

LKS | In Focus

FARM TO FOOD: KEY TRENDS AND REGULATORY OUTLOOK IN AGRITECH

FEATURE

3. Investments in agritech sector: An analysis of the last decade



FEATURE

Investments in agritech sector: An analysis of the last decade

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The agritech sector has witnessed significant growth in investments over the last few years. In the last decade (2010–2019), the sector bagged a cumulative capital flow of US\$ 1.9bn. Out of this, US\$ 1.7bn was raised by agritech start-ups during 2014 and 2019, while only US\$ 0.2bn was raised during 2010–2014. Agritech investments in India during the period 2010–2014 were limited as the ecosystem was growing. The agritech sector in 2010 had only ten active start-ups, this number grew significantly 2014 onwards both in terms of number and value of investments (refer Figure 1).¹

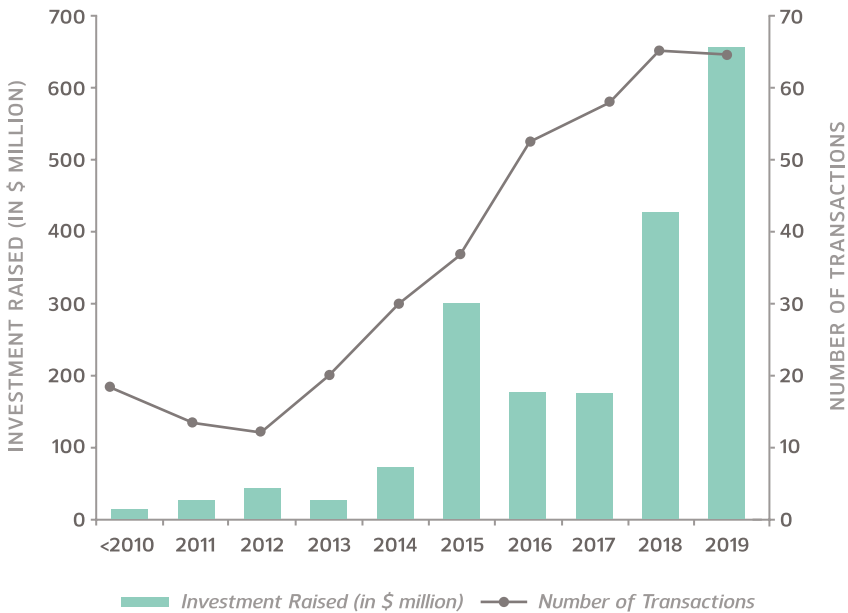


Figure 1. Agritech investments trends - 2010 to 2019²

Agritech players operating in the addressable segments in India have received a cumulative investment funding of US\$ 532mn as of April 2020. In 2019, a total of US\$ 244.59mn was raised by agritech start-ups, an increase of over 350% YoY.³

A strong seed investment stage has been witnessed because innovation in this sector takes more time and deeper relationships as compared to software innovations. Seed-

stage start-ups in agritech require more capital and demand longer exit horizons from investors.

In 2020, tech adoption among farmers and sector resilience acted as a catalyst for fund raise by various agritech start-ups such as FreshToHome, WayCool, Arya Collateral, DeHaat, Bijak, Intello Labs and Clover Ventures, amongst others.⁴ Omnivore has invested about US\$ 18mn in 11 agritech start-ups during 2020, as compared to US\$6.5mn in seven agritech start-ups during 2019.⁵

S. No.	Startup	Description	Equity round 2020 (US\$ mn.)	Latest Round	Key Investors
1	FreshToHome	E-commerce marketplace	121	Series C	DFC, Ascent, Iron Pillar
2	WayCool	E-Distributor (B2B)	35	Series A	Lightbox, FMO, LGT Lightspeed Aspada
3	Ninjacart	B2B Marketplace	30	Series D	Flipkart, Walmart
4	Aarya Collateral	Warehousing & Supply chain	21+6	Series B	Quona, Lightspeed Aspada, others
5	DeHaat	Full Stack	12	Series A	Sequoia, Omnivore, FMO
6	Bijak	B2B Marketplace	12	Series A	RTP Global, Sequoia, Omdiyar Network, Omnivore
7	Intello-Labs	Image recognition (Agronomy)	5,9	Series A	Saama Capital, Omnivore
8	Clover Ventures	Warehousing & Supply chain	5	Series A	Accel, Mayfield, Omnivore
9	Ergos	Warehousing and Supply chain	5	Series A	Chiratae, Aavishkar

Table 1. Key agritech deals in 2020⁶

Almost all categories of agritech have seen net growth in deals (investments) by the end of the 2014-2019 period, with annualised growth rates ranging from 20% to 100%. The business categories of agri-credit / finance, precision farming and upstream and downstream agritech have consistently seen funding grow over the last five years as compared to the muted growth in agri-biotech sector. The lowest amounts of fund raise have been deployed in the agri-biotech sector which has seen fewer deals, indicating that

the sector has not matured in India as compared to the foreign markets.

Categories	2007	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
AgBio Tech	2	1			3	1		1		1		9
AgFin Tech					1			1			3	5
Upstream Ag Tech			1		1		1	1	3	1		8
Downstream Ag Tech	1	1		1	4	8	6	9	3	3	3	40
Precision Ag Tech	1		2		1	4	4	3	3	2	1	21
Ag Automation				2	1	2	3	1	1	2	2	14
Ag InfraTech	2	1	1	1	2			1				8
Total	6	3	5	4	13	15	14	17	10	9	9	105

Table 2. Number of agritech deals across categories (2007-2019)⁷

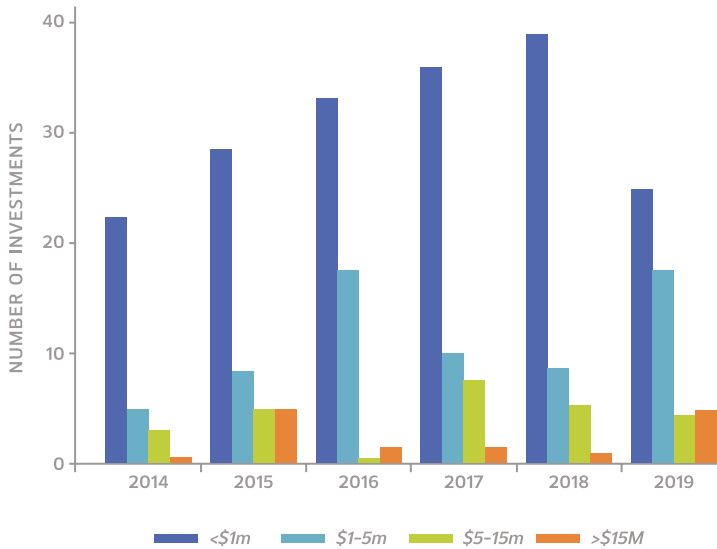


Figure 2. Agritech investment by deal size (2014-2019)⁸

Some of the key investment deals in the agritech sector from January 2018 until January 2021 are highlighted below:

2018 ⁹	2019 ¹⁰
<ul style="list-style-type: none"> • Ninjacart raised Series B funding of Rs 250 crore led by Accel US and Syngenta Ventures. • Pune-Based AgroStar raised US\$ 27 mn in Series C to Scale up Operations. • Stellapps raised US\$ 14 mn in a round led by Gates Foundation, others. • CropIn, an artificial intelligence and data-led start-up. 	<ul style="list-style-type: none"> • Pune-based AgroStar raised US\$ 27mn in Series C to Scale up Operations. • Tiger Global invested US\$ 89mn in Ninjacart for a 26.5% stake. • Samunnati Financial Intermediation specialising in loans to farmers raised US\$ 55mn. • Fresh produce distribution start-up WayCool raised US\$ 17mn from LGT Impact, Caspian, Northern Arc. • Jumbotail raised US\$ 9mn from Heron Rock, Kalaari Capital and Nexus Venture Partner.
2020 ¹¹	2021
<ul style="list-style-type: none"> • Fresh produce distribution startup WayCool has raised US\$ 32 mn from LGT Impact, Caspian, Northern Arc. • Dehaat, an online platform that offers full-stack agricultural services to farmers, raised US\$ 12mn from Agfunder, Omnivore, Sequoia and Netherlands Development Finance Co. • Bijak raised US\$ 12 mn from AL Fund, Tempo Ventures Omnivore Partners, Surge Venture and others. • Intello Labs raised US\$ 6 mn from Nexus, Omnivore, Saama Capital, SVG Ventures. • Jai Kisan raised US\$ 3.9 mn from Akram Ventures and Nabventures. • VeGrow raised US\$ 2.5 mn from Matrix and Ankur Capital. • Arya Collateral raised \$21 mn in Series B funding led by Quona Capital.¹² 	<ul style="list-style-type: none"> • Dehaat raised US\$ 30mn in a series led by Prosus Ventures.¹³ • Artificial intelligence and data-led start-up CropIn raised \$20 mn from Temasek-backed ABC World and others.¹⁴ • Agritech startup Agri10x has raised undisclosed seed funding from venture capital firm Omnivore.¹⁵

Conclusion

India's agritech sector is expected to surge ahead due to increasing rural internet penetration, rapid digital transformation due to COVID-19, together with increased interest from investor community. Moreover, activity in this industry has started to multiply manifold subsequent to the lifting of the lockdown last year. The agritech sector has shown lot of resilience and growth during the pandemic. This has created an increased demand amongst the investors who do not wish to miss the golden opportunity of investing in this sector that offers huge untapped potential. It is just a matter of time

when agritech start-ups begin to see successful exits.

Start-ups offering farmer platforms, precision farming solutions, quality management and traceability, financial services, agri-infrastructure, bio-technological innovations and full-stack solutions have seen a dramatic increase in investment. The year 2021 has started on a positive note for the sector, with some agritech start-ups successfully attracting investments in the first few days itself. |

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ENDNOTES

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