



BUSINESS PLAN · INDIA

Garment Export House

Buyer-driven garment export - FOB, compliance and on-time delivery

TEXTILE

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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 **Garment Export House** in India — a buyer-driven export business that manufactures (or sources) apparel to international buyers' (brands/retailers) specifications, on FOB/CMP terms, against export order-books, with merchandising, compliance (BSCI/Sedex/WRAP), quality & on-time delivery at its core. It earns FOB/export margins on order volume, monetising India's large garment-export base, cost/skill advantage & the "China+1" shift — a buyer-driven, order-book-, merchandising-, compliance-, forex- & delivery-intensive business.

India is a major global garment exporter with cost, cotton & skill advantages, benefiting from "China+1" diversification & export incentives (RoDTEP, and PLI for select segments). An export house is fundamentally **buyer-driven**: it lives on relationships with international buyers, a healthy order-book, merchandising (translating buyer specs to production), stringent compliance (BSCI, Sedex, WRAP, buyer audits), quality, on-time delivery & forex management. Margins are FOB/order-based; success rests on buyer relationships, order-book, merchandising, compliance, quality/OTD & forex/working-capital (pre-/post-shipment credit) discipline — it is buyer-concentration-, forex-, compliance- & delivery-sensitive.

This is an export manufacturing/sourcing business — funded by promoter equity plus bank finance (term for capacity plus, crucially, **pre-/post-shipment export credit** for order working capital, PLI/RoDTEP-supported). This plan models a garment export house requiring **₹4 crore** (₹1.4 crore promoter + ₹2.6 crore bank finance incl. export-credit lines), targeting **₹22 crore** export revenue in Year 1 and **₹40 crore** by Year 3. (*Buyer-driven export; order-book/merchandising/FOB/compliance/forex/pre-post-shipment-credit-driven.*)

2. Business Description, Vision & Legal Structure

Concept: A garment export house - manufacturing/sourcing apparel to international buyers' specs on FOB/CMP terms, with merchandising, compliance, quality & on-time delivery against export order-books.

Vision: To be a trusted, compliant, reliable garment-export partner to global buyers.

Mission: Deliver buyer specs — right quality, compliance & on-time — building an order-book on relationships & reliability.

Legal structure options

- **Partnership / LLP** — used by mid export houses.
- **Private Limited** — recommended for scale, buyer credibility, export credit, compliance & funding.

Regulatory anchor: a garment export house is an export manufacturing business (IEC, AEPC/RCMC, GST/LUT, Factories Act & factory licence, labour/pollution, buyer compliance — BSCI/Sedex/WRAP/audits, customs/export docs, RoDTEP/incentives, forex/FEMA). Buyer relationships, order-book, merchandising, compliance, quality/OTD & forex/export-credit determine success; it is buyer-concentration-, forex-, compliance- & delivery-sensitive.

3. Promoter & Ownership

Led by a promoter with garment-export, merchandising, production or buyer-relationship experience. The team includes merchandising (buyer specs → production), production/quality, compliance & audits, sampling, exports/documentation & finance (forex/export-credit). Buyer relationships, order-book, merchandising, compliance & delivery are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India is a major global garment exporter with cost, cotton & skill advantages, gaining from "China+1" diversification & export incentives (RoDTEP, PLI for select). Global buyers seek compliant, reliable, cost-competitive Indian suppliers. Demand is buyer/order-driven & global-economy-linked. The market rewards buyer relationships, order-book, merchandising, compliance (BSCI/Sedex/WRAP), quality, on-time delivery & forex/WC discipline; it is buyer-concentration-, forex-, compliance-, cost- & delivery-sensitive, met with relationships, order-book, merchandising, compliance & OTD.

Demand drivers

- **"China+1" & buyer diversification.**
- **India's cost, cotton & skill** advantage.
- **Export incentives** (RoDTEP, PLI select).
- **Global brand/retailer sourcing.**
- **Compliance & sustainability** sourcing.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Garment exports from India	Very large & export-strategic
SAM	Buyers/segments & categories	Substantial
SOM (Yr 1–3)	Order-book / buyers	Scaling

Target segments (buyers)

- International brands & retailers.
- Importers & buying houses.
- Category buyers (knits/wovens/kids/etc.).
- Sustainability/compliance-led buyers.

5. Competition & Competitive Advantage

Landscape: other Indian export houses, Bangladesh/Vietnam/other-country suppliers & large integrated exporters. The export house competes on buyer relationships, order-book, merchandising, compliance, quality, on-time delivery & cost/forex.

The business's edge

- **Buyer relationships & order-book.**
- **Merchandising & responsiveness.**
- **Compliance (BSCI/Sedex/WRAP) & audits.**
- **Quality & on-time delivery.**
- **Cost/forex & export-credit discipline.**

6. Products & Revenue Model

Stream	Model	Basis
FOB export (manufacture)	FOB margin (12–20%)	Core order-book
Full-package / value-added	Higher margin (18–28%)	Margin
Sourcing / buying-house	Commission/margin (low WC)	Margin/low-WC
CMP / job for buyers	Conversion (lower material WC)	Utilisation
Incentives (RoDTEP etc.)	Export incentive	Margin uplift

FOB export earns 12–20% on the order-book; full-package/value-added & specialty lift margin; sourcing/buying-house is low-WC commission; CMP is conversion. RoDTEP/incentives add margin. Buyer relationships, order-book, merchandising, compliance, quality/OTD & forex/export-credit drive economics — the decisive export levers.

7. Go-to-Market — Marketing & Sales (buyer development)

- **Buyer development** (brands/retailers/importers/buying-houses).
- **Trade fairs & sourcing** (domestic/international, AEPC).
- **Merchandising & sampling** responsiveness.
- **Compliance & audit** credentials (BSCI/Sedex/WRAP).
- **Reliability, quality & OTD** (repeat order-book).

Sales approach

Develop buyers (fairs, sourcing, referrals) → win orders via merchandising, sampling, compliance & cost → deliver quality on-time → build repeat order-book & buyer trust → add value-added/full-package & buyers to grow & de-risk. Buyer relationships, order-book, merchandising, compliance & OTD build the export house.

8. Operations Plan

- **Facility:** factory (cutting/stitching/finishing), sampling room, quality & compliance systems; or sourcing model (network of units).
- **Process:** buyer order → merchandising (specs/BOM/costing) → sampling/approval → fabric/trims sourcing → production → in-line/final QC → compliance → export docs/shipment (FOB) → payment (LC/credit).
- **Compliance:** BSCI/Sedex/WRAP, buyer audits, labour/social, quality; central to buyer retention.
- **Tech:** merchandising/PLM, production/order tracking, quality, compliance & export-docs/forex.
- **Delivery:** on-time shipment & order-book management critical.

Export order workflow

Stage	Activity	Metric
Merchandise	Specs/costing/sampling	Approval/costing
Source	Fabric/trims	Cost/lead-time

Produce	Cut/stitch/finish	SAM/efficiency
QC/comply	Quality/audits	Pass/compliance
Ship/collect	Export/forex/credit	OTD/DSO

9. Regulatory, Licences & Compliance (India)

- **Export:** IEC; AEPC/RCMC; GST/LUT; customs & export docs; RoDTEP/incentives.
- **Factory:** Factories Act & factory licence; labour; pollution (if wet process); fire/safety.
- **Buyer compliance:** BSCI, Sedex, WRAP, buyer social/quality audits.
- **Forex:** FEMA; forex hedging; export credit (pre-/post-shipment).

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / director	1	2	3
Merchandising & sampling	6	11	18
Production & quality	40	75	130
Compliance, exports & docs	4	7	11
Finance (forex/credit) & admin	4	7	11
Total	55	102	173

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–4	Factory/sourcing, compliance/audits, merchandising, IEC/AEPC, first buyers
Ramp	Month 4–9	Order-book, production, quality/OTD, export credit
Traction	Month 9–12	Order-book & buyers; ₹22cr revenue
Expand	Year 2	More buyers, value-added/full-package, capacity
Scale	Year 3	₹40cr revenue; order-book & buyer base

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. Buyer-driven export; FOB/order-book margins, forex-, compliance- & WC-intensive (pre-/post-shipment credit).

12.1 Project cost & means of finance

Capital requirement	₹
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Factory setup, machines & sampling (or sourcing base)	1,50,00,000
Working capital — order WC (pre-/post-shipment)	1,70,00,000
Compliance, audits & certifications	25,00,000
Merchandising, tech & systems	25,00,000
Deposits, launch & pre-operative	30,00,000
Total project cost	4,00,00,000
Promoter contribution	1,40,00,000
Bank finance (term + export credit, PLI/RoDTEP)	2,60,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
FOB export (manufacture)	18,00,00,000	26,00,00,000	31,00,00,000
Value-added / full-package	3,00,00,000	6,50,00,000	7,50,00,000
Incentives (RoDTEP) & other	1,00,00,000	1,50,00,000	1,50,00,000
Total revenue	22,00,00,000	34,00,00,000	40,00,00,000
Materials (fabric/trims) & production	16,50,00,000	25,20,00,000	29,40,00,000
Salaries & staff	2,20,00,000	3,40,00,000	4,10,00,000
Compliance, factory & overheads	1,50,00,000	2,20,00,000	2,60,00,000
Interest (export credit) & other	80,00,000	1,20,00,000	1,40,00,000
Total expenses	21,00,00,000	32,00,00,000	37,50,00,000
Net profit (before tax)	1,00,00,000	2,00,00,000	2,50,00,000
Net margin	4.5%	5.9%	6.3%

12.3 Unit economics & break-even

- **Order-book × FOB margin × efficiency:** FOB is 12–20% on the order-book; SAM/production efficiency, material cost & OTD drive the margin; value-added/full-package & incentives (RoDTEP) lift it — the core levers.
- **Forex & export-credit:** export revenue is forex (hedged); order WC runs on pre-/post-shipment credit (packing credit); forex swings & buyer payment terms are managed with hedging & credit discipline.
- **Break-even:** at an order-book/utilisation threshold covering factory, compliance & interest; net margins moderate (export/FOB), profit scales with order-book, efficiency, value-added & forex management.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	30,00,000	26,00,000	27,00,000	29,00,000
Export collections (FOB)	4,60,00,000	5,40,00,000	5,90,00,000	6,50,00,000
Materials, wages & operating	4,64,00,000	5,39,00,000	5,88,00,000	6,44,00,000

Closing balance	26,00,000	27,00,000	29,00,000	35,00,000
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Export houses carry heavy order WC (fabric/trims + production before shipment/payment) & forex risk. Pre-/post-shipment export credit (packing credit), forex hedging, order-book planning, buyer LC/terms & the WC margin manage cash; buyer-payment delays, forex swings, order gaps & compliance failures are the key risks — met with export credit, hedging, order-book & compliance.

12.5 Key Performance Indicators to Monitor

- **Order-book:** value; buyers; repeat; concentration.
- **Production:** SAM/efficiency; quality/reject; OTD.
- **Compliance:** audit pass; certifications; buyer scores.
- **Finance:** FOB margin; forex; export-credit; DSO; incentives.

13. Funding Requirement & Bankability

Total ask: **₹2.6 crore bank finance** against ₹1.4 crore promoter contribution — term for factory/capacity plus, crucially, **pre-/post-shipment export credit (packing credit)** for order working capital, PLI/RoDTEP-supported. Bankability rests on order-book, buyers, compliance credentials & export track record; India's export competitiveness & "China+1" support demand. Year-1 profit ~₹1 crore & growing supports servicing; order-book, forex & export-credit discipline are key. Buyer relationships, order-book, merchandising, compliance & OTD underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital — order WC (pre-/post-shipment)	1,70,00,000	42.5%
Factory setup, machines & sampling	1,50,00,000	37.5%
Deposits, launch & pre-operative	30,00,000	7.5%
Compliance, audits & certifications	25,00,000	6.25%
Merchandising, tech & systems	25,00,000	6.25%
Total	4,00,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Buyer concentration / order gaps	Diversify buyers; repeat order-book; buyer development; value-added
Forex volatility	Hedging; forex discipline; costing buffers
Compliance / audit failure	BSCI/Sedex/WRAP; systems; continuous compliance; audits
Payment delays / order WC	Pre-/post-shipment credit; LC/terms; buyer credit checks
Quality / delivery slippage	QC, SAM/efficiency, planning, OTD discipline

15. SWOT Analysis

Strengths India cost/cotton/skill advantage; "China+1"; export incentives; compliance/quality; buyer relationships & order-book.	Weaknesses Buyer-concentration-, forex-, compliance- & WC-intensive; delivery/quality-critical; competition (Bangladesh/Vietnam).
Opportunities "China+1" & buyer diversification; value-added/full-package; RoDTEP/PLI; sustainability sourcing; new buyers/markets.	Threats Global demand/economy; forex swings; competing countries; buyer/compliance shifts; cost inflation.

16. Recommended AiSevak Tools for This Business

This garment export house would use AiSevak's Textile vertical tools in delivery:

- **Export ops:** merchandising/costing & sampling, production/SAM-efficiency & quality/OTD, order-book & buyer-management tools.
- **Compliance & finance:** BSCI/Sedex/WRAP & buyer-audit, IEC/AEPC/export-docs & RoDTEP, forex-hedging & pre-/post-shipment-export-credit tools (with Legal & Finance verticals).
- **Practice:** Business Plan, FOB/order-book-margin and Break-even tools to model the business.

17. Key Assumptions & Notes

- Buyer-driven export house: buyer relationships, order-book, merchandising, compliance (BSCI/Sedex/WRAP), quality/OTD & forex/export-credit decisive; FOB/order-book margins.
- Term for factory/capacity + pre-/post-shipment export credit (packing credit) for order WC (PLI/RoDTEP); export-manufacturing model (IEC/AEPC/GST-LUT/Factories/compliance/customs/FEMA).
- Order-book, FOB margin, SAM/efficiency, value-added, compliance, OTD, forex & export-credit drive economics; figures illustrative, forex-linked, exclude GST.
- Buyer-concentration-, forex-, compliance- & WC-intensive; diversification, hedging, compliance, order-book & export-credit manage it.

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