

Investor interest waning in e-comm start-ups: Survey

fe Bureau

Mumbai, March 8: After a blockbuster year in 2015, investor confidence in e-commerce start-ups in India is on the wane, says a recent survey by data and news portal VCCircle.

According to the survey based on responses from private equity and venture capital investors, valuations of e-commerce companies is likely to drop this year as participation for new investments from limited partners will moderate.

The survey confirms recent trends mapped by the portal in which Angel, Seed and Series A stage venture funding transactions that peaked with 100 deals or one every seven hours in November halved to just 51 last month in the first month of 2016, the lowest in the past 15 months.

With new investments declining, exits are also expected to become difficult the survey

Rougher ride ahead

Startup valuations will ease and there will be greater focus on profitability this year, finds the VCCircle PE/VC outlook survey 2016

Which sectors will you be focusing on in 2016?

E-commerce		23.1
Consumer internet (excluding e-commerce)		23.1
Consumer services/product		46.2
Enterprise IT/SaaS		23.1
Social media		0
Cloud computing		0
Other IT/tech		0
Mobile internet/technology		7.7
Others (please specify)		30.8

results show. While 92 % of respondents said that that valuations for Series B, C and D rounds will drop this year; 62 % said that exit valuations will

come down or remain flat this year.

Indicating further consolidation in the e-commerce space, 92% respondents said

that more strategic investors will do deals this year. Close to 62 % of the VC firms, which participated in the survey said that the most relevant exit channel in the current year will be sale to strategic investors while 38% believed that it would be secondary sale to other VC/PE investors. Again a large number of participants felt that profitability of companies will weigh over valuations as investors turn more conservative this year.

Nearly 70% of the VCs interviewed said that seed stage funding will see most activity in the current year, while 77% respondents were of the view that the average deal size will be between \$1 million and \$5 million. 46 % of survey participants have indicated their interest in investing in start-ups in the consumer service and product space, while only 23% said that they would be willing to invest in e-commerce companies this year.