

# “If we can help develop components ecosystem in the country, we will feel satisfied



NTL Lemnis, a leading manufacturer of LED lighting solutions in India, is all set to double its production capacity to 1 million pieces every month in 2014-15. NTL has so far invested Rs 1500 million on its seven plants in Noida, Dehradun and Roorkee, besides allocating nearly Rs 250 million on setting up its eighth plant. “Although we are yet to make a final decision, we may set up the new facility in Gujarat,” Arun Gupta, managing director, NTL Electronics and global CEO, NTL Lemnis, told Srabani Sen of *Electronics Bazaar* in a tete-a-tete, while he revealed the growth plans of the company and its contributions to the industry.

**EB: With a number of government initiatives in 2012-13, and with the demand for LED lighting increasing, did domestic manufacturing in the LED domain increase over the last two years?**

There is definitely a movement in this direction but we still see manufacturing happening at the very primitive assembly level, where people are trying to do a semi knockdown (SKD) kind of integration. Manufacturing at the complete knockdown (CKD) level is still not happening in India, due to lack of volume aggregation, which makes manufacturing non-viable. We have the

tendency to import products from outside and sell them here. But we definitely see some awareness about the need to move towards manufacturing, particularly in the last two years. Since the industry is evolving fast, and in case people feel that we need to improve our time to market, we will definitely see manufacturing happening in India soon.

**EB: But manufacturers are looking towards the government to implement the policies speedily...**

It is not that no manufacturing is happening; there is



some manufacturing already taking place. The only thing that we are very weak in is component manufacturing as it is very capital intensive and, hence, companies have not committed themselves. But I think the way things are changing, everybody is now seeing the future of electronics, and even the government has accepted that eventually something needs to be done for electronics manufacturing. Now, people are talking about manufacturing—even our customers are talking about it. I see a positive movement there.

**EB: The LED industry is growing by 40 per cent. Does this mean that demand is being met by imported products only?**

Yes, most of the demand is still being met by imports.

**EB: What percentage of the LED products is being produced locally?**

It is very difficult to get data like that but I feel that only a small percentage of the huge demand is being met by the domestic players.

**EB: Do you see any change in the mindset of the local manufacturers? Are they eager to start manufacturing in India?**

There is definitely an interest shown by the serious local players to do assembly/manufacturing. There are certain small companies also, which are positioning themselves as purely manufacturing firms, which is a very good development. But, as I said, the demand is still not high enough to make manufacturing viable in India. I personally feel that the moment volume aggregation takes place, manufacturing activities will also increase at a much faster pace.

**EB: How do we see the volume or demand increasing?**

There are a number of factors that influence the increase in demand. If you look at it in terms of demand generation, the government will play a significant role—something it has already started doing. So we can see that particularly in two product segments, streetlights and retrofit lamps, there are very strong government initiatives, which will definitely result in aggregating volumes. Second, all new constructions which are in the non-domestic sector, that is, industrial, commercial

or retail, are shifting towards LED lighting. Third, widespread usage is making LED lighting more financially viable as well, since the prices of LEDs are coming down.

**EB: Since demand for LED lighting is still not significant in India, what does NTL do?**

NTL does not look at only India as a market; we have a global presence. We are present in Europe and South Africa from where we cater to the rest of Africa. For us, these markets are also very significant. The major portion of our LED turnover last year was from exports. But our India turnover has started picking up slowly. We now

want a similar strong presence in India; hence, we are making our India product portfolio stronger and we have already received some interesting contracts.



**EB: Is your India product portfolio different from what you export?**

It is different because our export portfolio mainly consists of lamps, and the India portfolio mostly comprises fixtures. Eventually, we would merge both the portfolios so that we can take the Indian portfolio to the export market and can also expand the retrofit range for the Indian market.

We will try to bring some of our supply chain partners into the country and then help them set up components manufacturing facilities here...we feel that we have a responsibility to work in this direction

**EB: From which sectors in India are you getting the demand?**

Significant demand is coming from industry, commercial establishments, the IT sector, outdoor lighting, projects like malls and hospitals, etc. There is immense potential. For instance, we are also doing up luxury villas. In fact, projects for which the usage of light is for 10 or 12 hours and the ROI needs to come faster, the move is towards LED lighting.

**EB: Tell us something about your new facility that may come up in Gujarat?**

We are yet to take a final call about the location, but we might consider setting up a new facility in Gujarat. At the moment, we are considering a number of options. We have seen an increase in demand and thus need



to expand our existing infrastructure. We are trying to look at locations closer to the coast because that will help our exports also. So Gujarat is one of the key possibilities that we are looking at. Gujarat also has good infrastructure, skilled manpower, etc. As per our survey, the quality of engineers available in Gujarat is very high. All these factors are very favourable for us to set up a facility in the state.

**EB: Will this new facility come up this year?**

We have two plans as of now. One addresses our immediate requirement for new infrastructure and the other looks at the long term expansion plan. It is quite possible that we may set up a smaller facility to bridge the current gap in our capacity. As far as a larger greenfield project is concerned, we are looking for a location closer to the coast, which will take some time.

**EB: Which other states are conducive for manufacturing?**

Gujarat is one of the most preferred, followed by Goa, as its state government is encouraging industry. Land is available in Goa. Tamil Nadu also has a skilled workforce.

**EB: What are NTL's growth plans for 2014?**

In terms of figures, we are looking at a revenue target of about Rs 15,000 million in the next three years. That is our mid-term target, and the long-term target would be a turnover of Rs 25,000 to Rs 30,000 million in the next five years.

This year we will focus on strengthening our product portfolio for both the global and Indian markets. One important focus for us would be to merge both the portfolios (global and Indian) into one so that everything can be moved across borders.

**EB: Any new products coming up this year?**

On the LED front, new products are launched continuously. In the LED lighting industry, there are a variety of products and to be in the market, we need to continuously innovate. Since we are a new company, we need new products every year. Second, we are always improving our old products since technology is moving at a very fast pace. LEDs are also becoming very efficient. So you are virtually on your toes as far as products are concerned.

**EB: What are the new technologies we can expect this year?**

In terms of technology, we do not see anything new coming up in the next one or two years. Except that a lot of work has gone into developing AC LEDs, which

can be converted into a reliable solution for markets like India because of their inherent characteristics. However, AC LEDs have some flicker problems, which is not good for the eyes, but a number of companies are working on these issues. If AC LEDs become workable in Indian power conditions, they will become a success.

**EB: Being a leading manufacturer, are there any initiatives from NTL to support local manufacturers or boost domestic manufacturing?**

We always give first priority to 'made in India' manufacturers. Currently, due to the lack of technical equivalence and volumes in India to support local manufacturing, we need to import. Otherwise, our major aim is to buy all our inputs from local manufacturers. Second, looking forward, I think we will be bringing some of our supply chain partners into the country and then helping them set up components manufacturing facilities here. Some of our suppliers are talking to us along these lines. As an organisation, we feel that we have a responsibility to work in this direction because if we can bring components manufacturing into the country, we will really feel that we have done something positive to develop the overall ecosystem.

**EB: What challenges do you face while manufacturing in India?**

The main challenge that we face is that we depend a lot on imports, which means that we need extensive logistics support, our time to market goes up and we have to stock higher levels of inventory. The moment components are manufactured in India, our lives will become much easier. Another major challenge we face is the irregular power supply. For example, at our Roorkee plant, which is a highly capital intensive plant, we face an irregular power supply.

**EB: Common people still hesitate to shift to LED lighting due to its high price. What do you suggest?**

The common man has to get more educated about LEDs and about its benefits and affordability. Both the industry and government have a huge role to play in this, and both have already started on this task of educating consumers. The government today is talking about distributing LED lamps to poor households almost free of cost. If poor households are using LEDs, it is definitely a message about its low cost of use that will get communicated to the upper class as well. Industry leaders such as Philips have already come up with mass ad campaigns about the benefits of LEDs. So with all these initiatives, awareness will increase in cities and towns. 