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VIKRAM SOLAR

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Vikram Solar to Sell Shares for Expansion

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Solar panel maker **Vikram Solar Pvt. Ltd** is considering selling shares to private equity firms and the public to raise Rs.1,000 crore to quadruple its production capacity to 2000MW in the next four years, managing director and chief executive Gyanesh Chaudhary said.

Vikram Solar is betting that demand for solar panels will surge as the government has set a target of raising solar power generation capacity to 100 gigawatt (GW) from 6.7GW now by 2022. The company will also venture into making of cells that go into production of the panels.

India's solar power capacity expansion programme, considered the largest in the world, is fueling investments into manufacturing of panels, an industry that is dominated by China in world markets with its 70% share.

According to government data, the country has an installed capacity of 5.6 GW of panel manufacturing and 1.2 GW of cell production. Vikram Solar expects to add 400 MW of panel production capacity every year to reach its expansion target.

"We plan to tap various sources of funds including private equity. We will not shy away from capital markets either, if need be," said Joy Saxena, executive director finance.

The company reported revenue of Rs.900 crore in 2015-16, a 50% jump from the sales reporter a year ago. Net profit was Rs.50 crore in 2015-16, said Saxena.

Solar panel makers such as Vikram Solar, competing with cheaper imports from China, are looking forward to a new policy the government is working on to encourage domestic production of panels and equipment.

"The new policy should provide for financial assistance for market development within India and abroad, considering the advantages non-Indian manufacturers enjoy. Producers in China get the taxes that go into their production refunded when exported. Besides, they have a low borrowing cost of about 2%, whereas it is 9-11% for us," said Chaudhary. The government should also set stringent quality control norms, he said.

The company, which has two manufacturing facilities in West Bengal, is talking to Haryana, Rajasthan and Andhra Pradesh for setting up new facilities, said Chaudhary.

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