

Mumbai's Startups Set Shop in Warehouses

IN GREAT DEMAND Many entrepreneurial ventures are looking for office spaces in industrial estates as their rents are affordable

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Mumbai: An old four-floor building with large godown-like rooms and a slow-moving goods elevator, the Tantia-Jogani Industrial Estate in midtown Mumbai may not be anyone's idea of a snazzy startup office location. But next to flex-printing firms and makers of texturised yarn are startups such as the e-commerce firm The Souled Store and gourmet food kit provider iChef.

In a city where garages are conspicuous by their absence, such old manufacturing estates are drawing entrepreneurs looking for affordable office spaces.

"The main reason we went there was cost. Rents in more popular locations for startups weren't fitting in our budget," The Souled Store's co-founder Aditya Sharma told ET.

The company, which is relying on its own funds, sells clothing and mugs with pop culture designs. It started out taking one 'gala' on rent and now has three in the building.

Most industrial estates in Mumbai rent space by the 'gala', a Gujarati word for space used for storage, trading or small manufacturing. With the number of entrepreneurial ventures going up, Mumba-

i's old industrial spaces are finding new use. Rusting machinery is sometimes the only sign that these were once bustling manufacturing sites. Most of the industrial work ceased years ago and the large warehouses turned into back-offices for small businesses, which wouldn't want to entertain their clients here.

For fresh startups, which are yet to raise funds and need to make every rupee count, such sites offer tremendous value for money as they are centrally located and come at rents as low as ₹50 per square foot. This option works out cheaper than even taking apartments in residential buildings on rent, as many startups have done in Bengaluru and Delhi. Apartments in Mumbai are smaller and costlier in convenient locations. Co-working spaces, which are now booming in the city, rent out space by the desk at prices starting at Rs 6,500 per month.

Industrial areas near Powai, the suburb which is home to IIT Bombay and is the closest thing Mumbai has to true startup hub, are in great demand, according to brokers.

"I have seen more IIT students come looking for galas than ever before. They look at places that are nearby. I have seen older business people say they don't want areas in Saki Naka, but these engineers are



fine with that also," said Sunjay Nath, a broker who handles commercial spaces in these suburbs.

Saki Naka is a particularly congested part of the city.

Some estates are becoming mini-hubs for startups, brokers said. The Antop Hill Warehousing Complex near the newly-built Eastern Freeway is a case in point. It is home to Librarywala.com, deal intelligence provider DealCurry and other fledgling ventures. Software product development company Genii, which was

bought by Practo last year, was also based here. "There are a lot of new concept people here, the ones who have new thinking and want to try something. There are about 40-50 such people working in this area. A newcomer can't start in a big office," said Nikhil Chacha, the broker handling the complex.

Rents at the warehouse are only up to Rs 90 per square foot whereas rents in office buildings start at Rs 200 per square foot, Chacha said.

Jawahar Thakker, who handles indus-

trial estates across central Mumbai, said the owners had even begun sprucing up the surroundings to make them friendlier to the new tenants. "They are removing the old machines and doing the cleaning. They have taken steps to bring in the new business," he said.

Investors said that offices in unusual locations are part of the startup journey in Mumbai, where real estate is far more expensive than in the other metro cities.

"The best companies are not focused on the fancy offices. I remember when In-Mobi had just started in Mumbai, their office was in a dilapidated old building that was under renovation and there was no other tenant. I remember asking them, 'Guys, what are you doing here?'" Sasha Mirchandani, who runs seed stage investment firm Kae Capital, said.

Fractal Analytics also started out in a Mumbai gala, Mirchandani said.

No one who starts out in a gala expects to stay there for long. Souled Store's Sharma said he hopes to be able to move his operations to another location when he has the funds and retain the gala for just his warehousing needs.

Antop Hill's Chacha said, "When they start becoming bigger and their concept works they move to those glass building offices. That's just business."