

# Investments



## Angels Investors: Waiting in the 'Wings'?

Housing eager investors and aspiring entrepreneurs, India forms a paradigm of 'capital meets opportunity'. While the country is riding high on popularity amongst the VC/PE fraternity, it is yet to gain a similar status within the angel investors' clique. However, India's stand as a competitive player for new technology and services in the global market place, does beckon green pastures on the domestic terrain, for this kin of investors. Mercatus Capital is one of the few angel investors that have already glimpsed opportunities in the country.

Bangalore-based i-Flapp Technologies received an undisclosed amount of investment from angel fund, Mercatus Capital. The deal marks the foray of the two-year old, Singapore-based angel investment fund in India. i-Flapp Technologies has developed AppsD, which is believed to be the world's first personal and portable solution for storage devices. While today AppsD is sold through online channels, the company has plans to resort to retail distribution to market and sell the product. IVCJ Research describes the deal as a small-sized investment ranging between US\$ 1-5 million.

A lot has already been said about the Indian IT/ITeS and Technology industry. With the requisite talent already in place, the sight of aspiring ingenious technological start-ups on the domestic terrain certainly does not raise an eyebrow. However, there's more than technology that is common to these budding enterprises, which need a smaller investment size that does not fall under the purview of Venture Capitalists. It is the dearth of funds to kick-start these ventures. Today, India is yet to witness a defined stratum of angel investors. This is partly attributed to the fact that angel investing is typically done by first generation entrepreneurs. In India, first-generation enterprisers are as old as a decade or two and it is only now that they are turning towards angel investing. Furthermore, the number of angel investors is too meager to fund the scale of innovation needed and possible in India today.

As a pure-play angel investment firm, Mercatus is funded by a number of high net worth individuals. Throwing light on the company's investment strategy, Mr. Rajesh Sukumaran, Investment Manager, Mercatus Capital, in an exclusive interview with IVCJ Research, revealed, 'We actually don't look at firms that seem local to us, but companies, we can put on a global platform. That is the common denominator in terms of our investment



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Mr. Rajesh Sukumaran  
Investment Manager  
Mercatus Capital

strategy, be it India, China or Australia. We have a very product focussed strategy in India and we are considering such companies, within the IT industry. As a growth-oriented, product-focussed firm, i-Flapp Technologies is a perfect fit into our business strategy.' This deal is expected to enable i-Flapp Technologies to gain a foothold in the commercial space and leverage on Mercatus's technical expertise. It now has access to Mercatus's network spread across Asia and Europe as well as it can acquaint itself with different distribution models. While yet evaluating the start-up ecosystem in India, Mercatus is looking at investments in the range of US\$ 250,000 to US\$ 2 million in each venture. The company is considering sectors such as, Healthcare, Retail and Biotechnology.

The investment is also believed to be at the beginning of another new trend in the Indian VC/PE world. Industry experts are of the opinion that the current on goings in the Western markets could lead to the emergence more funds based out of Asia and Europe. Today, a majority of the funds in India are US-based. Prominent angel investment funds, active in India, include Indian Angel Network, Mumbai Angels and TiE Chennai Fund.