

Lanco to foray into solar energy

Sreekala G

HYDERABAD

HYDERABAD-based Lanco Infratech, the flagship company of Lanco Group, is set to foray into the solar energy segment.

The power and infrastructure company has lined up investments aggregating to around \$1 billion for this venture. The funding will be through a mix of debt and equity (70:30).

"We expect to start generating solar energy in 18 months. We will be an end-to-end provider and will be present in all phases of development from sand procurement to photovoltaic cell manufacturing to energy generation," L. Madhusudhan Rao, chairman, Lanco Infratech told ET.

The company is in talks with firms in US and Europe for technology tie-ups. Lanco is looking at sites in Orissa and Andhra Pradesh to set up the manufacturing facility for solar modules. The plant will be housed in a Special Economic Zones (SEZ).

"Our goal is to become a global player in the segment as we want to cash in on the huge potential in the renewable energy field, especially in developed countries," said Rao

In fact, many companies in India are venturing into solar energy. Analysts attribute the new found rush for solar PV facilities to the semiconductor policy announced by the Centre in February 2007. The incentive for these firms is in the form of a 20% capital subsidy and an exemption from countervailing duty on imports. Developed countries, over the last few years, have also encouraged the use of solar energy. The PV market worldwide is growing at about 40% and solar energy production is set to top 1,000 mw per year.

"However, these companies may find it tough to sell the energy in the domestic market as the cost of producing solar energy is high. The cost of production ranges from Rs 15 per unit to Rs 30 per unit compared to around Rs 2 per unit to Rs 6 per unit for thermal energy. Developed countries are ready to pay the cost, while India is yet to come out with a clear policy," said an analyst.

Currently, the Rs 3336.5 crore Lanco Infratech is developing various projects for generating 8,000 MW of energy. Of this, 4,000 mega watts of projects have achieved financial closure. These are a mix of coal-based, thermal, gas-based and hydro projects.