

MARKET ENTRY STRATEGY RECOMMENDATION

**Solar Energy Provider Expansion into
Commercial Rooftop Installations**

Region: India

February 2026

1. EXECUTIVE RECOMMENDATION

The optimal market entry path is a hybrid CAPEX–RESCO model delivered through a three-phase rollout over three years.

This approach builds immediate credibility with large C&I customers, unlocks MSME potential through financing partnerships, and creates long-term scalability via a digital aggregation platform.

Projected 3-Year Trajectory:

- 20 MW → 50 MW → 100 MW
- ₹80 crore → ₹200 crore → ₹400 crore revenue
- 12% → 14% → 15% EBITDA margins

This strategy balances cash flow, growth, and differentiation in a fragmented EPC market.

2. RECOMMENDED MARKET ENTRY MODEL

Hybrid CAPEX + RESCO Model

A. CAPEX (Primary in Year 1)

Best suited for:

- Manufacturing
- Warehousing/logistics
- Large commercial facilities

Advantages:

- Immediate cash inflow
- Lower risk exposure
- Shorter sales cycle
- Strong credibility building

B. RESCO/OPEX (Scaled in Years 2-3)

Best suited for:

- MSMEs

- IT parks
- Price-sensitive commercial clients

Advantages:

- Long-term recurring revenue
- Strong IRR (12–15%)
- Enables financing-constrained customers

Rationale

CAPEX builds a commercial track record quickly.

RESCO expands market access and creates annuity revenue.

A hybrid model ensures financial sustainability and broader customer reach.

3. GEOGRAPHIC PRIORITIZATION

Phase 1 States (Year 1)

- Gujarat - fastest DISCOM approvals (<45 days)
- Maharashtra - largest rooftop installations (~27%)
- Karnataka - high C&I load, strong industrial base

Phase 2 States (Year 2)

- Delhi NCR - high grid tariffs, strong C&I demand
- Andhra Pradesh / Telangana - favorable net metering

Phase 3 States (Year 3)

- Tamil Nadu - strong industrial base, approval delays manageable
- Rajasthan - 1 MW net metering cap
- Emerging Tier 2/3 clusters (Coimbatore, Vadodara, Pune, Nagpur)

This progression ensures early wins and mitigates regulatory risk.

4. CUSTOMER TARGETING STRATEGY

Tier 1 - Year 1 Focus

- Large Manufacturing (500 kW–5 MW)

- Warehouses & Logistics (300 kW–1 MW)

Because:

- Highest immediate ROI
- Simplest roof structures
- Fastest payback (2–4 years)
- Strong willingness to invest in CAPEX

Tier 2 - Year 2 Expansion

- IT Parks / Office Complexes
- Retail / Malls

Because:

- High AC load
- ESG reporting requirements
- Longer sales cycle but stable revenue

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Tier 3 - Year 2–3 Scale

MSMEs (50–500 kW)

Because:

- ~15 GW untapped opportunity
- Blocked mainly by financing constraints
- High potential for RESCO penetration

5. THREE-PHASE MARKET ENTRY ROADMAP

Phase 1 - Build Credibility (Year 1)

Objective: Establish a commercial track record.

Target: 20 MW installations.

Model mix: 70% CAPEX, 30% RESCO.

Customers: Tier 1 (manufacturing, logistics).

States: Gujarat, Maharashtra, Karnataka.

Key Actions:

- Build a dedicated C&I sales team
- Standardize EPC delivery process
- Fast-track DISCOM approvals
- Deliver 3–5 anchor projects (case studies)

Phase 2 - Scale MSME & Mid-Market (Year 2)

Objective: Unlock volume scalability.

Target: 50 MW installations.

Model mix: 60% CAPEX, 40% RESCO.

Customers: MSMEs, IT parks.

States: Delhi NCR, AP/Telangana.

Key Actions:

- Partner with NBFCs (HDFC, ICICI) for collateral-free loans
- Build inside-sales digital funnel for MSMEs
- Create channel partner network (architects, developers)
- Add second EPC operations hub for scale

Phase 3 - Platform Expansion (Year 3)

Objective: Scale efficiently across Tier 2/3 cities.

Target: 100 MW cumulative capacity.

Model: Digital aggregator + selective RESCO.

Platform Components:

- AI-based rooftop feasibility assessment
- IoT performance monitoring
- Digital loan processing (NBFC integrations)
- Vendor marketplace with rating system

Why this matters:

This shifts the business from EPC-led growth to technology-led scale, unlocking smaller rooftops without increasing operational complexity.

6. CAPABILITY BUILD REQUIREMENTS

A. Commercial Capabilities

- Enterprise B2B sales (500 kW–5 MW)
- Account management for industrial clients
- Data-driven proposal engineering

B. Technical Capabilities

- EPC design + installation teams
- Standardized QA/QC checklists
- IoT-enabled O&M services (uptime SLA model)
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C. Financial Capabilities

- NBFC partnership structuring
- RESCO risk evaluation
- Project finance and PPA modeling

D. Operational Enablers

- Vendor ecosystem (modules, inverters, BOS)
- Regulatory compliance expertise
- Two EPC hubs for regional coverage

7. FINANCIAL IMPACT (3-YEAR PROJECTION)

Metric	Year 1	Year 2	Year 3
Installed Capacity	20 MW	50 MW	100 MW
Revenue	₹80 crore	₹200 crore	₹400 crore
EBITDA Margin	12%	14%	15%
EBITDA	₹9.6 crore	₹28 crore	₹60 crore

Value Drivers:

- High-margin CAPEX in Year 1
- RESCO recurring revenue ramping in Years 2–3
- Operating leverage as scale increases

- Lower customer acquisition cost across phase

8. KEY RISKS & MITIGATION PLAN

Risk	Impact	Mitigation
DISCOM approval delays	Project timeline slippage	Focus on Gujarat/MH early; dedicated regulatory team
MSME financing barriers	Lost volume	NBFC partnerships for collateral-free solar loans
Price undercutting by local EPCs	Margin pressure	5-year performance guarantees; strong O&M differentiation
Policy changes (net metering caps)	Short-term uncertainty	Prioritize payback-driven customers; diversify states
O&M failures	Customer dissatisfaction	Centralized monitoring; SLA-driven O&M

9. FINAL RECOMMENDATION

Enter India's commercial rooftop solar market using a hybrid CAPEX–RESCO model, beginning with large creditworthy C&I customers in Year 1, expanding through MSME financing partnerships in Year 2, and scaling with a digital aggregation platform in Year 3.

This phased approach delivers:

- Immediate credibility
- Strong early cash flow
- Access to underserved MSME demand
- Tech-enabled scalability
- Long-term defensibility

Outcome: Achieve 100 MW capacity and ₹400 crore revenue by Year 3 with sustainable margins (15% EBITDA) while establishing a differentiated, high-quality presence in a fragmented market.
