

Detailed Project Report on Solar PV rooftop system

Parashar Sales Corporation
Khurja (Uttar Pradesh)

Prepared for

Bureau of Energy Efficiency
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For more information

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Table of contents

Acknowledgement	1
List of tables	1
List of figures	1
List of abbreviations.....	1
Executive summary.....	i
1.0 Details of the unit	1
1.1 Particulars of unit.....	1
2.0 Energy profile.....	3
2.1 Process flow diagram.....	3
2.2 Details of technology identified	3
2.3 Energy used and brief description of their usage pattern	3
2.4 Energy sources, availability & tariff details	4
2.5 Analysis of electricity consumption.....	4
2.6 Analysis of other energy forms/ fuels.....	5
3.0 Proposed technology for energy efficiency.....	7
3.1 Installation of solar rooftop system	7
3.1.1 Background.....	7
3.1.2 Observations and analysis	8
3.1.3 Recommendation.....	8
3.2 Cost benefit analysis	9
3.3 Pre-training requirements	9
3.4 Process down time for implementation.....	9
3.5 Environmental benefits.....	9
3.5.1 CO ₂ reduction	9
3.5.2 Reduction in other pollution parameters (gas, liquid and solid)	9
4.0 Project financials.....	11
4.1 Cost of project and means of finance	11
4.1.1 Particulars of machinery proposed for the project.....	11
4.1.2 Means of finance.....	11
4.2 Financial statement (project)	12
4.2.1 Assumptions.....	12
4.2.2 Payback	13
4.2.3 NPV and IRR	13
4.3 Marketing & selling arrangement.....	14
4.4 Risk analysis and mitigation	14
4.5 Sensitivity analysis.....	15

5.0	Conclusions & recommendations	17
5.1	List of energy conservation measures	17
5.2	Summary of the project	17
5.3	Recommendations.....	17
6.0	Financing schemes for EE investments for MSME sector	19
Annexures.....		25
Annexure 1: Budgetary offers / quotations		27
	Quotation - 1: Janta Power Private Ltd.....	27
	Quotation - 2 : Jai Kalki Energy.....	27
	Quotation - 3 : ARDP Casting & Engineering Pvt. Ltd.....	28

List of tables

Table 1.1: Particulars of the unit.....	1
Table 2.2: Details of electricity demand and consumption	3
Table 2.3: Energy used and description of use.....	3
Table 2.4: Energy sources, availability and tariffs.....	4
Table 2.5: Electricity consumption profile.....	4
Table 2.6: Analysis of other energy/ fuel consumption.....	5
Table 3.2: Cost benefit analysis for recommended measures.....	9
Table 4.1.1: Particulars of machinery proposed for the project.....	11
Table 4.1.2: Means of finance	11
Table 4.2.1: Assumptions made	12
Table 4.2.2: Payback.....	13
Table 4.2.3a: NPV and IRR (100% equity)	13
Table 4.2.3b: NPV and IRR (D/E- 70:30)	13
Table 4.2.3c: NPV and IRR (D/E- 50:50).....	14
Table 4.3: Marketing & selling arrangements	14
Table 4.4: Risk analysis and mitigation	14
Table 4.5: Sensitivity analysis.....	15
Table 5.1: Summary of the energy conservation measures	17
Table 5.2: Summary of the project.....	17
Table 6.1: Major government schemes	19
Table 6.2: BEE's VCFEE and PRGFEE scheme.....	20
Table 6.3: IREDA's financing guidelines	21
Table 6.4: Major EE financing schemes/initiatives of SIDBI.....	22
Table 6.5: JBIC-SBI Green Line.....	23
Table 6.6: Canara bank scheme of EE SME loans.....	24

List of figures

Figure 2.1: Process flow chart.....	3
Figure 2.5: Demand pattern and energy consumption profile.....	4
Figure 2.6: Percentage share of various fuel types in the unit	5
Figure 3.1.1: Monthly average horizontal solar radiation.....	7
Figure 3.1.2a: Seasonal variation solar incident angle.....	8
Figure 3.1.2b: Variation of solar angle in winter and summer	8

List of abbreviations

BEE	:	Bureau of Energy Efficiency
CO ₂	:	Carbon Dioxide
D/E	:	Debt /Equity
DPR	:	Detailed Project Report
DSCR	:	Debt Service Coverage Ratio
EE	:	Energy Efficient
GEF	:	Global Environmental Facility
GHG	:	Greenhouse Gas
HSD	:	High Speed Diesel
IDC	:	Investment without interest defer credit
IGDPR	:	Investment Grade Detailed Project Report
IRR	:	Internal Rate of Return
kW	:	Kilo Watt
kWh	:	Kilo Watt Hour
LMV		Low and Medium Voltage
LSPs	:	Local Service Providers
MSME	:	Micro, Small and Medium Enterprises
MT	:	Metric Tonne
NG	:	Natural Gas
NPV	:	Net Present Value
O&M	:	Operation and Maintenance
RE	:	Renewable Energy
ROI	:	Return On Investment
SME	:	Small and Medium Enterprises
SPP	:	Simple Payback Period
TERI	:	The Energy and Resources Institute
toe	:	Tonnes of oil equivalent
UNIDO	:	United Nations Industrial Development Organization
WACC	:	Weighted Average Cost of Capital

Executive summary

The overall aim of the GEF-UNIDO-BEE project 'Promoting Energy Efficiency (EE) and Renewable Energy (RE) in selected MSME clusters in India' is to develop and promote a market environment for introducing energy efficiency and enhancing the use of renewable energy technologies in process applications in selected energy-intensive MSME clusters in India. This would help in improving the productivity and competitiveness of the MSME units, as well as in reducing the overall carbon emissions and improving the local environment.

Under the GEF-UNIDO-BEE Project, TERI has been entrusted to undertake Capacity building of Local Service Providers (LSPs) to BEE. The Scope of Work under the project

- Organizing 4 one-day training/ capacity building workshops for LSPs in each cluster.
- Development of 10 bankable DPRs for each cluster, based on mapping technology needs with capacities of local technology suppliers/service providers, and also replication potential and applications to banks in each cluster.

Brief introduction of the MSME unit

Name of the unit	M/s Parashar Sales Corporation
Constitution	Proprietorship
MSME Classification	Small
No. of years in operation	NA
Address: Registered Office:	Industrial Area, Khurja - 203131, Bulandshahr, Uttar Pradesh
Industry-sector	Ceramic
Products manufactured	Terracotta products
Name(s) of the promoters/ directors	Ms Sadhna Sharma

A detailed assessment study was undertaken in the identified area with the use of the sophisticated handheld instruments. Energy consumption pattern and production data were collected to estimate the specific energy consumption of the unit. The unit level baseline of the unit was also estimated using the historical data. The plant is consuming about 31,660 kWh of electricity per year. The annual consumption of the fuel oil is 13.2 kL and HSD is 1,000 litres. The total energy consumption of the unit during last 12 months is estimated to be 15.8 toe which is equivalent to 10.1 lakh rupees. The total CO₂ emission during this period is estimated to be 63.5 tonnes. Electricity, HSD and fuel oil were considered for CO₂ emission estimation.

The unit manufactures the terracotta products. The average production of the unit during 2017-18 is estimated to be 15,000 pcs per day.

Accepted/ recommended technology implementation

The recommended technology considered after discussion with the plant personnel for implementation in the unit is given below.

Energy conservation measure	Annual electricity saving (kWh/year)	Investment ¹ (Rs. Lakh)	Monetary savings (Rs. Lakh/year)	Simple payback period (years)	Emission reduction (tonnes of CO ₂)
Installation of solar PV rooftop system	8,570	3.30	0.77	4.30	7.00

Other benefits

- The proposed project is not expected to bring in any change in process step or operating practices therefore no change expected in the product quality.
- Implementation of the selected technology in the unit may result in reduction in CO₂ emissions.

Cost of project & means of finance

S. No.	Particulars	Unit	100% equity	D/E- 70:30	D/E- 50:50
1	Cost of Project	Rs. In Lakh	3.30	3.42	3.39
2	D/E Ratio	-	-	7:3	1:1
3	Project IRR	%	-2.86	-9.34	-7.48
4	NPV	Rs. In Lakh	-0.85	-1.34	-1.20
5	DSCR	-	-	1.23	1.69

¹ Investment including the solar PV rooftop system including taxes and miscellaneous – Rs. 3.3 lakh

1.0 Details of the unit

1.1 Particulars of unit

Table 1.1: Particulars of the unit

1	Name of the unit	M/s Parashar Sales Corporation	
2	Constitution	Proprietorship	
3	Name of the Contact Person	Mr Sadhna Sharma	
4	Mobile / Ph. No	+91- 9839010425	
5	Email	-	
6	Address: Registered Office	Industrial Area, Khurja - 203131 Bulandshahr, UP	Owned
7	Factory	Industrial Area, Khurja - 203131 Bulandshahr, UP	Owned
8	Industry / Sector	MSME/Ceramic	
9	Products Manufactured	Terracotta products	
10	No of hours of operation/ shift	8	
11	No of shifts/ day	1	
12	No of days/year	200	
13	Installed Capacity	15,000 pcs per day	
14	Whether the unit is exporting its products (Yes/ No)	No	
15	Quality Certification, if any	NA	

2.0 Energy profile

2.1 Process flow diagram

Manufacturing of ceramic item uses wide range of raw material combination to produce different shape, size and colour. It requires both electrical and thermal energy at different stages of the process to operate the ball mill, casting/moulding, kilns, cutting & finishing machines and utilities such as motors, pumps air compressor etc. Ceramic manufacturing process primarily consists of mould preparation, body material preparation, shaping, drying and firing. Typical process flow chart is shown with figure 2.1.

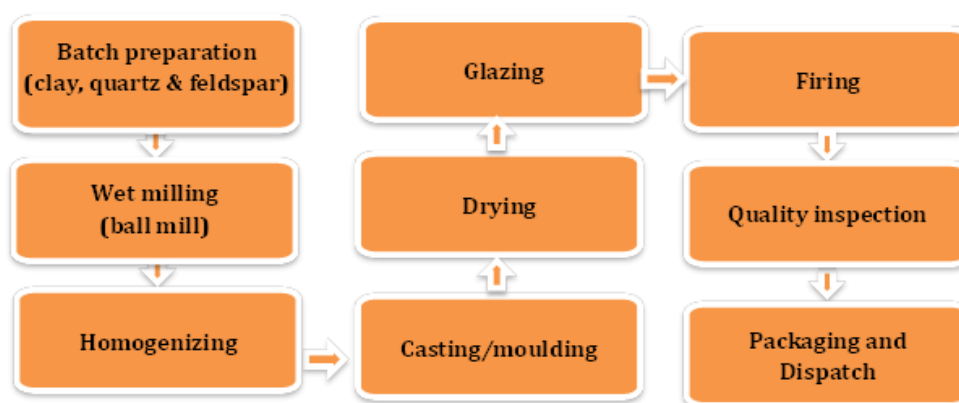


Figure 2.1: Process flow chart

2.2 Details of technology identified

The details of the electricity demand, consumption and solar PV rooftop of the unit are given in table 2.2.

Table 2.2: Details of electricity demand and consumption

Parameters/ Equipment ID	Value
Connection type	LMV6
Supply voltage, volt	400
Contract demand, kVA	6.71
Recorded demand, kVA	9.02
Average monthly consumption, kWh	2,638
Type of solar installation	Rooftop
Installation Capacity, kW	6

2.3 Energy used and brief description of their usage pattern

The unit uses grid power supplied by Paschimanchal Vidyut Vitaran Nigam Limited under the tariff category LMV6. Table 2.3 provides the details of energy uses.

Table 2.3: Energy used and description of use

S No	Energy source	Description of use
1	Electricity	Motive power for different drives in different process sections and utilities
2	Fuel oil	Kiln
3	HSD	Generator backup power

2.4 Energy sources, availability & tariff details

Different energy sources, availability of listed energy types and their respective tariffs are given in table 2.4.

Table 2.4: Energy sources, availability and tariffs

Particular	LMV6
Fixed charges	<ul style="list-style-type: none"> • Up to 4 kW : Rs. 245/kW/month • Above 4 kW to 9 kW : Rs. 255/kW/month • Above 9 kW : Rs. 275/kW/month
Energy charges	<ul style="list-style-type: none"> • Up to 1,000 kWh/month : Rs. 7.00/kWh • Up to 2,000 kWh/month : Rs. 7.35/kWh • Above 2,000 kWh/ month : Rs. 7.60/kWh
TOD Charges	<p>Summer Months (April to September)</p> <ul style="list-style-type: none"> • 05:00 hrs-11:00 hrs : (-) 15% • 11:00 hrs-17:00 hrs : 0% • 17:00 hrs-23:00 hrs : (+)15% • 23:00 hrs-05:00 hrs : 0% <p>Winter Months (October to March)</p> <ul style="list-style-type: none"> • 05:00 hrs-11:00 hrs : 0% • 11:00 hrs-17:00 hrs : 0% • 17:00 hrs-23:00 hrs : (+)15% • 23:00 hrs-05:00 hrs : (-)15%

2.5 Analysis of electricity consumption

Table 2.5: Electricity consumption profile

Month & Year	Electricity consumption (kWh)	Sanctioned load/ Demand (kVA)	Recorded demand (kVA)	Demand charges (Rs)	Energy charges (Rs)	Monthly bill (Rs)
Jan-18	2,987	6.71	13.25	3,379	22,701	27,759
Feb-18	3,028	6.71	6.75	1,721	23,013	26,616
Mar-18	1,900	6.71	7.05	1,798	13,965	16,997
Average	2,638	6.71	9.02	2,299	19,893	23,791
Total	31,660	-	-	27,591	2,38,716	2,85,491

Figure 2.5 presents contract demand, recorded maximum demand and the energy consumption of the unit.

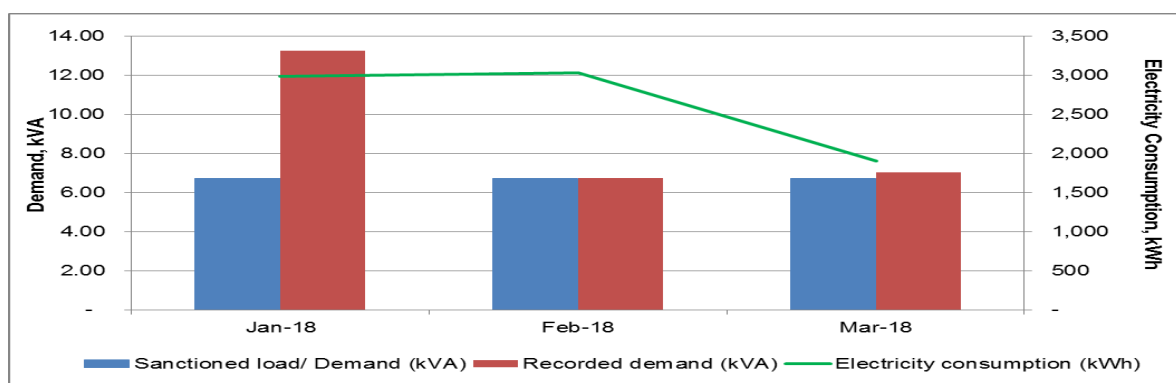


Figure 2.5: Demand pattern and energy consumption profile

2.6 Analysis of other energy forms/ fuels

The analysis of the other fuels/forms of energy used in the unit is given in table 2.6.

Table 2.6: Analysis of other energy/ fuel consumption

Parameters	Fuel Oil (kL)	HSD (Ltrs)
Consumption unit/year	13.2	1,000
Calorific value per kg	9,800	10,000
Equivalent toe per year	12.0	1.0
Price (Rs per unit)	50.0	68.0
Total price per year	6,60,000	68,000

The share of various energy forms used in the unit is given in figure 2.6.

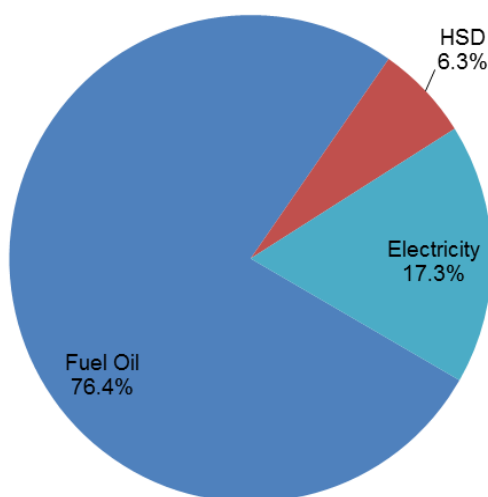


Figure 2.6: Percentage share of various fuel types in the unit

The plant is consuming about 31,660 kWh of electricity per year. The annual consumption of the fuel oil is 13.2 kL and HSD is 1,000 litres. The total energy consumption of the unit during last 12 months is estimated to be 15.8 toe which is equivalent to 10.1 lakh rupees. The total CO₂ emission during this period is estimated to be 63.5 tonnes. Electricity, HSD and fuel oil were considered for CO₂ emission estimation.

3.0 Proposed technology for energy efficiency

Based on the measurements, observations/ findings during detailed assessment study conducted in the unit, the following technology has been identified for energy efficiency improvement. The detail is given below.

3.1 Installation of solar rooftop system

3.1.1 Background

Renewable energy is the resource of clean and zero emission, it has a tremendous potential of energy which can be harnessed using a variety of devices. With the recent technological advancement the availing solar energy are comparatively easily for industrial use with added benefit of minimum maintenance.

Irradiation Data

The actual site coordinates for the location is provided as follows:

Latitude	:	28.25° N
Longitude	:	77.85° E
Annual solar radiation	:	5.49 kWh/m ² /day

The annual monthly average horizontal solar radiation for the location is provided in the following figure: 3.1.1.

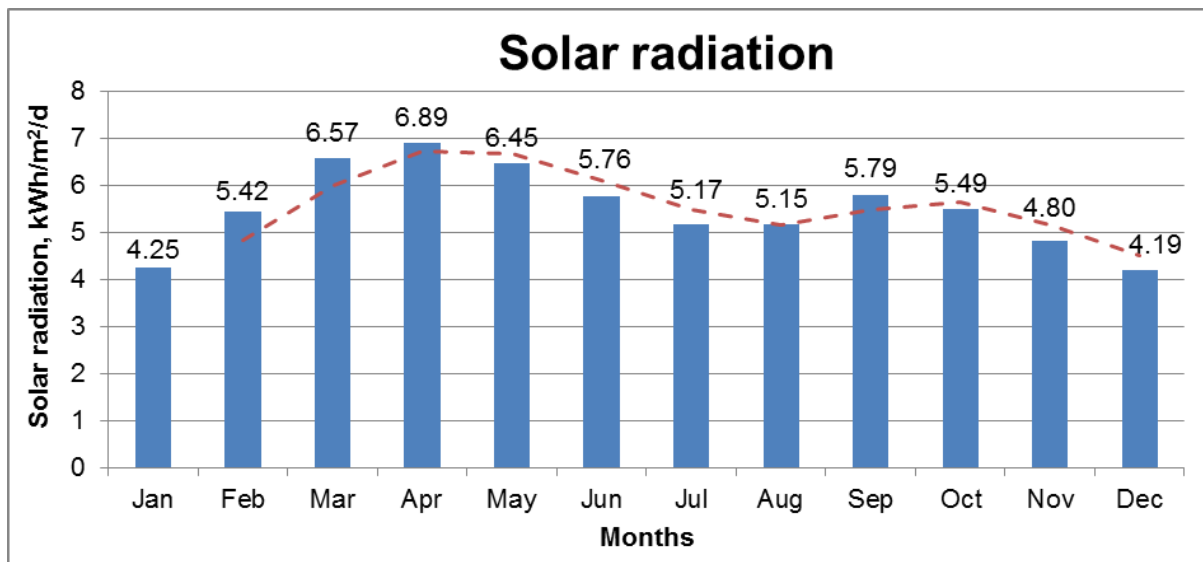


Figure 3.1.1: Monthly average horizontal solar radiation

The variation of solar radiation for the given location varies in the range of 4.19–6.89 kWh/m²/day. The yearly average radiation is about 5.49 kWh/m²/year, such radiation levels gives a better feasibility of solar roof top projects in the site.

3.1.2 Observations and analysis

The assessment of potential for installation of Solar Rooftop shows that the available area suitable for installation is about 108 m² which is suitable for up to 10 kWp. In the existing roof topography the shadow varies due to variation solar incident angle in summer and winter, figure 3.1.2a shows the variation of the solar angle in summer and winter. A shadow analysis was carried out in the existing structure for identifying the tentative capacity of the solar PV roof top potential. With the variation of the solar incident angle the length of the shadow also varies in every season, the following formula is used for the shadow analysis of the particular location.

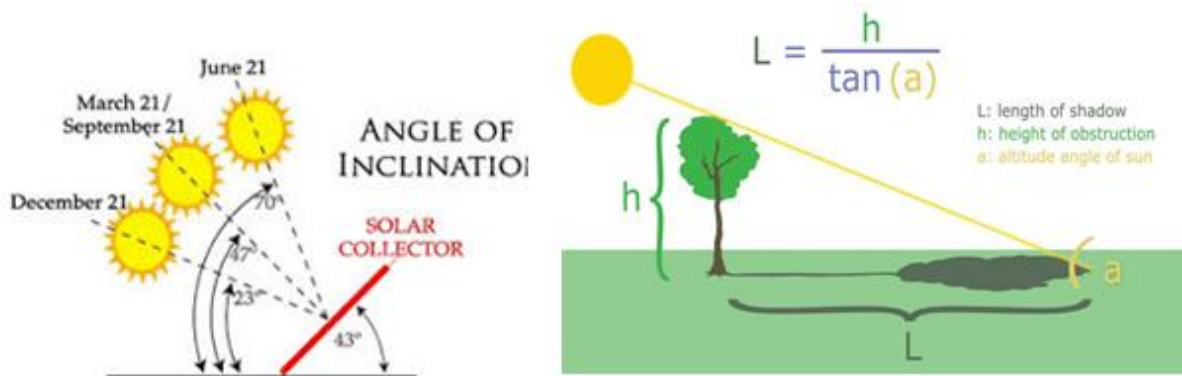


Figure 3.1.2a: Seasonal variation solar incident angle

For the existing location the incident angle was evaluated in both summer and winter, the figure 3.1.2b shows the variation of solar angle in winter and summer.

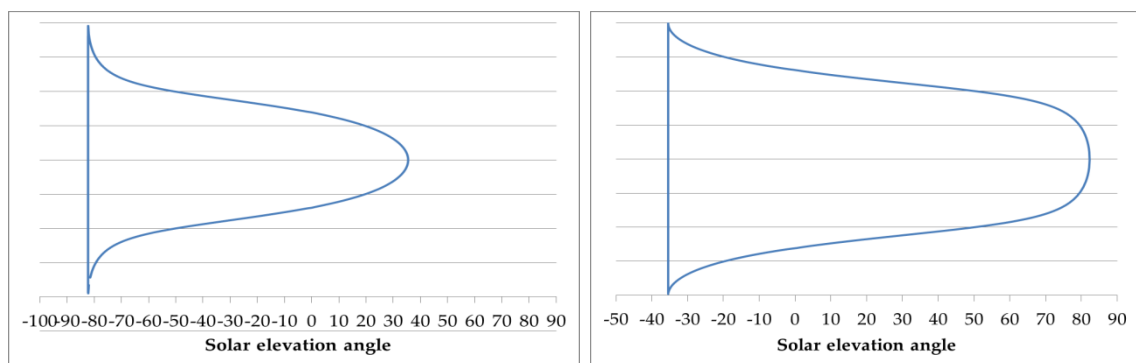


Figure 3.1.2b: Variation of solar angle in winter and summer

It can be observed that the variation of solar angle is from 35 to 82 degree in winter and summer respectively. The length of the shadow for a three meter height object will be having a shadow length of the 4.42m in winter and the same object will be having a shadow length of 2.54m in summer.

3.1.3 Recommendation

Based on existing area availability, it is feasible to install solar PV rooftop system of 10 kWp capacity. But based on the existing policy it is feasible to installed 6 kWp capacity. Based on

the solar irradiation data as shown in the following figure, annual yield is estimated to be 8,570 kWh per year, which is about 27% of existing annual electricity consumption.

3.2 Cost benefit analysis

The estimated annual electricity consumption from the grid by installation of solar rooftop system is 8,570 kWh equivalent to a monetary saving of Rs 0.77 lakh. The investment² requirement is Rs 3.3 lakh with a simple payback period of 4.3 years. The detailed calculations of the recommended energy conservation measures for IGDP are provided in table 3.2.

Table 3.2: Cost benefit analysis for recommended measures

Parameters	Units	Values
Total roof top area	sq. ft.	1,159
	m ²	108
Maximum solar potential	kWp	10
Permissible solar potential	kWp	6
Annual energy generated from SPV	kWh/year	8,570
Annual monetary saving	Rs/years	77,279
Cost of SPV system	Rs	3,30,000
Simple payback period	Years	4.3

3.3 Pre-training requirements

Training of operator/supervisor is required on general maintenance practices and periodic cleaning of the panels.

3.4 Process down time for implementation

There is no process downtime required for implementation of the recommended measure and the modifications may be planned without affecting its regular operations.

3.5 Environmental benefits

3.5.1 CO₂ reduction³

Implementation of the selected energy conservation measures in the unit may result in reduction in CO₂ emissions due to reduction in overall energy consumption. The estimated reduction in GHG emission by implementation of the recommended energy conservation measures is 7 tonnes of CO₂ per year.

3.5.2 Reduction in other pollution parameters (gas, liquid and solid)

There is not significant impact on the reduction in other pollution parameters including gas, liquid and solid.

² Quotation – 1 has been considered for estimation of investments

³ Source for emission factor: 2006 IPCC Guidelines for National Greenhouse Gas Inventories & electricity: CO₂ Baseline Database for the Indian Power Sector, user guide version 12.0, May 2017 (CEA)

4.0 Project financials

4.1 Cost of project and means of finance

4.1.1 Particulars of machinery proposed for the project

The particulars of machinery proposed for the project is given in table 4.1.1.

Table 4.1.1: Particulars of machinery proposed for the project

S. No.	Name of machinery (Model/ specification)	Name of manufacturer, contact person	Advantage	Disadvantage
1	6 kWp Grids Connected/Interactive Roof top Solar PV Plant	Janta Solar Private Limited Ankit Sheoran(Director) 584, Rajiv Nagar, Sector 12A, Rajiv Nagar, Gurgaon - 122002, Haryana Mobile: +91-7015193510 / 9991657519	-	-
2	6 kWp Grids Connected/Interactive Roof top Solar PV Plant	Jai Kalki Energy 106 1st Floor G.C. Complex noida sector 15, Noida, Uttar Pradesh Mobile: +91-9716915338 Email: support@jaikalkienergy.com	-	-
3	6 kWp Grids Connected/Interactive Roof top Solar PV Plant	ARDP Casting & Engineering Private Limited G 76, Sector 63, Noida, Uttar Pradesh 201301 Mr Abhilash Patnaik Mobile: +91-7290933740 / 9990542255	-	-

4.1.2 Means of finance

The means of finance for the project is shown in table 4.1.2.

Table 4.1.2: Means of finance

S. No.	Details	100% equity	D/E- 70:30	D/E- 50:50
1	Additional (Share) Capital	3.30	0.99	1.65
2	Internal Accruals	-	-	-
3	Interest free unsecured loans	-	-	-
4	Term loan proposed (Banks/FIs)	-	2.31	1.65
5	Others	-	-	-
	Total	3.30	3.30	3.30

4.2 Financial statement (project)

4.2.1 Assumptions

The assumptions made are provided in table 4.2.1.

Table 4.2.1: Assumptions made

Details	Unit	100% equity	D/E- 70:30	D/E- 50:50
General about unit				
No of working days	Days		240	
No of shifts per day	Shifts		3	
Annual operating hours	Hrs/year		6000	
Installed production capacity	tonnes/year		20000	
Production in last financial years	tonnes/year		15000	
Capacity utilization factor	%		75	
Proposed investment (Project)				
Total cost of the project	Rs. (in Lakh)	3.30	3.30	3.30
Investment without interest defer credit (IDC)	Rs. (in Lakh)	3.30	3.30	3.30
Implementation time	Months	6.00	6.00	6.00
Interest during the implementation phase	Rs. in lakhs	-	0.12	0.09
Total investment	Rs. in lakhs	3.30	3.42	3.39
Financing pattern				
Own funds	Rs. in lakhs	3.30	1.11	1.74
Loan funds (term loan)	Rs. in lakhs	-	2.31	1.65
Loan tenure	Years	-	5.0	5.0
Moratorium period (No EMI (interest and principal amount))	Months	-	6.0	6.0
Total repayment period	Months	-	66.0	66.0
Interest rate	%	-	10.5	10.5
Estimation of costs				
Operation & maintenance costs	%		5.0	
Annual escalation rate of O&M	%		5.0	
Estimation of revenue				
Reduction in energy cost	Rs lakh/year		0.77	
Total saving	Rs lakh/year		0.77	
Straight line depreciation	%		16.21	
IT depreciation	%		80.0	
Income tax	%		33.99	
Period of cash flow analysis	Years		5.0	

4.2.2 Payback

The simple payback period on the investments made are shown in table 4.2.2.

Table 4.2.2: Payback

Details	100% equity	D/E- 70:30	D/E- 50:50
Total project cost (Rs. In lakh)	3.30	3.42	3.39
Cash flow as annual saving (Rs. In lakh/year)	0.77	0.77	0.77
O&M Expenses for first year (Rs. In lakh/year)	0.17	0.17	0.17
Net Cash flow (Rs. In lakh/year)	0.61	0.60	0.60
SPP (months)	65.45	68.55	67.66
Considered (month)	65.50	68.50	67.70

4.2.3 NPV and IRR

The NPV and IRR calculations are shown in table 4.2.3.

Table 4.2.3a: NPV and IRR (100% equity)

Particulars / years	0	1	2	3	4	5
	(Rs.in lakhs)					
Profit after tax	-	0.07	0.73	-0.11	-0.15	-0.16
Depreciation	-	0.53	0.53	0.53	0.53	0.53
Cash outflow	3.30	-	-	-	-	-
Net cash flow	-3.30	0.61	1.27	0.42	0.39	0.38
Discount rate % @ WACC	9.25	9.25	9.25	9.25	9.25	9.25
Discount factor	1.00	0.92	0.84	0.77	0.70	0.64
Present value	-3.30	0.55	1.06	0.33	0.27	0.24
Net present value	-0.85					
Simple IRR considering regular cash flow	-2.86%					

Table 4.2.3b: NPV and IRR (D/E- 70:30)

Particulars / years	0	1	2	3	4	5
	(Rs.in lakhs)					
Profit after tax	-	-0.07	0.65	-0.24	-0.25	-0.22
Depreciation	-	0.55	0.55	0.55	0.55	0.55
Cash outflow	3.42	-	-	-	-	-
Net cash flow	-3.42	0.48	1.21	0.31	0.31	0.33
Discount rate % @ WACC	10.09	10.09	10.09	10.09	10.09	10.09
Discount factor	1.00	0.91	0.83	0.75	0.68	0.62
Present value	-3.42	0.44	1.00	0.24	0.21	0.21
Net present value	-1.34					
Simple IRR considering regular cash flow	-9.34%					

Table 4.2.3c: NPV and IRR (D/E- 50:50)

Particulars/ years	0	1	2	3	4	5
	(Rs.in lakhs)					
Profit after tax	-	-0.03	0.67	-0.20	-0.22	-0.20
Depreciation	-	0.55	0.55	0.55	0.55	0.55
Cash outflow	3.39	-	-	-	-	-
Net cash flow	-3.39	0.52	1.22	0.35	0.33	0.35
Discount rate % @ WACC	9.86	9.86	9.86	9.86	9.86	9.86
Discount factor	1.00	0.91	0.83	0.75	0.69	0.62
Present value	-3.39	0.47	1.01	0.26	0.23	0.22
Net present value	-1.20					
Simple IRR considering regular cash flow	-7.48%					

4.3 Marketing & selling arrangement

The marketing and selling arrangements of the unit are given in table 4.3.

Table 4.3: Marketing & selling arrangements

Items	Remarks
Main Markets (locations)	All over India
Locational advantages	-
Indicate competitors	Other manufacturing units
Any USP or specific market strength	-
Whether product has multiple applications	NA
Distribution channels (e.g. direct sales, retail network, distribution network)	Direct sales
Marketing team details, if any.	NA

4.4 Risk analysis and mitigation

The risk analysis and mitigation for the proposed options are given in table 4.4.

Table 4.4: Risk analysis and mitigation

Type of risk	Description	Mitigation
Technology	The equipment/technology provided by the supplier may not be of high quality, which may result in underperformance.	The equipment/technology should be procured from standard/reputed vendors only.
Market /Product	Demand of the product manufactured by the unit may change resulting in lower capacity utilization.	Regular vigilance/tab on the market scenario by the SME will help in better understanding of new substitute product. The unit may modify the product line based on the emerging market trend.
Policy/Regulatory	Changes in government regulation/policy related to pollution and taxes & duties can affect the viability of the unit.	Local industrial association may play a role in discussing these issues with the relevant governmental bodies on a regular basis, so that any concerns of the unit are brought to their notice.

4.5 Sensitivity analysis

A sensitivity analysis has been carried out to ascertain how the project financials would behave in different situations is given in table 4.5.

Table 4.5: Sensitivity analysis

S. No.	Scenario	D/E ratio	Payback period (months)	NPV (Rs lakh)	IRR (%)	DSCR	ROI (%)
1	10% increase in estimated savings	100% equity	58.10	-0.65	0.18	-	3.28
		70:30	60.70	-1.14	-6.11	1.33	-2.0
		50:50	60.00	-1.00	-4.31	1.82	0.77
2	10% reduction in estimated savings	100% equity	75.00	-1.04	-6.07	-	-0.67
		70:30	78.70	-1.53	-12.80	1.14	-16.37
		50:50	77.60	-1.39	-10.86	1.56	-7.48
3	10% rise in interest rates	70:30	68.90	-1.41	-10.04	1.21	-9.81
		50:50	67.90	-1.26	-7.98	1.66	-3.67
4	10% reduction in interest rates	70:30	68.20	-1.26	-8.65	1.25	-6.86
		50:50	67.40	-1.14	-6.99	1.72	-2.41

5.0 Conclusions & recommendations

The IGDP has been prepared for installation of solar PV rooftop system based on the performance assessment study conducted at unit and the acceptance of the unit management. The brief of selected energy conservation measure is given below.

5.1 List of energy conservation measures

The brief summary of the energy conservation measures are given in table 5.1.

Table 5.1: Summary of the energy conservation measures

Energy conservation measure	Annual electricity saving (kWh/year)	Investment (Rs. Lakh)	Monetary savings (Rs. Lakh/year)	Simple payback period (years)	Emission reduction (tonnes of CO ₂)
Installation of solar PV rooftop system	8,570	3.30	0.77	4.30	7.0

The measure has an estimated investment of 3.3 lakh rupees and can yield a savings of 0.77 lakh rupees per year. The total annual reduction in emission by implementation of recommended measure is estimated to be 7 tonnes of CO₂. The financial indicators provided above in the table shows the project is financially viable and technically feasible.

5.2 Summary of the project

The summary of the project is given in table 5.2.

Table 5.2: Summary of the project

S. No.	Particulars	Unit	100% equity	D/E- 70:30	D/E- 50:50
1	Cost of Project	Rs. In Lakh	3.30	3.42	3.39
2	D/E Ratio	-	-	7:3	1:1
3	Project IRR	%	-2.86	-9.34	-7.48
4	NPV	Rs. In Lakh	-0.85	-1.34	-1.20
5	DSCR	-	-	1.23	1.69

5.3 Recommendations

The NPV (net present value) of the project will be positive for solar PV projects with longer project life span (20-30 years) and taxation benefits (accelerated depreciation). The solar PV project will also reduce GHG emissions caused due to use of grid electricity. It is recommended that the implementation of the identified the energy conservation measures may be undertaken by the unit.

6.0 Financing schemes for EE investments for MSME sector

Government of India has many schemes to provide concessional finance for EE technologies among MSMEs. Some major government schemes are summarised in table 6.1.

Table 6.1: Major government schemes

Name of the scheme	Brief Description and key benefits
ZED assessment and certification	<p>Assessment process, fee and subsidy are as follows: Online (e-Platform) self-assessment: Nil fee Desk Top assessment : Rs 10,000 per SME Complete assessment : Rs 80,000 ZED rating per SME; Rs 40,000 for additional ZED defence rating; Rs 40,000 for re-rating The rating costs will include cost of Rs 10,000/- as certification cost by QCI. Subsidy for Micro, Small and Medium Enterprises are 80%, 60% and 50% respectively.</p>
Credit Linked Capital Subsidy Scheme (CLCSS) (2000-ongoing)	<p>15% capital subsidy of cost of eligible plant and machinery / equipment for adoption of proven technologies for approved products / sub-sectors for MSE units subject to ceiling of INR 15 lakhs</p>
Credit Guarantee Fund Scheme for Micro and small Enterprises (in partnership with SIDBI) (2000-ongoing)	<p>This scheme was launched by MoMSME and SIDBI to alleviate the problem of collateral security and enable micro and small scale units to easily adopt new technologies. Under the scheme, collateral free loans up to Rs 1 crore can be provided to micro and small scale units. Additionally, in the event of a failure of the SME unit which availed collateral free credit facilities to discharge its liabilities to the lender, the Guarantee Trust would guarantee the loss incurred by the lender up to 75 / 80/ 85 per cent of the credit facility.</p>
Technology and Quality Up gradation Support to MSMEs (TEQUP) (2010-ongoing)	<p>The benefits available to SMEs under TEQUP include –technical assistance for energy audits, preparation of DPRs and significant capital subsidy on technologies yielding an energy savings of over 15%. The scheme offers a subsidy of 25% of the project cost, subject to a maximum of Rs. 10 lakhs. TEQUP, a scheme under NMCP, focuses on the two important issues in enhancing competitiveness of the SME sector, through EE and Product Quality Certification.</p>
Technology Upgradation Fund Scheme (TUFS) (1999-ongoing)	<p>Interest subsidy and /or capital subsidy for Textile and Jute Industry only.</p> <ol style="list-style-type: none"> To facilitate Technology Up gradation of Small Scale (SSE) units in the textile and jute industries. Key features being: <ul style="list-style-type: none"> Promoter's margin -15%; Subsidy - 15% available on investment in TUF compatible machinery subject to ceiling of Rs 45 lakh; Loan amount - 70% of the cost of the machinery by way of Term Loan

Name of the scheme	Brief Description and key benefits
	<ul style="list-style-type: none"> • Interest rate: Reimbursement of 5% on the interest charged by the lending agency on a project of technology upgradation in conformity with the Scheme • Cover under Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE) available <p>2. To enable technology upgradation in micro and small power looms to improve their productivity, quality of products and/ or environmental conditions</p> <ul style="list-style-type: none"> • 20% margin subsidy on investment in TUF compatible specified machinery subject to a ceiling of Rs 60 lakhs or Rs 1crore (whichever is applicable) on subsidy amount to each unit – released directly to the machinery manufacturer.
Tax incentives	<ul style="list-style-type: none"> • Accelerated depreciation is provided to the customers / users of the energy saving or renewable energy devises under the direct tax laws. • Under indirect taxes, specific concessional rates of duty are only available to CFLs and not to all energy efficient products • A further waiver of import tariffs and taxes for EE technology imports are dealt on a case to case basis, meaning higher costs for those imported technologies that are not available in the domestic markets at present.

Two financing schemes have been created by Bureau of Energy Efficiency (BEE) under The National Mission for Enhanced Energy Efficiency (NMEEE) for financing of energy efficiency projects - Venture Capital for Energy Efficiency (VCFEE) and Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE). These funds seek to provide appropriate fiscal instruments to supplement the efforts of the government for creation of energy efficiency market. Highlights of these two schemes are provided in the table 6.2.

Table 6.2: BEE’s VCFEE and PRGFEE scheme

Venture Capital for Energy Efficiency (VCFEE)	<ul style="list-style-type: none"> • This fund is to provide equity capital for energy efficiency projects in Government buildings and Municipalities in the first phase. • A single investment by the fund shall not exceed Rs 2 crore • Fund shall provide last mile equity support to specific energy efficiency projects, limited to a maximum of 15% of total equity required, through Special Purpose Vehicle (SPV) or Rs 2 crore, whichever is less
Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE)	<ul style="list-style-type: none"> • A PRGF is a risk sharing mechanism lowering the risk to the lender by substituting part of the risk of the borrower by granting guarantees ensuring repayment of part of the loan upon a default event. • Guarantees a maximum 50% of the loan (only principal). In case of default, the fund will: <ul style="list-style-type: none"> ○ Cover the first loss subject to maximum of 10% of the total guaranteed amount ○ Cover the remaining default (outstanding principal) amount on

Venture Capital for Energy Efficiency (VCFEE)	<ul style="list-style-type: none"> This fund is to provide equity capital for energy efficiency projects in Government buildings and Municipalities in the first phase. A single investment by the fund shall not exceed Rs 2 crore Fund shall provide last mile equity support to specific energy efficiency projects, limited to a maximum of 15% of total equity required, through Special Purpose Vehicle (SPV) or Rs 2 crore, whichever is less
	<p style="text-align: center;">partial basis upto the maximum guaranteed amount</p> <ul style="list-style-type: none"> PFI shall take guarantee from the PRGFEE before disbursement of loan to the borrower. The Guarantee will not exceed Rs 300 lakh per project or 50% of loan amount, whichever is less. Maximum tenure of the guarantee will be 5 years from the date of issue of the guarantee

Indian Renewable Energy Development Agency (IREDA), a non-banking financial institution established by the government also extends financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation. The detailed financing guidelines for energy efficiency projects are provided in table 6.3.

Table 6.3: IREDA's financing guidelines

Eligible companies who can apply	Private Sector Companies/ firms, Central Public Sector Undertaking (CPSU), State Utilities/ Discoms/ Transcos/ Gencos/ Corporations, Joint Sector Companies which are not loss making.
Minimum loan amount	<ul style="list-style-type: none"> Rs. 50 lakh
Type of projects considered for term loans	<ul style="list-style-type: none"> Replacement / retrofit of selected equipment with energy efficient equipment Modification of entire manufacturing processing Recovery of waste heat for power generation
Incentive available	<ul style="list-style-type: none"> Rebate in central excise duty Rebate in interest rate on term loan Rebate in prompt payment of loan instalment
Interest rate	<ul style="list-style-type: none"> 10.60% to 11.90% depending upon the grading of the applicant with prompt payment rebate of 15 bps if payment is made on / before due dates Interest rates are floating and would be reset on commissioning of the project or two years from the date of first disbursement. Thereafter, the rates will be reset after every two years. Rebate of 0.5% in interest rates are available for projects set up in North Eastern States, Sikkim, J&K, Islands, Estuaries. Rebates of 0.5% in interest rates are also available for projects being set up by SC/ST, Women, Ex Servicemen and Handicapped categories involving project cost of upto Rs. 75.00 lakh.
Loan	Upto 70% of the total project cost. Promoter's contribution should be Minimum 30% of the total project cost
Maximum debt	3:1

equity ratio	The project cash flow should have a minimum average Debt Service Coverage Ratio of 1.3
Maximum repayment period	12 years with moratorium of maximum 12 months
Procurement procedures	The borrower is required to follow the established market practices for procurement and shall demonstrate that the quality goods and services are being purchased at reasonable and competitive prices. Wherever the loan is sanctioned against international lines of credit such as the World Bank, Asian Development Bank, KfW, etc., the relevant procedures will have to be followed and requisite documents will have to be submitted by the borrower

Small Industries Development Bank of India (SIDBI) has several schemes and focused lines of credit for providing financial assistance for energy efficiency and cleaner production projects for SMEs. Highlights of some of the major financial assistance schemes/projects managed by SIDBI are given in table 6.4.

Table 6.4: Major EE financing schemes/initiatives of SIDBI

End to End Energy Efficiency (4E) Program	<p>Support for technical /advisory services such as:</p> <ul style="list-style-type: none"> • Detailed Energy Audit • Support for implementation • Measurement & Verification <p>Financing terms:</p> <ul style="list-style-type: none"> • Terms loans upto 90% • Interest rate upto 3% below normal lending rate.
TIFAC-SIDBI Revolving Fund for Technology Innovation (Srijan Scheme)	<p>To support SMEs for up-scaling and commercialization of innovative technology based project at flexible terms and interest rate.</p> <p>Preference accorded to sustainable technologies / products. Soft term loan with an interest of not more than 5%.</p>
Partial Risk Sharing Facility for Energy Efficiency (PRSF) Project (supported by World Bank)	<p>Sectors covered:</p> <ul style="list-style-type: none"> • Large industries (excluding thermal power plants) • SMEs • Municipalities (including street lighting) • Buildings <p>Coverage:</p> <ul style="list-style-type: none"> • The minimum loan amount Rs 10 lakh and maximum loan amount of Rs 15 crore per project. • The extent of guarantee is 75% of the loan amount
JICA-SIDBI Financing Scheme	<ul style="list-style-type: none"> • The loan is used to provide SMEs with funds necessary to invest in energy-saving equipment (and some medical equipment) in the form of two-step loans through SIDBI or three-step loans through intermediary financial institutions.

	<ul style="list-style-type: none"> • Project uses an Energy Saving Equipment List approach • Equipment/machinery with energy saving potential less than 10% is not eligible. • Interest rate: As per credit rating and 1% below the normal lending rate • Separate technical assistance component which is used for wetting of loan applications, holding seminars to raise awareness of energy saving among SMEs and to improve the ability of financial institutions to screen loan applications for energy-saving efforts
KfW-SIDBI Financing Scheme	<p>Coverage</p> <ul style="list-style-type: none"> a) SMEs for energy efficiency projects b) SMEs and clusters for cleaner production and emission reduction measures, waste management and Common Effluent Treatment Plant (CETP) facilities <p>Interest rate</p> <p>As per credit rating and 1% below the normal lending rate</p> <p>Eligible criteria</p> <p>3 t CO₂ emission reduction per year per lakh invested</p> <p>List of eligible equipment/technology and potential suppliers developed for guidance</p>

State Bank of India (SBI) has been provided a green line of credit by Japan Bank for International Cooperation (JBIC) for financing of energy efficiency investments. Highlights of the line of credit are given in table 6.5.

Table 6.5: JBIC-SBI Green Line

<p><u>Key Features</u></p> <ul style="list-style-type: none"> • Amount : USD 90 million • Repayment Schedule: First repayment on May 30, 2017 and final repayment date May 30, 2025 (equal instalment) <p><u>Eligibility Criteria</u></p> <ul style="list-style-type: none"> • Projects contributing to preservation of global environment, i.e. significant reduction of GHG emissions • Acceptance of JBIC-MRV (“J-MRV”) by the project proponent in terms of the numerical effect of the environment preservation. To ensure effective GHG reduction emissions in Green financed projects, JBIC reviews such effects through simple and practical Measurement Reporting Verification (MRV) process both in (a) prior estimation and (b) ex-post monitoring. • Procurement in line with the “Guidelines for Procurement under Untied Loans by Japan Bank for International Cooperation”
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Canara bank has a dedicated scheme for financing EE investment among SME sector as mentioned in table 6.6.

Table 6.6: Canara bank scheme of EE SME loans

Purpose	For acquiring/adopting energy conservation/savings equipment/ measures by SMEs
Eligibility	Units under Small and Medium Enterprises Cost of energy for the unit should constitute not less than 20% of the total cost of production Unit should possess energy audit report issued by an approved energy Consultant/Auditor. Borrowal a/cs-ASCC code S1 or S2 during previous review. Current account holders having dealings exclusively with us satisfactorily for a period of last one year
Maximum loan	Maximum Rs 100 lakhs in the form of term loan
Security	Prime: Assets created out of loan Collateral: Upto Rs.5 lakhs – NIL Above Rs.5 lakhs, as determined by the bank
Repayment	Maximum 5-7 years including moratorium of 6 months
Guarantee cover	Cover available under CGMSE of CGTMSE available for eligible loans
Margin	10% of the project cost
Rate of interest	1% less than the applicable rate
Upfront fee	1% of the loan
Insurance cover	Assets acquired and charged as security to Bank to be insured
Special offer, if any	Grants : Bank provides 25% of the cost of Energy Audit / Consultancy charges with a maximum of Rs 25000/- to the first 100 units on a first come first served basis which is in addition to the grant of Rs 25000/- being provided by IREDA(First 100 units)

Among the private sector banks in India, Yes Bank is also active in financing of renewable energy and energy efficiency projects. The bank has an MOU with SIDBI for providing funding for EE through PRSF.

Most commercial banks charge interest rate between from 11% to 13% from MSMEs depending upon general criteria such as credit ratings, references, past lending record, balance sheet for last 3 years and so on. Interest rebate is offered for a few customers whose collateral value is around 125% of the loan amount. Further 0.5% concession in interest rate was offered to women entrepreneurs.

Annexures

Annexure 1: Budgetary offers / quotations

Quotation - 1: Janta Power Private Ltd.



Tata Power Solar Solar Rooftop
Rs 55,000/Kilowatt

Janta Solar Private Limited ✓
Rajiv Nagar, Gurgaon, Haryana
Send to my mobile
Call this Supplier
08048732675
Response Rate: 75%
Nature of Business: Wholesale Trader
Delivery Location: Gurgaon And Surrounding Areas


[Contact Supplier](#)
Have a question?

[Get Latest Price](#)
Request a quote

Product details:

Plant Capacity	5 KW
Type of Plant	Grid Tie
Other Components	Inverter-PCU

Quotation - 2 : Jai Kalki Energy



Solar Rooftop Power Plant
Capacity: 10 Kw
Type of Plant: Grid Tie
Rs 55/Watt

Jai Kalki Energy ✓
Sector 15, Noida, Uttar Pradesh
Send to my mobile
Call this Supplier
08048796907
Response Rate: 84%
Nature of Business: Manufacturer
Delivery Location: All Over India

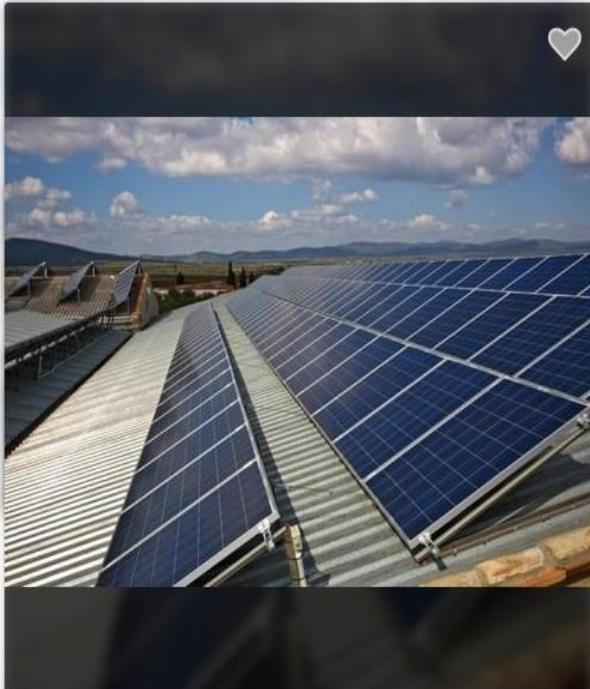
[Contact Supplier](#)
Have a question?

[Get Latest Price](#)
Request a quote

Product details:

Capacity	10 Kw
Type of Plant	Grid Tie

Quotation – 3 : ARDP Casting & Engineering Pvt. Ltd.



Luminous & On Grid Solar Rooftops
Rs 55/Watt



ARDP Casting & Engineering Private Limited

Sector 63, Noida, Uttar Pradesh
Send to my mobile

Call this Supplier
08071932852

Response Rate: 0%
Nature of Business: Manufacturer
Delivery Location: Deals Only In Export

Contact Supplier
Have a question?

Get Latest Price
Request a quote

Product details:

Plant Capacity 1 KW, 5 KW, 10 KW, 25 KW, 100
KW