

TATA POWER SOLAR
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RENEWABLE WATCH

COMPANIES

Tata Power Solar

On an upswing

By Meera Bhalla

One of the country's oldest solar equipment companies, Tata Power Solar Systems Limited recently completed 25 years of operations. During this period, it went through several ups and downs as it expanded production capacity in order to meet the growing global demand for solar power equipment, faced the brunt of the global glut in the solar industry, witnessed the exit of UK-based BP Solar (the 51 per cent equity investor in the erstwhile Tata BP Solar), witnessed stiff competition from large international players in the domestic market and established itself as the largest domestic contender for solar contracts.

Over the quarter century of its existence, the company has been able to position itself as a strong player across all the solar sub-segments - off-grid applications, distributed and grid-connected rooftop and utility-scale. Currently, it manufactures solar cells and modules as well as a wide range of solar power-based products such as water heaters and lamps. The company's plants in Bengaluru have the capacity to produce 180 MW of cells and 200 MW of modules. It also provides engineering, procurement and construction (EPC) services and various off-grid solutions.

A look at Tata Power Solar's journey so far, its performance in the current market scenario and future prospects...

Journey so far

Tata Power entered the solar segment at a time when the country lacked a market for these projects. In 1989, it established a joint venture (JV) with BP Solar, under the name Tata BP Solar, and started operations

as a solar product manufacturer mainly to cater to the export market, especially Europe. However, with the slide in the European solar photovoltaic (PV) market, the company's exports fell significantly, leading to the exit of BP Solar from the JV in 2012. This had an adverse impact on the financial performance of the company. The rise of the domestic solar market at that time came as a breather and helped Tata Power Solar, as it is now called, to reinvent itself. The announcement of the domestic content requirement (DCR) policy under the Jawaharlal Nehru National Solar Mission (JNNSM) gave a further boost to the company, which had the best project implementation track record among all domestic players. Under the DCR, the company witnessed a significant increase in local demand for its products. In fact, the rise in demand encouraged the company to expand its solar module manufacturing capacity by 60 per cent. It has also effectively dealt with the competition from global vendors that entered the Indian market.

The company has implemented several other projects besides DCR projects. Key projects implemented by the company

include, a 10 MW solar power plant for Jindal Aluminum Limited under the renewable energy certificate mechanism and a 50 MW project for NTPC Limited. At present, the main sources of revenue for Tata Power Solar are EPC services and solar equipment sales in the domestic market.

Current operations

The company has three operational manufacturing units, each producing solar modules, cells and water heaters, in Bengaluru. As an EPC service provider, the company had set up more than 160 MW of ground-mounted utility-scale projects and 40 MW of rooftop and distributed generation projects across the country by March 2014. Some of the recently commissioned projects of the company are a 50 MW solar project of NTPC in Rajgarh, Madhya Pradesh, a 7.2 MW solar project of the Chennai Silks Group, a 3 MW solar power project of Andhra Sugars Limited, a 2 MW rooftop solar project of Murugan Textiles and a 3 MW solar rooftop project of various Gujarat state bodies.

In addition, Tata Power Solar offers assembled solar off-grid solutions. During the beginning of 2014, the company launched an affordable solar system for retail consumers. This new product is called TATA Dynamo and is capable of providing uninterrupted power for about eight hours. The system comprises four solar PV panels, a 1 kVA inverter and a 180 Ah battery. The company claims that the power system does not require operations and maintenance services and has a life expectancy of 8-10 years. In July 2014, it also partnered with Bajaj Finance Limited to provide interest-free equated monthly installment options to consumers looking to buy solar products manufactured by Tata Power Solar. This scheme is applicable across various categories including solar lighting products (Tata Solar Venus series), solar water heaters (Tata Solar Duro Zing and Ultima series) and power pack systems (Tata Dynamo). The scheme will be implemented in various phases. During the first phase, the scheme, which provides instant credit

Company performance

	2012-13	2013-14
Turnover (Rs million)	5,051	11,031
Operating profit (Rs million)	423	163
Net profit/(loss) (Rs million)	(827)	(1,267)
Sale of solar cells (Rs million)	144	205
Sale of solar modules (Rs million)	4,486	10,201
Solar cells production (kW)	22,058	23,837
Solar modules (kW)	30,957	94,478

Source: Tata Power Solar

“The government’s 100 GW solar target will improve growth prospects”

Views of Rahul Budhwar, Vice-President, Manufacturing and Business Development, Tata Power Solar

Where does the company stand vis-a-vis its counterparts in India? What are its expectations from the domestic solar market?

Our extensive experience has positioned us to deliver good quality products at affordable prices. Our business can be classified into three key segments of the solar industry: equipment manufacturing; EPC services; and end-to-end off-grid solar solutions. With the demand for solar power growing rapidly in India, we have high hopes for all three segments. The announcement of the government’s ambitious solar capacity addition target of 100 GW will improve the growth prospects of the segment further. This will help in creating more demand for the company.



deal with this problem, Tata Power Solar concentrates on only those developers that consider the lifecycle cost of solar projects rather than just the upfront cost. In addition, the domestic content requirement clause of the JNNSM is creating demand for domestic players like Tata Power Solar. We expect continuous support from the government to help domestic manufacturers compete with foreign players.

What are the key issues faced by Indian solar equipment manufacturers? How does the company plan to deal with them?

At present, the dumping of low-cost solar modules is hurting the domestic solar equipment market. This is not just creating a price war but is also affecting the quality of solar projects. To

What have been the price trends in the solar equipment market? How has the company’s product portfolio changed to meet the needs of the Indian solar market?

Since early 2000, the price of solar panels has witnessed a sharp fall. In addition, the prices of other components such as inverters, cables and structures have come down. As a result, large-scale projects can now be executed at a dollar per module cost or even less. Therefore, the company is not only investing in expanding its manufacturing capacity but also in improving the efficiency of its current product portfolio. ■

processing for products priced below Rs 250,000, will be initiated in the top 20 cities across 10 states. Depending on the success of this scheme, a country-wide roll-out will be initiated by the company.

Operational and financial performance

During the past one year, the operational and financial performance of the company has improved significantly. As per the recent estimates of BRIDGE TO INDIA, Tata Power Solar’s share in the Indian solar module market rose to 6.4 per cent in 2013-14 (the highest among all domestic module manufacturers) from 2.6 per cent in 2012-13. In the EPC segment too, it was among the fastest growing players during the year with 8.4 per cent share in the total third-party EPC market as of May 2014, about 4.7 percentage points higher than its share in May 2013. It is also among the largest players in the solar rooftop segment. As of October 2014, the company had the highest share in the total rooftop projects developed by the industrial and

commercial segments and the second highest in the total rooftop projects developed by the residential segment.

This clearly helped the company to improve its financial performance as it managed to more than double its turnover to Rs 11 billion in 2013-14 from Rs 5 billion in 2012-13. During 2013-14, the sale of its solar modules rose by 127.38 per cent and of solar cells by 43 per cent. With higher demand, the capacity utilisation of the company’s solar module unit also increased to 76 per cent in 2013-14 as compared to 31 per cent in 2012-13. This positive growth continued in the first half of 2014-15 as well.

Future plans and outlook

Going forward, it is planning to improve its production efficiency by upgrading its solar equipment manufacturing machines which are now more than five years old. However, following the government’s announcement to create demand for domestic manufac-

turing by continuing the DCR policy for the remaining batches to be allocated under Phase II of the JNNSM, setting up projects through defence agencies and implementing rooftop projects on government offices, the company is considering expanding its production capacity as well. In addition, it is focusing on expanding its presence in the European and US markets.

Under the DCR quota of JNNSM Phase II, the company has so far received significant orders for the supply of its solar modules. One of these is from ACME Solar for the supply of 100,000 solar panels for a 20 MW project in Rajasthan. Another JNNSM project for which Tata Power Solar will supply its modules is a 10 MW project being developed by the L.N. Bangur Group.

At the current pace of project execution, the company is headed for break-even. It is expected to be a strong contender for a large number of projects awarded under various solar programmes. ■