



India: Proposed Administration of Equity Investment Smart Joules Private Limited

Project Name	Proposed Administration of Equity Investment Smart Joules Private Limited			
Project Number	54450-001			
Borrower/Company	ASIAN DEVELOPMENT BANK			
Country	India			
Location	Nation-wide			
Approval Number	7663			
Type of ADB Assistance / Amount	7663	ADB Ventures Investment Fund 1	INR 0.00	Approved
	8390	ADB Ventures Investment Fund 1	USD 2.00 million	Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth			
Drivers of Change	Gender Equity and Mainstreaming Knowledge solutions Partnerships Private sector development			
Sector / Subsector	Energy - Energy sector development and institutional reform			
Gender Equity and Mainstreaming	Effective gender mainstreaming			
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Office of the Director General, PSOD			
Responsible ADB Officer	Mellor, Dominic P.			
Project Sponsor(s)				
Description	<p>The transaction involves the administration of an equity investment of up to the Indian rupee equivalent of \$2,000,000 to be provided by the Asian Development Bank (ADB) Ventures Investment Fund 1 in Smart Joules Private Limited (SJPL) in India. Consistent with the establishment arrangements for the fund, ADB will not invest its own capital alongside the fund. SJPL is an India-based provider of data-driven energy efficiency solutions for commercial buildings, targeting large hospitals as the beachhead market. SJPL delivers energy savings through a combination of (i) a proprietary Internet of Things (IoT)-based sensing and analytics platform, and (ii) the application of an Energy Efficiency as a Service (EEaaS) business model. The investment will improve energy efficiency in commercial buildings by reducing carbon emissions and making the distribution system smarter. SJPL's vision to promote energy efficiency and eliminate energy poverty aligns with ADB's operational priorities to tackle climate change, building climate and disaster resilience, and enhancing environmental sustainability in Asia and the Pacific.</p> <p>Indian energy sector. India is the world's third largest electricity consumer. Energy demand grew by about 6% annually during 2010-2019, in line with growth in India's population and average income levels. India's energy-related carbon dioxide emissions comprised 6.4% of the global share in 2019. Energy demand could double by 2040, with electricity demand potentially tripling because of increased appliance ownership and cooling needs. Without significant improvements in energy efficiency, India will need to add massive amounts of power generation capacity, of which about 60% is coal-fired.</p> <p>Energy efficiency industry overview. India's energy saving potential is estimated to be 15% to 30% across all demand segments, totaling about \$10 billion per annum, with commercial and industrial buildings offering very high saving potential. Cooling services are particularly energy-intensive in the commercial and industrial building segment, with India's air-conditioning market expected to increase more than 30 times to 1 billion units by 2050. The energy efficiency industry in India, however, faces various financial and technical barriers that deter investment. Financial barriers include the weak balance sheet of traditional energy efficiency service providers, the small size and high transaction costs of individual projects, and high risk perceptions of financial institutions because of limited familiarity and capacity to evaluate energy efficiency service providers.</p> <p>Energy service company industry ADB. Despite public sector interventions, including ADB projects, India's energy service company (ESCO) industry has faced market development challenges. ESCOs have typically struggled to scale up because of the lack of transparency in actual savings, lack of clear ownership rights between tenant and building owners to apportion the resultant energy savings, uncertain payback periods, and the consequential inability to generate appropriate financial returns on investments made by the ESCOs. Technology (including the use of IoT, sensors, and artificial intelligence data analytics) and innovative financing are, however, creating a new generation of EEaaS and equipment as service providers in emerging markets. These new technology-enabled business models are generating more significant energy savings and faster payback periods.</p> <p>Business strategy and rationale. SJPL is a pioneer in delivering energy savings in the commercial and industrial building segment, by adopting proprietary IoT-based sensing and data analytics and applying an EEaaS business model. The use of IoT and data analytics is increasing the internal rate of return on building retrofitting projects compared with traditional ESCOs. SJPL is initially focusing on large hospitals with sizable energy consumption and the need for energy efficiency. This business strategy has allowed SJPL to lock in 5+ year contracts with large hospital chains such as Apollo, Fortis, Aravind, and Care. The proposed investment in SJPL will (i) contribute toward making Indian hospitals and buildings more energy efficient; (ii) enable the pilot testing and rollout of Cooling as a Service projects in India; and (iii) allow the company to explore the expansion of its business from India to other ADB developing member countries, including those in Southeast Asia.</p>			
Objectives and Scope				
Linkage to Country/Regional Strategy				
Safeguard Categories				
Environment	C			
Involuntary Resettlement	C			

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

Timetable for assistance design, processing and implementation

Concept Clearance	14 Sep 2020
Due Diligence	
Credit Committee Meeting	03 Dec 2020 to 03 Dec 2020
Approval	08 Dec 2020
Last PDS Update	09 Dec 2020

Project Page	https://www.adb.org/projects/54450-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54450-001
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