



BUSINESS PLAN · INDIA

Textile Job-Work / CMT Unit

Contract stitching for exporters and brands - efficiency and on-time delivery

TEXTILE

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August 2026

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 **Textile Job-Work / CMT Unit** in India — a pure contract-manufacturing (Cut-Make-Trim) unit that stitches/assembles garments on a job-work basis for exporters, brands & larger manufacturers, who supply the fabric & trims. It earns a per-piece/per-SAM conversion charge on labour & machine time, monetising India's large apparel-manufacturing base & the outsourcing of stitching by exporters/brands — a labour-intensive, low-material-working-capital, capacity-utilisation- & SAM-efficiency-driven business.

CMT/job-work is the backbone of India's apparel supply chain: exporters & brands routinely outsource cut-make-trim to specialised stitching units to stay asset-light & flex capacity. Because the **principal supplies fabric & trims**, the job-worker carries little material working capital — the model is about **labour productivity, machine/line utilisation, SAM (standard-minute) efficiency, quality & on-time delivery**. Margins are conversion-based (per piece/SAM); success rests on capacity utilisation, SAM efficiency, labour management, quality/OTD & steady order-feed from principals — it is order-dependent, labour- & utilisation-sensitive, thin- but stable-margin.

This is a labour-intensive contract-manufacturing business — funded by promoter equity plus bank finance (term for machines/lines plus modest working capital for wages; Mudra/CGTMSE/TUF-supported). This plan models a textile job-work/CMT unit requiring **₹1.4 crore** (₹49 lakh promoter + ₹91 lakh bank finance), targeting **₹5 crore** conversion revenue in Year 1 and **₹9 crore** by Year 3. *(CMT/job-work; conversion/per-SAM, labour-intensive, low-material-WC, utilisation-/efficiency-driven, subcontract-to-exporters.)*

2. Business Description, Vision & Legal Structure

Concept: A textile job-work/CMT unit - contract stitching/assembly of garments for exporters/brands/manufacturers who supply fabric & trims; the unit provides labour, lines, machines & conversion.

Vision: To be a reliable, efficient CMT partner - quality & on-time, every order.

Mission: Convert fabric to finished garments efficiently - high SAM efficiency, quality & on-time delivery for principals.

Legal structure options

- **Proprietorship / Partnership** — common for CMT units.
- **LLP / Private Limited** — recommended for scale, principal credibility, credit & funding.

Regulatory anchor: a CMT/job-work unit is a labour-intensive manufacturing business (Factories Act & factory licence, labour/EPF/ESI/contract-labour, GST on job-work, fire/safety, TUF for machines). Capacity utilisation, SAM efficiency, labour management, quality/OTD & steady order-feed determine success; it is order-dependent, labour- & utilisation-sensitive, with low material WC (principal supplies fabric).

3. Promoter & Ownership

Led by a promoter with garment-production, industrial-engineering (SAM/line-balancing) or CMT experience & principal relationships. The team includes production/line supervisors, industrial engineering (SAM/efficiency), quality, HR/labour management & accounts. Capacity utilisation, SAM efficiency, labour management & quality/OTD are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India has a large apparel-manufacturing & export base; exporters/brands routinely outsource cut-make-trim to stay asset-light & flex capacity, giving steady CMT/job-work demand — concentrated in clusters (Tiruppur, Delhi-NCR, Bengaluru, Ludhiana etc.). Demand is order-/principal-driven & linked to apparel-export/domestic cycles. The market rewards capacity utilisation, SAM efficiency, labour productivity, quality, on-time delivery & reliability; it is order-dependent, labour-availability- & utilisation-sensitive, met with efficiency, quality, OTD & principal relationships.

Demand drivers

- **Exporter/brand outsourcing** of CMT.
- **Asset-light & flex-capacity** need.
- **Large apparel base & clusters.**
- **Apparel export/domestic growth.**
- **Labour-cost/skill** advantage.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Apparel CMT/job-work in India	Very large & cluster-based
SAM	Cluster/principals & category	Substantial
SOM (Yr 1-3)	Lines/capacity & principals	Scaling

Target segments (principals)

- Garment exporters (export CMT).
- Domestic brands/manufacturers.
- Buying houses / larger units (overflow).
- Category-specific (knits/wovens/kids/etc.).

5. Competition & Competitive Advantage

Landscape: other CMT/job-work units in the cluster, in-house capacity of principals & larger integrated units. The unit competes on capacity, SAM efficiency, quality, on-time delivery, reliability, price (per-piece/SAM) & relationships.

The business's edge

- **Capacity utilisation & SAM efficiency.**
- **Quality & on-time delivery.**
- **Labour management & productivity.**
- **Reliability & principal relationships.**
- **Flexibility & competitive conversion price.**

6. Products & Revenue Model

Stream	Model	Basis
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CMT conversion (per piece)	Per-piece charge	Core volume
CMT (per SAM)	Per-SAM-minute rate	Efficiency-based
Value-added (finishing/pack)	Add-on conversion	Margin
Overflow / rush orders	Premium conversion	Utilisation
Sampling / small runs	Higher per-piece	Margin

CMT earns a conversion charge per piece or per SAM-minute — thin but stable, with little material WC (principal supplies fabric/trim). Value-added (finishing/packing), overflow/rush & sampling lift the rate. Capacity utilisation, SAM efficiency, labour productivity, quality/OTD & order-feed drive economics — the decisive CMT levers (labour-intensive, utilisation-driven).

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

- **Principal development** (exporters/brands/manufacturers).
- **Capacity, efficiency & quality** pitch (SAM/OTD track record).
- **Cluster relationships & referrals.**
- **Reliability & flexibility** (overflow/rush).
- **Competitive conversion & value-added.**

Sales approach

Develop principals (exporters/brands, cluster referrals) with capacity, SAM efficiency, quality & OTD track record → win steady order-feed → deliver efficiently & reliably → grow repeat, capacity/lines & value-added → keep utilisation high. Efficiency, quality, OTD & relationships secure order-feed & utilisation on steady outsourcing demand.

8. Operations Plan

- **Facility:** stitching floor with production lines (sewing machines, specialised machines), cutting (if included), finishing/pressing, packing; industrial-engineering & quality systems.
- **Process:** receive fabric/trim (from principal) → cut (if in scope) → stitch (line, SAM-balanced) → finish/press → quality/check → pack → despatch to principal.
- **Efficiency:** SAM/line-balancing, productivity, minimal rework — the core lever; industrial engineering drives it.
- **Tech:** production/line tracking, SAM/efficiency, quality, order & wage management.
- **Labour:** operator recruitment, training, retention & productivity central; low material WC.

CMT workflow

Stage	Activity	Metric
Receive	Fabric/trim (principal)	Order-feed
Cut/stitch	Line (SAM-balanced)	SAM efficiency/utilisation
Finish	Press/pack	Quality
Check	Quality/rework	Reject/rework

Despatch	To principal	OTD
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9. Regulatory, Licences & Compliance (India)

- **Factory:** Factories Act & factory licence; fire/safety.
- **Labour:** EPF/ESI; contract-labour; minimum wages; labour welfare.
- **Tax:** GST on job-work; Udyam; PAN/TAN.
- **Machines:** TUF for machinery; power.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	1	2	2
Operators (stitching lines)	55	95	150
Line supervisors & industrial engg (SAM)	5	9	14
Quality & finishing	6	10	16
HR/labour, accounts & admin	3	5	8
Total	70	121	190

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	Floor, lines/machines, labour, systems, first principals
Ramp	Month 3-8	Order-feed, SAM efficiency, utilisation, quality/OTD
Traction	Month 8-12	Utilisation & principals; ₹5cr conversion revenue
Expand	Year 2	More lines, principals, value-added, efficiency
Scale	Year 3	₹9cr revenue; capacity & utilisation

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. CMT/job-work; conversion/per-SAM revenue, labour-intensive, low-material-WC, utilisation-/efficiency-driven, thin-but-stable margin.

12.1 Project cost & means of finance

Capital requirement	₹
Machines & production lines (sewing/specialised/finishing)	75,00,000
Floor setup, fit-out & utilities	25,00,000

Working capital (wages — low material WC)	25,00,000
Systems, tech & industrial engineering	7,00,000
Deposits, launch & pre-operative	8,00,000
Total project cost	1,40,00,000
Promoter contribution	49,00,000
Bank finance (term + WC, Mudra/CGTMSE/TUF)	91,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
CMT conversion (per piece/SAM)	4,40,00,000	6,50,00,000	7,80,00,000
Value-added (finishing/pack) & overflow	45,00,000	90,00,000	1,00,00,000
Sampling / small runs & other	15,00,000	25,00,000	20,00,000
Total revenue	5,00,00,000	7,65,00,000	9,00,00,000
Labour / wages (operators)	3,10,00,000	4,70,00,000	5,50,00,000
Supervision, quality & staff	60,00,000	90,00,000	1,08,00,000
Rent, power & overheads	75,00,000	1,15,00,000	1,35,00,000
Interest & depreciation	25,00,000	35,00,000	38,00,000
Total expenses	4,70,00,000	7,10,00,000	8,31,00,000
Net profit (before tax)	30,00,000	55,00,000	69,00,000
Net margin	6.0%	7.2%	7.7%

12.3 Unit economics & break-even

- **Capacity × utilisation × SAM efficiency:** revenue is conversion (per piece/SAM); labour is the largest cost; SAM efficiency, line-balancing, utilisation & low rework drive the margin — the core levers. Little material WC (principal supplies fabric).
- **Order-feed & utilisation:** steady order-feed from principals keeps lines full; idle capacity destroys the thin margin; relationships, reliability & overflow/rush keep utilisation high.
- **Break-even:** at a utilisation/efficiency threshold covering wages, rent, power & interest; margins thin-but-stable, scaling with utilisation, SAM efficiency, value-added & capacity.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	8,00,000	7,20,000	7,40,000	7,80,000
Conversion collections	1,00,00,000	1,20,00,000	1,35,00,000	1,45,00,000
Wages, rent, power & operating	1,00,80,000	1,19,80,000	1,34,60,000	1,44,20,000
Closing balance	7,20,000	7,40,000	7,80,000	8,60,000

CMT carries low material WC (principal supplies fabric) but heavy, weekly wage outgo & conversion receivables from principals. Utilisation, SAM efficiency, prompt principal payment, wage management, CC & the WC margin manage cash; idle capacity, order gaps, labour attrition & principal-payment delays are the key risks — met with order-feed, efficiency, labour retention & credit discipline.

12.5 Key Performance Indicators to Monitor

- **Production:** capacity utilisation; SAM efficiency; line-balancing; rework/reject.
- **Labour:** productivity; attrition; wage/piece.
- **Delivery:** OTD; quality pass; principal satisfaction.
- **Finance:** conversion rate; margin; receivable days; utilisation ROI.

13. Funding Requirement & Bankability

Total ask: **₹91 lakh bank finance** against ₹49 lakh promoter contribution — term for machines/lines/floor plus modest working capital (wages — low material WC as principal supplies fabric), Mudra/CGTMSE/TUF-supported. Bankability rests on capacity utilisation, SAM efficiency, quality/OTD & steady order-feed from principals; India's large apparel-outsourcing base supports demand. Year-1 profit ~₹30 lakh growing to ₹69 lakh supports servicing; utilisation & efficiency are key. Capacity utilisation, SAM efficiency, labour management & principal relationships underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Machines & production lines	75,00,000	53.6%
Floor setup, fit-out & utilities	25,00,000	17.9%
Working capital (wages)	25,00,000	17.9%
Deposits, launch & pre-operative	8,00,000	5.7%
Systems, tech & industrial engineering	7,00,000	5%
Total	1,40,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Idle capacity / order gaps	Multiple principals; order-feed; overflow/rush; relationships
Low SAM efficiency / productivity	Industrial engineering, line-balancing, training, incentives
Labour attrition / availability	Retention, welfare, training, wages, cluster location
Principal-payment delays	Credit discipline, multiple principals, terms, CC
Quality / OTD slippage	Quality systems, planning, supervision, OTD discipline

15. SWOT Analysis

Strengths Low material WC (principal supplies fabric); steady outsourcing demand; asset-light for principals; cluster labour/skill; flexible capacity.	Weaknesses Thin margins; order-/principal-dependent; labour-intensive & attrition-prone; utilisation-critical; limited pricing power.
Opportunities Apparel export/domestic growth; exporter/brand outsourcing; value-added; more lines/principals; efficiency gains.	Threats Order gaps/principal shifts; labour cost/availability; competition; apparel cycles; in-house capacity of principals.

16. Recommended AiSevak Tools for This Business

This textile job-work/CMT unit would use AiSevak's Textile vertical tools in delivery:

- **Production ops:** capacity-utilisation & SAM-efficiency/line-balancing, quality/OTD & rework, order-feed & principal-management tools.
- **Labour & compliance:** wage/productivity & attrition, EPF/ESI/contract-labour & Factories, GST-job-work & TUF tools (with Legal, HRtech & Finance verticals).
- **Practice:** Business Plan, utilisation/SAM-efficiency and Break-even tools to model the business.

17. Key Assumptions & Notes

- CMT/job-work: pure contract stitching for exporters/brands who supply fabric/trim; conversion revenue (per piece/SAM), labour-intensive, low material WC.
- Capacity utilisation, SAM efficiency, line-balancing, labour productivity/retention, quality/OTD & steady order-feed decisive; thin-but-stable margins.
- Term (machines/lines) + modest WC (wages), Mudra/CGTMSE/TUF-supported; Factories, labour (EPF/ESI/contract-labour), GST-job-work.
- Utilisation, SAM efficiency, value-added & principal relationships drive economics; figures illustrative, exclude GST.

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