BUSINESS PLAN · INDIA

Electrical Contracting and Substation Works

HT/LT and substation execution

ENERGY

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1. Executive Summary

This plan sets out an **Electrical Contracting & Substation Works Business** in India — a licensed electrical EPC contractor that executes HT/LT electrical works, substations, transmission/distribution, industrial electrification, panels & cabling for government (DISCOMs/PWD/utilities), industrial & commercial clients, largely won through tenders. It earns **project/EPC margin on executed contracts**, monetising India's power-infrastructure, industrialisation & electrification spend — an **order-book-, tender-, execution- & working-capital (retention/BG)-driven** contracting business requiring a licensed (A-class) electrical contractor status.

India's sustained investment in power infrastructure, T&D, industrial capex, real estate & electrification creates steady demand for electrical contracting & substation execution. An electrical contractor is a **project-execution business**: won on tenders/relationships, executed on capability, licence & track record, & run on working capital (materials + labour + **retention money & bank guarantees/EMD**). Success rests on order-book/pipeline (tenders), execution quality/timeliness, licensed-contractor grade (A-class for large works), procurement/cost, WC management (retention/BG) & client relationships. Revenue is **project/EPC margin**; it is order-book-, execution-, WC- & relationship-driven.

This is a project/EPC contracting business — funded by promoter equity plus bank finance (WC for materials/labour + non-fund BG/LC limits + equipment). This plan models an electrical contractor requiring **₹2 crore** (₹75 lakh promoter + ₹1.25 crore bank finance incl. WC + BG limits), targeting **₹12 crore** revenue in Year 1 and **₹26 crore** by Year 3. *(Electrical contracting/substation EPC; project margin, order-book/tender/execution/WC-driven — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: An electrical contracting & substation-works business - HT/LT, substations, T&D, industrial electrification, panels & cabling EPC for government/industrial/commercial clients, won via tenders.

Vision: To execute reliable, safe, on-time electrical infrastructure.

Mission: Deliver quality electrical & substation works - licensed, compliant, on-time & on-budget.

Legal structure options

- **Partnership / LLP** — used by contractors.
- **Private Limited** — recommended for larger tenders, licence grade, BG limits & funding.

> **Regulatory anchor:** an electrical contractor needs a **licensed electrical contractor status (state electrical licensing board; A/B-class by capacity)**, plus GST, labour/contract-labour, electrical safety (CEA/CEIG), tender/registration (govt/DISCOM empanelment), & BG/EMD capacity. Order-book/pipeline, execution quality/timeliness, licence grade, procurement/cost, WC (retention/BG) & relationships determine success; it is order-book-, execution-, WC- & relationship-driven.

3. Promoter & Ownership

Led by a promoter with electrical-engineering, contracting or substation-execution expertise & a licensed-contractor grade & client relationships. The team includes project/site execution, design/estimation (tendering), procurement, licensed engineers/supervisors, safety & accounts (BG/WC). Order-book, execution, licence grade & WC are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's power-infrastructure & T&D investment, industrial capex, real-estate/commercial construction, electrification & smart-grid/RE-integration spend sustain strong demand for electrical contracting & substation works. Demand is infra-/capex-/tender-driven & government/industrial-led. The market rewards order-book/pipeline (tenders), execution, licence grade, cost & WC/BG capacity; it is order-book-, execution-, WC- & competition-sensitive, met with tenders, execution, licence & WC discipline.

Demand drivers

- **Power infra & T&D** investment.
- **Industrial capex & electrification.**
- **Real estate/commercial** construction.
- **RE integration/substations & smart-grid.**
- **Government/DISCOM** tenders.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Electrical contracting in India	Very large & infra-driven
SAM	Region/segment & works-type	Substantial
SOM (Yr 1–3)	Order-book / projects	Scaling

Target segments

- Government/DISCOM/utilities (T&D/substation).
- Industrial (electrification/panels).
- Real estate/commercial (electrical works).
- RE developers (substation/evacuation).

5. Competition & Competitive Advantage

Landscape: other electrical contractors, large EPC/infra firms & local electricians. The contractor competes on order-book/tender-competitiveness, execution/track record, licence grade, cost, WC/BG capacity & relationships.

The business's edge

- **Order-book/pipeline & tender competitiveness.**
- **Execution quality & timeliness (track record).**
- **Licensed grade (A-class) & capability.**
- **WC/BG capacity & cost.**
- **Client relationships & empanelment.**

6. Products & Revenue Model

Stream	Model	Basis

Substation works (HT/LT)	Project/EPC margin	Core (larger)
T&D / cabling / lines	Project margin	Core
Industrial electrification & panels	Project margin	Volume
O&M / AMC (electrical)	Recurring	Recurring
Turnkey / supply+erect	EPC margin	Scale

> Revenue is **project/EPC margin** on substation, T&D, electrification & turnkey works won via tenders, plus recurring O&M/AMC. Economics = order-book × project margin − material/labour/subcontract − WC (retention/BG) cost; order-book, execution, cost & WC drive it — the decisive electrical-contracting levers (order-book- & WC-driven).

7. Go-to-Market — Tenders & Order-Book

- **Tender participation** (govt/DISCOM/industrial/EPC).
- **Empanelment & pre-qualification** (licence/track record).
- **Competitive estimation & bidding.**
- **Execution track record & relationships** (repeat).
- **O&M attach & sub-contracting** (from large EPCs).

Sales approach

Empanel & pre-qualify (licence/track record) → bid tenders competitively (estimation) → win & execute quality/on-time works → manage WC (retention/BG) → build order-book, track record & repeat/relationships → add O&M & sub-contracting. Order-book, execution, licence & WC discipline build the contracting business.

8. Operations Plan (project execution)

- **Tendering & estimation:** design/estimation, bid, BG/EMD; pre-qualification.
- **Execution:** site project management, procurement, licensed engineers/labour, substation/HT-LT works, safety.
- **Quality & safety:** electrical safety (CEA/CEIG), testing/commissioning, standards.
- **WC & commercial:** materials/labour funding, retention money, BG/LC, billing/RA-bills, receivables.
- **O&M:** post-completion maintenance/AMC (recurring).

Project workflow

Stage	Activity	Metric
Tender	Estimate/bid/BG	Win-rate/margin
Procure	Materials/subcontract	Cost
Execute	Site works/commission	On-time/quality
Bill	RA-bills/retention	WC/receivables
Maintain	O&M/AMC	Recurring

9. Regulatory, Licences & Compliance (India)

- **Electrical licence:** licensed electrical contractor (state board; A/B-class); licensed engineers/supervisors.
- **Safety:** CEA/CEIG electrical safety; testing/commissioning; standards.
- **Tender/commercial:** empanelment/registration; BG/EMD; GST; RA-billing.
- **Labour:** contract-labour, EPF/ESI, safety.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / leadership	1	2	3
Project/site engineers & supervisors	8	16	28
Skilled labour/electricians (own+contract)	20	40	70
Estimation/tendering & procurement	3	6	10
Accounts (BG/WC), safety & admin	3	5	8
Total	**35**	**69**	**119**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Entity, licence/grade, empanelment, team, first tenders
Ramp	Month 2–7	First projects, execution, RA-billing, WC/BG
Traction	Month 7–12	Order-book & execution; ₹12cr revenue
Expand	Year 2	Larger works/grade, more clients/geographies, ₹19cr
Scale	Year 3	₹26cr revenue; order-book & track record

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. Electrical contracting is project-based (project margin) & working-capital-heavy (materials/labour + retention money + BG/EMD); RA-billing & receivable/retention timing affect cash.

12.1 Project cost & means of finance

Capital requirement	₹
Working capital (materials/labour + retention)	1,20,00,000
Bank-guarantee / EMD margin (non-fund)	40,00,000
Tools, equipment & vehicles	25,00,000
Office, licence, empanelment & pre-operative	15,00,000

Total project cost	**2,00,00,000**
Promoter contribution	75,00,000
Bank finance (WC/CC + BG limits, MSME)	1,25,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Substation & T&D works	7,00,00,000	11,00,00,000	15,00,00,000
Industrial electrification & panels	4,50,00,000	7,00,00,000	9,50,00,000
O&M / AMC & other	50,00,000	1,00,00,000	1,50,00,000
Total revenue	**12,00,00,000**	**19,00,00,000**	**26,00,00,000**
Materials, subcontract & site cost	8,80,00,000	13,80,00,000	18,70,00,000
Salaries & labour	1,40,00,000	2,20,00,000	3,00,00,000
Overheads, logistics & BG/insurance	85,00,000	1,30,00,000	1,75,00,000
Interest & other	25,00,000	40,00,000	55,00,000
Total expenses	**11,30,00,000**	**17,70,00,000**	**24,00,00,000**
Net profit (before tax)	**70,00,000**	**1,30,00,000**	**2,00,00,000**
Net margin	5.8%	6.8%	7.7%

12.3 Unit economics & break-even

- **Order-book × project margin:** electrical-EPC margins are moderate; estimation accuracy, execution efficiency, procurement/cost & project mix (substation larger/higher-value) drive it; O&M/AMC adds recurring margin.
- **WC & BG:** materials/labour funding + retention money (5–10% held for months) + BG/EMD tie up working capital; RA-billing, retention recovery & BG capacity are the core cash levers.
- **Break-even:** at an order-book/execution threshold covering overheads & interest; net margins moderate (contracting), improving with mix, execution & O&M.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	15,00,000	13,50,000	13,80,000	14,20,000
RA-bill & O&M collections	2,40,00,000	2,95,00,000	3,35,00,000	3,50,00,000
Materials, labour & operating	2,41,50,000	2,94,70,000	3,34,60,000	3,48,80,000
Closing balance	**13,50,000**	**13,80,000**	**14,20,000**	**15,40,000**

> Electrical contracting is WC-heavy: materials/labour upfront, retention money held for months, BG/EMD blocked. RA-billing discipline, retention recovery, BG limits, procurement, mobilisation-advances & the WC line manage cash; the key risks are order-book gaps, execution/delays/cost overrun, retention/receivable delays (govt), BG capacity & competition — met with tenders, execution, WC discipline & relationships.

12.5 Key Performance Indicators to Monitor

- **Order-book:** pipeline; win-rate; order-book cover; project mix.
- **Execution:** on-time; cost vs. estimate; quality/safety.
- **WC:** retention outstanding; receivable days; BG utilisation.
- **Finance:** project margin; net margin; WC cycle.

13. Funding Requirement & Bankability

Total ask: **₹1.25 crore bank finance** against ₹75 lakh promoter contribution — **WC/CC for materials/labour/retention plus non-fund BG limits** (critical for tenders/EMD/performance) & equipment, MSME-eligible. Bankability rests on order-book/pipeline, execution track record, licence grade, BG capacity & client (esp. govt) profile; India's power-infra spend supports demand. Year-1 profit ~₹70 lakh growing to ₹2 crore supports servicing; order-book, execution & WC/BG are key. Order-book, execution, licence & WC discipline underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (materials/labour + retention)	1,20,00,000	60%
Bank-guarantee / EMD margin (non-fund)	40,00,000	20%
Tools, equipment & vehicles	25,00,000	12.5%
Office, licence, empanelment & pre-operative	15,00,000	7.5%
Total	**2,00,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Order-book gaps / tender dependence	Pipeline, empanelment, diversify clients, sub-contracting, O&M
Execution / delays / cost overrun	Estimation, project management, procurement, skilled labour
Retention / receivable delays (govt)	RA-billing, retention recovery, WC line, client mix
BG / WC capacity	BG limits, WC discipline, gearing, banking relationship
Safety / quality / licence	Licensed engineers, CEA/CEIG safety, testing, standards

15. SWOT Analysis

Strengths	Weaknesses
Power-infra/capex tailwind; project margin + O&M; licence-grade & track-record moat; scalable order-book.	WC-/BG-heavy; order-book/tender-dependent; retention/govt-payment delays; execution/competition risk.

Opportunities	Threats
T&D/substation & smart-grid; RE-evacuation; industrial/real-estate; O&M; larger grade/geographies.	Tender competition/price; govt-payment/retention delays; material-price; execution/safety; WC constraints.

16. Recommended AiSevak Tools for This Business

This electrical contractor would use AiSevak's Energy vertical tools in delivery:

- **Project ops:** tender/estimation & execution/site, procurement/cost & safety/testing, RA-billing/retention tools.
- **Commercial ops:** BG/EMD/WC & order-book/CRM, licence/empanelment & GST tools (with Finance & Legal verticals).
- **Practice:** Business Plan, project-margin/WC-cycle and Break-even tools to model the business.

17. Key Assumptions & Notes

- Electrical contracting/substation EPC: HT/LT, substation, T&D, electrification & panels for govt/industrial/commercial, won via tenders; project/EPC margin + O&M.
- Order-book × project margin decisive; order-book/pipeline, execution/timeliness, licence grade (A-class), procurement/cost & WC (retention/BG) are the levers.
- WC/CC + non-fund BG limits (MSME); licensed electrical contractor (state board), CEA/CEIG safety, empanelment, RA-billing.
- Order-book, execution, WC/BG & relationships drive economics; figures illustrative, exclude GST.

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