BUSINESS PLAN · INDIA

Solar-Product Distribution

Panels, inverters and BOS trading

ENERGY

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Solar-Product Distribution Business** in India — a distributor/trader of solar panels (modules), inverters & balance-of-system (BOS: structures, cables, connectors, batteries, meters) supplying solar EPC firms, installers, dealers & project developers. It earns **distribution/trading margin on volume**, monetising the solar boom's supply-chain demand — an inventory-, margin-, dealer-network- & working-capital-driven, thin-margin/high-volume trading business (distinct from the project-execution EPC installer).

As India's solar market scales, thousands of EPC firms, installers & dealers need a reliable, well-stocked, competitively-priced supply of ALMM-approved modules, inverters & BOS — and manufacturers/importers need distribution reach. A solar-product distributor is a **supply-chain & trading business**: capital goes into inventory & receivables (not projects), driven by sourcing/pricing, product range/availability, dealer/installer network, inventory turns & credit. Margins are thin (trading), so success rests on **sourcing/pricing, availability/range, dealer network, inventory turns, credit discipline & brand tie-ups**; it is sourcing-, turns-, network- & WC-driven (commodity-price-sensitive, especially modules).

This is a trading/distribution business — funded by promoter equity plus bank finance (CC/OD-dominant for inventory + receivables). This plan models a solar-product distributor requiring **₹1.6 crore** (₹56 lakh promoter + ₹1.04 crore bank finance), targeting **₹14 crore** revenue in Year 1 and **₹28 crore** by Year 3. *(Solar-product distribution; trading-margin on volume, inventory/turns/dealer-network/WC-driven, thin-margin — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A solar-product distribution business - distributing modules, inverters & BOS to EPCs/installers/dealers, earning trading/distribution margin on volume.

Vision: To be a reliable, well-stocked solar-supply partner to installers & EPCs.

Mission: Deliver the right solar products - ALMM-quality, available, fairly priced, with credit & reliability.

Legal structure options

- **Proprietorship / Partnership** — common for trading.
- **Private Limited / LLP** — recommended for scale, brand distributorships, credit & funding.

> **Regulatory anchor:** solar-product distribution is a trading business (Shops & Establishments, GST, trade licence, ALMM/BIS-quality products, brand distributor agreements, weights-and-measures/warranty, import (if any) & transport). Sourcing/pricing, availability/range, dealer network, inventory turns, credit & brand tie-ups determine success; it is sourcing-, turns-, network- & WC-driven, thin-margin & commodity-price-sensitive (modules).

3. Promoter & Ownership

Led by a promoter with solar/electrical trading, distribution or channel experience & brand/dealer relationships. The team includes sales/BD (EPCs/installers/dealers), purchase/sourcing (OEMs/importers), stores/logistics & accounts (credit). Sourcing/pricing, availability, dealer network & turns are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's solar boom (rooftop/C&I/utility, PM Surya Ghar, targets) drives large, growing demand for modules, inverters & BOS across thousands of EPCs/installers/dealers — needing reliable, ALMM-quality, well-priced supply. Demand is solar-growth-/supply-chain-driven & policy-backed. The market rewards sourcing/pricing, availability/range, dealer network, turns, credit & brand tie-ups; it is solar-demand-, commodity-price-, competition- & WC-sensitive, met with sourcing, turns, network & credit.

Demand drivers

- **Solar boom & targets** (rooftop/C&I/utility).
- **Thousands of EPCs/installers/dealers.**
- **ALMM/quality & brand** demand.
- **PM Surya Ghar & net-metering** pull-through.
- **Domestic manufacturing (PLI)** & supply growth.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Solar-product distribution in India	Very large & growing
SAM	Region/segment & products	Substantial
SOM (Yr 1–3)	Volume / accounts	Scaling

Target segments

- Solar EPC firms & installers (core).
- Dealers & sub-distributors.
- Project developers & C&I.
- Electricians/retailers (small systems).

5. Competition & Competitive Advantage

Landscape: other solar distributors/traders, OEMs' direct sales, national distributors & online solar marketplaces. The distributor competes on sourcing/pricing, availability/range, dealer network, credit, reliability & brand tie-ups.

The business's edge

- **Sourcing/pricing & brand distributorships.**
- **Availability, range & ALMM quality.**
- **Dealer/installer network & credit.**
- **Inventory turns & reliability.**
- **Technical support & relationships.**

6. Products & Revenue Model

Stream	Model	Basis
Solar modules (panels)	Thin trading margin (5–9%)	Core volume
Inverters	Margin (8–14%)	Margin
BOS (structure/cable/battery/meter)	Margin (10–18%)	Margin

Brand distributorship / agency	Distribution margin/incentive	Volume/incentive
Technical support / value-add	Service/stickiness	Retention

> Modules are thin-margin (5–9%) volume; inverters & BOS carry higher margins; brand distributorships add volume/incentives; technical support builds stickiness. Economics = volume × margin-mix × turns; sourcing/pricing, availability, dealer network, turns & credit drive it — the decisive distribution levers (thin-margin, WC-intensive, commodity-price-sensitive modules).

7. Go-to-Market — Sales & Network

- **EPC/installer/dealer BD** & relationships.
- **Sourcing/pricing & availability** pitch.
- **Brand distributorship tie-ups.**
- **Credit terms & reliability** (relationship).
- **Range, BOS & technical support** (margin/stickiness).

Sales approach

Build EPC/installer/dealer relationships with sourcing/pricing, availability & credit → grow volume & distributorships → lift margin with inverters/BOS & support → manage turns, credit & commodity-price. Sourcing, turns, network & credit build volume & margin on solar supply-chain demand.

8. Operations Plan (distribution)

- **Godown & stock:** warehousing for modules/inverters/BOS, range across brands/wattages, logistics.
- **Process:** source (OEMs/importers) → stock → sell (EPCs/installers/dealers) → deliver → replenish & manage credit & commodity-price.
- **Sourcing:** ALMM modules, brand tie-ups, import (if any), cost/quality.
- **Tech:** inventory/billing, order management, credit & price analytics.
- **Support:** technical/warranty support & returns.

Distribution workflow

Stage	Activity	Metric
Source	OEM/import	Cost/terms
Stock	Godown/range	Availability/turns
Sell	EPC/dealer	Volume/margin
Deliver	Logistics	Reliability
Manage	Credit/price	Receivables/price-risk

9. Regulatory, Licences & Compliance (India)

- **Trading:** Shops & Establishments; trade licence; GST; PAN/TAN; Udyam.

- **Product quality:** ALMM/BIS modules; brand distributor agreements; warranty.
- **Import (if any):** IEC; customs; duties.
- **Logistics:** transport/weights-and-measures.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	1	2	3
Sales / BD (EPCs/dealers)	5	9	14
Stores, logistics & delivery	4	7	11
Purchase/sourcing, technical & accounts	3	5	8
Admin & support	1	2	3
Total	**14**	**25**	**39**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Godown, brand tie-ups, inventory, tech, first accounts
Ramp	Month 2–7	EPC/dealer accounts, volume, turns, credit
Traction	Month 7–12	Volume & turns; ₹14cr revenue
Expand	Year 2	More brands/range/geographies, ₹21cr
Scale	Year 3	₹28cr revenue; network & distributorships

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Solar-product distribution is thin-margin, high-volume trading; inventory + receivables are the main WC; module prices are commodity-like & volatile.

12.1 Project cost & means of finance

Capital requirement	₹
Opening inventory (modules/inverters/BOS)	85,00,000
Working capital (dealer/EPC receivables)	45,00,000
Godown/warehouse setup & handling	15,00,000
Delivery, tech & equipment	8,00,000
Deposits, brand tie-ups & pre-operative	7,00,000
Total project cost	**1,60,00,000**

Promoter contribution	56,00,000
Bank finance (term + CC, MSME)	1,04,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Module sales	9,00,00,000	13,50,00,000	17,50,00,000
Inverter sales	3,00,00,000	5,00,00,000	6,50,00,000
BOS & other	2,00,00,000	3,50,00,000	4,00,00,000
Total revenue	**14,00,00,000**	**22,00,00,000**	**28,00,00,000**
Cost of goods sold	12,45,00,000	19,45,00,000	24,60,00,000
Salaries & staff	55,00,000	85,00,000	1,15,00,000
Godown, logistics & overheads	50,00,000	78,00,000	1,00,00,000
Interest & other	18,00,000	27,00,000	33,00,000
Total expenses	**13,68,00,000**	**21,35,00,000**	**27,08,00,000**
Net profit (before tax)	**32,00,000**	**65,00,000**	**92,00,000**
Net margin	2.3%	3%	3.3%

12.3 Unit economics & break-even

- **Volume × margin-mix × turns:** modules are thin (5–9%) volume; inverters/BOS lift blended margin; inventory turns against holding/interest & module-price risk is the core lever — thin net margins, so turns & mix are decisive.
- **Commodity-price & credit:** module prices swing (import/PLI/global) affecting inventory value; EPC/dealer credit ties up receivables — turns, timing & credit discipline manage it.
- **Break-even:** at a volume/turns threshold covering godown, logistics & interest; net margins thin (distribution), profit scales with volume, mix & turns.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	7,00,000	6,40,000	6,50,000	6,80,000
Collections	2,90,00,000	3,40,00,000	3,80,00,000	4,00,00,000
Purchases, salaries & operating	2,90,60,000	3,39,90,000	3,79,70,000	3,99,00,000
Closing balance	**6,40,000**	**6,50,000**	**6,80,000**	**7,80,000**

> Solar distribution carries heavy inventory + EPC/dealer receivables WC; module prices are volatile. Inventory turns, credit discipline, receivable follow-up, price/timing, CC & the WC margin manage cash; module-price swings, over-holding, dealer-credit defaults & competition are the key risks — met with turns, timing, credit control & brand tie-ups.

12.5 Key Performance Indicators to Monitor

- **Sales:** volume; module vs. inverter/BOS mix; accounts.
- **Inventory:** turns; ageing; module-price exposure.
- **Margin:** gross margin; margin-mix.
- **WC:** receivable days; inventory days; CC; defaults.

13. Funding Requirement & Bankability

Total ask: **₹1.04 crore bank finance** against ₹56 lakh promoter contribution — term for godown/setup plus **CC/OD for working capital** (dominant — inventory + EPC/dealer receivables), MSME-eligible. Bankability rests on volume, turns, brand tie-ups & EPC/dealer relationships; the solar tailwind supports demand. Year-1 profit ~₹32 lakh & growing supports servicing; turns & credit discipline are key. Sourcing/pricing, availability, dealer network, turns & credit underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (modules/inverters/BOS)	85,00,000	53.1%
Working capital (dealer/EPC receivables)	45,00,000	28.1%
Godown/warehouse setup & handling	15,00,000	9.4%
Delivery, tech & equipment	8,00,000	5%
Deposits, brand tie-ups & pre-operative	7,00,000	4.4%
Total	**1,60,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Module-price volatility	Turns, timing, brand terms, cost pass-through, discipline
Dealer/EPC credit defaults	Credit control, limits, checks; CC; relationships
Inventory holding / obsolescence	Turns, demand-based stocking, range management
Thin margins / competition	Turns, inverter/BOS mix, distributorships, sourcing, support
Quality/warranty (ALMM/brand)	ALMM/BIS sourcing, brand tie-ups, warranty handling

15. SWOT Analysis

Strengths	Weaknesses
Strong solar-demand tailwind; supply-chain essential; brand tie-ups; network & relationships; scalable volume.	Thin margins; module-price- & WC-/credit-intensive; competition & direct-OEM; commodity-like modules.

Opportunities	Threats
Solar boom & PM Surya Ghar; inverter/BOS margin; distributorships; storage/batteries; geographic/dealer expansion.	Module-price swings; competition/price war; direct-OEM/online; credit defaults; policy/import shifts.

16. Recommended AiSevak Tools for This Business

This solar-product distributor would use AiSevak's Energy vertical tools in delivery:

- **Distribution ops:** inventory/billing & turns/margin-mix, module-price & order-management, dealer/EPC-credit-control tools.
- **Sourcing & compliance:** brand-tie-up/ALMM-sourcing & GST/warranty, logistics tools (with Finance & Legal verticals).
- **Practice:** Business Plan, turns/margin-mix and Break-even tools to model the distribution business.

17. Key Assumptions & Notes

- Solar-product distribution: modules, inverters & BOS to EPCs/installers/dealers; trading/distribution margin on volume — distinct from the project-execution EPC installer.
- Volume × margin-mix × turns decisive; modules thin-margin, inverters/BOS lift blend; sourcing/pricing, availability, dealer network, turns & credit are the levers.
- Term + CC/OD (MSME) for trading (WC-dominant: inventory + receivables); Shops-&-Establishments/GST, ALMM/BIS quality, brand agreements.
- Volume, turns, margin-mix, credit & module-price drive economics; thin margins, high volume, WC-intensive; figures illustrative, exclude GST.

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