

'The govt is making all the positive sounds but now we need action'

The third quarter numbers of Thermax India, the capital goods and engineering company, didn't throw any surprises, though the order book slipped almost 10 per cent. **M S UNNIKRISHNAN**, managing director, says had it not been for deals from the international market, the quarter would have been bad. In an interview with Shivani Shinde Nadhe, he talks about the problems and the need for the government to start taking action. Edited excerpts:



M S UNNIKRISHNAN

Managing Director, Thermax

The quarter saw a dip of 10 per cent in the order book. What were the challenges?

The main reason was the domestic market. In the large project segment, there is no movement at all and I expect this to continue for some time. The core groups that support our order book belong to sectors like cement, power, oil & gas, fertiliser, base chemicals and others. These have larger capacity projects but there are not enough projects. It's not that we are losing orders; there are no orders. Almost all the industries are stuck with existing capacity underutilised.

Unless consumption picks up and utilisations start, there will be no orders. Sentiments are good but domestic consumption has not picked up. We do have standard orders from the food processing, beverages, pharma and other sectors but these are small-size projects.

By when do you think things should start to look positive?

For the real turnaround, we will need at least 12-18 months.

I did expect the turnaround faster but that's not possible. The government is making all the positive sounds but now we need action.

International markets have done well. Do you think they will be the major source of growth for the company?

We have been focused on the international market and are seeing some results. But that market, too, has its challenges. The international market is challenging for Indian players. Even there, the overall conditions are not good. Europe is under pain, you have a Russian standoff and elections in Greece. Major European governments are worried about their funding for projects. Add the slowing in China, so half the global market is under stress.

Exporting is not easy and added to this, India is not a great brand when it comes for exporting. We compete with players from China and Korea who have huge support from their governments. They have sovereign to sovereign credit. The only way we have managed to gain market is by giving quality products and focusing on solutions rather than only selling equipment.

What are your expansion



plans abroad?

We have taken the initiative to set up a manufacturing centre in Indonesia. We are looking at Southeast Asia as a major market for our products and need to localise our activity there. We are still confident that we can double our revenue from international markets in the next five years.

How do you see this year panning out and how does 2015 look?

We have already done with three quarters. In the current year, we will grow at both top line and bottom line. Next year, the challenges will be unfolding and we will be struggling a bit to ensure we retain our growth rate. We will be opening with a lower carry-forward

order. If that is the case, then the next year will have a better order book.

You did say that sentiments are positive and the government needs to take action. Do you think the government's action to resort to ordinances to get started will impact growth momentum for companies like yours?

There are things for which the government does not need parliamentary action. Politicians should keep the country ahead of political differences. The coming Budget can be used to kick-start the investment cycle through large infrastructure projects. So far, they have spoken about what they want to do; now, we need to see action.