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Why Indiaâ??s next agritech wave will be driven by value creation

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As investors shift from growth narratives to sustainable economics, Harsh Deodhar, Principal, Enrission India Capital, examines where capital is moving and what will define the next phase of Indiaâ??s agritech growth

The Indian agriculture investment story is entering an important new phase. Rather than viewing it simply as a “post-hype” cycle, it may be more accurate to describe it as a post-narrative, value-creation cycle—one where investors are looking beyond market size and technology narratives to assess the fundamentals of building enduring businesses. Capital is certainly not leaving Indian agriculture. Instead, it is moving deeper into the value chain, as reflected in recent fund-raises and institutional interest in companies such as Superplum, Arboreal Bioinnovations, KisaanSay and Pehle Jaisa, alongside the IPO and institutional capital raised by Milky Mist. These developments point to a more discerning investment environment, where differentiated business models and demonstrable value creation are gaining importance.

For several years, investors were willing to underwrite large market opportunities, rapid technology adoption and aggressive growth. Today, the questions are far more fundamental: Does the business solve a real problem? Who is willing to pay for that solution? Can customers be acquired efficiently? Are revenues and cash flows predictable? And, ultimately, can technology deliver measurable economic value across the agricultural value chain?

In this context, the investment lens is also broadening. Agriculture is no longer being viewed merely through the prism of farm-level opportunities. The larger opportunity lies across an interconnected ecosystem spanning farm mechanisation, rural credit, aquaculture, biotechnology, food processing, logistics and supply chains. In an **exclusive interview with AgroSpectrum, Harsh Deodhar, Principal, Enrission India Capital**, offers insights into this changing investment landscape. Drawing from Enrission India Capital's experience and its broader approach to agriculture, Deodhar examines where capital is moving, what investors are demanding from agritech businesses, and why the next phase of growth will be defined less by compelling narratives and more by sustainable economics, execution and measurable value creation. His perspective offers an important takeaway for entrepreneurs and investors alike: the next chapter of Indian agritech may not be about discovering the next big story, but about building businesses that can prove their value.

Has Indian agritech entered a post-hype investment cycle?

Yes—but I would call it a maturity cycle rather than a correction cycle.

The first wave of Indian agritech investing was largely about digitising a fragmented sector. Marketplaces, farmer apps, advisory platforms and digital distribution models attracted significant investor attention. Some of those businesses created tremendous value, but the sector also learned that agricultural technology has a different scaling curve from consumer internet. Agriculture has fragmented customers, seasonal cash flows, working-capital requirements, regulatory dependencies and significant physical-world execution. Technology alone cannot eliminate those realities. It can improve the way the ecosystem functions, but the underlying economics of agriculture still have to work.

The numbers tell us that capital has already become more selective. Indian agrifood tech startups raised approximately $940 million across 129 deals in 2023, a 60 per cent decline in funding from 2022, even though deal count remained relatively stable. That is an important distinction: investor interest did not disappear; the price and size of capital changed. I therefore do not see this as investors losing interest in agriculture. Rather, the investment lens has become more sophisticated. Investors are asking deeper questions about the businesses they are backing and the economic value they are creating. At EIC, our evaluation framework today is therefore much more focused on quality of revenue rather than just quantity of revenue.

We look at the nature of the revenue, the customer, retention, contribution margins, working-capital requirements and the underlying economics of the business. A company may show rapid top-line growth, but if that growth requires disproportionately higher capital, discounts or customer acquisition costs, the quality of that growth becomes questionable. For us, this value-chain approach can be observed with KiVi. KiVi represents a different part of the same value chain. It works across credit, commerce and distribution for the farm-gate ecosystem. The interesting proposition is not simply "fintech for farmers"; it is the ability to build a technology layer around an existing agricultural economic network. That distinction is important. The opportunity is not necessarily to create an entirely new agricultural behaviour. It can also be about making an existing economic network more efficient. That is the change I see in the market: investors are increasingly asking where the economic surplus is being created and how much of that surplus the startup can capture. The next phase of agritech investment will therefore be less about the strength of the narrative and more about the strength of the underlying business.

Where is institutional capital moving next?

I expect the next significant wave of institutional capital to move towards businesses that sit between agriculture and industrial-scale value creation. The opportunity is much broader than what has traditionally been classified as agritech. Agriculture is connected to infrastructure, manufacturing, biotechnology, finance, logistics, food processing, energy and the broader biological economy. As investors become more sophisticated, these intersections are becoming increasingly interesting.

Three areas particularly interest me.

First is agri-infrastructure and mechanisation.

India's agricultural productivity cannot be transformed purely through software. Mechanisation, storage, cold chains, logistics, irrigation, processing and supply-chain infrastructure are enormous opportunities. There is a fundamental physical layer to agriculture. Farmers need access to machinery, water, storage and markets. Produce needs to move efficiently from the farm to processors, retailers and consumers. Losses need to be reduced. Productivity needs to improve.

Therefore, technology businesses that are enabling these physical assets to operate more efficiently can create significant value. In many cases, the next generation of agricultural technology may be less about an app and more about improving the economics of a physical agricultural process.

Second is biologicals and climate-resilient agriculture.

There is a growing opportunity around alternative proteins, biological inputs, waste utilisation, carbon efficiency, water efficiency and technologies that improve agricultural productivity without proportionally increasing resource consumption. Our investment in Loopworm is a good illustration. The company operates at the intersection of biotechnology, agriculture, animal nutrition and the circular economy, using insects as a biological platform to create products from agricultural and organic waste.

It demonstrates why the future opportunity is not necessarily “agritech” in the traditional sense—it is technology applied to the broader agri-biological economy. This is an important shift in how we think about the sector. Agricultural value creation does not stop at the farm gate. Biological resources, agricultural waste, animal nutrition and alternative production systems can all become part of the investment opportunity.

Third is digitally enabled financial and distribution infrastructure.

Agriculture remains fundamentally constrained by access to working capital, market linkages and fragmented distribution. Platforms such as KiVi demonstrate that there is substantial opportunity in building the infrastructure through which farmers, FPOs, rural entrepreneurs, lenders and buyers interact. The value here comes from connecting fragmented participants and making transactions more efficient. If technology can reduce friction, improve access to capital or make distribution more predictable, it can create measurable economic value.

I also expect aquaculture and allied agriculture to become increasingly important. At EIC, our investment in Fishmongers is an example of this broader approach. The company is building a technology-enabled fish supply chain using IoT-based aquaculture and transportation technologies. Aquaculture illustrates how large the opportunity becomes when we stop defining agriculture narrowly. It has production, biological risk, logistics, cold chains, transportation, quality management and market-linkage requirements. Technology can potentially improve each of these layers.

This is agriculture investing expanding beyond the traditional definition of the farm. The larger opportunity, therefore, is the agri-value chain, not just the farm.

Are valuations becoming more realistic?

Valuation getting more realistic is a healthy sign of maturity for the ecosystem. During the funding boom, some businesses were valued primarily on future potential—large TAMs, user numbers and aggressive growth projections. The market today is much more interested in what I would call quality-adjusted growth. A company growing 100 per cent but consuming significant amounts of capital may be less attractive than a company growing 40–50 per cent with strong contribution margins, high retention and a credible path to profitability.

That is particularly relevant in agriculture because scaling often requires working capital and physical execution. The capital required to grow can therefore be materially different from what we see in purely digital businesses. For agriculture in particular, I think investors will increasingly value contribution margin rather than GMV; cash conversion rather than bookings; repeat transactions rather than registered farmers; farmer income or productivity improvement where relevant; working-capital efficiency; customer retention; revenue predictability; and the capital required to reach the next Rs 100 crore of revenue.

These metrics tell us much more about the sustainability of a business than headline growth alone. The question is not simply whether a company can grow. The question is how efficiently it can grow. This is also changing the conversation between founders and investors. Founders need to think about capital efficiency from the beginning because the market will increasingly reward businesses that can demonstrate operating leverage. Founders also need to recognise that the objective of a fundraising round is not to maximise valuation at any cost. An unnecessarily high valuation can create a problem in the next round if operating performance does not catch up.

A valuation is ultimately a reflection of the business that has been built. If the underlying economics improve, the valuation can follow. The best founders today are building businesses that can earn their next valuation rather than negotiate it. That, in my view, is one of the clearest signs that the ecosystem is maturing.

What will successful exits look like?

I expect India to see a combination of strategic acquisitions, IPOs and secondary transactions, rather than one dominant exit route. For many agribusinesses, strategic acquisition may actually be more logical than an IPO. Large FMCG companies, food processors, agricultural-input companies, logistics companies, financial institutions and global corporations have strong reasons to acquire technology, distribution networks, brands and intellectual property.

The strategic value of an agritech company may therefore extend beyond its standalone financial performance. A larger company may see value in its distribution network, customer relationships, technology, data capabilities, brand or access to a particular agricultural ecosystem. We are already seeing how strategic capital is entering food and agriculture.

For example, Temasek invested in Milky Mist ahead of its IPO, while the company has built a large-scale value-added dairy business with significant profitability and distribution. That is instructive because it demonstrates the type of business that can eventually attract multiple pools of capital: a real operating business, with scale, margins, distribution and a credible public-market pathway.

Food processing is particularly interesting in this context.

India's agricultural exports increased from $34.5 billion in FY20 to $51.1 billion in FY25, while processed food accounted for 20.4 per cent of exports. That suggests the value-creation opportunity is increasingly moving from simply producing agricultural commodities to processing, branding and exporting them. This is a significant opportunity because value addition can fundamentally change the economics of agricultural production. Instead of competing only on the price of a commodity, businesses can build differentiated products, brands and distribution networks.

The exit ecosystem will strengthen when more Indian agribusinesses reach institutional scale and when strategic buyers begin viewing startups as acquisition targets rather than merely technology vendors. I also expect secondary transactions to become more relevant as the ecosystem matures. As businesses grow, early investors and founders will have opportunities to partially realise value while allowing companies to bring in larger institutional investors for the next phase of growth. Ultimately, successful exits will come from businesses that have demonstrated that their economic model works at scale.

What would make Indian agribusiness truly investable at scale?

The biggest requirement is formalisation of the agricultural value chain. India has enormous agricultural output, but the value chain remains fragmented across millions of farmers, intermediaries, traders, processors, financiers and logistics providers. Unity in diversity is an absolute truth for agri-based startups. Every 100 km in India, language changes, habits change, buying patterns change, problem definition changes and hence the agri-economics changes.

That makes scaling particularly challenging. Post-pandemic, we have seen a great spike in farm-to-plate startups, and many of these businesses have real value. But scale is a massive challenge. A model that works in one geography or commodity may not automatically work across another. The unit economics can change because of differences in crop patterns, farmer behaviour, logistics, purchasing power, infrastructure and market structures.

Technology can connect these participants, but technology alone is not enough.

We need better agricultural data infrastructure, stronger FPOs, interoperable digital systems, easier access to institutional credit, improved warehousing and cold-chain infrastructure, predictable regulations and greater adoption of modern processing and logistics. There is encouraging progress. By February 2026, India had registered 10,000 Farmer Producer Organisations, while food-processing initiatives have expanded cold-chain, processing and backward- and forward-linkage infrastructure. Agricultural exports and processed-food exports are also growing.

From an investor's perspective, however, the biggest opportunity is to connect these pieces. The agricultural ecosystem has many individual components, but the value is often lost because these components do not interact efficiently. Better connectivity between farmers, FPOs, financial institutions, processors, logistics providers and buyers can unlock significant economic value. This is why our investment philosophy at EIC increasingly looks at the economic infrastructure surrounding agriculture rather than agriculture in isolation.

For us, KiVi addresses capital and distribution. Fishmongers addresses aquaculture and supply-chain efficiency. Loopworm looks at biological production and circularity. These may appear to be very different businesses, but they have one thing in common: each attempts to remove a structural inefficiency from the agricultural economy.

That is the lens through which we look at opportunities.

We are not necessarily looking for businesses that simply call themselves agritech. We are looking for businesses that solve important problems within the agricultural economy and can build scalable, defensible businesses around those solutions. The real opportunity is therefore not simply to build more agritech companies. It is to build the infrastructure, technology, financial systems and businesses that make Indian agriculture more productive, efficient, resilient and globally competitive. That is the transition from venture capital to value creation—and I believe it is only beginning.

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