

THE ECONOMIC TIMES

1 January 2014

Economic sentiments down, but angel investors most active in 2013

Radhika P Nair, ET Bureau

BANGALORE: Dozens of startups across the country raised seed money this year as India's top angel networks stepped up investments across sectors. Mumbai Angels and the Indian Angel Network, the two largest groups closed over 25 investments boosting availability of early stage capital.

"The overall economic sentiment may have been down but it has been the most active year for angel investing," said Rajan Anandan, Google's India head who is also a member of Indian Angel Network (IAN).



Anandan invested in 10 startups, taking his overall tally in India to 40. The companies that he funded this year include social media customer support provider Airwoot, data analytics firm DataWeave and mobile app development platform Snaplion.

The appetite for early stage investments in India continues to rise, this year 45% of all investments made in the country went to startups compared to 41% in 2012 and just 36% in 2011.

Risk capital investors closed around 162 early-stage deals worth over \$600 million (over Rs

3,700 crore) until the end of November, according to consultancy EY.

IAN signed 18 term sheets and completed 11 investments in companies like food technology firm Mukunda Foods and online marketplace for co-operatives and community-based enterprises GoCoop. The network, founded in 2006, has also expanded its reach beyond India.

Last year, the network had partnered with Sri Lanka-based Blue Ocean Ventures to invest in startups from the island nation. So far it has made about 14 investments in Sri Lanka. This year IAN announced plans to launch a UK chapter as well.

Padmaja Ruparel, President of IAN, said interest in angel investing has gone up dramatically. "We have had lots of individuals reaching out to us. Angel investing is becoming a serious asset class," she said. This is a view echoed by Mumbai Angels.

"Now India has about 600 active angel investors. That is an improvement from previous years but there is room for more," said Ashpi Gupta, AVP of Mumbai Angels. The network, which includes about 200 members, made 14 investments this year including investments in career analytics firm Skillwiz, ecommerce firm Purple and online holiday planning site WeAreHolidays.

Smaller younger networks too stepped up their investments in 2013. "This has been our most productive year in terms of number and value of investments," said Sameer Mehta, a member of The Chennai Angels (TCA), which made seven investments. Calcutta Angels, launched this year, made its maiden investment in Ketto, a crowd-funding platform.

Ravi Gururaj, cofounder of Harvard Business School Alumni Angels, struck a note of caution. "It is not for everyone as this is a high risk asset category," said Gururaj, who also heads Nasscom's Product Council.

The few exits shown by older networks like IAN and Mumbai Angels is also leading to interest in the sector. IAN has had eight part and full exits since 2012 and has seen returns of up to 22 times of investment. Its exits this year include online hotel booking site Stayzilla and data protection firm Druva.

Mumbai Angels, on the other hand, has had seven exits since 2011. Its exits this year include multi-language messaging application Plustxt, which was acquired by One97, and online mobile billing aggregator Qubecell, which was bought out by San Francisco-based mobile payments firm Boku.

"In India, especially in the technology space, it takes 10-15 years to build a great company like JustDial or Infoedge," said Anandan. "Angels should look at this as an 8-10 year game."