

businessstoday.in

Highly Leveraged  
Corporates

Govt Debt  
on The Rise



# Business Today

July 12, 2020 ₹100

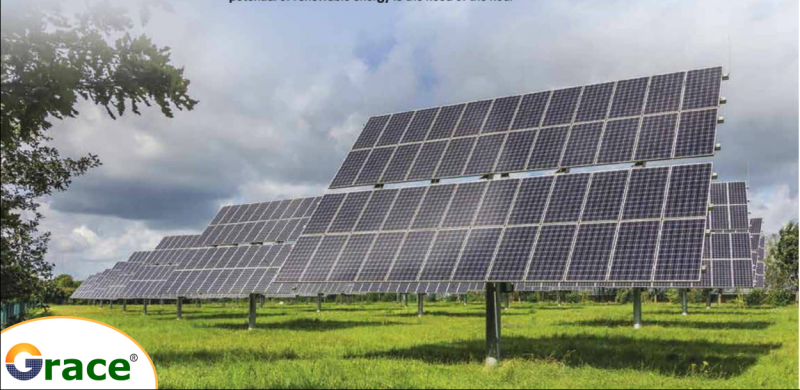
8

**Mr. Manish Bagadia, MD, Grace Renewable Energy in the exclusive interview with Business Today Magazine shared his valuable insights on the solar energy sector.**



## ENERGY That is Forever

Moving towards cleaner and greener initiatives, harnessing the potential of renewable energy is the need of the hour



# A GRACEFUL STEP TO A SUSTAINABLE FUTURE

In an era of Covid 19, Ahmedabad based Grace Renewable Energy Pvt Ltd is a personification of the phrase 'Grace Under Fire'. Manish Bagadia, the MD & CEO of the company talks about the challenges and opportunities in the Renewable Energy sector.

**Q How has been the impact of the Covid 19 pandemic in RE sector? Do you agree with the fact stated by various authorities that during this lockdown Governments, organisations and people at large have become more aware and conscious about the benefits of being more responsible towards our planet's limited natural resources?**

The renewable energy sector was on a growth trajectory before we were hit by the pandemic. During the lockdown phase, government and people at large have become more considerate and responsible towards our planet and its limited natural resources. A glimmer of hope in these trying times was the awareness it has created for renewable energy, specifically for solar energy. People have become aware of the benefits that solar can provide in these unprecedented times and are inclined to invest in this sector as soon as the situation stabilizes. This was evident from the fact that even when the world was on a standstill due to the outbreak of virus, operational renewable energy projects of wind, solar has continued to give returns all over the world. We believe that the utility scale segment is capable to absorb the impact as the government is bullish on achieving the 175 GW target.

**Q We are sure the past 3 months must have been an extraordinarily challenging time for you, as the chief of this enterprise. Where do you see your company going from here? Can you kindly elaborate on your plans?**

Yes, past few months were tough for us as the outbreak of the virus has significantly disrupted the momentum of solar sector which was on its peak. In addition we have to absorb some operational

expenditure under these conditions as well. Even though the nationwide lockdown has brought all our operational solar projects on standstill, the silver lining amid this pandemic was that our commissioned solar projects have continued to generate power and given returns to our customers. If we look at this from a larger perspective, positive trends are expected in this sector as some proactive customers who had realized the benefits of solar and are inclined towards the cleaner energy would be definitely ready to invest upfront. We have had a host of inquiries during the lockdown phase from customers to understand the benefits that Solar provides. There is no doubt that the going is tough, but as they say only the tough gets going. As a chief the most important aspect is to keep the team motivated and make them believe that we would sail through. We believe that although we might face the heat in the next couple of months, but we would end the year on a high note.

**Q Being a Capital-intensive Industry, how do you view the credit availability for this sector?**

Solar Industry is definitely a capital intensive industry and the policy framework in India lacks effective implementation of financing structure. Government of India incessantly encourages the adoption of solar energy in the country; however the rooftop solar has been challenging for the investors owing to poor credit availability, lack of awareness and banks criteria for collateral in the market. The pandemic has impacted Indian economy adversely and post Covid-19 adequate financing for solar projects which involves depreciation and interest cost remains a challenge for solar enthusiasts. In order to facilitate solar project financing then in 2017, World Bank in collaboration with State bank of India has approved financial assistance \$357 million to support grid connected solar rooftop projects in India. However adoption of this scheme by government owed banks like SBI and PNB has been extremely slow on the ground level. Many times small and medium scale industries are reluctant to invest upfront capital for rooftop Solar and also face challenges in raising financial capital for the same owing to their poor credit rating. I believe that the rooftop market may take a hit in the short-term, say a couple of quarters. In these difficult times, these funds could be deployed appropriately and will add to the growth of rooftop market.

**Q Any SOPs from the govt? If not, what is it that you seek from the government?**

The state and central government have favourable

subsidies, incentives and streamlined process for residential segment. With this Government of India has recognized commercial and industrial (C&I) segment as the untapped potential market which can play a critical role in the adoption of solar energy in the country. However there are no incentives or subsidies facilitated by the centre government for C&I consumers which has highest market share of ~70% of the total installed solar capacity. There are few challenges and bottlenecks which are hampering the growth of solar rooftop in India. In states like Gujarat, commercial and industrial (C&I) consumers can only install 50% of their sanctioned load. Currently the commercial and Industrial sector is generating the demand in rooftop but Gujarat solar policy doesn't approve net metering policies for OFEX model. In addition, state discoms tend to see the rooftop solar segment as threat to their revenue and create complex approval process and hurdles for solar projects. Some of the other challenges faced by industry are multiple charges levied by Discoms such as wheeling charges, transmission and distribution charges, C&I charges, cross subsidy charges for injection of power into the grid etc. The central government should focus on providing standardized policies in all parts of India to avoid protectionism to state discoms.

**Q Can you please share some of the key products / services offered by your company?**

Grace is one of the leading solar EPC solution providers in India with a focus on providing world class quality and cost effective solar solutions to our customers. We pride ourselves in offering an extensive range of solar products and services, ranging from Solar EPC services for Residential, Commercial & Industrial segments to Utility scale projects and Solar PV modules. Our philosophy is to enable energy independence to our clients by reducing their dependency on fossil fuel and create a lasting impact on social well-being. We are also the exclusive channel partner of leading solar module manufacturing company and have built strong partnerships with many leading global technology providers to extend our reach to our clients globally. Grace is actively engaged in development of various solar projects in India and across the globe. We have rich experience and exposure of executing projects conforming to international standards. As we have already installed a solar project in Indonesia, have project under execution in Nepal and presently developing a 4 MW solar project in Africa.

Mr. Manish Bagadia, MD & CEO, Grace Renewable Energy Pvt Ltd.