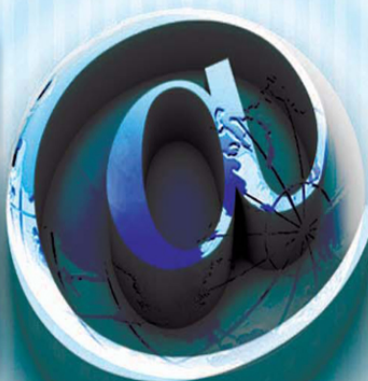




Manmohan  
Agarwal @Yebhi



Bhavish Aggarwal  
@Ola



Sandeep Aggarwal  
@shopclues



Deepinder Goyal  
@Zomato



Sachin Bansal & Binny Bansal @Flipkart



Rohit Bansal  
@snapdeal



Peeyush Bansal  
@Lenskart



Ritesh Agarwal  
@OYO Rooms

# THE BANIIYAS ARE BACK

The community, which accounts for over 20 per cent of the country's GDP, has found its true calling in online business and the startup space, reports Sudeshna Banerjee

FULL COVERAGE ON P6-9



SUDESHNA BANERJEE

New Delhi

**T**HINK of a successful Indian startup and rest assured, an Agarwal, Goyal, Gupta or a Bansal heads it. The traditional Baniya class — for centuries India's occupational community of merchants, bankers, traders, moneylenders and now modern day entrepreneurs — call the shots even in the new online economy dominated by market cap and valuation.

Derived from the Sanskrit word *Vanijya*, Baniyas remain the best minds — like their forbears — when it comes to wealth creation.

For a Baniya therefore, business begins early and at home. A child learns accounting, bargaining and selling much earlier in life than what other children do.

# THE DAY OF THE BANIIYAS

Though this community conducts business using conventional methods, they have shown their hand when it comes to the modern ecosystem of Indian startups.

Many runaway successful ventures in the country today have Baniyas as their co-founders. Consider some of the 'majors' in the startup space and the answer is self-evi-

dent. Flipkart, Snapdeal, Myntra, Lenskart, Yebhi, Ola, OYO Rooms, Urban Ladder, Shopclues, Zomato, and all have Agarwals, Bansals and Goyals at the helm.

Eminent sociologist Shiv Vishwanathan puts it in perspective. "It's a global class, not just in India. You find them everywhere — in India, Africa and other countries across the

world, always running a new venture".

Sandeep Aggarwal, founder of Shopclues and Droom, recalls the key things he learnt while growing up — in essence he could well typify the very essence of teaching in every Baniya household:

■ *Pahle dukaan phir makaan* (First own a shop/business and then think of building a home)

- Be your own boss
  - You can create your own future
  - Be healthy to be happy
  - It is very important to have a loyal and supportive wife who stands by your side during all times
  - Frugality along with a great grip on math and unit economics.
- A proud Baniya, Sandeep, recalls he founded Shopclues

when he was 37, but always dreamt of starting his own venture since childhood. "In my early 20s and 30s, I always wanted to be an entrepreneur", he admits. Marriage at 24, moving to the US, becoming a father and then like most Indian migrants, the wait for a green card, took up much of his time.

He would often, with great enthusiasm,

share his ideas over dinner with family till he finally achieved his dream. "I am raised in a community, where a few things are taught to a child while singing lullaby and to a teenager at the dinner table — *pahle dukaan phir makaan* (business takes precedence over home), do not take no for an answer and do not follow your future, but build one. I



built one and I am proud to be a Baniya to learn it so early," he remembers. Looking back as his achievements, he should.

Online shopping site ShopClues targeted markets in tier-II and III cities and successfully cracked them, emerging as a Unicorn of consequence in the Indian e-tail space.

**E**very market is unique and every business develops differently. It's impossible to replicate the same business model across the country and this is how a fresh business idea is built, states Sandeep.

Traditionally speaking though, Baniyas have not been as dominant in brick and mortar businesses as some of the Marwaris or Gujaratis have been. But in startups and

online business, they have found their true calling.

Baniyas are the most industrious class and the key to their success is often hard work and adaptability to the new environment for wealth creation.

Interestingly, for them money is notional, a thing maintained only in balance sheets and not much used for a flashy lifestyle.

As ad guru Prahlad Kakkar puts it: "They play with money. To them, money is purely notional. They will make loads of wealth, but would never waste or consume on a flashy lifestyle. They will make a frugal living. They all live together in a modest house, use their ambassador for daily chores and take out their Mercedes only post mid-night, when the taxman is not there. It is now that the young generation is

using the money in flashy cars and property. You never saw this trend earlier."

Some of the biggest corporate houses in India have been established by the Baniyas, who account for over 20 per cent of the country's GDP, say experts.

**F**lipkart was started by Sachin and Binny Bansal in 2007 as an online book store. No blood relations, the only connection they shared was their alumnae, IIT Delhi. The company has since then gone on to define e-commerce in India.

A lot has changed since Sachin Bansal gave the baton away. They have seen a shakeup in their top management, acquired Myntra, which further bought Jabong. Result: the company holds a unique combination of deep pocket losses and soaring sales.

Snapdeal.com was co-founded by Rohit Bansal. To begin with, it was comfort level with "uncertain-

ty". Coming from a trader's family with a grain merchant father, there was little resistance when he mooted the idea of a startup. The rest is history, as Snapdeal changed the e-tail space in India along with Flipkart, ShopClues and others.

Likewise, Lenskart.com started by Peyush Bansal, the man behind Valyoo Technologies. It owns Lenskart.com, Watchkart.com, Jewelskart.com and Bagskart.com.

Peyush's father, a chartered accountant by profession, wanted him to work, which he did in the US and then came back to India and started on his own.

Working in a typical corporate set up was not challenging enough so he began a new venture in 2008 with his own financing.

The tale follows a similar course for Yebhi.com, which has

as its co-founders Manmohan Agarwal, Nitin Agarwal and Rajul Jain. It started life as BigShoe-Bazaar.com and went on to become one of the hottest e-tailers, drastically altering the retail scenario in the country.

With a natural talent for mathematics, Manmohan was committed to leading the Indian e-commerce revolution with the avowed aim to make every Indian consumer say, "Humaare pass Yebhi Hai"! It is the only shopping platform that buys and stores stock before selling.

Naaptol co-founder Manu Agarwal, says his firm provides price comparisons. The philosophy behind the

startup is the mindset of Baniyas who like to compare products before buying. In his lingo: "aakhir baniye hai to samaan compare karke hi khareedenge na!" (After all a Baniya will compare price before he buys). Sound logic.

The list is a virtual who's who.

Divig Singh, CEO & Founder, Aino recalls, "Since the inception of civilisation, the Baniya community

has been engaged in trade and business. As Baniyas, we have a better understanding of numbers, revenues and profit margins, which obviously are the backbone of any business. Baniyas know how to make judicious use of their resources and

**In startups and online business, Baniyas have found their true calling**





# THE NEW BANIYAS

■ Sachin Bansal & Binny Bansal – founder & CEO Flipkart

■ Mukesh Bansal – founder & CEO Myntra

■ Rohit Bansal, co-founder & COO, Snapdeal

■ Peeyush Bansal, founder of Lenskart

■ Manmohan Agarwal, founder & CEO Yebhi

■ Dinesh Aggarwal, founder & CEO IndiaMart

■ Bhavish Aggarwal, founder & CEO, Ola Cabs

■ Sandeep Aggarwal, founder & CEO, Shop-

## Clues

■ Manu Agarwal, founder of Naaptol

■ Ritesh Agarwal, founder & CEO of OYO Rooms

■ Deepinder Goyal, founder & CEO Zomato

■ Ashish Goel, CEO of Urban Ladder

■ Ambarish Gupta, CEO & founder Knowlarity Communications

■ Divig Singh, CEO and founder, Aino

■ Jay Gupta, co-founder, The Loot

funds, thereby reducing expenses.”

He founded Aino/ICCS Technologies in 2004. Aino is India's first unified voice-driven platform that bridges the gap between customer service departments and the end-consumer.

His latest venture, Aino came about when Divij analysed the major pain areas for customers during brand service calls and conceptualised a mobile-based helpdesk application that could address the issue.

The story of Ambarish Gupta, CEO and founder of cloud-based telephony company Knowlarity Communications, runs the familiar course.

A technocrat at heart, he believes that advancement in communication technology holds much potential for changing how the world does business.

Ambarish realised that the huge number of SME's in emerging markets were underserved because of sales, marketing and distribution problems. It has recently closed a Rs 133-crore round of funding, led by new investor, Dubai-based private equity firm Delta Partners Capital.

“When Britishers were leaving India, they wanted to sell off many of their private companies. Only the Marwaris and Baniyas had the liquid cash to buy them. They did a quick back-hand calculation and found that the value of these companies were more than their listed value. They soon realised they were sitting on blue chip companies. The first generation did not know how to run these companies and incurred heavy losses. Many were declared sick and several others closed down. It took another generation to go abroad, study, come back and revive these companies. A lot could not be re-

vived. They moved out of city limits and created real estate value for these companies and minted money. They always knew how to create wealth”, explains Prahlad Kakkar.

Today the situation is a little different. The new generation is busy creating valuation and selling while it's hot.

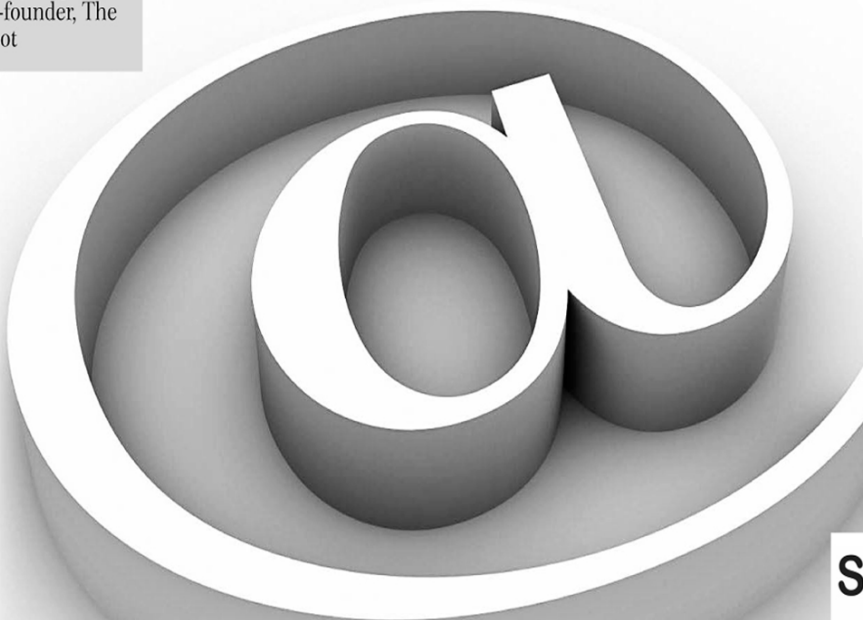
Take Myntra for example. What started as a personalised gift startup by Mukesh Bansal, an IIT Kanpur alumnus, along with two more friends, was finally sold off to Flipkart for about \$375 million in 2014.

Mukesh quit Flipkart in February 2016 to start a new venture – Curefit along with Ankit Nagori. They managed to raise \$15 million from Accel-

Partners, IDG Ventures and Kalaari Capital. To be launched in 2017, Bansal's new project will be focused on sports, fitness and health care.

In this process, some are making quick money, but some others are making huge losses to stay ahead of competition. “Today they are building a brand on perception and this costs you an arm and a leg out in ad budget and there they make losses. They create a perception that they are doing well and create a hypothetical valuation”, states Prahlad.

Adaptability works in the Baniyas' favour in whatever they decide to touch. This class has tremendous adaptability to cope with both domestic and global situations. The proverb





*“I am raised in a community, where a few things are taught to a child while singing lullaby and to a teenager at the dinner table — pahle dukaan phir makaan, do not take no for an answer and do not follow your future, but build one”*

— SANDEEP AGGARWAL,  
FOUNDER OF SHOPCLUES

*“Since the inception of civilisation, the Baniya community has been engaged in trade and business. As Baniyas, we have a better understanding of numbers, revenues and profit margins, which obviously are the backbone of any business.”*

— DIVIG SINGHAL, CEO &  
FOUNDER, AINO

*“A Baniya will always ask the prospective groom: Kitney baar haath khare kiye or how many times have you gone bankrupt? If the answer is more than five times, then he is an eligible bachelor for marriage”*

— PRAHLAD KAKKAR,  
INDIAN AD FILM DIRECTOR

*“A Marwari businessman in Kolkata will always know how to speak in Bangla and the same holds true in South India. In fact, sometimes their dialect is better than many locals and so is their knowledge of the area”*

— SHIV VISHWANATHAN,  
SOCIOLOGIST

“When at Rome do as Romans do,” fits them like a glove.

“A Marwari businessman in Kolkata will always know how to speak in Bangla and the same holds true in South India. In fact, sometimes their dialect is better than many locals and so is their knowledge of the area. They could be conventional about other aspects on the home front. However, when it comes to adapting to a new environment for business, they are the fastest. No wonder the Baniyas rule Bengal’s economy and the Indian economy as a whole”, explains Shiv Vishwanathan, adding: “If you go into the sociological background, you will find traditional groups have the best adaptability to modernise and this community is no exception.”

**T**hey are also extremely hard working. When other shopkeepers prefer to down shutters, a Baniya would always cater to customers.

The same holds true for the new economy. Divig puts it well: “The reason why their ven-



tures suit the modern ecosystem of Indian startups are because Baniyas understand the need of the hour. They understand what the society is lacking in terms of business and strive to provide it efficiently. They have a knack for business ideas, which they execute immediately.”

Lenskart recently raised an undisclosed amount of funding from Premji Invest, set up by Wipro chairman

and billionaire Azim Premji.

Earlier it got Rs 400 crore in a Series-D funding round led by International Finance Corp, the private sector investment arm of World Bank, TPG Growth and other investors. Adevq Management, IDG Ventures, Tata Sons chairman emeritus Ratan Tata and Infosys co-founder Kris Gopalakrishnan are also known to have in-

vested in this round.

Flipkart made huge losses — up by 110 per cent — more than double of Rs 2,306 crore in financial year ended March 31, 2016. Runaway sale and ramp-up spending to fend off e-tail giant Amazon’s \$5-billion investment for India, were key reasons for the slip, say experts.

While sales were up at a much faster clip of 153 per cent during the year to Rs 1,952

crore, according to regulatory filings with Registrar of Companies (RoC), deep pocket loss is a big cause of concern for the e-tailer.

In January 2016, Flipkart saw a slew of top-level management changes with co-founder and CEO Sachin Bansal passing on the baton to Binny Bansal.

Post that, two of its most high profile executives — Mukesh

Bansal, co-founder of Myntra and head of commerce platform and Ankit Nagori — left the company.

**F**lipkart has raised \$3.4 billion from financial investors, but has found it difficult to mop up fresh capital at \$15 billion valuation. The e-tailer has been on a cost cutting drive, trimming headcount. In its battle with Amazon, Flipkart needs unlimited capital to keep its leadership position intact, which is a challenge of epic proportions.

Going belly up is nothing new for this community because failures never deter them from going forward. “They are never bothered by failures. They will start something else if one venture fails. They will be more cautious. They often take failures in their stride”, explains Vishwanathan.

Other startups are not doing great either. In its half-yearly result period ending September 30, 2016, Japan’s SoftBank Group Corp. has written off yen 58.1 billion (\$555 million) in two of its biggest invest-

ments in India — cab-hailing firm Ola (ANI Technologies Pvt. Ltd) and e-commerce marketplace Snapdeal (Jasper Infotech).

But that does not take the sheen away from sale, expansion, new acquisition or even raising funds from new investors.

As Prahlad Kakkad puts it: “A Baniya will always ask the prospective groom: Kitney baar haath khare kiye or how many times have you gone bankrupt? If the answer is more than five times, then he is eligible for marriage.”

Baniyas are fearless when it comes to taking risks and facing failures, he explains. This has gone in their favour, especially in the case of startups.

Sandeep says with a smile: “One more thing you learn in a Baniya family and that is — it is okay to fail. And then you have many role models from your father, to grand father and great grand father and all that adds up to shaping you up as an entrepreneur, visionary and eventually the founder”, he adds. He should know.

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