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'India poised well to take over mantle of global manufacturing powerhouse'

Atul Kawatra, non-executive director on the board of trucking solutions company, Mavyn believes that GST implementation in India provided an extremely opportune time for the company to start up.

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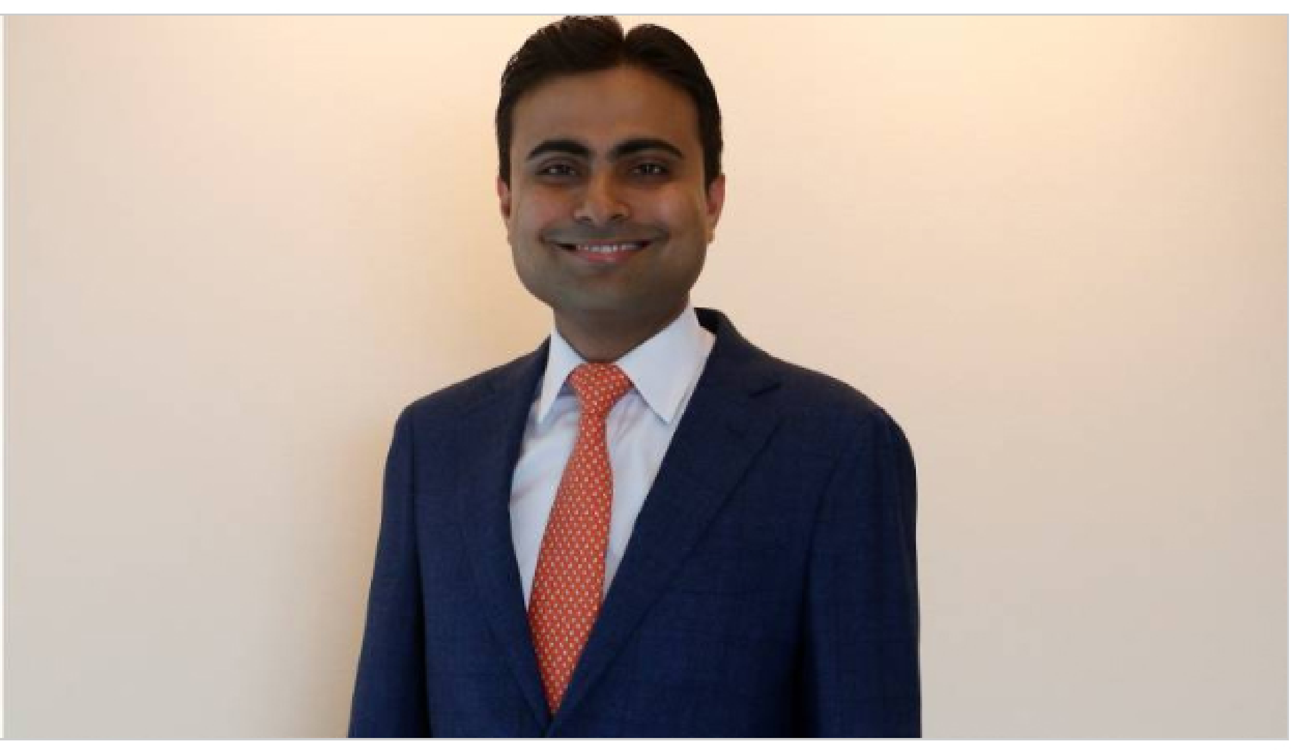

Logistics efficiency is more critical than ever before for Indian manufacturers. As global supply chains inevitably reorganise, India's ability to attract fresh investments will depend on the improvements it can show on the logistics front. And, technology is influencing the cost of logistics ever more. Mavyn is a tech-driven logistics startup that focuses on truck transportation in India.

Launched in 2019, Mavyn hopes to be the Uber for trucking in India. Its network across 512 routes and 30 districts helps to serve the different needs of shippers.Here in an email interaction, Atul Kawatra, co-founder and Non-Executive CFO for Mavyn, shares his thoughts. Singapore-based Kawatra currently heads the Corporate Loans business for Asia Australia region for Siemens Bank.

Q: How do you see the big upcoming reorganisation of global supply chains working for Mavyn?

A: A modernized and efficient supply chain improves the ease of doing business, scales down the costs of manufacturing, and accelerates rural and urban consumption growth due to better market access. The introduction of the GST, liberalization of FDI rules, and increased government spending have helped spur growth in the sector.India is in a great position to take over the mantle of global manufacturing powerhouse from China as organizations look for an alternative location post the twin impact of US-China trade dispute and Coronavirus scare.

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Mavyn is well positioned for the change as India's first completely paperless and faceless virtual logistics operator. We aspire to be known as a pioneer in providing lean technology led solutions at the lowest cost to our customers, allowing India to reduce logistics costs to 9–11 percent of GDP in line with the advanced economies as compared to existing rates of 13-14 percent.

Q: How has GST affected Mavyn's plans? How do you look at further reforms in the indirect tax space going forward?

A: The implementation of GST ushered in much-needed reforms in India's largely unorganised logistics and transport sector, and helped speed up movement of trucks. Switching to GST led to about 20 percent reduction in turnaround time of trucks as border check-posts were dismantled.

Mavyn entered the market immediately after the implementation of GST and we could not have asked for a more opportune time. Many small truck owners lack the resources to manage the additional paperwork and would rather work as hire agents for Mavyn.

We have provided them with a platform, giving them regular business, prompt payments and convenience with minimal documentation requirements, at their end. Mavyn allows them to manage accounts on their smartphone and they can use our app to submit their TDS return. Any further reform that leads to ease of doing business will definitely be welcomed by all players including Mavyn.

Q:Finance is just an enabler, not a differentiator for a young startup. Would you agree?

A: Finance is as important for a start-up as it is for a mature business. For instance, managing working capital efficiently can easily allow an additional six months cushion for the next fund raise. This can mean the difference between fund raise at value "x" or "2x". At Mavyn, we analyze investments from a portfolio and strategic perspective.

We have been heavily investing in our core IT platform for the transportation vertical while making moderate investments in the future growth areas of warehousing and Mavyn store. Finance function at Mavyn has instilled a level of discipline across the organization and all departments work together to ensure continued long term profitable success.

Q: How urgent is optimal capital allocation in startups? What are the common pitfalls in your experience?

A: Capital allocation is critical for start-ups like Mavyn, given limited capital availability and the fact that wrong investment selection can be fatal for a start-up compared to a mature business. At Mavyn, we invest systematically in businesses that create value from a strategic as well as a financial point of view.

Each potential investment is carefully evaluated on multiple parameters to ensure adequate returns for the organization. Further, we strive to establish accountability for each investment decision and seek objective feedback. This allows us to take prompt corrective action quickly and avoid these two common pitfalls.

Q: It is said that you should raise funds when you need them the least? Does that hold true today as well? For fast growing startups, when is it a good time to raise the next round?

A: Mavyn has been self-funded till date with no external fund raising. The timing of any fundraising is important as we need to marry the needs of the business and the associated dilution. If you raise funds too early for a growing business, you may end up diluting a lot more than required.

Mavyn is clocking run rate revenues of Rs 40 crore and it is already operationally profitable and we expect to be profitable at the net income level for financial year ending March 2021. A start-up should raise funds when they still have 9-12 months of funds in the bank so there is no risk/threat of running out of funds..

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