BANA B2B FABRIC SOLUTIONS

WHITEPAPER SERIES — REPORT 1 OF 5

The Hidden Cost of High MOQs:

How Deadstock Is Killing D2C Fashion Margins in 2026

For D2C fashion brands navigating capital efficiency and inventory risk.

2026 Edition

Executive Summary

The systemic failure: Traditional fabric mills set minimums around their machine economics, not your demand. A custom dye lot routinely demands 500m or more per colour, and the brand — not the mill — absorbs the gap between what the mill will weave and what the market will actually buy.

The financial fallout: That gap becomes deadstock. Industry estimates consistently show 20–30% of fashion inventory goes unsold every season, and carrying costs typically reach 20–30% of product value per year. The brand pays twice — once for fabric it can't sell, then monthly to store it.

The strategic pivot: Decouple the fabric commitment from the mill's batch logic. Piloting a style at 50m (100m across nearly the full fabric range) validates demand on real sell-through before bulk capital is committed — **holding back over 95% of upfront fabric capital until a style is proven**, capital that funds the next launch instead of ageing on a shelf.

Section 1: The Systemic Bottleneck — The Status Quo

The minimum is set by the mill's machine economics, not your demand curve. Setup costs — preparing machines, patterns, dyes — are fixed regardless of units produced, and the dyeing process needs a minimum dye lot to fill the vat, a fixed start-up cost whether you cut 50 garments or 500. The mill pushes its floor up to stay efficient. A dyed run below a professional batch minimum often produces uneven shade, poor finishing, and unpredictable shrinkage — so a serious mill won't drop below it without real quality risk.

That leaves a scaling Indian brand with bad options:

	Traditional Mill	Wholesaler / Jobber	What the brand actually needs
Minimum per colour	500m+ for a custom dye lot	Low, but only on what's in stock	50–100m, on the fabric you actually want
Unit price	Lowest — unlocked at full bulk only	Per-metre premium for small lots	Bulk-grade pricing at pilot volume
Customization	Full — any blend, any shade	Limited to existing stock and shades	Full, at low volume
Reorder consistency	High, once you commit to bulk	Low — same shade rarely returns; batches won't match	High — pilot shade reproducible at bulk
Lead time	6–10 weeks for weaving and finishing	Fast, while stock lasts	Fast and repeatable

The trap is in the jobber column. Jobbers sell leftover fabric and typically don't restock once it sells out — you may not be able to reorder the same fabric twice. So the low-MOQ route kills your ability to scale a winner, and the mill route loads deadstock risk onto day one. You cannot currently get low risk and reorderable scale from the same source. That is the bottleneck.

Section 2: The Cluster Tax — Why Indian Sourcing Multiplies the Problem

There is a second cost layer unique to sourcing in India, and it rarely appears on any P&L: the fabric you need is almost never in one place.

India's fabric supply is concentrated in specialised clusters, each with different minimums, lead times, and quality norms. Surat leads synthetics, polyester, and georgettes. Tiruppur is the knitwear capital. Ludhiana leads woollens and hosiery. Ahmedabad anchors cotton and denim. For a brand running a multi-fabric collection, that geography becomes a tax:

Hidden cost of cluster fragmentation	What it does to the brand
Multiple minimums	A 4-fabric collection spanning Surat poly, Tiruppur cotton knit, and Ludhiana blend means hitting each cluster's separate MOQ — not one. Deadstock risk multiplies per cluster.
Multiple relationships	The sector is highly fragmented across MSMEs. Each cluster means new vendor vetting, new payment terms, new QC variance.
Compounded lead time	India's less-consolidated supply chain pushes lead times to 60–90 days, and quality consistency across orders requires hands-on oversight a lean brand doesn't have in three cities at once.
No single QC standard	Factory compliance varies by cluster. Each cluster inspected to its own norm — no unified acceptance standard across your collection.

This is the real, unspoken reason high MOQs hurt more in India than the textbook suggests. It isn't one 500m minimum — it's several, scattered across cities, each with its own lead time and quality variance, each demanding capital and management bandwidth a scaling brand can't spread that thin.

The agile model collapses the cluster tax: one curated partner aggregating across Surat, Tiruppur, Ludhiana and beyond, applying one QC standard, with one set of terms — so the brand pilots a multi-fabric collection without negotiating five separate cluster minimums.

Section 3: The Margin Erosion — Financial Impact

The cost of high MOQs is not the fabric. It's the capital the fabric immobilises and the carrying cost it accrues while it waits.

Worked example — ₹135/m cost basis (Bana average ₹120–150/m). Substitute your exact per-fabric cost to model a specific style.

Line item	Traditional 1,500m commit	50m Pilot
Fabric ordered	1,500m	50m
Fabric cost @ ₹135/m	₹2,02,500	₹6,750
Capital committed before a single garment sells	₹2,02,500	₹6,750
If the style underperforms (25% sell-through)	1,125m becomes deadstock	Pilot ends; no bulk committed
Deadstock value stranded	₹1,51,875	₹0
Annual carrying cost on stranded stock @ ~25%	~₹37,970 / yr	₹0

The deadstock rate is the industry baseline, not pessimism: 20–30% of a seasonal buy going unsold is the norm, and the bleed continues after the sale fails — storage alone absorbs 20–25% of an item's value per year in warehouse rent, utilities, insurance, and labour. The deeper damage is opportunity cost: every rupee tied up in surplus stock is unavailable for new-season buying, marketing, or operations — the squeeze hits hardest at seasonal transitions, exactly when capital is needed for the next buy.

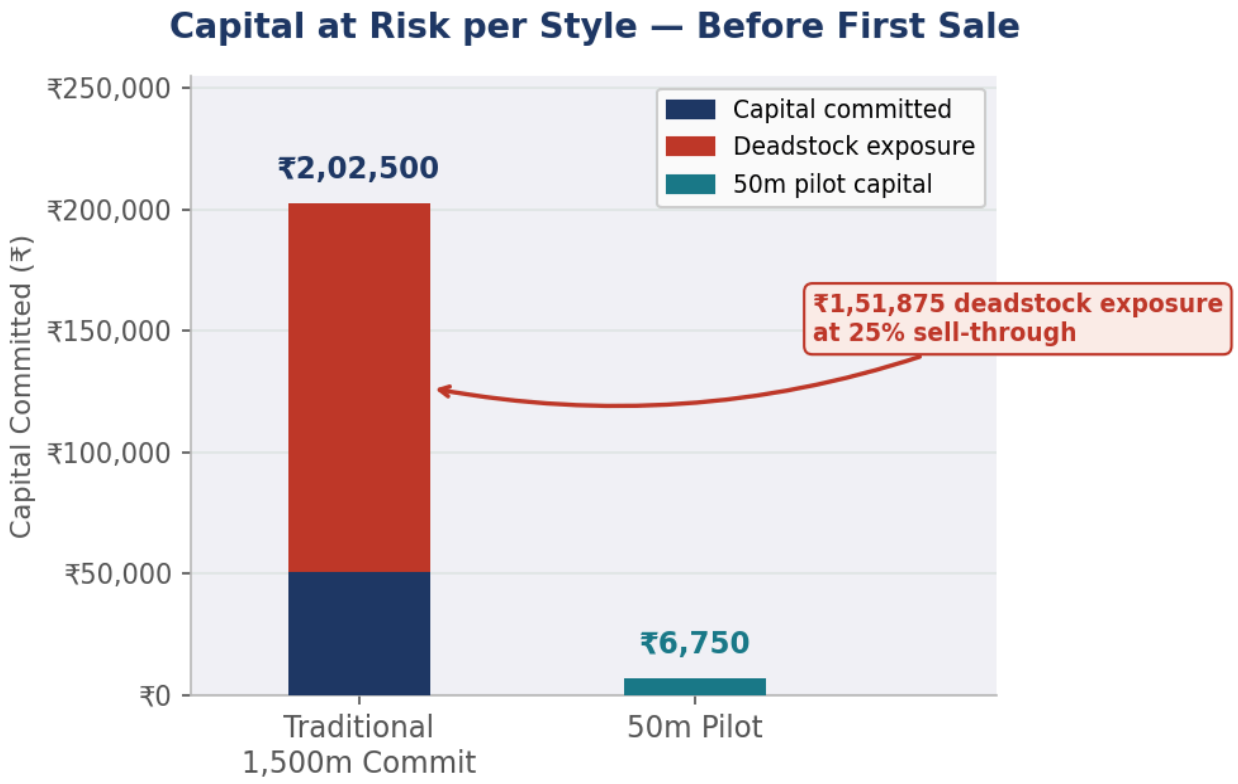

Figure 1: Capital committed before first sale — Traditional 1,500m commit vs. 50m Pilot

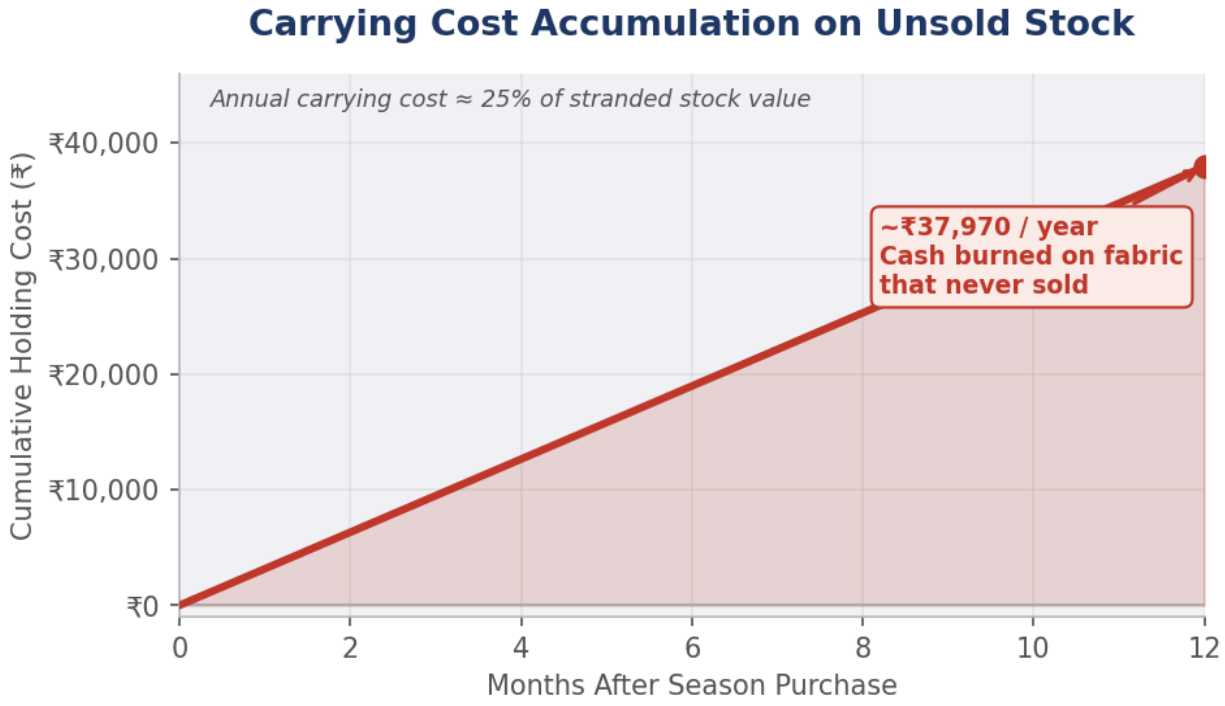

Figure 2: Annual carrying cost accumulation on ₹1,51,875 of unsold deadstock

Section 4: The Agile Procurement Framework — The Solution

Source from a partner whose model breaks the link between minimum order and minimum efficient batch — and who keeps reorder consistency intact when a pilot wins.

1. Micro-Piloting

Test a style at 50m on most fabrics, 100m across nearly the full range, against live demand before committing bulk capital. This holds back over 95% of the upfront capital the traditional model demands on day one. The pilot is decided by sell-through, not vat size.

2. Infinite Scaling

The winner must reorder at scale in the same quality — from pilot to 10,000m+ bulk with batch-matched dyeing, solving the jobber problem where colours can't be repeated and reorders don't match the first batch.

3. Velocity

A 15-day lead time from PO to dispatch replaces the model where weaving and finishing alone add 6–10 weeks — and the cluster-fragmentation lead time that pushes the industry to 60–90 days.

4. Compliance

Pilot-grade and bulk-grade fabric pass the same rigorous 4-Point QC and carry the same certifications (OEKO-TEX / GOTS). Same standard at every volume — 98%+ QC pass rate across 1M+ metres shipped.

Capability	Traditional Mill Model	Agile Framework
Minimum to test a style	500m+ per colour	50m (100m near-universal)
Capital at risk before validation	Full bulk commitment	Under 5% of bulk
Sourcing footprint	Multiple clusters, multiple terms	One curated partner across clusters
Reorder consistency	High, but only at bulk	High — pilot→bulk batch-matched
Lead time	6–10 weeks + cluster fragmentation	15 days
QC standard at low volume	Often relaxed below batch minimum	4-Point QC at every volume

Section 5: Implementation Roadmap

Step 1: Segment your line by certainty.

Split next season into "proven repeaters" (safe for direct bulk) and "unproven bets" (new, trend-led, experimental). The bets are where high MOQs and cluster fragmentation do the most damage — pilot them first.

Step 2: Pilot the bets at 50–100m, decide on data.

Place pilots on the unproven styles. Let real sell-through — not a buying-meeting hunch — decide which graduate to bulk. Kill losers at pilot volume, where the loss is ₹6,750, not ₹2,02,500.

Step 3: Scale winners on batch-matched reorders.

Move only validated styles to 10,000m+ bulk, dye-batch-matched to the approved pilot and passing the same 4-Point QC. Redeploy the capital you didn't strand into the next round of pilots.

Conclusion

The brands that survive the next two seasons will be the ones that stop pre-paying for demand they haven't proven — and stop paying the cluster tax to do it. In a market where one in three garments goes unsold, agility is no longer a competitive edge; it is the difference between a brand that funds its next collection and one that liquidates its last.

bana.one — 1M+ metres shipped — 98%+ QC pass rate