



Transportation & Logistics Industry

Working Capital Management & Financing Guide

LOGISTICS INDUSTRY OVERVIEW

₹32 Lakh Cr

Market Size (2026)

9.07%

CAGR Growth

<10%

Target GDP Cost

\$19.54 Bn

E-commerce Logistics

- ✓ **Network Integration:** PM Gati Shakti unified 27+ depts for faster multimodal infrastructure.
- ✓ **The DFC Advantage:** Eastern/Western Freight Corridors shifting cargo from road to rail.
- ✓ **Quick-Commerce Surge:** 10-min deliveries driving "Micro-fulfillment Centers" demand.
- ✓ **Green Logistics:** Major shift toward EV/LNG trucks driven by ESG mandates in 2026.
- ✓ **Digital Backbone:** ULIP implementation provides visibility across 30+ digital systems.
- ✓ **Modal Share:** Road (70%), Rail (20%), Air & Sea (10%) balance.

OPERATIONAL PROCESS IN LOGISTICS



KEY RESOURCES & INPUTS

Fleet Assets

Heavy Commercial Vehicles (HCVs), LCVs for last-mile delivery, and specialized cold-chain reefers.

Warehousing

Grade-A warehouses, Multi-modal Logistics Parks (MMLPs), and automated sorting centers.

Technology

TMS (Transportation Management), WMS (Warehouse Management), and IoT-enabled tracking systems.

Human Capital

Fleet managers, supply chain architects, warehouse associates, and certified drivers.

Compliance

MTO licenses, GST/E-way bill compliance, and environmental (Euro VI/BS-VI) norms.

Strategic Edge

Integration of these resources creates the backbone of a resilient supply chain network.



SERVICE DELIVERABLES

Freight Forwarding

International and domestic movement across air, sea, and land.

3PL Services

End-to-end outsourcing including warehousing and distribution (Growing at 7%+).

Express & CEP

Time-sensitive deliveries. The \$9 Bn+ volume driver for the industry.

Cold Chain

Temperature-controlled transport for Pharma and Agri (10%+ CAGR).

Value Added

- ✓ Supply Chain Consulting
- ✓ Network Optimization
- ✓ Inventory Planning
- ✓ Customs Clearance



WORKING CAPITAL CYCLE

$$\text{Inventory (7-15d)} + \text{Receivables (60-120d)} - \text{Payables (30-45d)} = \text{Cash Gap}$$

Fuel & Spares (7-15 Days)

High frequency of fuel spend; critical for fleet-heavy operators to maintain daily liquidity.

A/R (60-120 Days)

OEMs, FMCG, and Govt clients often demand extended credit, stretching the cycle significantly.

A/P (30-45 Days)

Toll charges, fuel credit, and driver incentives require faster settlement than receivables.

The Cash Gap: Logistics firms face a 45 to 90-day liquidity gap, largely due to the "Pay Now, Collect Later" nature of operational expenses versus corporate client credit terms.



CURRENT ASSET COMPOSITION

70-80%

Trade Receivables

The dominant asset—unpaid freight bills and corporate invoices that tie up the majority of working capital.



Unbilled Revenue

Significant in-transit cargo where the Proof of Delivery (POD) is yet to be uploaded or confirmed.



Security Deposits

Cash blocked with toll authorities, fuel companies, and port authorities for operational continuity.



Prepaid Expenses

Annual insurance for massive fleets and warehouse lease rentals paid in advance.



COMMON MISTAKES TO AVOID

- ✘ **Poor Load Factor:** Running "Empty Miles" or half-full trucks erodes margins by 20-30%.
- ✘ **Ignoring Detention Charges:** Allowing trucks to sit idle at loading docks without billing for waiting time.
- ✘ **Weak Reverse Logistics:** Treating returns as an afterthought, leading to lost inventory and high costs.
- ✘ **Fuel Inefficiency:** Failing to use AI-route optimization, leading to excessive fuel consumption.
- ✘ **Manual POD Management:** Delays in uploading proof of delivery directly stretches the billing cycle.
- ✘ **Inadequate Driver Welfare:** High driver churn rates increase recruitment and training costs.

💡 **Best Practice:** Use Telematics and TMS to monitor load factors and fuel consumption in real-time to protect thin margins.

STANDARD OPERATING METRICS

Metric	Industry Standard (2026)	Impact on Business
OTIF (On-Time In-Full)	95%+	Target for reliability and client retention.
Logistics Cost % of Sales	8% - 12%	Standard for B2B client benchmarking.
Fleet Utilization	85% - 90%	Critical for asset-heavy profitability.
Empty Mile Ratio	< 10%	Efficiency target to minimize waste.
NPS (Customer Loyalty)	> 50	Critical for 3PL contract renewals.



REVENUE REALIZATION PERIODS

Segment	Standard Credit Period	Typical Payment Terms
E-commerce (Marketplace)	7 – 14 Days	Fast turnaround, high volume.
Standard B2B (FMCG/Retail)	45 – 60 Days	Net 45 common for bulk deliveries.
Automotive / Industrial OEMs	60 – 90 Days	Extended credit for specialized parts.
Project Logistics / Govt	90 – 150 Days	Slowest realization, requires high liquidity.



Strategic Insight: Utilize **Freight Bill Factoring** to convert 90-day invoices into immediate cash for fuel and payroll.



INDUSTRY THREATS & CHALLENGES

- ⚠️ **Fuel Price Volatility:** Sudden spikes in Diesel/LNG prices impacting the bottom line.
- ⚠️ **Skill Gap:** Acute shortage of trained long-haul drivers and warehouse automation experts.
- ⚠️ **Cybersecurity:** Risk of hacking into GPS and WMS systems, leading to cargo theft.
- ⚠️ **Regulatory Shifts:** Changing Green-tax norms and EV mandates for commercial vehicles.
- ⚠️ **Infrastructure Bottlenecks:** Congestion at ports and aging city entry restrictions.
- ⚠️ **ESG Compliance:** Increasing pressure to report and reduce carbon footprint per km.

HOW TERKAR CAPITAL CAN HELP



Fleet Finance

Loans for new HCVs, EV delivery vans, and warehouse automation systems.



Invoice Discounting

Immediate liquidity against corporate freight bills (10-15% PA).



Unsecured WC

Up to ₹5 Cr for managing fuel credit, toll payments, and seasonal peaks.



Lease Discounting (LRD)

Raising capital against Grade-A warehouse lease agreements.



Warehouse Expansion

₹10-100 Cr+ for setting up MMLPs or regional distribution centers.

Fast Disbursement

7-10 day processing with rates starting from 9% PA.



Partner with Terkar Capital

Driving the Momentum of Global Trade with Smart Logistics Financing.



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