July 2018

DETAILED PROJECT REPORT
ON
REPLACEMENT OF COAL FIRED FURNACE WITH INDUCTION MELTING FURNACE

M/s Madhav Cast –Jamnagar Brass Cluster

Submitted to
(Prepared under GEF-UNIDO-BEE Project)

Bureau of Energy Efficiency
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Prepared by

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List of Abbreviations

AC	Alternate Current
ANSI	American National Standards Institute
BEE	Bureau of Energy Efficiency
DC	Direct Current
DPR	Detailed Project Report
EE	Energy Efficient
GEF	Global Environmental Facility
IRR	Internal Rate of Return
kW	Kilo Watt
LSP	Local Service Provider
MSME	Micro and Medium Scale Industries
NPV	Net Present Value
OEM	Original Equipment Manufacturer
PGVCL	Paschim Gujarat Vij Company Ltd
TOE	Tonnes of Oil Equivalent
UNIDO	United Nation Development Organization
IGBT	Insulated Gate Bipolar Transistor
KVAh	Klio. Volt Ampere Hrs.

ACKNOWLEDGEMENT

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Last but not least we are thankful to Madhav Cast, especially Mr. Savjibhai Taraviya, Proprietor for showing keen interest in the implementation of this technology and providing their wholehearted support and cooperation for the preparation of this Detailed Project Report.

We would take this opportunity to express our appreciation to the Original Equipment Suppliers and Local Service Providers for their support in giving valuable inputs and ideas for the completion of the Detailed Project Report.

We would also like to mention that the valuable efforts being taken and the enthusiasm displayed towards energy conservation by the Jamnagar Brass Cluster is appreciable and admirable.

1. EXECUTIVE SUMMARY

Bureau of Energy Efficiency (BEE), a statutory body under Ministry of Power, Government of India, in collaboration with United Nations Industrial Development Organization (UNIDO) is executing a Global Environment Facility (GEF) funded national project "Promoting energy efficiency and renewable energy in selected MSME clusters in India". The overall aim of the project is to develop and promote a market environment for introducing energy efficiency and enhanced use of renewable energy technologies in process applications in 12 selected energy-intensive MSME clusters across 5 sectors in India (with expansion to more clusters later). This will enable improvement in the productivity and competitiveness of units, as well as reduce overall carbon emissions and improve the local environment.

Key activities involved in the project are as follows:

- **LSP MAPPING:** Detailed Mapping of LSPs in the cluster.
- **TECHNOLOGY FEASIBILITY STUDIES:** Preparation of 10 bankable DPRs.
- **TRAINING MATERIALS:** Development of 5 customized training material based on mapping
- **TRAINING PROGRAM:** Conduct 4 training programs in the cluster for the capacity building of local service providers.
- **LSP's AS LOCAL DISTRIBUTORS:** Mapping of LSPs and OEMs so that LSPs can become local dealers for major OEMs.

1.1 Brief Unit Profile

Table 1: Unit Details

Particulars	Details
Name of Plant	Madhav Cast
Name(s) of the Plant Head	Mr. Savjibhai Taraviya
Contact person	Mr. Savjibhai Taraviya
Constitution	Private Company
MSME Classification	Small
Address:	Plot no:-4612 to 4614, Phase-3 , S Road, Dared , Jamnagar
Industry-sector	Manufacturing

1.2 Proposed EE Measure

During the plant visit it was observed that the plant was operating with pit type coal fired melting furnace and has a scope of replacing it with energy efficient IGBT based induction melting furnace. After discussion with the plant team and technology supplier, it was proposed to replace the old furnace at Madhav Cast. The expected reduction in specific cost is Rs. 995/Tonne, which

will lead to a saving of Rs. 2.39 lakhs per annum as per the current operating annual melting of 240Tonne/Year. The details of the proposed EE measure is given in below:

Table 2: Proposed EE Measure

Sl No	EE Measure	Annual Energy Savings, (TOE)	Monetary Savings (Rs. Lakhs)	Investment (Rs. Lakhs)	Payback (Months)	Annual GHG reduction (T CO_2)
1	**Replacement of coal fired furnace with induction melting furnace**	13.69	2.39	9.01	46	4.67

1.3 Means of Finance

The details of means of finance for the proposed EE measure is as under:

Table 3; Project Finance

Sl. No.	Particulars	Unit	Value
i	**Total Investment (Incl. of Tax)**	Rs. Lakh	9.01
ii	**Means of Finance**	Self / Bank Finance	Self
Iii	**IRR**	%	40.0
Iv	**NPV at 70 % Debt**	Rs. Lakh	8.0

2. INTRODUCTION ABOUT MADHAV CAST

2.1 Unit Profile

Madhav Cast was established in 2013 and is mainly involved in casting of building hardware like brass door handles, brass door knobs, brass gate hooks, brass kitchen hardware and sanitary parts. Madhav cast is a micro industry produce located at Plot No.4612, Phase-III, Dared Jamnagar and registered with Jamnagar Factory Owners Association.

Table 4: Unit Profile

Particulars	Details
Name of Plant	Madhav Cast
Name(s) of the Plant Head	Mr. Savjibhai Taraviya
Contact person	Mr. Savjibhai Taraviya
Contact Mail Id	jagdishbrass@yahoo.in
Contact No	+91 9879610780
Constitution	Private Company
MSME Classification	SME
No. of years in operation	5 Years
No of operating hrs./day	8 hrs.
No of operating days/year	312 Days
Address:	Plot no:-4612 to 4614, Phase-3 , S Road, Dared , Jamnagar
Industry-sector	Manufacturing
Type of Products manufactured	Brass door handles, Brass door knobs, Brass gate hooks, Brass Kitchen Hardware and Sanitary parts

2.2 Production Details

The various products casted in Madhav Cast are building hardware and sanitary parts and Last year plant had an average finished product output of 16.43 Tonne per month[1]. The graph shows the month wise production of brass products at Madhav cast during last one year.

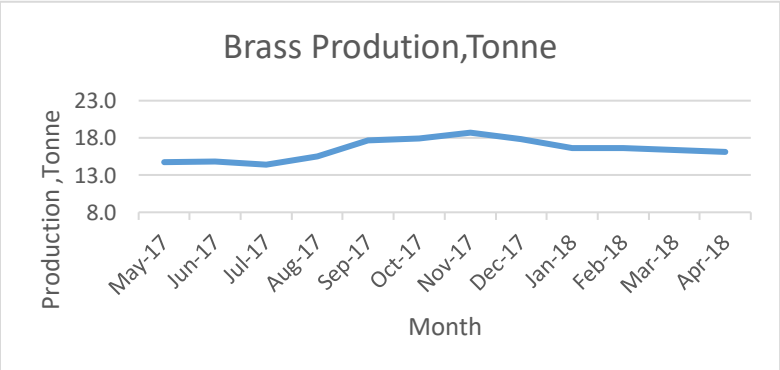


Figure 1: Annual finished production details

[1] Finished brass goods

2.3 Typical Brass Production Flow Diagram in Jamnagar

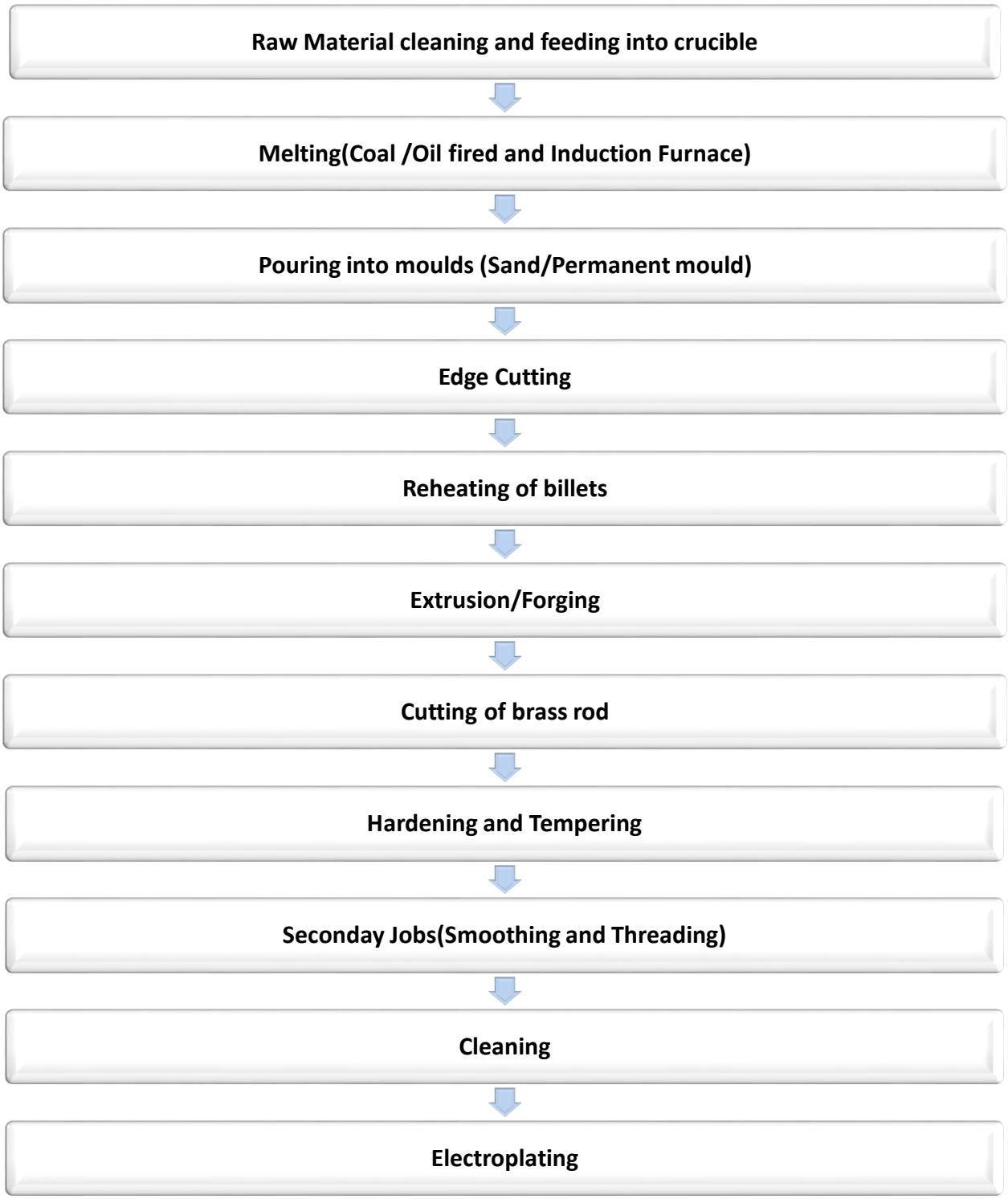


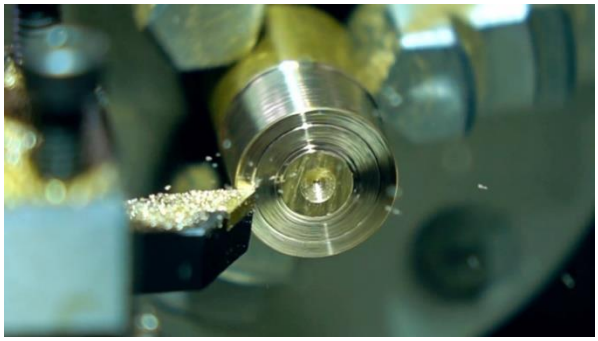
Figure 2: Typical Process Flow Chart

The production process mentioned in the above chart is almost similar to most of brass part manufacturing units in the cluster. However, depending on the final product, quality of final product and raw material properties, some of the stated process flow is altered to suit the requirement of industry. The major processes taking place at a typical Brass industry includes:

Melting: After separating the impurities form the brass scrap, the first step in making most of the products is melting the scarp in small furnace ranging from 100kg to 2000kg. Typically in Jamnagar pit type coal fired and induction melting furnaces are mainly used

Casting: After melting the next step involves casting molten brass in permanent mould or sand mould, depending upon the final product of the company. Sand moulding usually involves the preparing the consolidated sand mould around a pattern held within a supporting metal frame and removing the pattern to leave the mould cavity with cores. The liquid brass is poured into the cavity and allowed to solidify and when it does, the product is taken out of the mould cavity, trimmed and made to shape.

Machining: It is a broad term used to describe removal of material from a workpiece to get the desired shape and size of the material for further use. Machining is one of the key specialty of the products manufactured in Jamnagar clusters. Most of the plants are using traditional machines for grinding, grooving and other secondary jobs along with latest generation CNC machines for some specific jobs.



Electroplating: Is the process that is coating metals through reaction of the electrical conductive and chemical organics. The basic electroplating process consists of a plating bath filled with water containing a small amount of acid or alkali added to improve its conductivity.

- An anode (positive electrode) - either the plating metal or an inert electrode; this is expended as the process goes on and replenished periodically

- A cathode (negative electrode) - the item to be plated; these can be either hung inside the bath or placed in a barrel, which is rotated slowly to make the plating material deposited evenly

Usually, the bath is contained in metal container, lined with acid/alkali resistant membrane e.g. PVC sheet to make it insulated from electric circuit. The application of direct electric current across the bath solution causes the migration of positively charged particles (anions) towards the negative electrode (cathode) and negatively charged particles (cations) towards the positive electrodes (anode).

2.4 Energy Profile

Both electricity and thermal energy are used for carrying out various activities in plant like melting, machining, operation of utilities etc. The following fuels are used in the plant:

Table 5: Type of fuel used

Type of fuel/Energy used	Unit	Tariff	GCV
Electricity	Rs./kWh	7.8	-
Coal	Rs/kg	28	6500

The table below shows the average monthly energy consumption of the plant along with the average production of the finished goods during the last one year:

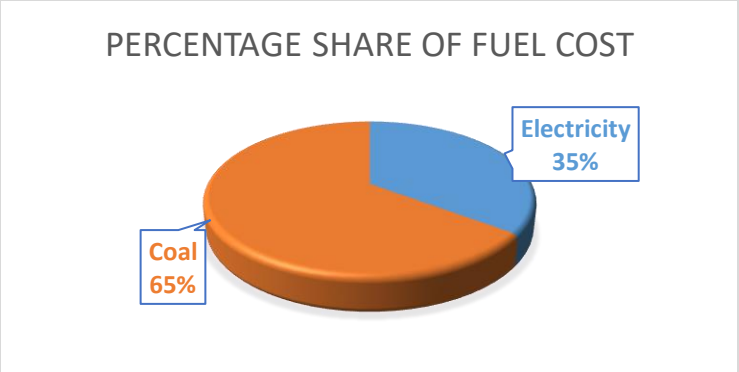
Table 6: Energy Consumption and Finished product Details

Month	Electricity Consumption (kWh)	Total Electricity Bill , Rs.(Lakhs)	Total Coal Consumption, (Tonnes)	Total Fuel Bill, Rs.(Lakhs)	Final Product, (Tonnes)[2]
May-17	4739	0.38	3.20	0.90	14.70
Jun-17	6697	0.54	3.60	1.01	14.80
Jul-17	6234	0.50	3.30	0.92	14.40
Aug-17	7254	0.58	4.20	1.18	15.50
Sep-17	12196	0.98	6.20	1.74	17.70
Oct-17	13849	1.11	6.80	1.90	17.90
Nov-17	16298	1.30	8.30	2.32	18.70

[2] Average annual final product output of the plant was approximately 17.83% less than the melting production due to processing losses of brass alloy at different stages such as casting and machining etc.

Dec-17	14262	1.14	7.40	2.07	17.80
Jan-18	9848	0.79	4.50	1.26	16.60
Feb-18	8399	0.67	4.30	1.20	16.60
Mar-18	7287	0.58	4.20	1.18	16.40
Apr-18	7052	0.56	4.00	1.12	16.10

The major form of energy used in the plant is electricity which is imported from PGVCL grid supply at 415kV. Apart from electricity, furnace oil is the major source of thermal energy in the plant. Electricity accounts for 35% of the total fuel cost and rest 65% thermal cost in the plant. Based on the data collected from the plant, the graph below shows the variation of energy/fuel cost over the last one year. Average electricity cost was Rs. 0.76 Lakhs/month whereas the average thermal energy cost was Rs 1.40 Lakhs/month.



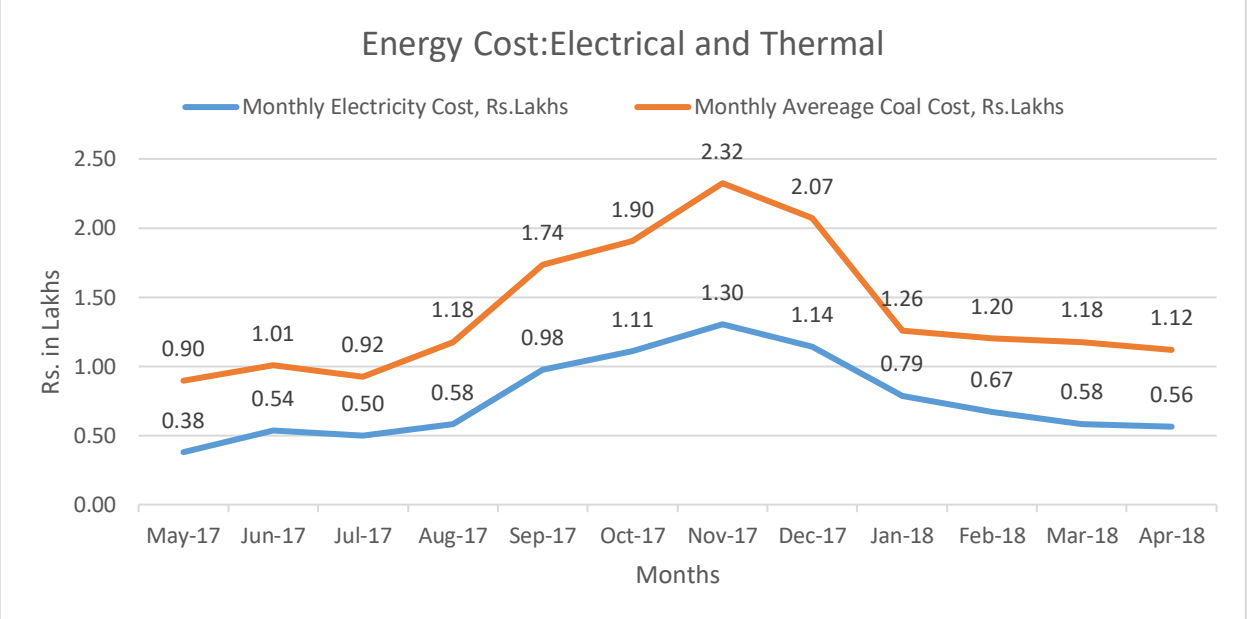


Figure 3: Energy Cost- Fuel & Electricity

3. PROPOSED EE MEASURE – REPLACEMENT OF COAL FIRED FURNACE WITH INDUCTION MELTING FURNACE

3.1 Present System

During the feasibility study, it was found that units involved in the casting of building components is using coal fired pit type melting furnace to melt brass scrap, which is subsequently used in for pouring into different molds to obtain various shapes. Plant was using coal fired pit type melting furnace of 300kg, and the operation of the furnace depends on customer requirement and runs in a 4-batch operation in a day. It is evident that melting of Brass scrap is one of the major energy and time-consuming process in the entire process in brass industry. Apart from the energy and time, final product quality will depend on time and temperature of raw material melt.

Generally high calorific value coal is used as fuel in such pit type brass melting furnace and these furnace have very basic design, copied from standard furnace. The furnace operator decides time of melting on the basis molten brass color and practical experience and normally it was varying in Madhav Cast from 110 to 121 minutes. Existing furnace has drawback like high burning loss, high fuel cost, and poor quality of final products, unhealthy plant's atmosphere, non-controllable fuel, unsafe operation and high carbon emission.

The following key reasons were contributing for the high fuel consumption

- Poor design of the furnaces
- Lack of awareness and information of the losses in the use of a coal fired furnace
- Due to lack of technical knowledge and expertise
- Lack of leadership to take up the energy efficiency projects in the plant

3.2 Observation and Analysis

The specific power consumption of the furnace was estimated based on the data measured/collected during the field visit in the unit. Furnace operation was observed for 4 bathes and coal consumption & melt production was taken. The unit was charging 100% brass scrap (approximately 60% and 40% Zinc) in a batch. The average melting per batch has been estimated to be 200 kg per batch which has an average coal consumption 28.01kg.

The detailed observed parameters for the 3 batches are given below:

Table 7: Operating Parameters for different cycles

Parameters	Batch 1	Batch 2	Batch 3
Coal Consumption, kg	29.82	28	26.22
Liquid Metal Yield, kg	210	200	190

Time, Minutes	121.0	115.0	110.0
SEC(kg Coal/Tonne)	142.00	140.00	138.00

3.3 Recommendation

An induction furnace is an electrical furnace in which the heat is applied by induction heating of Meta and the main advantage of the induction furnace that it is a clean, energy-efficient and well-controllable melting process compared to other means of melting. Induction furnace capacities range from less than one kilogram to one hundred tonnes capacity and are used to melt Iron and Steel, Copper, Aluminum, Brass and other precious metals. The loss of valuable alloying elements are less in the induction furnace since there is no arc or combustion used and the temperature of the liquid can be controlled precisely. The operating frequencies range from utility frequency (50 Hz) to 750 kHz or higher, usually depending on the material being melted, the capacity (volume) of the furnace and the melting speed required. Generally the smaller the volume of the melts, the higher the frequency of the furnace used; this is due to the skin depth which is a measure of the distance an alternating current can penetrate beneath the surface of a conductor. For the same conductivity, the higher frequencies have a shallow skin depth - that is less penetration into the melt. Lower frequencies can generate stirring or turbulence in the metal. Power supplies range from 10 kW to 15 MW, with melt sizes of 20 kg to 30 tonne of metal respectively.

The typical specific power consumption of induction furnace for brass is given below.

- Medium frequency induction furnace for (hand pouring)- 380 – 400units / tonne[3]

Hence there is a good potential to save energy by installing medium frequency induction furnace.

Benefits of Installing Induction Melting Furnace

- Low melting cost
- Higher production
- Low rejection rates
- Better quality (malleability)
- Cheaper scrap material can be used
- Less pollution i.e. environment friendly
- Less burning loss

The design specifications of the new IGBT type 100kW induction furnace are given below:

Table 8: Design Details of the new Furnace

Description	Rating
Rated Power, kW	100
Total Input, kVA	105
Input PF	0.94
Input Voltage, Volts	415

[3] SEC Nos. given by technology supplier

Output Frequency, Hz	500
Output Voltage, Volts	1050
Pouring Temperature for Brass, °C	1175
Nominal Capacity of furnace, Kg	300
Melting Rate for Brass at Pouring Temperature, kg/hr	290

3.4 Suppliers Details

Table 9: Supplier Detail

Equipment Detail	IGBT Induction Furnace
Supplier Name -1	Electrotherm India
Address	Survey No. 72, Village, Palodia, Taluka, Kalol, Dist. Gandhinagar - 382 115 Gujarat, India.
Contact Person	Kalpesh Chavda
Email Id	kalpesh.chavda@electrotherm.com
Supplier Name -2	Inductotherm India
Address	Plot no. SM-6, Road no. 11, Sanand-II Industrial Estate, BOL Village, Sanand, Ahmedabad - 382170
Contact Person	Nishant Singh
Email Id	nsingh@inductothermindia.com
Supplier Name -3	Indo Power Furnace Pvt Ltd
Address	No. 56/ A - 4, Phase - 1,G. I. D. C., Vatva, Ahmedabad - 382445, Gujarat, India
Contact Person	Nandlal Pate
Email Id	indopowerfurnace@gmail.com

3.5 Savings

Installation of IGBT based induction furnace in place of coal furnace will increase the electrical consumption and completely replace coal. The average specific coal consumption was found out to be 140Kg/Tonne, whereas specific electrical energy consumption with proposed energy IGBT based melting furnace would be 395kWh/Tonne[4]. The total average annual production was 240tonnes hence; total coal consumption in base case would be 28,000kg per year which will be replaced by electrical unit consumption and total units consumption would be 94,800kWh per year which will lead to an annual saving of 13.69 TOE/year and 4.67Tonne/year CO_2 equivalent reduction. After replacing the furnace the burning losses in the furnace will also come down marginally, which will lead to marginal reduction in the raw material consumption in the furnace. Detailed savings calculations is given in below table

[4] SEC figure(Hand Pouring) was provided by technology supplier after conducting the detailed feasibility study at site

Table 10: Savings Calculation

Parameters	Units	Existing System	Proposed System
No of Heat Cycles in a day		4	
Average annual Operating days		300	
Average Production per batch	kg	200	
Average Current Production	Tonne/Year	240	-
Unit Price of Coal	Rs./kg	28	-
Unit Price of Electricity	Rs./kVAh		7.8
Average Specific coal Consumption	Kg/Tonne	140.0	-
Expected Electricity Consumption(Hand Pouring)	kVAh/Tonne		395
Blower energy consumption	kVAh/Tonne	20	-
Specific Energy Cost of Melting	Rs/Tonne	4076	3081
Reduction in Specific Energy Cost	Rs/Tonne	995.00	-
Annual Monetary Savings	Rs. Lakhs/Year	2.39	
Investment	Rs. Lakhs/Year	9.01	
Simple Payback period	Months	45.3	
TOE Savings		13.69	
CO2 Reduction	Tonne/Year	4.67	

4. FINANCIAL ANALYSIS

4.1 Project Cost

Table 11: Project Cost

Parameter	Amount in Rs Lakhs
Installation of new IGBT type induction furnace	7.00
GST @18%	1.26
Auxiliary Cost	0.75
Total Project Cost	9.01

4.2 Assumptions for Financial Analysis

- Cost of Debt (Interest rate) taken as 12%
- Yearly increase in fuel cost by 2% for cash flow analysis
- Depreciation method: Reducing balance method
- Depreciation rate: 40% [5]
- Life cycle of the project is taken as 7 years
- Three different Capital Structure considered
    - CS1 – 70:30 Debt Equity Ratio
    - CS2 – 50:50 Debt Equity Ratio
    - CS3 – 100 % Equity
- Return on equity is taken as 15 %
- Operation and Maintenance Cost taken as 5% of Initial investment
- For calculating weighted average cost of capital, the corporate tax rate is assumed as 30 %

4.3 Cash Flow Analysis

Table 12: Cash flow of the project

Cash flow for the project	Year 0	1 Year 1	2 Year 2	3 Year 3	4 Year 4	5 Year 5	6 Year 6	7 Year 7
Required Investment	9.0							
Energy Savings		2.4	2.4	2.5	2.5	2.6	2.6	2.7
O&M Cost		-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Depreciation		3.6	2.2	1.3	0.8	0.5	0.3	0.2
Net Cash Flow	-9.0	5.5	4.1	3.3	2.9	2.6	2.5	2.4

[5] https://www.incometaxindia.gov.in/charts%20%20tables/depreciation%20rates.htm

The table below shows the WACC at various capital structure assumed for the financial analysis:

Table 13: Capital Structure

Capital Structure			
Particulars	CS 1	CS 2	CS 3
Debt	70	50	0
Cost of Debt	0.12	0.12	0.12
Tax 30%	0.3	0.3	0.3
Equity	30	50	100
Sum of debt& Equity	100	100	100
Cost of Equity	0.15	0.15	0.15
WACC	10.38	11.7	15

Table 14: NPV Calculation

NPV Calculation	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	NPV
NPV at CS 1 (70:30)	-9.0	5.0	3.4	2.5	1.9	1.6	1.4	1.2	8.0
NPV at CS 2 (50:50)	-9.0	5.0	3.3	2.4	1.8	1.5	1.3	1.1	7.4
NPV at CS 3 (100% Equity)	-9.0	4.8	3.1	2.2	1.6	1.3	1.1	0.9	6.0

4.4 Sensitivity Analysis

A sensitivity analysis has been carried out to ascertain how the project financials would behave in different situations such as

- Change in energy savings
- Change in operating hours
- Change in interest rate

The sensitivity analysis will help to estimate the impact of key project indicators on attractiveness of the project, thereby helping to understand the financial viability.

Table 15: Sensitivity analysis: based on energy savings

Sensitivity analysis: based on energy savings			
	at 100% Savings	at 75% Savings	at 50% Savings
IRR	40%	71%	50%
NPV at CS 1 (D70:E30)	7.98	19.12	11.23
NPV at CS2 (D50:E50)	7.38	16.68	9.56
NPV at CS3 (D0:E100)	6.04	15.62	8.84

Table 16: Sensitivity analysis: change in operating hrs.

Sensitivity analysis: based on operating hours			
	at 100% Operating hours	at 90% Operating hours	at 80% Operating hours
IRR	40%	37%	33%
NPV at CS 1 (D70:E30)	8.0	6.8	5.6
NPV at CS2 (D50:E50)	7.4	6.2	5.1
NPV at CS3 (D0:E100)	6.0	5.0	3.9

Table 17: Sensitivity analysis: change in interest rate

Sensitivity analysis: change in interest rate						
	at 9.5% interest rate	at 10.05% interest rate	at 11% interest rate	at 12% Interest Rate	at 12.5% Interest Rate	at 13% Interest Rate
NPV (70:30)	8.57	8.33	8.21	7.98	7.86	7.75

5. ENERGY EFFICIENCY FINANCING IN MSMEs

Financing plays a key role in facilitating procurement and implementation of energy efficient technologies and products in any industry. Government has given EE financing in MSMEs top priority since the sector contributes significantly towards India's economic growth. However, existing financing options are not sufficient to meet the financing requirement in the sector due to the large size of the sector. MSMEs using various financing schemes for technological up-gradation are still very less, as most of them use their own capital fund rather than making use of external financing models. Although financing models were very successful in some clusters, the scale-up of such activities is rather slow. This slow pace in implementation of energy efficiency financing in MSMEs is due to the various sector specific challenges in the sector.

Some of the key barriers to finance EE projects in the sector are:-

- Lack of available capital for investment as EE interventions being small may not get financed through FIs as they do not qualify as term loans
- Lack of clarity on financing schemes- repayment mechanism and complex procedural requirements
- Lack of availability of financing model that cater to the particular requirement of the MSME
- Lack of awareness among MSMEs with respect to benefits of implementing EE technologies
- FIs consider MSMEs as a high risk category due to low credit flow to this sector. This is due to several factors such as poor book-keeping practices, weak balance sheets, poor credit history and smaller sizes of MSME loans.
- Collateral based lending, advocated by FIs, restricts MSMEs from availing loans
- No formal M&V procedure available to estimate the savings achieved by implementing EE measure
- Risks associated with repayment of loans which include technical, commercial and performance risks

5.1 FI Schemes in Gujarat

Table 18: FI schemes in Gujarat

Sl.No	Name of Scheme	Purpose	Financial Details	Contact Address
1	**SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)**	• The focus of the scheme is on technology upgradation which helps in reducing the impacts from process and operations as the reduction in resource consumption and productivity improvements are major outcome of technology upgradation • The program aims to bridge the gap by providing financial support to the companies.	• Rate of interest is according to credit rating • Interest rates for soft loans are from (8.90 % to 8.95 % pa) and term loans are in the range of (9.45% to 9.60% pa) • Min loan amount: Rs 25 Lakhs • Term Loan: 75% of the project cost as debt	Mr.Chandra Kant SIDBI, NO.1-2-3/4, Shreeji Patel Colony, Jamnagar-361008. Contact no : 0288 275 3954 Mail id : chandrakant@sidbi.in
2	**4E scheme (End to End Energy Efficiency Financing scheme)**	• The 4E scheme promoted by SIDBI aims to assist the industries in implementation of energy efficiency and renewable energy projects. • The scheme addresses all aspects of energy efficiency in a company from assessment and identification of energy efficiency interventions to facilitating implementation by providing technical and financial support	• Interest rate - 2.5% below market interest rate • Min loan amount: Rs 10 Lakhs • Max loan amount: Rs 150 Lakhs • 90% of the project cost as debt	Mr.Chandra Kant SIDBI, NO.1-2-3/4, Shreeji Patel Colony, Jamnagar-361008. Contact no : 0288 275 3954 Mail id : chandrakant@sidbi.in

3	**Partial Risk Sharing Facility for Energy Efficiency project (PRSF)**	• The partial risk sharing facility aims at transforming the energy efficiency market in India and promotion of Energy Service Contracting Model for the Energy Efficiency. • The scheme address barrier related to the financing aspects for energy efficiency	• Term Loan: 12%-15% • Min loan amount: Rs 10 Lakhs • Max loan amount: Rs 15 Cr • Total Project funding of – USD 43 million • Risk Sharing facility component of USD 37 million to be managed by SIDBI • Technical assistance component of USD 6 billion to be managed by SIDBI and EESL	Mr Chandra Kant SIDBI, NO.1-2-3/4, Shreeji Patel Colony, Jamnagar-361008. Contact no : 0288 275 3954 Mail id : chandrakant@sidbi.in
4	**Bank of Baroda's Scheme for Financing Energy Efficiency Projects**	All these Schemes from various banks (SBI, Bank of Baroda, and Canara Bank) have their focus towards technology upgradation. Technology upgradation can lead to improvement in energy, productivity, and lower emission from the MSME company. As technology upgradation could be capital intensive most of the	• Loans of up to 75% of the total project cost, subject to maximum of Rs. 1 crore, will be provided. (Minimum amount of loan Rs. 5 Lakhs • Collateral will be required for all loans. An interest rate of bank base rate + 4% will be applicable, to be paid back over a period of 5 years.	Bank of Baroda Saru Section Road,Swastik Society,Park colony,Jamnagar,Gujarat,361008 Contact no : 0288 266 0779 Mail Id : Jamnag@bankofbaroda.com
5	**Canara Bank's Loan scheme for Energy Savings for SMEs**		• The scheme covers up to 90% of project costs of up to INR 1 million (EUR 13,000). • Max. loan: INR 10 million (EUR 130,000) • Security: collateral free up to INR 5 million (EUR 65,000), beyond INR 5 million collateral required as determined by the bank • Margin: 10% of project costs	Canara Bank, 1st Floor,New Super Market,Bedi Road,Jamnagar,Gujarat,361001 Ph no: 0288 267 6597

6	**SBI's Project Uptech for Energy Efficiency**	schemes from banking institutions aim at bridging the gaps for access to finance for MSME sector	• SBI identifies industrial clusters with potential for quick technology upgradation and a supporting environment. Based on studies in interested units, technology upgradation is undertaken if the same in viable. • With a ceiling of INR 1 lakh, an amount equal to that invested by the unit is provided under this loan. There is a start-up period of 3 years, with a repayment period of 5-7 years, at zero interest.	SBI Regional Office Junagadh Jamnagar Highway, Maheswari Nagar, Opp Anupam Cinema Hall, Kadiawad, Jamnagar, Gujarat 361001. Ph no : 0288 2554026 Mail id : sbi.01816@sbi.co.in
7	**Solar Roof Top Financing Scheme IREDA**	The loan scheme is applicable to grid interactive, rooftop solar PV plants for industries, institutions and commercial establishments. Financing can be accessed for single or aggregated investments.	• Interest rate: 9.9% - 10.75% • Max. repayment time: 9 years • Minimum promoter's contribution: 30% • The applicant's minimum capacity needs to be 1MW	IREDA Camp Office 603, Atlanta Towers Near Panchvati Circle, Gulabi Tekra Ahmedabad Ph No : 9811889805 Email Id : ashokyadav@ireda.in

6. ENVIRONMENTAL AND SOCIAL BENEFIT

6.1 Environmental Benefit

A resource-efficient business demonstrates a responsibility towards the environment. Energy and the environment are so closely linked, that, in addition to saving energy and reducing utility expenses, there are additional and often unreported benefits from conserving energy, saving natural resources being an important benefit.

Energy efficiency plays a major role, even where company output is increased, energy efficiency improvements can contribute significantly in most cases to reducing the negative impact of energy consumption per unit of output. Any increase in pollutant emissions will thus be minimized. Significant environmental benefits gained by adopting energy efficient technologies and processes may include lowering the demand for natural resources, reducing the emission of air pollutants, improving water quality, reducing the accumulation of solid waste and also reducing climate change impacts. Improving energy conservation at the facility can improve the facility's overall efficiency, which leads to a cleaner environment.

Reduction in Pollution Parameters

The proposed energy efficiency measure of installing energy efficient induction furnace will result in reduction of 13.69TOE per annum. The proposed EE measure will result in decrease of CO_2 emissions by 4.67 TCO_2 annually, thus resulting in reduced GHG effect.

6.2 Social Benefit

Work Environment

The Factories Act, 1948 covers various aspects relating to working environment maintenance and improvement. The good maintenance practices, technology up gradation, efficient use of energy and resource conservation not only contribute to energy and pollutant reduction but also contributes in ensuring safe and clean working environment to the employees of the organization. Many units have also been doing review of safety process and have provided access to safe working environment to the workers. Basic facilities such as first aid kit, PPE gears and many others have been made available

Skill Improvement

Implementing energy efficiency measures requires mix of people and skills. It involves upskilling workers at all levels from the shop floor to the board room to understand how companies manage their energy use—and to identify, evaluate and implement opportunities to improve

energy performance. As the project involved identifying energy saving projects, implementing and verifying the savings, the unit have understood how to estimate energy savings with respect to energy saving proposals and also energy wastage have been identified. The activity has been successful in bringing the awareness among workers on energy wastage reduction, technology up gradation possible, etc. Each new technology implemented in a brass units will create an impact on the entire cluster as each unit can replicate the new technology and promote the concept of energy efficiency and renewable energy in entire Cluster and thus reduce the overall energy consumption of the cluster as a whole. Technical skills of persons will be definitely improved as the training provided by the OEMS' on latest technology will create awareness among the employees on new trends happening in market. The training also helps in improving the operational and maintenance skills of manpower required for efficient operation of the equipment.

7. CONCLUSION

Energy efficiency is an instrument to address the issue of energy crisis and also be employed as a cost effective means to attain sustainability and business. Cost of energy is considered as a vital component for industries and warrant judicious use of energy. Amid spiraling power cost energy efficiency assumes at most importance for the sector to remain competitive.

The GEF, UNIDO and BEE project through its various engagements is able to demonstrate energy efficiency potential in Jamnagar Brass cluster. The project is able to promote the concept of energy efficiency and renewable energy in brass cluster through various capacity building programs for local service providers, technology feasibility studies in brass units, training programs on EE/RE technologies and also helped in penetrating new /latest technologies into the cluster.

The DPR on replacing the existing old coal fired furnace with EE IGBT based induction furnace is prepared after the OEM came to the unit and also did a detailed feasibility study. This measure will significantly reduce the dependency on coal which will result in an annual energy savings of 13.69TOE per year with 4.67 TCO_2 reduction annually.

The following table gives the overall summary of the savings achieved:-

Table 19: Proposed EE Measure

Sl No	EE Measure	Annual Energy Savings, (TOE)	Monetary Savings (Rs. Lakhs)	Investment (Rs. Lakhs)	Payback (Months)	Annual GHG reduction (T CO_2)
1	**Replacement of coal fired furnace with induction melting furnace**	13.69	2.39	9.01	46	4.67

The summary of financial analysis given in the below table clearly indicates that implementation of this project is economically and financially viable with an attractive payback period. So it is recommended to install new IGBT induction furnace.

Table 20: Financial Analysis

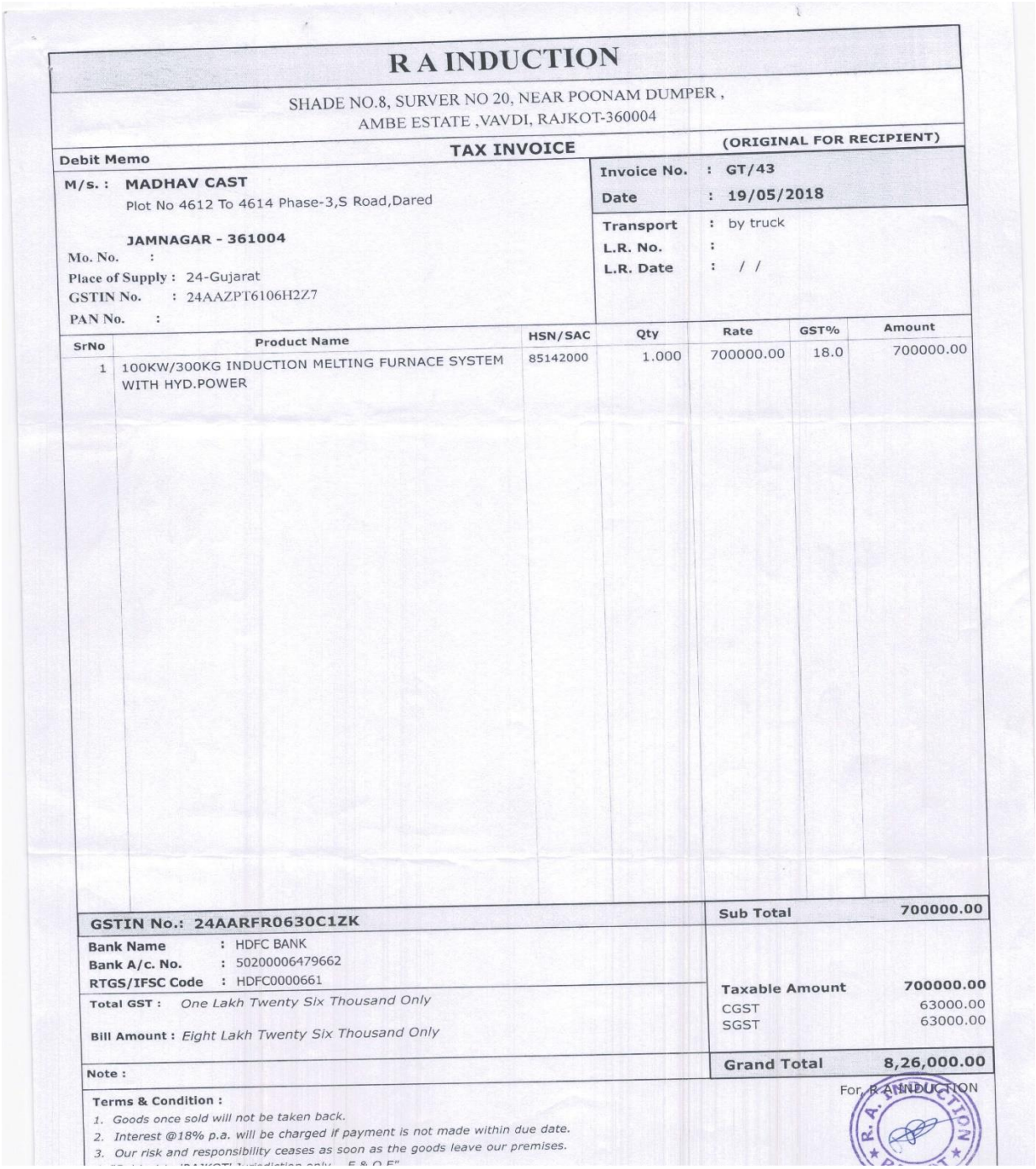
Sl. No.	Particulars	Unit	Value
i	**Total Investment (Incl. of Tax)**	Rs. Lakh	9.01
ii	**Means of Finance**	Self / Bank Finance	Self
Iii	**IRR**	%	40
Iv	**NPV at 70 % Debt**	Rs. Lakh	8

7.1 Replication Potential

Most of the small scale units in Jamnagar brass cluster are using basic design furnace pit type coal fired melting furnace and has huge replication potential. The implementation of this project will inspire other units to take up similar energy efficiency initiatives which eventually will lower the bottom line and increase the top line therefore the margin increases. Secondly, the very clear specifications on vendor and the cost base is already available which makes it easy for other units in the Jamnagar Brass cluster to access the technology and gives them a very good idea about the cost and benefits associated with the projects. Overall, the holistic approach adopted by the project will be extremely useful in achieving the goal of improving EE in the cluster.

8. ANNEXURE

8.1 Financial Quotation



R A INDUCTION

SHADE NO.8, SURVER NO 20, NEAR POONAM DUMPER ,
AMBE ESTATE ,VAVDI, RAJKOT-360004

Debit Memo — **TAX INVOICE** — **(ORIGINAL FOR RECIPIENT)**

M/s. : **MADHAV CAST**
Plot No 4612 To 4614 Phase-3,S Road,Dared

JAMNAGAR - 361004
Mo. No. :
Place of Supply : 24-Gujarat
GSTIN No. : 24AAZPT6106H2Z7
PAN No. :

Invoice No. : GT/43
Date : 19/05/2018
Transport : by truck
L.R. No. :
L.R. Date : / /

SrNo	Product Name	HSN/SAC	Qty	Rate	GST%	Amount
1	100KW/300KG INDUCTION MELTING FURNACE SYSTEM WITH HYD.POWER	85142000	1.000	700000.00	18.0	700000.00

GSTIN No.: 24AARFR0630C1ZK

Bank Name : HDFC BANK
Bank A/c. No. : 50200006479662
RTGS/IFSC Code : HDFC0000661

Total GST : *One Lakh Twenty Six Thousand Only*

Bill Amount : *Eight Lakh Twenty Six Thousand Only*

Note :

Sub Total	700000.00
Taxable Amount	700000.00
CGST	63000.00
SGST	63000.00
Grand Total	8,26,000.00

For, R A INDUCTION

Terms & Condition :

1. *Goods once sold will not be taken back.*
2. *Interest @18% p.a. will be charged if payment is not made within due date.*
3. *Our risk and responsibility ceases as soon as the goods leave our premises.*