



Electronics & Electrical Equipment Industry

Working Capital Management & Financing Guide

INDUSTRY OVERVIEW



₹12.4 Lakh Cr
MARKET SIZE



15-18%
GROWTH RATE



\$300 Bn
2026 PRODUCTION



4.5 Mn+
PROFESSIONALS



22%
EXPORT SHARE

Global & Local Hubs

- ✓ **World Leader:** India is the world's 2nd largest mobile phone manufacturer.
- ✓ **Key Hubs:** Noida/Greater Noida, Sri City (AP), Bengaluru, and Chennai.
- ✓ **"China+1" Strategy:** Global shift in supply chains actively favoring Indian ecosystems.

Future Outlook

- ✓ **PLI Schemes:** Strong incentives for IT hardware and electronic components.
- ✓ **5G & Digital India:** Massive infrastructure rollouts driving peripheral equipment demand.
- ✓ **Semiconductors:** Rising investments in domestic fabs and EV component assembly.

OPERATIONAL PROCESS FLOW

1

Component Sourcing

30-90 Days

Import of semiconductors/displays • Local PCB sourcing • Inventory buffer management.

2

SMT & Assembly

5-15 Days

Surface Mount Technology lines • Component soldering • Unit assembly.

3

Compliance & QC

5-10 Days

Rigorous quality checks • BIS certification compliance • Stress testing.

4

Realization

45-120 Days

Distribution dispatch • E-commerce billing • Extended export credit cycles.

Managing the timeline between heavy import lead-times and long credit realizations is the core of WC success.

KEY RESOURCES & INPUTS

Raw Materials

- ✓ ICs & Semiconductors
- ✓ Display Panels & PCBs
- ✓ Lithium Cells & Passives

Capital Assets

- ✓ Automated SMT Lines
- ✓ Cleanroom Labs
- ✓ Precision Molding Units

Human Capital

- ✓ Electronics Engineers
- ✓ Assembly Technicians
- ✓ QA & Design Officers

Infrastructure & IP

Energy: High-precision power supply required 24/7 for assembly lines.

Intellectual Property: Proprietary firmware, board designs, and safety certifications (BIS).

REVENUE STREAMS



Consumer Electronics (B2C)

Mobiles, Laptops, Wearables, and Home Appliances. High-volume, consumer-driven markets.



Industrial & Electrical (B2B)

Power transformers, Switchgears, and automation sensors for industrial infrastructure.



EMS (Electronic Mfg Services)

Contract manufacturing services for global tech brands and white-label partners.



Components & Parts

Bare PCBs, wires, connectors, and passive modules supplied to other Tier-1 OEMs.

WORKING CAPITAL CYCLE



NET CASH GAP: 90 TO 165 DAYS

Liquidity strain is caused by the mismatch between import lead-times (upfront cost) and retailer/export credit demands.



CURRENT ASSET COMPOSITION

Raw Material Inventory

Very High



High-value semiconductors and modules stockpiled for production.

Work-in-Progress (WIP)

Moderate



Sub-assemblies and boards currently on SMT/Soldering lines.

Trade Receivables

High



Outstanding invoices from institutional OEMs and e-commerce distributors.

COMMON MISTAKES TO AVOID



Excessive Inventory

Risk of tech obsolescence; parts become useless as tech shifts rapidly.



Unhedged Imports

Failure to hedge currency (USD/INR) against volatile supply costs.



Ignoring Compliance

Certification delays (BIS) can halt production and freeze cash flow.



Weak Warranties

Underestimating "Return & Repair" costs can drain operating margins.

STANDARD WC CYCLE TABLE

Component	Industry Standard (Days)
Inventory (Lead-time heavy)	60 - 90 Days
Domestic Receivables	45 - 60 Days
Institutional / Export Receivables	90 - 120 Days
Accounts Payable	30 - 45 Days
NET CASH GAP	105 - 165 Days

CUSTOMER CREDIT PERIODS



Retail Distributors

30 - 45 Days. Usually secured via Post-dated checks (PDC) or Bank Guarantees (BG).



Large OEMs (B2B)

60 - 90 Days. Standard institutional payment cycles for volume supply.



Export Clients

90 - 120 Days. Letter of Credit (LC) is highly preferred to mitigate global risks.



WC Strategy

Optimize via "Vendor Financing" for raw materials and "Invoice Discounting" for high-ticket sales.

INDUSTRY THREATS



Component Shortage
SUPPLY CHAIN



Rapid Obsolescence
PRODUCT LIFECYCLE



Price Wars
MARGIN EROSION



Currency Risk
USD/INR VOLATILITY

Core Threat: Dependence on imported semiconductors and USD fluctuations remains the single largest systemic risk for the Indian electronics manufacturing sector.

HOW TERKAR CAPITAL HELPS

WC Financing

- ✓ **Unsecured WC:** Up to ₹5 Cr for seasonal procurement and product launches.
- ✓ **LC & BG:** Seamless import of high-value components from global suppliers.
- ✓ **Invoice Discounting:** Liquidity against B2B sales (10-15% PA).

Strategic Funding

- ✓ **Machinery Finance:** Funding for SMT lines and robotic assembly units.
- ✓ **CGTMSE Loans:** Collateral-free funding for MSME component hubs.
- ✓ **Factoring:** Dedicated offshore receivables management.

Partner with Terkar Capital

Empowering Electronics & Electrical Companies with
Smart Working Capital Solutions.



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