Order book stands at Rs 1035 cr: Bajaj Electricals

Here is a transcript of the exclusive telephonic interview with R Ramakrishnan, COO of Bajaj Electricals on moneycontol.com.

Topline performance has been good for the company in terms of volume growth. Topline has grown by 16.4 % from Rs 365 Cr to Rs 425 Cr. In terms of segment wise performance 30% growth in appliances; 22% growth in fans; 20% growth in lighting & 26% growth in luminaires business. 11% growth in E&P segment was better as compared to the last quarter of 8%. Consumer Durables & E&P businesses have shown better profitability in this quarter.

Segment wise performance:
Lighting: Net profit grew from Rs 7.7 Cr to Rs 8 Cr
Consumer Durables: Net profit grew from Rs 15.95 Cr to Rs 18.6 Cr
Engineering & Project Business: Net profit grew from Rs 12.7 Cr to Rs 17 Cr

The interest cost has gone up significantly from Rs 7.7 Cr to Rs 10.9 Cr; a rise of 41%.

The total outstanding order book of the company stands at Rs 1035 Cr. No order cancellation was witnessed in this quarter. Order Book Break-up:

Special projects of Lighting & Rural Electrification Rs 500 Cr
Galvanised Poll: Rs 62 Cr; a rise of 15% in this segment
Street Light: Rs 60 Cr
Transmission lines tower: Rs 420 Cr

Since the company's products are sold on cash system basis & not on loan system it is better insulated from the slowdown compared to its peers. The replacement sales are also doing well for the company.

Bajaj Electricals still maintains the guidance of Rs 1700 Cr topline for FY09.

With major commodities hitting multi year lows, the consumption of raw materials has gone down by 7% of sales. However purchase of goods has gone up from 70% to 73.4% of sales.

Also with lower commodity prices, the company has passed on the discount to consumers. A 3-4% price reduction in Fans segment was done while going forward the company will reduce the prices of mixer grinder as well.

Inventory has considerably dried down by the company. A 7% increase in inventory compared to its 24% growth in the turnover of consumer business is reasonably well. However, in the E&P business, the inventory at the company level has gone up by 22%

The outstanding for the company has gone up by 6%.

The total working capital deployment has gone up by 9-11% compared to its growth in turnover of 22%.

The Luminaires segment witnessed margin pressures on bottomline in this quarter.

In the Building Management System; the company may finalise some initial contracts in the near term.

Bajaj Appliances has recently launched its new application named Platina in the northern region. It is witnessing good response from there & the company will soon launch it in other parts of India.

Bajaj Electricals is also implementing ERP solution from Oracle for better productivity across its enterprise.

The company is also deploying strategy of assigning super distributors to sell some of its products in Haryana, Uttar Pradesh & Rajasthan. These distributors will sell more products in the rural areas going forward where the company has very little coverage. It is not seeing any pullback in the rural areas in consumer spending.

The import comprises 4-5% of the company’s turnover. The rupee depreciation will not impact much to the company’s bottomline.