

LKS | In Focus

FARM TO FOOD: KEY TRENDS AND REGULATORY OUTLOOK IN AGRITECH

INTERVIEW

5. Investor's outlook on agritech in India: An interview with Omnivore's Managing Partner



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Gaurav Dayal

Agritech start-ups in India have been successful in attracting funding from numerous investors including but not limited to large multinational companies, consumer funds, and generalist venture capital firms. There has been a significant growth in agritech investments in sync with the maturing of the agritech ecosystem in India.

The past five years have witnessed a strong surge in the development of this ecosystem, with a 9X increase in institutional funding in the sector during this period.¹ In 2014-2019, the sector has pulled in US\$ 1.7 billion (bn) as compared to US\$ 0.2bn in the preceding five year block.² One of the deals that caught eyes in the sector in 2019 was Tiger Global investing as much as US\$ 89 million (mn) in Ninjacart.³ In 2020, tech adoption among farmers and resilience of the sector 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. Omnivore has invested about US\$ 15mn in 10 agritech start-ups during 2020, as compared to US\$ 6.5mn in seven agritech start-ups during 2019.⁴ The year 2021 has started off well with agritech start-ups pulling capital within the very first month. Investments in this space include Dehaat, raised US\$ 30mn in Series B led by Prosus Ventures (along with the existing investors including Omnivore); CropIn, raised US\$ 20mn from Temasek backed ABC World Asia⁵; and AgriioX, raised an undisclosed seed funding from Omnivore⁶.

Cross-border investments in the sector have not disappointed either. Certain Indian start-ups, such as AgNext, CropIn and Intello Labs, went global. Whereas, some international agritech start-ups, such as Plantix and Indigo, entered Indian markets.

Omnivore in its report "*The Future of Indian Agriculture & Food Systems: Vision 2030*", has predicted that the post COVID-19 era would hold tremendous opportunities for the agritech segment, but not without considerable risks. The trends in the market underline increased capital deployment and rising investors' interest in the sector. Various favourable policies announced by the Government for the agriculture sector recently along with the expected corresponding strengthening of infrastructure, logistics and capacity building, is expected to provide a strong tailwind for the agritech sector and investments in the sector.

In 2010, Omnivore came to be the first sector specific impact venture capital fund, based in India, which sought to fund entrepreneurs building the future of agriculture and food systems. Moreover, it has generally been credited with having redefined and

mainstreamed investing in agritech start-ups. Omnivore is actively engaged in investing in Indian start-ups that strive to develop breakthrough technologies for food, agriculture, and the rural economy. It is a belief in Omnivore that for transforming rural India, the profitability of agriculture needs to be tapped. This could be done through improving sustainability of farming and reducing the extent of uncertainty borne by farmers in India. Omnivore's vision of agricultural prosperity is driven by their theory of change, comprising three pillars: increasing smallholder profitability, enhancing smallholder resilience and improving agricultural sustainability. Omnivore's first fund has been fully deployed and around 45% of the capital from its second fund has been deployed. Omnivore is looking to raise a third fund in late 2021.

Mark Kahn, co-founder of Omnivore along with Jinesh Shah has been the driving force behind the success story of Omnivore. Mark has been able to shape and give a definitive direction to Omnivore's vision and investment thesis by using his prior experience in the sector. Mark spoke with Gaurav Dayal, Partner in LakshmiKumaran & Sridharan's Delhi Office, about Omnivore's early beginnings, its willingness to back ideas that improve farmer's profitability, its focus on ESG implementation by investee companies, its focus on climate change and impact on the sector as well as the role played by the government in supporting the sector.

ABOUT MARK KAHN

Mark Kahn is a Managing Partner at Omnivore, a venture capital firm, based in India, which funds entrepreneurs building the future of agriculture and food systems. Omnivore pioneered agritech investing in India, backing over 20 startups since 2011, and currently manages INR 9.35bn (approximately US\$ 130mn) across two funds. Every day, Omnivore portfolio companies drive agricultural prosperity and transform food systems across India, making farming more profitable, resilient, and sustainable.

Previously, Mark was the Executive Vice President (Strategy & Business Development) at Godrej Agrovet, one of India's foremost

diversified agribusiness companies. At Godrej Agrovet, Mark was responsible for corporate strategy, M&A, R&D and new business incubation. Earlier in his career, Mark worked for Syngenta and PFM.

He is a BA (Honors) from the University of Pennsylvania and an MBA from Harvard Business School, where he graduated as a Baker Scholar. Mark is a member of the Confederation of Indian Industry (CII) National Council on Agriculture, a member of the Governing Council of the Maharashtra State Innovation Society, and a member of EMPEA's Venture Capital Council.

GAURAV DAYAL: *How did the idea of setting up Omnivore Capital come about? What was your vision? Did your stints at ITC and Godrej Agrovet have any role to play in this?*

MARK KAHN: Absolutely, they both did. Just to be clear I was merely an MBA intern at ITC. I split my summer when I was at Harvard Business School and spent part of it with ITC. I was working on the e-Choupal project at ITC during my internship. I spent about six to seven years at Godrej. I was the executive Vice President at Godrej Agrovet. I was in-charge of looking at innovative businesses for us and one of the things that I also looked at was mergers and acquisitions. So, there were multiple agri-related start-ups in those days that were approaching us for funding. I always found it very strange that they would approach a corporate because obviously that is not a preferred source of capital.

The story that they told me again and again was that VC investors in India did not look at this sector, were not interested in the sector and will not invest in the sector. With that in mind, as we began to see more and more pipeline, I decided to build Omnivore to go after that to support those entrepreneurs.

I was joined in this journey by Jinesh Shah. At the time, Jinesh was the CFO at Nexus Venture Partners and he had a unique perspective on the opportunity because Nexus Venture Partners was the only VC in India that was doing deals vaguely in the same area. They had invested in Suminter India Organic (organic food exporter), Sohan Lal Commodity Management (agri-logistics) and Eka Software Solutions (commodity management platform). None of which were really what I would call agritech. But all were agri or commodity related. With that in mind Jinesh and I decided to go set this up and capture this arbitrage opportunity and help build this ecosystem.

GAURAV: *What is your investment thesis? What is your typical deal size? Has it changed over the years?*

MARK: Our investment thesis is essentially backing entrepreneurs, developing new technologies for agriculture, for food, for climate resilience as it relates to agriculture and for the rural economy. I don't think our thesis has changed over the years. I think the nature of and the kinds of companies that are out there to back (by the investors) has changed. I think the types of entrepreneurs have changed, but I think the thesis stays the same, which is that we require these innovations to transform Indian agricultural prosperity and related food systems.

So, we typically, come in with anywhere from US\$ 0.5mn to US\$ 2mn in a seed round. And if we come into a pre-round, it could be anywhere from say US\$ 1mn to US\$ 3mn. And if it is an A round then US\$ 2mn to US\$ 4mn.

GAURAV: *May I say that your investment thesis is surrounded around the farmer mostly?*

MARK: Our investment thesis is that Indian agriculture has three major transformations that are required: (i) we need to radically improve farmer profitability; (ii) we need to radically enhance farmer resilience; and (iii) we need to improve agricultural sustainability. And across these three levers, the right entrepreneurs can really change the system.

GAURAV: *What is the profile of the investors that are backing Omnivore - has it remained the same through the fund raises? Have the traditional Indian corporates been interested in investing in the agri-tech space or is it still muted?*

MARK: We have always had some corporate backers. Godrej was our first corporate backer, but we have also had corporate backing from RBL Bank and from BASF. So it has been a mixture of domestic and foreign investors that have invested in the fund. With

respect to doing deals, we have also similarly done deals with strategic investors that are domestic and strategic investors that are foreign. What I would say is in terms of the LP's of Omnivore, our first fund was 100% raised domestically in India. Our second fund, we intended to be 50-50 (fifty-fifty) but oversubscribed abroad, and so, it is only 20% Indian capital - primarily SIDBI and RBL - and 80% foreign capital.

GAURAV: *And you are also looking to close your next fund by the end of next year, right?*

MARK: We are going to launch Omnivore Fund 3 in October or November of 2021 and aim to get a first close by mid-2022.

GAURAV: *In relation to the foreign LP's that you have, are they institutional investors or are they primarily financial investors?*

MARK: We actually disclose all of them because we have their consent to do so. We have development and finance institutions like CDC Group, FMO (Dutch Entrepreneurial Development Bank) and KfW. We have strategic investors like BASF. We have impact investors like The Rockefeller Foundation and Kenilworth Group. We also have fund of funds like AXA. Broadly speaking, we basically have blue chip institutional capital.

GAURAV: *When you are evaluating a company, what do you look for? What are your learnings from the investments made?*

MARK: I think we look for the same things that everyone looks for. My mental shorthand for evaluating a company is the four Ts: (i) we look at team; (ii) we look at TAM (total addressable market); (iii) we look at technology; and (iv) we look at traction. So, team, we want to see really strong educational pedigrees, corporate pedigrees and, ideally, prior start-up experience. We also definitely like to see founders that have families in agriculture and come from rural India.

Then I think TAM, right? We are looking at whether something is a big enough opportunity to justify having venture capital. It can't be nice and nice. It has to be north of a billion dollars of addressable market. So that is the second thing we look at.

The third thing we look at is what we shorthand as technology, which is really where the differentiation is in - either the tech, the IP, the business model - how differentiated is it and how hard would it be for other people to replicate it. And then the fourth point is traction, have they proved product market fit? What sort of monthly run rate do they have?

So, these are the things we evaluate now. Obviously, we do technical due diligence on agri and that is easier for us because of who we are and the kind of team we have. But broadly speaking the four things that we write about in our initial investment memoranda are very similar to any VC Fund. It is just that the kind of companies we look at are a bit

different.

GAURAV: *From an investment perspective, what are the differences one might see between investing in a start-up or investing in an existing SME in the agri tech space?*

MARK: When you say in SME, do you mean like an INR 200mn SME or an INR 2bn SME?

GAURAV: *What I mean is a company which is not really a start-up, but has been there and there about for some time?*

MARK: Yeah, so what I would say is there are two kinds of SME's, there are SME's that would have become start-ups right. All start-ups are SME's. They are just SME's that reached (scale) that managed to pull off the exponential growth. And I think there are some SME's that if they had been able to get funding, could have turned into start-ups but didn't or got a little funding, which wasn't enough. Such SME's then settled into a cushy life of being an INR 400mn company, growing 20% a year. Those are very similar to investing in start-ups.

I think the problem is when you have essentially promoters that are very traditional, have their hands in too many pies. They are not focused on one business, they are focused on always opening new companies, plus they have a lot of wealth already, between land, real estate and their older businesses. I would avoid giving capital to such companies.

GAURAV: *You mean their lack of focus, probably?*

MARK: No, they don't know how to manage it. They are not going to build the way you want, but I think you know if you come across an SME and it is like, oh, right. You have to ask these questions. Is it a solo promoter? Is it a family business? If you come across an SME, you know it is doing INR 400mn, maybe seven or eight years old. They tried to raise VC, they failed, but they have got three or two partners, or a team of diverse talents. They all have equity in the business. There is an ESOP pool, right then go right ahead. Then it is basically a start-up, and you know, it is a start-up that didn't quite make it, but probably a fine investment, if you are comfortable with investing in an SME. But I think when you find traditional promoters, I don't think at the SME scale that it makes sense to invest in such businesses.

GAURAV: *Thanks. So apart from funds, how else are VC's invested in a start-up? What else do the VC's bring to the table?*

MARK: I can speak of Omnivore. We are very involved in working with our founders to develop their strategies for whether they are B2B or B2F, business to business or business to farmer. We are very involved in hiring. Any senior hire in my portfolio, we will have evaluated as well. We might have even sourced that hire for the start-up. We are quite involved in business development. One of the things we talk about on our website is that

you know we are essentially from this industry and that is the team that we have built. We are deeply embedded in the global agri ecosystem, so we can actually support a lot

We are deeply embedded in the global agri ecosystem, so we can actually support a lot of our portfolio companies from a business development standpoint. The way that maybe other generalist VCs can with companies like Google or Cisco.

We are very involved in governance, setting up systems for ESG, for impact, for business integrity. I would say we are quite hands-on as a fund. Does this mean we are a promoter?

We are not, but we advise very closely.

GAURAV: Yes, that is also evident from the team you have. I read about it. It is a very focused and an experienced team in the sector, and across the diverse areas that you come across as an investor.

MARK: Yes, absolutely.

GAURAV: Is access to funds still a challenge for the upstream agritech companies?

MARK: No. I think everything has changed. I think in general there is a lot more capital in this space than there used to be. While raising money is always challenging, I wouldn't say there is a difference now between agri-tech than any other sector that is an area of focus for investors.

GAURAV: Within agri-tech, which segments are the most attractive currently? I mean in the last couple of years.

MARK: I would say probably: (i) farmer platforms; (ii) rural fintech; and (iii) precision agriculture – those areas.

GAURAV: Can you give me some examples of the farmer platforms that are there?

MARK: DeHaat is a farmer platform that focuses on eastern India. Aqua Connect is a farmer platform. If you go outside of Omnivore, Gramophone in Madhya Pradesh would be a farmer platform. Farmer platforms are essentially working directly with farmers, solving problems with respect to inputs, market linkages, advisory or fintech.

GAURAV: How are the challenges to the adoption of technology by the farmers overcome? And has technology been embraced easily or have the start-ups or agritech companies have had to struggle a lot and are they still struggling?

MARK: In general, things have changed a huge amount over the last four years. I think earlier, it was very hard for start-ups to connect directly with customers, so most agritech start-ups focused on one of two business models. If they were connecting directly with farmers, it had to be that they were selling fairly CAPEX heavy products. So, a good example from our Fund 1 Portfolio would have been MITRA which sold precision spraying machines that are tractor powered but their average cost was INR 0.4mn. Similarly, Ecozen which sold micro cold storage units which were about INR 0.8mn and they come with financing or leasing options. But those are the kinds of companies that could build direct to farmer businesses.

Alternatively, everyone else builds B2B2F- business to business to farmer, such as Stellapps or Skymet, where you became heavily dependent on the B2B purchase cycle, which as we all know is quite long. I think there that held back the potential impact of the space. Things still are not quite large. Skymet connected with 7mn farmers. Stellapps is connected with 5mn farmers. But I think business models changed over the last few years because of 4G Jio smartphone penetration and now you are seeing farmer platforms that are really capturing much more value and building much larger businesses. You are seeing the same thing in agritech, be it in marketplaces, in rural fintech and really across the board.

GAURAV: Is shift from B2B2F in the sector a long-term shift or is it just a passing phase?

MARK: No, I think it is a function of tech. I think companies want B2B2F because they could not reach farmers directly, without setting up a huge field force and it only made sense to set up a huge field force if you know each sales person could really pay for themselves. And that is why it was the companies that were doing like innovative machinery where that made sense. But I think now because of 4G Jio smartphones you can really connect with millions of farmers directly and I think that is a big trend.

GAURAV: Are there any differences in the pre-COVID-19 and post-COVID-19 trends in the sector as well as in the start-ups?

MARK: I actually think COVID-19 has created tailwinds and served as an accelerant for our sector, and there is almost more interest now than before.

GAURAV: And it has also increased the acceptance of technology amongst the farmers, right?

MARK: Yes. 100%.

GAURAV: How has agritech been impacted by ESG (Environment, Social and Governance)

investing and how have the promoters reacted to the ESG implementation? More so because you have DFI (Development Finance Institution) investments.

MARK: I just want to be clear when you say ESG investing you don't mean impact, you mean ESG, correct? Because they are very, very different, yes?

ESG investing as we see it is largely about risk management

- managing social risks, managing environmental risks.

What we have found is that most entrepreneurs actually

really like it, because most entrepreneurs are fairly young, fairly new to running businesses and it helps them think around corners. It helps them anticipate risks they might not have thought about otherwise.

GAURAV: Yes.

MARK: ESG investing as we see it is largely about risk management - managing social risks, managing environmental risks. What we have found is that most entrepreneurs actually really like it, because most entrepreneurs are fairly young, fairly new to running businesses and it helps them think around corners. It helps them anticipate risks they might not have thought about otherwise. So, implementing it has not been very difficult. It is different when a large corporate suddenly tries to implement ESG across its US\$ 2bn business.

But when you have an INR 20mn business, the business is one year old and you are implementing

ESG for the first time, it is not so hard. It is very very small. And then the systems grow accordingly. So ESG is kind of baked into your DNA.

GAURAV: That is good to hear.

MARK: Well, I mean, it is also that none of our companies are into strip mining or smelting or these environmentally catastrophic kind of things.

GAURAV: Yes, just the recent focus on farming practices around Delhi and how they may have contributed to the pollution (stubble burning).

MARK: Yeah. As we all know from the protests, right? Punjab is far from a progressive agricultural state and there is really not a lot of agritech start-ups working in Punjab because for the most part, the farmers in Punjab are focused almost entirely on growing for the FCI (Food Corporation of India). You could say they farm subsidies first and grain second.

GAURAV: So, agriculture is a sector where regulations and policies have a major impact. What policies, according to you, have accelerated the growth of this sector? Are the recent Farm Acts a step in the right direction for the sector?

MARK: I mean look this sector started really taking off in 2016, so I don't think it was policy that set this sector ablaze, but rather new platform technologies that start-ups could benefit from.

Do I think the Farm Acts are a step in the right direction, along with the Agricultural Infrastructure Fund that the government announced at the same time, along with their focus on FPOs (Farmer Producer Organisations)? Yes, absolutely.

GAURAV: *What are the legal and regulatory challenges that still remain, and what additional policy interventions are probably required in the short term?*

MARK: Legal and regulatory challenges that still remain are plenty. We still have an overly convoluted subsidy system in fertilizer. We still have, the FCI (Food Corporation of India) and the MSP (minimum support price) system, right? Which to be clear, I don't think the government is going to touch anytime soon because they are seeing just a hint of the level of protests that would happen if that was ever tried to be tackled. The MSP and the FCI system, which essentially destroys the environment of North India to produce excess grain we don't need anymore. I think we have got still lots of controls in the sugar sector. I think the laws around the land are still completely messed up. Legacy laws reflecting both the local hegemonic power of the patwaris and the continuing legacy of land reform in the 50s and 60s. So, there is lots of stuff to reform, basically.

GAURAV: *Is public private partnership happening in the sector in a meaningful way? Any successful examples that you can think of?*

MARK: When you talk about public private partnership and agritech what you are really talking about is SIDBI and NABARD. NABARD and SIDBI are stalwart supporters who have helped keep this sector off the ground. Without their help, it wouldn't have happened. So, I actually think public private partnership in agritech is very strong.

GAURAV: *And what about partnership with IMD for weather predictions etc.? Has that happened?*

MARK: Yes. The IMD has come a long way in the last 10 years and now cooperates with Skymet very well and other private players. Much better than it used to.

GAURAV: *There is a lot of problem with wastage in distribution. How do you see distribution, processing and storage becoming more efficient with agritech?*

MARK: A lot of it is that agri-tech brings transparency. It brings visibility. It brings digital tools. It brings IoT. I think there are a variety of technologies that can be used to make to make

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distribution losses go down, make efficiency go up. I think it really varies, but I think we are seeing that in companies like WayCool, in DeHaat, in all kind of players. The nice thing about most agritech start-ups is that they are digital natives.

GAURAV: *Therefore, things like data, AI and blockchain would also come into play?*

MARK: We see all of those things coming into play right now.

GAURAV: *Including for agri-fintech and the banking and insurance solutions for the sector? Do you see a policy intervention by the government to address the gap? Or generally the fintechs have taken over the mantle adequately?*

MARK: No. I mean, I don't. I think the government in general with respect to fintech has been very very good about creating regulatory sandboxes, about being willing to experiment both on the lending side and on the insurtech side. I think the important thing is that they have been open to these new models and have not tried to regulate them out of existence.

I think the biggest trend that we are seeing in fintech is what I would call embedded fintech, where increasingly companies are not trying to do standalone fintech. They are trying to build business models where fintech is embedded with everything else they are doing.

GramCover. That was something we started backing in late 2016-early 2017. That has grown very nicely. I think the biggest trend that we are seeing in fintech is what I would call embedded fintech, where increasingly companies are not trying to do standalone fintech. They are trying to build business models where fintech is embedded with everything else they are doing.

GAURAV: *As a part of some other agritech solution that they are giving?*

MARK: Yes.

GAURAV: *We are seeing a lot of agritech start-ups going global. Which countries or regions are you seeing increased interest in these Indian agritech companies? And do you think they are ready to face the global markets and what are the challenges that they may face?*

MARK: I think that it really depends. Our portfolio company Eruvaka is very global. Most of their sales are in Latin America, not even in India. Eruvaka does IoT for aquaculture.

So, any country that has aquaculture, which is primarily Southeast Asia and Latin America, in shrimp aquaculture, would be relevant for Eruvaka and they are there.

You know other portfolio companies of ours, and this is not the norm, more of an exception, are even building products that are relevant in the US and Europe. So that is certainly true of Intello Labs, which is building a post-harvest quality solution, digitizing fresh produce, and they are already selling like crazy in the US. So, it really just depends.

GAURAV: *My other question is on FPOs – the farmer producer organizations. They establish partnerships with food processing companies, institutional retailers and help in incentivizing farmers for better quality produce and the adoption of Agritech. Why hasn't this really taken off?*

MARK: Why haven't FPOs taken off? I think FPO's have not taken off especially well because they really struggle for talent. I think that is one of the major challenges the FPOs sector faces.

GAURAV: *Is that something that any start-up or the investors are looking at promoting through any other intervention?*

MARK: I think of the FPO sector right now, like the cooperative sector in the 1970s. It is the beginning of the story. I think if we think about Verghese Kurien for a second. We have, Saborni from my team, she is an IRMA (Institute of Rural Management, Anand) alumnus. Ok, Kurien struggled with talent so much he created an Institute to build him the talent he needed for the Cooperative sector. We probably need something for FPOs like that.

Why haven't FPOs taken off? I think FPOs have not taken off especially well because they really struggle for talent. I think that is one of the major challenges the FPOs sector faces.

GAURAV: *Do investments take longer in agritech sector and what are the factors that play a role in this? What are your thoughts on exits and potential ways exit could happen?*

MARK: I don't think agri takes longer for the most part. I don't think that is true at all. Exits, I think are going to be a mix of strategic exits where we have already seen some traction. We sold to Mahindra. We have already worked with strategic investors that want to buy some of our businesses. I think some might be secondaries to larger funds, PE funds and hopefully in the next couple of years will see the first IPOs in this space in India.

Company	Focus	Location	Co-Investors
AgNext	Quality + traceability platform	Chandigarh	Kalaari
Agri10x	Blockchain enabled e-marketplace	Pune	
AGRIM	Agri inputs B2B marketplace	Delhi	India Quotient, Accion Venture Lab
Animall	Dairy farmer digital platform	Delhi	Sequoia, Beenext, WEH Ventures
Aquaconnect	Aquaculture SaaS + marketplace	Chennai	HATCH
Arya	Post-harvest services platform	Delhi	Quona Capital, LGT Lightstone Aspada
Barrix	Integrated pest management	Bengaluru	CIE
Bijak	B2B agricultural commodity platform	Delhi	RTP Global, Sequoia, Omidyar, Better Capital
Clover	Greenhouse-grown fresh produce	Bengaluru	Accel, Mayfield, Alteria Capital
DeHaat	Farmer platform + marketplace	Delhi	Prosus Ventures, Sequoia, RTP Global, FMO, AgFunder, Trifecta Capital
Ecozen	On-farm cold storage	Pune	IFA Fund, Hivos-Triodos, Caspian
Eruvaka	Aquaculture IoT	Vijayawada	Nutreco
Farmley	B2B food commodity marketplace	Delhi	Insitor
Fasal	Horticulture IoT + SaaS	Bengaluru	Wavemaker, Mistletoe, Mount Parker, Artesian, The Yield Lab
FR8	Logistics marketplace	Chennai	Undisclosed
GramCover	Rural insurtech platform	Delhi	Flourish, Omidyar, EMVC
Intello Labs	Fresh produce quality digitization	Delhi	Nexus, Saama Capital, GROW, THRIVE
Krishitantra	Soil testing IoT + advisory	Hyderabad	NABVENTURES
MITRA	Precision sprayers	Pune	Mahindra
Reshamandi	Silk supply chain digitization	Bengaluru	STRIVE, Axilor
Skymet Weather	Weather forecasting + remote sensing	Delhi	DMGT, Blue Orchard
Stellapps	Full stack dairy digitization	Bengaluru	BMGF, WRVI, Qualcomm, ABB, Blume, Beenext, O21 Capital, Venture Highway, 500 Startups
TartanSense	Crop protection robotics	Bengaluru	Blume, Beenext
YCook	Farm-sourced steamed snacks	Bengaluru	Oikocredit, O21 Capital

Omnivore - Portfolio companies

GAURAV: Yes, hopefully, long time coming. Also, could food processing companies be willing to acquire agritech companies to keep a tight check on their quality and operations?

MARK: I think they might. I think we will have to see.

GAURAV: We understand that funding in agritech is set to grow exponentially over the coming years, some reports peg it at more than US\$ 500mn over the next couple of years. Those are the kind of figures we hear.

MARK: Yes, that is consistent with what we see too.

GAURAV: How is the sector different? What will your advice be to the new funds coming in?

MARK: You should co-invest with us. I mean I definitely think a lot of them are. We have done 3 deals with Sequoia, one deal with Accel. We have been a partner with many new investors in this space and I think that will probably be the trend for some time.

GAURAV: We have seen in India that the investment activity is dominated by supply chain tech

and output market linkage segment. However, globally, it is precision agriculture and farm management that leads in overall funding. Do you see India also going that way?

MARK: Agriculture and farm management will start to come up more now. Yes, I mean, I agree with this. I think things will start to balance.

GAURAV: *Your social impact focus through investments in agritech is a great idea. But has it also been a good business idea?*

MARK: Definitely. If you are doing agritech in India, by definition you are having social impact. So, I don't think it requires any compromise in terms of giving up good business opportunities. It is part and parcel of the same.

GAURAV: *Last but an important question, what is the impact of climate change on the sector? How has climate change changed the way you invest and the way you do business?*

MARK: Climate change is certainly a key area of focus for us. Both, looking at technologies that can mitigate climate change and technologies that can make Indian agriculture more climate resilient. I would say in our third fund, it is going to be one of the centrepieces of that fund.

GAURAV: *Good to know that. Any concluding thoughts?*

MARK: Nothing else, that is it from my end.

The author would like to extend his gratitude to **Saborni Poddar** (*Communications Manager, Omnivore*) for her valuable inputs.

Gaurav Dayal is a Partner in the at the firm.

ENDNOTES

1 Prashanth Prakash et al, *Post covid agritech landscape in India* (Accel and Omnivore, 2020), 9, <https://www.omnivorevc/wp-content/uploads/2020/12/Post-Covid-Agritech-Landscape-in-India.pdf>.

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