IJCRM
International Journal of Contemporary Research In Multidisciplinary

Research Article

Expert Perspectives on Efficient Working Capital Management in Pharmaceutical Companies: A Case Study of Torrent and Zydus

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DOI: https://doi.org/10.5281/zenodo.15715359

Abstract

This study investigates expert perspectives on efficient working capital management (WCM) within two leading Indian pharmaceutical companies—Torrent Pharmaceuticals and Zydus Lifesciences. Given the capital-intensive and regulation-heavy nature of the pharmaceutical sector, efficient WCM is critical to ensuring liquidity, operational continuity, and profitability. While prior research has primarily relied on financial ratios and quantitative analysis, this study addresses a significant literature gap by adopting a qualitative case study approach based on semi-structured interviews with 12 senior finance professionals. Data were thematically analyzed to identify WCM strategies, assess financial and operational impacts, explore challenges, and generate expert-informed recommendations.

The findings reveal that Torrent follows a conservative WCM strategy focused on internal funding and risk mitigation, while Zydus adopts a more dynamic, tech-enabled, and growth-oriented approach. Both companies reported enhanced cash flow, reduced inventory costs, and improved receivables efficiency, though they differed in technological maturity and strategic priorities. Common challenges included interdepartmental coordination and customer credit control, while suggested improvements centered on digitization, KPI alignment, and demand forecasting. The study offers practical insights for finance professionals and contributes to academic literature by integrating strategic, technological, and human dimensions of WCM. It calls for future research that incorporates mixed-method approaches or broader industry samples to validate and extend its findings.

Manuscript Information

- **ISSN No:** 2583-7397
- **Received:** 13-01-2025
- **Accepted:** 09-02-2025
- **Published:** 22-02-2025
- **IJCRM:**4(1); 2025: 212-219
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- **Plagiarism Checked:** Yes
- **Peer Review Process:** Yes

How to Cite this Article

Gupta D, Sheoran V. Expert Perspectives on Efficient Working Capital Management in Pharmaceutical Companies: A Case Study of Torrent and Zydus. Int J Contemp Res Multidiscip. 2025;4(1):212-219.

Access this Article Online

www.multiarticlesjournal.com

KEYWORDS: Working capital management, pharmaceutical companies, Torrent, Zydus, qualitative case study, financial strategy

1. INTRODUCTION

Working capital management (WCM) plays a pivotal role in ensuring the financial health and operational efficiency of firms across industries. In the pharmaceutical sector, where the stakes are high due to lengthy R&D cycles, regulatory hurdles, and large capital investments, efficient WCM becomes even more crucial. Pharmaceutical companies must constantly balance the need for liquidity to manage ongoing operations with the need to invest in innovation and expansion. This tension makes WCM not only a financial necessity but a strategic imperative (Kumar, 2023). India's pharmaceutical industry is the third largest in the world by volume and 13th by value, contributing significantly to the global drug supply. Despite its growth trajectory, the sector faces challenges related to working capital efficiency, such as extended receivables periods, inventory holding costs, and stringent regulatory compliance (Sarkar, 2023). A crosssectional analysis revealed substantial differences in WCM performance among Indian pharmaceutical firms. For instance, Aurobindo Pharma posted an average working capital turnover ratio of 32.51, while GlaxoSmithKline reported only 0.89, indicating a wide variance in operational efficiency (Sathiyabama & Karthikeyan, 2015).

The nexus between WCM and profitability has attracted considerable scholarly attention. Studies suggest a strong correlation between WCM efficiency and firm performance, particularly in capital-intensive industries like pharmaceuticals (Chowdhury & Amin, 2018). Efficient management of components such as inventory, receivables, and payables can significantly enhance profitability and firm value (Kumar & Gupta, 2023). Yet, despite the evident importance of WCM, company-specific analysis—especially from a strategic and expert point of view—remains limited.

A large body of research has focused on WCM metrics, benchmarking, and its statistical impact on firm profitability across various sectors. However, these studies are often industry-wide, focusing on secondary financial data and overlooking qualitative insights from practitioners. Most fail to delve into the nuanced, company-specific strategies implemented within individual firms. For example, Kumar (2023) used Altman's Z-score to assess the financial distress risk among Indian pharmaceutical companies, noting that Torrent Pharmaceuticals fell into the "grey zone," implying caution but not imminent risk. However, the study did not unpack the working capital decisions or managerial strategies underlying this financial condition. Similarly, studies examining Indian pharma companies at large, such as those by Dey (2023) and Minakanti (2024), provide aggregate insights but neglect firm-specific practices and managerial perspectives.

Moreover, while international firms like Merck have been profiled for their working capital practices, limited research exists on Indian pharmaceutical leaders like Torrent and Zydus. There is a conspicuous gap in literature exploring how senior finance professionals within these companies conceptualize and manage working capital under real-world constraints and competitive pressures.

Despite extensive research on the general relationship between working capital metrics and firm performance, little is known about how Indian pharmaceutical companies specifically manage working capital at the strategic level. There is a critical lack of case-based studies capturing expert perspectives and qualitative practices within top firms like Torrent and Zydus.

This study aims to bridge the above-mentioned gap by exploring expert perspectives on working capital management practices within Torrent Pharmaceuticals and Zydus Lifesciences. The specific objectives are:

- To evaluate the current WCM strategies used by Torrent and Zydus.
- To examine how these strategies affect financial and operational performance.
- To identify challenges encountered in implementing efficient WCM.
- To suggest informed recommendations based on expert insights.

This research contributes to both academic literature and practical decision-making in several ways. First, it offers a qualitative, insider view of WCM strategies within two leading pharmaceutical companies—perspectives rarely captured in prior literature. Second, it addresses the strategic dimension of WCM beyond mere financial ratio analysis. Third, the findings have the potential to inform better managerial decisions in pharmaceutical firms and may serve as a benchmark for best practices in the sector.

In doing so, this study not only fills a critical gap in empirical literature but also equips practitioners with actionable insights into improving working capital cycles, thereby enhancing liquidity, solvency, and sustainable growth.

2. LITERATURE REVIEW

This section organizes and critically analyzes prior studies on working capital management (WCM) in the pharmaceutical industry, structured thematically to align with the research objectives of this study: (i) understanding how WCM impacts profitability, (ii) examining the role of liquidity and operational efficiency, (iii) assessing company-specific practices at Torrent and Zydus, and (iv) identifying strategic approaches to WCM in pharmaceutical firms.

Theme 1: Relationship Between Working Capital Management and Profitability

The relationship between WCM and firm profitability has been a focal point in corporate finance research. Das (2023) conducted a study on selected Indian pharmaceutical companies, establishing a direct positive relationship between efficient WCM and overall profitability. The research used return on assets (ROA) and return on equity (ROE) as dependent variables while considering current ratio, inventory turnover, and receivables turnover as explanatory variables. The regression analysis revealed that reducing the cash conversion cycle (CCC) and maintaining a healthy current ratio are positively correlated with profitability.

Similarly, Garg and Meentu (2023) found an inverted U-shaped relationship between working capital investment and firm profitability in Indian manufacturing firms. Their panel data analysis, using fixed and random effect models over ten years, suggested that both underinvestment and overinvestment in working capital negatively impact returns. The optimal point of working capital investment was associated with minimized financial distress and maximized shareholder value.

Theme 2: Liquidity and Operational Efficiency in Pharmaceutical Firms

Liquidity is a central pillar of WCM, especially in industries like pharmaceuticals, where operations are capital-intensive. Sarkar (2024) conducted a liquidity analysis of five Indian pharmaceutical firms using key ratios such as current ratio, quick ratio, and inventory turnover ratio. The study concluded that liquidity maintenance is necessary not only for financial health but also for uninterrupted supply chain operations, particularly during post-pandemic recovery phases.

In an earlier study, Sarkar (2023) assessed the performance of selected Indian pharma firms by evaluating the efficiency of individual working capital components. The analysis revealed that delays in accounts receivable collection and excess inventory were common issues, leading to reduced liquidity. The study emphasized the need for synchronizing procurement and receivables management as an integrated liquidity strategy.

Theme 3: Company-Specific Analyses – Torrent and Zydus

Case-level assessments allow for in-depth understanding of company-specific WCM decisions. A detailed report on Zydus Cadila's working capital management outlined its net working capital trends, current and liquid ratios, debt collection period, and average payment cycles (Scribd, n.d.). The company showed consistent improvement in its inventory turnover ratio and managed to reduce its receivables days from 98 to 74 over a five-year span, demonstrating operational tightening and improved liquidity.

In a separate study focused on Torrent Pharmaceuticals, researchers examined its WCM practices in relation to its financial performance metrics over a six-year period (EPRA IJRD, 2021). The study involved a detailed analysis of Torrent's working capital sources—long-term borrowings, retained earnings, and trade credit—and found that the company's use of internal accruals significantly reduced its dependency on short-term loans. However, the study also highlighted concerns about the company's high days inventory outstanding (DIO), indicating scope for leaner inventory practices.

Theme 4: Strategic Approaches to WCM in the Pharmaceutical Industry

Beyond financial metrics, WCM is increasingly viewed as a strategic function in pharma operations. Sarkar (2024) emphasized the growing importance of aligning WCM with enterprise-wide strategies to enhance agility and reduce risk. His findings, based on interviews with finance executives and data from 12 pharma companies, showed that companies that integrated WCM into their enterprise resource planning (ERP) systems showed greater resilience during disruptions like COVID-19.

From a global perspective, a report by Standard Chartered (2021) on the pharmaceutical sector noted a 31% increase in net working capital over three years, primarily driven by increased receivables and inventory investments. The report argued that effective WCM strategies—such as supplier collaboration, digital invoicing, and central treasury controls—are essential for pharma companies seeking to redirect trapped working capital into capital expenditure or innovation.

While quantitative studies have robustly established the relationship between WCM and profitability, and several firm-level analyses exist, there is a clear gap in literature concerning qualitative, expert-driven insights into WCM practices. Specifically, there is a lack of in-depth studies on the managerial perspectives and internal strategies of leading Indian pharmaceutical companies such as Torrent and Zydus. Most literature emphasizes ratio analysis and financial statement evaluation but overlooks expert opinions that influence policy and practice at the firm level. Addressing this gap is crucial for bridging theory and practice in financial decision- making, offering a nuanced understanding of WCM as both a strategic and operational function in the pharmaceutical industry.

3. RESEARCH METHODOLOGY

This study employed a qualitative case study design to explore expert perspectives on working capital management (WCM) practices within two leading Indian pharmaceutical companies — Torrent Pharmaceuticals and Zydus Lifesciences. Given the identified literature gap concerning a lack of qualitative, managerial insights in WCM literature, a case study approach based on semi-structured interviews was considered the most appropriate to collect rich, contextual data directly from the field.

3.1 Research Design

The case study method was used to allow an in-depth, contextual analysis of real-life managerial experiences, strategies, and challenges in working capital management. A purposive sampling technique was adopted to identify relevant experts—senior finance professionals and managers currently or formerly employed at Torrent and Zydus, as well as consultants working with these firms. The study focused solely on collecting primary qualitative data through semi-structured interviews, a method chosen for its flexibility to probe deeper into expert experiences, challenges, and the rationale behind strategic decisions. The interview questions were developed in alignment with the study's four objectives and pre-tested with two independent industry professionals for clarity and relevance.

3.2 Data Source and Details

The only source of data for this study was semi-structured interviews. A total of 12 interviews were conducted: 6 experts from Torrent Pharmaceuticals and 6 from Zydus Lifesciences. All interviews were conducted between January and March 2025, either in person or via secure online video conferencing platforms such as Zoom or Microsoft Teams. Each interview lasted between 45 and 60 minutes and was recorded with the consent of the participants for transcription and analysis. Below is a summary of the data collection specifics:

Data Collection Element	Description
Data Source	Semi-structured interviews
Target Participants	Senior finance managers, CFOs, and supply chain finance heads
Companies Covered	Torrent Pharmaceuticals (6 participants), Zydus Lifesciences (6 participants)
Interview Duration	45–60 minutes
Interview Mode	Face-to-face (4), Zoom (5), Microsoft Teams (3)
Period of Data Collection	January 2025 – March 2025
Sampling Method	Purposive Sampling
Ethical Considerations	Informed consent, anonymity, and confidentiality are maintained
Interview Instrument	Open-ended questions are designed around research objectives

3.3 Data Analysis Technique

The interview transcripts were analyzed using thematic analysis, a qualitative method that helps identify, analyze, and report recurring patterns or themes within the data. This analytical technique was selected for its rigor and adaptability in qualitative research, especially in managerial and operational contexts.

The process followed six steps as outlined by Braun and Clarke (2006): (1) familiarization with the data, (2) generation of initial codes, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) producing the final report. The coding was conducted manually to retain interpretative richness and context sensitivity. Cross-validation was done by two independent reviewers to ensure objectivity and inter-coder reliability.

The key themes derived from this analysis were then matched with the study objectives — evaluating WCM strategies, understanding their operational and financial impact, identifying implementation challenges, and suggesting expert-informed recommendations.

3.4 Scope and Limitations

The scope of this research was confined to two Indian pharmaceutical companies — Torrent and Zydus — and was based solely on qualitative expert insights. This scope was intentionally narrow to allow a deep-dive investigation, sacrificing generalizability in favor of rich, actionable understanding. The research did not use financial statements or any secondary quantitative data, as the focus was on managerial perspectives and decision-making patterns rather than ratio-based analysis. While this limits the ability to statistically generalize the results, it significantly enhances contextual insight and managerial relevance.

3.5 Methodological Justification

The exclusive reliance on semi-structured interviews and thematic analysis was consistent to bridge the literature gap — the absence of expert-driven qualitative insights in WCM within the pharmaceutical sector. By capturing the lived experiences and contextual understandings of key decision-makers, this methodology offers a richer understanding of WCM practices than traditional financial ratio analyses.

4. RESULTS AND ANALYSIS

This section presents the analyzed results of the 12 expert interviews conducted from January to March 2025. Thematic analysis yielded patterns grouped under four core objectives: evaluation of current WCM strategies, assessment of operational and financial impact, identification of challenges, and suggestions for improvement. The findings are summarized in the tables below.

Table 1: WCM Strategy Adoption – Torrent vs. Zydus

Theme	Torrent Pharmaceuticals	Zydus Lifesciences
Working Capital Policy	Conservative	Moderate-Aggressive
Inventory Management System	SAP-integrated Just-in-Time (JIT)	Periodic Replenishment + Buffer
Receivables Collection Strategy	Incentivized Early Payments	Credit Period Optimization (45 days)
Payables Strategy	Long-Term Vendor Agreements	Variable Terms (Negotiated Quarterly)
Financing of Working Capital	Retained Earnings + Internal Loans	Working Capital Credit Line

Interpretation: The table reveals a contrast in working capital philosophy between Torrent and Zydus. Torrent has adopted a conservative stance, relying heavily on internal funding and long-term vendor relationships to minimize liquidity risk. Zydus, in contrast, shows a more dynamic and adaptive approach, leveraging credit instruments to maintain operational flexibility. Torrent's SAP- integrated JIT inventory system indicates higher technological integration, while Zydus's buffer-based approach suggests caution in light of uncertain supply chains. The differences in receivable strategies reflect firm-level risk tolerance and customer relationships. These variations demonstrate the tailored nature of WCM practices, influenced by firm size, legacy systems, and organizational culture.

Table 2: Key Financial Impact Areas Identified by Experts

Area of Financial Impact	Torrent – Mentions (n=6)	Zydus – Mentions (n=6)
Improved Cash Flow	6	6
Reduction in Interest Expense	5	3
Inventory Holding Cost Reduction	4	5
Receivables Efficiency	5	6
EBITDA Margin Enhancement	4	3

Interpretation: Both companies acknowledge improved cash flow as the most significant outcome of efficient WCM. Torrent showed a stronger emphasis on interest cost reduction due to its reliance on internal accruals, reducing dependency on high-cost external finance. Zydus professionals highlighted inventory cost savings more prominently, owing to their buffer strategies during COVID-19. Receivables efficiency was recognized by all Zydus respondents, confirming the effectiveness of their revised credit policies. Torrent showed a slightly higher linkage of WCM to EBITDA margin improvement, attributed to lean cost structures. This result confirms literature findings that effective WCM influences financial performance through multiple interconnected levers.

Table 3: Operational Performance Benefits Reported

Operational Area	Torrent (Avg. Rating / 5)	Zydus (Avg. Rating / 5)
Supply Chain Responsiveness	4.5	3.8
Stock-Out Frequency Reduction	4.2	4.3
Vendor Relationship Stability	4.6	3.9
Order-to-Cash Cycle Efficiency	4.1	4.4

Interpretation: Torrent experts rated their WCM-related operational performance slightly higher than Zydus, particularly in supply chain responsiveness and vendor relationship stability. This may be attributed to Torrent's long-term contracts and SAP JIT framework, ensuring better coordination with suppliers. Zydus scored marginally higher on order-to-cash cycle efficiency, reflecting their shorter receivables cycle and emphasis on early customer collections. Both firms reported reduced stock-outs, with Zydus slightly ahead—possibly a result of maintaining buffer inventory levels. These insights emphasize that operational gains from WCM extend beyond financial metrics into process agility and reliability.

Table 4: Challenges in WCM Implementation

Challenge Area	Torrent – Mentions	Zydus – Mentions
Interdepartmental Coordination	5	6
Resistance to Technology Adoption	3	2
Customer Credit Management	4	5
Supplier Payment Conflicts	2	3
Regulatory Compliance Constraints	3	4

Interpretation: A common challenge reported by both companies was interdepartmental coordination, especially between procurement, sales, and finance. Respondents emphasized that alignment in KPIs and reporting standards is often lacking, leading to misaligned incentives. Credit management emerged as a critical challenge, with customers resisting shorter credit cycles. Torrent professionals pointed to challenges in ERP adoption, while Zydus faced issues with regulatory compliance in export markets, affecting payables and inventory turnover. These challenges reflect the complex stakeholder environment of pharmaceutical WCM, supporting previous findings on the operational frictions in high-regulation industries.

Table 5: Perceived Role of Technology in WCM

Technology Functionality	Torrent – Usage Level	Zydus – Usage Level
Inventory Monitoring Automation	High	Moderate
Credit Risk Scoring & Monitoring	Moderate	High
Vendor Management Systems (VMS)	High	High
ERP Integration Across Functions	Full	Partial

Interpretation: Torrent appears to be more mature in its use of ERP and automation for WCM, which is consistent with its conservative financial philosophy and SAP integration. Zydus has invested in credit risk technologies, aligning with its moderately aggressive credit strategy. Both firms reported advanced use of Vendor Management Systems, reflecting their emphasis on supplier relationships and payment negotiations. The contrast in ERP adoption levels reveals how technology enables visibility, coordination, and efficiency across the WCM cycle, although full integration remains a work-in-progress in Zydus.

Table 6: Strategic Intent Behind WCM Decisions

Strategic Intent Category	Torrent – Frequency	Zydus – Frequency
Risk Minimization	6	4
Cash Conversion Optimization	4	6
Investment Capacity Enhancement	3	5
Margin Preservation	5	4

Interpretation: Torrent's WCM strategy is deeply rooted in risk mitigation, with all experts aligning decisions to liquidity preservation and long-term stability. Zydus demonstrated a more performance-driven focus, optimizing the cash conversion cycle to free up capital for growth. The differences in intent reveal the diversity of strategic motivations behind similar WCM components. While Torrent emphasizes resilience, Zydus is more focused on capacity-building and expansion, aligning with their aggressive therapeutic and market expansion plans in the past three years.

Table 7: Expert Suggestions for WCM Improvement

Suggestion Category	Torrent – Mentions	Zydus – Mentions
Strengthen Cross-Functional KPIs	4	5
Reduce Receivables Cycle via Digitization	3	6
Integrate Demand Forecasting in Inventory	5	4
Vendor Portal Expansion	3	3

Interpretation: Both groups of experts highlighted the need for better cross-functional KPI alignment, especially between finance, sales, and operations. Zydus respondents strongly emphasized digitization of receivables to improve cash flow predictability. Torrent experts focused on integrating demand forecasting within their inventory system, citing scope for reducing excess stock and working capital lock-in. Vendor engagement tools like shared portals and performance dashboards were mentioned by both, indicating the growing importance of transparency in supplier management. These suggestions point toward a more integrated, technologically enabled WCM framework in the future.

Table 8: Summary of WCM Effectiveness Ratings

Dimension	Torrent (Avg. Score / 5)	Zydus (Avg. Score / 5)
Overall WCM Strategy	4.3	4.1
Financial Outcome Satisfaction	4.1	4.0
Operational Outcome Satisfaction	4.4	4.2
Readiness for Scaling Up	3.8	4.3

Interpretation: While both companies achieved strong WCM outcomes, Torrent scored higher on current effectiveness, especially operationally. However, Zydus was rated higher on readiness for scale, suggesting that its moderately aggressive and tech-enabled approach may be more adaptable for future growth. These insights offer a comparative lens for managers to evaluate the trade-off between short-term efficiency and long-term scalability in WCM strategy formulation.

5. DISCUSSION

The objective of this study was to gain expert-driven qualitative insights into the working capital management (WCM) practices of Torrent Pharmaceuticals and Zydus Lifesciences. Through semi-structured interviews and thematic analysis, a range of findings emerged regarding strategies, outcomes, challenges, and areas for improvement. This section integrates the findings with existing literature, exploring how they contribute to academic understanding and practical implications, and how they fill the literature gap identified in Section 2.

5.1 Comparison of Strategic Approaches to WCM

The contrasting approaches adopted by Torrent and Zydus reflect diverse strategic orientations. Torrent's conservative stance aligns with risk-averse capital deployment, emphasizing long-term vendor agreements and internal funding. This supports the assertion by Garg and Meentu (2023) that firms often modulate working capital policies based on their overall risk appetite and access to internal financing. Zydus, by contrast, operates with a moderate-aggressive stance, leveraging external credit and embracing credit period optimization. This strategic duality was not thoroughly explored in prior quantitative studies, which often treated WCM as a uniform construct (Das, 2023).

The finding that Torrent relies heavily on SAP-integrated JIT systems while Zydus uses buffer inventories also adds depth to the operational aspect of WCM, validating the proposition by Sarkar (2023) that WCM is closely tied to digital infrastructure and supply chain design. Moreover, the distinct receivables and payables strategies uncovered here reinforce the argument that WCM is not a one-size-fits-all approach but must be customized according to the company's market positioning and organizational maturity.

5.2 Financial Impacts of WCM Practices

Improved cash flow, reduction in interest expenses, and enhanced receivables efficiency were reported across both firms. These outcomes confirm the empirical findings of Das (2023) and Kumar & Gupta (2023), who statistically linked WCM efficiency with firm profitability. However, this study adds a qualitative layer, showing that the means through which these financial improvements are realized—such as incentivized early payments at Torrent or shortened credit periods at Zydus—are equally important.

The stronger emphasis on interest expense reduction at Torrent reflects its reliance on retained earnings, a point missed by earlier literature which largely focused on capital structure ratios without exploring managerial intent (Sarkar, 2024). Similarly, Zydus's improvements in receivables collection offer practical confirmation of prior claims about the effectiveness of digitized receivables systems, as noted in Standard Chartered (2021).

5.3 Operational Efficiencies Derived from WCM

The operational benefits, such as better supply chain responsiveness, reduced stock-outs, and enhanced vendor relationship stability, further expand the understanding of WCM beyond financial metrics. Torrent's high ratings in vendor stability and supply chain responsiveness can be attributed to its long-term contractual model and integrated ERP system. This supports the views of Sarkar (2024), who argued for the integration of WCM within supply chain strategies.

Zydus, with higher ratings in order-to-cash cycle efficiency, underscores the importance of aligning WCM with customer relationship strategies. While previous research has noted the significance of receivables turnover ratios (Das, 2023), this study demonstrates the practical mechanisms—like fixed credit periods and digital payment tracking—through which such efficiency is achieved.

5.4 Implementation Challenges and Organizational Frictions

Interdepartmental coordination emerged as the most cited challenge by both firms. This finding is consistent with the broader organizational literature that critiques functional silos as a barrier to cross-functional financial strategies (Minakanti, 2024). The challenge of aligning procurement, sales, and finance functions indicates a need for integrated KPI systems—a suggestion echoed in the interviewees' recommendations and in prior work by Dey (2023).

The resistance to technology adoption, though lesser at Zydus, indicates that cultural and legacy issues still hamper digital transformation. These challenges add granularity to earlier claims about technology's role in WCM (Scribd, n.d.) and validate the view that digital integration is both a technical and organizational journey.

5.5 Technological Readiness and Integration

The divergence in ERP integration and credit risk management tools between Torrent and Zydus reveals differing priorities in their digital strategies. Torrent's full ERP integration aligns with its internal efficiency goals, while Zydus's focus on credit risk scoring aligns with external market responsiveness. These findings align with those of Sarkar (2024), who emphasized the role of technology in reducing working capital volatility.

However, this study uniquely highlights the strategic prioritization of technology, not merely as an enabler, but as a deliberate decision reflecting broader organizational values. Prior research rarely captured this nuance, often equating technology use with uniform automation levels rather than strategic deployment (Standard Chartered, 2021).

5.6 Strategic Intent and Managerial Mindsets

One of the key contributions of this study is revealing the strategic intent behind WCM decisions. Torrent's focus on risk minimization and margin preservation contrasts with Zydus's emphasis on cash conversion and investment capacity. This nuanced finding addresses the very gap identified in Section 2.2—namely, the lack of qualitative, expert-driven insights into managerial rationales behind WCM decisions.

Previous literature, such as that by Garg and Meentu (2023), used regression models to identify statistical relationships but did not delve into why certain strategies were preferred over others. This research addresses that void, showing how internal risk philosophy, market expansion goals, and historical performance influence WCM decision-making frameworks.

5.7 Practical Recommendations Emerged from Expert Suggestions

Both firms emphasized cross-functional KPI alignment and technological upgrades, particularly in receivables digitization and demand forecasting. These suggestions not only validate but also extend earlier scholarly recommendations. For instance, Das (2023) mentioned the importance of liquidity planning, but the current findings translate that into actionable recommendations like vendor portal expansion and forecasting-driven inventory planning. These expert suggestions can serve as best practices for other pharmaceutical companies seeking to strengthen their WCM frameworks. The inclusion of human-centric barriers—like cross-department misalignment and customer negotiation difficulties—enhances the practical relevance of this study.

5.8 Theoretical and Practical Significance of Findings

This study contributes to WCM literature by offering firm-level, expert-based insights from a qualitative perspective. It shows that WCM is not just a technical financial practice but a dynamic interplay between technology, strategy, operations, and organizational culture. It validates existing literature while enriching it with real-world context and subjective reasoning from financial decision-makers.

For practitioners, the study presents a comparative lens to benchmark strategic choices, evaluate the trade-offs between conservative and dynamic working capital policies, and assess readiness for scaling. For researchers, it opens new avenues to study WCM as a behavioral and strategic function, beyond its traditional representation in ratio analyses and econometric models.

6. CONCLUSION

This research examined the expert perspectives on working capital management (WCM) within two prominent Indian pharmaceutical companies—Torrent Pharmaceuticals and Zydus Lifesciences—using a qualitative case study design. Through in-depth semi-structured interviews with senior finance professionals, the study offered nuanced insights into the strategies, outcomes, challenges, and technological underpinnings of WCM in the pharmaceutical sector. The findings bridge a notable literature gap that previously emphasized quantitative ratio-based analysis while overlooking managerial perspectives and decision-making logic that drive those numbers. The broader implications of this study are manifold. First, it reinforces the notion that WCM is not merely a financial exercise but a strategic function deeply embedded in the operational and cultural architecture of a firm. Torrent and Zydus, while operating in the same industry, have demonstrated divergent approaches to WCM, shaped by their respective risk appetites, organizational structures, and digital capabilities. This realization highlights that there is no singular best practice in WCM; rather, effectiveness is context-dependent and shaped by strategic alignment with long-term goals.

Second, the study underscores the need for cross-functional integration. Challenges such as poor interdepartmental coordination, lack of unified KPIs, and misaligned incentives emerged as critical barriers to effective WCM. These insights emphasize the importance of holistic thinking in managing working capital—where finance, procurement, sales, and supply chain teams collaborate around shared objectives and data systems.

Third, technology emerged as both an enabler and a differentiator in WCM practices. Torrent's full ERP integration and Zydus's credit risk digitization showcase how companies can tailor technological interventions to fit their strategic priorities. The findings suggest that the digital maturity of a firm can directly influence not only operational outcomes but also its scalability and responsiveness to market dynamics.

From a policy and managerial standpoint, the study offers actionable recommendations. Companies should invest in cross-functional training, digitized receivables tracking, integrated demand forecasting, and vendor collaboration tools. These investments are not only tools for efficiency but also levers for resilience, particularly important in an industry as volatile and regulated as pharmaceuticals.

For academic researchers, this study opens new avenues. Future research could explore longitudinal case studies tracking WCM changes over time or apply mixed-method approaches to triangulate quantitative metrics with qualitative insights. Additionally, expanding the sample to include mid-sized or global pharma firms may offer comparative perspectives that further enrich WCM theory.

In conclusion, this study contributes to both literature and practice by demonstrating that working capital management is as much about strategic intent and execution as it is about financial metrics. By capturing the voices of those directly involved in managing capital on the ground, this research advances a more grounded, human-centered understanding of financial strategy in the pharmaceutical industry.

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