

THE HINDU BusinessLine

For corporates, solar sector is shining bright

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In line with global trends, firms invested big in the sunrise sector in Q1

Mumbai, July 12:

Corporate interest in the solar sector appears to be rising steadily, especially in the first quarter of this year.

Orb Energy, manufacturer and distributor of solar energy systems, raised ₹12.3 crore in equity investment from FMO, Netherland's development finance institution.

Orb Energy operates in seven States. The firm has installed over 55,000 systems over the last four years.

The company services residential and commercial customers, banks and even enables customers to take solar loans.

With an upfront subsidy from the Ministry for New and Renewable Energy (MNRE), Orb arranges consumer financing options which allow low-income customers to pay back over five years.

New projects, funding

Orb will use the money raised to replicate its India business model in Kenya.

Orb entered the Kenyan market in early 2014, and has been negotiating with some of Kenya's largest banks and micro-finance institutions.

The firm intends to grow its retail network in Kenya by setting up an additional 50 branches in different parts of the country over the next two years.

Similarly, Acme Solar has secured a loan of ₹622 crore from the Asian Development Bank for construction of solar projects that have a capacity of 200 MW in India.

The company was awarded five solar photovoltaic power projects through competitive bidding in the first batch of the National Solar Mission phase 2, and recently announced that all the projects have now been commissioned.

Solairedirect, a French developer, has secured from PTC Financial and Axis Bank ₹310 crore for the construction of three photovoltaic projects totalling 53 MW in Punjab and Rajasthan.

At the start of July, French energy group Engie SA bought 95 per cent stake in Solairedirect for an estimated \$222 million, in a bid to double renewable power capacity in Europe over the next decade, and expand in high growth countries such as India and Chile. The deal also includes a capital increase of €130 million for Solairedirect.

India is an important strategic market for Engie SA. In its continued development as an independent power generator, it has invested in a thermal project in Andhra Pradesh by acquiring 74 per cent equity share in the Meenakshi project, which comprises 300 MW of operational capacity and 700 MW under construction.

Engie SA is reportedly assessing further opportunities in India, including renewable opportunities.

Global trends

A new report points out that globally too corporate funding in the solar sector has almost doubled at \$6.4 billion compared to \$3.4 billion in the fourth quarter of 2014.

Raj Prabhu, CEO, Mercom Capital Group, said project acquisition activity remains strong, with yield companies acquiring almost 20 per cent of all the projects.

He pointed out that at almost \$5 billion, global debt financing increased substantially this quarter compared to \$1.5 billion in the fourth quarter of 2014.

Almost \$2 billion of that went to SunEdison and its yieldco Terraform Power.

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