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Orient to invest Rs 50 cr to increase fans, LEDs production

CK Birla Group firm Orient Electric plans to invest around Rs 50 crore over the next two years to raise its fans and lighting manufacturing capacity, a senior company official has said.

"With the government announcing the list of smart cities, we expect (more) demand for energy saving electric products like fans and LED lightings," company's Chief Executive Rakesh Khanna told PTI here.

"We will be investing around Rs 50 crore over the next two years to increase the capacity of such power saving products," he added.

Around Rs 40 crore will be invested to set up a facility for fans in north India, Khanna said.

At present, Orient produces over 130 lakh fans per year at its two factories in Faridabad and Kolkata. It plans to add 50 lakh units capacity through the new facility.

"After introducing PSPO fans, last year, we launched the less energy consuming fan Ecotech, which is built on brushless direct current motor platform.

"With cities becoming smart, and consumers becoming sensitive towards energy saving, we feel the demand for our products will go up. To meet this demand, we will have to increase our capacity," he said.

Khanna further said the company is also looking at shifting its focus from CFL lights to LEDs and will invest around Rs 10 crore to bring new machines for increasing LED lamps production.

"The lighting market itself is Rs 10,000 crore, out of which LED is over Rs 2,800 crore and growing at a CAGR of 50 per cent. CFL on the other hand is witnessing a declining at 18 per cent. This is a huge opportunity for us," he said.

Orient, which clocked Rs 1,200 crore revenue in FY15, is expecting a 20 per cent year-on-year growth for the next two years.

"Currently the share of lightings in our revenues is around 10 per cent.

"In the next two years, after the enhancement of our LED capacity, we expect the contribution of lighting business to increase to 15 per cent," Khanna added.