

InConversation

'Low cost of LED bulbs not viable in open market'

Arun Gupta, Managing Director, NTL Group, talks to InfralinePlus on the various issues being faced by the LED lighting industry in India and his outlook on future growth in this segment. Excerpts:

Please share your outlook on the LED industry in India. How has the industry changed in the last few years?

We are already witnessing spiralling growth in the LED lighting industry. The current value of LED lighting market in India is Rs 4000 crore, we are expecting it to reach Rs 21000 crore by year 2020. The industry is likely to grow at a CAGR of 50% in the next 5 years. The demand is likely to be increased majorly in outdoor (street & road) lighting. Consumer segment is already gaining momentum and consumer in general is choosing LED bulbs as a preferred mode of lighting, especially in the urban areas. The LED lamps demand has sky-rocketed due to the increased focus of the government to provide sustainable lighting solutions and this has further fuelled the adoption of LED on the grass root level. Also, the industry is witnessing great demand in commercial projects & offices and which is expected to touch bigger heights in the coming days.

With the growth, the lighting industry has changed drastically too. From a handful of manufacturers, suddenly there is an explosion in the number of brands across the board. There is also a sizeable Chinese import segment that has come up. The certifications that have been put in place have tried to put a stop to quality issues and we are hopeful that the industry will witness consolidation,

where only the quality conscious will survive and thrive.

Please share your existing presence in the LED segment in terms of existing facilities, distribution network and investments.

We are already on the growth path and by the end of this year; our installed capacity will be in excess of 5 Mn units per month. However, we are continuously evaluating the market and whenever we see an opportunity we are open to ramping up further. NTL Lemnis facilities are located across three locations in Noida (Uttar Pradesh), Dehradun and Roorkee (Uttarakhand).

In December 2014, we launched our complete range of over 250 LED products for the retail market. We are increasing our footprint on a daily basis and the response to our offerings has been very heartening. The end users are very appreciative of our range and we hope to become a preferred brand of choice in the coming years.

From our current group turnover of just over Rs.600 crore, we are expecting that our group sales turnover will reach around Rs 1500-2000 crore by FY2019-20. NTL Lemnis is expected to contribute around Rs. 500 crore by 2019-20. We are hopeful to control at least 5% of the LED market in India and targeting revenue of around 25% from the LED business by FY2019-20.



Arun Gupta, Managing Director, NTL Group

In which segment do you see maximum growth – industrial, residential, street lighting?

Globally - Residential, architectural and outdoor lighting are the key applications that are leading the LED lighting growth charts. Among all applications, it is the residential lighting segment which has dominated the global LED lighting market with Residential applications accounting for over 40% share. Architectural lighting is another important parameter for growth of the LED lighting market followed by outdoor applications.

In India, it is Government schemes that are leading the demand in the residential segment. The increased focus of the government to provide sustainable lighting solutions especially in the lamp category are further expected to fuel the adoption of LED at the grass root level. The indoor lighting segment is expected to show significant growth in the long run.

In the immediate future, Outdoor

lighting will provide impetus to demand for LED lighting and solutions, again backed by Government focus on it. Consumer segment is also starting to gain momentum and consumer in general is getting aware of benefits that can accrue through adoption of this technology. Also, the industry is witnessing renewed demand in commercial projects & offices and which is expected to grow, as the real estate industry comes out of the throes of a slump.

How has the Government push LED to growth of LED industry in India, in terms of demand, supply and pricing?

The Government sector is the single largest user for LED lights in India today. Apart from the large scale street lighting projects, increasing usage of LED lights for in-cabin lighting as well as the lighting of railway stations, etc. has contributed to the Government sector being the single largest adopter and growth trigger. PM's domestic efficient lighting programme is a very good initiative which will propel the early adoption of LED bulbs by the consumers. The Government is taking all the possible steps to ensure that it gets adopted, including subsidizing the costs to a great extent and offering low

EMI schemes for even the balance cost.

DELDP scheme is helping consumers shift from current traditional source of lighting to LED, which not only helps save electricity, but also creates a movement towards green sources of lighting. More than 10 crore LED lamps have been distributed in India till date and the government is planning to distribute 77 crore LEDs in the next three years. DELDP scheme has actually made mass manufacturing a reality in India.

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The Modi Government has also taken steps and committed to installing LEDs for domestic and street lighting in 100 cities. The government is also mandating that the state governments need to change street lighting to LED lights over the next few years. India has 27.5 million street lights. This change will save more than 5,000 MW of electricity consumption over a period of three years. Many states have already started to replace the old street lights.

The price of LED bulbs has seen a drastic decline in last few years. Do you feel price of LED bulb is expected to go down further?

DELDP has added tremendous value to the industry, by promoting this energy efficient and green technology, and by building mass volume & demand, the economies of scale have started to come in, leading to drastic reduction in costs. However, this is true only of Government projects with its direct distribution, where the costs have come down. In the market, due to the added distribution and marketing costs, the pricing is not likely to lessen. The Government has brought down the costing drastically, which is unviable in the open market, because it is detrimental to the distribution and sales of the brand operations in the country.

What are the issues facing this industry at present? What are your suggestions?

The biggest challenge today facing LED industry is the mushrooming of low quality production units. Chinese imports are another issue – more from the perspective of issues related to sub-standard quality and costing rather than anything else. I believe that mandatory BIS certifications will check this to a large extent. Consolidation will be on the cards and only those with quality focus will survive.

For suggestions email at feedback@infraline.com

