

Orient Electric plans exports to US, Europe

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After firming up its exports across Asia, Africa and North America, Orient Electric, part of the diversified ₹126-billion CK Birla Group, is planning to start export of electric fans to the US, Europe and other destinations.

"We are currently increasing the depth of our exports in the countries we are present in and looking at new countries to export to. Such exports to the US, Europe and other countries is expected to start in another years' time", Atul Jain, senior vice-president and business head of the fans division at Orient Electric told *Business Standard*.

Jain said "depth" implied increasing its reach across the various distribution channels, which expectedly leads to higher sales volume.

Out of an estimated 3 million units of fans exported from India, Orient Electric commands a 60 per cent market share. It is the market leader in the premium segment with a 40 per cent market share. It is trying to increase its market share in the premium segment to 50 per cent.

The overall margins for fans from exports are similar to that

of domestic sales. Its RoHS (restriction of hazardous substances) compliance has helped it bid for export enquiries.

Its 2017-18 annual report states that an excessive dependence on the retail housing sector and stagnant growth in this segment are potential risks.

"To reduce this dependence, we are increasing our product portfolio to increase replacement demand and enhance our export focus", the report went.

The exports business accounts for 18-20 per cent of the company's earnings in a financial year.

Fans contribute 70 per cent to the company's turnover, which stood at ₹16.31 billion at the end of the previous financial year.

However, this contribution is likely to decline in the coming days as the lights and appliances business is registering a faster growth rate than fans.

"The fans segment is growing at 6-8 per cent but the premium category is registering 50 per cent growth", Jain said.

In the domestic market, Orient has decided to increase its current base of 100,000 retail outlets by 15-20 per cent in the coming months.