



A MOMOLICIOUS START UP – “WOW MOMOS”

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Abstract: It is difficult when it comes to food. Especially when you think of introducing something in the market that is already invented, created, easily available. But this start up story makes one believe that you just need some courage and one idea to be successful. Yes! Just an idea can make you successful. Wow Momos is that idea. Wow! Momo is a chain of fast food restaurants headquartered in Kolkata, specializing in Momos, a dumpling popular in Nepal and parts of Tibet and India. It was established in 2008 by Sagar Daryani and Binod Homagai, alumni of St. Xavier's College, in Kolkata. It has spread across the city to Chennai, Pune, Bengaluru, Kochi, Delhi NCR, Mumbai, Bhubaneswar. The brand has grown rapidly to become the country's largest momo chain in terms of volumes, turnovers & innovations. Their menu caters to 12 different flavors of momos available in steamed, fried & pan fried formats largely in white & brown flour variants. They have smartly innovated & invented to create Sizzler Momos, MoBurg (Momo Burgers), Momo Chats etc. And to top it all, even their dessert is a 'Chocolate momo.

The research article gives a brief about the man behind wow momos. His hard work in making the brand so successful. A brand that as very recently raised its 1st Round of Investor Funding of over 2 Million USD at a 100 Crore Valuation from The Indian Angel Network (IAN) in just a decade.

Key terms- Wow Momos, Food, Start up.

Introduction: Started by classmates Sagar Daryani and Binod Kumar Homagai, Kolkata-

based Wow! Momo aims over 300 outlets by 2019.

Starting from a garage in Kolkata, Wow! Sagar Daryani would spend many-an-hour doodling logos, and come up with alternatives for various well-known brands. Hailing from a middle-class family, though he was interested in the exercise of building brands, doing so seemed a distant dream due to lack of capital.

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When Sagar and his classmate Binod Kumar Homagai were in the final year of graduation at St Xavier's College, they sure they would not pursue an MBA or study chartered accountancy. "Unfortunately for us, we were very poor with numbers and to crack an exam like CAT, one needs to be good at Math. So, we knew we could not do well in CAT and get into a good B-School," says Sagar.

During this time, they figured that apart from capital, another way to create a brand would be to build a best-in-class product. Ideating on business plans took up several study sessions and the common thread for them all was hunger pangs, often satiated by instant noodles or momos.

Sagar, Co-founder Wow! Momo
Momos instead of burgers and pizzas?

"It occurred to us that if we can have places selling pizzas and burgers, why could we not have Momo places?" says Sagar. This is how Wow! Momo was born.

Sagar and Binod started Wow! Momo with steamed momos, and soon came up with 12 different varieties, some of them being chicken, chicken and cheese, schetzwan, and prawn. For vegetarians, the offerings include corn, and corn and cheese, among others.

Steamed momos were easy enough to do, so the team introduced a pan-fried variety. Momos were fried in different sauces making the offering spicy or sweet or sour, essentially flavours that would suit the Indian palette.

"We managed to Indianisemomos. The pan-fried momos became a huge USP for us. The idea is that people take a bite, and say wow! Hence the name Wow! Momo," says Sagar.

Beginning from scratch: To set-up their first outlet, Sagar and Binod approached the supermarket chain Spencers to set up a stall. In the initial days, Sagar would wear a Wow! Momo T-shirt and approach every person entering the store, and ask them to sample the momos.

Fresh graduates, the duo had no resources and began with borrowing Rs 30,000 from their

parents as initial capital. Sagar also managed to rope in part-time chef Ramji KC who was working at a small restaurant in the city.

"Paying him a part-time salary of Rs 3000, we would get him to come to my father's garage, which worked as a makeshift kitchen to make the momos for Wow! Momo," adds Sagar.

On the first day, the team's sales were Rs 2200, and by the end of the month, had touched Rs 53,000. Today, Chef Ramji works full-time for Wow! Momo, and is the head chef with a salary of Rs 1.5 lakh a month.

An early start: In the early days, Sagar would begin his day at 5:30 in the morning and buy the raw materials like chicken and vegetables on his bicycle. To ensure the momos would be transported fresh, the duo would carry them in hot cases to Spencers.

"While coming back, since the crates were empty, we would walk to save money. Now we have a fleet of 50 vehicles. It has been a journey for us. We always believed that Re 1 saved was Rs 5 earned. We did quite well at Spencers and they noticed that, giving us another location in the best mall at Kolkata with the biggest Spencers."

A plate of momos from Wow! Momo sells for Rs 40 and the second stall opened in Kolkata's South City Mall four months after the first.

The South City Mall store marked a game changer for Wow! Momo. The team claims it moved from a revenue of Rs 50,000 a month to Rs 9 lakh. With the additional income, the team hired more people and invested in R&D for their products.

Forget the burger, welcome the MoBurg: Wow! Momo next decided it would deep-fry momos, and started charging Rs 10 extra for pan-fried momos and Rs 20 extra for deep fried momos. It was now about converting a snack into a meal.

Sagar adds the team was fascinated by how other fast food joints made burgers and pizzas into a meal and sought to do the same. They came up with the concept of Momo burgers, called MoBurg.

Two pieces of fried momos were put between burger buns and served with red sauce, green Dhaniya sauce and mayonnaise to make a burger.

Expansion: Wow! Momo went on to build a small team around Chef Ramji, helping him to prepare the stuffing and with the folding. When it came to handling the store, it was initially only Binod and Sagar, but others were soon hired.

“I had this favourite Subway outlet in Kolkata, where I knew the employee who made my sandwich very well. I went there, offered him a job and recruited him immediately. When you get one good employee and offer him a chance at growth, you automatically enhance your brand in the eyes of other employees,” adds Sagar.

Initially, the Wow! Momo team did not focus on operation costs because the team knew its strengths, and wanted efforts to be directed towards building Wow! Momo as a brand.

“We did not focus on our backend. We realised that only if our frontend is strong, with sales being high and revenue coming in, could we invest in R&D. We played it very wisely, and took it one step at a time,” says Sagar.

After Spencers, the team approached Big Bazaar and Pantaloons. Today, Wow! Momo has over 130 outlets in nine cities. It works in a hub-and-spoke model with a central kitchen in each city. The company has over 700 people employed in backend productions, and over 900 people managing the storefronts. The team follows a standardised recipe and cooking methodology.

The growing food business: The food business is slowly picking up in India, and while investors believe the business is operationally intensive, some tested and proven models continue to thrive and grow.

This year, food-delivery platform Swiggy raised Series E funding of \$80 million led by Naspers. The company also launched its cloud-kitchen business. In the QSR segment, Faasos raised \$6.4 million funding in April.

Wow! Momo has also raised Series B funding of Rs 44 crore led by Lighthouse Funds and IAN at

a valuation of Rs 230 crore. The company is also looking at an IPO in the next six to seven years. Currently, it aims to open over 1,000 Wow! Momo stores across the country.

Sanjeev Bikhchandani, founder of Naukri.com and lead investor in Wow! Momo on behalf of IAN since 2015, adds the company has sustained positive cash flows in geographies where it has achieved economies of scale.

Wow! Momo, the Kolkata-headquartered branded momos chain, today announced that it has raised Series B funding of Rs 44 crore led by Lighthouse Funds and IAN at a valuation of Rs 230 crore.

Sagar Daryani, Co-Founder and CEO at Wow! Momo, said the current round of funding will be used for expansion and building of backend infrastructure of the brand. In a press announcement released by the company, Sagar added that their main aim is to build India’s version of McDonalds’ and grow globally.

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The IAN and Wow! Momo teams. With this round of funding, some of the IAN investors have exited with an IRR of over 50 percent in less than 18 months. Some of the initial investors, who decided to sell their shares in part as well as completely to Lighthouse, even saw a return of 106 percent on their initial investment. This happened in a period of less than 18 months as part of a secondary deal in the current transaction.

Sanjeev Bikhchandani, founder of Naukri.com and lead investor at Wow! Momo on behalf of IAN since 2015, adds that Wow! Momo has sustained positive cash flows in geographies where it has achieved economies of scale.

Lighthouse Funds is known for its investments in several companies—Fabindia, Cera Sanitaryware, Xseed Education, Bikaji Foods, and Kama Ayurveda, to name a few. SachinBhartiya, Partner at Lighthouse said the investors believe Wow! Momo presents a great

opportunity to participate in the fast-growing Indian food services space, which is witnessing strong demand-side tailwinds.

He added that Wow! Momo has been successful in building an agile and profitable model while delivering consistency in quality, taste, and service.

“This is the reason Wow! Momo has demonstrated phenomenal growth and earned a fan following in such a short span,” says Sachin. This is the second investment in the food sector in the past two months. Swiggy, the food-delivery platform had raised Series E funding of \$80 million led by Naspers. The company had also launched its cloud-kitchen business. In the QSR segment, Faasos also raised \$6.4 million funding in April.

The food business seems to be slowly picking up. While investors still seem to believe that the business is operationally intensive, some tested and proven models continue to thrive and grow. With a \$16M valuation, Kolkata-based Wow! Momo raises funding from IAN

Indian Angel Network (IAN) announced its investment in Kolkata-based ‘Wow! Momo’, valued at over \$16 million. In 2008, two friends, Sagar Daryani and Binod Homagai, from Kolkata conceived the idea of turning ‘momos’ into a diversified product category with versions appealing to different tastes. They had an operational start up before their exam results were announced. In its early days, the venture was bootstrapped with an initial investment of Rs.30,000.

They have ploughed back their profits to grow into a restaurant chain of over 50 outlets across six cities, which include Kolkata, Bengaluru, Pune, Chennai, Kochi, and Delhi. Their product line comprises momos, thukpa, and meals. They serve 11 different flavors of momos available in steamed, fried, pan-fried, sizzler, and baked variants.

With their business model being studied as a case study at various organizations and B-Schools, they consider their mantra for success to be constant product innovations like chocolate

momo, MoBurg, sizzler momos, and baked momo au gratin etc.

Sagar and Binod’s mission is to make their products the food for all occasions and create a niche market not only for the masses but also for the upper and middle classes. The growing middle class currently accounts for the bulk of the company’s business. Sagar, Co-founder of Wow! Momo, said,

The investment has been raised from IAN for expanding our business across cities, strengthening our presence in the current cities, improving our product range and services, enhancing customer experience and strengthening our core team. By creating a national presence while maintaining the quality of the food we serve, we intend to be the world’s largest chain of momos, creating employment and adding value to the economy and society as a whole.

Wow! Momo plans to expand to 60 more outlets over the next two years. Sagar and Binod are looking forward to leverage the strategic insights and the network of their investors, which include Sanjeev Bhikchandani, Saurabh Srivastava, Ashvin Chadha, Ajai Chowdhry, Kris Gopalakrishnan, Raman Roy, and Anand Ladsariya, amongst others.

As a part of this round, IAN will look at nurturing the venture and the team to scale-up and standardize their offerings. They also plan to launch a new product line of ‘healthy foods’. Ashvin Chadha, an IAN Investor and board representative, commented, “Food and Hospitality sector has emerged amongst the hottest segments in the ecosystem. We are excited to be a part of Wow! Momo’s journey.” Saurabh Srivastava, IAN investor, “We expect Wow Momos to soon be a household name in Delhi / NCR with their current plan of expanding to over 30 outlets here over the next 24 months in high street locations, outlets in malls in areas such as Lajpat Nagar, Satya Niketan, Prashant Vihar, Kirti Nagar, Dwarka, and Noida.”

Conclusion: Wow Momos is Wow. They believed that they can do something in life. They just had an idea. That idea is everywhere now. Be it Suburbs of Mumbai, or be the Capital City, Or the Pink City, or be it anywhere. When he started his business, he aimed at being successful, not deeply thinking of the failures.

As a start up, there are going to be failures, what is important as an entrepreneur is the believe of doing something. The idea of building a successful brand. The idea of being rich.

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