**Webinar Series**

# ROAD TO RECOVERY - WORKING CAPITAL

"Extraordinary times call for extraordinary measures" and "cash is king" were the common themes that emerged from the first of ASA's five-part "Road to Recovery" series of panel discussions where an accomplished panel from various sectors comprising of Mr. Sudip Bandopadhyay of Inditrade Capital, Mr.S.Ranganathan of Edelweiss Financial Services, Mr. Sushanth Pai of Matrimony.com , Mr.Sanjay Agarwal of Jyothy Labs and Mr. Nitin Arora, Partner ASA Associates, shared their experiences and learnings of managing working capital during the pandemic.

The management of working capital is, and will remain, one of the most critical components of businesses across all sectors. Sanjay who brought brings with him experience from the manufacturing and FMCG industry, experience stressed on how important it is to maintain cash, relationships with vendors/ distributors as it is impossible to eliminate risk completely. To avoid any disruption and to help the creditors tide over the crisis, Sanjay mentioned ondiscussed how they even went to the extent of making upfront payments and extending credit periods to vendors which was a drift from their standard practice of maintaining low levels of working capital. These strong relationships and a proactive stance helped him avail of trade discounts which were used for advertising and marketing needs.

Sushanth with his experience in managing internet business drove home the point of technology and reacting quickly to crisis which included calls to banks and managing costs. His company initially faced the problems with respect to employees as the Indian Government ordered to close down guests' accommodation. However, to respond to this situation and to maintain a close connect with the clients, the company came up with a new app where employees could directly interact with the clients online. Further initiatives were taken to negotiate with the landlords and to shutdown retail touch points. The power of data was brought to the forefront as it helped thehis company immensely

with much- needed information at one's disposal. The big takeaway was to make best use of the resources available, to take the worst- case scenario seriously and believe in the fact that "everything is negotiable."

S. Ranganathan was of the view that in the financial services industry, the working capital is often termed as the asset- liability mismatch., The company was impacted from both sides as the clients were reluctant to pay the fees and the bankers were unwilling to take the risk initially for restructuring the borrowings. Hence, the pain was felt as both demand and supply sides were impacted. Keeping clients aware ofin this situation and encouraging them to repay the borrowings played an important role.

Nitin brought forward the point that with the lockdown, a large portion of receivables were piled up during the last few days of the last financial year and with innovative approaches and candid interaction with key stake holders, he could defer cost and manage liquidity without any lay-offs or any unprecedented measures. He also stressed upon the deal activity picking up as value buying opportunities emerge, however the normalized working capital in most M&A transactions will be a tricky subject to address during these times given that working capital adjustment itself is a contentious issue in M&A transactions.

In the concluding remarks, Sushant shared his experience of taking advantage benefit of the "21-days lockdown" to offer 21 days extension for paid subscription fee which resulted in a surge in online profiles on the matrimony website while Sanjay mentioned that there were two good reasons viz. good monsoon and government's pro-activeness to face the pandemic which resulted in the higher demand from the rural sector, including the Ffarm Bbill 2020. Ranganathan was of the opinion that the retail investments in real estates would witness an upsurge. With such rich insights from experts, we concluded our webinar on a extremely positive note, being thoroughly enriched