

Date : 20 June, 2008  
Publication : The Hindu Business Line  
Page No. : 02  
Center : Mumbai  
Client Name : Phoenix Lamps

# CFL manufacturers stepping up production capacity

## Pricing to get more competitive as volumes pick up

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New Delhi, June 19

Compact Fluorescent Lamp (CFL) manufacturers are expanding capacities, a move that could ultimately result in lower retail prices as volumes pick up, thereby improving the cost competitiveness of these energy-saving lamps further.

While Actis-controlled Phoenix Lamps Ltd is ramping up its CFL capacity from around 55 million pieces a year to nearly 90 million units by March 2009, lighting and electrical goods major Havells India Ltd is increasing the production of CFLs to 50 million pieces, from 30 million.

Indo Asian Fusegear Ltd, another big player, plans to raise its capacity four fold by 2012 from 30 million pieces per year while Bajaj Electricals Ltd, which acquired a

► *A Centre-sponsored energy conservation drive to replace conventional lighting in govt organisations, public places and commercial establishments is also fuelling CFL demand.*

majority stake in Starlite Lighting Ltd last year to perk up CFL sourcing, is also increasing production after having reported an over 80 per cent growth in its lighting business in 2007-08 on account of CFL sales.

Surya Roshni is also adding a new production line with an investment of Rs 15 crore for manufacturing CFLs at its Malanpur unit near Gwalior.

Pricing of CFLs has, hitherto, been the biggest hindrance in mass penetration of CFLs in compari-

son to incandescent bulbs despite the obvious cost savings, and increase in domestic production by companies is widely expected to bring down prices.

A Government-sponsored energy conservation drive aimed at replacing conventional lighting in Government organisations, public places and commercial establishments is also fuelling CFL demand.

The Indian CFL market, valued at around Rs 700 crore and growing at nearly 40 per cent over the last couple of years, is also expect-

ed to get a boost with the fructification of the Government's proposed public-private partnership scheme to utilise the clean development mechanism (CDM) of the Kyoto Protocol to increase penetration of CFLs among domestic consumers.

"We have been adding additional lines for CFLs at our units to meet demand for energy-saving lamps. Demand has been rising and we want to be in a position to take advantage of the changing consumer preferences in favour of CFLs," Mr Rajiv Prasad, Managing Director, Phoenix Lamps, said.

### IMPORTS TO COME DOWN

Going by Bureau of Energy Efficiency estimates, there are an estimated 500 million lighting points in the country.

With a rapid increase in domes-

tic capacities, import of CFLs and components is slated to come down, which would have a bearing on pricing as well.

According to the Electric Lamp & Component Manufacturer's Association estimates, while only around 60 million of the 100 million CFLs sold were manufactured in India in 2006, this difference is rapidly coming down as domestic capacities are increasing by nearly 40 per cent annually.

Mr V.P. Mahendru, Chairman and Managing Director, Indo Asian Fusegear Ltd, said that while pricing of CFLs is slated to get more competitive as volumes pick up, the issue of high duty on raw materials and other inputs that goes into producing CFLs (which cumulatively add up to a high 14 per cent of the total price of a CFL) is still a big factor in the prices.