

Indian agritech enters its capital-efficiency era as investors shift from growth to value creation

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India raised \$2.2 billion in agrifoodtech funding in 2025, but the sharper story is the reset in capital allocation: investors are prioritising sustainable revenues, unit economics, profitability and measurable value over growth-at-all-costs



India's agritech sector is entering a more disciplined investment cycle, with investors moving beyond growth-at-all-costs to focus on capital efficiency, sustainable revenues and measurable value creation. As global agrifoodtech funding moderates, the emphasis is shifting towards businesses with stronger unit economics, predictable cash flows, proven technology and a credible path to profitability. In India, this reset is reshaping funding strategies, business models and exit expectations, directing capital towards supply-chain infrastructure, precision agriculture, biologicals, post-harvest solutions and B2B market linkages. The next phase will be defined not by how much capital agritech companies raise, but by how effectively they convert it into enterprise value and measurable outcomes for farmers.

The global agrifoodtech market did not retreat in 2025; it merely changed course. Funding slipped from \$16.75 billion in 2024 to \$16.2 billion, while deal count fell by 12 per cent, according to the latest report from AgFunder. Investors were, in effect, placing almost the same amount of capital behind fewer companies, marking a sharp departure from the exuberance of 2021, when startups raised about \$51.7 billion and the largest deal alone approached \$3 billion. In 2025, Wonder's \$600 million Series D emerged as the biggest financing—nearly 80 per cent smaller. During the boom years, capital chased customer acquisition, geographic expansion and market share, often long before profitability entered the picture.

Harsh Deodhar, Principal, Enrission India Capital, therefore believes India is entering a post-narrative, value-creation cycle. "Capital isn't leaving Indian agriculture; it is moving deeper into the value chain—look at the recent positive movements we have seen with impressive backings for Superplum's Series A, Arboreal Bioinnovations's Series A, KisaanSay's Series A, Pehle Jaisa's Pre-Series A and Milky Mist's IPO + institutional capital," he says.

Investors, perhaps, are now seeking reliable revenues, controlled costs, proven technology and a credible path to break-even. “Indian agritech is certainly moving into a more mature and disciplined phase,” says **Agnishwar Jayaprakash, Founder and CEO of Garuda Aerospace**. “Investors are now looking beyond growth narratives and placing greater emphasis on the ability to create sustainable, measurable value.”

The shift was clearest in upstream agrifoodtech. The AgFunder report found that global companies working on farms, food production and biological systems attracted about \$9 billion, up 7 per cent from the previous year, even as deal count fell 12 per cent. Late-stage and debt funding rose 72.7 per cent to \$3.8 billion, suggesting that more businesses now have revenues, assets, receivables or predictable cash flows.

Prem Kumar Vislawath, Founder and CEO of Marut Drones, describes the shift as a move from “growth at all costs to sustainable growth”. Agriculture’s longer operating cycles, fragmented customers, seasonal demand and working-capital needs make this discipline particularly important, he says.

Other segments, however, came under pressure. The AgFunder report found that Midstream technology investment fell from \$1.85 billion to \$1.5 billion, while downstream businesses such as food retail and marketplaces declined from \$6.5 billion to \$5.8 billion. eGrocery remained the largest category, attracting \$2.1 billion across only 86 deals, as investors backed established leaders rather than another wave of challengers. Capital also shifted towards science-led agriculture. Bioenergy & Biomaterials raised \$1.8 billion, while Agricultural Biotechnology, Farm Management Software, Sensing & IoT, Midstream Technologies, and In-store Retail & Restaurant Technology each drew \$1.4 billion. Agricultural Biotechnology led deal activity with 256 financings. Deeptech accounted for 32 per cent of agrifoodtech funding, a ten-year high, while climate-tech investment recovered to \$3.9 billion. The United States led investment with \$5.9 billion, followed by India at \$2.2 billion, China at \$1.2 billion, the Netherlands at \$900 million and the United Kingdom at \$700 million. India took a more practical route: only 9 per cent of its funding went into deeptech, with most capital supporting eGrocery, digital marketplaces and agrifintech.

Sonali Singh, Head of Strategy and Planning at Annam.ai, IIT Ropar, says that investors are focusing on scalable models, operational execution and measurable value creation. “Investors have become more selective, with greater emphasis on demonstrated execution in areas such as precision agriculture with measurable ROI, supply-chain infrastructure, embedded finance and B2B agricultural commerce,” she says.

Vinay Nair, Co-founder and CEO of KhetiBuddy, sees a more mature relationship between capital and agriculture. Five years ago, investors focused on farmers onboarded, districts covered and growth rates. Today, they are asking what value a product creates, what it costs to deliver and whether the economics improve over time. “That shift is healthy,” he says. “It is pushing the sector towards building things that genuinely work rather than things that look good in a pitch deck.” That scrutiny is reshaping business models. Marketplaces may handle large transaction volumes and still lose money after logistics, fulfilment, credit and support costs. Software businesses can offer recurring revenue, but agritech SaaS companies often carry the cost of sensors, field agents, agronomists and hardware installation.

Deepak Pareek, Founder of HnyB Tech-Incubations, says that investors are moving beyond digital reach and transaction volumes. “Gross merchandise value and top-line growth were the primary proxies for scale,” he says. “Today, contribution margin and net unit economics per transaction or per acre take precedence.”

The test, ultimately, is whether capital produces durable value. As Dr Prithwi Singh, Co-founder and CEO of Khetika, puts it: “If farmers are not becoming more profitable, if quality isn’t improving, and if supply chains aren’t becoming more transparent, then scale alone has very little meaning.”

From Funding to Enterprise Value

India’s agritech funding cycle is entering a more exacting phase. The opportunity remains large, spanning supply-chain modernisation, farm productivity, post-harvest infrastructure and formal credit. Investors, however, are asking whether companies can convert that opportunity into sustainable businesses. India ranked second globally in agrifoodtech funding in 2025, attracting \$2.2 billion. During FY22 and FY23, Indian agritech companies raised about \$1.8 billion across 189 deals, averaging roughly \$10 million. Ninjacart raised \$145 million, DeHaat \$115 million and FreshToHome \$104 million. The focus was on building customer networks, expanding distribution and increasing transaction volumes before prioritising profitability.

That model became harder to sustain as global liquidity tightened and valuations came under pressure. “For founders, the right balance is not necessarily between growth and profitability, but between growth and responsible capital deployment,” says Agnishwar Jayaprakash. “Businesses should invest in expansion where there is clear demand and a viable path to sustainable returns. At the same time, they should maintain financial discipline, strengthen governance and build capabilities that can support long-term growth.”

In FY24, funding fell to about \$380 million across 83 deals, with the average deal size dropping to roughly \$5 million. Around 70 per cent went to B2B market-linkage platforms, farm analytics, advisory services and agri-inputs. LeadsConnect raised \$60 million and Vegrow \$46 million, with both rounds focused on specific commercial capabilities.

FY25 reinforced the shift. Funding held broadly steady at \$383 million, but deals fell to 68 and the average cheque rose to roughly \$6 million. Nearly 70 per cent went to B2B market linkage, precision agriculture and Farm-as-a-Service models. Sahyadri Farms raised \$46 million, while Ecozen Solutions secured \$30 million. The change is not simply about deal size, but about the purpose of capital. Earlier funding was largely aimed at capturing markets; recent rounds are supporting procurement networks, productivity tools, advisory services, input distribution and climate-linked infrastructure. Investors are examining repeat revenue, post-logistics margins, customer-acquisition recovery and the effect of growth on cash generation and working capital.

“The market is increasingly distinguishing between valuation and actual enterprise value creation,” says **Pravin Patel, Founder, Brio Hydroponics**. “During the earlier funding cycle, companies could sometimes command significant valuations based primarily on growth expectations. Today, investors are looking more closely at revenue quality, margins, cash flows, governance and the capital required to generate incremental growth.”

The economics vary by model. Produce marketplaces require capital for inventory, logistics and receivables. Farm-management software companies face longer sales cycles and costly implementations, while precision-agriculture platforms may need sensors, field teams and agronomists before recurring revenue takes hold. A company can process large volumes and still lose money. “Every funding round should create measurable business milestones rather than simply extending runway,” says Sonali. Founders, she adds, should focus on markets where they have a competitive advantage, stronger-margin business lines, operational efficiency and predictable revenue.

Debt is becoming part of this discipline. Companies with revenues, assets or predictable deployment models can expand without repeated dilution, while lenders impose a repayment test that venture capital can defer. Valuations are consequently shifting towards revenue quality, gross margins, retention, capital efficiency and the path to break-even. “Valuations are undergoing a necessary alignment with ground-level economics,” says Deepak Pareek. “During the funding boom, many agritech companies were priced like enterprise SaaS or hyper-growth consumer platforms, despite operating in low-margin, high-touch supply-chain environments. Modern valuations are anchored around sustainable EBITDA multiples and real net revenues.”

The FY25 operating numbers help explain this scrutiny. Poshn generated Rs 923 crore in gross revenue on Rs 66 crore of funding, a revenue-to-funding ratio of 14.07. BigHaat reported Rs 1,100 crore on Rs 200 crore, while FarMart generated Rs 1,961 crore on Rs 491 crore. Their revenue-to-funding ratios were 5.50 and 4.00, respectively. Samunnati recorded 1.73, DeHaat 1.57, Ninjacart 0.60, Stellapps 0.41 and Arya.ag 0.21.

These ratios should not be read as a direct measure of capital efficiency or profitability, as business models have very different capital requirements. Asset-light companies may naturally generate higher revenue relative to funding, while businesses investing in inventory, logistics, credit or physical infrastructure require more capital upfront. A marketplace facilitating Rs 100 crore of transactions at a 5 per cent commission earns only Rs 5 crore before logistics, payments, credit, fulfilment and support costs.

Profitability provides another lens. Ergos reported Rs 6 crore in profit on Rs 223 crore in revenue. Nutrifresh generated Rs 14 crore on Rs 145 crore, while Arya.ag recorded Rs 34 crore on Rs 436 crore. Ninjacart reported a loss of Rs 256 crore, followed by DeHaat at Rs 207 crore, Samunnati at Rs 74 crore and Stellapps at Rs 55 crore.

Capital efficiency will also shape exits. Over the next three to five years, strategic acquisitions, private equity buyouts, secondary transactions and selective IPOs are likely. Strategic M&A could lead as agribusinesses, global input companies, FMCG groups and logistics players seek farmgate access, technology and stronger supply chains.

“Strategic acquisitions will be the most natural and most value-creating exit path over the next several years,” Vinay Nair says. Public listings will remain selective. “Only a smaller group of full-stack, profitable agribusinesses with transparent governance and robust revenue scale will successfully list,” Deepak Pareek says.

Agnishwar Jayaprakash sees IPOs as one possible route. “IPOs may emerge as a viable option for a smaller number of mature companies with strong governance, predictable revenue and sustainable profitability,” he says. “However, public listings should be viewed as one of several possible outcomes rather than the only measure of success.”

Harsh Deodhar expects India to see a combination of strategic acquisitions, IPOs and secondary transactions, rather than one dominant exit route. “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. 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," he says.

According to Harsh Deodhar, India's agricultural exports rose from \$34.5 billion in FY20 to \$51.1 billion in FY25, while processed food's share reached 20.4 per cent, underscoring the shift from commodity production towards processing, branding and export-led value creation. The exit ecosystem is expected to deepen as more Indian agribusinesses achieve institutional scale and strategic buyers increasingly view startups as acquisition targets rather than merely technology vendors.

However, a deeper exit ecosystem will require more than headline valuations. It will depend on deeper late-stage capital, stronger governance, greater M&A participation and predictable regulation. As Pravin Patel points out, "The objective should not be to achieve the highest possible valuation in every funding round. The objective should be to build a company whose fundamentals continuously justify a higher valuation over time." For Indian agritech, therefore, capital efficiency is emerging as the critical link between growth, profitability and long-term exit value.

Making Agritech Investable

India's agricultural economy offers enormous scale. What it lacks is a sufficiently predictable investment environment. For Deepak Pareek, moving from boutique venture bets to large pools of institutional and sovereign capital will require structural and policy changes.

Trade policy is a key concern: sudden export bans, stocking limits and duty changes create uncertainty for institutional investors. Stable, long-term trade policies, modernised spot markets and stronger contract-farming enforcement would reduce that risk. India also needs institutionalised testing, assaying and block-level traceability to ensure commodities consistently meet stringent overseas maximum residue limit (MRL) standards. Open, privacy-compliant data systems linking land records, soil health, crop signatures and weather data could simplify risk assessment for insurers and lenders while reducing customer-acquisition and servicing costs.

He also sees a role for blended finance, with risk-sharing facilities, credit guarantees and parametric weather insurance backed by multilateral agencies helping reduce risks for private equity and institutional debt funds investing in agricultural infrastructure.

The next requirement is a stronger market and data infrastructure. Vinay Nair points to interoperability as foundational. "Platforms like AgriStack and Bharat-VISTAAR are building important layers, but the ecosystem needs open standards that allow enterprise platforms and government data systems to exchange verified information seamlessly," he says.

Better price discovery and contract enforcement are equally important, particularly as institutional investors demand transparent supply chains and independently verifiable sustainability claims. The transition to regenerative or organic farming can itself carry significant costs, including input changes, certification timelines and early-season yield variability. "If policy frameworks and blended finance instruments can help absorb some of that switching cost, it would unlock a significant wave of investment into the practices and platforms that support sustainable agriculture at scale," he says.

Agnishwar Jayaprakash believes the investment case will depend on progress across policy, infrastructure, technology adoption and market access. "Stable and supportive regulations can provide greater confidence to investors, while improved rural infrastructure can help technology-led businesses scale more efficiently," he says. Reliable agricultural data, stronger digital connectivity and wider technology adoption could improve decision-making, while investors will increasingly expect strong governance, transparent reporting and scalable operating models. Greater collaboration among government, industry, financial institutions, technology companies and farmer communities, he argues, can help translate agriculture's scale and diversity into productivity, sustainability and long-term value.

For Pravin Patel, the larger transformation will come when agriculture is treated not merely as an activity shaped by seasons and subsidies, but as a professionally managed, technology-enabled and investable economic sector. That requires stronger infrastructure, long-term finance, better crop and market data, insurance, predictable policies, contract enforcement, post-harvest systems, cold chains and faster adoption of precision and climate-resilient technologies.

Financing structures must also reflect agriculture's longer gestation periods and different cash-flow patterns. Pravin Patel sees an opportunity for a new generation of "agripreneurs"—professionals, investors and entrepreneurs willing to enter agriculture when infrastructure, technology, professional farm management and market linkages are in place. "The future of agricultural investment, therefore, may not be capital simply funding agritech companies; it will increasingly be capital funding

productive agricultural ecosystems," he says.

Sonali says Indian agribusiness must move from being viewed as a fragmented, high-risk sector to a scalable, technology-enabled industry with more predictable returns. Greater market formalisation, supply-chain modernisation and digital infrastructure could turn India's fragmented agricultural landscape into greater scale and efficiency. But data access must be balanced with farmer protection. "The ecosystem requires responsible data-sharing frameworks that allow agribusinesses to build solutions around input optimisation, advisory services, insurance, credit and supply-chain efficiency while protecting farmer interests," Sonali says.

Technology adoption, meanwhile, will depend less on headline adoption numbers than on demonstrable economic value. Lower input costs, higher productivity, reduced risk and better market access will determine whether technologies become embedded in farmers' workflows. Policy consistency remains equally critical because state-level market regulations, food-safety rules, export policies, land regulations and commodity-movement controls can materially affect agribusiness economics.

Harsh Deodhar believes India's biggest agricultural opportunity lies in formalising and connecting its fragmented value chain through stronger FPOs, digital systems, institutional credit, warehousing, cold chains and modern processing. He sees investments such as KiVi, Fishmongers and Loopworm as examples of businesses addressing structural inefficiencies across finance, distribution, aquaculture and biological production, signalling a broader shift from agritech investing towards agricultural infrastructure and value creation.

For Prem Kumar Vislawath, policy consistency is the first priority, followed by technology adoption at scale and stronger institutional financing. Agricultural technology businesses often require equipment finance, working capital and structured debt alongside venture capital. Better digital land records, farm data, weather intelligence, storage, logistics and traceability could unlock new business models. The final requirement is linking capital to outcomes. "Capital should increasingly be directed towards companies that can demonstrate measurable outcomes—higher farm productivity, lower input costs, improved resource efficiency, greater farmer income and climate resilience," he says.

The dairy industry illustrates why such investment may need to be patient. **Tamal Chatterjee, Chief Growth Officer of Sid's Farm**, says success by 2030 should not be measured by annual recurring revenue or customer numbers alone, but by whether "safe, trustworthy milk" becomes the default expectation for Indian consumers. That means making traceability the norm, ensuring more value flows to farmers, expanding quality-led operations and building an Indian dairy brand capable of representing the country's dairy quality globally. Investment, he says, requires patient capital to build infrastructure, farmer ecosystems and quality systems. "Ultimately, an investment is more than working capital—it's a commitment to building the things that genuinely make a difference," he says.

The requirements are closely linked. Policy certainty supports infrastructure investment; better data improves credit and insurance; stronger markets improve price discovery; and clear economic benefits accelerate technology adoption. India has the scale, entrepreneurial talent and technology capability to build globally relevant agricultural businesses. The next task is creating conditions that make those businesses easier to assess, finance and scale.

As Prem Kumar Vislawath puts it, "The next decade of Indian agritech will not be defined by how much capital the sector raises, but by how effectively that capital is converted into productive assets, sustainable businesses and measurable value for farmers."

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