Godrej Industries Limited
Earnings Conference Call Transcript
November 12, 2013

Anoop Poojari Good afternoon everyone, and thank you for joining us on Godrej Industries' Q2 & H1FY14 results conference call. We have with us Mr. Adi Godrej, Chairman of Godrej Industries, Mr. Nadir Godrej, Managing Director, Mr. Pirojsha Godrej, Managing Director and CEO of Godrej Properties, Mr. Balram Singh Yadav, Managing Director of Godrej Agrovet, Mr. Vivek Gambhir, Managing Director of Godrej Consumer Products, Mr. Nitin Nabar, Executive Director and President (Chemicals) and Mr. Clement Pinto, Chief Financial Officer of the Company.

We will begin the call with brief opening remarks from the management. Following which, we will open the forum to answer any questions you have.

Before we begin, I would like to point out that some statements made in this call may be forward looking and a disclaimer to this effect has been included in the conference call invite sent out earlier.

I would now like to invite Mr. Adi Godrej to make his opening remarks.

Adi Godrej Good afternoon everyone. I welcome you all to Godrej Industries conference call to discuss the operating and financial results for the second quarter and half year ended September 30, 2013. It is extremely encouraging that we continue to deliver strong growth at the consolidated level, sustained through periods of business cycles. To begin with, I would like to take you through some of the key developments and operational progress at each of our businesses followed by a summary of our financial performance for the quarter and half year gone by.

Our agri businesses registered sustained momentum in revenues and profits during the quarter primarily on the back of excellent performance of the agri-inputs segment and improved results in our joint ventures. The agri-inputs segment reported a firm sales growth of 30% in this quarter over the corresponding quarter last year due to robust volumes delivered by all key products. 'Hitweed', our cotton herbicide and 'Zymegold', a plant growth regulator registered significantly higher volumes of 143% and 110% respectively. Our joint ventures, ACI Godrej and Godrej Tyson witnessed a turnaround in the operating environment enabling them to deliver healthy results. ACI Godrej marked a 70% increase in sales during this quarter over the corresponding quarter last year. Focus on aqua feed and cattle feed remain key to its performance during the year as external environment continues to be extremely volatile for poultry feed. At Godrej Tyson, revenues enhanced by 25% with firm contribution from sales volumes of 'Yummiez' and 'Quick Service Restaurants' which grew by 44% and 32% respectively. I would like to share with you that during the quarter we also successfully launched two new products 'Aloo Tikki' and 'Haryali Bite' and have additional launches planned for the second half of the current year.

The animal feeds segment witnessed a growth of 9% in the first half of this year over the corresponding period last year. In the aqua feed segment, favorable conditions led to strong volumes growth in this quarter. Lower broiler placements and extremely volatile chicken prices are impacting the overall broiler feed market. Focused R&D facilitating launch of differentiated products has helped propel growth especially in the layer feed volumes.

Coming to the performance of the oil-palm segment – improved volumes assisted in achieving a higher top-line as compared to the corresponding quarter last year. Also, the oil-palm segment has been incrementally adding acreage under cultivation each quarter thereby creating the foundation for strong growth in the years to come. A new palm kernel oil mill commenced operations in Tamil Nadu in September 2013. Our new oil mill at Mizoram is progressing well and is expected to commence operations in the last quarter of this fiscal.

The latest addition to our agri portfolio, Godrej Seeds continues to expand strongly. Alongside concerted efforts to strengthen R&D, we entered new geographies in the Kharif season including the subsidy sales market in select geographies. Overall, the outlook for all the agri. businesses is favourable and we are positioned well to tap the prospects in the agri sector in India.

In a challenging environment, Godrej Consumer Products has delivered 23% growth – well ahead of FMCG industry growth. Along with healthy top line growth, we have also delivered good operating profit growth with 20% EBITDA growth over the corresponding quarter last year. Godrej Consumer Products continues to be aggressive in launching new innovations that have been well accepted by our consumers. We are backing our new launches with strong investments. At the same time, we continue to intensify our efforts in enhancing our distribution and improving productivity through technology.

Moving on to our property business - the second quarter witnessed strong financial performance, a successful capital raise and the expansion of our development portfolio. I am pleased to share with you that the Godrej Properties rights issue was oversubscribed and the Company raised Rs.700 crore - making it India’s largest rights issue in the first half of the current financial year. This capital has strengthened the Company’s balance sheet and has also increased GPL’s ability to continue to add value accretive new projects in key markets.

During the second quarter, Godrej Properties added a new profit sharing joint venture in Gurgaon for a project that is approximately 1.2 million square feet of saleable area. Godrej Properties has also increased the scale of the Panvel township project by adding 37 acres to arrive at a total area of nearly 147 acres. We continue to believe that the current market situation, in which many developers and land owners are under liquidity pressure, presents us with a strong opportunity to add new projects at attractive terms. On the operations front, Godrej Properties successfully delivered 624 homes to its customers in the first Phase of Godrej Garden City in Ahmedabad, which is the Company’s first ever township project. I am happy to note that this hand over happened within the committed timelines to the customers. We remain extremely confident of the success of projects in the launch pipeline despite market conditions and look forward to timely execution of the launches. The achievements in the second quarter have been quite encouraging, validating our optimism in the future of our properties business in a challenging environment.

Moving on to our oleo-chemicals business, the difficult global economic scenario and increasing competition in the domestic market continue to dampen performance. I would like to mention here that while we face challenges in the short term, we are optimistic on the long term prospects of the business. The new Oleo-chemicals facility at Ambernath is on track and is expected to be operational in the second half of this year. This would bring about added capacity and also efficiencies and would thus improve margins.

Let me now briefly run you through our financial highlights. During the quarter, our consolidated Net Profit stood at Rs. 94 crore marking a growth of 22% over the corresponding quarter last year. For the half year ended 30th September 2013, Consolidated Net Profit stood at Rs. 147 crore marking a growth of 24% over the corresponding period last year.

At the Godrej Group, we believe in doing our part to drive more inclusive growth and sustainable development. Under our umbrella initiative that we call Godrej Good & Green, we have launched many initiatives for skills development, environmental sustainability and product innovations for the bottom of the pyramid. I am happy to share with you that our 'Good and Green' initiative has been awarded the prestigious Porter Prize that recognizes us for our efforts in creating shared value. The central premise behind shared value is that the competitiveness of a company and the communities around it are mutually dependent and this has the power to unleash the next wave of global growth and to refine capitalism.

As I conclude, I would like to share that while the domestic environment still has numerous headwinds, we are hopeful that we will see improvements in the economy going forward. I am confident that through our disciplined strategy, our prudent approach in managing our businesses, our focus on agile execution and our committed team, we will be able to sustain and deliver strong growth and value for our stakeholders.

Thank you for your time and we will now be glad to take your suggestions and answer any questions that you have.

Moderator Thank you very much Sir. Ladies and Gentlemen we will now begin the question and answer session. Our first question is from Kashyap Pujara of Axis Capital, please go ahead.

Kashyap Pujara Basically my question is pertaining to the agrovet division. I was just looking at the palm oil, the veg oil revenues and the profitability - there has been a sharp improvement in the profitability in that business and predominately it looks like everything is from the oil palm business that we have in Agrovet. So if you can throw some light as to what is really happening there and can we see this performance to continue considering that we have huge room to improve as yields improve based on the maturity profile?

Adi Godrej Before I ask Balram to answer your question I would just like to clarify that that category includes our international vegetable oil trading business under Godrej International. Now I will ask Balram to answer your question.

Balram Singh Yadav So Oil palm business has done well primarily because of better efficiencies and good palm oil price however, our volumes of fresh fruit purchase has not been as planned because there is always a variation when we have a drought year or an excessive rain year. This year is excessive rain so we believe that the peak has been a little postponed so we expect the quarter 3 to be much better than expected and much better than last year.

Kashyap Pujara While we are still adding acreages every year we still have a lot of room in terms of the current maturity profile to improve because most of the hectares that we have are still not matured to that extent. So can we expect that as the time goes by you will basically be increasingly seeing more traction on numbers from this division?

Balram Singh Yadav The expectation is correct.

Kashyap Pujara I am also seeing significant improvement in the agri inputs and the associate companies like the ACI and Tyson like what Mr. Godrej had mentioned. Could you throw some light as to how do we build, you know, what is the expectation of these businesses in the foreseeable future? How does agri inputs cater to performance? These kinds of stellar numbers that we have seen on Hitweed and Zymegold; are they structural in nature? Can it continue? What is the normalized trend that we see?

Balram Singh Yadav So agri input division has gained from very good monsoons and a good start of monsoon is very good for agri input division because most of our products are used in the first half of kharif season that is July and August. So we really benefitted from very good monsoons this year and going forward if we have normal monsoons and timely monsoons these numbers can be grown and they are sustainable.

Kashyap Pujara And on the ACI and Tyson what is your outlook there?

Balram Singh Yadav Both these businesses have done well just because they have done badly last year. So both have turned around this year so that is why you see such good numbers and this is likely to continue because in both these businesses we were continuously doing well for last several years barring the last year.

Kashyap Pujara So we can expect margins to claw back further from here in those businesses?

Balram Singh Yadav Yes.

Kashyap Pujara And lastly on the chemical division while I understand that the global outlook is challenging and that the performance is slightly below expectations but overall considering that we are moving to the new plant I wanted do understand how value addition is going to play out and what grades or what improved range of products that we can look at which can get us the margins or improve the margin profile overall?

Nadir Godrej Our Ambernath plant will be starting up soon and we ramped up and as it ramps up there will be significant improvements because there is a more capacity to the Ambernath plant as well as more efficiency and we continue to introduce more value added products and we are also looking at investing in newer technologies where we will have a broader range of value added products including fractional crystallization but that is coming in the future.

Nitin Nabar The efficiency will be better because there is no octroi in Ambernath. That will be an addition to our bottom line.

Adi Godrej The other point I would like to make is as we move to Ambernath and we complete the movement of the Vikhroli plant to Ambernath we will continue our Trees development in Vikhroli which will add value to the Company.

Moderator Thank you. Our next question is from Sanjaya Satapathy of Bank of America Securities - Merrill Lynch, Please go ahead.

Sanjaya Satapathy My question is relating to this agri input side. Can you just give us some sense of your new product plans there and what is the outlook for that?

Balram Singh Yadav We have several products in the new product pipeline and one of our product which is under registration is rice herbicide. We have talked about this product but unfortunately it is taking a little more time to register this product. Hopefully we will be launching this product next year. I also need to tell you that our product 'Hitweed' which is the cotton herbicide which has done very well this year is about one-sixth potential or in the other way the rice herbicide will have six times more potential than cotton herbicide because of the area alone. So we believe that rice herbicide should be launched next year and that will be another hit product from agri-input division.

Sanjaya Satapathy Sir, we are seeing this herbicide perse doing very well for many other competitors of yours and probably that is the theme which is just starting up but being a late entrant or something is that a concern for you?

Balram Singh Yadav Herbicides are doing well because earlier the beating was done manually and the labor cost has gone up so chemicals are replacing labor. The second point is that there is enough space for everybody because India is not a monoculture area, it is a multi-culture area, we grow several crops both in kharif and Rabi, so there is opportunity for all because in agriculture no chemical can work on all the weeds. So it is very, very specific and one chemical can solve only one problem. So there is space for everybody. I do not think that we will have a saturation of herbicide market for next five to seven years.

Sanjaya Satapathy And what kind of growth will you really target for next four to five years for the entire agri input chemical side for the next five year for yourself?

Balram Singh Yadav So last year was a drought year so this year has been exceptionally good monsoon year so that is why the growth is very good. On a steady state basis and keeping an eye on the new products we have in the pipeline I believe a 20% to 25% growth for next three to five years this should not be difficult for agri-input division.

Sanjaya Satapathy And my other question is if you can give us some idea about your animal feed business which had some kind of issues during this quarter but what is the real outlook there?

Balram Singh Yadav I think the big issue with the animal feed business was that there is a big turmoil in the broiler market because the prices are very volatile and the broiler population has come down. When I say broiler population has come down just because the profitability is not assured so farmers have reduced their placement so the feed sales are low. The second thing is while rest of our businesses have gained immensely from very good monsoon, monsoon also results in very good fodder. So there the cattle feed took a hit during this quarter because there was lot of greens available for animals. Now all that is over and I believe that in Q3 and Q4 the animal feed tonnages will recover and will register growth over last year.

Moderator Thank you. Our next question is from Sumit Sachdeva of Kotak Mahindra Bank. Please go ahead.

Sumit Sachdeva It is Sumit here from Kotak. I wanted to basically understand as to how was the half year for your retail business which is Nature's Basket?

Adi Godrej I think Nature's Basket is growing very well not only overall, we are opening new stores, but the same store sales growth is also good. Of course we have been affected slightly because of the rupee depreciation which has raised the cost of imported products but growth continues to be good and we expect to do even better in the future.

Sumit Sachdeva Okay and one more question was on Godrej Seeds which basically is again growing strongly. Now on Godrej Seeds what does the future look like it, will it be a standalone seeds company or how do you think it growing?

Balram Singh Yadav Godrej Seeds you are talking about?

Sumit Sachdeva Yes, Godrej Seeds. Basically how do you see next three to five years - how is it shaping up because in almost all the calls I think there is a lot of focus on Godrej Seeds?

Balram Singh Yadav Two to three things I want to say about Godrej Seeds. One is that it is a new business for us so we want to learn that business - that process is on. Second thing is that we want to invest in R&D so that we come with our products and we have the IP for those products because that is the value we can create through research and development initiatives in this business. Third, once we reach certain scale in next three, four years and are confident about our knowledge and understanding of the business there is a big opportunity of inorganic growth in this area. So this is the way we would like to pursue the future in this business.

Moderator Thank you. Our next question is from Manish Gandhi, he is an individual investor. Please go ahead.

Manish Gandhi I have a few questions. My first question is to Mr. Adi Godrej and Nadir Godrej. Sir, I am a shareholder since last 10 years in Godrej Industries and highly impressed by your capital allocation decisions. So in that regard I just want to understand that we have invested around Rs. 400 crores in Godrej Properties rights so what kind of minimum compounding return or value appreciation has been considered by board for the next 10 years from the same investment?

Adi Godrej No, I do not think the board has thought of a minimum capital appreciation but I have very often said that we feel Godrej Properties will be our fastest growing business. The real estate market in India has tremendous opportunities for growth unlike our other business whether it is Godrej Consumer Products or Godrej Agrovet we do not have to be overly concerned about share of market or growth of the category in this business and we have been growing quite well and I think this is the right time when the real estate market is not doing extremely well to take on new projects because the cost of getting into new projects at this time will be reasonable. So that is why we decided that this was a good time to raise capital and the reason we raised capital by a rights issue rather than by a QIP or some other means was that we feel the value of this company will grow tremendously in the years to come therefore we did not want the promoter shareholding to dilute. So that is the thinking behind the rights issue that is the thinking behind Godrej Industries subscribing to the rights issue and we expect it will pay a good dividend to the company in the future.

Manish Gandhi My next question is to Mr. Pirojsha. I just want to understand now with this Rs. 700 crore from the right issue and the Rs. 1,000 crore platform we have arewe still looking at Rs. 25 crore to Rs. 50 crore kind of PE deals?

Pirojsha Godrej We have been saying for quite some time that PE is now a less important part of our strategy. I think there still can be advantages to occasional PE deals. For example as you know last quarter rather in the first quarter we did a PE deal for a re-development project whereby we severely limited the amount of investment Godrej Properties has to incur, also managed to receive some profits from the project upfront. So I think if there are opportunities like that when it makes a lot of strategic sense for the company where we can restrict the investment we need to put in any given project and also upfront some of the returns it is still a viable option but that said I would expect to see much fewer PE deals than we have had in the past and certainly no deals with any sort of committed returns or anything like that.

Manish Gandhi Just one more question. What do you think why the market is not giving any valuation because we have around 25 years of such a great land Vikhroli and management has been kind enough to give Godrej Properties 10% of the sales so why there is nothing in the valuation any thoughts on that?

Pirojsha Godrej I think your guess is as good as mine. What I can say is that real estate is a very cyclical industry, I think people get a little over excited when things are good and a little over depressed when things are not so good. What we feel is that as long as we are prudently managing the business ensuring the financial strength of the company and continuing to use the opportunities at such weak times present which we have been very successfully on the business development front then once the economy in general picks up which it certainly will and once the real estate sector in turn benefits from that pick up which again it certainly will we will be very well placed to take advantage of that both through launches across the country and of course through superior realizations in Vikhroli and I think superior visibility and acceptance of the valuation in Vikhroli because I think there is no reason as you rightly suggested that the valuations of the land of Godrej Properties taken it should be as low as it currently is.

Manish Gandhi One more question if you permit. Regarding today's news about Panvel Airport finally it is getting nearer to the - so how far our land is from the airport?

Pirojsha Godrej I do not know the exact distance but it is a few kilometers, it is a huge boon to the project. We of course have gotten into this project with the idea that it is a location that is going to develop tremendously and I think my personal sense is this will probably turn out to be one of our best ever investment for the very, very small advance we have secured what is going to be a very exciting township and certainly this news today on the land purchase agreement being sorted out is a big positive for the Panvel market all in all. We are working full speed on the design and approval process and hope to take that project to market very soon.

Manish Gandhi And a last question to Mr. Balram. Yeah Balram, congratulations for you and your team that you have built a business in last 5 to 7 years which is very resilient and hopeful that we can in the next decade take giant leap forward. I just want to know after Bangladesh success in last few years would we be looking at few other countries or we will be happy with the growth in India which is of course a great opportunity?

Balram Singh Yadav So going by the success in Bangladesh we also evaluated some countries in Africa and also Myanmar and we realize that there is a greater opportunity in India and Bangladesh for next few years that we should concentrate our efforts here.

Moderator Thank you. Our next question is from Umesh Raut of Equirus Securities. Please go ahead.

Umesh Raut Just wanted to understand outlook for the palm oil prices going ahead?

Nadir Godrej We expect palm oil prices to be stable. They have shot up internationally in the last few weeks because Indonesian production was lower than expected. But I think this increase is now played out. International prices are not expected to rise further and one thing preventing further palm oil price increases is that crude oil is softening. American production of crude petroleum is very, very high and that will put a dampener on crude oil prices and some amount of palm oil goes into bio diesel and this is not so attractive at these prices but there are bio diesel mandates in Brazil, Indonesia thinking of increasing its bio diesel mandates so we think that palm oil prices should be stable. As for Indian palm oil prices, the weak rupee will ensure very high Indian palm oil prices. They will keep rising as long as the rupee is weak. If the rupee strengthens there will be some fall in palm oil prices denominated in rupees.

Moderator Thank you. Our next question is from Bharat Sheth of Quest Investment Advisors. Please go ahead.

Bharat Sheth First question is to Mr. Adi Godrej. Sir, earlier we were evaluating listing of Godrej Agrovet. So now what is your thinking on that?

Adi Godrej We have no immediate plans to list Godrej Agrovet but that does not mean that listing is out of the question. In a three to five year framework there might be an opportunity.

Bharat Sheth And second question sir for you on Godrej Properties. See Godrej Properties' return on net worth as well ROCE is deteriorating over last few years. So when do you see that ROCE or return on net worth will start bouncing back again which was about three years back? And what are the strategies to improve on that?

Pirojsha Godrej I think you very rightly pointed out that I think our ROC performance over the last couple of years has been inadequate and I think it is certainly something we are very focused on taking up and I think the whole model of the business being joint venture is to ensure that we are able to take it up. Just quickly let me comment on why I think the ROC numbers have not been adequate over the last couple of years. One I think is a very positive reason that the short term numbers are not been good and the other is not such a good reason.

On the positive side if you look at it our portfolio is now about 40 projects, over 20 of those projects has been added in the last two-and-half years. Now given the way real estate works before any benefits from the project are seen in the P&L and therefore in the ROCE numbers we have to get all the approvals in place, launch the project and manage some construction also before this enters the P&L. So I think all these new projects where we have been making investments will turn out to be very, very ROCE accretive but there is a slight horizon that one needs to keep in mind when looking at that.

The other reason is a not so positive reason which is there on some of our older commercial projects we have lost in much more capital than we have intended because of the poor performance of the commercial markets in cities like Kolkata and Chandigarh. I think we have learnt the relevant lessons from that. We said that from a new project perspective by focusing on the residential space and we are making best efforts to exit these commercial projects but that is taking a little bit longer than expected. But once that commercial project unlocking happens and these new projects that we have added start entering in to P&L we expect our ROC and Return on Net Worth numbers to improve greatly over the next three years.

Bharath Seth How much amount has been locked in these two - Chandigarh and Kolkata?

Pirojsha Godrej We currently have got Rs. 600 crore to Rs. 700 crore locked in, in three projects there.

Bharath Seth So with now this rights issue proceeds coming in now we expect borrowing to come down. How will that improve our EBITDA margin because interest cost we put into the operational cost?

Pirojsha Godrej Certainly EBITDA margin is also something that we expect to see go up as lot of these new projects start entering our P&L. These are in structures that inherently higher margin structures like profit sharing and development management fees but frankly quarter-to-quarter EBITDA margins has a lot more to do with the project mix than anything else. But certainly I think the balance sheet for Godrej Properties is the strongest that it has been in the last many years. Our net debt that was currently a little over Rs. 1,200 crores at the end of September which is the lowest it has been in two or three years. Our debt-to-equity ratio at under 0.6:1 is also very comfortable. So I think the company is well-positioned from a strength of balance sheet perspective to look at new investments and a lot of the projects we have already added will start benefitting the P&L in the quarters to come.

Bharath Seth How much property will we be able to unlock from Godrej Industries once the Vikhroli plant is shifted to Ambernath?

Pirojsha Godrej The Trees project which is already well underway is a 35 acre project which is about 3.5 million square feet of saleable area.

Bharath Seth No, that is already that for which the payment has been made to Godrej Industries. What I am asking is that still Godrej Industries has got a one plant over there which will, over a period, be shifted to Ambernath with Ambernath commissioning?

Pirojsha Godrej No, it is the same piece of land so beyond The Trees we are working on a development management fee structure with Godrej & Boyce where there will be a lot of future opportunity in addition to the Trees.

Moderator Thank you. Our next question is from Sumeet Rohra of Silver Stallion. Please go ahead.

Sumeet Rohra Sir, all the businesses of the group are doing exceptionally well. I just wanted to quickly ask you on the chemicals part because we have done a revenue of Rs. 307 crores against Rs. 347 crores in Q2 of 2013 and a PBIT of Rs. 12 crore versus Rs. 24 crore. So do you think sir, this business has bottomed out and from here we can only see better times in the chemical part? And sir, secondly I wanted to ask you is that any update on the 6 to 7 acre land of the Bombay Port Trust what we have?

Nadir Godrej As we mentioned earlier there will be improvements as the Ambernath plant starts up and starting of the plant will commence soon. There will be an Octroi saving and the new plants are more efficient so cost of energy will be lower. At Valia also there are expansions coming on street and we are going to use biomass boilers which are much cheaper than using gas today. Gas prices have short up a lot affecting the results so far but as we get our biomass boilers in place the margins will improve considerably.

Adi Godrej As far as our land in Wadala is concerned we are discussing with the BPT and as such BPT has not taken any decisions on development of such lands belonging to many other people also. As soon as they take any decision we would like to do a joint venture between Godrej Industries and Godrej Properties.

Moderator Thank you. Our next question is from Rahul Mehta, he is an individual investor. Please go ahead.

Rahul Mehta My question is to Mr. Adi Godrej. I got a chance to ask this question to Pirojsha in the Godrej Properties con-call. So I just wanted to confirm with Mr. Godrej, Sir, we have been hearing you talking about 40x growth for Godrej Properties over the next 10 years but in your recent interview while you have been talking about 10x in

10 years for the group the 40x is not quite spoken about. So first I wanted to understand when you say 40x is it like top-line, bottom-line or what is it or is it the space that we plan to sell and if we are still not looking at that number what is the number that we really think with the new GDP growth rate - that do you think it is possible now in India whether it is 20x, 30x, 50x? If you can give us a broad sense of where we are headed that would be quite helpful?

And my second question is regarding the Vikhroli land if you can tell us how much of the land do we already have in agreement between Godrej Properties and the Godrej Group and if it is not complete for the entire land when would it be complete in the entire agreement?

Adi Godrej We have a group objective which we have stated about three years ago that our growth objective on the top-line sales growth objective is 10x10 which means 10x in 10 years which is a compounded annual growth rate of above 26%. We continue to maintain that objective for the group as a whole. That particular objective 10x10 is also coincidently the objective for Godrej Consumer Products as a company. Over the last two years we have exceeded that growth rate - we have been growing at about 30%. We expect to continue to follow that path and we expect the Indian economy to recover soon. Some of our companies may not grow that fast such as our chemicals business and some of our engineering businesses. On the other hand some of our businesses such as Godrej Properties are expected to grow at a faster rate. So therefore the 10x10 objective is maintained. As far as the rate of growth of Godrej Properties it will depend a lot on how the economy does and the real estate sector does but the real estate sector once it picks up can be a big opportunity for very rapid growth. We have had very fast growth in Godrej Properties in some years even as high as high as 70% and more. So recovering to a higher growth rate will be possible once the real estate sector starts picking up.

Moderator Thank you. Our next question is a follow up question from Kashyap Pujara of Axis Capital. Please go ahead.

Kashyap Pujara Just one bookkeeping question pertaining to the other income - I think in the first half we have seen a reasonable other income coming in. Could you just give some breakup on that front?

Clement Pinto This is largely - there were lot of surpluses which have built up both in Godrej Industries and Godrej Properties - these are the interest income which we have earned on these surplus deployed.

Moderator Thank you. As there are no further questions from the participants I now hand the floor back to the management for closing comments.

Adi Godrej Thank you. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company we will be happy to be of assistance. Thank you once again for taking the time to join us on this call.

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