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Harvesting The Sun

Ujaas Energy's early foray into solar power helped it almost make it to the ranking, but...

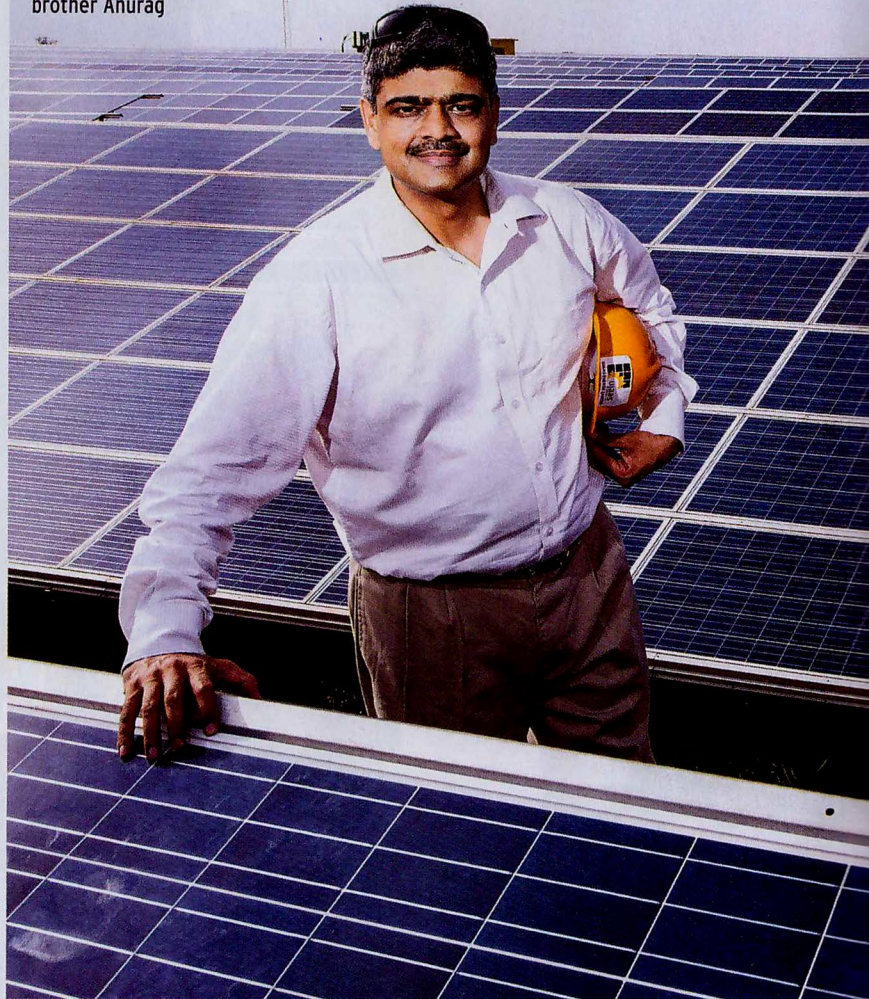
By ANILESH S. MAHAJAN

In 2010, a chance conversation over dinner with dad Shyam Sunder Mundra convinced Vikalp Mundra to get into the business of solar energy. Mundra senior had set up M&B Switchgears in 1975, and turned it into a ₹35-crore company in 35 years. In the next four years, the company's revenues touched ₹536 crore. An average Y-o-Y growth of 223.65 per cent propelled Ujaas Energy – the company was rechristened in 2013 – to the top of the ₹500 crore to ₹1,000 crore category in *BT's* fastest-growing emerging companies study. But revenues fell thereafter to ₹113 crore in 2014/15, and Ujaas could not make it to the final list.

Ujaas's business got a big boost when in 2011, then finance minister Pranab Mukherjee withdrew tax benefits from wind-based projects. Solar benefited. Installed capacity across the country jumped from 461 MW in 2010/11 to 2,319 MW in 2012/13. That helped Ujaas clock significant growth. But the company did its own bit, too, to garner that growth.

"We were making equipment for transformers and were already there in the distribution side of the electricity business," says Vikalp Mundra, Joint MD, along with younger brother

Joint MDs Vikalp Mundra (L) and younger brother Anurag



Anurag (Shyam Sunder Mundra is now the CMD). "In 2010, when the first national solar mission came up, we saw an opportunity to forward integrate into generation."

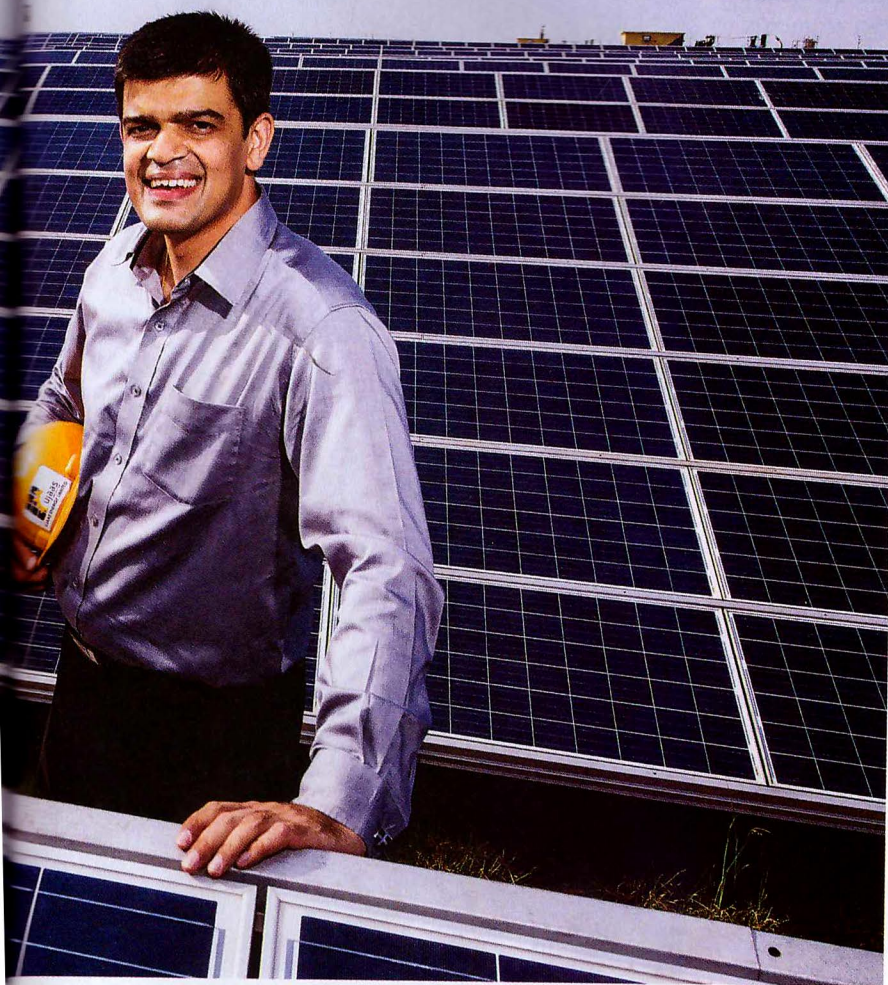
Even so, it was not easy going, as there were few solar power plants then. "To see a working plant at a megawatt size, we travelled to Germany," says Vikalp. "On our return, we decided to set up a two megawatt plant, which became India's first with permissions to trade renewable energy certificates."

Ujaas initially procured solar panels from Indian manufacturers, but soon faced timeline and capacity issues, and switched to a Chinese OEM

player. "We make sure that the quality, specifications remain as per our requirements, design," added Vikalp.

The company now is setting up solar parks in Madhya Pradesh, with a portfolio of 119 MW, plus 2.5 MW of rooftop projects. It has a 50-MW project with NHPC, along with commitments to set up 30 MW of solar plants. It has power purchase agreements with state distribution companies, and since solar generators can sell electricity on open access without wheeling charges, Ujaas has a combination of both types of projects.

"While going through our first power plant, we realised there would be many in the country with the



VIVAN MEHRA

at the centre of this plan.

"It's a business opportunity for us. The government just facilitates a part of the land acquisition, and will call a private partner to develop it. We have experience of doing it on the ground," says Vikalp. Anurag adds that the 100-GW plan will help Ujaas grow its operations seven times in the next five to seven years.

Meanwhile, the margins are beginning to get squeezed. The existing market for models like solar parks al-

"Earlier, people were talking about MW-size parks, now the orders are of 20 MW, 50 MW and bigger"

VIKALP MUNDRA, Joint MD

money to put up a solar power plant, but not the wherewithal to execute it," says Anurag. Ujaas offers turnkey solutions. The infrastructure is common, and it operates solar plants at these parks for investors ranging from jewellers to real estate players to small traders. These investors, if they are making profits, seek accelerated depreciation and other tax benefits.

In 2014/15, revenues slumped, thanks to a slow market. "The growth was halted as the erstwhile UPA government pushed the anti-dumping case of domestic manufacturers," says Rahul Gupta, CEO of Rajasthan-based Rays Power Expert, Ujaas's nearest competitor with revenues of ₹254

crore in 2014/15. "The certificate trade also remained slow."

But things have started changing. Data from certificate exchange India Energy Exchange show a jump of certificates issued from 45,202 in April to 292,000 certificates in May 2015. Gupta says this was propelled by an apex court directive to generating companies to comply with renewable purchase obligations.

And the opportunity opened up further in mid-June when the Union Cabinet cleared the plan to set up 100 GW solar capacity in the country. There is a plan to set up 17 solar parks in the country, and both Madhya Pradesh and Rajasthan are

lows margins of eight to 10 per cent. "But today, the market size is increasing. Earlier, people were talking about MW-size parks, now the orders are of 20 MW, 50 MW and bigger," says Vikalp. "In absolute terms, the margins are increasing, but in percentage terms the margins are coming down to five to eight per cent."

Besides, the government's 100-GW target would also mean it would look at investments from big companies with easier access to capital and equipment. Clearly, Ujaas Energy will need to gear up for bigger competition. ♦

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