

**SELCO**

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**A Social Enterprise**

# Why SELCO?

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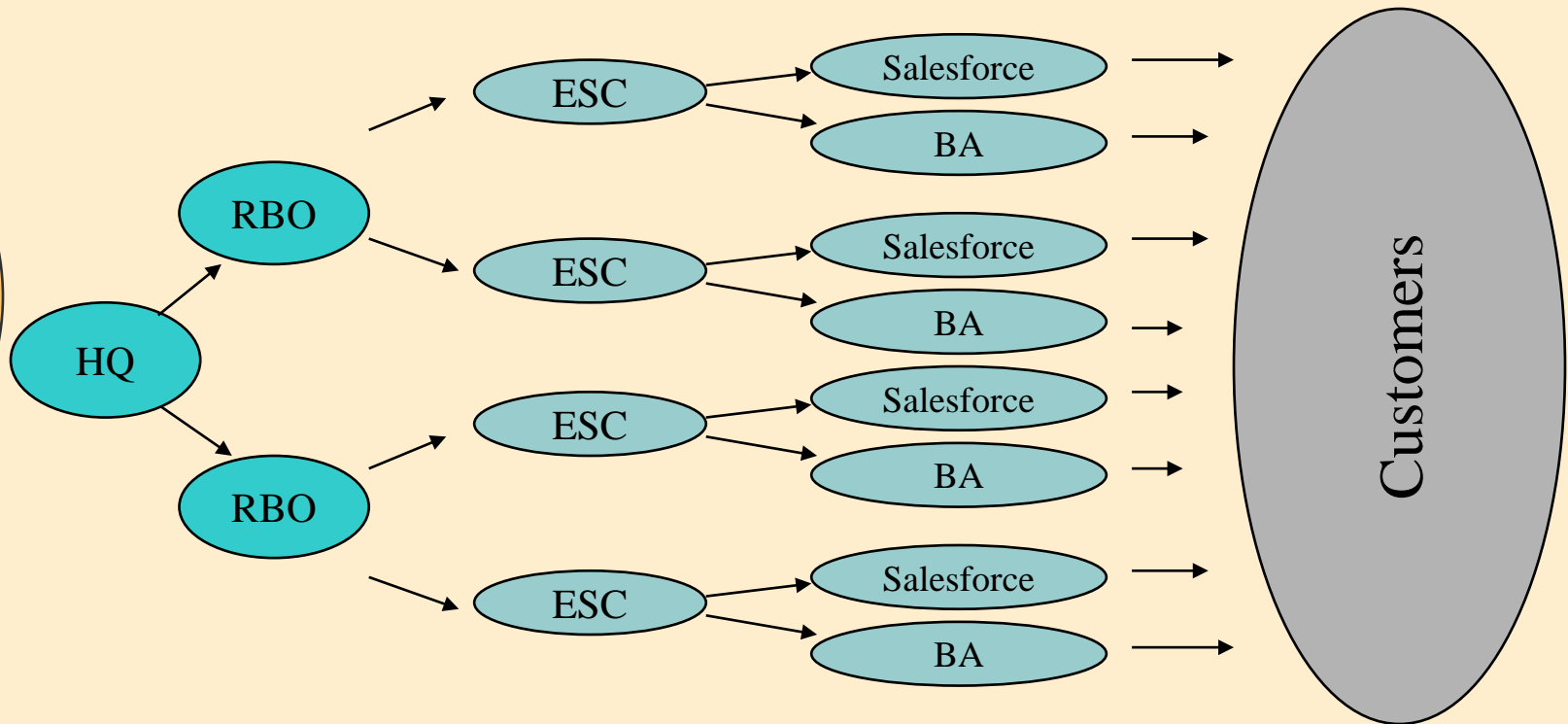
- ❖ SELCO INDIA was founded in 1995 to service and sell solar electric lighting systems (presently into energy services) in rural India.
  - ⦿ To create a sustainable business by promoting energy services in the underserved and un-served areas of South India.
  - ⦿ To build a strong service network in the rural areas for solar systems.
  - ⦿ To build a sustainable linkage between modern energy services and income generating activities.

# Key Challenges

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- ❖ Need Based Technological Innovation
  - ⦿ Because of lack of grassroots level presence manufacturers are unable to judge the actual needs of the end-users thus leading to absence of product innovations.
  
- ❖ Need Based Financing
  - ⦿ Financing for the poor needs to be designed according to their cash flow.
  
- ❖ Service
  - ⦿ Access to remote areas to maintain and service technology
  
- ❖ Access to Market Linkages
  - ⦿ Lack of linkages between service providers-product and financial and the end user

# Our Approach: Door Step Service



**HQ**  
SELCO INDIA headquarters is located in Bangalore.

**Regional Offices**  
Each office directly manages between 5-10 ESCs

**ESCs**  
SELCO's retail showroom, inventory depot, and base of sales and service operations. Located in central rural towns.

**Salesforce & BA**  
SELCO's direct sales force and Business Associates market SELCO's products to potential customers

# BRANCH STRUCTURE

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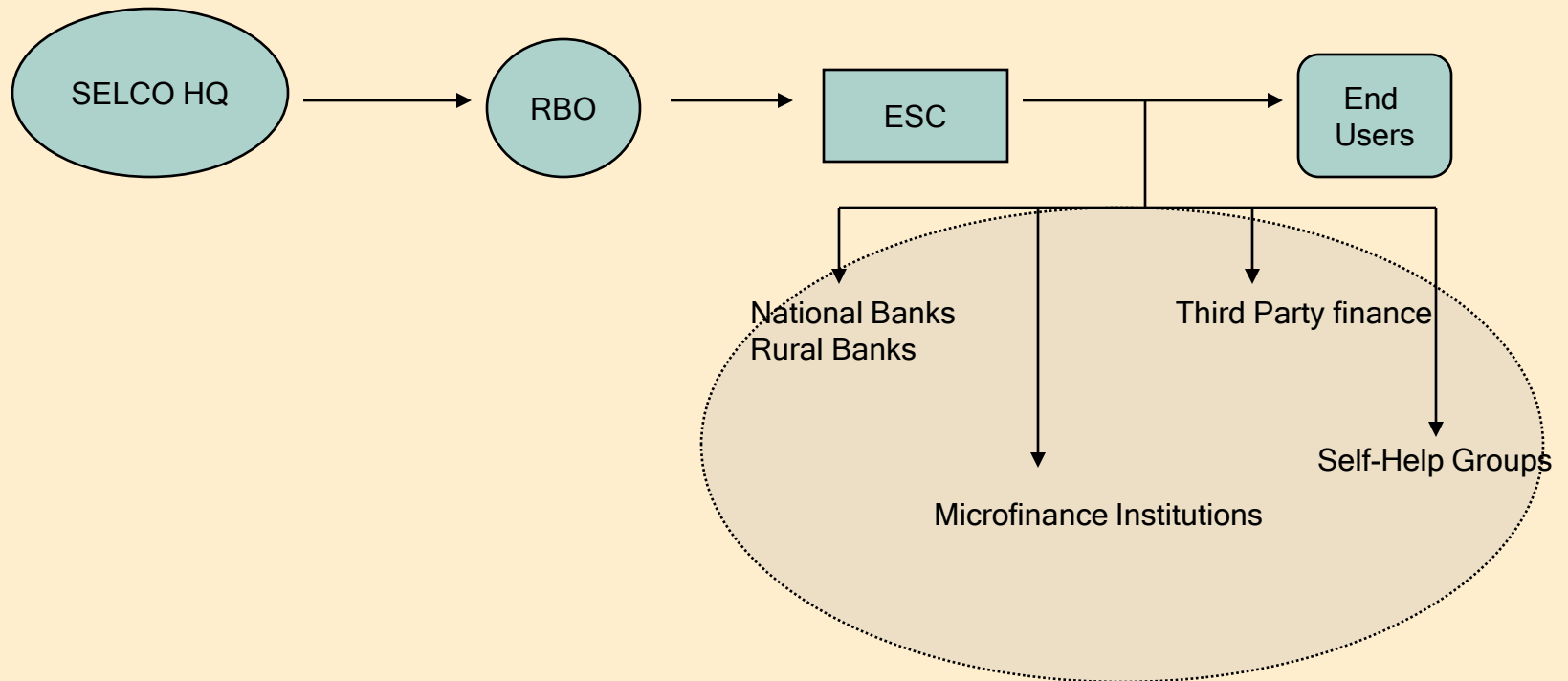
- ❖ 25 - 50 Km radius
- ❖ Sales
  - \$ 6000 - 20000/ month
  - 15 - 25 Units / month
- ❖ 1000 - 8000 customer base
- ❖ 5 Staff - 2 Sales (1 manager), 2 Customer Support, 1 Administrator
- ❖ 5 - 10 Business Associates

# PRESENCE

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- ❖ 2 States - Karnataka & Gujarat
  - 25 Districts
- ❖ 20 Energy Service Centers
  - 4 Stock Points
- ❖ 95000 Customers
  - 80% Rural
- ❖ 140 Regular Staff
  - 100 Business Associates

# Our Approach: Door Step Financing



# FINANCING

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- ❖ 90% Sales Financed
- ❖ Regional Rural Banks, State Commercial Banks, Credit Co-operatives, Micro Finance Institutions
- ❖ Partnerships - Product/ Service Development
- ❖ SHLS 2 - Costs \$ 200
  - Banks
    - 15% Down payment
    - Ask for collateral
    - Interest Rate - 12 - 15%
    - Repay \$ 4 - 6 monthly over 5 years
  - MFIs
    - No Down payment
    - No Collateral
    - Interest Rate - 15 - 24%
    - Repay Weekly or Monthly

# CLIENT PROFILE

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- ❖ 75 %
  - Small Farmers – Annual Income \$ 1200 – 1500
  - Individual working households – Monthly \$ 100 – 150
  - Informal/ Home based workers/ Street Hawkers – Daily \$ 2 – 4
- ❖ 10 – 15 %
  - Lower middle income – Annual \$ 2500 – 5000
- ❖ 10 – 15 %
  - Rural Institutions – Schools, Hostels, Health Centers, Banks, Religious Places, Refugee Camps

# PRODUCT PROFILE

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## ❖ SOLAR

- Lighting - CFL/ LED - 80 % Revenue
  - Home Lighting - 70% Revenue
  - Lanterns
  - Head Lamp
  - Street Lights
  - Garden Lights
- Thermal - 20% Revenue
  - Flat Plate
  - ETC

## ❖ COOKSTOVES

- Charcoal
- Biomass

# MARKETING

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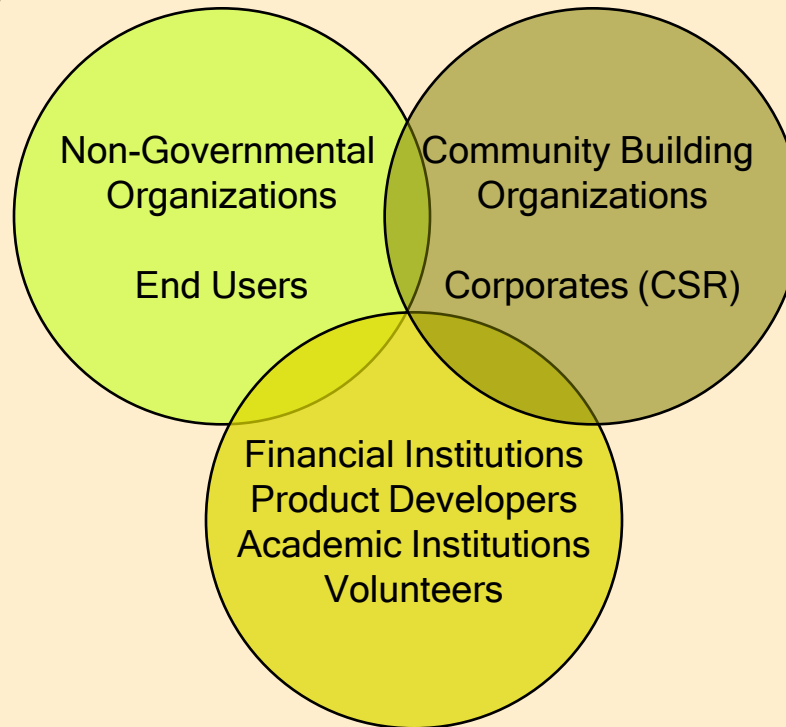
- ❖ Localized - vernacular news papers and periodicals, radio stations, Auto Back
- ❖ Word of mouth
- ❖ Financial Institutions' reference
- ❖ Demonstrations at local fairs
- ❖ Sample units in Temples, Churches, Mosques, Community Centres, Village Roads

# Partners

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Sourcing Problems

Accessing Communities



Solving Problems

# Rural Customers

SELCO has installations in more than 100,000 households



Top: Radha from Sirsi now has solar lighting that helps in her dairy and arecanut farming

Bottom: Lakshmi from Bangalore with her solar light doesn't have the hassle of using kerosene lantern to sell her vegetables anymore



# Urban Customers



Kaminiben uses solar lighting as back up during power outages



Top: Architect office in Bangalore using solar lights

Bottom: Clinics in Kumta using solar lighting to reduce their lighting expense



# Institutional Customers

SELCO has installed Solar lighting and hot water in more than 1000 institutions



**Right: MAHE -**  
Hostel Solar Water  
heater installation;  
largest water heater  
installation in the  
country



# Overcoming Barriers

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- ❖ Concentrated on need
  - ⦿ Designing the technology based on the priority of need for the end user
- ❖ Facilitating finance through local financial institutions (FIs)
  - ⦿ Working with Nationalized or Regional Rural banks or MFIs for financing end user
- ❖ Creating channels to afford the solution
  - ⦿ Based on cash flow of end users design financial schemes with local FIs
- ❖ Integrating partners who can provide solution
  - ⦿ Understanding limitations and working in tandem with partners who can contribute to solution
- ❖ After sales service
  - ⦿ Ensuring faith in technology by providing localized and reliable service by the branches to meet any maintenance issues

# SELCO's Impact

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- ❖ Improved productivity in income generation activities
- ❖ Introduced pivotal financial schemes with local financial institutions
- ❖ Created awareness and faith in solar power as a viable alternative
- ❖ Improved quality of life
  - ⦿ Healthier environment
  - ⦿ Access to energy services
  - ⦿ Supported solar entrepreneurs
- ❖ Provided customized products based on need



SELCO Solar lighting now helps weavers of Chitradurga to work during power outage

# FUTURE PLANS



Top: Silk Cocoon rearing farmers use solar light to feed the worms

Bottom: Street vendors in Bangalore using solar lighting to vend their goods



- ❖ Reaching deeper into the energy services strata for rural and urban poor such as improved cook stoves, purified drinking water, energy efficient technologies and so on
- ❖ Expanding the breadth of innovations in technology, finance and operational aspects
- ❖ Set up service centers in neighboring states



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