

Indian renewable players eye overseas market for growth

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Experts points to a dip in tendering of renewables projects

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The slowdown in tendering of the solar and wind projects in the past few months despite government's target of achieving 175 GW renewable capacity by FY2022, is forcing Indian renewable energy players to look beyond the market to support their growth.

Some of the largest RE developers, including Tata Power, Hindustan Power and other companies have been exploring markets outside India, the management of these companies told *BusinessLine*.

Rooftop solar companies such as CleanMax Solar, as well as major EPC players and solar equipment manufacturers, including Vikram Solar, Shapoorji Group and Jakson Group have already established their presence outside India.

According to industry sources, private equity-backed developers, including Renew Power, SB Energy, Hero Future Energies and several other companies are now actively exploring markets outside India. None of these companies agreed to comment on having such plans.

Experts believe the trend is driven by the lack of optimism regarding the domestic market, as the bidding activity for renewable projects has slowed down significantly in 2017 calendar year. According to ICRA analysts, in the solar sector particularly, the tendering activity has been tepid due to aggressive tariff bidding in the latest rounds coupled with GST roll-out in July this year.

Quest for better margins

An upward pressure in PV module price levels as well as the possible risk of a government-imposed anti-dumping duty on imported PV modules also add to this trend.

Vietnam and West Africa have emerged as the most frequent geographies where Indian players have ventured so far, followed by Middle East and Southeast Asia.

"Indian renewable companies are used to being in a hyper-competitive market at home. Tariffs are falling continuously, leading to shrinking margins. In comparison, geographies such as Southeast Asia and Africa offer much higher tariffs," Anmol Singh Jaggi, Director, Gensol Group told *BusinessLine*.

He said in Southeast Asia, Vietnam is turning to be a hot-spot for Indian companies as this country alone is expected to be a 6GW of renewable energy opportunity with tariff being close to \$0.10 per unit. “The other important area for global expansion is Middle East and North Africa region, especially Saudi Arabia. Although tariffs are lower than India, the gigantic scale being offered is of interest to large players.”

According to him, Gensol is currently present in nine countries, including Indonesia, Philippines, Nepal, Oman, Sierra Leone, Gabon, Chad, Niger and Kenya.

“The company was looking at opportunities for renewable projects in Africa, Middle East, SAARC and Southeast Asian countries. The company could not, however, specify any particular projects it is bidding for or already executing in these destinations,” Anil Sardana, Tata Power CEO & Managing Director told *BusinessLine*.

Delhi-based Hindustan Powerprojects expects to complete around 270 MW projects outside India by the end of 2018, which is around 35 per cent of company’s total solar power generation capacity. Germany, Italy, UK and most lately Japan and Bangladesh are the markets the company is executing solar projects.

According to Lalit Jain, CEO International Solar Business, Hindustan Power, while the scarcity of projects in domestic market is a recent trend, the company has been one of the the early Indian developers who entered the international markets, and has over time developed competitive advantage in system design and minimising life cycle costs. “We focus on markets which offer us highest capital efficiency so that we can get the maximum value out of our competitive advantage,” he said.

Andrew Hines, Co-founder of CleanMax Solar, one of the largest rooftop solar players in India, told *BusinessLine* while there is no scarcity of opportunities in India, the company sees additional opportunities in other markets as well. “We see India as a natural hub for the solar industry within the region, and there are many markets in Southeast and Southwest Asia where the fundamentals are ripe for solar power,” he said. Earlier the company’s Managing Director Kuldeep Jain had announced it was eyeing up to 40 per cent of revenues from overseas business in the next three years, with UAE being the first country the company has expanded to.

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