Samsung India puts Noida on top with world's largest mobile factory

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In front are open fields with grazing cattle, to the left are under-construction residential societies and to the right is its existing facility - this where Samsung has set up what is the world's largest mobile factory.

Not China or South Korea — and certainly not the US — the tag of housing the world's largest mobile factory has straight away put Noida on top of the world manufacturing map when it comes to consumer electronics.

The new 35-acre Samsung Electronics facility at Sector 81 in Noida, Uttar Pradesh, will see Prime Minister Narendra Modi and South Korean President Moon Jae-in landing together at a quickly-prepared helipad adjacent to the factory to officially inaugurate it on Monday.

One of the first electronics manufacturing facilities set up in the country in the early 1990s, the plant started by manufacturing TVs in 1997. The current mobile phone manufacturing unit was added in 2005.

In June last year, the South Korean giant announced a ₹4,915 crore investment to expand the Noida plant and, after a year, the new facility is ready to double production.

The company is currently making 67 million smartphones in India and with the new plant being functional, it is expected to manufacture nearly 120 million mobile phones.

Not just mobiles, the expansion of the current facility will double Samsung's production capacity of consumer electronics like refrigerators and flat panel televisions, further consolidating the company's leadership in these segments.

According to Tarun Pathak, Associate Director at Counterpoint Research, the new facility gives Samsung an advantage by reducing the time to market.

"This will help Samsung bring some local features to the devices powered by R&D here. Apart from this, the company can also bring in export opportunity for Samsung to SAARC and other regions," Pathak told.
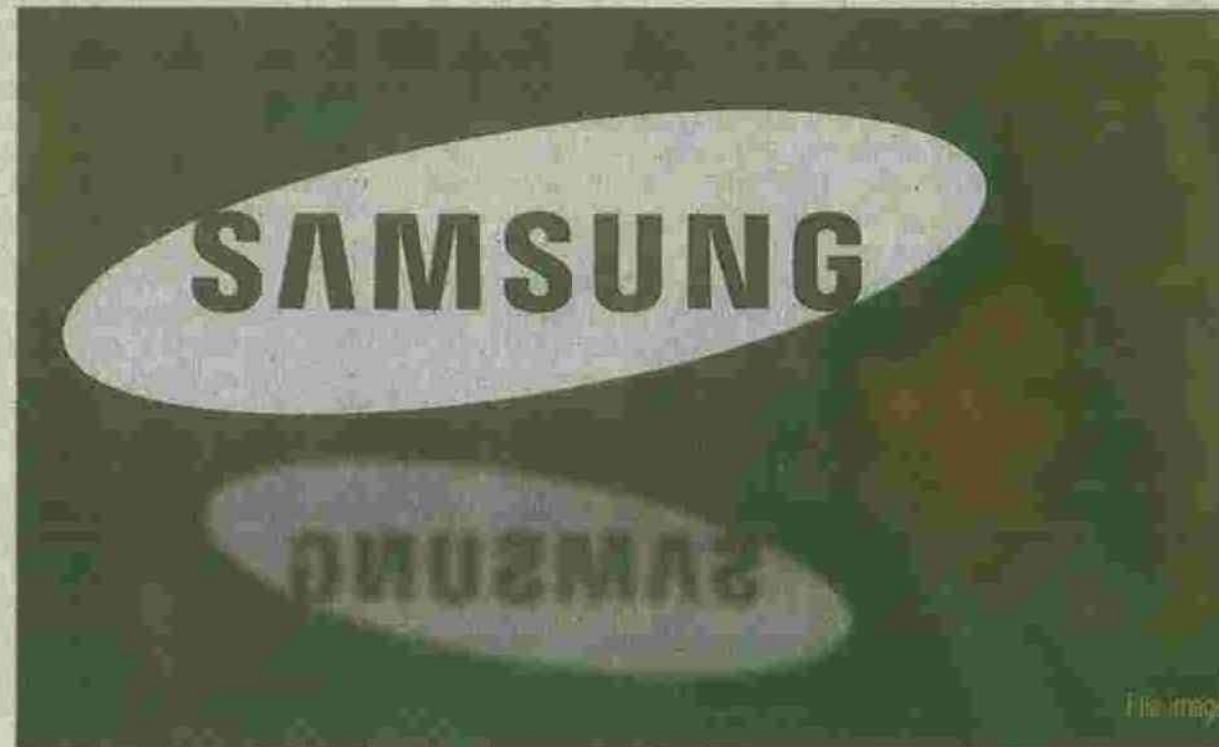
Samsung has two manufacturing plants — in Noida and in Sriperumbudur, Tamil Nadu — five R&D centres, and one design centre in Noida, employing over 70,000 people and expanding its network to over 1.5 lakh retail outlets.

Established in 1995, Samsung India laid the foundation stone of Noida plant next year. In 1997, production commenced and the first television was rolled out. In 2003, refrigerator production began.

By 2005, Samsung had become market leader in panel TVs and in 2007, the existing Noida facility started manufacturing mobile phones.

In 2012, Samsung became the leader in mobile phones in the country and the Noida facility rolled out the first-ever "Galaxy S3" device. Today, Samsung is the market leader across mobile segments.

The company currently has over 10 per cent of its overall production in India and aims to take it to 50 per cent over the next three years.

"For Samsung, India is among the top five smartphone markets globally. The US is saturated and Korea and Brazil are not growing significantly. India is a big opportunity across price segments, including 2G feature phones. It makes sense for Samsung to build a bigger manufacturing base here," Jaipal Singh, Senior Market Analyst, IDC, told.

"They are now looking at building a complete ecosystem. After smartphones, they can go into building top-of-the-line products in other categories like TVs, refrigerators as advance manufacturing in India still lags behind. With the new facility, Samsung is going to have an edge over its rivals," Singh noted.

According to HC Hong, President and CEO, Samsung India, a bigger manufacturing plant will help them cater to the growing demand for Samsung products across the country.

Samsung India, that registered 27 per cent growth in mobile business revenue for the financial year 2016-17 — accounting for a whopping Rs 34,300 crore of its reported Rs 50,000 crore sales - won't be able to hide the smile when the new facility kicks off production from July 9.