



BUSINESS PLAN · INDIA

Contract Manufacturing Unit

Consistent quality, reliable supply and cost efficiency at scale

MANUFACTURING

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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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 a **Contract Manufacturing Unit** in India — a third-party manufacturing facility that produces goods (FMCG, food, cosmetics, pharma-adjacent, household or industrial products) for brands & companies under their labels & specifications, on a job-work / per-unit / cost-plus basis. It earns manufacturing margins on assured volumes from brand clients without carrying brand, marketing or distribution risk, monetising capacity utilisation, quality & cost efficiency — a capacity-, utilisation- & quality-driven B2B manufacturing business.

Contract manufacturing (CMO / third-party / private-label production) is a large, growing model in India as brands, D2C players & MNCs increasingly outsource production to focus on brand, marketing & distribution — accelerated by the D2C boom, "asset-light brand" strategies, PLI/Make-in-India & import substitution. A contract manufacturer earns steady margins on assured volumes, with the key levers being capacity utilisation, quality/certification, cost efficiency, reliability & client relationships. The trade-off is thinner per-unit margins & client concentration versus own-brand, offset by lower demand risk & steadier cash flow.

This is a capital-intensive MSME manufacturing business — funded by promoter equity plus bank finance (term loan for plant & machinery + CC/OD for working capital, under Mudra/CGTMSE/SIDBI; sector schemes/PLI where eligible). This plan models a unit requiring **₹2 crore** (₹70 lakh promoter + ₹1.3 crore bank finance), targeting **₹4 crore** revenue in Year 1 and **₹7 crore** by Year 3. *(Contract manufacturing; capacity-/utilisation-driven, B2B assured-volume, quality-&-cost-led.)*

2. Business Description, Vision & Legal Structure

Concept: A quality-certified third-party manufacturing unit producing goods for brands under their specifications & labels - reliable, efficient, scalable capacity.

Vision: To be a trusted manufacturing partner for growing brands.

Mission: Deliver consistent quality, reliable supply & cost efficiency at scale.

Legal structure options

- **Private Limited / LLP** — recommended (for the asset, contracts, finance & scale).
- **Proprietorship / Partnership** — possible for a small unit, but limits contracts/scale.

Regulatory anchor: a contract manufacturer is a factory + sector-regulated producer — Factories Act & factory licence, GST, product-sector licences (FSSAI for food, CDSCO/cosmetic rules, BIS as relevant), pollution/environment (CTE/CTO), fire & labour, plus client audits & certifications (ISO/GMP/HACCP). Capacity utilisation, quality/certification, cost efficiency, reliability & client relationships determine success; capital-intensive with thinner margins but lower demand risk.

3. Promoter & Ownership

Led by a promoter with manufacturing, operations or industry experience & client relationships. The team includes plant/production, quality/QC & certification, procurement, maintenance & a business-development/client function. Quality, reliability, cost efficiency & certifications are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's contract-manufacturing market is large & growing across FMCG, food, cosmetics, pharma-adjacent, household & industrial products, driven by the D2C/brand boom, asset-light brand strategies, MNC outsourcing, Make-in-India/PLI,

import substitution & capacity demand. Brands increasingly outsource production to specialists. The market rewards capacity, quality/certification, cost efficiency, reliability & relationships; it is utilisation- & client-concentration-sensitive, met with quality, diversification & long-term contracts.

Demand drivers

- **D2C & brand boom** (outsourced production).
- **Asset-light brand** strategies.
- **MNC & large-brand** outsourcing.
- **Make-in-India / PLI / import substitution.**
- **Capacity & certification** demand.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Contract-manufacturing in India	Very large
SAM	Product-category & region	Substantial
SOM (Yr 1-3)	Client volumes / capacity	Scaling

Target segments

- D2C & emerging brands.
- Established FMCG/MNC brands.
- Private-label retailers.
- Exporters & institutional buyers.

5. Competition & Competitive Advantage

Landscape: other contract manufacturers, in-house brand factories & imports. The unit competes on quality/certification, capacity, cost, reliability, flexibility & relationships.

The unit's edge

- **Quality & certifications (ISO/GMP/HACCP).**
- **Capacity & reliability.**
- **Cost efficiency & scale.**
- **Flexibility & responsiveness.**
- **Client relationships & trust.**

6. Products & Revenue Model

Stream	Model	Basis
Per-unit / job-work manufacturing	Cost-plus / per-unit margin	Core
Private-label production	Margin on volume	Volume
Formulation / R&D / NPD support	Fee / value-add	Stickiness/margin

Packaging & value-added services	Margin	Add-on
Long-term contracts / MOQs	Assured volume	Utilisation base

Revenue is largely cost-plus / per-unit on client volumes; per-unit margins are thinner than own-brand but demand risk is lower. R&D/NPD support & value-added services lift margin & stickiness. Capacity utilisation, cost efficiency, quality/certification & long-term contracts drive economics — the decisive contract-manufacturing levers; utilisation is everything against fixed plant costs.

7. Go-to-Market — Marketing & Sales

- **Direct B2B & brand** business development.
- **Certifications & audits** (ISO/GMP/HACCP) as credentials.
- **Industry networks & referrals.**
- **D2C/private-label & export** channels.
- **Reliability, quality & long-term contracts.**

Sales approach

Win anchor clients (credentials, quality, capacity, cost) → prove reliability & quality → convert to long-term contracts & MOQs (utilisation base) → deepen with R&D/NPD & value-add → diversify clients to reduce concentration. Utilisation, quality & relationships build steady, scalable revenue.

8. Operations Plan

- **Plant & capacity:** factory with production lines, quality lab, warehousing; certified processes (ISO/GMP/HACCP as relevant).
- **Process:** client spec & formulation → procurement → production (batches/lines) → QC & certification → packaging & dispatch → client audits.
- **Quality & compliance:** QC, traceability, certifications, client audits, food/product-safety.
- **Efficiency:** capacity utilisation, OEE, yield, procurement & cost control, maintenance.
- **Tech:** ERP/MES, production planning, inventory, quality & traceability systems.

Contract-manufacturing workflow

Stage	Activity	Metric
Spec	Formulation/NPD	Fit/margin
Procure	Raw material	Cost/quality
Produce	Batch/line	Utilisation/OEE/yield
QC	Quality/certify	Reject %/compliance
Dispatch	Pack/deliver	On-time/reliability

9. Regulatory, Licences & Compliance (India)

- **Factory & safety:** Factories Act & factory licence; fire NOC; labour/ESI/PF; safety.
- **Product-sector:** FSSAI (food), CDSCO/cosmetic rules, BIS (as relevant); certifications (ISO/GMP/HACCP).
- **Environment:** pollution-board CTE/CTO; effluent/waste; hazardous-material norms (if applicable).
- **Business & tax:** Pvt Ltd/LLP; GST; PAN/TAN; Udyam; PLI/scheme registration (if eligible).

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter & plant head	2	3	4
Production / operators	20	32	48
Quality, lab & certification	4	6	9
Procurement, stores & maintenance	5	8	12
Business dev & admin	3	4	6
Total	34	53	79

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-5	Plant, machinery, certifications, licences, anchor clients
Ramp	Month 5-10	Utilisation, quality, reliability, more clients
Traction	Month 10-12	Capacity utilisation & contracts; ₹4cr revenue
Expand	Year 2	Lines, clients, R&D/NPD, exports
Scale	Year 3	₹7cr revenue; higher utilisation & capacity

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. Contract manufacturing; capacity/utilisation-driven, cost-plus, thinner margins/lower demand risk.

12.1 Project cost & means of finance

Capital requirement	₹
Plant & machinery / production lines	1,10,00,000
Factory setup, utilities & lab	35,00,000
Certifications, licences & pre-operative	15,00,000
Working capital (raw material, WIP)	30,00,000

Contingency	10,00,000
Total project cost	2,00,00,000
Promoter contribution	70,00,000
Bank finance (term + CC; Mudra/CGTMSE/SIDBI)	1,30,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Manufacturing revenue (utilisation 50%→75%)	3,70,00,000	5,30,00,000	6,50,00,000
R&D/NPD & value-added services	30,00,000	45,00,000	50,00,000
Total revenue	4,00,00,000	5,75,00,000	7,00,00,000
Raw material & consumables	2,60,00,000	3,68,00,000	4,41,00,000
Direct labour & production	40,00,000	56,00,000	70,00,000
Factory overheads & utilities	36,00,000	46,00,000	56,00,000
Admin, quality & selling	28,00,000	38,00,000	46,00,000
Interest & depreciation	30,00,000	33,00,000	34,00,000
Total expenses	3,94,00,000	5,41,00,000	6,47,00,000
Net profit (before tax)	6,00,000	34,00,000	53,00,000
Net margin	1.5%	5.9%	7.6%

12.3 Unit economics & break-even

- **Capacity utilisation:** the master lever — fixed plant, depreciation & interest are spread over volume; utilisation rising 50%→75% transforms margins.
- **Cost-plus margins:** per-unit margins are thinner (material-heavy), so cost efficiency, yield & procurement drive profit; value-added services lift the blend.
- **Break-even:** at a utilisation threshold (~45–55%) covering fixed costs; above it, incremental volume is highly profitable — utilisation is decisive.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	10,00,000	8,50,000	8,20,000	8,40,000
Collections	72,00,000	88,00,000	1,04,00,000	1,16,00,000
Material, labour, overheads & interest	73,50,000	88,30,000	1,03,80,000	1,15,00,000
Closing balance	8,50,000	8,20,000	8,40,000	9,40,000

B2B sales carry client credit (receivables 30–60 days) & raw-material WC is significant; assured volumes & advances/MOQs help. Utilisation, procurement/WC discipline, receivable & CC management, plus contingency, manage cash; low early utilisation & client concentration are the main risks — met with anchor contracts & diversification.

12.5 Key Performance Indicators to Monitor

- **Utilisation:** capacity utilisation %; OEE; yield; reject %.
- **Economics:** per-unit margin; material cost %; contribution.
- **Clients:** client count/concentration; contract length; on-time delivery.
- **WC:** receivable days; raw-material & WIP inventory; CC utilisation.

13. Funding Requirement & Bankability

Total ask: **₹1.3 crore bank finance** against ₹70 lakh promoter contribution — term loan for plant & machinery + CC for working capital, under Mudra/CGTMSE/SIDBI (PLI/sector schemes where eligible). Bankability rests on capacity utilisation, client contracts/order book, quality/certifications & cost efficiency; manufacturing is asset-backed (machinery collateral) with strong margins at higher utilisation. Year-1 near break-even scaling to ₹53 lakh profit supports servicing; anchor contracts de-risk the ramp.

13.1 Funding utilisation

Use of funds	₹	% of total
Plant & machinery / production lines	1,10,00,000	55%
Factory setup, utilities & lab	35,00,000	17.5%
Working capital (raw material, WIP)	30,00,000	15%
Certifications, licences & pre-operative	15,00,000	7.5%
Contingency	10,00,000	5%
Total	2,00,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Low capacity utilisation	Anchor contracts/MOQs; diversify clients; business development
Client concentration	Multiple clients/sectors; long-term contracts; R&D stickiness
Raw-material cost & WC	Cost-plus pricing; procurement; inventory & CC discipline
Quality / audit failures	QC, certifications (ISO/GMP/HACCP), traceability, audits
Compliance (factory/environment)	Factory/pollution/labour compliance; safety; audits

15. SWOT Analysis

Strengths Assured B2B volumes; lower demand/brand risk; asset-backed; utilisation-driven margins; scalable capacity.	Weaknesses Capital-intensive; thinner per-unit margins; client-concentration & utilisation risk; WC-heavy.
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Opportunities D2C/brand outsourcing; PLI/Make-in-India; private label; R&D/NPD; exports; capacity expansion.	Threats Client loss/insourcing; raw-material inflation; competition & imports; utilisation shortfalls.
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16. Recommended AiSevak Tools for This Business

This contract manufacturer would use AiSevak’s Manufacturing vertical tools in delivery:

- **Plant ops:** ERP/MES/production-planning, capacity-utilisation/OEE, quality/traceability and procurement/inventory tools.
- **Compliance:** factory-licence, FSSAI/CDSCO/BIS, pollution/CTE-CTO and ISO/GMP/HACCP tools (with Legal & Finance verticals).
- **Practice:** Business Plan, utilisation/unit-economics and Break-even tools to model the unit.

17. Key Assumptions & Notes

- Contract manufacturing; third-party/private-label production for brands on cost-plus/per-unit; thinner margins, lower demand risk.
- Capacity utilisation is the master lever (50%→75%); cost efficiency, quality/certification & long-term contracts decisive.
- Capital-intensive; term + CC (Mudra/CGTMSE/SIDBI; PLI if eligible); Factories Act, sector licences (FSSAI/CDSCO/BIS), pollution, labour.
- Utilisation, cost, quality & client diversification drive economics; figures illustrative, exclude GST.

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