



Machinery & Machine Tools Industry

Working Capital Management & Financing Guide



INDUSTRY OVERVIEW (2026)

MARKET SIZE

\$2.9 Billion

GROWTH RATE

7.63% CAGR

CNC ADOPTION

60%

NORTH INDIA HUB

30% Share

GDP TARGET

25%

- ✓ **The "Smart" Pivot:** Transition from manual to Industry 4.0 automated systems.
- ✓ **High-Tech Tool Rooms:** Mandated tool rooms for local high-precision design.
- ✓ **Segment Dominance:** Metal Cutting (52%) led by Auto/Aerospace.
- ✓ **Localized Supply:** Rising indigenous production via CIE schemes.
- ✓ **The EV Effect:** Demand for precision tools for battery casing.

OPERATIONAL PROCESS

1

Design & Engineering

CAD/CAM modeling and CNC control system programming.

30-60 Days

2

Casting & Fabrication

Heavy iron casting for beds and precision frame machining.

45-90 Days

3

Assembly & Integration

Fitting ball screws, spindles, and CNC integration.

30-45 Days

4

Testing & Calibration

Geometric checks, laser calibration, and wet trial runs.

10-20 Days

KEY RESOURCES & INPUTS



Raw Materials

High-grade cast iron, TMT steel, and specialized alloy steels.



High-Value Parts

CNC Controllers (Fanuc/Siemens), spindles, and ball screws.



Tech Infra

Industrial IoT sensors, predictive maintenance, and PLM tools.



Human Capital

Design engineers, CNC programmers, and precision fitters.



Energy

High-load industrial power and clean compressed air systems.

Total Integration

Synchronizing these five pillars is essential for Industry 4.0 readiness.

REVENUE STREAMS

Deliverable	Revenue Description	Margin Profile
Standard Machines	VMCs, HMCs, Lathes, and Grinding machines.	Standard
Special Purpose (SPM)	Custom-built machinery for specific industrial tasks.	High Margin
Retrofitting	Upgrading manual machines with CNC controllers.	Medium
AMC & Spares	Recurring revenue from maintenance and wear parts.	Annuity Based
Tooling & Access.	Sale of chucks, fixtures, and cutting tools.	Volume Based

WORKING CAPITAL CYCLE

120

Inventory Days

Long lead times and expensive electronic components.

90

Receivable Days

Credit demand from OEMs; longer Govt tender cycles.

45

Payable Days

Strict terms for high-tech CNC controller imports.

Liquidity Gap: 60 - 110 Days

High upfront costs vs. long "Assembly-to-Installation" window creates persistent cash strain.

CURRENT ASSET COMPOSITION



- Work-in-Progress (55%)
- Trade Receivables (30%)
- Raw Material & Prepaids (15%)

Prepaids include deposits for imported parts and marketing costs (e.g., IMTEX).

COMMON MISTAKES TO AVOID

- ✘ **Poor Prototype Testing:** Rushing to market leads to field failures and brand damage.
- ✘ **Over-stocking Castings:** Tying up capital in machine beds before order confirmation.
- ✘ **Ignoring After-Sales:** Service teams sell the "Second Machine"; networks are vital.
- ✘ **Installation Delays:** Failing to account for site readiness delays final 20% payment.

Pro-Tip: Always link final payment milestones to machine commissioning, not just delivery.

STANDARD OPERATING METRICS

Metric	Industry Standard (2026)
Gross Margin (CNC Machines)	20% - 30%
Gross Margin (SPMs)	35% - 50%
Inventory Turnover	2.5x - 3.5x
Export Revenue %	10% - 15% (Targeting 25%)
R&D as % of Sales	4% - 6%

REVENUE REALIZATION PERIODS

Private SMEs

30–60 Days

Automotive/Job Shops

Large OEMs

45–75 Days

Tata Motors, Mahindra

Public Sector

90–150 Days

Railways, Defense

Exports

60–90 Days

Against Letter of Credit (LC)

Best Practice: Use Bill Discounting for OEM invoices and LC for high-value component imports to smoothen cash flows.

INDUSTRY THREATS & CHALLENGES



Material Volatility

Sharp fluctuations in steel/pig iron prices impacting fixed contracts.



Import Dependency

Critical reliance on Germany/Taiwan for controllers and spindles.



Labor Shortage

Growing gap in qualified CNC operators and maintenance engineers.



Tech Obsolescence

Fast Industry 4.0 trends requiring constant R&D investment.

TERKAR CAPITAL SOLUTIONS

WC Limits

Up to ₹25 Cr+ for procurement-to-delivery gaps.

Machinery Loans

Funding for buyers with up to 80% LTV.

LC / BG

Import facilitation for high-tech controllers.

Invoice Discounting

Immediate liquidity against Tier-1 OEM invoices.

Unsecured Loans

Up to ₹5 Cr for R&D and prototyping centres.

CGTMSE Loans

Collateral-free government-backed MSME schemes.

7-10 Day Disbursement

Rates from 9% PA

Flexible Repayment



Partner with Terkar Capital

Engineering the Financial Growth of India's Manufacturing Backbone.



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