

# 'The Reserve Bank should cut the key rate by half a percentage point'

Though acquisitions have been on Bajaj Electricals' radar for quite some time, steep interest rates have been playing a spoilsport. Chairman and Managing Director **SHEKHAR BAJAJ**, in an interview with Digbijay Mishra, talks about the company's road map. Edited excerpts:

**You have been talking about acquisitions for quite some time. What is holding you back?**

It is primarily because of the high interest rates in our country. For foreign companies looking to acquire, the cost of financing is very low and the premium they generate is better. The payback time is longer, too. We have to pay 10 or 12 per cent interest and this is, in a way, playing spoilsport in our inorganic plans.

**The Reserve Bank of India would announce its policy review on January 29. What should be the central bank's move?**

They should cut the key rate by half a percentage, as a quarter percentage cut won't help much.

**What acquisition are you eyeing?**

We want to acquire an established brand, because then, there are fewer problems. I already have a strong distribution network and in a period of about three years, I can use that network to introduce the brand and establish it.

For deals worth ₹1,000 crore, I won't have to go to the equity market. But if it's more than that, I may think of raising money from the market.

**You are actively decreasing your dependency on China for sourcing compact fluorescent lamps (CFLs). Why?**

The rates of Chinese products are rising and we have a weak domestic currency. So, it is better we source it from India. Also, the Indian products are equally good.

**What about your exports plan?**

Exports would be very big. These would be a substantial part of Bajaj Electricals' revenue. We would give more thrust on this.

Because of a weak currency, our prod-

ucts are becoming very competitive in the global market. In the coming years, these would grow about 60 per cent; maybe even 100 per cent. Bajaj Auto had started exporting with a very low level. But now, 30 per cent of its sales are from exports.

**How did Bajaj Electricals' exploration and production division fare?**

It was quite a bad year, as the government didn't want to take any decision and major projects were put on hold. I am hopeful it would do better in the next financial year. We will start afresh in the next financial year.

**How did the consumer durables and lighting segments fare this financial year? How do you see these shaping up in FY14?**

These sectors fared well. We saw 15-20 per cent growth. Next year would be similar. Consumer durables and lightings now account for about 75 per cent of our business. Apart from a partial failure in Kerala, the festive season showed good growth.

**You are Number 2 in the induction cookers segment. Has the cap on subsidised liquefied petroleum gas cylinders improved sales?**

Absolutely! We have already seen growth of about 60 per cent. Overall, the consumer durables divi-

sion also saw a spurt in growth. We are selling 1,00,000 induction cookers every month.

**When would your son Anant become managing director?**

That depends on him. He has to demonstrate he is ready. There is a difference in being Number 2 and Number 1. It may happen in a year; it may take longer than that. It all depends on how he demonstrates his skills.

**Q&A**

**SHEKHAR BAJAJ**

CMD,  
Bajaj Electricals

