c2fo | WoodKraft Papers

A print-packaging business leverages C2FO's Early Payment to tackle adverse macro-economic market challenges.

The founder of Baddi-based Woodkraft Papers explains how C2FO's working capital solutions helped his company endure a period of demonetisation, GST and COVID-19.



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Mr. Ashutosh Kumar
Founder of Woodkraft Papers

About Woodkraft Papers

Mr. Ashutosh Kumar, founder of Woodkraft Papers is a well-travelled and insightful businessman with a keen eye for details. Kumar has had extensive experience in the print and design domain at a Canada-based printing business. His competence and expertise earned him the opportunity to travel across several countries in North America and Europe.

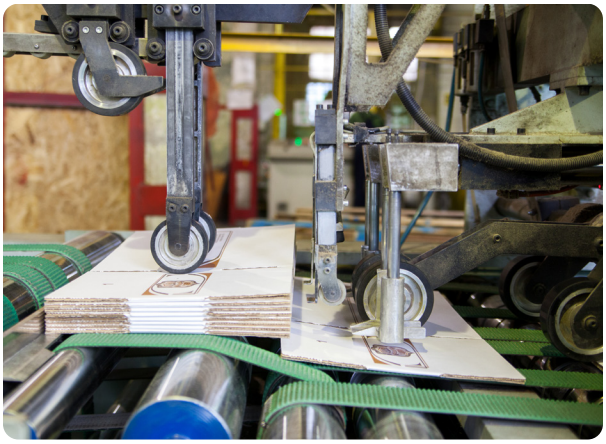
When Kumar eventually had to come back to India due to personal obligations, it was his global exposure and learning that earned him opportunities to set up printing and packaging units for some well-known companies in India. This further added to his corporate experience and gave him ample time to understand the business from an Indian perspective.

The early years of Woodkraft Papers

Kumar's approach toward business is guided by the aspects of intuition, information and strategic adaptability. He realised in time that his knowledge, experience and acumen needed a manifestation in entrepreneurship, which subsequently led to the establishment of Woodkraft Papers in the year 2010.

"Each company is different and so success in a particular business is not decided by the trends and prevailing models, but because of a deep understanding of your product and revenue cycle," Kumar said.

Woodkraft Papers started operations as a specialized set-up for manufacturing corrugated boxes with multi-color offset printing. Strategically



sound in his approach, Kumar ensured that Woodkraft began in an area of activity that had less competition, as well as a client in Bajaj Electricals from the very beginning.

The location was Baddi – an industrial town in the Indian state of Himachal Pradesh and familiar ground for Kumar, who had earlier helped an offset printing press establish operations there. Kumar believes that client selection is an insightful process which should be guided by the aspects of a particular business and not vectors such as trends and geography.

Therefore, even though 40% of the prospective clients in the industrial town of Baddi comprised of pharmaceutical companies, Kumar realized that FMCG and electrical companies could have proven to be more beneficial for Woodkraft Papers since they offered shorter revenue cycles with regular repeat orders.

Kumar explains that successful enterprises in the print packaging industry need to ensure that revenue cycles remain in their favour. Therefore, it

is extremely crucial that a business such as his has clients which adhere to shorter credit periods and regular flow of work.

In 2011, Crompton Greaves and Khaitan also joined the ranks of Woodkraft's clients. As envisioned by Kumar, all his clients were proving to be methodical and were ensuring that Woodkraft had monthly orders, which ensured that production continued seamlessly, along with Woodkraft's work schedule and revenue cycles.

"Our production cycles are scheduled for up to 72 hours in advance and for which our suppliers need to be dependable," Kumar said. "We often extend advances to our raw material suppliers to ensure that they remain comfortable and keep up with our demands."

The ABFRL's Dynamic Supplier Finance program through C2FO now covers multiple categories of suppliers and allows ABFRL to use its own balance sheet or a partner in C2FO's funding network.



Overcoming challenges along the journey

The fact remains however, that no business is adequately safeguarded from the challenges posed by markets, regulations and state policies, and Woodkraft's first such moment of truth arrived in 2016 in the form of demonetisation.

In only two months of the demonetisation move by the government, the cash-crunch and fear in the market among individuals and unorganised small players were reflected in a loss of about 30% in Woodkraft's monthly turnover. Before the industry could have even ascertained the losses, the coming of the GST regime in March 2017 hit the industry even harder for the second time.

"When the GST application came in 2017, we were left with no work for four complete months," Kumar said. "Things looked bad, but something needed to be done. Every problem has a solution and I was sure even this had one."

The third blow was to come in the form of the COVID-19 pandemic, but unlike many other businesses that hadn't learnt from the past, Kumar's strategic and adaptive approach to business had found him an associate in C2FO. C2FO was introduced to Kumar by Crompton Greaves and Kumar was farsighted to grab the opportunity.

The C2FO-Woodkraft association

C2FO was casually mentioned to Kumar by an official at Crompton, who shared the idea of an early payment mechanism, to simply gauge Kumar's interest. Kumar admits that Woodkraft's working capital requirements were well understood by C2FO and the solutions thus offered were in sync with his plans. What sealed the deal for Woodkraft and C2FO was a meeting that happened between Kumar and a C2FO representative.

According to Kumar, while a majority of businesses such as his depend on banking for investment and working capital, they remain oblivious of a debt trap that they gradually find themselves slipping into. He considers himself fortunate for having chosen to associate with C2FO instead of choosing the banking route, as it was the management of working capital with the help of C2FO that saw him through even in the most trying circumstances.

Delighted by C2FO's services, Kumar has already recommended C2FO to another supplier for Crompton. He extends C2FO a rating of 9 on a scale of 1-10 for the efficiency and support provided to Woodkraft. Kumar also had a good word to share for C2FO's SRM support, which he thinks is instrumental in taking this association forward.

"C2FO is in our behavioural pattern now," Kumar said. "Early payments received through C2FO help us tremendously in raw material purchase and planning, thereby earning us discounted rates, which add up to our profit margins."

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Beating the odds

In Kumar's opinion, while the market is not booming as it did in the period before demonetisation and GST, Woodkraft is comfortably perched on a 14,000-square-foot factory, run by a team of 38 skilled workmen operating a set of 17 printing, packaging, fabrication and binding machine units.

Kumar was also happy to share that Woodkraft, under his able leadership, has shown a CAGR of 25% in terms of gross revenue in the five-year period from 2010 to 2016 and is committed to reaching greater heights in the future.

About C2FO

C2FO is the world's on-demand working capital platform, providing fast, flexible and equitable access to low-cost capital to nearly 2 million businesses worldwide. Using patented Name Your Rate® technology and a suite of working capital solutions, companies can get paid sooner by the world's largest enterprises — unlocking billions in risk-free capital. C2FO's mission is to ensure that every business has the capital needed to thrive and has delivered more than $220 billion in funding around the world. Founded in 2008 and headquartered in Kansas City, USA, with offices around the globe, C2FO is working to build a better, more inclusive financial system every day.

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