

Business Outlook – November 2009

Segment A – Electro-Mechanical Projects and Services

Domestic Market: There are positive indicators in terms of new inquiries. However, the sluggishness in new orders finalization and execution of the order book continues. Various economic data has been encouraging. The impact of economic trends gets reflected in this business with a lag, as happened when the economic conditions started deteriorating earlier, and therefore, we now believe that 2010-11 should be a good year for this business. The Order Book level remains comfortable. Position of receivables is still not back to the normal levels and probably will revert to the earlier levels next year. The Order Book of Rohini Industrial Electrical has improved substantially in the recent past and the levels will be discussed at the end of the quarter.

International Business: The Order Book of the business stood at Rs. 3075 Crores per end September 2009, which included Yas Retail Project of Rs. 708 Crores which is under suspension. The suspension continues and the project is likely to be completely revamped. Current indications are that the project will be revived only in the second half of the financial year 2010-11. In the meantime, the orders being targeted by Voltas have not yet been finalized but some of them are likely to be decided before the end of the current financial year. In the case of projects under execution, there are no signs of any slowdown except some delays in some of the projects due to the slow pace of civil works (not in our scope) or designing delays. As mentioned earlier, there are no projects under execution in Dubai except Burj Dubai which is almost complete.

Segment B – Engineering Products and Services

Textiles Machinery Business: There is a distinct pick up evident in Textiles Machinery business and month on month inquiries and order booking is improving. While second half of the current year is expected to be distinctly better than the first half, the year 2010-11 should be significantly better.

Mining and Construction equipment business also has been performing well. New inquiries are indicative of a positive outlook. Capital employed has also been well under control and we look forward to continued growth in this business with expanded range of services.

Material Handling business volumes remain subdued though there is some gradual positive movement. Looking at the business confidence index, going forward, the volumes should pick up. The working capital has been managed well. The business continues to focus on bringing down cost of manufacture and expanding the range of products.

Segment C – Unitary Cooling Products for Comfort and Commercial Use

There has been significant volume growth in both Room air conditioners and Refrigeration products over the same period last year. Costs and working capital have been controlled very well by the Operations. The loading of manufacturing units both in the subsidiary company and in our own plants has also been reasonably good. The Company remains optimistic about the pace of growth and profitability of this business.

Overall Outlook

Overall, the Company's performance in both Electro Mechanical and Unitary Products businesses has been good and we hope to maintain the pace of activities in the remaining part of the year. Overall performance of Engineering businesses also seems to be slowly improving and this augurs well particularly for the ensuing financial year.

Company's Indian and Overseas Subsidiary and Joint venture companies are also doing well.

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