The Economic Times
India uploads support to data centres
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India Uploads Support to Data Centres

Ancillary cos see rise in exports of made-in-India gensets, motors, electrical panels

7.4 GW Power consumed by data centres in 2023, up 55% from 2022

10,978 Data centre sites globally; half in the US

INDIA-BASED ANCILLARY MAKERS SEEING BIZ BOOM

2024 highest-grossing yr, order book overshooting: Sterling Generators

Exports up 40% in June qtr: ABB

Demand beyond tier-1 cities for Cummins India

Source: Cushman & Wakefield, CBRE, Media Reports

Himanshi Lohchab

New Delhi: The global demand for data centres, which house networked computers to store and process massive amounts of data for AI-driven applications, is proving to be a boon for a slew of India-based ancillary makers.

Exports of made-in-India diesel and gas generators, switchgear, motors and electrical panels to countries such as Malaysia, Australia, Egypt and to the Middle East and Europe are seeing a sharp uptick, industry executives told ET.

Sterling Generators, a Shapoorji Pallonji Group company which produces 10kVA-5,000kVA diesel and gas gensets, expects to record total revenue of Rs 1,200-1,300 crore this fiscal year. The company's exports, which used to be 10% of its total volume, are expected to rise to 40% this fiscal.

"Our facility in Silvassa is running at 100% capacity building 400 HHP (high horsepower) gensets and 600 MHP (medium horsepower) and LHP (low horsepower) gensets," said Sanjay Jadhav, CEO, Sterling Generators Pvt Ltd. "Having successfully shipped large orders to Australia, Malaysia, Egypt, Dubai, Africa and Europe, our order book is overshooting at the moment. We are further investing to rapidly expand capacity to build 800-1,000 HHP units by next year."

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'Need Sops for Such Players'

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Generators are going to be among the most critical investments for data centre (DC) operators as high-power computing needed for AI will consume power twice the traditional IT workloads, said Rajiv Ranjan, associate director, cloud & AI at research firm IDC India.

"Similarly, average power density per rack is around 10 to 12 kW for general purpose servers. This is expected to increase to 40 to 50 kW per rack with AI servers, crediting much higher demand for power backup and hence for switchgear, cables and chillers," he added.

"We believe the DC value chain is going to be the next big manufacturing opportunity for India and the government must look at incentivising such players," Ranjan said.

Switzerland's ABB, which manufactures UPS, switchgear, motors, drivers and low-voltage components in India, said its export orders grew by 39% during April-June on-year basis.

ABB said it was deploying robots to streamline existing switchgear production lines to meet market demand. It has five manufacturing plants in Bengaluru, Vadodara, Nashik and Faridabad.

CAPACITY ADDITIONS

"Both mature and emerging economies like US, China, Japan, Australia are witnessing equivalent or much larger capacity additions," said Kiran Dutt, president-electrification products, ABB India.

For instance, the US, the largest data centre market globally, is expected to add around 2.7 GW over the next five years, taking the total installed capacity to over 11 GW.

Industry experts are of the view that ancillary makers such as India's generator industry with a legacy of self-sufficiency in manufacturing for almost 50 years, are now well placed to benefit from this global boom.

"Sterling, for instance, has very little dependency on China for import of parts. There are numerous Indian players in the value chain who supply switchgear, electrical panels, fabrication for containers," Jadhav said.

We believe the DC value chain is going to be the next big manufacturing opportunity for India and the govt must look at incentivising such players, says IDC's Ranjan

America's Cummins Inc, which builds 2,500kVA gensets at its mega site at Phaltan in Maharashtra, also said there's a growing need for advanced power backup solutions beyond tier-1 cities in India.

Ashwath Ram, managing director, Cummins India, said, "India plays a crucial role as a manufacturing hub for the company with state-of-the-art facilities and talent that enables it to power the growth of the global data centre industry."

"The global outlook for the data centre market is bullish, with strong demand from various regions," he added.

LOCAL BOOM

In India, colocation (colo) and cloud firms added nearly 258 MW of IT load in 2023 and their project delivery speed has also grown.

"By 2028, India is expected to have 3x installed capacity. An average of 464 MW of colocation capacity will be added annually between 2024 and 2028 across the top seven cities," ABB's Dutt said.

The operator landscape is changing rapidly as new entrants make their way into India's data centre space. As of 2023, the top five operators account for 77% of India's colo installed capacity. However, dominance of the top five is likely to get reduced to approximately 51% in the medium term, Dutt said.