



Chemicals & Petrochemicals Industry

Working Capital Management & Financing Guide

INDUSTRY OVERVIEW – 2026



MARKET SIZE

₹23.1 Lakh Cr



GROWTH RATE

9.3% YoY



GDP SHARE

7% Total



GLOBAL RANK

6th Largest



EXPORT SHARE

12% of Total



Market Position

India is the 3rd largest producer in Asia and a global leader in dyes, agrochemicals, and specialty chemicals.



Major Hubs (PCPIRs)

Strategic clusters at Dahej (Gujarat), Visakhapatnam (AP), Paradip (Odisha), and Cuddalore (Tamil Nadu).



Growth Drivers

China+1 strategy, "Make in India" initiatives, and rising demand from Textiles and Auto sectors.



Future Projection

Expecting \$107 Billion investment by 2025, reaching a \$1 Trillion valuation by 2040.

OPERATIONAL PROCESS FLOW



Sourcing

30-60 Days

Procurement of crude oil derivatives, minerals, and gases.



Processing

15-45 Days

Unit operations (Reaction, Distillation) & Quality testing.



Storage

10-20 Days

Specialized warehousing & HSE compliance audits.



Invoicing

60-120 Days

Distribution to B2B clients with extended credit terms.



Note: This industry is CAPEX and Safety heavy. Working capital is primarily tied up in "Safety Stock" of raw materials and specialized storage costs.

KEY RESOURCES & INPUTS



Feedstock & Raw Materials

Naphtha, Natural Gas, Ethylene, Benzene, and various inorganic minerals required for processing.



Physical Assets

High-pressure reactors, distillation columns, storage tanks, and effluent treatment plants (ETP).



Human Capital

Chemical engineers, process technicians, HSE officers, and dedicated R&D scientists.



Regulatory & Safety

REACH compliance, Pollution Control Board (PCB) clearances, and safety certifications.

WORKING CAPITAL CYCLE

$$\text{WCC} = \text{Inventory Days} + \text{Receivable Days} - \text{Payable Days}$$

Cycle Component	Typical Duration	Industry Context
Inventory Days	60 – 90 Days	Maintaining buffer stock of volatile feedstock is essential.
Accounts Receivable	60 – 120 Days	B2B sales to Auto/Pharma involve long credit cycles.
Accounts Payable	30 – 45 Days	Global suppliers often require faster payment/LCs.

THE LIQUIDITY GAP

135

Days of Liquidity Gap

Chemical manufacturers often face a **75 to 135-day cash gap**. External funding is critical to bridge the period between raw material procurement and final payment realization from industrial clients.

INDUSTRY THREATS & CHALLENGES

Price Volatility

Sharp fluctuations in crude oil and Naphtha prices can erode operating margins overnight.



Environmental Regulations

Increasing costs for carbon footprint reduction and stricter waste disposal norms.



Geopolitical Risks

Disruptions in global shipping or trade tensions affecting critical feedstock imports.



Technological Disruption

Transition toward "Green Chemicals" requiring significant reinvestment in existing plants.

HOW TERKAR CAPITAL CAN HELP

- ✓ **Unsecured Working Capital:** Up to ₹5 Cr for managing sudden spikes in raw material costs.
- ✓ **Machinery & Project Finance:** Funding for plant expansion, ETP setups, or automated reactors.
- ✓ **Letter of Credit (LC) & BG:** Crucial for importing feedstock and providing performance guarantees.
- ✓ **Invoice & Bill Discounting:** Convert 90-day B2B receivables into immediate cash (10-15% PA).
- ✓ **CGTMSE Loans:** Collateral-free funding up to ₹5 Cr for MSME specialty chemical units.
- ✓ **Strategic Advisory:** Optimizing debt structures to improve Debt-Service Coverage Ratio (DSCR).



Partner with Terkar Capital

Empowering Chemical & Petrochemical Companies
with Smart Working Capital Solutions.



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