

## Strong growth outlook attracting new entrants to India's wind turbine sector

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India's wind turbine sector is attracting newer entrants as the country adds record capacity and promises strong volume growth, companies and investment bankers said.

Two of Germany's largest wind turbine makers Senvion SA and Nordex Group, China's Sany and Envision Energy Ltd, and Spain's Acciona SA are among the new companies that have made investments in India, where Suzlon Energy Ltd, Inox Wind Ltd, and Gamesa Renewable Pvt. Ltd, the local unit of Spanish wind turbine maker Gamesa Corp, together hold about 80% of the wind turbine market.

Senvion, once owned by Suzlon Energy, has already set up two companies in India—Senvion India Pvt. Ltd and Senvion Wind Technology Pvt. Ltd—for providing wind energy solutions, project management, aftermarket service and local research and development (R&D).

"Senvion has recognized India as a key growth market for renewable energy, including wind power. The company decided to not only grow in India, but also tap on the intellectual strength of the country by opening its largest R&D facility in Bangalore outside of Germany," the firm said in an email. Senvion entered India in 2016 by acquiring assets of turbine maker Kenersys India Pvt. Ltd.

Acciona, which has made investments in India in recent years, sold its global wind turbine business to Nordex in 2016, giving the latter ownership of Acciona's manufacturing facility in India. A Nordex spokesman did not respond to an email requesting comment

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about its plans for India.

China's Envision Energy has recently opened office in India and is looking to sell its turbines.

The wind turbine sector is attracting newer companies because of strong growth and volumes, said Sumant Sinha, founder and chief executive officer (CEO) of ReNew Power Ventures Pvt. Ltd, one of the largest independent power producers in the country and a buyer of turbines for its wind plants.

Indeed, India has reported strong volume growth. It added a record 5,400 megawatt (MW) of new wind capacity in FY17—a rise of 63% from previous year—and exceeded its 4,000MW target for the year. Companies and investors alike believe that India's focus on clean energy presents a strong business opportunity for renewable energy producers and, in turn, those that make equipment for them.

Such capacity addition, along with factors such as declining financial health of some of the existing wind turbine generators, is fuelling the entry of newer companies in the sector, according to Sandeep Upadhyay, managing director and CEO at Centrum Infrastructure Advisory Ltd.

"There is space for everyone, including new players, as the realization of the target

will ensure the country achieves its energy potential," Tuli Tanti, chairman and managing director, Suzlon Group said in an email response.

To succeed, any new entrant will have to bring expertise for turnkey solutions and offer commitment of at least 25 years for operations and maintenance of the turbines to their customers, he said.

"Apart from product and technical issues, the industry has faced challenges on substation and grid connectivity concerns, local agitations, and long-term commitment of local stakeholders at our various sites across the country. These soft issues impact the life of the asset and cash flows," Tanti said.

Turbine making is an investment-heavy business and lower tariffs can also squeeze margins for the equipment makers.

"I don't think the capacity of wind turbine manufacturing is a constraint today in India. The challenge is availability of viable wind sites and the overall conducive tariff regime," Upadhyay of Centrum said.

Attracting investments is not a challenge for India's wind sector, according to D.V. Giri, secretary general of Indian Wind Turbine Manufacturers Association. "India is one of the few growth markets for the wind sector, apart from China, and funding or attracting investors is not a challenge. Investors have confidence in the growth of this market—making companies such as Gamesa and Senvion commit large investments," Giri said.

India has set itself a target of achieving 100GW of solar energy and 60GW of wind capacity by 2022. It currently has installed wind power capacity of about 32GW.