



Paper & Pulp Industry

Working Capital Management & Financing Guide

Industry Overview - 2026

₹85,000
Cr+
MARKET SIZE

6-8%
GROWTH (YOY)

16 kg
CONSUMPTION

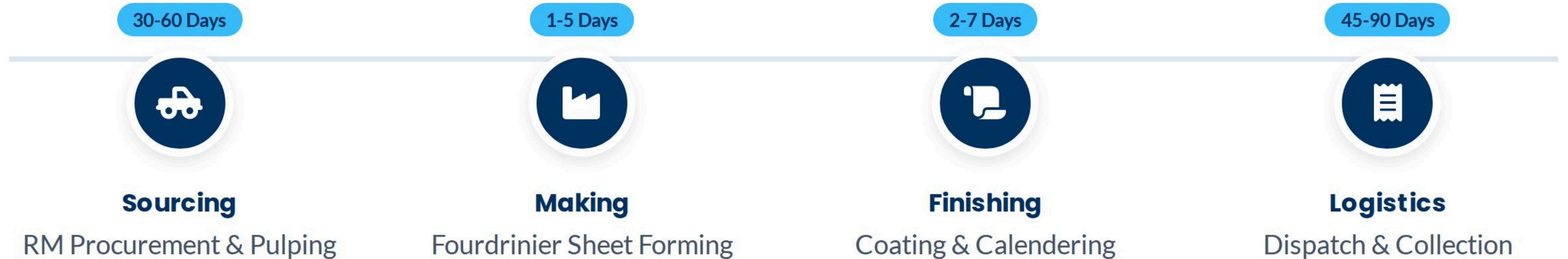
2.5 M+
EMPLOYMENT

Top 15
GLOBAL RANK

- ✓ **Core Segments:** Writing (30%), Packaging (55%), Specialty (15%).
- ✓ **Hubs:** Gujarat, Andhra, Maharashtra, Odisha.

- ✓ **Raw Material:** 70% recycled fiber, 20% wood, 10% agro.
- ✓ **Future:** Shift toward "Sustainable Packaging".

Operational Manufacturing Process



Key Resources & Operational Inputs



Raw Materials

Wood pulp, bagasse, wheat straw, and waste paper.



Chemicals

Caustic soda, chlorine, and specialized coatings.



Utilities

High water intensity and steam/electricity for drying.

Compliance: Strict environmental norms regarding ZLD and forest conservation (FSC certification).

Service Deliverables & Revenue



Product Grades

- ✓ Packaging: Corrugated boxes, Kraft paper.
- ✓ Cultural: Writing & Printing paper.
- ✓ Specialty: Tea bags, Medical grade tissue.

Market Drivers

- ✓ E-commerce packaging explosion.
- ✓ Plastic-to-paper transition phase.
- ✓ Rising educational demand (Cultural).

Working Capital Cycle Dynamics



Inventory Days

60 – 90 Days

Stockpiling imported pulp and chemicals to avoid supply shocks.



Receivables

60 – 120 Days

Credit periods for wholesalers and industrial packaging units.

The Cash Gap: 90 – 165 Days

Manufacturers face massive liquidity gaps due to "Inventory-Heavy" operations.

Current Asset Composition



Raw Material

Huge volumes of wood logs and waste paper bales.



Chemical Stock

Essential buffer for continuous chemical processing.



Trade Receivables

Substantial dues from traders and B2B buyers.

Common Operational Mistakes

Critical Pitfalls ✘

- ✔ **Poor Inventory:** Overstocking RM when prices are high.
- ✔ **Ignoring ETP:** Not accounting for water treatment costs.
- ✔ **Weak Assessment:** Unsecured credit to unknown dealers.

Smart Solutions ✔

- ✔ **Factoring:** Use bill discounting to bridge gap.
- ✔ **Cash Discounts:** Encourage 7-day payments.
- ✔ **Energy Planning:** Seasonal planning for power hikes.

Working Capital Cycle Table



Component	Industry Standard	Financial Impact
Inventory (Raw + Chemicals)	60 - 90 Days	High Liquidity Strain
Domestic Receivables	60 - 90 Days	Capital Tie-up
Institutional/Export Receivables	90 - 120 Days	Long Cash Wait
Accounts Payable	30 - 45 Days	Strict Settlements
NET CASH GAP	90 - 135 Days	Financing Required

Customer Credit Benchmarks



Wholesale Dealers

30 – 45 Days

Publishing Houses

60 – 90 Days

Peaks during "Book Season" (Jan–March)

Best Practice: Offer cash discounts for 7-day settlements to accelerate velocity.

Industry Threats & Challenges



RM Scarcity

Rising costs and low availability of waste paper.



Regulation

High CAPEX needed for Zero Liquid Discharge (ZLD).



Import Pressure

Cheap imports from ASEAN affecting domestic price.

How Terkar Capital Empowers You



Unsecured WC

Up to ₹5 Cr for imports and utilities.

Secured Loans

₹5-100 Cr+ against plant or receivables.

Bill Discounting

Convert 90-day bills into cash immediately.

Machinery Loans: Long-term funding for energy-efficient machine upgrades or ETP setup.



Partner with Terkar Capital

Empowering Paper & Pulp Companies with Smart Working Capital Solutions.



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