



BUSINESS PLAN · INDIA

MEP Contracting Firm

Reliable, code-compliant, well-coordinated building services on time

CONSTRUCTION

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out an **MEP Contracting Firm** in India — a specialised building-services contractor executing Mechanical, Electrical & Plumbing (MEP) works: HVAC, electrical & power, plumbing & firefighting, BMS & low-voltage, for commercial, residential, industrial & institutional buildings, as a specialist subcontractor to main contractors/developers or directly to clients, on BOQ/item-rate or design-build contracts. It earns specialised MEP contracting margins on project execution, monetising the essential, skill-intensive MEP scope of every building & rising building-services complexity — a specialised, skilled-labour-, execution- & working-capital-driven contracting business.

MEP is an essential, growing & specialised scope of every building (typically 25–35% of project cost), rising with building complexity, HVAC/electrical/firefighting norms, green buildings & industrial demand. An MEP contractor earns better margins than general civil (specialised, skill-intensive) with the key levers being estimation/design, execution & skilled-labour/engineer productivity, material (equipment) management, working-capital & milestone billing, & main-contractor/developer relationships. It is skilled-labour- & working-capital-intensive with execution & coordination risk; success rests on estimation, execution/coordination, skilled resources & WC.

This is an MSME specialised-contracting business — funded by promoter equity plus bank finance (term for tools/equipment + CC/OD & project finance; advances & milestone billing fund the cycle, under Mudra/CGTMSE). This plan models an MEP contractor requiring **₹70 lakh** (₹24 lakh promoter + ₹46 lakh bank finance) working capital & equipment, targeting **₹5 crore** revenue in Year 1 and **₹10 crore** by Year 3. *(MEP contractor; specialised/skill-intensive, better-than-civil margins, WC-intensive, execution/coordination-driven.)*

2. Business Description, Vision & Legal Structure

Concept: A specialised MEP contractor - HVAC, electrical, plumbing, firefighting, BMS/low-voltage - for buildings, as subcontractor to main contractors/developers or direct; design-build or BOQ execution.

Vision: To be a trusted specialist MEP partner known for quality & coordination.

Mission: Deliver reliable, code-compliant, well-coordinated building services on time.

Legal structure options

- **Private Limited / LLP** — recommended (for contracts, licences, finance & scale).
- **Proprietorship / Partnership** — possible for a small firm, limits large contracts.

Regulatory anchor: an MEP contractor is a specialised building-services business — company/GST, **electrical contractor licence** (state — for electrical works), plumbing/firefighting norms & approvals (fire NOC/CFO), labour (BOCW/ESI/PF), safety (electrical/height), & contract/works agreements (retention, defect-liability, coordination). Estimation/design, execution & coordination, skilled-labour/engineer productivity, material management, WC/milestone billing & relationships determine success; specialised, skill-/WC-intensive with better margins than civil.

3. Promoter & Ownership

Led by a promoter with MEP/building-services, electrical/mechanical engineering or contracting experience & main-contractor/developer relationships. The team includes MEP engineers (electrical/HVAC/plumbing), design/estimation, site supervisors, procurement & skilled-labour/vendor network. Estimation, execution/coordination, skilled resources & relationships are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's MEP/building-services market is large & growing with construction, rising building complexity, HVAC/electrical/firefighting & safety norms, green buildings (IGBC/LEED), data centres, healthcare & industrial demand. MEP is an essential 25–35% of every project & increasingly specialised. The market rewards estimation/design, execution/coordination, skilled resources, code-compliance & relationships; it is execution-, skill-, WC- & competition-sensitive, met with specialisation, execution/coordination, skilled resources & WC discipline.

Demand drivers

- **Construction & building complexity.**
- **HVAC/electrical/firefighting & safety norms.**
- **Green buildings & energy efficiency.**
- **Data centres, healthcare & industrial.**
- **Commercial & institutional** demand.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	MEP/building services in India	Very large & growing
SAM	Region & building segment	Substantial
SOM (Yr 1–3)	MEP projects / order book	Scaling

Target segments

- Commercial & office buildings.
- Residential (developers).
- Industrial & institutional (hospitals/hotels).
- Data centres & green buildings.

5. Competition & Competitive Advantage

Landscape: other MEP contractors, large MEP/EPC firms, general contractors' in-house MEP & specialist trade contractors. The firm competes on specialisation, estimation, execution/coordination, code-compliance, skilled resources & relationships.

The firm's edge

- **MEP specialisation & coordination.**
- **Estimation/design & code-compliance.**
- **Execution & skilled engineers/labour.**
- **Quality & timeline.**
- **Main-contractor/developer relationships.**

6. Products & Revenue Model

Stream	Model	Basis
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MEP works (BOQ/item-rate)	Contract margin (12-20%)	Core
Design-build MEP	Higher margin (design+execute)	Margin
HVAC / firefighting (specialised)	Higher-value specialised	Margin/specialisation
Subcontract to main contractors	Execution margin (volume)	Volume/relationship
AMC / O&M (building services)	Recurring	Annuity

MEP earns better margins than general civil (12-20% — specialised, skill-intensive); design-build & specialised HVAC/firefighting are higher-margin; subcontract to main contractors brings volume; AMC/O&M adds recurring annuity. Estimation/design, execution/coordination, skilled-resource productivity & WC/milestone billing drive economics — the decisive MEP levers; specialisation & coordination command premium.

7. Go-to-Market — Marketing & Sales

- **Main-contractor/developer** relationships (key channel).
- **Track record & pre-qualification.**
- **Consultant/architect & direct-client.**
- **Specialisation (HVAC/firefighting/green).**
- **AMC/O&M & repeat.**

Sales approach

Win MEP scope (main-contractor/developer relationships, pre-qualification, consultant tie-ups, specialisation) → estimate/design & award (advance) → execute & coordinate (quality/code/timeline) → bill milestones & manage WC → deliver, commission & AMC/O&M → grow via track record & repeat. Specialisation, execution/coordination, relationships & WC build the order book.

8. Operations Plan

- **Capability & resources:** MEP engineers (electrical/HVAC/plumbing/fire), design/estimation, site supervisors, tools/equipment, skilled-labour/vendor network, testing/commissioning.
- **Process:** estimate/design → award & contract (advance) → procurement (equipment/materials) → execution & coordination (with civil/other trades) → testing/commissioning → milestone billing → handover/AMC.
- **Coordination & quality:** coordination with civil/main contractor, code-compliance (electrical/fire), testing/commissioning, safety.
- **WC & billing:** advances, milestone billing, equipment/material cash-flow, retention.
- **Compliance:** electrical contractor licence, fire/plumbing norms, labour/BOCW/safety, GST.

MEP workflow

Stage	Activity	Metric
Estimate/design	BOQ/design/quote	Win rate/margin
Award	Contract/advance	Order book
Execute	Install/coordinate	Timeline/quality

Commission	Test/certify	Code-compliance
Handover	Milestone/AMC	Cash flow/annuity

9. Regulatory, Licences & Compliance (India)

- **Electrical & fire:** state electrical contractor licence (electrical works); fire NOC/CFO & firefighting norms; plumbing/sanitary norms.
- **Labour & safety:** BOCW Act, labour licence, ESI/PF; electrical/height safety.
- **Business & tax:** Pvt Ltd/LLP; GST; PAN/TAN; Udyam; contractor registration (as relevant).
- **Contract:** works/MEP agreements (retention, defect-liability, coordination, testing/commissioning).

10. Organisation & Manpower Plan (core; labour largely subcontracted)

Role	Yr 1	Yr 2	Yr 3
Promoter & project leadership	2	3	5
MEP engineers (elec/HVAC/plumbing/fire)	6	11	18
Design/estimation & QS/billing	3	5	8
Site supervisors & procurement	4	7	11
Admin, accounts & safety	2	4	6
Core total (+ subcontract labour)	17	30	48

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	Team, electrical licence, tools, first projects, launch
Ramp	Month 3-9	Execution, order book, main-contractor tie-ups, track record
Traction	Month 9-12	Execution & WC; ₹5cr revenue
Grow	Year 2	Design-build, specialised (HVAC/fire), larger projects, AMC
Scale	Year 3	₹10cr revenue; order book & specialisation

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. MEP; specialised/better-than-civil margins, WC-intensive, execution/coordination-driven.

12.1 Project cost & means of finance (setup + working capital)

Capital requirement	₹
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Working capital (equipment/material/labour ahead of billing)	42,00,000
Tools, testing equipment & setup	15,00,000
Office, licences & pre-operative	7,00,000
Contingency	6,00,000
Total capital requirement	70,00,000
Promoter contribution	24,00,000
Bank finance (term + CC/project; Mudra/CGTMSE)	46,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
MEP works (BOQ/subcontract)	3,50,00,000	5,80,00,000	7,00,00,000
Design-build & specialised (HVAC/fire)	1,20,00,000	2,60,00,000	2,50,00,000
AMC / O&M & other	30,00,000	60,00,000	50,00,000
Total revenue	5,00,00,000	9,00,00,000	10,00,00,000
Material/equipment & subcontract/labour	3,85,00,000	6,93,00,000	7,65,00,000
Engineers & site staff	45,00,000	70,00,000	90,00,000
Overheads, tools & operations	28,00,000	45,00,000	52,00,000
Admin, interest & other	18,00,000	30,00,000	37,00,000
Total expenses	4,76,00,000	8,38,00,000	9,44,00,000
Net profit (before tax)	24,00,000	62,00,000	56,00,000
Net margin	4.8%	6.9%	5.6%

12.3 Unit economics & break-even

- **Specialised margins:** MEP earns 12–20% gross (~5–7% net) — better than civil (specialised/skill); design-build & HVAC/fire lift it; estimation vs. actual & coordination protect margins.
- **Skilled resources & WC:** skilled engineers/labour productivity & equipment/material ahead of milestone billing + retention tie up WC; advances & billing critical.
- **Break-even:** at an order-book/execution level covering engineers, overheads & interest; profit scales with order book, specialisation & execution discipline; AMC adds annuity.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	6,00,000	5,50,000	5,40,000	5,60,000
Collections (advances + milestones)	1,02,00,000	1,22,00,000	1,35,00,000	1,45,00,000
Material/equipment, labour, staff & operating	1,02,50,000	1,22,10,000	1,34,80,000	1,44,20,000
Closing balance	5,50,000	5,40,000	5,60,000	6,40,000

Advances & milestone billing fund the cycle, but equipment/material & labour run ahead & retention is held till defect-liability; main-contractor payment can lag. Advances, milestone billing, receivable/retention follow-up, CC & contingency manage cash; estimation errors, coordination delays & payment lags are the key risks — met with estimation, coordination & WC discipline.

12.5 Key Performance Indicators to Monitor

- **Order book:** booked/backlog; win rate; main-contractor pipeline.
- **Execution:** timeline; coordination; cost vs. estimate; testing/commissioning; rework.
- **Economics:** gross & net margin/project; design-build & specialised mix.
- **WC:** receivable/milestone days; retention; material/equipment cash-flow; CC.

13. Funding Requirement & Bankability

Total ask: **₹46 lakh bank finance** (term for tools/testing + **CC/project finance for working capital** — dominant) against ₹24 lakh promoter contribution, under Mudra/CGTMSE. Bankability rests on order book, execution track record, specialisation/estimation & the advance/milestone billing structure; MEP is an essential, better-margin, growing scope. Year-1 profit ~₹24 lakh & growing supports servicing; order book, relationships & billing de-risk; estimation, coordination & WC discipline are key.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (equipment/material/labour ahead of billing)	42,00,000	60%
Tools, testing equipment & setup	15,00,000	21.4%
Office, licences & pre-operative	7,00,000	10%
Contingency	6,00,000	8.6%
Total	70,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Estimation errors / cost overruns	Rigorous estimation/design; contingency; change-orders; execution control
Main-contractor payment delays & retention	Advances; milestone billing; credit checks; retention follow-up; CC
Coordination / execution delays	Coordination with civil/trades; project management; skilled resources
Skilled-engineer/labour availability	Engineer team; training; vendor/labour network; retention
Code-compliance / safety	Electrical licence, fire/code compliance, testing/commissioning, safety

15. SWOT Analysis

Strengths Essential specialised scope (25–35% of projects); better-than-civil margins; AMC annuity; advance/milestone funding; specialisation moat.	Weaknesses WC-intensive (billing/retention lag); skilled-resource-dependent; coordination/execution risk; competition; cyclical.
Opportunities Building complexity; green/data-centre/healthcare; design-build; specialised HVAC/fire; AMC/O&M; larger projects.	Threats Payment delays & WC; competition & price pressure; skilled-labour scarcity; material/equipment inflation.

16. Recommended AiSevak Tools for This Business

This MEP contractor would use AiSevak's Construction vertical tools in delivery:

- **MEP ops:** estimation/design-BOQ, project-management/coordination, milestone-billing & WC and procurement/AMC tools.
- **Compliance:** electrical-contractor-licence & fire/code, BOCW/labour & safety, testing/commissioning and works-contract/retention tools (with Legal & Finance verticals).
- **Practice:** Business Plan, MEP-margin/WC and Break-even tools to model the firm.

17. Key Assumptions & Notes

- MEP contractor; HVAC/electrical/plumbing/firefighting/BMS via BOQ/subcontract + design-build + specialised + AMC; commercial/residential/industrial/institutional.
- Better margins than civil (12–20% gross); estimation/design, execution/coordination, skilled resources & WC/milestone billing decisive; WC-intensive.
- Term + CC/project finance (Mudra/CGTMSE) — WC dominant; electrical contractor licence, fire/code, BOCW/labour/safety, works contracts.
- Specialisation, execution/coordination, relationships & WC discipline drive economics; figures illustrative, exclude GST.

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