

# Has the tide turned for LED lamps?

Cost used to be a deterrent for LED lamps, but now manufacturers have the volumes to pare down prices

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Five years ago, LED (light-emitting diodes) lamps were much talked about at every household, but people hesitated to buy them considering the cost factor. Instead of LEDs, they preferred CFLs (compact fluorescent lamp), which were available at nearly half the price.

But now with increasing number of LED manufacturers, growing awareness among people, and government initiatives (like scheme for LED bulb distribution under Domestic Efficient Lighting Programme and National Programme for LED-based Home and Street Lighting), the LED market in India is growing fast and so are the number of manufacturers.

In January this year, PM Narendra Modi referred to LED bulbs as a 'Way to Light', while launching a scheme for LED bulb distribution. He called for making energy conservation through the spread of LED bulbs and said they are much more economical in power conservation.

Apart from having a long life, LED bulbs provide both energy and save costs, says Kanik Gupta, director of Compact Lamps, one of the leading CFL manufacturers and OEM suppliers to leading brands. It reported a turnover of Rs 450 crore in the last fiscal. The company has recently introduced its LED brand called 'Orkus'.

Compact Lamps also bagged a Rs 50-crore order from EESL to supply 9W LED lamps (nearly 6.5 million LEDs). "We forayed into the LED business four or five years ago by mostly importing finished goods but making the drivers in-house. In 2013, we commenced proper manufacturing of LEDs. We recently opened our fifth plant in Bajpur Industrial area, Uttarakhand, which will be exclusively for LEDs. While we invested Rs 6 crore in land and machine, going forward, we would invest Rs 4 crore to Rs 5 crore over the next few years in the new plant," said Kanik Gupta, explaining how the cost of LED bulbs is going down. "In another three months, the price of LEDs will further come down. At present, LED bulbs are priced 30 or 40 per cent more than CFLs," he said.

Kanik Gupta said that when the company entered the market, most people were aware of LEDs and the company benefited from the consumer knowledge. We are not really focusing on creating awareness, but concentrating on making it affordable, he added. The company sells 4.5 million CFLs per month and four million LEDs per month. "Almost 80 per cent of our LED business comes from government tenders," Kanik Gupta said.

## Huge demand for LEDs

"In less than five years, almost 50 per cent of India's households will have LED lamps," said Arun Gupta, MD of NTL Group. Given the government's initiative and awareness among the public about LEDs compared with a year ago, adoption of LEDs is picking up very fast, he added.

NTL Electronics, a lighting electronics company in India, joined hands with Lemnis Lighting of the Netherlands in 2012, to set up NTL Lemnis. The Dutch company had introduced its first Pharos LED light in 2006.

"Now with huge volumes, the price has come down. Any new commercial, retail, or hospitality establishments install LED lights, and other establishments too have started replacing traditional lights with LEDs," Arun Gupta said. In total, NTL has seven manufacturing units in the country, of which three are focused on LEDs. Two of the LED plants are in Noida, and one in Dehradun.

With increasing penetration and affordability of LED bulbs, the focus is on the number of players and capacity to meet the demand.

Gupta said the company has plans to increase production capacity from two million units of different LED products in a month to five million units soon. "But still it is not enough. The demand is very huge than capacity. There are different players in the market, and companies that are into conventional lighting have also started producing LED bulbs," he said.

When asked about the turnover of the company, Arun Gupta said, "As a group, NTL's turnover in the last financial year was Rs 700 crore, and this year will also be similar. As far as LEDs are concerned, we are expecting the turnover to touch nearly Rs 300 crore in the next two years."

Will LEDs replace CFLs in another five years? "The CFL market will be there. The replacement percentage in CFL is high and it will go on. But still currently there are certain applications where only CFL is preferred (not in terms of energy saving, but in terms of light)," said Kanik Gupta.

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