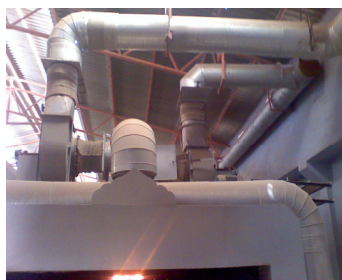


# DETAILED PROJECT REPORT ON FABRICATION OF DRYER ON TUNNEL KILN FOR PRE HEATING OF MATERIAL (MORBI CERAMIC CLUSTER)



**Bureau of Energy Efficiency**

*Prepared By*



*Reviewed By*



**FABRICATION OF  
DRYER ON TUNNEL KILN  
FOR PRE HEATING OF MATERIAL**

**MORBI CERAMIC CLUSTER**

---

BEE, 2010

Detailed Project Report on Fabrication of Dryer on Tunnel Kiln for Pre-heating of Material

Ceramic SME Cluster, Morbi, Gujarat (India)

New Delhi: Bureau of Energy Efficiency;

Detail Project Report No.: **MRV/CRM/HCM/04**

---

**For more information**

Bureau of Energy Efficiency (BEE)  
(Ministry of Power, Government of India)  
4<sup>th</sup> Floor, Sewa Bhawan  
R. K. Puram, New Delhi – 110066

**Telephone** +91-11-26179699

**Fax** +91-11-26178352

**Websites:** [www.bee-india.nic.in](http://www.bee-india.nic.in)

Email: [jsood@beenet.in](mailto:jsood@beenet.in)/ [pktiwari@beenet.in](mailto:pktiwari@beenet.in)

## **Acknowledgement**

We sincerely appreciate the efforts of industry, energy auditors, equipment manufacturers, technology providers, consultants and other experts in the area of energy conservation for joining hands with Bureau of Energy Efficiency (BEE), Ministry of Power, Government of India for preparing the Detailed Project Report (DPR) under BEE SME Program in SMEs clusters. We appreciate the support of suppliers/vendors for providing the adoptable energy efficient equipments/technical details to the SMEs.

We have received very encouraging feedback for the BEE SME Program in various SME Clusters. Therefore, it was decided to bring out the DPR for the benefits of SMEs. We sincerely thank the officials of BEE, Executing Agencies and ISTSL for all the support and cooperation extended for preparation of the DPR. We gracefully acknowledge the diligent efforts and commitments of all those who have contributed in preparation of the DPR.

## **Contents**

|  |             |
|--|-------------|
| <i>List of Annexure</i>  | <i>v</i>    |
| <i>List of Tables</i>  | <i>vi</i>   |
| <i>List of Figures</i>   | <i>vii</i>  |
| <i>List of Abbreviation</i>                                      | <i>vii</i>  |
| <i>Executive summary</i>   | <i>viii</i> |
| <i>About BEE'S SME program</i>                                   | <i>ix</i>   |
| <b>1 INTRODUCTION .....</b>                                      | <b>1</b>    |
| 1.1 Brief Introduction about Cluster .....                       | 1           |
| 1.2 Energy performance in existing situation .....               | 4           |
| 1.2.1 Average production .....                                   | 4           |
| 1.2.2 Fuel consumption.....                                      | 5           |
| 1.2.3 Specific Energy Consumption .....                          | 5           |
| 1.3 Proposed technology/equipment .....                          | 6           |
| 1.3.1 Description of technology/equipment.....                   | 6           |
| 1.3.2 Role in process .....                                      | 6           |
| 1.4 Benchmarking for existing specific energy consumption .....  | 6           |
| 1.4.1 Energy audit methodology.....                              | 6           |
| 1.4.2 Design and operating parameters specification.....         | 8           |
| 1.4.3 Operating efficiency analysis.....                         | 8           |
| 1.5 Barriers in adoption of proposed technology/technology ..... | 8           |
| 1.5.1 Technological Barrier .....                                | 8           |
| 1.5.2 Financial Barrier.....                                     | 8           |
| 1.5.3 Skilled manpower.....                                      | 9           |
| 1.5.4 Other barrier (If any).....                                | 9           |
| <b>2 PROPOSED TECHNOLOGY.....</b>                                | <b>10</b>   |
| 2.1 Detailed description of technology .....                     | 10          |
| 2.1.1 Description of technology .....                            | 10          |

|          |   |           |
|----------|---|-----------|
| 2.1.2    | Technology specification .....                                | 10        |
| 2.1.3    | Suitability over existing technology.....                     | 10        |
| 2.1.4    | Superiority over existing technology .....                    | 11        |
| 2.1.5    | Availability of technology .....                              | 11        |
| 2.1.6    | Source of technology .....                                    | 11        |
| 2.1.7    | Technical specification of technology .....                   | 11        |
| 2.1.8    | Terms and conditions in sales of technology.....              | 11        |
| 2.1.9    | Process down time during implementation .....                 | 11        |
| 2.1.10   | Life cycle assessment and risks analysis .....                | 11        |
| 2.1.11   | Suitable Unit for Implementation of Proposed Technology ..... | 12        |
| <b>3</b> | <b>ECONOMIC BENEFITS FROM PROPOSED TECHNOLOGY .....</b>       | <b>13</b> |
| 3.1      | Technical benefit .....                                       | 13        |
| 3.1.1    | Fuel saving.....  | 13        |
| 3.1.2    | Electricity saving .....                                      | 13        |
| 3.1.3    | Improvement in product quality .....                          | 13        |
| 3.1.4    | Increase in production.....                                   | 13        |
| 3.1.5    | Reduction in raw material.....                                | 13        |
| 3.1.6    | Reduction in other losses .....                               | 13        |
| 3.2      | Monetary benefits .....                                       | 13        |
| 3.3      | Social benefits .....   | 14        |
| 3.3.1    | Improvement in working environment in the plant.....          | 14        |
| 3.3.2    | Improvement in workers skill .....                            | 14        |
| 3.4      | Environmental benefits .....                                  | 14        |
| 3.4.1    | Reduction in effluent generation.....                         | 14        |
| 3.4.2    | Reduction in GHG emission .....                               | 14        |
| 3.4.3    | Reduction in other emissions like SO <sub>x</sub> .....       | 14        |
| <b>4</b> | <b>INSTALLATION OF PROPOSED TECHNOLOGY .....</b>              | <b>15</b> |
| 4.1      | Cost of technology implementation .....                       | 15        |

|       |   |    |
|-------|---|----|
| 4.1.1 | Material cost.....                                | 15 |
| 4.1.2 | Erection, commissioning and other misc. cost..... | 15 |
| 4.2   | Arrangements of funds .....                       | 15 |
| 4.2.1 | Entrepreneur's contribution .....                 | 15 |
| 4.2.2 | Loan amount.....                                  | 15 |
| 4.2.3 | Terms & conditions of loan.....                   | 15 |
| 4.3   | Financial indicators.....                         | 15 |
| 4.3.1 | Cash flow analysis .....                          | 15 |
| 4.3.2 | Simple payback period.....                        | 16 |
| 4.3.3 | Net Present Value (NPV) .....                     | 16 |
| 4.3.4 | Internal rate of return (IRR) .....               | 16 |
| 4.3.5 | Return on investment (ROI) .....                  | 16 |
| 4.4   | Sensitivity analysis .....                        | 17 |
| 4.5   | Procurement and implementation schedule.....      | 17 |

**List of Annexure**

Annexure -1: Energy audit data used for baseline establishment under the sub head 1.4 in Chapter-1 ..... 18

Annexure -2: Process flow diagram..... 19

Annexure -3: Detailed technology assessment report .....20

Annexure -4 Drawings for proposed electrical & civil works.....21

Annexure -5: Detailed financial analysis as mentioned in subhead 4.3 in Chapter-4 ..... 22

Annexure -6: Details of procurement and implementation ..... 28

Annexure:-7 Break up of process down time. .... 28

Annexure -8: Details of technology service providers ..... 29

Annexure -9: Technical Specification/Quotation for proposed technology ..... 30



### **List of Tables**

|  |    |
|--|----|
| Table 1.1 Details of annual energy consumption scenario at Morbi ceramic cluster ..... | 1  |
| Table 1.2 Production wise unit breakups.....   | 2  |
| Table 1.3 Product manufactured .....   | 2  |
| Table 1.4 Annual productions from a typical unit.....                                  | 4  |
| Table 1.5 Annual energy consumption .....  | 5  |
| Table 1.6 Specific energy consumption of different ceramic unit .....                  | 5  |
| Table 1.7 Fuel Consumption in tunnel Kiln for different plant capacities .....         | 8  |
| Table 2.1 Operating Parameters of technology .....                                     | 10 |
| Table 3.1 Energy and monetary benefit due to project implementation .....              | 14 |
| Table 4.1 Details of proposed technology installation cost .....                       | 15 |
| Table 4.2 Financial indicators of proposed technology/technology .....                 | 16 |
| Table 4.3 Sensitivity analysis in different scenario .....                             | 17 |
| Table 4.4 Procurement and implementation schedule.....                                 | 17 |

### **List of Figures**

|  |   |
|--|---|
| Figure 1.1 Process flow diagram of sanitary ware ..... | 3 |
| Figure 1.2 Energy Audit methodologies .....            | 7 |

### **List of Abbreviations**

|       |  |
|-------|--|
| BEE   | Bureau of Energy Efficiency                |
| SME   | Small and Medium Enterprises               |
| DPR   | Detailed Project Report                    |
| GHG   | Green House Gases                          |
| NG    | Natural Gas                                |
| CDM   | Clean Development Mechanism                |
| DSCR  | Debt Service Coverage Ratio                |
| NPV   | Net Present Value                          |
| IRR   | Internal Rate of Return                    |
| ROI   | Return on Investment                       |
| WHR   | Waste Heat Recovery                        |
| SCM   | Standard Cubic Meter                       |
| MT    | Metric Tonne                               |
| SIDBI | Small Industries Development Bank of India |

## **EXECUTIVE SUMMARY**

SEE-Tech Solution Pvt. Ltd. is executing BEE-SME program in Morbi Ceramic Cluster, supported by Bureau of Energy Efficiency (BEE) with an overall objective of improving the energy efficiency in cluster units.

Morbi ceramic cluster is one of the largest ceramic clusters in India; accordingly this cluster was chosen for energy efficiency improvements by implementing energy efficient measures / technologies, so as to facilitate maximum replication in other ceramic clusters in India.

The main energy forms used in the cluster units are grid electricity, Natural Gas, Charcoal, Lignite and small quantity of Diesel oil. Natural Gas is used as fuel for Tunnel kiln for final baking of product. In Sanitary ware unit, about 50% of total energy cost required for Tunnel kiln.

Project implementation will lead to reduction in Natural Gas consumption by 43,382 SCM per year however; this intervention will not have any effect on the existing consumption pattern of electricity.

The total investment, debt equity ratio for financing the project, monetary savings, Internal rate of return (IRR), Net present value (NPV), Debt service coverage ratio (DSCR) Return on investment (ROI) etc for implementing energy efficient boiler is furnished in Table A below

**Table A Financial indicator of proposed technology**

| <b>S.No</b> | <b>Particular</b>       | <b>Unit</b> | <b>Value</b> |
|-------------|-------------------------|-------------|--------------|
| 1           | Project cost            | ₹ (in Lakh) | 6.64         |
| 2           | Natural Gas saving      | SCM/year    | 43382        |
| 3           | Monetary benefit        | ₹ (in Lakh) | 6.50         |
| 4           | Debit equity ratio      | Ratio       | 3:1          |
| 5           | Simple payback period   | years       | 1.00         |
| 6           | NPV in 3 years @ 10.00% | ₹ (in Lakh) | 12.78        |
| 7           | IRR                     | %           | 70.74        |
| 8           | ROI                     | %           | 33.91        |
| 9           | DSCR                    | Ratio       | 3.93         |
| 10          | Process down time       | Days        | 4-5          |

*The projected profitability and cash flow statements indicate that the project implementation will be financially viable and technically feasible.*

## **ABOUT BEE'S SME PROGRAM**

Bureau of Energy Efficiency (BEE) is implementing a BEE-SME Programme to improve the energy performance in 25 selected SMEs clusters. Morbi Ceramic Cluster is one of them. The BEE's SME Programme intends to enhance the energy efficiency awareness by funding/subsidizing need based studies in SME clusters and giving energy conservation recommendations. For addressing the specific problems of these SMEs and enhancing energy efficiency in the clusters, BEE will be focusing on energy efficiency, energy conservation and technology up gradation through studies and pilot projects in these SMEs clusters.

***Major activities in the BEE -SME program are furnished below:***

### ***Energy use and technology audit***

The energy use technology studies would provide information on technology status, best operating practices, gaps in skills and knowledge on energy conservation opportunities, energy saving potential and new energy efficient technologies, etc for each of the sub sector in SMEs.

### ***Capacity building of stake holders in cluster on energy efficiency***

In most of the cases SME entrepreneurs are dependent on the locally available technologies, service providers for various reasons. To address this issue BEE has also undertaken capacity building of local service providers and entrepreneurs/ managers of SMEs on energy efficiency improvement in their units as well as clusters. The local service providers will be trained in order to be able to provide the local services in setting of energy efficiency projects in the clusters

### ***Implementation of energy efficiency measures***

To implement the technology up gradation projects in clusters, BEE has proposed to prepare the technology based detailed project reports (DPRs) for a minimum of five technologies in three capacities for each technology.

### ***Facilitation of innovative financing mechanisms for implementation of energy efficiency projects***

The objective of this activity is to facilitate the uptake of energy efficiency measures through innovative financing mechanisms without creating market distortion

## 1 INTRODUCTION

### 1.1 Brief Introduction about Cluster

Morbi SME Cluster is one of the largest ceramic clusters in India and mainly famous for manufacturing of ceramic tiles. Over 70% of total ceramic tiles product comes from Morbi cluster. The nearest airport is at Rajkot, which is 67 KM from Morbi by road. Morbi could also be reached from Ahmadabad by Railway as well as by road which is about 184 KM.

There are approximately 479 ceramic units in this cluster which are engaged in manufacturing of Wall Tiles, Vitrified Tiles, Floor Tiles, Sanitary wares, Roofing Tiles and others product. There are around 50 more ceramic units coming up in Morbi.

Majority of the cluster units are of integrated type, where the raw material is processed in-house to the final product. Majority of the units in the cluster are dependent on local / run of the mill technologies which is supplied by local service provider. Table 1.1 shows the total energy consumption scenario at Morbi cluster.

**Table 1.1 Details of annual energy consumption scenario at Morbi ceramic cluster**

| S. No | Type of Fuel | Unit       | Value       | % contribution |
|-------|--------------|------------|-------------|----------------|
| 1     | Electricity  | GWh /year  | 1,200       | 8.23           |
| 2     | Natural Gas  | SCM/year   | 660,000,000 | 46.32          |
| 3     | Charcoal     | Tonne/year | 165,000     | 8.55           |
| 4     | Lignite      | Tonne/year | 1,320,000   | 36.84          |
| 5     | Diesel       | Litre/year | 800,000     | 0.06           |

### **Energy usages pattern**

Average monthly electricity consumption in ceramic industry ranges from 1 lakh to 2 lakh kWh depending on the size of the industry. In thermal energy, solid fuel such as lignite, charcoal, Indonesian coal, briquette, etc are used in spray dryer and natural gas is used in kiln in all industries except few of them. Solid fuel consumption in spray dryer ranges from 80 to 160 kg/MT of production. Natural Gas consumption in kiln varies from 1.01 to 1.4 SCM/m<sup>2</sup> of tiles produced.

### **Classification of Units**

The ceramic units can be categorized into four types based on product manufacture

- Floor Tiles unit

- Wall Tiles
- Vitrified Tiles unit
- Sanitary Wares unit

**Production wise unit breakup**

Morbi ceramic cluster can be breakup into three categories viz. small, medium and large scale unit. Table 1.2 shows that production wise breakup of Morbi cluster.

**Table 1.2 Production wise unit breakups**

| Type of product | No. of Units. |        |       |       | Production (m <sup>2</sup> /day or MT <sup>1</sup> /day) |        |        |        |
|-----------------|---------------|--------|-------|-------|--|--------|--------|--------|
|                 | Small         | Medium | Large | Total | Small  | Medium | Large  | Total  |
| Scale of Unit   |               |        |       |       |  |        |        |        |
| Wall Tiles      | 43            | 100    | 35    | 178   | 2,500  | 3,500  | 7,500  | 13,500 |
| Floor Tiles     | 8             | 38     | 6     | 52    | 3,000  | 4,000  | 7,000  | 14,000 |
| Vitrified Tiles |               | 22     | 4     | 26    |  | 5,760  | 11,520 | 17,280 |
| Sanitary Wares  | 10            | 24     | 9     | 43    | 4  | 8      | 14     | 26     |

**Products Manufactured**

Different types of products manufactured in Morbi SME cluster are as shown in Table 3 below

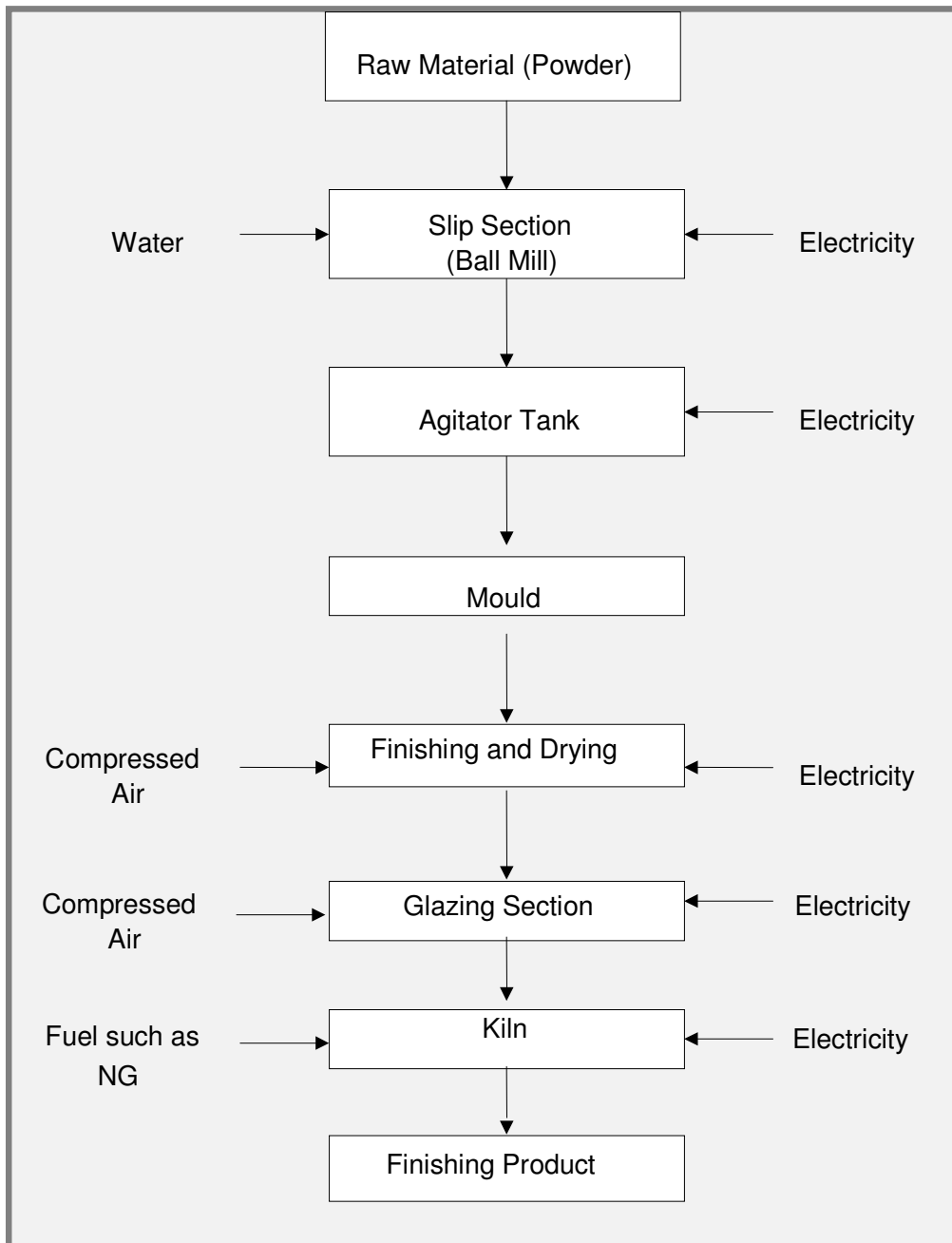
**Table 1.3 Product manufactured**

| S. No | Type of Product  | % share | Units |
|-------|--|---------|-------|
| 1     | Wall Tiles   | 37      | 178   |
| 2     | Vitrified Tiles  | 8       | 36    |
| 3     | Floor Tiles  | 11      | 52    |
| 4     | Sanitary Wares   | 9       | 43    |
| 5     | Spray Dryer Mud Manufacturing Units                      | 8       | 40    |
| 6     | Roofing Tiles (seasonal operation)                       | 25      | 120   |
| 7     | Third Firing Manufacturing (Producing pictures on tiles) | 37      | 10    |
| Total |  |         | 479   |

<sup>1</sup> In case of sanitary wares, production is measured in terms of MT.

**Production process of manufacturing of sanitary ware**

Only difference between manufacturing process of tiles and sanitary wares is the moulding process. In case of sanitary wares, manual moulding is carried out whereas in case of tiles hydraulic press is used to form the biscuits.



**Figure 1.1 Process flow diagram of sanitary ware**

**Wet Grinding**

Raw materials such as clay, feldspar, quartz, calcite etc. are mixed with water in a proper proportion and are grinded in a ball mill to make a homogeneous mixture. Ball Mill is a batch type of process. After completion of one batch of ball mill, slurry is taken in to the underground tanks fitted with agitator motor in each tank to maintain the uniformity of mixture.

**Moulding**

The slip (slurry) is poured into the moulds by a hand held hose. The slip is pumped through a hydraulic pump into the mould.

**Drying**

The cast wares are then dried in natural environment with the help of ceiling fans.

**Glazing**

The dried wares are then glazed in spray glazing booths, where compressed air is used for spray glazing.

**Firing**

The glazed wares are then fired in the kilns up to a temperature of 1200 °C where the natural gas is used as a fuel. The output from the kiln is inspected before packaging and dispatch.

**1.2 Energy performance in existing situation**

**1.2.1 Average production**

Annual production in terms of m<sup>2</sup> per year is taken in case of tiles and MT per year for sanitary wares is given in the following Table 1.4 below.

**Table 1.4 Annual productions from a typical unit**

| Type of product | No. of Units. |        |       |       | Production (m <sup>2</sup> /day or MT*/day) |        |        |        |
|-----------------|---------------|--------|-------|-------|---|--------|--------|--------|
|                 | Small         | Medium | Large | Total | Small                                       | Medium | Large  | Total  |
| Wall Tiles      | 43            | 100    | 35    | 178   | 2,500                                       | 3,500  | 7,500  | 13,500 |
| Floor Tiles     | 8             | 38     | 6     | 52    | 3,000                                       | 4,000  | 7,000  | 14,000 |
| Vitrified Tiles | -             | 22     | 4     | 26    | -   | 5,760  | 11,520 | 17,280 |
| Sanitary Wares  | 10            | 24     | 9     | 43    | 4   | 8      | 14     | 26     |



### 1.2.2 Fuel consumption

Energy consumption both electrical and thermal by a typical ceramic industry for different types of products is given in table 1.5 below.

**Table 1.5 Annual energy consumption**

| Energy          | Electricity<br>(GWh per year) |        |       | Natural gas<br>(SCM per year) |           |           | Solid Fuel [lignite]<br>(Tonne per year) |        |       |
|-----------------|-------------------------------|--------|-------|-------------------------------|-----------|-----------|--|--------|-------|
|                 | Small                         | Medium | Large | Small                         | Medium    | Large     | Small                                    | Medium | Large |
| Scale of Unit   |                               |        |       |                               |           |           |  |        |       |
| Wall Tiles      | 0.9                           | 1.5    | 2.4   | 750,000                       | 1,050,000 | 2,250,000 | 2,400                                    | 2,880  | 3,600 |
| Floor Tiles     | 0.9                           | 1.5    | 2.4   | 900,000                       | 1,200,000 | 2,100,000 | 3,600                                    | 4,200  | 4,800 |
| Vitrified Tiles | NA <sup>2</sup>               | 6.0    | 2.4   | NA                            | 2,700,000 | 6,000,000 | NA                                       | 6,000  | 9,000 |
| Sanitary Wares  | 0.24                          | 0.45   | 0.9   | 120,000                       | 240,000   | 420,000   | NA                                       | NA     | NA    |

### 1.2.3 Specific Energy Consumption

Specific energy consumption both electrical and thermal energy per m<sup>2</sup> or MT of production for each type of ceramic industry is given in Table 1.6 below.

**Table 1.6 Specific energy consumption of different ceramic unit**

| Energy          | Electricity<br>(kWh/m <sup>2</sup> ) or (*kWh/MT) |        |        | Natural gas<br>(SCM/m <sup>2</sup> ) or (SCM/MT) |        |        | Solid Fuel [lignite]<br>(kg/m <sup>2</sup> ) |        |       |
|-----------------|---|--------|--------|--|--------|--------|--|--------|-------|
|                 | Small   | Medium | Large  | Small  | Medium | Large  | Small  | Medium | Large |
| Scale of Unit   |   |        |        |  |        |        |  |        |       |
| Wall Tiles      | 1.20  | 1.43   | 1.07   | 1.00   | 1.00   | 1.00   | 3.20   | 2.74   | 1.60  |
| Floor Tiles     | 1.00  | 1.25   | 1.14   | 1.00   | 1.00   | 1.00   | 4.00   | 3.50   | 2.29  |
| Vitrified Tiles | NA  | 3.47   | 3.47   | NA   | 1.56   | 1.74   | NA   | 3.47   | 2.60  |
| Sanitary Wares  | 200.00  | 187.50 | 214.29 | 100.00   | 100.00 | 100.00 | NA   | NA     | NA    |

<sup>2</sup> Not Applicable

### **1.3 Proposed technology/equipment**

#### **1.3.1 Description of technology/equipment**

Tunnel kiln is used for final baking of sanitary wares in unit. Natural gas is used as a fuel in tunnel kiln. There are two sources in tunnel kiln where the heat from tunnel kiln is exhaust to atmosphere. One is the smoke air (flue gas) from preheating zone and another one is the hot air from the cooling zone of the tunnel kiln. If flue gas is utilized for preheating of combustion air then we can use the hot air for another purpose. Presently, hot air from cooling at a temperature of around 120 °C is discharged to atmosphere.

#### **1.3.2 Role in process**

Tunnel kiln is used for final baking of the sanitary ware products to get the finish product. Natural gas is used as a fuel in tunnel kiln. Sanitary ware products are fired upto a temperature of about 1200 °C in the tunnel kiln. It removes the moisture present in the product and also improves the strength of the products by baking at higher temperature.

### **1.4 Benchmarking for existing specific energy consumption**

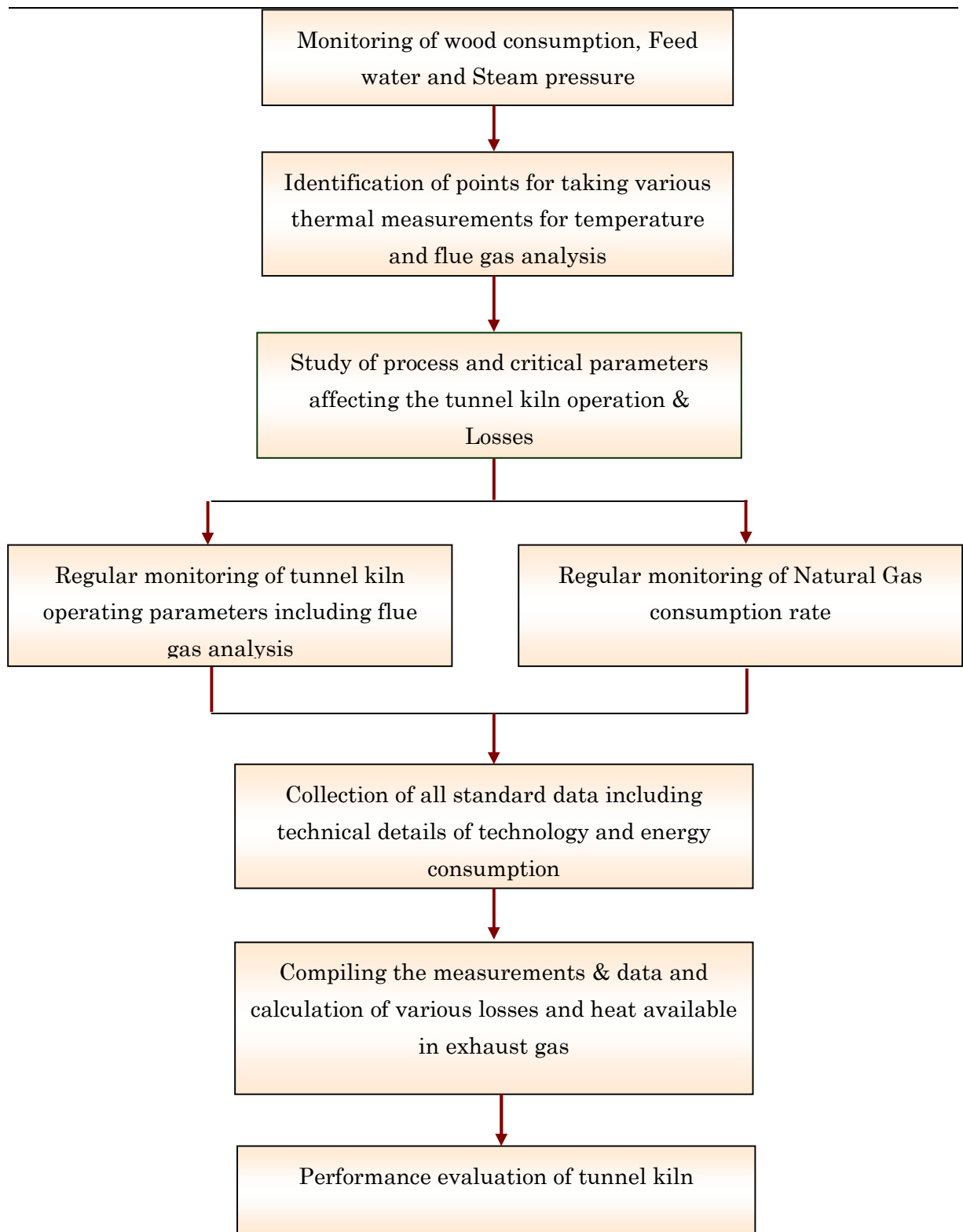
Energy consumption in tunnel kiln would depend on following mentioned things

- Baking temperature which depends on the product to be dried
- Operational & maintenance practices
- Type of fuel and its calorific value
- Quantity of product to be baked

Energy use and technology audit studies were conducted in various units of Morbi ceramic cluster, the baseline energy consumption of present tunnel kiln and the performance of the same is carried out and attached in Annexure 1.

#### **1.4.1 Energy audit methodology**

The following methodology was adopted to evaluate the performance of boilers



**Figure 1.2 Energy Audit methodologies**

### 1.4.2 Design and operating parameters specification

In tunnel kiln, one of the requirement is that the product should be heated upto a temperature of about 1200 °C. Electrical and thermal energy consumption in tunnel kiln for different plant capacities are given in Table 1.7.

**Table 1.7 Fuel Consumption in tunnel Kiln for different plant capacities**

| <b>Plant Capacity<br/>Nags/day (Pieces/day)</b> | <b>Unit</b> | <b>2000<br/>(27 MT/day)</b> | <b>1000<br/>(13.5 MT/day)</b> |
|---|-------------|-----------------------------|-------------------------------|
| Electricity Consumption                         | GWh/year    | 0.14                        | 0.12                          |
| Natural Gas Consumption                         | SCM/year    | 841216                      | 578431                        |

### 1.4.3 Operating efficiency analysis

Operating efficiency of tunnel kilns is found to be in the range of 19% to 26% varies from unit to unit. Detailed parameters and calculations used for operating efficiency evaluation of tunnel kiln efficiency are given in the annexure 1.

## 1.5 Barriers in adoption of proposed technology/technology

### 1.5.1 Technological Barrier

- Lack of awareness and information about the new and emerging energy efficient technologies available in the market.
- Dependence on local technology suppliers for uninterrupted after sales service
- The majority of the textile unit owners / entrepreneurs do not have in-depth technical expertise
- The lack of technical know-how made it impossible for the textile unit owners to identify the most effective technical measures

### 1.5.2 Financial Barrier

- Majority of the units in the cluster are of tiny and owners don't have financial strength
- Implementation of the proposed project activity requires considerable investment of Rs 3.90 lakh, which is a significant investment and not commonly seen in the cluster for energy efficiency.
- The majority of the unit owners are of the view that it makes business sense for them to invest in enhancing production capacity rather than making investment in energy efficiency.

- The unit owners in the cluster are wary of approaching banks for financial assistance due to their old perception that getting loan sanctioned from Banks involves lot of paper work / documentation and needs collateral security.

### **1.5.3 Skilled manpower**

In Morbi ceramic cluster, the availability of skilled manpower is one of the limitations due to more number of ceramic units as compared to the availability of skilled manpower. One local technical persons available at Morbi takes care of about 5 - 10 ceramic units. For major equipment of ceramic units like kiln, Polishing Machine etc, maintenance or the repair work of these equipments will be taken by the technology suppliers itself even the suppliers like Sacmi, KEDA, Modena etc depute one of their representatives staying at Morbi for the maintenance work. Local technical persons of Morbi takes care As not many experts/skilled persons are available in the cluster, one expert takes care of all maintenance & operational problems of about 5 - 10 industries.

### **1.5.4 Other barrier (If any)**

On discussion with the plant person during our audit, many of them agree with the possible saving measures but they demand demonstration of same energy saving technologies in some other plant and then they have readiness to follow.

## 2 PROPOSED TECHNOLOGY

### 2.1 Detailed description of technology

#### 2.1.1 Description of technology

Here, propose technology will recover the waste heat of hot air from cooling zone of tunnel kiln. For implementation of such system, requires a design structure i.e. similar to dryer type enclosure with proper insulation. In this structure, we place the raw material in trolley ready before sending to tunnel kiln and send the hot air from the cooling zone of tunnel kiln so that the material in the drier gets heated. This results in reduction in fuel consumption in tunnel kiln.

For implementation of this system, we require the following

- Structure similar to dryer with proper insulation
- Piping arrangement from exhaust of tunnel kiln to dryer.
- Instrumentation system for proper monitoring

#### 2.1.2 Technology specification

For implementation of the waste heat recovery system on tunnel kiln of plant capacity of about 1000 (13.5 MT/day) pieces/day, required the following operating parameters shown in Table 2.1.

**Table 2.1 Operating Parameters of technology**

| S.No. | Particulars                        | Unit               | Existing Technology | Proposed Technology |
|-------|------------------------------------|--------------------|---------------------|---------------------|
| 1     | Rapid air cooling blower flow rate | m <sup>3</sup> /hr | 2826                | 2826                |
| 2     | Heat given by hot air to material  | KCal/hr            | 0                   | 49,375              |

#### 2.1.3 Suitability over existing technology

Implementation of this technology on a tunnel kiln requires the design of fabrication of tunnel kiln based on the operating parameters and the arrangement for retrofitting of fabrication of tunnel kiln at the exhaust of hot air from cooling zone. If required, put a very small capacity of axial fan. Presently, hot air from final cooling zone emit at a temperature of about 120 °C is released to the atmosphere.

This technology has been selected for the following reasons:

- In sanitary ware unit, major energy cost of unit is consumed in tunnel kiln only.

- It reduces the fuel consumption in tunnel kiln.
- It significantly increases efficiency of the Kiln.
- Resulting in reduction in GHG emissions.
- Technology is easily available.

#### **2.1.4 Superiority over existing technology**

In this technology exhaust hot air from cooling zone is utilized to pre heat the input material. This leads to decrease the Natural Gas consumption in tunnel kiln.

#### **2.1.5 Availability of technology**

Fabrication of tunnel kiln is one of the well waste heat recovery technologies in market. Many of the persons already know about this technology but had not implemented yet. The main reason is that kiln suppliers are not providing this facility. There are many suppliers available in Gujarat which provides this technology.

#### **2.1.6 Source of technology**

This technology is already in use in furnaces where the operating temperature is same like in tunnel kilns operating parameter. They also got the results of reduction in fuel consumption and the technology is running successfully.

#### **2.1.7 Technical specification of technology**

Technical specification of proposed technology is shown in Annexure 9.

#### **2.1.8 Terms and conditions in sales of technology**

They provide the guarantee for proper design and insulation of the system. The entire material requirement is either provided by client or vendor itself provides the whole system which depends upon the convenience of client.

#### **2.1.9 Process down time during implementation**

Process down time require is about 4 - 5 days which is required only for making the piping arrangement from exhaust of cooling zone of tunnel kiln and Break down period of 4-5 days is shown in Annexure-7.

### **2.2 Life cycle assessment and risks analysis**

Life cycle of provided heat exchanger is about 10-12 years but it required cleaning at regular intervals to achieve the better performance.

The factors which effects the implementation of this technology are as follows

- Lack of initiative of the unit owner
- Always have attitude that we implement only after seeing the same installation in same unit i.e. want demonstration.
- Availability of space at plant in kiln section.

### **2.3 Suitable Unit for Implementation of Proposed Technology**

At Morbi, there are total 43 sanitary ware units. Nearly 80% of the sanitary ware units are having the production capacity of about 800 to 1000 pieces per day i.e. 10 to 14 MT per day. Therefore, the size of the identified technology should have plant production capacity of about 1000 pieces per day.



### **3 ECONOMIC BENEFITS FROM PROPOSED TECHNOLOGY**

#### **3.1 Technical benefit**

##### **3.1.1 Fuel saving**

Preheating of raw material through installation of dryer in tunnel kiln which use hot air released from cooling zone of tunnel kiln leads to savings of about 7.5% on total Natural Gas consumption in tunnel kiln. Hence new technology will save 43,382 SCM of Natural Gas per year thereby, save ₹ 6.5 lakh per year.

##### **3.1.2 Electricity saving**

No electricity savings are considered in the proposed technology because it is not reducing the electricity consumption in tunnel kiln but however this will increase the electricity consumption but it is negligible in comparison to thermal energy

##### **3.1.3 Improvement in product quality**

Product quality achieved would be same as the present quality. It does not have any impact in improving the quality of the product.

##### **3.1.4 Increase in production**

The proposed technology does not contribute to any increase in production.

##### **3.1.5 Reduction in raw material**

Raw material consumption is same even after the implementation of proposed technology.

##### **3.1.6 Reduction in other losses**

This project reduces the heat loss from cooling zone of tunnel kiln.

#### **3.2 Monetary benefits**

Annual monetary savings due to implementation of new technology of tunnel kiln is ₹ 6.5 lakh per year. Energy & monetary benefit analysis of new proposed technology in tunnel kiln after implementation are shown in Table 3.1 below.

**Table 3.1 Energy and monetary benefit due to project implementation**

| S.No | Parameter                                    | Unit      | Value    |
|------|--|-----------|----------|
| 1    | Present Natural Gas consumption              | SCM/ year | 5,78,431 |
| 2    | Operational hours                            | Hours/day | 24       |
| 3    | Operational days                             | Days/year | 321      |
| 4    | Natural Gas consumption after implementation | SCM/ year | 5,35,049 |
| 5    | Saving of Natural Gas                        | SCM/ year | 43,382   |
| 6    | Cost of Natural Gas                          | ₹ /SCM    | 15       |
| 7    | Monetary saving                              | ₹ in lakh | 6.50     |

### 3.3 Social benefits

#### 3.3.1 Improvement in working environment in the plant

Proposed technology reduces the overall GHG emission which improves the working environment of the plant and surrounding also.

#### 3.3.2 Improvement in workers skill

Not contributing to any improvement in skill sets of workers. They only get the knowledge on how savings in fuel consumption will be achieved by waste heat recovery system.

### 3.4 Environmental benefits

#### 3.4.1 Reduction in effluent generation

There is no significant impact in effluent generation due to implementation of the project.

#### 3.4.2 Reduction in GHG emission

Implementation of this technology will results in reduction in CO<sub>2</sub> emissions due to reduction in overall fuel consumption. Implementation of project will result in saving of 43,382 SCM Natural Gas per year which leads to 89 tCO<sub>2</sub> emission reduction per year from one unit. Similarly, there are 43 Sanitary ware units in Morbi ceramic cluster, if all units will implement this project then total CO<sub>2</sub> emission reduction will be approximately 3824 tCO<sub>2</sub> per year. This will also help in getting the carbon credit benefit through Clean Development Mechanism (CDM) project.

#### 3.4.3 Reduction in other emissions like SO<sub>x</sub>

Sulphur is not present in Natural Gas; hence there is no impact on SO<sub>x</sub> emissions.

## 4 INSTALLATION OF PROPOSED TECHNOLOGY

### 4.1 Cost of technology implementation

#### 4.1.1 Material cost

Cost of the material is about ₹ 5.00 lakh which includes the design and fabrication of new technology on the tunnel kiln.

#### 4.1.2 Erection, commissioning and other misc. cost

Erection & commissioning cost is ₹ 0.75 lakh which includes the piping, instrumentation, labour work etc and ₹ 0.89 lakh for misc. cost.

**Table 4.1 Details of proposed technology installation cost**

| S.No | Particular                     | Unit        | cost |
|------|--------------------------------|-------------|------|
| 1    | Material cost                  | ₹ (in Lakh) | 5.00 |
| 2    | Erection & Commissioning cost  | ₹ (in Lakh) | 0.75 |
| 3    | Interest during implementation | ₹ (in Lakh) | 0.14 |
| 4    | Other misc. cost               | ₹ (in Lakh) | 0.75 |
| 5    | Total cost                     | ₹ (in Lakh) | 6.64 |

### 4.2 Arrangements of funds

#### 4.2.1 Entrepreneur's contribution

Entrepreneur will contribute 25 % of the total project cost which is ₹ 1.66 lakh.

#### 4.2.2 Loan amount.

Remaining 75 % cost of the proposed project will be taken from the bank which is ₹ 4.98 lakh.

#### 4.2.3 Terms & conditions of loan

The interest rate is considered at 10% which is SIDBI's rate of interest for energy efficient projects. The loan tenure is 5 years excluding initial moratorium period is 6 months from the date of first disbursement of loan.

### 4.3 Financial indicators

#### 4.3.1 Cash flow analysis

Profitability and cash flow statements have been worked out for a period of 5 years. The financials have been worked out on the basis of certain reasonable assumptions, which are outlined below. The cost of technology considered is inclusive of hot water storage tanks also.

The project is expected to achieve monetary savings of ₹ 6.50 lakh per annum.

- The Operation and Maintenance cost is estimated at 10 % of cost of total project with 5% increase in every year as escalations.
- Interest on term loan is estimated at 10 %.
- Depreciation is provided as per the rates provided in the companies act.

Based on the above assumptions, profitability and cash flow statements have been prepared and calculated in Annexure-5.

#### **4.3.2 Simple payback period**

The total project cost of the proposed technology is ₹ 6.64 lakh and monetary savings due to reduction in Natural Gas consumption is ₹ 6.51 lakh hence, the simple payback period works out to be 1 year.

#### **4.3.3 Net Present Value (NPV)**

The Net present value of the investment at 10 % works out to be ₹ 12.78 lakh.

#### **4.3.4 Internal rate of return (IRR)**

The after tax Internal Rate of Return of the project works out to be 70.74%. Thus the project is financially viable.

#### **4.3.5 Return on investment (ROI)**

The average return on investment of the project activity works out at 33.91%.

**Table 4.2 Financial indicators of proposed technology/technology**

| <b>S.No.</b> | <b>Particular</b>     | <b>Unit</b> | <b>Value</b> |
|--------------|-----------------------|-------------|--------------|
| 1            | Simple payback period | year        | 1            |
| 2            | NPV                   | ₹ (in lakh) | 12.78        |
| 3            | IRR                   | %           | 70.74        |
| 4            | ROI                   | %           | 33.91        |

#### 4.4 Sensitivity analysis

A sensitivity analysis has been carried out to ascertain how the project financials would behave in different situations like when there is an increase in fuel savings or decrease in fuel savings. For the purpose of sensitive analysis, two following scenarios has been considered

- Optimistic scenario (Increase in fuel savings by 5%)
- Pessimistic scenario (Decrease in fuel savings by 5%)

In each scenario, other inputs are assumed as a constant. The financial indicators in each of the above situation are indicated along with standard indicators

**Table 4.3 Sensitivity analysis in different scenario**

| Scenario    | Fuel Saving,<br>(SCM per year) | IRR<br>(%) | NPV<br>(₹ in lakh) | ROI<br>(%) |
|-------------|--------------------------------|------------|--------------------|------------|
| Pessimistic | 41213                          | 66.10      | 11.75              | 33.68      |
| Realistic   | 43382                          | 70.74      | 12.78              | 33.91      |
| Optimistic  | 45551                          | 75.36      | 13.82              | 34.12      |

#### 4.5 Procurement and implementation schedule

**Table 4.4 Procurement and implementation schedule**

| S. No. | Activities                 | Weeks |   |   |   |   |
|--------|----------------------------|-------|---|---|---|---|
|        |                            | 1     | 2 | 3 | 4 | 5 |
| 1      | Designing                  |       |   |   |   |   |
| 2      | Fabrication as per design. |       |   |   |   |   |
| 3      | Commissioning              |       |   |   |   |   |

**Annexure**

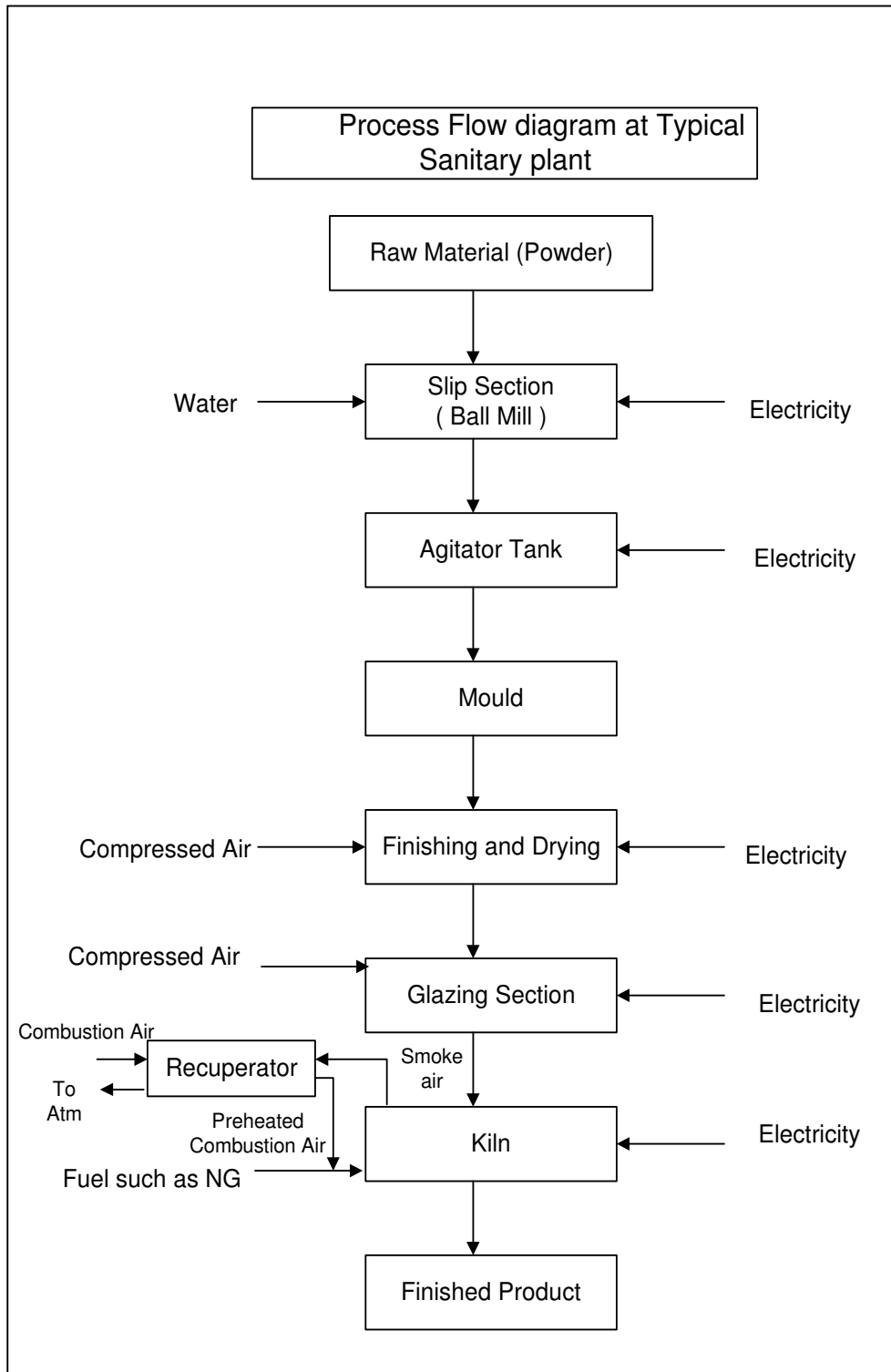
**Annexure -1: Energy audit data used for baseline establishment under the sub head 1.4 in Chapter-1**

Efficiency of tunnel kiln can be calculated as follows:

**Input Data**

| <b>S. No.</b> | <b>Parameter</b>                           | <b>Unit</b> | <b>Value</b> |
|---------------|--|-------------|--------------|
| 1             | Natural Gas Consumption                    | SCM/day     | 1800         |
| 2             | Production from kiln                       | Pieces/day  | 1000         |
| 3             | Production from kiln                       | MT/day      | 13.5         |
| 4             | Weight of one Piece going to kiln          | kg          | 14           |
| 5             | Weight of one Piece coming out from kiln   | kg          | 13.5         |
| 6             | Kiln Cycle time                            | hr          | 14           |
| 7             | Highest heating temperature in firing zone | °C          | 1210         |
| 8             | Flue gas temperature                       | °C          | 192          |
| 9             | Hot air temperature from cooling zone      | °C          | 150          |
| 10            | Heat required to heat the product          | KCal/day    | 3,001,050    |
| 11            | Heat supplied by fuel                      | KCal/day    | 15,840,000   |
| 12            | Efficiency of kiln                         | %           | 18.95        |

Annexure -2: Process flow diagram

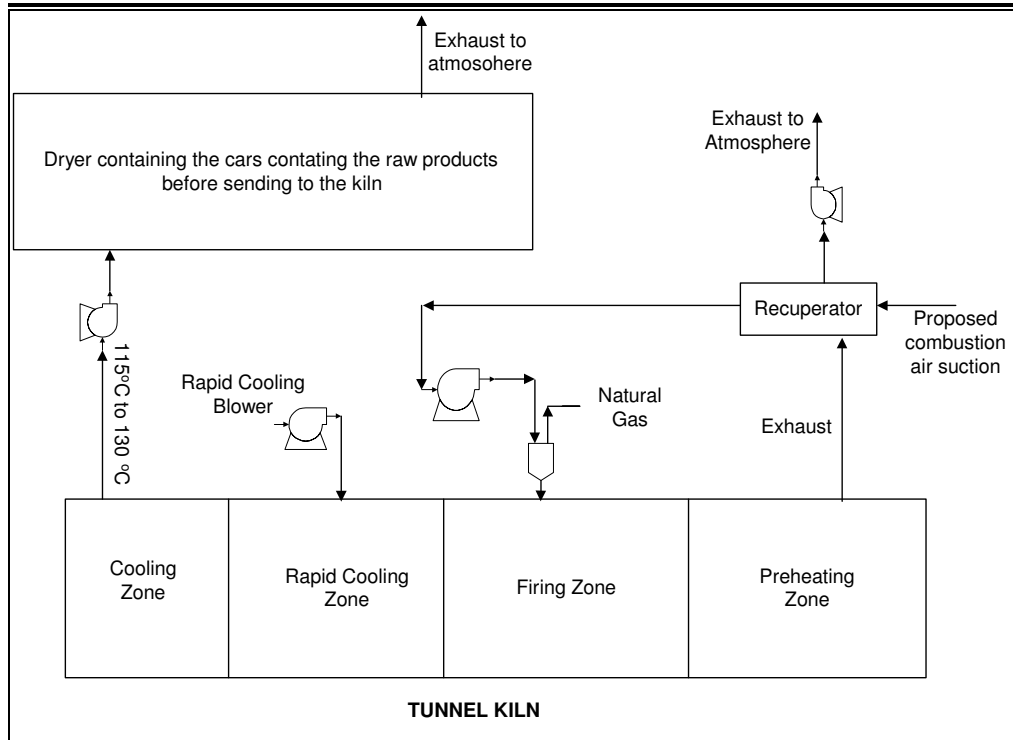


**Annexure -3: Detailed technology assessment report**

| <b>S.No.</b> | <b>Particular</b>                    | <b>Unit</b>        | <b>Existing Technology</b> | <b>Proposed Technology</b> |
|--------------|--------------------------------------|--------------------|----------------------------|----------------------------|
| 1            | Working day in a year                | days               | 321                        | 321                        |
| 2            | Natural Gas Consumption              | SCM/day            | 1800                       | 1665.4                     |
| 3            | Gross calorific value of Natural Gas | KCal/SCM           | 8800                       | 8800                       |
| 4            | Specific heat of combustion air      | KCal/kg°C          | 0.24                       | 0.24                       |
| 5            | Density of air                       | Kg/m <sup>3</sup>  | 0.91                       | 0.91                       |
| 6            | Rapid cooling air blower flow rate   | m <sup>3</sup> /hr |                            | 2,826                      |
| 7            | Heat gain by material                | KCal/ hr           |                            | 49,375                     |
| 8            | Equivalent natural gas saving        | SCM/hour           |                            | 5.61                       |
| 9            | Saving in natural gas consumption    | SCM/day            |                            | 134.6                      |
| 10           | Saving in natural gas consumption    | %                  |                            | 7.5                        |
| 11           | Saving in natural gas consumption    | SCM/year           |                            | 43,382                     |
| 12           | Cost of natural gas                  | ₹ SCM              |                            | 15                         |
| 13           | Monetary saving                      | ₹ (in lakh)        |                            | 6.50                       |



Annexure -4 Drawings for proposed electrical & civil works



**Annexure -5: Detailed financial analysis as mentioned in subhead 4.3 in Chapter-4**

**Assumption**

| <b>Name of the Technology</b>  | <b>Fabrication of tunnel kiln</b> |              |                      |
|--------------------------------|-----------------------------------|--------------|----------------------|
| <b>Rated Capacity</b>          | <b>13.5 MT/day</b>                |              |                      |
| <b>Details</b>                 | <b>Unit</b>                       | <b>Value</b> | <b>Basis</b>         |
| Installed Capacity             | MT                                | 13.5         | Feasibility Study    |
| No of working days             | Days                              | 321          | Feasibility Study    |
| No of Shifts per day           | Shifts                            | 1            | Feasibility Study    |
| Capacity Utilization Factor    | %                                 |              | Feasibility Study    |
| <b>Proposed Investment</b>     |                                   |              |                      |
| Plant & Machinery              | ₹ (in lakh)                       | 5.00         | Feasibility Study    |
| Erection & Commissioning       | ₹ (in lakh)                       | 0.75         | Feasibility Study    |
| Investment without IDC         | ₹ (in lakh)                       | 5.75         | Feasibility Study    |
| Interest During Implementation | ₹ (in lakh)                       | 0.14         | Feasibility Study    |
| Other Cost (Misc.)             | ₹ (in lakh)                       | 0.75         | Feasibility Study    |
| Total Investment               | ₹ (in lakh)                       | 6.64         | Feasibility Study    |
| <b>Financing pattern</b>       |                                   |              |                      |
| Own Funds (Equity)             | ₹ (in lakh)                       | 1.66         | Feasibility Study    |
| Loan Funds (Term Loan)         | ₹ (in lakh)                       | 4.98         | Feasibility Study    |
| Loan Tenure                    | years                             | 5            | Assumed              |
| Moratorium Period              | Months                            | 6            | Assumed              |
| Repayment Period               | Months                            | 66           | Assumed              |
| Interest Rate                  | %                                 | 10.00%       | SIDBI Lending rate   |
| <b>Estimation of Costs</b>     |                                   |              |                      |
| O & M Costs                    | % on Plant & Equip                | 10.00%       | Feasibility Study    |
| Annual Escalation              | %                                 | 5.00%        | Feasibility Study    |
| <b>Estimation of Revenue</b>   |                                   |              |                      |
| Gas savings                    | SCM                               | 43382        |                      |
| Cost                           | ₹ /SCM                            | 15           |                      |
| St. line Depn.                 | %                                 | 5.28%        | Indian Companies Act |
| IT Depreciation                | %                                 | 80.00%       | Income Tax Rules     |
| Income Tax                     | %                                 | 33.99%       | Income Tax           |

**Estimation of term loan**

₹ (in lakh)

| Years | Opening Balance | Repayment | Closing Balance | Interest |
|-------|-----------------|-----------|-----------------|----------|
| 1     | 4.98            | 0.36      | 4.62            | 0.45     |
| 2     | 4.62            | 0.96      | 3.66            | 0.42     |
| 3     | 3.66            | 1.08      | 2.58            | 0.31     |
| 4     | 2.58            | 0.96      | 1.62            | 0.21     |
| 5     | 1.62            | 1.08      | 0.54            | 0.11     |
| 6     | 0.54            | 0.54      | 0.00            | 0.02     |
|       |                 | 4.98      |                 |          |

**WDV Depreciation**

₹ (in lakh)

| Particulars / years | 1    | 2    | 3    | 4    |
|---------------------|------|------|------|------|
| Plant and Machinery |      |      |      |      |
| Cost                | 5.89 | 1.18 | 0.24 | 0.05 |
| Depreciation        | 4.72 | 0.94 | 0.19 | 0.04 |
| WDV                 | 1.18 | 0.24 | 0.05 | 0.01 |

**Projected Profitability**

₹ (in lakh)

| Particulars / Years            | 1    | 2    | 3    | 4    | 5    | 6    | Total |
|--------------------------------|------|------|------|------|------|------|-------|
| <b>Revenue through Savings</b> |      |      |      |      |      |      |       |
| Fuel savings                   | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 39.04 |
| Total Revenue (A)              | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 39.04 |
| <b>EXPENSES</b>                |      |      |      |      |      |      |       |
| O & M Expenses                 | 0.66 | 0.70 | 0.73 | 0.77 | 0.81 | 0.85 | 4.52  |
| Total Expenses (B)             | 0.66 | 0.70 | 0.73 | 0.77 | 0.81 | 0.85 | 4.52  |
| PBDIT (A)-(B)                  | 5.84 | 5.81 | 5.77 | 5.74 | 5.70 | 5.66 | 34.52 |
| Interest                       | 0.45 | 0.42 | 0.31 | 0.21 | 0.11 | 0.02 | 1.52  |
| PBDT                           | 5.39 | 5.39 | 5.46 | 5.52 | 5.59 | 5.64 | 33.00 |
| Depreciation                   | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 2.10  |
| PBT                            | 5.04 | 5.04 | 5.11 | 5.17 | 5.24 | 5.29 | 30.90 |
| Income tax                     | -    | 1.51 | 1.79 | 1.86 | 1.90 | 1.92 | 8.99  |
| Profit after tax (PAT)         | 5.04 | 3.53 | 3.32 | 3.31 | 3.34 | 3.37 | 21.91 |

**Computation of Tax**

₹ (in lakh)

| Particulars / Years    | 1    | 2    | 3    | 4    | 5    | 6    |
|------------------------|------|------|------|------|------|------|
| Profit before tax      | 5.04 | 5.04 | 5.11 | 5.17 | 5.24 | 5.29 |
| Add: Book depreciation | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 |
| Less: WDV depreciation | 4.72 | 0.94 | 0.19 | 0.04 | -    | -    |
| Taxable profit         | 0.68 | 4.45 | 5.27 | 5.49 | 5.59 | 5.64 |
| Income Tax             | -    | 1.51 | 1.79 | 1.86 | 1.90 | 1.92 |

**Projected Balance Sheet**

| Particulars / Years                  | 1            | 2            | 3            | 4            | 5            | 6            |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>LIABILITIES</b>                   |              |              |              |              |              |              |
| Share Capital (D)                    | 1.66         | 1.66         | 1.66         | 1.66         | 1.66         | 1.66         |
| Reserves & Surplus (E)               | 5.04         | 8.57         | 11.89        | 15.20        | 18.53        | 21.91        |
| Term Loans (F)                       | 4.62         | 3.66         | 2.58         | 1.62         | 0.54         | 0.00         |
| <b>TOTAL LIABILITIES (D)+(E)+(F)</b> | <b>11.33</b> | <b>13.89</b> | <b>16.13</b> | <b>18.48</b> | <b>20.74</b> | <b>23.57</b> |

**Assets**

|                           |              |              |              |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Gross Fixed Assets        | 6.64         | 6.64         | 6.64         | 6.64         | 6.64         | 6.64         |
| Less : Accm. depreciation | 0.35         | 0.70         | 1.05         | 1.40         | 1.75         | 2.10         |
| Net Fixed Assets          | 6.29         | 5.94         | 5.59         | 5.24         | 4.89         | 4.54         |
| Cash & Bank Balance       | 5.03         | 7.95         | 10.54        | 13.24        | 15.85        | 19.03        |
| <b>TOTAL ASSETS</b>       | <b>11.33</b> | <b>13.89</b> | <b>16.13</b> | <b>18.48</b> | <b>20.74</b> | <b>23.57</b> |
| Net Worth                 | 6.70         | 10.23        | 13.55        | 16.86        | 20.20        | 23.57        |
| Debt Equity Ratio         | 0.69         | 0.36         | 0.19         | 0.10         | 0.03         | 0.00         |

*Fabrication of Dryer On Tunnel Kiln for Pre Heating of Material*

**Projected Cash Flow**

₹ (in lakh)

| Particulars / Years  | 0    | 1    | 2    | 3     | 4     | 5     | 6     |
|----------------------|------|------|------|-------|-------|-------|-------|
| <b>Sources</b>       |      |      |      |       |       |       |       |
| Share Capital        | 1.66 | -    | -    | -     | -     | -     | -     |
| Term Loan            | 4.98 |      |      |       |       |       |       |
| Profit After tax     |      | 5.04 | 3.53 | 3.32  | 3.31  | 3.34  | 3.37  |
| Depreciation         |      | 0.35 | 0.35 | 0.35  | 0.35  | 0.35  | 0.35  |
| Total Sources        | 6.64 | 5.39 | 3.88 | 3.67  | 3.66  | 3.69  | 3.73  |
| <b>Application</b>   |      |      |      |       |       |       |       |
| Capital Expenditure  | 6.64 |      |      |       |       |       |       |
| Repayment Of Loan    | -    | 0.36 | 0.96 | 1.08  | 0.96  | 1.08  | 0.54  |
| Total Application    | 6.64 | 0.36 | 0.96 | 1.08  | 0.96  | 1.08  | 0.54  |
| Net Surplus          | -    | 5.03 | 2.92 | 2.59  | 2.70  | 2.61  | 3.19  |
| Add: Opening Balance | -    | -    | 5.03 | 7.95  | 10.54 | 13.24 | 15.85 |
| Closing Balance      | -    | 5.03 | 7.95 | 10.54 | 13.24 | 15.85 | 19.03 |

**IRR**

₹ (in lakh)

| Particulars / months       | 0      | 1             | 2    | 3    | 4    | 5    | 6    |
|----------------------------|--------|---------------|------|------|------|------|------|
| Profit after Tax           |        | 5.04          | 3.53 | 3.32 | 3.31 | 3.34 | 3.37 |
| Depreciation               |        | 0.35          | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 |
| Interest on Term Loan      |        | 0.45          | 0.42 | 0.31 | 0.21 | 0.11 | 0.02 |
| Salvage / Realisable value |        |               |      |      | 0.66 |      | -    |
| Cash outflow               | (6.64) | -             | -    | -    | -    | -    | -    |
| Net Cash flow              | (6.64) | 5.84          | 4.30 | 3.98 | 4.54 | 3.80 | 3.74 |
| <b>IRR</b>                 |        | <b>70.74%</b> |      |      |      |      |      |

|            |              |
|------------|--------------|
| <b>NPV</b> | <b>12.78</b> |
|------------|--------------|

**Break Even Point**

| Particulars / Years           | 1      | 2      | 3      | 4      | 5      | 6      |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| <b>Variable Expenses</b>      |        |        |        |        |        |        |
| Oper. & Maintenance Exp (75%) | 0.50   | 0.52   | 0.55   | 0.58   | 0.61   | 0.64   |
| Sub Total (G)                 | 0.50   | 0.52   | 0.55   | 0.58   | 0.61   | 0.64   |
| <b>Fixed Expenses</b>         |        |        |        |        |        |        |
| Oper. & Maintenance Exp (25%) | 0.17   | 0.17   | 0.18   | 0.19   | 0.20   | 0.21   |
| Interest on Term Loan         | 0.45   | 0.42   | 0.31   | 0.21   | 0.11   | 0.02   |
| Depreciation (H)              | 0.35   | 0.35   | 0.35   | 0.35   | 0.35   | 0.35   |
| Sub Total (I)                 | 0.97   | 0.94   | 0.85   | 0.76   | 0.67   | 0.58   |
| Sales (J)                     | 6.51   | 6.51   | 6.51   | 6.51   | 6.51   | 6.51   |
| Contribution (K)              | 6.01   | 5.98   | 5.96   | 5.93   | 5.90   | 5.87   |
| Break Even Point (L= G/I)     | 16.08% | 15.77% | 14.23% | 12.77% | 11.28% | 9.84%  |
| Cash Break Even {(I)-(H)}/(K) | 10.25% | 9.90%  | 8.34%  | 6.86%  | 5.34%  | 3.87%  |
| BREAK EVEN SALES (J)*(L)      | 1.05   | 1.03   | 0.93   | 0.83   | 0.73   | 64.05% |

**Return on Investment**

₹ (in lakh)

| Particulars / Years     | 1      | 2     | 3     | 4     | 5     | 6     | Total |
|-------------------------|--------|-------|-------|-------|-------|-------|-------|
| Net Profit Before Taxes | 5.04   | 5.04  | 5.11  | 5.17  | 5.24  | 5.29  | 30.90 |
| Net Worth               | 6.70   | 10.23 | 13.55 | 16.86 | 20.20 | 23.57 | 91.11 |
| <b>ROI</b>              | 33.91% |       |       |       |       |       |       |

**Debt Service Coverage Ratio**

₹ (in lakh)

| Particulars / Years   | 1    | 2    | 3    | 4    | 5    | 6    | Total |
|-----------------------|------|------|------|------|------|------|-------|
| CASH INFLOW           |      |      |      |      |      |      |       |
| Profit after Tax      | 5.04 | 3.53 | 3.32 | 3.31 | 3.34 | 3.37 | 21.91 |
| Depreciation          | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35  |
| Interest on Term Loan | 0.45 | 0.42 | 0.31 | 0.21 | 0.11 | 0.02 | 1.52  |
| TOTAL(M)              | 5.84 | 4.30 | 3.98 | 3.87 | 3.80 | 3.74 | 25.54 |

**DEBT**

|                        |             |      |      |      |      |      |      |
|------------------------|-------------|------|------|------|------|------|------|
| Interest on Term Loan  | 0.45        | 0.42 | 0.31 | 0.21 | 0.11 | 0.02 | 1.52 |
| Repayment of Term Loan | 0.36        | 0.96 | 1.08 | 0.96 | 1.08 | 0.54 | 4.98 |
| TOTAL(N)               | 0.81        | 1.38 | 1.39 | 1.17 | 1.19 | 0.56 | 6.50 |
| <b>Average DSCR</b>    | <b>3.93</b> |      |      |      |      |      |      |

**Annexure -6: Details of procurement and implementation**

| S. No. | Activities                 | Weeks |   |   |   |   |
|--------|----------------------------|-------|---|---|---|---|
|        |                            | 1     | 2 | 3 | 4 | 5 |
| 1      | Designing                  |       |   |   |   |   |
| 2      | Fabrication as per design. |       |   |   |   |   |
| 3      | Commissioning              |       |   |   |   |   |

**Annexure:-7 Break up of process down time.**

| S. No. | Activities   | Number of Days |   |   |   |   |
|--------|--|----------------|---|---|---|---|
|        |  | 1              | 2 | 3 | 4 | 5 |
| 1      | Time period required for cooling down of tunnel kiln |                |   |   |   |   |
| 2      | Dismantling and installation for piping system       |                |   |   |   |   |
| 3      | Insulation and commissioning                         |                |   |   |   |   |



**Annexure -8: Details of technology service providers**

| <b>S.No.</b> | <b>Technology</b>         | <b>Name of Service Provider</b> | <b>Address</b> | <b>Contact Person and No.</b>      |
|--------------|---------------------------|---------------------------------|----------------|------------------------------------|
| 1.           | Fabricator of tunnel kiln | Payal Allien Engineering        | Morbi          | Mr. Hasmukh Patel -<br>09427934644 |

**Annexure -9: Technical Specifications/Quotation for proposed technology**

**Technical Specifications:**

Implementation of this project requires the design of a structure i.e dryer along with the pipeline arrangement with proper insulation. Design of this project, varies from industry to industry according to the dimensions of kiln cars, space availability etc.

Based on the available data during our audit, we had calculated the proposed dimensions for the implementation of this project for one typical sanitary ware unit.

*Dimensions of dryer:*

- Length of dryer (equal to half of length of tunnel kiln) = 25 m
- Width of dryer (equal to width of tunnel kiln) = 1.8 m
- Height of dryer (equal to height of tunnel kiln) = 2.33 m

*Piping arrangement and insulation details*

Pipe line of length of about 5 m is to be provided from the exhaust of cooling zone of tunnel kiln to the dryer. The material of construction used is MS.

Type of insulation used is Glass wool having a thickness of 2 inches.

*One ID blower of the following specifications will be required*

Rated Flow = 12000 m<sup>3</sup>/hr

Rated Pressure = 20 mm Hg

Rated Power, HP = 10

Operating temperature = 120 °C

Quotation for proposed technology

# J.P. DAVE

Specialist for :- Low thermal, Mass Insulation, Ceramic Kiln.  
Mobile : 98256 28879, Phone : (O)

8/Shakti Chambers. N.H. 8-A, MORBI (Guj.) India, Pin Code 363642.

Ref. :

Date :

To

21/04/2010.

See - tech. solution P.L.D.

NAGPUR.

Res. Sir,

We are service provider in  
Tunnel kiln jobs for CERAMICS  
Industries in following Conserve  
Technologies.

- Fabrication of tunnel kiln jobs.
- Ceramic kiln Boilers works and
- Low thermal mass insulation,
- Comb. equipments & machineries.  
(waste heat recovery)

Note - Job work charges we offer  
on visit party site  
all variables.

**J.P. DAVE**  
21/04/2010  
NAGPUR  
98256 28879

**Standard application form for financial assistance to existing units  
(upto and including Rs. 50 lakh)**

**I Applicant details**

|   |                                    |  |
|---|------------------------------------|--|
| 1 | Name of Unit                       |  |
| 2 | Address for correspondence         |  |
| 3 | Constitution                       |  |
| 4 | SSI Registration. No.              |  |
| 5 | Date of Incorporation              |  |
| 6 | Date of Commencement of Operations |  |
| 7 | Activity / Industry                |  |

|                   | Registered Office | Factory / Service Establishment (existing) | Factory / Service Establishment (proposed) |
|-------------------|-------------------|--|--|
| Full Address      |                   |  |  |
| Contact Person(s) |                   |  |  |
| Tel No.           |                   |  |  |
| Fax No.           |                   |  |  |
| E mail address    |                   |  |  |

**II Promoters/Directors**

Bio-data of all the promoters/directors of the unit (Preferably make separate sheet for each promoter/director)

| <b>Promoter/Director</b>               |  |
|--|--|
| Name                                   |  |
| Full Address( incl Tel no./ mobile no) |  |
| Age                                    |  |
| Passport No.                           |  |
| Father's / husband's name              |  |
| Qualification                          |  |
| Experience                             |  |
| Functional responsibility in the unit  |  |
| Relationship with Chief Promoter       |  |
| Shareholding in the unit               |  |
| Net worth                              |  |

Pl. furnish details of any other shareholder having more than 5% in the unit.

**III. Products Manufactured**

| Sl. No. | Product | Installed capacity p.a. | Present capacity utilisation | End use of product | Export orientation |
|---------|---------|-------------------------|------------------------------|--------------------|--------------------|
|         |         |                         |                              |                    | Yes/ No            |

**IV. Existing Facilities with Banks /FIs incl. SIDBI**

|   |  |  |
|---|--|--|
| a | Name of the Bank(s) / FI, Branch,        |  |
| b | Dealing person and contact tel. no.(s).. |  |
| c | Dealing since (each Bank / FI)           |  |

Facilities enjoyed :

| Nature of facility (bankwise) | Amount (Rs. lakh) |                        | Rate of interest | Nature of Security and value |
|-------------------------------|-------------------|------------------------|------------------|------------------------------|
|                               | Sanctioned        | Outstanding as on ____ |                  |                              |
| Fund based                    |                   |                        |                  |                              |
| -Term Loan                    |                   |                        |                  |                              |
| -Working capital              |                   |                        |                  |                              |
| Non Fund Based                |                   |                        |                  |                              |

Are there any defaults ? Yes/No

**V. Financial Position of applicant unit/ associate concern**

(Rs. lakh)

|                      | Net-worth |    |    | Sales |    |    | Net profit |    |    |
|----------------------|-----------|----|----|-------|----|----|------------|----|----|
|                      | Y1        | Y2 | Y3 | Y1    | Y2 | Y3 | Y1         | Y2 | Y3 |
| Applicant unit       |           |    |    |       |    |    |            |    |    |
| Associate concern I  |           |    |    |       |    |    |            |    |    |
| Associate concern II |           |    |    |       |    |    |            |    |    |

Details of Associate concerns to be given as per **Annexure I**.

**VI. Project Details**

6.1. Purpose for which assistance now required :

|   | Purpose   |   |
|---|---|---|
| 1 | Indicate whether Expansion /diversification / modernisation and details | Technology Upgradation for Energy Efficiency  |
| 2 | If new products envisaged give details                                  | N/A   |
| 3 | Details of expected incremental qualitative / quantitative benefits     | Saving in the fuel bill to the extent of 20-25% leading to commensurate improvement in the bottom line of the applicant unit. |
| 4 | Expected month/year of implementation                                   | 10 months   |
| 5 | No. of employees existing and additional                                |   |

**Cost of Project**

(Rs. Lakh)

| Sr. No.  | Details   | Total Amount |
|--|---|--------------|
| 1  | Civil Works   | 0.00         |
| 2  | Plant & Machinery (incl. installation) *<br>-Indigenous<br>-Imported              | 5.00         |
| 3  | Erection & commissioning charge   | 0.75         |
| 4  | Preliminary & pre-operative expenses  | 0.14         |
| 5  | Contingency provision, if any (basis)( includes insulation, electrical work etc.) | 0.75         |
| <b>TOTAL</b>   |   | 6.64         |
| * Details of Plant and machinery/ Misc. fixed assets at <b>Annexure II and III</b> |   |              |

Indicate details of expenditure already incurred, if any and how the expenditure was financed ?

**6.3. Means of Finance**

(Rs. Lakh)

| Sr. No.      | Details                                      | Total |
|--------------|--|-------|
| 1            | Additional share capital / Internal accruals | 1.66  |
| 2            | Interest free Unsecured Loans                |       |
| 3            | Term Loan proposed from SIDBI / Banks        | 4.98  |
| <b>Total</b> |  | 6.64  |

6.4 Whether additional Working Capital required for the unit. If yes, amount and arrangements proposed may be indicated:

**6.5 Technology**

| S. No. | Item   |  |
|--------|--|--|
| 1      | Any Technical collaboration? If yes, details                     |  |
| 2      | Details of main technical professionals employed                 |  |
| 3      | Any quality certification obtained ? If yes enclose certificate. |  |

**6.6 Raw material / Labour/ Utilities**

|   |  |   |
|---|--|---|
| 1 | Raw material<br>(Details, arrangement, sources and distance) |   |
| 2 | Power  | Connected Load<br><br>Utilised load<br><br>Requirement of power for Additional machines<br><br>Back-up arrangement (DG) |
| 3 | Other critical inputs if any                                 |   |

**6.7 Marketing & Selling Arrangements**

| Items   | Applicants remarks |
|---|--------------------|
| Main Markets (Locations)  |                    |
| Main buyers, Indicate clearly if the unit is relying on a single buyer            |                    |
| Indicate competitors  |                    |
| Whether product has multiple applications   |                    |
| Distribution channels ( e.g. direct sales, retail network, distribution network ) |                    |
| Marketing team details, if any.   |                    |
| Orders on hand (enclose copies)   |                    |

**6.8 Projected profitability :** Statement to be enclosed as per **Annexure IV.**

**6.9 Others**

| Items   |  |
|---|--|
| Please indicate the various licenses / consents for the project / unit already obtained from the respective authorities |  |
| Please indicate licenses / consents for the project / unit that are yet to be obtained.                                 |  |
| Category as per pollution control dept. If polluting, pollution control measures taken                                  |  |
| Whether the project is entitled for any govt. subsidy, tax exemptions. Details thereof                                  |  |
| Repayment period (in months) sought including repayment holiday requested, if any,                                      |  |
| Details of Collateral security offered and value (basis).   |  |
| List of guarantors for the proposed loan  |  |

**Enclose documents as indicated in the check list at Annexure V.**

**6.10 Strengths / Weaknesses of the borrower** (such as market standing, product/ service differentiation, technical expertise, infrastructure facilities etc.)

|            |  |
|------------|--|
| Strengths  |  |
| Weaknesses |  |

**DECLARATION**

I/We certify that all information furnished by me/ us above and in the appendix/ annexures/ statements and other papers enclosed is true; I/we have no borrowing arrangements for the unit with any bank / FI except as indicated in the application; that there are no overdues / statutory dues/government enquiry/proceedings/prosecution against the unit/associate concerns/promoters/directors except as indicated in the application; that no legal action has been/ is being taken against the unit/associate concerns/promoters/directors; that I/ we shall furnish all other information that may be required by SIDBI in connection with my/our application and I/ We have no objection to your furnishing the information submitted by me/ us to any agency as you may deem fit in connection with consideration of the assistance. We have no objection to SIDBI/ its representatives making suitable enquiries while considering the application.

**Place :**

**Signature**

**Date**

**Name & Designation**

**Annexure I**

**Details of Associate Concerns**

| Name , Address & products manufactured | Existing since | Name & Address of existing Banker (s) | Facilities Enjoyed | Share holding of the main promoter(s) of applicant unit |
|--|----------------|---------------------------------------|--------------------|---|
|  |                |                                       |                    |   |

**Annexure II**

**Particulars of machinery proposed for the project**

| Name of machinery, (model / specification) | Name of manufacturer, contact person, e-mail address telephone no.   | Lead time for delivery of machinery | Invoice price (for indigenous machinery) / CIF price (for imported ) (Rs. lakh) | Purpose /use of machine  | Basis of selection of supplier        | Remarks reg. after sale service etc. |
|--|--|-------------------------------------|---|--------------------------|---------------------------------------|--------------------------------------|
| Fabrication of tunnel kiln                 | Payal Allien Engineering Morbi<br>Mr. Hasmukh Patel -<br>09427934644 | 3 Weeks                             | 5.00  | Pre heating of materials | Credibility of the Technolgy Provider |                                      |

- Furnish competitive quotations, catalogues / invoice for each machinery proposed to be acquired
- In case of second hand /fabricated machinery, indicate the need / reasons for acquiring such machinery. Also enclose Chartered Engineer's certificate regarding residual value and life in respect of second hand machinery.

**Annexure III**

**Details of Misc. Assets / equipment Proposed**

| S.No. | Name of item | Supplier | Cost (Rs. lakh) | Purpose/ use of MFA | Remarks |
|-------|--------------|----------|-----------------|---------------------|---------|
|       |              |          |                 |                     |         |
|       |              |          |                 |                     |         |
|       |              |          |                 |                     |         |



**Annexure IV**

**Profitability projections for the Unit/ Company as a whole\***

| S.No. | Item  | Actuals for previous year | Y1   | Y2   | Y3   | Y4   | Y5   | Y6   | TOTAL |  |
|-------|---|---------------------------|------|------|------|------|------|------|-------|--|
| 1     | Total Income  |                           | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 6.51 | 39.04 |  |
| 2     | Raw materials   |                           |      |      |      |      |      |      |       |  |
|       | Power and fuel  |                           |      |      |      |      |      |      |       |  |
|       | Wages and salaries  |                           |      |      |      |      |      |      |       |  |
|       | Selling expenses  |                           |      |      |      |      |      |      |       |  |
|       | Other expenses  |                           | 0.66 | 0.70 | 0.73 | 0.77 | 0.81 | 0.85 | 4.52  |  |
|       | Total Cost  |                           | 0.66 | 0.70 | 0.73 | 0.77 | 0.81 | 0.85 | 4.52  |  |
| 3     | Profit before depreciation, Interest and taxes (PBDIT) (2 - 1)                          |                           | 5.84 | 5.81 | 5.77 | 5.74 | 5.70 | 5.66 | 34.52 |  |
| 4     | Interest on Term Loan   |                           | 0.45 | 0.42 | 0.31 | 0.21 | 0.11 | 0.02 | 1.52  |  |
| 5     | Interest on Working Capital   |                           |      |      |      |      |      |      |       |  |
| 6     | Interest on unsecured loans   |                           |      |      |      |      |      |      |       |  |
| 7     | Depreciation  |                           | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 2.10  |  |
| 8     | Profit before Tax (3 - 4 - 5 - 6 - 7)   |                           | 5.04 | 5.04 | 5.11 | 5.17 | 5.24 | 5.29 | 30.90 |  |
| 9     | Tax   |                           | -    | 1.51 | 1.79 | 1.86 | 1.90 | 1.92 | 8.99  |  |
| 10    | Profit after Tax (8 - 9)  |                           | 5.04 | 3.53 | 3.32 | 3.31 | 3.34 | 3.37 | 21.91 |  |
| 11    | Dividends/ Withdrawals  |                           |      |      |      |      |      |      |       |  |
| 12    | Cash Accruals ( 10 - 11 + 7)  |                           | 5.39 | 3.88 | 3.67 | 3.66 | 3.69 | 3.72 | 24.01 |  |
| 13    | Repayments of all term liabilities (Principal)  |                           | 0.36 | 0.96 | 1.08 | 0.96 | 1.08 | 0.54 | 4.98  |  |
| 14    | Debt Service Coverage Ratio ((10+7+4)/(13+4))   |                           | 7.22 | 3.12 | 2.86 | 3.30 | 3.19 | 6.74 |       |  |
| 15    | Average DSCR (Total of 10+7+4 for projected period/(Total of 13+4 for projected period) |                           | 3.93 |      |      |      |      |      |       |  |

\* Please give projections for the entire tenure of SIDBI / Bank loan.

**Annexure V**

**CHECK LIST of documents to be  
submitted along with the application**

| S. No. | Documents   | Y/N | Reasons for Non-submission |
|--------|---|-----|----------------------------|
| 1      | SSI Regn. / CA certificate certifying SSI status  |     |                            |
| 2      | Certified copies of Memorandum & Articles of association / Partnership Deed   |     |                            |
| 3      | Audited financial results for the last three years of Applicant unit  |     |                            |
| 4      | Copies of lease deed / sale deed on which the unit is situated  |     |                            |
| 5      | Copies of sanction letters from commercial banks / FIs which have sanctioned assistance to the unit   |     |                            |
| 6      | NOC from pollution control board/consent letter, if applicable  |     |                            |
| 7      | IT Returns/Assessment orders/Sales tax returns of the Applicant Unit/promoters/directors for 2 years  |     |                            |
| 8      | List of existing plant and machinery  |     |                            |
| 9      | Competitive quotations for machines and Misc. fixed assets proposed to be acquired under the scheme   |     |                            |
| 10     | Duly signed latest net worth statements of promoters/directors & guarantors in SIDBI format; In case of guarantors please furnish, Name, Age, Father's/Husband's name, residential address. Details of similar guarantee, if any, given to other institutions |     |                            |
| 11     | 2 sets of photographs along with signatures of all promoters/directors/guarantors duly certified by a Bank or Gazetted Officer.   |     |                            |
| 12     | Audited financial results for last three years for each associate concerns. If applicable.  |     |                            |
| 13     | Copy of title deed of collateral security and valuation report  |     |                            |

\*\*\*\*\*



### **Bureau of Energy Efficiency (BEE)**

(Ministry of Power, Government of India)

4th Floor, Sewa Bhawan, R. K. Puram, New Delhi – 110066

Ph.: +91 – 11 – 26179699 (5 Lines), Fax: +91 – 11 – 26178352

Websites: [www.bee-india.nic.in](http://www.bee-india.nic.in), [www.energymanagertraining.com](http://www.energymanagertraining.com)



### **SEE-Tech Solutions Pvt. Ltd**

11/5, MIDC, Infotech Park,  
Near VRCE Telephone Exchange,  
South Ambazari Road,  
Nagpur – 440022

Website: [www.letsconserve.org](http://www.letsconserve.org)



### **India SME Technology Services Ltd**

DFC Building, Plot No.37-38,  
D-Block, Pankha Road,  
Institutional Area, Janakpuri, New Delhi-110058  
Tel: +91-11-28525534, Fax: +91-11-28525535  
Website: [www.techsmall.com](http://www.techsmall.com)