

Bajaj Electricals plans licensing pact for luminaire business

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Bajaj Electricals Ltd is planning to enter into a licensing agreement for its luminaire business.

“We are looking at a collaboration for our luminaire business through a licensing agreement as there is a need for technologically superior products which are state-of-the art. We are in advanced discussions. I cannot disclose anything further at this stage,” Bajaj Electricals chief operating officer and president R Ramakrishnan said.

The luminaire business is one of the five special business units (SBUs) of the company. The others are appliances, fans, lighting and the engineering business. Bajaj Electricals luminaires find applications in the engineering, power, steel, cement, fertilizer, chemical and petrochemical sectors.

Earlier, Bajaj Electricals had entered into a licensing agreement with Morphy Richards of the UK for its irons. This tie-up also entails a technology transfer.

The company is targeting revenues of Rs 1,000 crore by the year 2007-08.

“The biggest contributor to this will be the engineering business. Till recently, we were only into the manufacture of power transmission towers. Now, we will be installing them too,” Mr Ramakrishnan added. The engineering and projects business is also the fastest growing business.

This business has an order book of over Rs 150 crore and has grown by over 85%, senior company executives said. The company clocked net sales of Rs 505.26 crore in the last fiscal and is expected to add around 25% to its topline this fiscal, he said. The company which had been facing tough times a few years back has bounced back after the implementation of a restructuring exercise.

This entailed the reorganisation in to five SBUs, reduction in interest rates, brand building, and a growth of revenues.

Last year, the company also came out with a rights issue at a premium of Rs 15 per share. Further, the company also got out of the die-casting business by giving a VRS at the plant, selling the development rights of the land and entering into a non-compete clause with a competitor.