

Green energy firms plug into broader play

Companies seek larger share of value chain, better margins via integration

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MUMBAI

Amid excess capacity and rising competition, renewable energy firms in India are looking to diversify beyond their core businesses to capture a larger share of the value chain, improve margins through integration and enhance valuations, industry experts said.

India's solar module manufacturing capacity surged from 11.1 gigawatts (GW) in March 2022 to 109.5GW by September 2025, data from Iera shows. This surge has even prompted lenders to turn cautious on the sector, *Mint* reported on 19 March.

Renewable energy firms are diversifying into manufacturing and production to capture more value and boost margins through backward integration, they said. This also helps them attract customers by offering turnkey solutions, eliminating the need for the client to engage with multiple vendors.

Investors have also pushed firms to diversify to achieve better valuations over their pure-play peers that focus on one business, experts said.

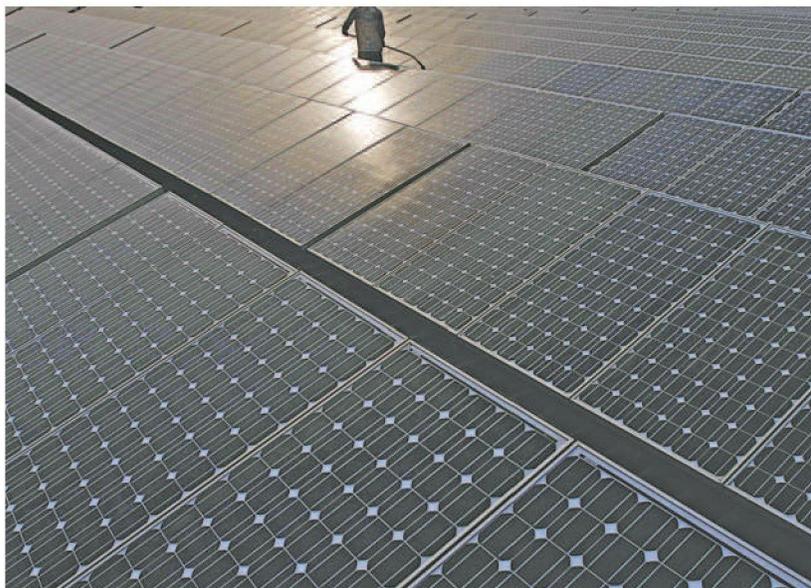
Companies such as Waaree Energies, Vikram Solar, Premier Energies, ACME Group and Suzlon Energy are some of the players that have diversified after scaling their core business. This is different from top conglomerates like the Adani Group, Tata Power and Reliance Industries Ltd, which planned a presence across the renewable energy value chain since conceptualization.

"Diversification is one of the top themes in the renewable energy space right now," said Harshraj Aggarwal, executive vice-president-institutional equity research at Yes Securities. Integrating the supply chain allows firms to boost

margins by controlling both raw material production and end-product value. For instance, a solar manufacturer might move backward into cell production or forward into developing its own power plants.

In a push for its energy transition goals, the government promotes localization of solar modules, its components and wind turbines through a host of policy measures.

Waaree Energies, India's largest manufacturer of solar modules and arguably one of the biggest winners of the renewable



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energy transition over the past decade, has also been the most aggressive of the lot in diversifying. Over the past year, the company directly or through its subsidiaries acquired a majority stake in transformer manufacturer Kotsos Pvt. Ltd, transmission tower maker Associated Power Structures Ltd, smart meter maker Racemosa Energy (India) Pvt. Ltd and power producer Enel Green Power India.

Additionally, Waaree invested \$30 million to acquire a strategic stake in an Oman-based maker of polysilicon via its subsidiary

dle engineering, procurement and construction (EPC) work in the renewable energy space. The company is also organically expanding into battery container manufacturing for storage systems with an investment of ₹600 crore. "So the idea is really by entering into these segments, we are growing our capture of the entire solar sector manufacturing opportunity," Vinay Rustagi, chief business officer at Premier Energies told *Mint* in a recent interview.

Vikram Solar Ltd, another solar module maker, and ACME Solar Holdings Ltd, a

clean power producer, have also diversified into battery energy storage systems (BESS) as the needs of the customers change from plain solar energy to firm and dispatchable renewable energy (FDRE). For FDRE, renewable power plants need battery storage to

smoothen out the variations in solar and wind power generation.

Wind turbine maker Suzlon Energy Ltd had in February said it plans to diversify into project development. The company is yet to announce a firm plan in this space but has reshuffled its leadership to free long-time CEO J.P. Chalasani to lead this diversification push. The company did not respond to *Mint's* request for a comment.

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NEW AVENUES

RENEWABLE energy firms are diversifying into manufacturing and production

INVESTORS have also pushed companies to diversify to achieve better valuations

AMONG the firms that have diversified are Waaree, Vikram Solar, ACME Group and Suzlon Energy

in the US to ensure traceable supply for its American customers. These acquisitions cost the company upwards of ₹2,700 crore, as per *Mint's* calculation. The company did not respond to request for a comment.

Its rival Premier Energies Ltd has gone on a similar track to acquire majority stakes in inverter maker Ksolare Energy Pvt. Ltd and transformer maker Transcon Industries Ltd in recent months, cumulatively spending about ₹600 crore. This month, it also set up a joint venture company to han-