

ENERGIZING LIFE TOGETHER



REC SOLAR

Solar Manufacturing Perspective

ODISHA SOLAR CONFERENCE 2013

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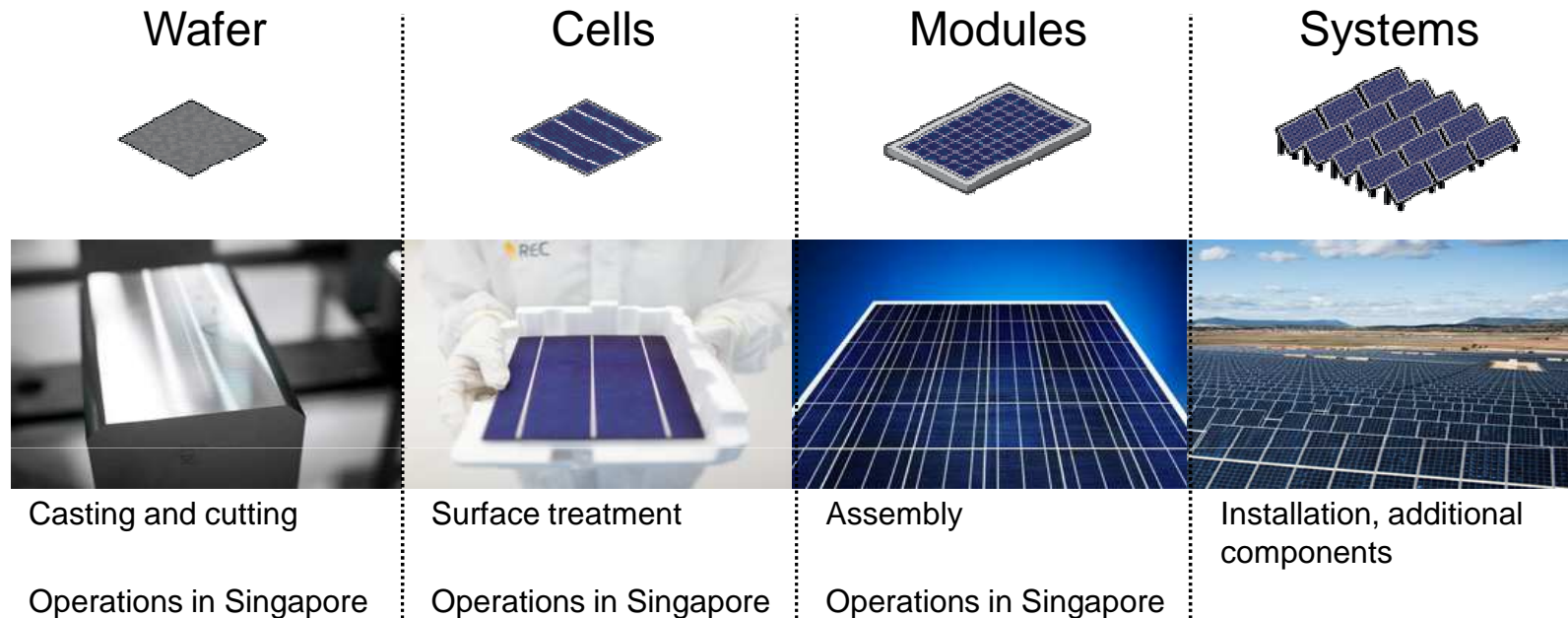


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REC SOLAR – an integrated company

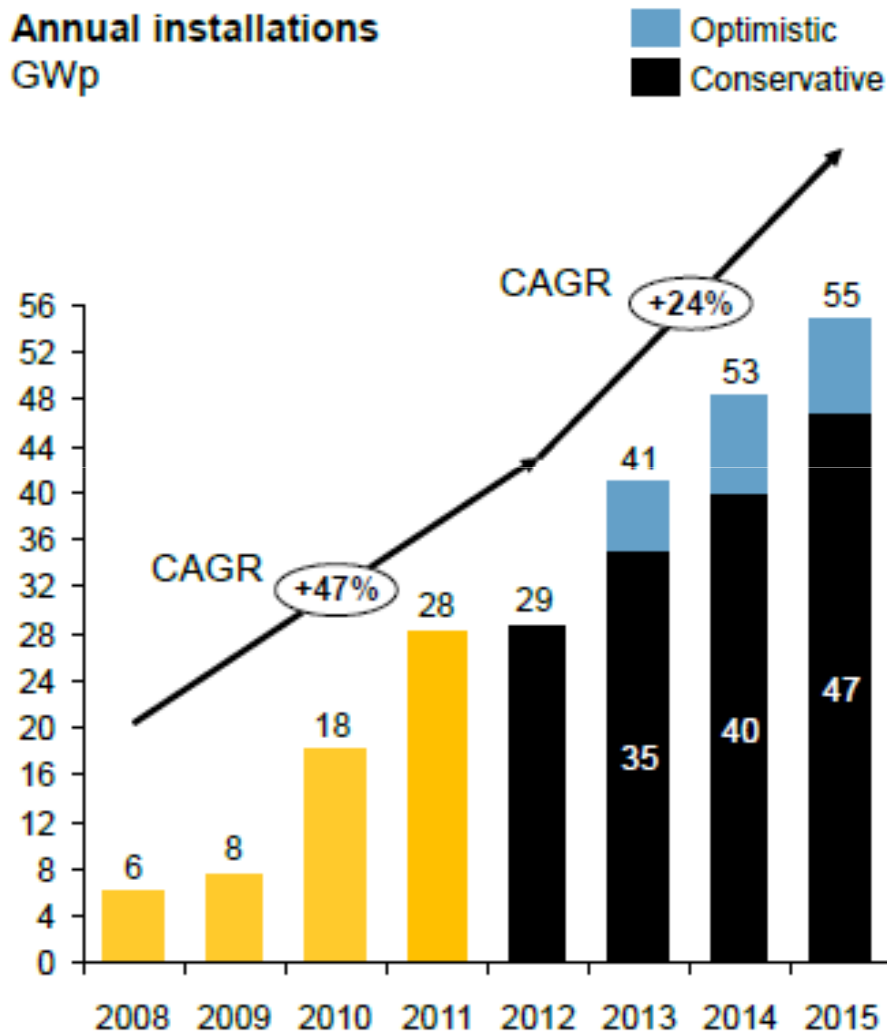


Leading global player delivering reliable, customer focused solar electricity products, services and solutions

- A pioneer in the solar industry
- Presence throughout the entire value chain
- Strong focus on operational excellence
- 800MW World-class manufacturing facilities in Singapore

Strong fundamentals expected to drive solar market growth

Annual installations GWp



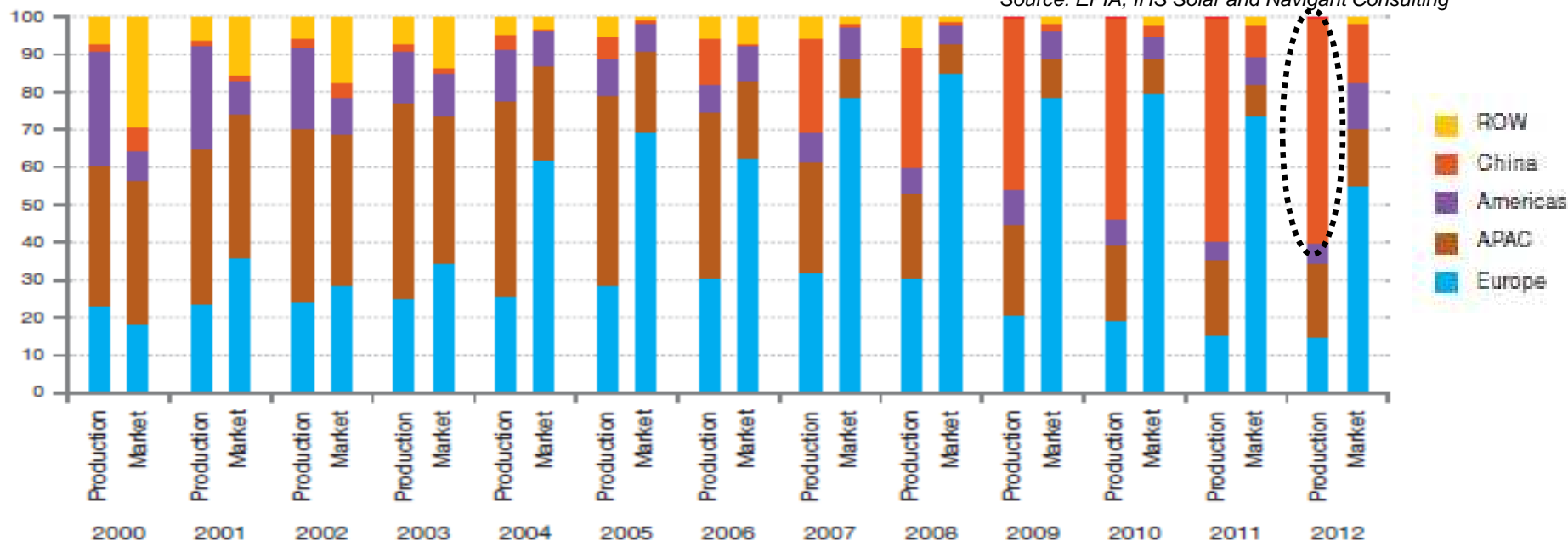
- Demand in Europe stagnating
- Strong growth in China, Japan and US
- A number of new markets emerging in Asia, Africa and Latin America
- Analyst demand estimates for 2013-2015 revised upwards the last six months

Source: Bloomberg New Energy Finance, August 2013

Solar Industry Evolution

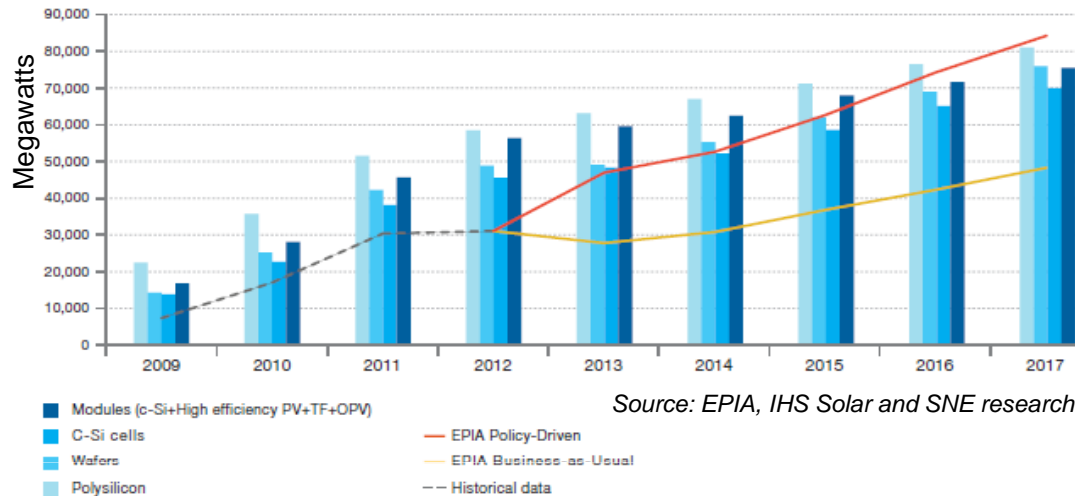


Source: EPIA, IHS Solar and Navigant Consulting

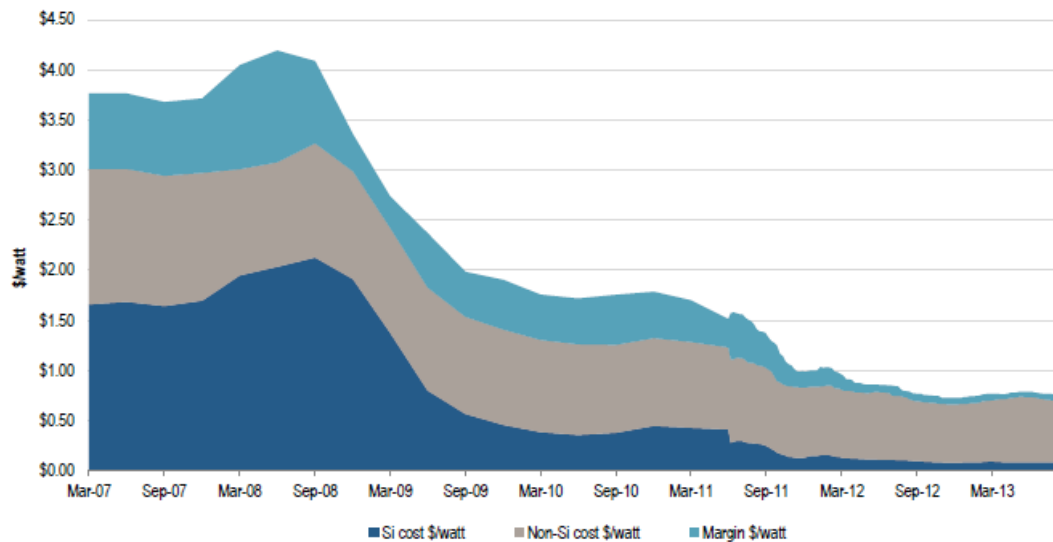


- Since 2006, Chinese manufacturing of solar products expanded significantly to meet demand from booming European market.
- Growing regional imbalance between production and installation of PV modules since 2007
- Today European region represents only about 25% of the global demand.
- 65% of global module demand today is produced in China

Global Supply Demand Balance Production Capacity vs Annual PV Market



- Significant overcapacity in Polysilicon, Wafer, Cell and Module Manufacturing since 2009.
 - In 2012, module production capacity was in between 150-230% higher than annual global installations.
- Rapid price and Margin erosion over the last few years for equipment suppliers
 - Module prices declined by over 80% today from their peak in Sept 2008.
- Consolidation phase in the solar industry.
 - Large no of bankruptcies of established players
 - Reputed manufacturers disappeared or got acquired
- No major change expected in technology over next 5 years

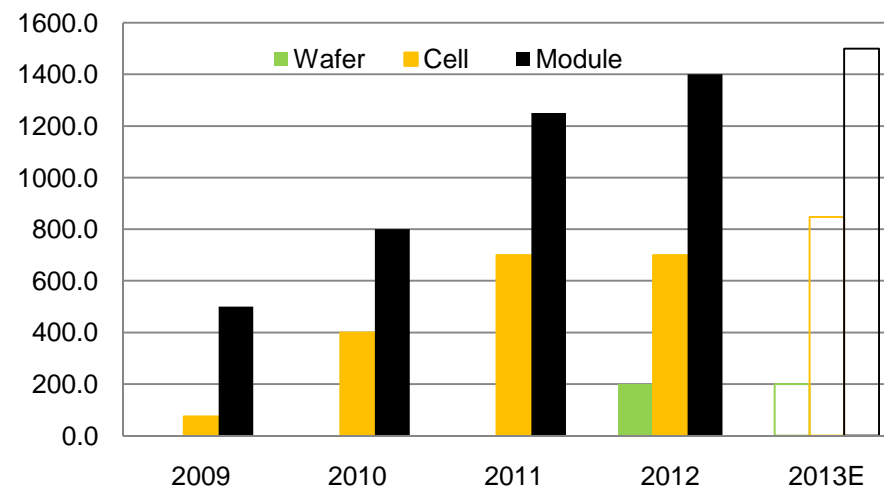


PV Manufacturing in India

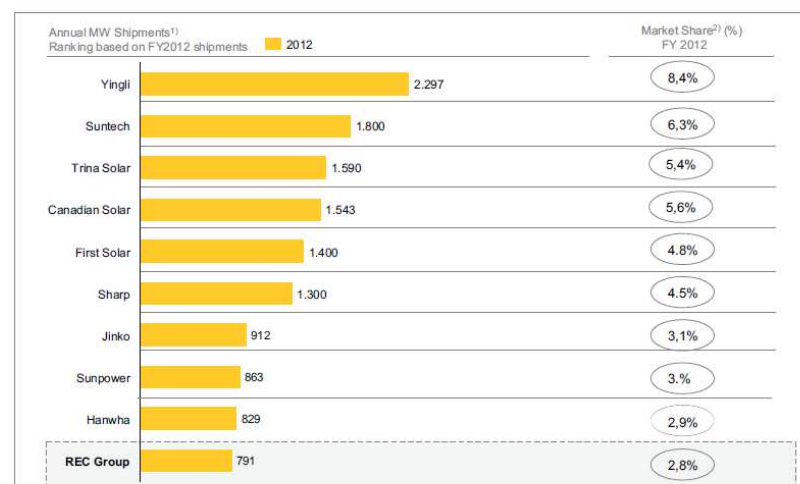


- Total Installed Cell Capacity of 1GW and Module Capacity of 2GW
- Highly fragmented with over 30 different manufacturers with no economies of scale
 - Individually top 10 global suppliers ship more product than the entire Indian industry together
- Most India module manufacturers import wafer/cells as Indian manufacturing capacities are not cost competitive
- Indian manufacturers continue to struggle due to global decline in module prices
- Most Indian manufacturers are running at very low capacity utilizations or completely idle.
- No technology or R&D initiatives
- Need investment in technology to create technology at par with global standards
- Dwindling or worsening financial situation, limited working capital, high debt and under financial stress. Most have initiated process of debt restructuring

Domestic Manufacturing Capacity (MW)



Top 10 global solar suppliers



Notes: 1) Branded and OEM module shipments; 2) Total market: 28.6GW
Sources: Company reports

Need of the PV Industry in India



→ Energy Independence and Security

- Need to develop solar energy as an important part of the total energy mix.
- Focus on sourcing best equipment for solar projects both locally and from abroad
- Stricter enforcement of solar RPO on obligated entities especially DISCOMS and develop the REC Market

→ Stable & Enabling Policy Support for Manufacturers

- Tax Incentives, Tax Holidays, Capital incentives for manufacturers
- Promote investment in manufacturing through priority sector lending status for Solar Manufacturing
- Access to lower cost funds (COF) and external commercial borrowing, to improve the cost competitiveness of the domestic players
- Attract Foreign investment through policy support to infuse FDI in the domestic manufacturing sector
- Timely release of the Special Incentive Package Scheme (SIPS) announced by the government to boost domestic solar manufacturing

→ Innovation in Technology

- Promotion of investments in technology
- Development of Solar Research Centers/R&D Labs, Test facilities, Resource assessment facilities, Training Centers, Educational Institutions etc.
- Access to next generation technologies

→ Creating Enabling Eco-system

- Promotion of solar manufacturing parks with access to uninterrupted and reliable power supply
- Development of PV ecosystem including materials for PV manufacturing, inverter, BOS etc

“I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait till oil and coal run out before we tackle that.”

Thomas Edison to his friends Henry Ford and Harvey Firestone (1931)



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THANK YOU

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