AVP INFRACON LIMITED
Formerly - AVP INFRACON (P)LTD & AVP CONSTRUCTIONS (P)LTD
Reg. Off: E-30, IInd Floor, IInd Avenue, Besant Nagar,
Chennai-600090. Tel No: 044-4868 3999
CIN: L45400TN2009PLC072861

To,

Date: 10.06.2024

The Manager - Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', 5th Floor, 'G' Block,
Bandra-Kurla Complex
Bandra (East), Mumbai 400051

Scrip Symbol: AVPINFRA

Subject: Submission of Transcript of the Earnings Conference call held on Friday, June 07, 2024 at 04:00pm.

Dear Sir /Ma'am,

In continuation of our earlier letter dated June 08, 2024 informing about the audio link of the Earnings Conference Call and Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference call of the analyst/investor conference call which was held on Friday, June 07, 2024 at 04:00 P.M. to discussed the Audited Financial Results (Standalone and Consolidated) of the Company for the Half Year and Year ended 31st March, 2024.

Kindly acknowledge and take the same on records.

Thanking you,

Yours faithfully,
For AVP Infracon Limited

PRIYANKA SINGH

Digitally signed by PRIYANKA SINGH
Date: 2024.06.10 17:07:50 +05'30'

Priyanka Singh

Company Secretary and Compliance Officer

“AVP Infracon Limited

H2 FY '24 Results Conference Call”

June 07, 2024

MANAGEMENT: **MR. PRASANNA D – CHAIRMAN AND MANAGING DIRECTOR – AVP INFRACON LIMITED**
MR. VASANTH D – DIRECTOR – AVP INFRACON LIMITED
MRS. PRIYANKA SINGH – COMPANY SECRETARY – AVP INFRACON LIMITED

MODERATOR: **MS. PREETI BHARADWAJ – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to H2 FY '24 Results Conference Call of AVP Infracon Limited hosted by Kirin Advisors Private Limited. As a reminder, all participants' 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Preeti Bharadwaj from Kirin Advisors Private Limited. Thank you and over to you, ma'am.

Preeti Bharadwaj: Good afternoon. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of AVP Infracon Limited. From management side, we have Mr. Prasanna, Chairman and Managing Director, Mr. Vasanth, Director and Mrs. Priyanka, Company Secretary.

Now I hand over the call to Mr. Prasanna, Chairman and Managing Director. Over to you, sir.

Prasanna D: Good afternoon, everyone. I warmly welcome each one of you for the first conference call of AVP Infracon Limited. Before we get deep into the specifics of our performance during H2 FY '24 and FY '24, let me offer a brief overview about the company, AVP Infracon Limited.

Also known as AVP, we are established in 2009 and have since emerged as a prominent infrastructure development company in India. As a multi-domain infrastructure asset organization, AVP has effectively executed technically complex and high-value projects in various segments, which includes expressways, national highways, state highways, flyovers, bridges, viaducts, irrigation projects, urban development and commercial and residential projects. Over the past one decade, AVP has excelled in diverse projects, which includes government contracts and national initiatives, cementing its reputation as a trusted construction firm in the country.

The company has actively pursued construction opportunities, roads, bridges, irrigation, canal projects, flyovers and industrial areas, primarily focusing on projects in the state of Tamil Nadu. AVP boasts a robust track record of timely project execution, with a strong emphasis on workplace safety. Our in-house capabilities allow us to manage projects from conceptualization to completion, ensuring a fast turnaround time from acquisition to launch to completion.

We are also prioritizing task mitigation, which includes return on investment. We are dedicated to building the future of India with a strong foundation of integrity, teamwork and excellence. The company believes that these core values are not only fundamental to its own success, but also vital for the prosperity of its clients.

Holding integrity and honesty as top priorities, AVP conducts business with transparency and trust. Taking ownership and responsibility for each project, the team AVP ensures accountability at every step, emphasizing the power of teamwork. Collaboration is fostered to achieve collective goals efficiently.

Passion drives AVP to meet and exceed client expectations by understanding and fulfilling the requirements diligently. With a strong focus on quality and efficiency, AVP consistently delivers

exceptional results setting a high standard in the construction industry. AVP's commitment to delivering high-quality construction services to our clients while prioritizing timelines and budget adherence.

Additionally, the company's dedication to the growth of its employees and its pursuit of leadership in the construction industry are admirable qualities that contribute to our success. In our 14-plus years of industrial experience, we have successfully completed many projects. At present, we have ongoing projects accounting to INR250 crores plus, showcasing our ongoing commitment to delivering excellence in every undertaking.

The fact that AVP owns this prominent gives them a cost advantage. Presently, we possess batching plants, graders, soil compactors, pavers, boom placers, backhoe loaders, tandem rollers, wheel loaders, tipper, transit mixer, pumps and other earth-moving equipments. Our client base includes organizations such as National Highways Authority of India, Ministry of Road Transport and Highways, Public Works Department of the Government of Tamil Nadu, the Highways Department of the Government of Tamil Nadu, Greater Chennai Corporation, and many other corporations in the state of Tamil Nadu, which underscores the trust and credibility the company holds in the infrastructure sector.

Adding to this, we have two RMC plants at Tirupur and Coimbatore, which are used in the catering of domestic market. The capacity is 1.25 m3 each plant per hour. These strategically located plants provide the company with the capability to efficiently supply high-quality RMC to projects in these regions, ensuring timely delivery and consistent product quality.

Talking about the NHAI initiative, government initiatives are pivotal in driving growth and enhancing transportation infrastructure nationwide. The successful implementation of the Hybrid Annuity Model, also called as HAM, has been successfully employed in over 660 road projects, exceeding a total value of $10 billion, encouraging increased public-private partnership, a PPP engagement.

The National Highways Authority of India has adopted the TOT method, toll-operate-transfer model for 100 highways, resulting in investment which exceeds $2 billion. NHAI has set Guinness World Records for construction achievements, including a continuous 75-kilometer single-lane bituminous concrete road, completed in an impressive time of 105 hours and 33 minutes. Another Guinness World Record was secured through collaboration with Maha Metro, constructing a longest double-decker viaduct in Nagpur, featuring a highway flyover and metro rail on a single column.

NHAI's digital transformation is comprehensive, with adoption of a cloud-based and artificial intelligence-powered big data analytics platform called Datalink. Project management software has been introduced, marking a shift from manual to online portal-based operations, covering project execution, timelines and an alert mechanism. All project-related documentation, contractual decisions and approvals are now exclusively processed through the online portal, showcasing a streamlined and digitized workflow.

NHAI's innovative approach, record-setting achievements and strategic digital shift collectively position the organization at the forefront of India's road and highway development, reflecting a dynamic transportation landscape. And a few things about our financial highlights. In the financial year '24, our company's consolidated financial performance demonstrated remarkable growth and operational efficiency.

We achieved operating revenue of INR160.87 crores, marking a 39.91% increase over the previous year. Our EBITDA saw a significant rise of 54.32%, reaching INR36.09 crores, while the EBITDA margin expanded by 210 basis points to 22.43 percentage. The net profit notably soared to 54.87%, reaching INR18.67 crores. This growth is further delighted by a 112 basis point increase in the net profit margin.

Now at 11.60%, our earnings per share surged by 11.49% to INR7.47. These figures not only reflect our financial health but also mark substantial progress towards our strategic growth objectives. In the consolidated H2 financial year '24, our operating income stood at INR93.88 crores, the H2 EBITDA reached INR21.42 crores, which is an increase of 45.95%, while the EBITDA margin improved significantly by 90 basis points to 22.81%.

Net profit for the H2 was up by 56.65%, which accounts to INR11.39 crores. The net profit margin increased to 12.14%, showing a 128 basis point increase. Additionally, the earnings per share for the H2 grew by 12.87% to INR4.56, underscoring the sustained positive trajectory in our financial performance.

In the stand-alone H2 of financial year '24, our operating income amounted to INR87.85 crores with an EBITDA of INR19.76 crores. We achieved a net profit of INR11.02 crores. For the stand-alone FY'24, our operating income amounted to INR151 crores. The EBITDA of the same stood at INR33.38 crores, showcasing sound operational management. We experienced a net profit of INR12.11 crores, primarily attributable to extraordinary items from the preceding fiscal year.

The way forward for AVP, since our IPO in March 2024, we have significantly increased our bid capacity due to the new capital inflow, allowing us to pursue more projects in the coming years. Our focus on timely execution, particularly in Tamil Nadu, combined with our strategy of maintaining our own equipment, fleet, plants and implementing costing optimizations, has led us for improved margins. We are now well positioned to undertake larger and more complex projects, thereby enhancing our market presence.

Our commitment to innovation, operational efficiency and strategic investments will drive our future performance. We remain dedicated to delivering value to our stakeholders and contributing to the infrastructure development of the regions we serve. As we move forward, our commitment to sustainability, innovation and operational excellence remains unwavering, positioning us for continued leadership and success in the marketplace with the support of our stakeholders.

Now I kindly request to open the floor for questions and answers. Thank you once again for your presence and continued support and expecting always this support in the future. Thank you all.

Moderator: The first question is from Nandan, an individual investor. Please go ahead.

Nandan: Hello, sir. First of all, congratulations on a very good set of numbers. I have a couple of questions to you. The first question is with respect to our joint venture that we have with CDR and JWP. As of now, we have 10%-20% of partnership with the joint venture. My first question is that in the Red Herring DRSP, we have mentioned that we have submitted the bids of INR322 crores, which is awaiting. So, what are the percentage of wins that we are expecting from the bids that we have submitted?

Prasanna D: We normally expect around 40%-50% of bid wins. Based upon if we have INR10-INR100 crores, at least INR40-INR50 crores will be winnable numbers. This was the case till now and we are expecting the same to continue. And we may expect any time for the bids to be opened as the election code of conduct is just over. We may expect any time for the bids to open and the results to be published.

Nandan: Okay. And sir, the second question is that in the earlier interview, you said that we may get the higher portion of the share as well in some of the bids in the future as well. So, do we expect some higher percentage of share from the joint venture bids?

Prasanna D: Yeah, definitely we will be getting. This is case-to-case changes. This proposal has been brought from their side. So, we were having a minority stake. And the projects which we are interested in, which we want more of our execution to be there, we can always take majority stake and we can operate on the same.

Nandan: Okay. Okay, sir. And just one more last question.

Prasanna D: Yes, please.

Nandan: What's our FY25 and FY26 guidance from the company and also the order book guidance which you can give?

Prasanna D: We are expecting for a positive jump of what we were doing till this and even better than last year. We are expecting anything more than 50% increase in our turnover, which will be a very conservative number and which will be a very profitable number too.

Nandan: Okay. And sir, we are expecting the similar margins. Will it be sustainable?

Prasanna D: Yes, that will be always sustainable. Okay. Okay.

Nandan: And sir, if you can shed some light on the order book that you are expecting for this financial year, if possible.

Prasanna D: This financial year, we are expecting an order book of what we have, I mean, a fresh order book of INR400 to INR500 crores are anticipated this year.

Nandan: Okay, sir. Okay, sir. Thank you for your answers.

Prasanna D: Thank you very much.

Moderator: Thank you very much. Next question is from Nirav Shah from SSG Capital Management. Please go ahead.

Nirav Shah: Sir, is AVP Infracon is anyway strategically planning to go beyond infrastructure projects from the state of Tamil Nadu?

Prasanna D: Yes, sir. We are on the lookout, sir. We are preparing a bid in the state of Madhya Pradesh also. Now, we don't have any geographical boundaries. We were concentrating only on Tamil Nadu till date. Because of the size of the project, what we were eligible to participate and execute, we are getting it in Tamil Nadu itself.

So, we did not cry out. But now, as we wanted to grow beyond limits, we are concentrating on other states also. We are preparing for a bid to be participated in the state of Madhya Pradesh in the coming week also. So, we are not restricting ourselves anymore just within Tamil Nadu.

Nirav Shah: Okay. And there is one more question as well. With the fund raised via an IPO, there are some more reserves which are kept with the company which is not utilized for the funds mentioned in the [inaudible 0:18:33]. So, how are companies planning to make use of those funds into strategic and into the project?

Prasanna D: As per DRSP, we have INR15 crores of funds to be utilized for capex. And as we are going for some fresh tenders and we may be requiring many number of missionaries, we are planning for execution of purchase of the missionary and installation of the same using those funds. And apart from that, what we have planned for the working capital, we will be using it for the working capitals.

Nirav Shah: Okay. Thank you, sir.

Prasanna D: Thank you very much.

Moderator: Thank you very much. Next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: Hi sir. The INR400-INR500 crores figure that you mentioned, that is for the expected order inflow for FY25.

Prasanna D: Correct.

Prateek Chaudhary: And what sort of execution period would these orders entail?

Prasanna D: Sir, all these orders what I am talking about may range from 18 to 24 months.

Prateek Chaudhary: Okay. And you currently have INR250 crores worth of orders already in hand?

Prasanna D: Yes.

Prateek Chaudhary: Which have been executed and what is the execution cycle for the INR250 crores?

Prasanna D: These INR250 crores will be completed in this year. A small spillover if at all happens that may be carried out to the next year that is based upon the site conditions or whatever it may be and we have a completion time till next half yearly for the projects what we are having in our hand. And apart from that the new projects what we are acquiring we may also be required to start those works also that we will be having 6 months the second half yearly for execution of the new work. And that will be also adding to our turnover which will fill the gaps of the spillovers of the current work.

Prateek Chaudhary: Could you because 250 you said a large part of it will be executed in FY25 itself.

Prasanna D: Correct.

Prateek Chaudhary: And INR400 crores INR500 crores is a big enough number. If we assume 100 of that flowing into this year, would our top line be hypothetically upwards of INR300 crores this year?

Prasanna D: Yes, we are expecting that numbers, but conservatively I am committing 50% of our turnover I think the turnover from our top line this year.

Prateek Chaudhary: Conservatively you are saying [inaudible 21:46] crores?

Prasanna D: 50% more than 50% somewhere around INR250 crores or something like that is what we have planned. Anything over and above that will be good for the company and good for the investors as well, but we have a clear plan and clear strategy for INR250 crores.

Prateek Chaudhary: Got it. And would you foresee the INR400 crores INR500 crores yearly order inflow as something which will happen now in the normal course of business over the next few years or as our scale has improved, our ability to execute these contracts has improved and as we perform more on these large contracts, so do we see this number also going higher, yearly order inflow?

Prasanna D: Yearly order inflow will be definitely going higher and we will be expecting to close higher turnover as you were talking about in the next year itself. So for that execution of around INR400 crores or INR500 crores per year we should be having an order book of at least INR1000 crores in our hand. So the next 25-26 if we are targeting at INR500 crores we should be having an order book of INR1000 crores at least.

Prateek Chaudhary: Okay 25-26 you are targeting INR500 crores top line?

Prasanna D: Yes.

Prateek Chaudhary: And would your segmentation also change in terms of the end segments that you currently do projects for or would it largely stay the same as it is right now?

Prasanna D: So this is our home ground sir. We are very much practiced doing these kinds of works and with that will be the majority of our top line. And apart from that, we are also concentrating on other infrastructure sectors like irrigation barrels, multiple rise buildings and all. So those also we will be adding to our portfolio, but the majority of the projects will be coming from the road sector.

Prateek Chaudhary: Okay. And would there be any major geographical diversification also away from Tamil Nadu?

Prasanna D: Yes we are planning to explore other states also. There is no restriction on any geographical boundaries for us. So we are planning to diversify wherever the opportunity is better.

Prateek Chaudhary: And Tamil Nadu alone -- can Tamil Nadu alone take you to INR1,000 crores order book I mean is the market large enough in Tamil Nadu itself?

Prasanna D: There are people who are concentrating only on Tamil Nadu and doing more than INR2,000 crores and all. There is opportunity.

Prateek Chaudhary: Okay. Great, sir. Thanks a lot. I will get back to you.

Prasanna D: Yes. Thank you.

Moderator: Thank you very much. Next question is from Nandan an individual investor. Please go ahead.

Nandan: Hello, sir. I just wanted to confirm the numbers. Did we say that in FY26 we are targeting INR500 crores of top line?

Prasanna D: Yes, sir.

Nandan: Okay. And in FY26 we are targeting the INR1,000 crores of the order price?

Prasanna D: No, we are just planning about -- we have plans for 25-26 alone. Anything after 25-26 we have to target only after completing this financial year. What I was talking about is with the order book of INR1,000 crores if I have to complete 25-26 with INR500 crores top line I should be having an order book of INR1000 crores when the financial year starts. I was talking about that.

Nandan: Correct, sir. And sir you said that we are trying to enter into the Madhya Pradesh MP?

Prasanna D: Yes.

Nandan: So are we going to do some capex as well to own the fleets or would we go for the rental model?

Prasanna D: Sir the basic plan and machinery we should be going for the capital investment. What tender we are participating is around INR400 plus crores and if we are able to get that it is a HAM project and we are going with a joint venture with the company. And if that is successful, we have to install all the plant and machinery from our side.

And maybe we in the mobile machineries like tippers and [inaudible 27:05] mixers and all, we can take rental if that is needed and if all the existing machinery from our company is 100% utilized.

Nandan: Okay. Thank you very much, sir. All the best.

Moderator: Thank you. Next question is from the line of Ritika individual investor. Please, go ahead.

Ritika Jain: So sir my question is regarding your, in light of your - since you got IPO funds so how the things regarding your tender application and your working capital?

Prasanna D: Your question is not clear. Can you just repeat your question once more, please?

Ritika Jain: Sorry, sir?

Prasanna D: No, your question is not clear. Can you just repeat it once more?

Ritika Jain: Yes. So, sir, my question is regarding, since you have got the IPO funding, so how things have changed in regards of your tender application and your working capital cycle? Can you throw some light on that?

Prasanna D: Yes, definitely. We -- this strategically decreased our creditors. Even if the creditors remain the same our credit, some of the creditors have come down drastically, which is helping us to get raw materials on advance payment and with no credit terms, we are getting better discounts and we are executing projects with much ease now. And in case of the tenders submitted, there is not much difference between the tenders. We can always apply for tenders. We do not require any financial support for applying for any tenders. And that doesn't make any difference, even if it is IPO, after this IPO comes and comes.

Ritika Jain: Okay, sir. Thank you so much, sir. That's all from my side.

Moderator: Thank you. Next question is from Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: I want to touch on margins as well. So till now, as I understand that we were -- so I can get the free IPO call for your company. And where you mentioned that till now we have been doing INR50 crores-INR60 crores is the maximum project size that we would usually be taking for the fundraise. And now we would probably be bidding for INR100 crores-INR250 crores project as well. So in terms of the competition difference, would that in the size of these projects, would that translate to significant or decent margin increase if we take up larger projects?

Prasanna D: There will always be a difference in the margin based on the size of the project. Having 10 projects in the size of INR10 crores and having a INR100 crores project in one place definitely makes a difference. It will always increase the percentage of profit. And hope to achieve the same increase in the profit margin wherever possible we are trying to achieve the same.

Prateek Chaudhary: And we had mentioned that we get around 30% of project value as bonus if we complete our work on time.

Prasanna D: Not 30%, it will be 5%.

Prateek Chaudhary: 5% it is. I misheard it last time. And what about us? I think we had some INR300 crores in Telangana which we had bid for under the JV.

Prasanna D: Correct. It is not yet opened. Only after this code of conduct is cleared after the election code of conduct gets cleared then only they will be opening the JV. So it is all still status quo for that.

Prateek Chaudhary: And the INR400 crores-IN500 crores ordering flow that you are expecting did that estimate include this INR300 crores JV?

Prasanna D: No. We have bided independently on individual yield capacity.

Prateek Chaudhary: This is separate? The 400-500 is you individually bidding?

Prasanna D: Correct.

Prateek Chaudhary: So do you expect any improvement in our receivables going forward?

Prasanna D: Hopefully we will be coming down. But there won't be much of a difference between what we were having in the previous years or the current days. As it was not bad earlier. It was a decent turnaround time only when infrastructure is concerned. And we are always trying to improve to cut down the credit base. So we are expecting some decrease in the credit base but not much. It won't take much of a difference.

Prateek Chaudhary: Okay. Thanks a lot. Thank you.

Prasanna D: Thank you.

Moderator: Thank you. Next question is from Mohan Chand an HNI investor. Please go ahead.

Mohan Chand: Thanks for giving this opportunity. My question is regarding this cash flow which you briefly touched upon in your last answer. If I am not wrong, in one of these pre-IPO meets, we were talking about the receivables days around 2-2.5 months. But this time it seems to be on a much higher side. In revenue terms, in number terms, the receivables have increased from INR10 crores to INR64 crores whereas the change in revenue is from INR110-INR160 crores.

So any specific reason for this substantial increase in receivables days?

Management: Normally, we have as infrastructure segment, we have our billings happening mostly in the 3rd and 4th quarter. 3rd quarter end and the 4th quarter all the 3 months. And this time it happened only in the last 2 months of the 4th quarter. Mostly, we did billing of around INR40-INR45 crores that were done in the month of March. Which was a reason for the higher receivables. Of which most of the receivables have happened in the 1st quarter. It again comes in the same receivable time and there is not much of difference in that.

In the previous year the receivables happened in time that was because most of the funds were immediately released from the government and this time being the election on the corner and code of conduct implemented few payments we did not receive. Once after this Tamil Nadu elections are over since we had our elections in the 1st phase itself. After the completion of the 1st phase itself we started getting our payments and that and after this results we will be getting all the pending payments in this month itself.

Mohan Chand: Great. So ideally we should consider how much would be the ideal receivable days we should consider going forward?

Management: 60-90 days sir. Maximum is 90 days and on an average 60-75 days is an average receivable time.

Mohan Chand: Great! Thanks a lot sir.

Moderator: Thank you. Next question is from line of Vineet, Individual Investor, please go ahead.

Vineet: Good evening sir I just wanted to understand what are the credit terms in terms of the guarantees bank guarantee and performance guarantee that you deposit to the project?

Management: Good evening sir the credit terms means if you will be very much particular about which you are asking we submit bank guarantees performance bank guarantees for all our projects and I don't get what is the credit term that you are asking about?

Vineet: I mean what percentage of the project that you

Management: Yes correct. Credit I mean this bank guarantee for PBG is around 6% and 3% will be released at the end of the project and 3% will be released after the defect liability period is completed.

Vineet: It's around 6% net?

Management: Yes.

Vineet: So also sir how do you see like is there any effect of monsoon as of late that has been delaying?

Management: It will always be there sir we cannot stop any natural calamity to affect our business we are running our business not under any roof it is open to sky and we have to depend upon all these things. So we take normally this monsoon period we consider 30 days in a year as a holiday period for us this is when we calculate the working time for our project itself we calculate 30 days monsoon at least 30 days as monsoon not only monsoon anything we just leave 30 days of time period as non-workable

Vineet: Got it. That's it from my side sir I will get back to you.

Moderator: Thank you. Next follow-up question is from Nirav Shah from SSG Capital Management. Please go ahead

Nirav Shah: Hi sir with the completion of the post-election, how do you expect the government infrastructure boost up which will be helping the company for leading the vendors and getting the work ahead?

Management: The infrastructure is always on the rise if even if it is going to be a new government that has formed or the existing Indian government infrastructure segment will always see a growth and definitely we will be getting better results and better projects from this government.

Nirav Shah: Okay and when we are getting the order from the government, so in those agreement do we have the cost plus increase in the prices of raw material to be passed on to the contract value and if yes what is the base value about which increase can be passed on to the government?

Prasanna D: We always have this cost escalation for the projects what we are carrying on there is always escalation clauses deployed in the projects, 5% is normal condition and it can be it also can be 10 more than 5% also most project will be completed, within 5% if it is going above 5% we have to go for a revised sanction, and we will be getting that option.

Nirav Shah: From your past experience, how do you can say that the cost increase, or the cost completion is being, recognized as a tender value and how effectively, it gets as a receivable to a company?

Prasanna D: I don't get you can you please, repeat the question again?

Nirav Shah: Yes, sir. From your past experience whenever there is cost escalation has been done. So, how do you expect it that cost increase the additional margin, of that escalation of the type gets converted in terms of receivables from the government tender?

Prasanna D: So, we will receive anything pertaining to cost escalation will be calculated and we will be submitting, the bills then and there which running account bill itself. We will submit the escalation clause and getting -- it done and we will be receiving it along with the running account bill there is no time frame or something postponement, of receiving of escalation bills we will get it done then and there with the work bill itself.

Nirav Shah: Thank you, sir.

Moderator: Thank you. Next question is from line of, Amit Bhatt from MIT Engineers. Please go ahead.

Amit Bhatt: Yes, sir. The main risk, in any fast growing infra company is continuous arrangement, of the funds for the capex working capital, for the security deposits and retention money. So, sir, how our company because our company is really targeting a great growth in coming 2 years, the forex, your growth you are talking about as far as the order book is concerned. So, how our company will take care of the requirement of the money, for this growth. And second is it a debt or preferential allotment of the shares, or any other way companies thinking about please throw some light on that?

Prasanna D: We are planning for some preferential allotment after completion of 1 year, at least not immediate or something -- the next 1 months or 2 months we are planning about after completion of one financial year after completing this 24-25, with one -- and then we can think about this preferential allotment and debt is always there debt at a very reasonable, cost being a listed company now and with good financials there are many offers from banks.

Because, we don't need any fund based limits, for us and our requirement is non-fund based bank guarantees, only this bank guarantee, will serve us for all the financial needs most of the projects. we need for the performance bank guarantee and 10% we can take mobilization advance, which will be sufficient enough to run that project. And there are projects which has been funded by Asian Development Bank, those projects this 10% mobilization advance comes without interest that will be adding to the profit margin also. So, this is how we are planning our finance for the next 2 years

Amit Bhatt: And sir, another thing is that one vertical is that of ready mix concrete. Now, is there any synergy between your construction road business, with that particular business or that business is basically catered, to the other customers in that particular area where we are having that RMC facility?

Prasanna D: So, if at all we require and if any project comes in those areas, we will be taking from RMC plants, and the rest of the time it will be always catered to the open market, and other people there is a huge demand in those areas, and that is the reason we have put it and it is a commercial establishment, money it has been taken care, of by one of the directors is completely looking after the operations of those two plants.

Amit Bhatt: And, sir, another thing is that because I think RMC, after 2 years RMC is not going to give a big contribution to our top line. It's become a very small business, so company planning to, release that and lease it again as a separate company, and do some arrangement so that particular vertical. Will get out of this company, and this company becomes the 100% infra company and another company is going to be the RMC company, which you can grow with the other fund raising and all that. So, you have any, that sort of thinking in your company?

Prasanna D: As of now we don't have any plan for dealing with this company, we have just emerged it recently 2 years ago, so we are planning a big way for the infra company to grow, once this growth happens we may take a call about that in the future but RMC, business has a very good potential RMC business, as an individual has a very good potential you should have heard by now comet has invested a good number of fund in RBC concrete…

Amit Bhatt: Sorry, to interrupt you, sir. But RMC basically, we have seen the RMC facility of the company, and it's really good. So, what we personally feel that one part is the infra which is a separate part and another part is this RMC, even we can concentrate on that by, making it another vertical and we can make it a big thing, even RMC is a very good business. So, that's why?

Prasanna D: I understand this, and we have what I mean to say is I don't have any immediate plan, to go big in that, and we may take a call after sometime, after at least stabilizing this INR500 crores company then I can go for that.

Amit Bhatt: And again, sir. We would like to congratulate, for such a clear reason and we rarely find out such aggressive and, management with concrete plan it's very rare to see in the SME. So, really congratulations we are proud to have, your company in our portfolio thank you, sir.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I will now hand the conference over to Ms. Preeti Bharadwaj, for closing comments

Preeti Bharadwaj: Thank you, everyone for joining the conference call of AVP Infracon Limited, if you have any queries, you can write us at research@kirinadvisor.com once again, thank you everyone for joining the conference call.

Prasanna D: Thank you, for hosting the call.

Moderator: Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.