Interview

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Mr. Faruk G. Patel

CMD

KPI Green Energy Limited

Since 1994

kp GROUP

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"KP Group is leaving no stones unturned to contribute in this humongous task of achieving net zero carbon emissions by taking a target of 1000+MW by 2025 in solar alone. Looking at the growth opportunities and our CMD – Shri. Faruk G. Patel's visionary leadership the target seems achievable."

Q. What was the main purpose of the company's participation in Inter Solar India 2022, and what were the expectations you had from this mega event?

InterSolar is one of the prestigious exhibition series for the solar and related industries. As the exhibition as well as the conference series focuses in the areas of photovoltaics, solar power plants and many more. As this year they come up with the idea of expanding their footprints in other verticals also, they promoted themselves as Smarter E-India 2022, and this motivated us to be a part of this exhibition. As per their past events figures which vouched of 200+ exhibitors, 130+ speakers and 10,000+ visitors and we were optimistic that the event will again attract huge crowd and will help us further make our brand being showcased to thousands visitors and will also result in good networking opportunities.

Q. What according to you are the current opportunities in Indian solar market?

The Indian solar energy market is expected to record a CAGR of more than 8% in the coming years. Even the covid pandemic did not impact the solar industry, rather growth was witnessed in the installed capacity. The declining cost of solar power generation, government's favourable policies has contributed largely towards driving growth in Indian solar energy market. Gujarat on the other hand has an abundance of solar irradiance and receives solar energy throughout the year making it one of the best performing markets in India. Along with Foreign Investment and extensive R&D in solar technology is resulting in ample opportunities in Indian solar energy market.

Government of India's announcement that it intends to achieve net zero carbon emissions by 2070 and to meet 50% of its electricity needs from renewable sources by 2030 marks a historic point in the global effort to combat climate change.

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world and is witnessing the fastest growth in renewable electricity, and by 2026, new capacity additions are expected to double. With the increased support of the Government and improved economics, the sector has become attractive from an investors perspective. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role.

KP Group is leaving no stones unturned to contribute in this humongous task of achieving net zero carbon emissions by taking a target of 1000+MW by 2025 in solar alone. Looking at the growth opportunities and our CMD – Shri. Faruk G. Patel's visionary leadership the target seems achievable.

Q. What's your commitment towards the solar sector in India?

The group has taken full advantage of rapid industrialization and economic progress of Gujarat by developing business in renewable energy sector (Solar, Wind & Hybrid). Our ambitious target to achieve 1000+MW by 2025. By developing, building, owning, operating and maintaining solar power plants through Independent Power Producer (IPP) and as service provider to Captive Power Producer (CPP) under the brand name of 'Solarism', is set to be achieved. KPI Green Energy Ltd. is one of the pioneering companies in solar energy with over 14 years of experience, with over 200+MW of power projects energized in solar in the state. Any project hardly takes 5-6 Months to get commissioned after the client signs the contract with us. We lately were able to complete a 12.5MW of project for our client in just 4 months, that too in the most challenging season of monsoon. This has led to KP Group become the number one choice amongst the prominent and established companies in Gujarat when it comes to Solar Power, because we deliver what we promise.

In the preparation of the same KP Group has already expanded its land bank to 1500+ acres for development of solar park. The Group is also expanding itself pan India in coming months.

Q. Present some noteworthy projects, case studies.

There are various noteworthy projects, and each project has its own challenge and a new opportunity to explore. Hence, naming a single project will be bit difficult.

To our pride, as an IPP business, we own Gujarat's largest private solar power park of capacity more than 100 MW at the site of Sudi village located in Amod taluka of Bharuch district of Gujarat. The development of the plant started way back in 2016 were first commissioning took place of 2.1 MW has now scaled to 100+MW in 2022.

Another noteworthy project that we completed as a service provider in the captive segment was that for our client with a capacity of 12.5 MW. The entire project right from signing of LOI to energizing the project, it took us just four months to complete the project. Though the project had its own challenge for it was to be taken care during the monsoon season. The experienced and skilled employees of KPI Green Energy still, facing all challenges, took the opportunity and put their best foot forward to complete the project. Only a site engineer can understand how difficult the project become during rains when you are piling and augering at the site. Which though completed requires ample amount of time for the foundation to settle during rains. But as it is said where there is a will there is a way, he completed the project. The CMD – Shri. Faruk G. Patel, gave the credit entirely to our engineers and other supportive staff for successfully achieve this feat.

Q. Currently, what kind of challenges do you see in the power sector in India and their possible solutions?

Though there is no challenge which cannot be faced and resolved, but still there are few which requires time as of now. Such as,

a. Fuel Security Concerns: Looking at the growing fuel availability concerns faced by capacity, the thermal power plants seemed plagued by the restricted coal supplies from local players and growing dependence on imported coal, which further leads to higher power generation costs. Also, a significant gas based capacity of more than 20,000 MW is idle due to non-availability of gas.

b. Financial Health of State DISCOMs: Years of populist tariff schemes, mounting AT&C losses and operational inefficiencies have adversely affected the financial health of State DISCOMs which are currently plagued with humongous out-standing debts.

The solutions to the mentioned challenges are not simple or of short term, these are long term decisions which needs to be taken by the state as well as the national governments in a very cohesive manner. Which, today we think is happening on a better note and in larger scale. Looking at the governmental reforms it seems the issues can be resolved in long run.

Q. Five Solutions to Combat the Foregoing Challenges

a. Fuel Reforms: Various aspects like ramping up coal production by both public and private sector in a time-bound manner, increased participation of private sector in coal production and easing of regulatory framework, clearances and approvals for allocation and development of coal blocks & gas infrastructure need to be addressed while formulating such reforms.

b. Arriving at an optimal fuel mix: There is a dire need to develop both conventional and non-conventional forms of energy, wherein, three key factors must be kept in view for developing an energy mix: (i) the pattern of energy demand seen in the country (ii) the availability of fuels, and (iii)fuel production and import costs. It would be effective to adopt coal thermal as a fundamental component of the fuel mix for the next 20-30 years, with solar occupying 5-8 percent of the total mix.

c. Balanced Regulatory Interventions: Regulators need to be sensitized to the challenges faced by the sector and policy framework needs to be crafted and enforced to ensure a win-win situation for all the stakeholders. They must pro-actively intervene to resolve the immediate issues ailing the power sector.

d. Increased Financing Facilities for Energy Sector: A robust and sustainable credit enhancement mechanism for funding in Energy Sector needs to be put in place through increased participation by global funding agencies like The World Bank, ADB etc. in the entire value chain.

e. Public private partnership model: There is a strong need to push for wider-scale implementation of public private partnership models. The private sector has been playing a key role in generating power, a more supportive environment will help in bridging the energy deficit of the country.

f. This is the foundation of a functioning energy market and the sustainable, green growth economy that India should pursue.

Q. Kindly shed some light on KPI's project engagements from the different segments it is involved with.

It is our responsibility to build a clean and green future for our coming generations. We, with our small steps towards clean energy can make this dream come true.

KP Group's solar vertical KPI Green Energy Ltd. (formerly known as KPI Global Infrastructure Ltd.) has one of the largest Solar Parks in the region with sites located at one of the best places for solar power generation - Sudi, and Ranada. The company has already surpassed the milestone of 100+MW energizing through solar under the IPP segment where it earns revenue by selling the power generated, to the third parties, via signing of PPAs.

While talking about the CPP segment where we act as an EPC developer for the various industries we also offer O&M activities to our clients for entire 25 years. In this segment too 100+MW generation has been achieved and is looking forward to add more 75+MW to these figures by end of this financial year.

Q. What role do you anticipate KPI will play in the Indian solar panel market over the next few years?

The government of India has taken a humongous task to achieve net zero carbon emissions by 2070 and to meet 50% of its electricity needs from renewable sources by 2030 marks a historic point in the global effort to combat climate change. Talking specifically the GOI is intending to achieve 100GW of solar power by 2022. Hence aligning its vision with GOI, KP Group is intended to achieve 1000+MW by 2025. The market capitalization of KP Group has soar to Rs. 2000+Cr. This shows the kind of faith Indians have in the group.

Q. What is your outlook on the solar energy sector?

The solar energy sector is through its dream phase these days. India, where the MSME being contributing towards approx.. 26% of the exports and looking forward to increasing this to 50% by 2025, they need to lower their costs in order to increase their margins and also stay competitive in the foreign market. While observing the sector it seems that power costs plays a major role in the overall product cost along with the material costs. Hence here is where the solar energy solutions come as saviour. With comparatively less project cost per MW compared to other renewable energy source and also ease of customization of project as per consumption makes solar solutions one of the most sought after solutions these days. Also, looking at the inclination of the central as well as state governments towards further exposure and lucrative policy making towards renewable energy, the future of solar energy seems nothing but gold.

Q. Lastly, what revenue you are targeting for FY2023 and in the next three year?

The company is very optimistic in the emerging solar scenario of India hence is observing a growth in its revenues over the years. While we were able to score 231.52Cr in revenues in FY 21-22, the same numbers have already been surpassed and is made public in the companies half yearly results for FY 22-23. While looking at the years to come the company is witnessing to grow at a handsome rate of 112%. Looking at the scenarios the company is performing well in the stock markets (NSE & BSE) as well where it has successfully achieved a market capitalization of 2,000+Cr. EM