

# India -Agritech

Investment Trends  
Initiating Coverage



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# Agriculture Sector in India

The golden age of Indian agriculture may well have just begun backed by unparalleled digital access to farmers, overarching reforms and government support. The farmer as a consumer and a producer is now being empowered by access to information, inputs, farm to fork linkages and financing support. We expect continued investment momentum especially on back of significant reforms and digital inclusion.

Pankaj Karna, MD- **Maple Capital Advisors**

## Agri & Allied Sector in India: Overview

**USD 368 Bn**

### Gross Value Added

Gross value added by the agriculture and allied sector in 2018-19

**16%**

### Economy Contribution

~16% is the contribution to the economy by the agriculture and allied sectors

**55%**

### Dependence on Sector

55% of the population depends on the agriculture and allied sectors

**USD 38 Bn**

### Agricultural Exports

USD ~38 billion is the value of the total agricultural exports in 2018-19

**13%**

### Gross Credit

Deployment of 13% of gross bank credit to agri & allied activities in 2018-2019

## Emerging Agritech Revolution in India

With 15 agro-climatic zones and different cultivation practices, India needs large-scale technology intervention to resolve various pre/post-harvest agri-chain woes

During past few years, rapid adoption of mobile and internet (570 mn internet users) at grass root level is the major driving factor behind the growth in this sector

There are more than 500 active agritech startups in India which are working towards solving the problems and challenges in agriculture sector

Total Investment of ~USD 450 Mn in last 5 years, out of which ~USD 250 Mn came in 2019.

**The agritech revolution has empowered farmers to get better quality inputs, timely information, access to markets and thereby the potential to yield higher income levels.**

# Agritech Industry Landscape

## Challenges

## Different Business Models

## Key Players

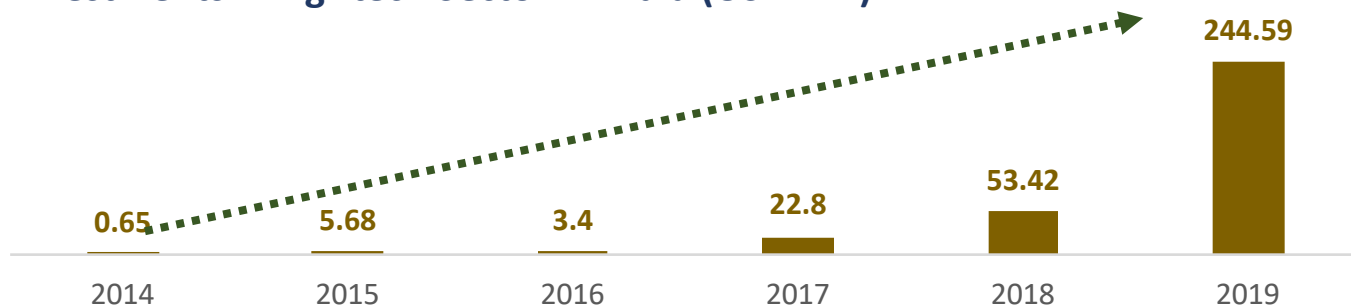
01	<p>Poor Infrastructure &amp; Supply Chain inefficiencies</p>	<p><b>Farm to Fork Market Linkages</b>  <i>Post harvest aggregation and distribution of farm produce in demand led supply chain</i></p>	<p>DeHaat, Technnifybiz, Procol, Ninjacart, Kamatan, Waycool, Leaf, INI, Crofarm, Freshokartz, Gram Unnati, Krishihub, Agrigator, Agri10xetc.</p>
02	<p>Limited access to quality inputs</p>	<p><b>Access to Quality Inputs</b>  <i>Enable precise and timely delivery of agricultural inputs – seeds, fertilisers, pesticides, machinery, cattle feed, etc.</i></p>	<p>Agrostar, DeHaat, Bighaat, Gramophone, Unnati, Agronxt, Behtar Zindgi, Tractor Junction, etc.</p>
03	<p>Lack of financing options, credit &amp; Insurance</p>	<p><b>Access to Financing</b>  <i>Farmer onboarding, credit scoring, recovery, insurance, etc.</i></p>	<p>Samunnati, JaiKisan, FarMart, Bijak, Gramcover etc..</p>
04	<p>Dependence on external factors: weather, soil, rainfall, etc.</p>	<p><b>Mechanization &amp; Novel Farming</b>  <i>Remote irrigation controllers, rain guns, FaaS, hydroponics, vertical farming, etc.</i></p>	<p>Flybird, Distinct Horizons, S4S Technologies, Tessol, EM3, Futurefarms, Clover ventures, Cuberoots, Absolute Foods, Triton, Bharat Agri, etc.</p>
05	<p>Lack of structured data</p>	<p><b>Data / Artificial Intelligence</b>  <i>Timely, accurate data on weather, soil, crop, farmland, quality using satellite imagery, mobile phone, drones, etc.</i></p>	<p>Bharat Agri, Bharat Rohan, Cultyvate, Easy Krishi, TraceX, SourceTrace, CropIn, Satsure, Intellolabs, etc.</p>

## Recent Policy Changes in Agri Sector

- ✓ On 15 May 2020, government has announced certain measures including:
  - Agri Infra Fund of INR 1 Lakh Cr
  - Amendments to ECA (Essentials Commodities Act): cereals, edible oils, oilseeds, pulses, onions and potato to be deregulated & stock limit to be imposed under very exceptional circumstances
  - Agriculture Marketing Reforms: Barrier free Inter-State Trade & framework for e-trading of agricultural produce
  - Risk mitigation for farmers, assured returns and quality standardisation
  - INR 30,000 Cr additional emergency working capital for farmers through NABARD
  - INR 2 Lakh Cr credit boost to 2.5 Cr under Kisan Credit Card Scheme, etc.
- ✓ These measures are expected to strengthen Infrastructure logistics and capacity building in agricultural sector to increase farmer's income by 20-30%. This will further pave the path on bigger changes and increased private sector participation in the food chain from farm to fork in all elements-market places, cold chains, warehouses etc..

# Agritech Industry: Investments

## Investments in Agritech Sector in India (USD Mn)



H12020 has attracted USD 85 Mn over 15 deals as compared to H12019 investments of USD 153 Mn over 9 deals. Despite COVID impact, deal volumes overall values have increased and deal values for adjusted for Ninjacart have increased.

## Notable Deals in 2019 & 2020

- **2019**
  - Tiger Global invested USD 89 mn in Ninjacart for a 26.5% stake
  - Samunnati Financial Intermediation specializing in loans to farmers raised USD 55 mn
  - AgroStar raised USD 27mn in Series C funding led by Bertelsmann India
- **2020**
  - Fresh produce distribution startup WayCool has raised USD 32 mn from LGT Impact, Caspian, Northern Arc
  - Dehaat raised USD 12 mn from Agfunder, Omnivore, Sequoia & Netherlands Development Finance Co.
  - Bijak raised USD 12 mn from AL Fund, Tempo Ventures Omnivore Partners, Surge Venture and others
  - Intello Labs raised USD 6 mn from Nexus, Omnivore, Saama Capital, SVG Ventures
  - Jai Kisan raised USD 3.9 mn from Akram Ventures and Nabventures
  - VeGrow raised USD 2.5 Mn from Matrix and Ankur Capital

## Key Investment Trends





# Agritech Industry: Growing Investment Interest

## Key Trends within Agritech Sector

- Companies with models related to market linkages and supply chain efficiency have got maximum capital.
- Domains such as access to inputs, digital agriculture, farmer financing had maximum investment activity (no. of deals). Venture Capital firms are very active in this space.
- Given the market maturity, limited M&A activity

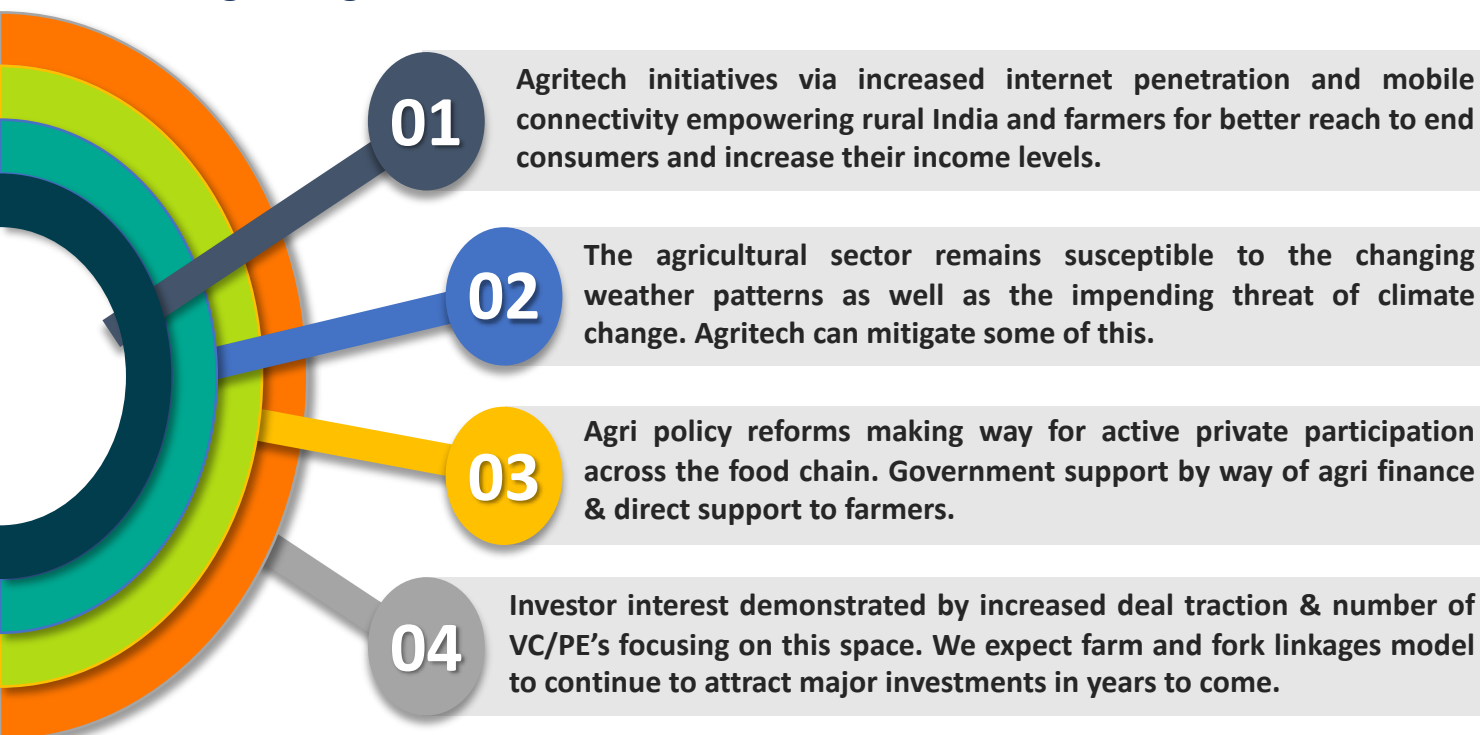
## Active Investors in the Agritech Industry



## Going Forward

- We expect the total investments in sector to exceed USD 500 mn in the next 2 years especially as the recently funded startups are scaling up well for further meaningful rounds as also the scalability potential remains significant.
- Themes such as Farm-to-Fork linkages and Factory-to-Farm which help farmers access agri inputs directly from producers, financing and farm mechanisation enablers to name a few will be of significant interest in the coming months.

## Concluding Thoughts



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