



TEXTILES & GARMENTS INDUSTRY

Working Capital Management & Export Financing Guide

INDUSTRY OVERVIEW (2026)

~\$179 B

Market Size (2026)

8.63%

Export Contribution

11.38%

Growth Rate (CAGR)

45 M+

Direct Employment

Growth Drivers

- ✓ **PM MITRA Parks:** Integrated clusters across 7 regions are now active.
- ✓ **China Plus One:** Global retail shifts creating massive demand for Indian RMG.
- ✓ **Sustainability:** High focus on traceable & circular textile investments.

Policy Support

The **TEEM Scheme** and **PLI 2.0** are providing critical capital support for technology integration and large-scale manufacturing expansion in 2026.

OPERATIONAL PROCESS & TIMELINES



Note: The total lead time can exceed 150 days from raw material procurement to final export realization, creating significant liquidity pressure.

KEY RESOURCES & INPUTS



Natural Fibers

Cotton (#1 producer), Silk (Samagra scheme), Wool, and Jute remain the backbone of the domestic industry.



MMF & Chemicals

Focus on Polyester & Nylon under the National Fibre Scheme, plus eco-friendly specialty pigments.



Modern Machinery

High-speed air-jet looms and automated cutting tables are essential for global competitiveness.



Human Capital

Skilled tailors and technicians trained under the "Samarth 2.0" skill development initiative.

SERVICE DELIVERABLES & REVENUE



Ready-Made Garments

The largest export contributor (~₹1.39 Lakh Cr). High value-addition and labor-intensive assembly.



Home Textiles

Bed linens, towels, and curtains. India holds a strong 7% global market share in this segment.



Technical Textiles

High-performance fabrics for Meditech, Mobiltech, and Defense, targeted for massive global expansion.



Handicrafts & Luxury

Heritage-based premium textiles showing 6.1% growth in 2026 for luxury global brands.

WORKING CAPITAL CYCLE ANALYSIS

$$\text{Net Working Capital Cycle} = (\text{Inv. Days} + \text{Rec. Days}) - \text{Pay. Days}$$

Inventory

60-120 Days

Seasonal cotton procurement requires massive upfront liquidity.

Receivables

60-120 Days

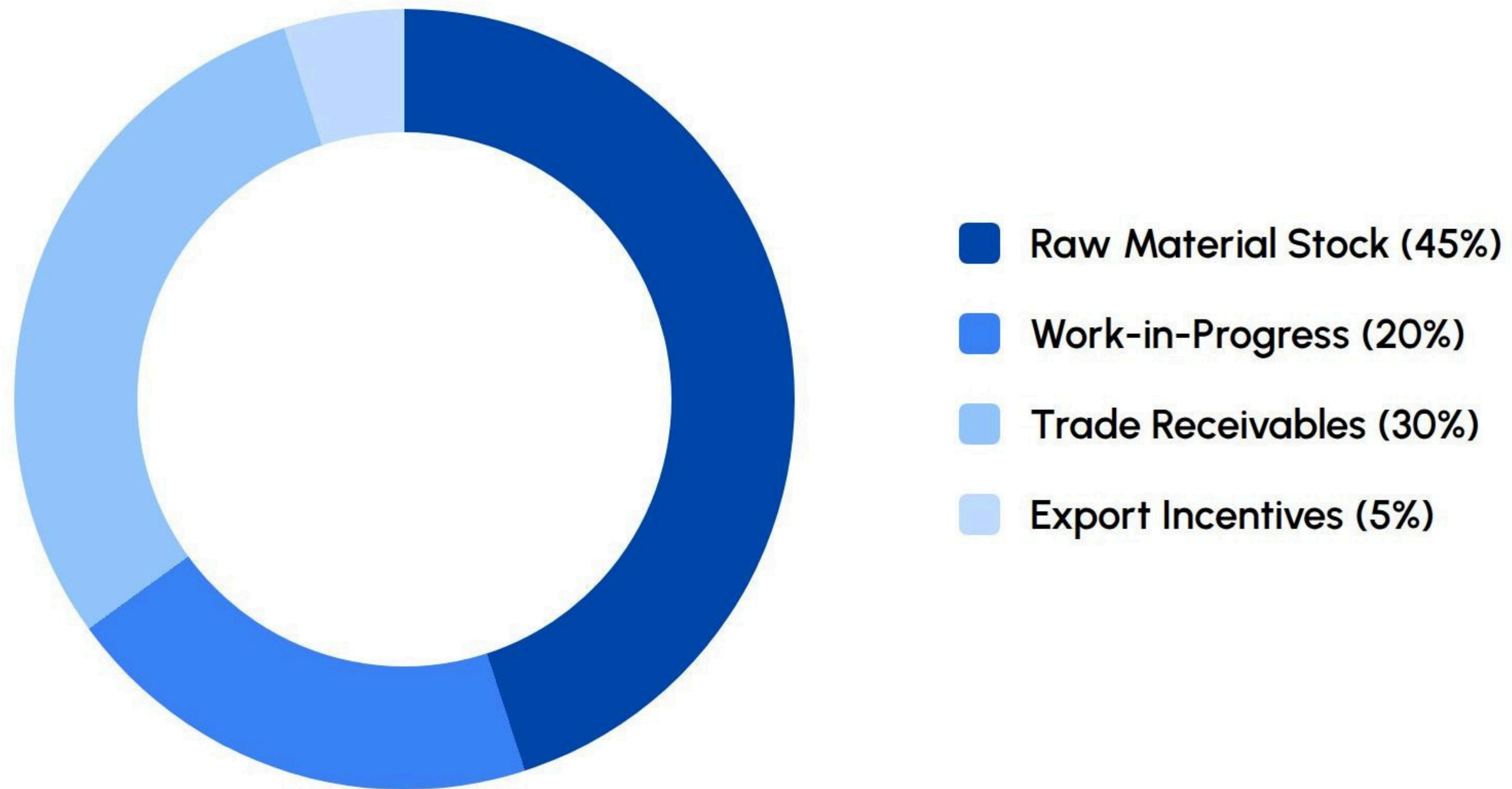
Exports involve long credit cycles with international retailers.

The Cash Gap

75-130 Days

The actual funding gap required to maintain continuous production.

CURRENT ASSET COMPOSITION



COMMON MISTAKES TO AVOID

- ✘ **Neglecting EHS Compliance:** Ignoring ZLD (Zero Liquid Discharge) leading to factory closures.
- ✘ **MMF Ignorance:** Over-reliance on cotton while global demand shifts to Man-Made Fibers (70%).
- ✘ **QC Failures:** High rejection rates in export shipments causing significant profit wipes.
- ✘ **Seasonal Over-leveraging:** Buying bulk raw materials without confirmed order pipelines.

💡 **Pro-Tip:** Implement digital traceability to secure higher margins in the EU and US markets.

STANDARD OPERATING METRICS

Metric	Industry Standard (2026)
Gross Margin (Garments)	15% - 25%
Export Share of Revenue	30% - 60% (For top-tier mills)
Inventory Turnover	3x - 5x
Labor Cost % of Sales	12% - 18% (Rising)
Energy Cost % of Sales	8% - 12%

REVENUE REALIZATION PERIODS



International Brands

60-90 Days

Realization post-shipment for global exports.



Organized Retail

45-60 Days

Domestic chains and large brand outlets.



Govt. Subsidies

180-365 Days

TUFS, PLI, and RoDTEP realization cycles.

Strategic Move: Leverage **TReDS** platforms to unlock ₹7 Lakh Cr in liquidity, getting paid in 48-72 hours against domestic receivables.

THREATS & CHALLENGES

- ! **Input Volatility:** Massive swings in cotton and polyester prices.
- ! **FTA Competition:** Low tariff barriers for rivals like Vietnam & Bangladesh.
- ! **Labor Hurdle:** Shortage of skilled, industry-ready workforce in new clusters.
- ! **CBAM Pressure:** EU Carbon Border Adjustment Mechanism affecting exports.

Critical Risk

Compliance pressure from the EU/US for "Traceable & Sustainable" textiles is no longer optional. Non-compliance risks total exclusion from high-value supply chains.

HOW TERKAR CAPITAL CAN HELP



Export Bill Discounting

Immediate liquidity against foreign receivables to bridge the 90-day wait cycle.



TReDS Financing

Helping MSMEs get paid in 48 hours for supplies to large textile houses.



Machinery Loans

Funding for tech-upgradation under new TEEM & EPCG guidelines.



Raw Material Funding

Unsecured limits up to ₹10 Cr for seasonal bulk cotton and yarn procurement.



Partner with Terkar Capital

Weaving Financial Strength into the Fabric of Indian Manufacturing.



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