maharashtra and Gujarat, but I thought your product would get transported to a very small distance it will really not travel very large distance, so I really mean micro market share?

Mohit Saboo: Sorry I did not get you can you come again.

Tushar Sarda: Your product cannot be transported very long distances because of the volume and the weight?

Mohit Saboo: We can go to a distance of almost 300 - 400 kilometer is easily to be very frank for this product. For that I have already given you what market share we currently have in the states of Gujarat and Maharashtra.

Tushar Sarda: So, who is your major competitor in AAC then?

Mohit Saboo: So, there is Hyderabad Industries Limited apart from that there is Magicrete. So, these are the two big names apart from that majority of them are all small unorganized players sort of things not unorganized exactly, but single plant or lower capacity size players.

Tushar Sarda: And how big are HIL and Magicrete?

Mohit Saboo: So, HIL currently has a capacity of around 8.5 or 10 lakh cubic meters and I think Magicrete is also set around similar capacities of around 7.5 lakh or 8 lakh cubic meters.

Moderator: Thank you. We have the next question from the line of Anirudh Singhi from Dalal&Broacha Portfolio Managers. Please go ahead.

Anirudh Singhi: I just wanted to understand your margin profile till FY22 we are doing like low teen sort of margin and certainly we are doing 24%, 25% margin, so what has led to this expansion?

Mohit Saboo: Your voice was quite low can you come again.

Anirudh Singhi: So, I am saying at the last year until FY22 we were low teen sort of margin and now we are doing mid 20 sort of margins so what has led to this jump?

Mohit Saboo: As I mentioned earlier also to one of the questions regarding as the margins gone up and what is the pricing of red bricks, so two years back as compared to red bricks AAC block was

an expensive product. So, the pricing of red bricks two years back used to be in the range of almost Rs. 1,800 to Rs. 2,200 a cubic meter whereas red bricks were in the range of almost Rs. 2,500, Rs. 2,700 a cubic meter. What has happened in the last two years is that red bricks because of the pollution control norms or because of the transportation cost and also moving away from the markets there overall costing and everything has gone up also now GST burden coming up on them. So, that is why pricing of red bricks have almost come up to almost Rs. 8, Rs. 9 a brick which comes down to almost Rs. 4,500 to Rs. 5,500 a cubic meter whereas AAC blocks today are comparatively cheaper than red bricks are. So, one of them main reason for it is this. Secondly also the awareness and availability and the acceptance for AAC blocks has grown up drastically in the last two years.

Anirudh Singh: So, do you expect these sort of margins to continue on the longer term?

Mohit Saboo: Yes, we definitely expect these sort of margins to continue for the longer term and I think that can be seen from our results itself from the last 8 quarters, 9 quarters where the overall the revenue margins and turnover everything has gone to sort of consistent levels and also as I mentioned earlier on one of the questions that the demand scope and the growth scope for AAC blocks is used because there is a product which is still replacing red bricks.

Anirudh Singh: And just to get a better understanding in the 9 months what% of our growth would be attributable to realization improvement and how much to volumes?

Mohit Saboo: Can you come on the question again.

Anirudh Singh: So, in this year how much of a growth is from volume and how much is from realization?

Mohit Saboo: So, in terms of volumes more or less it is sort of flattish. So, the majority of the growth has been just due to improvement in realizations.

Anirudh Singh: So now going ahead if we expect this sort of realization to continue our volume growth will have to drive the growth?

Mohit Saboo: The volume growth will also come ahead because of the capacity additions that we are also taking up.

Moderator: Thank you. We have the next question from the line of AvinashGorakshakar from Profitmart. Please go ahead.

AvinashGorakshakar: I think I had just two questions one is I wanted to know is the business seasonal because we saw a slight dip in your revenue for the third quarter moving, if you could tell us that...

Moderator: Sorry to interrupt Mr. Avinash. I will request you to use your handset to ask a question we cannot hear you clearly sir.

AvinashGorakshakar: Actually, I am travelling so there was a slight disturbance, but I just wanted to understand from the management team that if slightly seasonal if we see the second half that is Jan to March slightly more robust compared to the third quarter because December we saw a slight dip in revenues if you should share some details unfortunately I joined the call little late, so please accept my apology I am repeating the question?

Mohit Saboo: So, coming down to the seasonality question it is a little bit seasonal because what happens is in monsoon period the construction sites and all also get a little slow because of torrential monsoon in Bombay and overall Western India region and so in terms of capacity utilization generally in monsoon period and post Holi the capacity utilization are little on the lower side. Coming down to this quarter Q3 the capacity utilization has been a little low because of prolonged monsoon season which stretched up to October also and also during Diwali period there was a longer break and longer shutdown because of unavailability of labor and due to travel opening up everyone going to their villages and a lot of weddings and everything as well. So, because of majority of these two reasons October and November were a little slow and from December onwards I think we have seen the market pickup pretty well.

AvinashGorakshakar: So, can we expect that from the fourth quarter that is from January onwards you could definitely see not only realizations, but even the volume pick up to be significantly robust as compared to the third quarter if you could give us some clarity on that?

Mohit Saboo: Yes, I think we can definitely expect better capacity utilization in Q4 as compared to what we have observed in Q3.

AvinashGorakshakar: And one more question which I wanted to ask you that I know your Thailand facility your JV with your Thailand partner it would commission from the fourth quarter of FY24, so if you could share some details on that and how is it progress in the coming 12 months, some color on that?

Mohit Saboo: So, we have just completed the land acquisition and majority of the land that we acquire we say in Gujarat or any such regions are agricultural lands and the first process is to convert their agricultural land into a non agricultural land for which we will have to do lots of government formalities which have been already started and we expect to complete the same in the upcoming two, three months, but irrespective of that we can start construction activities at our site which we intend to start in the upcoming one month or so and we will also place machinery orders in the upcoming one or two months and post that we have a target of completing entire construction as well as installation of machinery activity in the period of almost 9 months to 10 months from starting the same.

AvinashGorakshakar: So hopefully we should be able to see some sort of revenue, some sort of turnover contribution at least in FY24 or is it going to be much beyond that because we are wanting to

know the investment is about 88 crores, 89 crores whatever work is going to be completed, can we see some sort of revenue in FY24 or a little later if you could give some clarity?

Mohit Saboo: So yes, we can expect some sort of revenues from the JV plant also by Q3 FY24 or Q4 FY24.

AvinashGorakshakar: Maybe second half of FY24 we would see a little bit of contribution I mean hopefully?

Mohit Saboo: Yes, I think we can see good contributions from Q4 FY24.

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

CA Garvit Goyal: My question has already been answered.

Moderator: Thank you. As that was the last question for today I would now like to hand the conference over to the management from Bigbloc Construction Limited for closing comments. Over to you, Sir.

Mohit Saboo: I would like to thank all of you for participating in this earnings conference call and asking such good questions. I hope we were able to answer all your questions satisfactorily and at the same time offer insights into our business and to upcoming growth plans. If you have any further questions I would like to like more about the company. Please reach out to our investor relation managers at Valorem Advisors. Thank you, stay safe and stay healthy.

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