

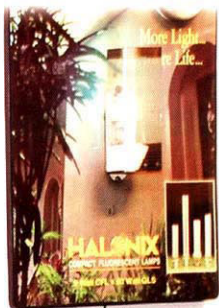
LIGHTING

Focusing on Solutions

Phoenix's global tie-ups could enable it to emerge as a key player in the Indian lighting industry



PRASAD: Taking the solutions route



FROM A LAMP MAKER TO A total lighting solutions provider' is what Rajiv Prasad (rajiv.prasad@phoenixlamps.com), managing director Phoenix Lamps Ltd, likes to describe the transformation of his company. And, as if this was not awesome enough, he says this is just work-in-progress. Capacity expansion and the strengthening of existing distribution network are next on his agenda.

The Rs 375-crore Noida-based Phoenix Lamps, known for its lamp-

making prowess (it is the largest CFL and halogen lamp maker in India, though most of its production is sourced by other brands), is poised to become a complete lighting company. Through its recent tie-ups with leading international luminaire brands, it is now in a position to offer solutions to specific sectors like hospitality, construction, residential, retail and commercial.

Phoenix's transformation has happened after UK-based private equity firm Actis acquired majority stake in the company

in 2007. The new management has been instrumental in developing the company's manufacturing and marketing muscle and also gaining inroads into international markets. In February, Phoenix tied-up with NVC, China's number one lighting solutions company for speciality lamps; and more recently it signed marketing agreements with two high-end Italian companies - Voghera-based Zonca which specialises in technical and external lighting, and Milan-based street lighting major Grechi Illuminazione.

Informs Prasad, "Presently 400 products of Voghera are being offered in India under a new joint brand called Halonix Zonca. Also, Grecchi streetlights, which are largely used in amusement parks and lawns, will be available through us in India." These tie-ups are contributing towards creating a larger product portfolio for addressing the increasing demand for lighting. "India is developing at a fast pace and demand for branded lighting is on the rise. The needs are increasing, most significantly in the retail and mall segments, and we are poised at the forefront of this fast growing market," affirms Prasad.

The six-month old collaboration with NVC gave Phoenix a taste of how the Indian luminaire market works. While it found a promising market for products that could solve very specific application needs, it was also faced with the fact that lighting dealers do not get enamoured easily. Besides, the network also likes to discount prospects for premium products, at least initially. This is probably the reason why the company decided to take the more tedious route of establishing a chain of exclusive showrooms by partnering with select dealers.

Confirms Prasad, "These six months have been a learning experience for us, and now we are rolling out an all-India network based on the consignee system. Under this plan we will set up 20 showroom-cum-warehouses in the outskirts of cities. Mumbai and Noida showrooms have been finalised and by September they will be functional."

The showrooms will be spread over 5,000 sqft, and entail an overall investment of Rs 1 crore. The location is deliberately being kept on the outskirts of cities, to enable larger displays of the elaborate range being offered, besides the comfort of parking and warehousing.

Prasad explains that these outlets will be positioned to target architects and designers who have large requirements for projects, and will also offer software-based technical designing services. And, the trade partner will be assisted by the company in setting up the showroom, identification of location, and promotion at the local level.

Clearly, the Italian and Chinese alliances are encouraging Phoenix to consider itself in the league of majors like Philips, Bajaj and Wipro, the trioka that dominates the Rs 1,000-crore Indian lighting scene. However, Bhaskar Pai (bhaskar@thornindia.com), general manager of Thorn Lighting India Ltd, is of the view that more than products, it is knowledge and production infrastructure that are the

keys to any market. Thorn, part of the Zumtobel Group of Austria and present in India for the past 10 years, is a strong technology player present in over 100 markets around the world. But, Pai does admit that the entry of a quality player like Phoenix in the professional lighting segment will indeed provide impetus to the industry.

However, the lamp business is not being neglected by the management, and is in fact being further strengthened to retain the company's dominant position in the industry. The break-up of the joint marketing with battery major Eveready has only made it more determined to try and grab a larger slice of the domestic market. CFL production capacity is being incessantly increased (see Milestones) and domestic sale of own-brand lamps, which stand at 28% of total production, is to be increased to at least 50% at the earliest. "Our focus now is to create value through a brand and a well penetrated distribution network," says Rakesh Zutshi (rakesh.zutshi@phoenixlamps.com), the company's vice-president marketing. He informs that the sales force is being increased from 10 to 100 persons across India, and the dealer count from 250 to 1,100 by 2009. "We will leverage our technical strength and marry it to our marketing efforts, so that we can be a major player in the lighting industry," is the message Zutshi wants to give to the lighting channels.

The CFL market is poised to witness higher growth than the current 35-40%, largely due to the power and cost savings that these lamps allow consumers over the long term. This market is estimated to be around 14 crore units (including imports), of which slightly less than half is accounted for by a handful of companies including Philips, Osram, Bajaj, Havells, Surya and Phoenix. However, the industry does face a stumbling block. Disposal of CFLs is fast emerging as a global environmental concern due to the mercury they contain, and unless this issue is addressed immediately, growth could be hampered. Interestingly some companies (Finolex has tied up with Delhi discom BSES) are seeing opportunity here, and are offering civic agencies their services for safe disposal of used lamps.

Phoenix Milestones

- Established in 1991 by B K Gupta in technical collaboration with Phoenix Electric of Japan
- Within first year of operations, Phoenix Japan pulls out and Phoenix India is left to fend on its own
- In 1991, production of automotive halogen lamps starts
- In 1998, CFL production starts at Noida Export Processing Zone (NEPZ)
- By 2006, company is largest producer of CFLs and automotive and general lighting
- Actis becomes new owner in 2007
- By 2008, company has automated five units (three in Noida, one each in Dehradun and Haridwar)
- In 2008, transforms from a lamp maker to lighting company
- By 2009, aggregate lamp capacity targeted at 9.5 crore per annum with further investment of Rs 60 crore

CFL Production Capacity, crore units



Lamp Sales Rs crore (2007-08)

