



# Plastics & Rubber Industry

Working Capital Management & Financing Guide

---

# Industry Overview

₹3.5L Cr

MARKET SIZE (2024)

8-10%

GROWTH RATE

50,000+

NO. OF UNITS

22M T

CONSUMPTION/YR

10-12%

EXPORT SHARE

- ✓ **Market Position:** India is a leading global consumer of polymers, vital for packaging & automotive.
- ✓ **Major Hubs:** Gujarat (Petrochemicals), Maharashtra, Tamil Nadu, and NCR.
- ✓ **Competitive Edge:** Low conversion costs and advanced molding technologies.
- ✓ **Growth Drivers:** Demand for recycled plastics and EV sector expansion.
- ✓ **Core Segments:** Plastics (Packaging, Pipes) and Rubber (Tyres, Industrial Seals).
- ✓ **Primary Clients:** FMCG, Automotive OEMs, Healthcare, and Agriculture.

# Operational Process Flow



## STEP 01

### Sourcing & Compounding

Procurement of polymer granules or raw rubber; mixing with stabilizers (15-45 Days).

## STEP 02

### Molding & Extrusion

Injection/Blow molding or heat treatment and vulcanization (5-15 Days).

## STEP 03

### Secondary Processing

Printing, labeling, multi-part assembly and quality testing (3-7 Days).

## STEP 04

### Invoicing & Logistics

Dispatch to OEM warehouses and realization of trade receivables (45-90 Days).

# Key Resources & Inputs



## Raw Materials

Polymer resins (HDPE, PVC), Natural/Synthetic Rubber, Carbon black, and Pigments.



## Physical Assets

Injection molding machines, Extruders, Vulcanizing presses, and high-precision Molds.



## Human Capital

Polymer technologists, mold designers, and machine operators.



## Energy & Utilities

High electricity consumption for heating barrels and cooling systems.



## Compliance

CIPET certifications, RoHS/REACH compliance, and waste management rules.



## Operational Safety

Strict adherence to industrial safety standards and quality auditors.

# Service Deliverables



Segment	Deliverables & Revenue Streams
Packaging	Bottles, containers, and films for FMCG and Pharma sectors.
Infrastructure	PVC/CPVC pipes, fittings, and specialized construction membranes.
Automotive	Bumpers, dashboard parts, gaskets, and weather-strips (Rubber).
Consumer	Furniture, toys, kitchenware, and high-volume footwear components.
Industrial	Conveyor belts, hoses, and vibration isolators for heavy machinery.

# Working Capital Dynamics

Inventory  
45-75 Days

+

Receivables  
60-120 Days

-

Payables  
15-45 Days

=

Cash Gap  
90-150 Days

- ✓ **Volatility Hedge:** Manufacturers stockpile polymers to protect against crude oil price swings.
- ✓ **Import Pressure:** "Payment at Sight" requirement for imported polymers drains liquidity.

# Current Asset Composition

## 01 Raw Materials

Large volume stocks of polymer granules and rubber bales.

## 02 Molds & Tooling

High-value liquid funds required for maintenance and die development.

## 03 Work-in-Progress

Goods currently in molding, heating, or cooling phases.

## 04 Trade Receivables

Significant amounts due from large B2B industrial clients.

# Common Mistakes to Avoid

- ✘ **Poor Scrap Management:** Excessive "regrind" increasing per-unit costs.
- ✘ **Over-reliance on Single Die:** Production halts if a primary mold breaks.
- ✘ **Ignoring Crude Trends:** Failing to time polymer purchases with global oil trends.
- ✘ **Weak Power Planning:** High costs during peak-hour consumption.

⚠ **Strategic Risk:** Financial planning must account for these operational inefficiencies to maintain margins.

# Standard WC Cycle Benchmarks

Component	Industry Standard
Inventory (Raw + Finished)	45 - 75 Days
Domestic Receivables (OEMs)	60 - 90 Days
Retail / Dealer Receivables	30 - 45 Days
Accounts Payable	15 - 45 Days
NOT CASH GAP	90-120 DAYS

# Customer Credit Periods



**Automotive OEMs**

**60-90 Days**



**Distributor Network**

**30-45 Days**



**Modern Retail**

**45-60 Days**

💡 **Best Practice:** Implement **Channel Financing** for distributors to accelerate cash inflows and minimize bad debts.

# Industry Threats & Challenges

## Raw Material Volatility

Direct correlation between polymer costs and global oil prices.

## Environmental Laws

Increasing bans on single-use plastics and recycling costs.

## Energy Costs

Rising electricity tariffs impacting small-scale molders.

## Technological Shift

New demand for "Bio-plastics" requiring capex.

# How Terkar Capital Helps



## Unsecured Loans

Up to ₹5 Cr for procurement of raw polymers and utility bills.



## Machinery Loans

Funding for advanced injection molding and precision dies.



## Invoice Discounting

Immediate liquidity for B2B invoices (10-15% PA).



## LC / BG Limits

Essential for importing specialized resins and machinery.



## CGTMSE Loans

Collateral-free funding for MSME units up to ₹5 Cr.



## Fast Processing

Disbursements in 7-10 working days for eligible units.



# Partner with Terkar Capital

Empowering Plastics & Rubber Companies with Smart Working Capital



Head Office, Pune and PCMC

101, 102, 103, Castle Eleganza, Dr. Ketkar Road, Erandavane, Pune. Maharashtra 411004.



Corporate Office, Mumbai

The Capital, Level 3, B-Wing, Plot C – 70, G Block, BKC, Bandra (E), Mumbai-400051, India.