



AYM Syntex Limited

Q2 & H1 FY18 Result & Other Business Update Conference Call

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Management: Mr. Abhishek Mandawewala – Managing Director & CEO
Mr. Himanshu Dhaddha – Chief Financial Officer
Mr. S.M. Khire – Director Operations

Moderator: Ladies and gentlemen, good day and welcome to AYM Syntex Limited Conference Call to discuss the Q2 FY18 results discussion and other business updates. On behalf of AYM Syntex Limited, we have with us the key senior management including Mr. Abhishek Mandawewala – MD & CEO; Mr. Himanshu Dhaddha – CFO and Mr. S. M. Khire -- Director Operations. 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. Himanshu Dhaddha for opening comments. Thank you and over you to, sir.

Himanshu Dhaddha: Thank you. Good afternoon, everybody. I welcome you to the conference call on our company's behalf.

Let me begin this conference call with a short update on Q2 results and H1FY18 performance which I believe is already in the public domain and it is also uploaded on our website. AYM Syntex posted a revenue from operations of Rs.190.6 crores for the quarter ended September. It degrew by 8% over corresponding quarter last year which was partially on account of GST impact in the domestic market especially in the month of July. On half year basis, it was down by 3% as compared to FY17. In terms of tonnage, we did around 11,826 tonnes which was about 5% increase compared to Q1 FY18, but there was a degrowth of 9% as compared to the corresponding quarter last year. H1 FY18 sales stood at 23,167 tonnes compared to 27,945 tonnes in H1 FY17. EBITDA for the quarter is at around 16.4 crores, around 9% of net revenue as compared to 29.9 crores which was 14% of net revenue in Q2 FY17.

In terms of EBITDA per tonne, it was on the higher side as compared to last quarter. This quarter we touched around 14,000 per tonne as compared to 13,000 in the previous quarter. H1 FY18 was around 13,500 as compared to 22,000 for the corresponding period last year. Profit after tax for the quarter ended 30th September is at around 2.4 crores compared to 16.5 crores in the previous year same quarter on account of higher depreciation and interest expenses due to increase in the CAPEX. For H1 FY18, it stood at around 2.7 crores as compared to 35.7 crores in FY17 corresponding period. The net debt figure stands at around 293.8 crores as on September 17. This has increased by about 23 crores in the current quarter on account of lower EBITDA and committed CAPEX plans. Net debt to EBITDA ratio as on 30th September stands tall at around 4.68 crores, but we hope to bring it down over coming 4-5 quarters.

Total debtors in the book stood at around 59.7 crores, an increase over March 17 figures of around 46.5 crores. This is naturally on account of increase in our export sales. Current ratio is temporarily down at 1.13 on account of tight liquidity situation with lower EBITDA. We hope to bring it back on track by March 18.

As far as update on CAPEX is concerned, on Project-V we have spent around 40 crores till September 2017 out of 76 crores of total sanction. This quarter, overall CAPEX cash outflow was around 16 crores as we have told earlier that we are doing around 15 to 20 crores per quarter.

One more update which I would like to give you is that we are in the advanced stage of finalization of our new project proposal that is Project-VI which would be in the range of around 100 to 120 crores and it will be carried out over next 6 to 8 quarters.

With this information note, I am handing over to my colleague Mr. Abhishek who can provide you the more business updates of Q2 & H1. Thank you.

Abhishek Mandawewala: Good afternoon, everybody. Welcome to AYM Syntex quarterly conference call. I will provide you with some of the business updates for the last quarter starting with the Nylon and Polyester business. So the Textile business which is Nylon and Polyester business, margins continue to remain weak. Raw material prices have been quite volatile and they have peaked again in the last quarter at about \$2.4. This is mainly because the input which is Caprolactam has been in short supply and any turnarounds have led to high volatility in prices. This volatility which has happened in the last year is not the normal. I think hopefully we are expecting with the increase of supply of Caprolactam, things should stabilize in the next 8 to 12 months.

In terms of prices of Nylon currently, they have started to ease again from the peak of \$2.4 and if it drops too rapidly, we can expect that in Q3 there might be some stock losses. In terms of utilization, we are at about 63%. This is an opportunity that we need to work on

particularly from the sales angle. Utilization is an area where we have not fully recovered since November last year which is when the demonetization had taken place. The Nylon business since it is largely domestic have seen a large number of headwinds since the last one year, demonetization and GST, but the good news is that the government has taken some major steps to correct the impact of these two events. Firstly, they have reduced the GST on synthetic yarn from 18% to 12%. This is a positive from our customers point of view, the customers being the fabric makers, they were being charged GST at about 5% and the value addition was not enough to offset the 18% GST in yarn and therefore the difference between that 18% and 5% used to become an input tax credit which was unutilized. So the reduction from 18% to 12% will definitely help the fabric manufacturers and hopefully will create an additional demand.

Secondly, the government has also increased the duties on the import of fabric and made it from 10% to about 20%. Again because of the GST coming in, the rates that they came in, there was some disadvantage that local manufacturing had and that has now been corrected due to swift action of the government and henceforth we are expecting that the import level of fabrics will come down, maybe the impact of this will take a couple of quarters, but hopefully again this should lead to the demand picking up in the local market.

The other positive sign is that we have been able to have some breakthroughs with respect to some export customers in Nylon. We were able to commercialize the new product in Nylon for which bulk orders have started. Although this new product is a semi commodity product, it is not entirely a specialty product. It is not even a fully commodity product, but it is somewhere in the middle, but this product is very important for us because it provides a platform for us to develop some other special products which are similar to this one.

Coming to Polyester, after one year of audits, sampling and approvals, we have added a very prestigious UK based customer in a specialty product that has been developed for them and we started receiving bulk orders. These orders are not very significant in the larger scheme of things in terms of total volume that we are selling, but again since the last couple of quarters, you would have noticed that customers have started to get added. Prestigious customers have started to get added and this is a positive sign. While these customers, they might not immediately impact the needle in terms of the bottomline in a big way in the short term, but hopefully over the longer term, these are the kind of customers that we wish to keep in our business and which are likely to remain with us after going through all these audits and approval process once they decide that you are the right fit for them, they tend to remain with you rather than swift supplies very easily. So this is a kind of business that we wish to add and while it is a small portion of our total portfolio right now, but I am very happy to note that slowly and steadily we have been adding few customers like this every quarter.

Moving to the Palghar business, we achieved the highest ever monthly sales from Palghar in the last quarter. Business development activities are on, but Q3 is generally a weak quarter

for us due to Diwali. We have leaves as well as the demand comes down a bit. And additionally on top of Diwali, Q3 profit will be slightly lower in Palghar, then the potential due to the abnormally high power shutdowns that we had from the electricity board in the month of October as well as the beginning of November.

Moving on to BCF, it is businesses as normal and running at high capacity utilizations. We continue to add prestigious customers. We have commercialized one new product in this quarter for which we have received trial order which is a bulk order as a trial by one of our customers and we hope that we will be able to ramp up business in this product. There is significant focus on talent acquisition and we now have a very strong team. Few members have been added in the last quarter and I believe that this team is now ready for the next phase of growth in BCF. Overall, my view remains the same as the first quarter. The business has seen a lot of headwinds in the last year or so. On top of that, the business model of the company is changing completely while the near term outlook of the company continues to remain bleak for the next few quarters particularly because of the textile business, but I remain excited about the long-term strategic direction that our company is taking.

With that, I will hand over the call to the moderator back for Questions..

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We have a first question from the line of Pratyush Mittal from Mittal & Company. Please go ahead.

Pratyush Mittal: I wanted to know about the Project-VI, about the plans and the upcoming timeline?

Himanshu Dhaddha: So as I said in my opening comments, we are in the advanced stage of finalizing the overall Project-VI. It would be in the range of 100-120 crores and it would be spread over 6-8 quarters from now.

Abhishek Mandawewala: Just to add, most of the items in Project-VI will be unlike some of the previous projects that have been taken place, there will be mostly capacity addition in important area of the business as supposed to just infrastructure and capability building. So this will directly add to the top and bottomline of the company.

Pratyush Mittal: By how much do we expect the capacity to expand from this Project-VI and Project-V?

Abhishek Mandawewala: Right now, we are not in a position to mention that, Pratyush, but as and when we finalize and as and when we get more clarity, we can share those numbers.

Moderator: Thank you. We have the next question from the line of Neeraj M from Goldman Sachs Asset Management. Please go ahead.

Neeraj M: This question is over industry on the tariff changes happening. Can you elaborate on what was the need of increasing the import duty by the government, did government increase this because there was huge influx of fabrics and yarn coming in from China and post these changes, how do you see the competitiveness moving in because of the changes and how it will impact the volumes or the margins for us?

Abhishek Mandawewala: First of all, I just like to clarify the import duty which has been increased on fabrics and not on yarns. The reason is exactly as you mentioned. In the quarter after GST, there was high influx of fabrics because of the economics that were set with the GST prices across the value chain. There was high influx of containers from coming in particularly from China and this disturbs the competitiveness of the local industry a bit and our government was very quick to notice that and act on it and I am hopeful that with this increased duty, the demand should certainly pick up from the fabric side because once lower amount of fabric comes in, local domestic production of fabric should go up and certainly as a result of that, the yarn production, yarn volumes, yarn consumption should go up. The impact on margins, I am not very certain, this is something that we will have to see once we actually go through it. Right now over the next 3 odd months, I am not sure there will be much impact on demand as well as on prices simply because there are lot of containers which have already been booked which will be in the pipeline which will keep coming and maybe in the middle of Q4, maybe we able to start seeing some impact in terms of demand. In terms of prices, again we will have to only wait and watch.

Neeraj M: Is the competitiveness because of this duty changes, the competitiveness of domestic industry increased pre GST and now or is it?

Abhishek Mandawewala: Certainly because as soon as you add 10% import duty, it has made a big difference in terms of the competitiveness with respect to China.

Neeraj M: I am not talking of these changes, what I was asking to compare was earlier before GST was introduced and the current status?

Abhishek Mandawewala: I have understood your question. I am not sure whether I have an answer for that. The only thing I can say is that I have spoken to a few fabric makers in places like Surat for example over the last 15-20 days and what I understand is I do not know about the period before GST, but certainly once the GST came into play, in comparison to that the competitiveness will go up significantly. So this 10% is a materially significant.

Neeraj M: That is obvious, that the 10% movement on import duty is obvious, but like the whole thing I was trying to see is like even the industry go back to the same volume which is pre GST or it keeps China very competitive even though the duty has increased. So that is what...

Abhishek Mandawewala: There are several factors which come into play over here. One thing we will have to understand, you will remember that when the GST implementation happened, there was a large strike in Surat, almost for 20-25 days, people had stopped and that was in protest of GST and we know that there in the downstream, there is a lot of let us say unclean business that happens let us say after the fabric stage in the conversion after the yarn, the fabric and then after the fabric, the conversion into let us say dyed fabrics etc. So there, there was a lot of unclean practices and so that demand after GST has been permanently impacted which is a very good thing for the long run, as that was always unsustainable. So that demand what I understand is still not there and is unlikely to come back because that is why the GST has come in and that is a positive step, but overall what is going to happen is that the organized players are going to take over that unorganized share of the demand and slowly, slowly at the end of the day the demand will have to come back up. So as the consumer interest rises, the demand will have to come back to where it was pre GST. It is a matter of time.

Neeraj M: And you still see maybe 6 months down the line because the influx of inventory is huge from China?

Abhishek Mandawewala: Correct. So at least 3 to 4 months, we need to give it before all the bookings because people will have forward bookings, some containers will be coming in, some containers will start after couple of months depending on the forward bookings that people have. So I think we need to give it at least 3-4 months before the effect of this 10%-20% we have seen. So we will have to be in the wait and watch mode.

Moderator: Thank you. We have a next question from the line of Rohit Balakrishnan, individual investor. Please go ahead.

Rohit Balakrishnan: Abhishek, first question was that can you talk a bit about this Nylon product which you were talking it is semi-commodity. So can you talk a bit about, you said that I think it is going to be sold in the export markets?

Abhishek Mandawewala: So it will be sold in local and export as well, mainly in export. It is a new product that we have developed. I think it has been manufactured by another company in India but not in a significant volume, but certainly it is a new area for us and the most important thing is that, the learning out of making this product and the fact that we are in this business, the customer base that opens up, they are also buying similar more value added products, which after developing this product becomes easier for us to develop and enter into. So there the products are more specialty in nature and hopefully the margins will be higher than the regular product. So here this is a semi commodity, but the opportunity that this provides will be much better. So that again, for that second round of product development it might take us another 6-8 months-12-months, but the outcome of that will be very exciting.

Rohit Balakrishnan: So have we already started selling or this is going to be sold?

Abhishek Mandawewala: No. We have started selling a significant quantity. So I think last month was the first month that we started, last to last month. Again this current product won't have a materially significant impact on margins, but the outcome of the following product developments as a result of this will be much better in terms of the bottomline. But again that will take 6-12 months.

Rohit Balakrishnan: And about the Polyester, again the UK based customer that you have added, so that can you share a bit more on that as well, if possible?

Abhishek Mandawewala: So the only thing I can say is that up till now we were doing sampling with them and we supply one or two trial containers and lot of tweaking has happened, lot of changes have happened, it took a lot of effort to stabilize this quality, but finally the customer is being convinced and it is a program based order, so it is a long term business. There is a very long process to get this product approved and I can certainly say that there is some element of switching cost. So it is a very painful and tedious process to get a new supplier developed for this product and this is exactly the kind of business that we are targeting. So again volumes are tiny, overall impact on bottomline will be tiny, but for us it is materially significant development because it signifies that we are slowly and steadily moving into this higher grade of customers and higher grade of products.

Rohit Balakrishnan: Got it. So last 2-3 quarters you had here and there small such announcements, so in terms of your progress, I mean, I am struggling to ask the question but I am trying to understand, I mean, in terms of your progress, have you achieved what you wanted to achieve in the time that you have given yourself or I am sure there is enough and more to do. But let us say you had kept this time so far. In this time have you achieved what you wanted to achieve?

Abhishek Mandawewala: To be honest, we have had very ambitious goal for ourselves, but I can say that probably not as much as what we would have liked to, there is always scope for further improvement, but at the same time I also realize the painstaking procedure there is to add this kind of customers to the company and the kind of systems and processes that you must employ in order to keep them on board. So it is not just about adding, so it is first of all very painful to add. But even after adding, it is a tedious process, after adding the key challenges are, your system should be robust enough to make sure that you are giving on-time quality supply to these customers on a regular basis and keep them happy. So work has to happen on both fronts, adding as well as maintaining and I can say on both fronts, lot of efforts have happened and some of that is yet to convert into reward. But while we are making slow and steady progress, I am sure there will come a point where there will be an inflection point where the progress will significantly more rapid than what it is right now. But for me the fact that we have already started adding the last 2-3 quarters we are seeing some new customers getting added, it is a testament that the work that has been going on for the last two years, it is in the right direction.

Rohit Balakrishnan: So as a regular listener to your call, there is a marked difference in your outlook also. I think I am not sure how much one should read into that, but that is a perceptible difference over the last few quarters.

Abhishek Mandawewala: No, at the end of the day, that optimism also has to translate into results. So that is the key thing and that is what we are trying to do.

Rohit Balakrishnan: The other question I had was in terms of your debt, right, because you would be doing so much of CAPEX, so that has obviously gone, so is there any internal benchmark that you have that this is the kind of, debt to equity or some other measures that you sort of looked at that you are saying that it should not go beyond this level.

Abhishek Mandawewala: So the balance sheet is something that we are always very carefully watching and we will always be prudent when it comes to moving forward and not going overboard, but current ratio is something that we keep watching, debt to equity, something that we keep watching, that is another ratio that we are watching which is the debt to EBITDA. So in an ideal case scenario, we would like that to be around 2.5, but in the last couple of quarters, three quarters, the EBITDA has been depressed with everything that is happening. So we hope that we will come back to that level, sooner rather than later.

Rohit Balakrishnan: Okay. 2.5 times is what you would not want to sort of breach?

Abhishek Mandawewala: Yeah. But we are already breaching that. But we would like to come back to that. All I can say is that we are very watchful of the balance sheet and we will absolutely make sure that we don't go overboard at all. So you know you have to understand that the working capital has also expanded in the last 12 months. So several things have happened, I think Himanshu would have explained a few. Number one, the export percentage you would have seen in the last 12 months has gone up significantly. So there the receivables have gone up a bit. Because of this GST and demonetization and all this, in the last 12-months our sales have come down and resulting of that, our inventory levels have gone up. So that is added to the working capital. Similarly, the raw material inventories overall have gone up slightly because of the lower utilization. Then the Nylon prices it was at \$1.6, it has gone to \$2.4, it is certainly not sustainable, we are expecting it to come back down. So that has added to the working capital also. So several factors I mean, in terms of the working capital also I think it is slightly bloated as compared to a regular situation, so I am sure that hopefully from that angle also some of the cash flows will get released and we will come into a better kind of situation.

Rohit Balakrishnan: Got it. And lastly in terms of the base business, right, in your assessment would you say that the bottom has sort of being established or in terms of margins and in terms of everything else, do you think that this is fair to say to that the bottom is there?

Abhishek Mandawewala: So Rohit, I do not want to give any forward looking kind of comments or statements, but I can just say that the last year has been an unbelievably tough year for us and several things have changed. Several things, it is not just the GST and demonetization, but if you look at the Nylon business, it has just completely gone upside down. And we have seen a very difficult time and I certainly feel the business has become stronger, but in this last year also, the strategy has also evolved and a lot of steps have been taken in order to de-risk the business also, so that this kind of situation does not arise again. But you never know what the future brings, but I don't want to make any forward looking comments, but I can just say that we are nowhere close to where we were let us say, if you look at our results in April '16 compared to where we are today, there is a marked difference.

Rohit Balakrishnan: So actually Abhishek, let me clarify that question. Basically what I was trying to ask was in terms of the market, right, in terms of the participants, so has supply sort of getting rationalized, have players sort of become more disciplined over pricing or that is still, or that is still not happened. So basically that is what I wanted to understand actually.

Abhishek Mandawewala: No, so the key thing here is that all this mainly is happening in the local market and particularly in Nylon, now Nylon what has happened is, there is significant over capacity that has been created particularly in the last 12-months. So we have gone from a situation of stark undersupply to significant oversupply, literally a period of 12 months. And as I have been talking in my previous concalls, the business that we were doing in Nylon is purely commodity oriented. Now of course we started adding some other products, but the business that we have been doing so far in the domestic market particularly in Nylon is being purely commodity in nature. So switching costs have been very low and then at the end of the day capitalism dictates. At the end of the day, the person is trying to run his plant and cover his, even if he is not making money he is trying to cover his overheads. So that is not the kind of a market that you want to be it in the long term, because without any entry barriers, without any switching cost, so at the end of the day when capacity comes the prices will fall. So there will be no discipline as such. So we want to come out of this business as much as possible and hopefully, as we come out of that, the predictability and quality of one also become better and in the long term hopefully our margins also become better. So from that angle, I think the local market has still not recovered. I mean, the over capacity is still there. But hopefully with this duty and the GST coming down, I mean, let us see where water will find its own level, we will see where it finds.

Moderator: Thank you sir. We have the next question from the line of Manmohan Toshniwal, Individual Investor. Please go ahead.

Manmohan Toshniwal: I just wanted to understand, you mentioned Nylon having over capacity here in the domestic market and you also mentioned earlier that the raw material or whatever that is used to make this Nylon, there is a shortage and that is driving up the prices. Is that understanding right?

Abhishek Mandawewala: Right, so in order to make Nylon yarn, you have to use Nylon chips. In order to make Nylon chips, the raw material for Nylon chip is caprolactam. Now we buy Nylon chips and the suppliers of Nylon chips consume caprolactam in order to make chips. Caprolactam is what has been in short supply.

Manmohan Toshniwal: So what is the reason for that?

Abhishek Mandawewala: So there are two things, one is more long time in nature and one is a more short term thing. So the long term thing is there has been a couple of large plants that have shut down permanently and we are hoping that some capacity will get added up again in place of that over the next let us say 8 to 12 months. So that is a longer term reason and the shorter term reason is that the remaining players, some of them have gone into simultaneous turnarounds, so maintenance or turnarounds and that has created an undersupply kind of situation in the market temporarily. So that is why these spikes are happening. Sudden spikes from 1,800 to 2,400 and then it comes back down, so it has happened two times in this year. So once this capacity situation eases out, only after that the prices will remain steady. If you look at 2016, it was fairly stable.

Manmohan Toshniwal: Yeah, now the second question is can you elaborate. You might have shared this, I might have missed this. In terms of percentages of your export to the total revenue for this quarter compared to previous quarter?

Himanshu Dhadha: So basically, exports for this quarter were at around 31% as compared to 21% in the full year of March '17.

Manmohan Toshniwal: And can you share comparable receivable numbers?

Himanshu Dhadha: See, receivables as on March '17 was at around 46 crores. Now it has moved to 60 crores.

Manmohan Toshniwal: Fair enough. And Abhishek, the other question I had was around, in 2 or 3 concalls before you had mentioned that some business which we cater to Welspun that is going to go after some duration of time. How is that progressing, has it gone or is it still in progress, like Welspun is putting the plant over there?

Abhishek Mandawewala: No, so they have already gone ahead and ordered their equipment and whatever the infrastructure is required to produce this yarn, but that is still not in place. It will take a few months before that happens, so right now we are still doing the business with them.

Manmohan Toshniwal: Last question. You mentioned about talent acquisition. Is there any significant employee cost that you expect going forward to your revenues that would change substantially going forward?

Abhishek Mandawewala: No, I don't think so because a lot of that has already been built in, but I don't think there will be a materially significant. I am sure there will be some increase but not materially significant.

Manmohan Toshniwal: In terms of debt, do you see that the Project-V and Project-VI CAPEX, are these you mentioned about some revenue addition in Project-VI unlike Project-V, are these some mandatory sort of CAPEX we are incurring because with the subdued market and bleak visibility in next few quarters or so, accompanied with already the debt levels substantially high, is there any thought around delaying in these or you don't see merit in that argument?

Abhishek Mandawewala: No, so I would like to clarify. The weakness that is there is primarily in the Nylon business. Not much of that CAPEX is going to go in the Nylon business. The business is, so all the CAPEX that is happening here on is only happening number one in strategic areas where as we feel the quality of earnings will be at a higher level, number one. Number two, where we will be adding strategic customer base and I mean the quality of earnings will be certainly there and number three, It is not that we will be doing CAPEX in areas which is already struggling. It is going to be in areas which are strategically important for us and which are already doing well.

Moderator: Thank you. We have our next question from the line of Himanshu Mahajan from Arga Investment Partners. Please go ahead.

Himanshu Mahajan: I just want to know if you can tell me on your assessment, how much of your business has been converted, now how much percent in terms of sales or something you could guess into a specialized business?

Abhishek Mandawewala: Less than 5%.

Himanshu Mahajan: Overall net, including BCF?

Abhishek Mandawewala: Excluding BCF.

Himanshu Mahajan: Excluding BCF, Polyester and Nylon, you are talking about?

Abhishek Mandawewala: I am talking mainly the textile business, so it will be less than 5%.

Himanshu Mahajan: So can you give a timeline, I know it is very tough, but can you tell a timeline maybe 3 years, 4 years or something like that, a number of customers, I know it is fairly tough, but still?

Abhishek Mandawewala: I have no answer to that question to be honest. So it will take its own time. As I say, every quarter, every concall, these strategic customers to add them, it is a tedious process. A lot of things have to fall into place and it is very difficult to answer that question to be honest.

Himanshu Mahajan: Yeah, I get that, because it is really tough. You can't say no to the other customers because you are already doing business with them right if I am not wrong. So how do you plan to reduce it over time and increase the proportion of these specialist customers?

Abhishek Mandawewala: I guess it is continuous business development activity along with improvement of systems, internal processes, good quality sampling and internal innovation, so I mean these are some of the things that will be required in order to move ahead in that area, so quick responses, so several things which we try to get into place.

Moderator: Thank you. We have our next question from the line of Shikar Munda, Individual Investor. Please go ahead.

Shikar Munda: I wanted to understand, you said you incur 16 crores of CAPEX outflow each month and it is not for capacity building. So what is it for exactly?

Himanshu Dhaddha: So we do CAPEX of around 15 to 20 crores every quarter. This quarter, we have done around 16 crores. What is your second question?

Shikar Munda: So, if it is not for capacity building, what is it for exactly?

Himanshu Dhaddha: So, as we have actually announced about projects, Project-V was more about capability building whether in terms of building of warehouse, the infrastructure, buildings and labs, R&D and all that. So these were the kind of CAPEX which was mostly there in project V, it was not that all the things are only capability building. There were some capacity additions, but Project-VI will mainly be say 75% to 80%, towards capacity addition rather than capability because we have already done some capability additions in Project-V.

Shikar Munda: Alright. So as of now, as I can assume this investment in capability building will stop as in or it will continue?

Himanshu Dhaddha: As I said that Project-VI around 75% to 80% would be capacity, rest of that would be again towards Infrastructure and capability.

Shikar Munda: And so, as of now what is your total utilization as in for the whole company?

Himanshu Dhaddha: For the last quarter it was about 63%.

Shikar Munda: It is for the whole company, not just for nylon, right?

Abhishek Mandawewala: No, this was for the textile business.

Shikar Munda: Okay. I think you have answered this question, but since the utilization is itself 63% and we have debt levels of 200 crores. So like any plans of like first increasing our utilization and then putting in Project-VI?

Abhishek Mandawewala: So the utilization in the textile business was 63%, but the utilization in BCF which is where more of the investments will probably happen going forward, utilization there were above 90%.

Shikar Munda: And so EBITDA, you can give us the split between your different businesses like Nylon, Polyester and the revenue each contributes to?

Abhishek Mandawewala: Like every quarter, right now we are not in a position to give that split.

Moderator: Thank you sir. We have next question from the line of Manmohan Toshniwal, Individual Investor. Please go ahead.

Manmohan Toshniwal: Abhishek, a few quarters back you have mentioned about there was some either a land dispute or something like that or we have lost some papers related to adjacent land. Is that something that strikes your mind?

Abhishek Mandawewala: No, I think there is confusion between companies or something.

Manmohan Toshniwal: Okay, fair enough. I just wanted to push a little bit on this, in terms of segregation of your revenues. When do you think you could share that information with your investor and what it is that like do you think it is quite price sensitive or business sensitive to share those revenue breakup between your multiple businesses?

Abhishek Mandawewala: No, I mean just as of today we are not in a position to share, that is all I can say.

Manmohan Toshniwal: And you cannot give any sort of tentative timelines that by this you would be ready to share?

Abhishek Mandawewala: Unfortunately, no at this point in time.

Moderator: Thank you sir. As there are no further questions, I now hand the conference over to the management for closing comments. Over to the management.

Abhishek Mandawewala: So thank you everybody for attending the conference call of AYM for Q2 and see you again next quarter. Thanks everybody.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of AYM Syntex Limited that concludes this conference.