**Teaser**

26.07.2024

**Brief Background**

The PM-KUSUM Yojana (Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan) is an initiative launched by the Hon’ble Prime Minister and the Ministry of New and Renewable Energy (MNRE) in 2019, to empower farmers and promote distributed renewable energy in the agricultural sector.

Component C of the PM-Kusum Yojana aims at solarization of grid connected agriculture pumps including Feeder Level Solarization, in order to provide reliable day-time solar power to farmers.

Under the PM Kusum Scheme (Component C) of the Central Government, Jodhpur Vidyut Vitran Nigam Limited (JDVVNL), on 5th October 2023, invited bids for setting up grid connected solar plants in the Aau and Bap sub-divisions of Phalodi division (NIT No. JDVVNL/ SE(RA&C)/ TN-DSM-53). Mr. Khinv Singh Bhati, applied for the tender and emerged as the successful bidder in a project with capacity of 2.52 MWac.

JDVVNL placed the Letter of Award (LOA) vide its letter with ref. no. JDVVNL/CE(HQ)/SE(RA&C)/RE-DSM/TN-DSM-53/LOA No. 283/ D. 4195 dated 15.03.2024.

**Project SPV**

As allowed vide Clause 4 of the LOA, the plants will be developed in multiple special purpose vehicles. The following projects are being developed by the company TAN Farms and Resorts Private Limited.

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| --- | --- | --- | --- | --- |
| **S. No.** | **33/11 KV SUBSTATION** | **Project CAPACITY (MWac)** | **DC Capacity of the plant (MWdc)**  **(with 40% loading)** | **Tariff as per LoA**  **(Rs./Unit)** |
| 1 | GIRRAJSAR | 2.52 | 3.53 | 3.212 |

Shareholding Patten (as on 26-07-2024)

|  |  |  |
| --- | --- | --- |
| S No. | Name | Number of Shares |
| 1 | Mr. Khinv Singh Bhati | 5100 (51%) |
| 2 | Bhadla MiniGrid Solar 2 Pvt. Ltd. | 4900 (49%) |

Directors – (as on 26-07-2024)

|  |  |  |  |
| --- | --- | --- | --- |
| S No. | Name | DIN | Date of Appointment |
| 1 | Mr. Karan Tanwar | 03090027 | 12/09/2022 |
| 2 | Mr. Ajay Peri | 10636191 | 25/05/2024 |

**Group Background**

The Aright Group has extensive experience of executing large utility scale projects.

In 2016-17, as a strategic co-investor along with like-minded national and FDI investors, the Group conceptualized, funded, executed and operated a 175 MWdc solar project in the Bhadla Solar Park in Rajasthan. The project had a power purchase agreement with NTPC. Aright carried out the operation and maintenance for the project for 3 years till 2020, before monetizing the project to deploy capital in more productive and new opportunities.

Aright has recently finished the development of a 400 MWac/ 550 MWdc Solar Park in Bikaner Rajasthan, in collaboration with Brookfield Renewable. The Group aggregated 1765 acres of contiguous land for the Solar Park, and in a record timeline of less than 10 months, it constructed the requisite Solar Park infrastructure required for setting up of solar projects, including a ~28 km boundary wall, a 220kV/ 33kV pooling substation (switchyard), and a 11 km 220 kV transmission line. The Solar Park was commissioned in February 2024.

The group is currently developing two more solar parks. A 400 MWac/ 550 MWdc Solar Park connected to the Bhadla-III ISTS substation and located in Vilalge Nokh, District Phalodi, Rajasthan, is being developed in collaboration with Brookfield Renewable, and is slated to be commissioned in August 2025.

Further, the group is developing another 400 MWac/ 550 MWdc Solar Park in Village Netawaton ki Dhani, District Bikaner, Rajasthan, which also has been granted connectivity to the Bhadla-III ISTS substation and is slated to be commissioned in 2027-28.

**Salient Features of the tender**

Under the tender, bidder will sign PPA with RUVITL (Rajasthan Urja Vikas and IT Services Limited) on behalf of JDVVNL (Discom). The tender has multiple provisions which offer assurances of timely payments and grid reliability to the Developers. Some of the provisions are given below: -

* RUVITL will open an unconditional, revolving and irrevocable Letter of Credit in favour of the Generator, with a term of 12 months.
* JDVVNL shall also establish an Escrow Arrangement in favour of the Solar Power Generator. Tri-Partite Escrow Agreement will be signed between RUVITL, JDVVNL and the Generator
* Grid Availability - During the operation of the plant, JDVVNL shall endeavour to ensure 95% of grid availability in a contract year.

**SWOT analysis**

Strength

* As evidenced above, the Aright Group has extensive experience of executing large utility scale projects in the area.
* The group has a long-term association with experienced and reliable partners for execution and O&M services in the region, along with strong working relationships with best-in-class vendors, supplying modern equipment/ services.
* Senior Management has extensive experience in renewable energy and evacuation infra development, and includes experienced power sector professionals who have previously worked at leading public sector undertakings like POWERGRID and NTPC. Further, Aright already has on-ground teams in Bikaner and Jodhpur, Rajasthan.
* High irradiance – the projects are located in District Jodhpur/ Phalodi, Rajasthan, which is one of the areas with the highest irradiance in India
* The Solar Projects set up under PM-Kusum Yojna receive remarkable support from the Govt. of India, including in the form of Central Financial Assistance.

Weakness

* MiniGrids generally attract higher expenses due to their smaller project capacities. However, since all the projects awarded by JDVVNL are spread across a concentrated area, the operation and maintenance expenses will be lower compared to conventional Kusum MiniGrid projects.
* The distribution grid in rural areas tend to suffer from frequent outages. However, the DISCOM will endeavour to ensure availability of 95%, in addition to offering provisions for compensation in case the grid availability drops below 95%.

Opportunity

* The KUSUM Scheme, by enabling the shifting of agricultural loads to solar hours, will improve Discom finances significantly while also playing a key role in the helping India reach its target of 500 GW RE installations by 2030.

Hence, the Government of India will likely further promote and enable the setting up of solar projects under the Scheme, presenting the opportunity to Developers to scale

up the installation of MiniGrid Solar Projects massively.

Threat

The extensive experience of the Group in developing solar projects in the region significantly minimises any threats to the smooth execution and operations of the projects.

**Projects Snapshots with key financial indicators**

|  |  |
| --- | --- |
| **Borrower** | TAN Farms and Resorts Private Limited |
| **Shareholders** | Mr. Khinv Singh Bhati (51.0%)  Bhadla Minigrid Solar 2 Private Limited (49.0%) |
| **Project** | Solar Projects of 2.52 MWac / 3.53 MWdc |
| **Location** | District Bikaner, Rajasthan |
| **Project Cost** | ₹ 13.23 crore |
| **Equity** | ₹ 3.97 crore |
| **Debt** | ₹ 9.26 crore |
| **D:E Ratio** | 70 : 30 |
| **Collateral** | All physical assets of the project |
| **Moratorium** | 1 year |
| **Interest Rate** | As applicable to the Priority Sector |
| **Term** | 15 years (Door to Door) |

**Security**

* Personal Guarantee of the Promoter
* Co-obligor model
* Mortgage / charge over projects assets including current assets