



BUSINESS PLAN · INDIA

Knitwear Manufacturing Unit

Quality, compliant knitted garments delivered efficiently and on time

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 **Knitwear Manufacturing Unit** in India — a knitted-garment & hosiery factory producing t-shirts, polos, innerwear, sweaters, sportswear & knitted fabric/garments via knitting (circular/flat), dyeing (tie-up), cutting, stitching & finishing, for domestic brands, exporters & own private-label, on CMT/full-package & own-brand models, typically in knitwear clusters (Tiruppur/Ludhiana/Kolkata). It earns knitwear manufacturing margins on volume & efficiency, monetising India's strong knitwear & hosiery base & export strength (Tiruppur is a global knitwear hub) — a labour-, order-book- & efficiency-driven manufacturing business.

India's knitwear & hosiery sector is strong & export-competitive (Tiruppur alone is a multi-billion-dollar knitwear-export cluster), driven by domestic demand (t-shirts/innerwear/casualwear), exports (US/EU), athleisure/casualisation & PLI-textiles. A knitwear unit earns margins on knitted-garment production with the key levers being order book, line/knitting efficiency (SAM/machine-utilisation), yarn/knit sourcing & cost, quality & on-time delivery, buyer compliance (export) & CMT/full-package/own-brand mix. It is labour- & working-capital-intensive with cluster-linked processing (knit → dye → make); success rests on efficiency, sourcing, quality, order book & cluster linkages.

This is a labour- & working-capital-intensive MSME manufacturing business — funded by promoter equity plus bank finance (term for knitting/stitching machines + CC/OD & export credit for working capital, under CGTMSE/SIDBI, PLI-textiles & pre/post-shipment credit). This plan models a knitwear unit requiring **₹1.6 crore** (₹56 lakh promoter + ₹1.04 crore bank finance), targeting **₹5 crore** revenue in Year 1 and **₹10 crore** by Year 3. *(Knitwear/hosiery; CMT/full-package + own-brand, labour-/WC-intensive, cluster- & efficiency-driven, export-strong.)*

2. Business Description, Vision & Legal Structure

Concept: A knitwear & hosiery manufacturing unit - knitting, cutting, stitching, finishing (dyeing via cluster tie-up) - producing knitted garments for brands, exporters & own label; CMT/full-package/own-brand.

Vision: To be an efficient, quality knitwear manufacturer for brands & buyers.

Mission: Deliver quality, compliant knitted garments efficiently, on time & at competitive cost.

Legal structure options

- **Private Limited / LLP** — recommended (for export, buyer contracts, finance & scale).
- **Proprietorship / Partnership** — possible for a small unit.

Regulatory anchor: a knitwear unit is a factory + (export) buyer-audited producer — Factories Act & factory licence, GST, pollution (for any in-house wet-process; else cluster CETP), fire & labour/ESI/PF & social compliance (SA8000/BSCI/Sedex for export), IEC/RoDTEP/export docs, & PLI-textiles eligibility. Order book, line/knitting efficiency, yarn sourcing/cost, quality, on-time delivery, buyer compliance & cluster linkages (dyeing/processing) determine success; labour-intensive & WC-heavy.

3. Promoter & Ownership

Led by a promoter with knitwear/hosiery, garment or export experience & cluster/buyer relationships. The team includes knitting operators, cutting/stitching lines, finishing, merchandising, industrial engineering, quality (QA/QC) & sourcing. Efficiency, sourcing, quality, on-time & cluster/buyer relationships are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's knitwear & hosiery sector is strong & export-competitive - Tiruppur is a global knitwear-export hub (t-shirts/casualwear), Ludhiana strong in winter-wear/hosiery, Kolkata in hosiery - driven by domestic demand (t-shirts, innerwear, casualwear), exports (US/EU), athleisure/casualisation & PLI-textiles/"China+1". The market rewards efficiency, yarn sourcing, quality, on-time delivery, compliance & cluster linkages; it is order-book-, labour-, margin- & competition-sensitive, met with efficiency, sourcing, quality, compliance & CMT/full-package/own-brand mix.

Demand drivers

- **Domestic knitwear/casualwear/innerwear.**
- **Exports (Tiruppur hub, US/EU).**
- **Athleisure & casualisation.**
- **PLI-textiles & "China+1".**
- **D2C & private-label.**

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Knitwear/hosiery in India	Very large & export-strong
SAM	Cluster/segment & capacity	Substantial
SOM (Yr 1-3)	Order book / line capacity	Scaling

Target segments

- Export buyers (US/EU — knitwear).
- Domestic brands & retailers.
- D2C & private-label.
- Own-brand (t-shirts/innerwear).

5. Competition & Competitive Advantage

Landscape: other knitwear units & exporters (esp. in clusters), integrated players, CMT units & Bangladesh competition. The unit competes on efficiency, sourcing/cost, quality, on-time delivery, compliance & cluster/capability.

The unit's edge

- **Knitting/line efficiency (SAM/utilisation).**
- **Yarn/knit sourcing & cost.**
- **Quality, on-time & compliance.**
- **Cluster linkages (dyeing/processing).**
- **Buyer relationships & mix (CMT/FP/own).**

6. Products & Revenue Model

Stream	Model	Basis
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Full-package/FOB (export)	FOB (yarn/knit + make)	Core (higher value)
CMT / job-work	Per-piece (low material risk)	Volume/utilisation
Domestic brand/private-label	Per-piece/order margin	Volume/margin
Own-brand (t-shirts/innerwear)	Brand margin	Margin/growth
Knitted fabric (sale)	Per-kg margin	Utilisation

Full-package/FOB (yarn + knit + make) is higher-value but material-/WC-heavy; CMT lowers material risk & drives utilisation; domestic/private-label adds volume; own-brand is higher-margin; knitted-fabric sale aids knitting utilisation. Line/knitting efficiency (SAM/utilisation), yarn sourcing/cost, quality & on-time drive economics — the decisive knitwear levers; efficiency, sourcing & cluster linkages are central.

7. Go-to-Market — Marketing & Sales

- **Export buyers & agents** (Tiruppur/cluster capability).
- **Domestic brands, retailers & D2C.**
- **Compliance/audits (BSCI/Sedex).**
- **Cluster linkages & trade fairs.**
- **Reliability, quality & on-time.**

Sales approach

Win buyers (efficiency/quality/cost, compliance, cluster capability) → deliver on-time at quality (efficient knitting/lines) → convert to repeat/seasonal → deepen with full-package/own-brand → diversify export + domestic. Efficiency, sourcing, quality, compliance & relationships build steady revenue.

8. Operations Plan

- **Factory & lines:** knitting (circular/flat), cutting, stitching lines, finishing/checking/packing; dyeing/processing via cluster tie-up (or in-house — pollution).
- **Process:** order/tech-pack → yarn sourcing → knitting → dyeing (cluster) → cutting → stitching → finishing → QC (AQL) → packing/dispatch/export docs.
- **Efficiency & sourcing:** knitting & line efficiency (SAM/machine-utilisation), yarn sourcing/cost, capacity utilisation, quality (AQL/DHU).
- **Compliance:** factory/labour/ESI/PF, social compliance (BSCI/Sedex/SA8000), pollution (if in-house wet-process; else cluster CETP), fire/safety.
- **Tech:** ERP/production & line planning, merchandising, quality & efficiency.

Knitwear workflow

Stage	Activity	Metric
Knit	Circular/flat knitting	Machine utilisation
Dye	Cluster tie-up	Quality/turnaround
Make	Cut/stitch (line)	SAM/efficiency

Finish/QC	Finish/AQL	DHU/reject
Ship	Pack/export	On-time

9. Regulatory, Licences & Compliance (India)

- **Factory & labour:** Factories Act & factory licence; labour/ESI/PF; fire NOC; social compliance (BSCI/Sedex/SA8000) for export.
- **Environment:** pollution (in-house wet-process) or cluster CETP linkage; effluent.
- **Export & tax:** IEC; RoDTEP/export docs; GST (export/LUT); PAN/TAN; Udyam.
- **Schemes:** PLI-for-textiles, TUF, cluster schemes (as eligible).

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter & factory manager	2	3	4
Knitting operators & tailors	80	135	210
Cutting, finishing & packing	18	30	45
Merchandising, QA/QC & IE	7	12	18
Sourcing, compliance & admin	5	8	12
Total	112	188	289

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-4	Factory, knitting/stitching machines, compliance, cluster tie-ups, first buyers
Ramp	Month 4-9	Efficiency, sourcing, quality, on-time, buyer programs
Traction	Month 9-12	Efficiency & order book; ₹5cr revenue
Deepen	Year 2	Full-package, own-brand, more buyers, machines
Scale	Year 3	₹10cr revenue; capacity & efficiency

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. Knitwear/hosiery; CMT/full-package + own-brand, labour-intensive, efficiency- & order-book-driven, cluster-linked.

12.1 Project cost & means of finance

Capital requirement	₹
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Machines (knitting/cutting/stitching/finishing)	75,00,000
Factory setup & utilities	30,00,000
Working capital (yarn/fabric, WIP, receivables)	42,00,000
Compliance, certifications & pre-operative	8,00,000
Contingency	5,00,000
Total project cost	1,60,00,000
Promoter contribution	56,00,000
Bank finance (term + CC/export credit; CGTMSE/SIDBI/PLI)	1,04,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Full-package/FOB (export)	2,60,00,000	4,50,00,000	5,60,00,000
CMT & domestic/private-label	2,10,00,000	3,60,00,000	3,90,00,000
Own-brand, knitted-fabric & RoDTEP	30,00,000	60,00,000	50,00,000
Total revenue	5,00,00,000	8,70,00,000	10,00,00,000
Yarn/fabric & material	3,00,00,000	5,22,00,000	5,95,00,000
Direct labour	1,00,00,000	1,70,00,000	1,95,00,000
Power, dyeing (cluster) & overheads	45,00,000	76,00,000	88,00,000
Compliance, admin & selling	32,00,000	52,00,000	60,00,000
Interest & depreciation	18,00,000	22,00,000	24,00,000
Total expenses	4,95,00,000	8,42,00,000	9,62,00,000
Net profit (before tax)	5,00,000	28,00,000	38,00,000
Net margin	1.0%	3.2%	3.8%

12.3 Unit economics & break-even

- **Efficiency (SAM) & utilisation:** knitting machine-utilisation & line/operator efficiency spread fixed & labour costs; yarn sourcing/cost (bulk of full-package) drives margin — the twin levers.
- **CMT vs. full-package:** CMT low-material-risk/utilisation; full-package higher-value/WC-heavy; own-brand highest-margin; RoDTEP aids exports; cluster dyeing tie-up keeps it asset-light on wet-processing.
- **Break-even:** at an order-book/efficiency level covering fixed & labour costs; net margins thin (knitwear), profit scales with efficiency, sourcing, utilisation & mix.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	6,00,000	5,40,000	5,30,000	5,50,000
Collections (seasonal)	1,00,00,000	1,18,00,000	1,38,00,000	1,52,00,000

Yarn, labour, dyeing & interest	1,00,60,000	1,18,10,000	1,37,80,000	1,51,40,000
Closing balance	5,40,000	5,30,000	5,50,000	6,10,000

Full-package ties up yarn WC with export receivables (LC/45-90 days) & seasonal buyer calendars; CMT, advances, RoDTEP & export credit ease it; cluster dyeing avoids wet-process capex/WC. Efficiency, order book, yarn/receivable & CC discipline manage cash; yarn-cost/WC, seasonal gaps & labour attrition are the key risks — met with sourcing, pipeline, retention & CMT mix.

12.5 Key Performance Indicators to Monitor

- **Efficiency:** knitting utilisation; line efficiency %/SAM; operator productivity.
- **Quality:** DHU; AQL/reject; on-time %.
- **Order book:** booked/backlog; FOB vs. CMT vs. own-brand.
- **WC:** yarn/fabric inventory; receivable days; RoDTEP; CC.

13. Funding Requirement & Bankability

Total ask: **₹1.04 crore bank finance** (term for machines/factory + CC/export credit for working capital) against ₹56 lakh promoter contribution, under CGTMSE/SIDBI & PLI-textiles. Bankability rests on order book, efficiency, sourcing, buyer compliance/relationships & export incentives; knitwear (esp. Tiruppur/cluster) is a strong, supported export sector. Year-1 profit ~₹5 lakh scaling to ₹38 lakh supports servicing; export credit & RoDTEP aid WC, cluster dyeing keeps it asset-lighter, buyer programs de-risk.

13.1 Funding utilisation

Use of funds	₹	% of total
Machines (knitting/cutting/stitching/finishing)	75,00,000	46.9%
Working capital (yarn/fabric, WIP, receivables)	42,00,000	26.3%
Factory setup & utilities	30,00,000	18.8%
Compliance, certifications & pre-operative	8,00,000	5%
Contingency	5,00,000	3.1%
Total	1,60,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Yarn-cost & WC (full-package)	Sourcing/tie-ups; pricing clauses; export credit; CMT mix
Seasonal / order-book gaps	Export + domestic + own-label mix; knitted-fabric; pipeline
Labour attrition / productivity	IE/line balancing; training; retention; welfare/compliance
Buyer compliance / audits	BSCI/Sedex/SA8000; social & environmental compliance
Cluster dyeing / dependency	Multiple dyeing tie-ups; scheduling; quality control

15. SWOT Analysis

Strengths Strong knitwear/export base (Tiruppur); efficiency & cluster linkages; CMT+full-package+own-brand; PLI/RoDTEP; athleisure tailwind.	Weaknesses Labour-intensive & attrition-prone; WC-heavy (yarn); seasonal; thin margins; compliance-heavy (export).
Opportunities "China+1"/Bangladesh-shift; athleisure/casualwear; PLI; FOB & own-brand/D2C; exports.	Threats Global competition & price; yarn/cotton inflation; forex; seasonal & labour issues.

16. Recommended AiSevak Tools for This Business

This knitwear unit would use AiSevak's Textile vertical tools in delivery:

- **Plant ops:** production/line-planning & knitting-utilisation/SAM, yarn-sourcing/order-book, quality/AQL-DHU and merchandising tools.
- **Compliance:** factory/labour/ESI-PF, social-compliance (BSCI/Sedex), pollution/cluster-CETP and IEC/RoDTEP/PLI-textiles tools (with Legal & Finance verticals).
- **Practice:** Business Plan, efficiency/sourcing-economics and Break-even tools to model the unit.

17. Key Assumptions & Notes

- Knitwear/hosiery unit; knitting + cutting/stitching/finishing (dyeing via cluster tie-up); CMT + full-package/FOB + domestic/private-label + own-brand; cluster-based (Tiruppur/Ludhiana/Kolkata).
- Knitting/line efficiency (SAM/utilisation) & yarn sourcing/cost the twin levers; labour-intensive, seasonal, WC-heavy (full-package); cluster dyeing keeps wet-process asset-light.
- Term + CC/export credit (CGTMSE/SIDBI; PLI-textiles); Factories Act, labour/ESI-PF, social-compliance, pollution/cluster-CETP, IEC/RoDTEP.
- Efficiency, sourcing, quality, on-time, compliance & mix drive economics; figures illustrative, exclude GST.

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