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From funding boom to sustainable growth – what comes next for India's agritech sector

From funding boom to sustainable growth – what comes next for India's agritech sector

Dear All,

In this edition, we turn our attention to India's agritech sector, a market that has undergone a significant transformation over the past few years. Following a period of rapid funding and expansion, the sector has experienced a correction and now places greater emphasis on sustainable growth, sound unit economics and the path to profitability. This shift raises two important questions:

- **what distinguishes the businesses that have emerged stronger?**
- **what will drive sustainable growth and profitability as the sector enters its next phase?**

Agritech is often assessed through headline metrics such as capital raised, farmers served and revenue growth. While this captures the scale of the sector, it reveals less about the underlying drivers of business quality and long-term value creation. Our analysis therefore focuses on the fundamentals: the structural trends creating new sources of growth, and operating capabilities that allow businesses to convert that growth into sustainable economics.

On the growth side, three changes in market structure are opening new sources of demand: cross-border trade, the growing footprint of organised food and quick-commerce channels, and the development of private labels. Together, these trends are transforming how agricultural products are sourced, distributed and sold, creating new opportunities to capture value.

On the margin side, the story is more about business model and execution. The businesses that appear better positioned today have learned two important lessons from the sector's first cycle. First, depth can be more valuable than breadth. Rather than attempting to build a complete offering across fragmented categories, agritech companies are concentrating on categories where they can develop genuine sourcing, supply chain and category expertise. Second, the role of traders has become more selective and structured. Rather than relying on traders for sourcing and distribution, leading agritech companies are using them where they provide access to fragmented supply or additional routes to market, while putting greater discipline around counterparty selection, credit, working capital and collections.

These shifts lead to a more mature agritech sector, where growth is becoming less dependent on capital availability and more dependent on structural demand, sourcing advantage and operating discipline. The result may be a less dramatic growth trajectory than the sector was once expected to deliver, but a more durable and investable one.

We hope you enjoy reading the latest edition of our newsletter and continue to find our insights interesting and useful.

Rohan Dhamija
Managing Partner, Director
Head – Middle East and South Asia

The next phase of Indian agritech growth

India's agritech sector has entered a new phase of maturity. Following a period of rapid expansion fuelled by abundant capital, the sector is being increasingly judged on its ability to translate growth into sustainable economics. The key question is no longer which businesses can grow fastest, but which ones can build durable advantages in sourcing, category expertise, channel access and working-capital management. As the sector evolves, a clearer distinction is emerging between the structural trends creating new growth opportunities and the operating capabilities that determine who can capture them profitably.

> The key question is no longer which businesses can grow fastest, but which ones can build durable advantages in sourcing, category expertise, channel access and working-capital management.

Agritech industry overview

Indian agritech is **fundamentally a produce and supply-chain business, enabled by technology, rather than a technology** business serving agriculture. Sourcing, working capital, inventory, quality, logistics and counterparty risk therefore sit at the centre of value creation.

The revenue profile of leading players reinforces this point. DeHaat, Samunnati, FarMart and Ninjacart have built scale through agricultural commerce and supply chains, combining sourcing, market links, logistics and farmer engagement, rather than by monetising technology alone. Several players have now achieved multi-billion-rupee revenue scale; this shows the significant size of the opportunity while also underscoring the operational and working-capital intensity required to build and sustain these businesses.

Earnings before interest, tax, depreciation and amortisation (EBITDA) performance provides a useful lens into whether scale translates into operating leverage and improving underlying economics, particularly given the working-capital and execution intensity of agricultural commerce.

Figure 1: Revenue of key players in India's agritech sector

[Source: Analysys Mason, 2026]

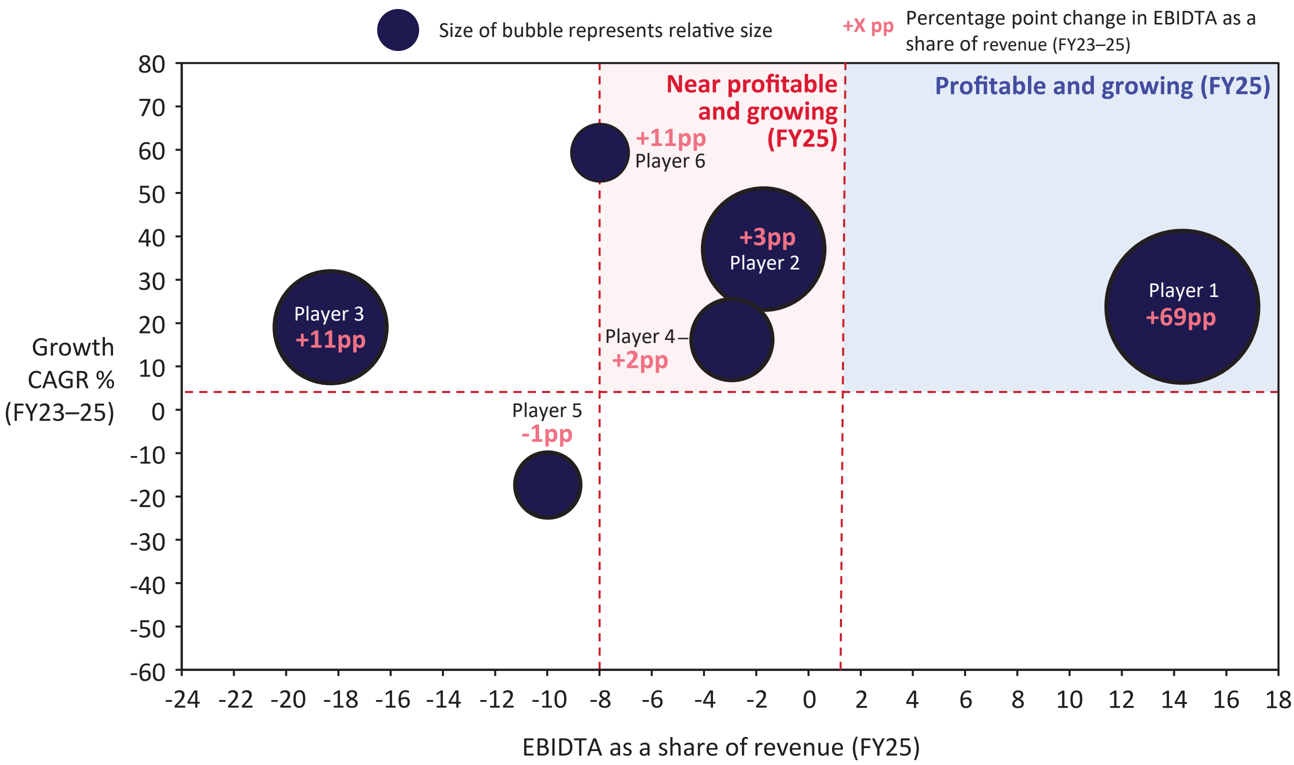
Key revenue segments *(INR billion, FY25)*	Agriculture input and advisory	Agriculture output and market linkage	Financing and other models
INR20 billion+	DeHaat	DeHaat	DeHaat Samunnati
INR10–20 billion	BigHaat	FarMart Ninjacart	
INR5–10 billion	AgroStar	Bijak	
<INR5 billion	Agrim	Vegrow Arya.ag	Arya.ag

Focus area for this newsletter

Samunnati and BigHaat revenue figures reflect consolidated revenues, including revenues from all subsidiaries, whereas standalone revenues have been considered for the other players

Figure 2: Agritech players are balancing growth with EBITDA improvement

[Source: Analysys Mason, 2026]



Some players included in Figure 1 are not shown in Figure 2 due to the unavailability of information or inconsistencies in the reported figures.

The funding boom between FY21 and FY23 enabled rapid expansion across categories and geographies, while allowing players to embed credit into their offerings. However, the subsequent funding correction exposed the limits of this growth model, particularly for businesses that had scaled faster than their ability to build sourcing capabilities, category expertise, robust working-capital and credit-risk management.

The sector has therefore shifted from scale-driven expansion to economics-driven growth. The key questions are now which businesses can convert structural demand into sustainable growth and margins, and what capabilities enable them to do so. The framework below summarises the two forces shaping this next phase: demand-side tailwinds that create the growth pool and operating shifts that determine who can capture it profitably.

Figure 3: Key trends shaping the agritech market in India
[Source: Analysys Mason, 2026]

Growth and margin drivers

- Cross-border trade offering higher-realisation of demand
- Growing footprint for organised buyers
- Creating private labels to drive higher margins

Operational shift

- Shift from chasing overall breadth to category depth
- Better counterparty selection and risk management

Growth and margin drivers

Cross-border trade provides higher demand realisation

Cross-border trade is emerging as an attractive growth opportunity in Indian agritech, as **rising import and export flows create opportunities to participate in higher-value segments of the agricultural supply chain.** However, the attractiveness of this opportunity varies significantly by category, reflecting differences in product value, trade intensity, shelf life and the capabilities required to serve international markets.

Within fresh produce, **fruit is particularly well positioned to benefit from these trends,** given its higher value density and growing participation in organised import and export channels. Agritech players can move beyond domestic sourcing and distribution and capture greater value across the cross-border supply chain. The growing strategic interest from large agritech players, including acquisitions and investments in fruit businesses, further signals the attractiveness of this opportunity.

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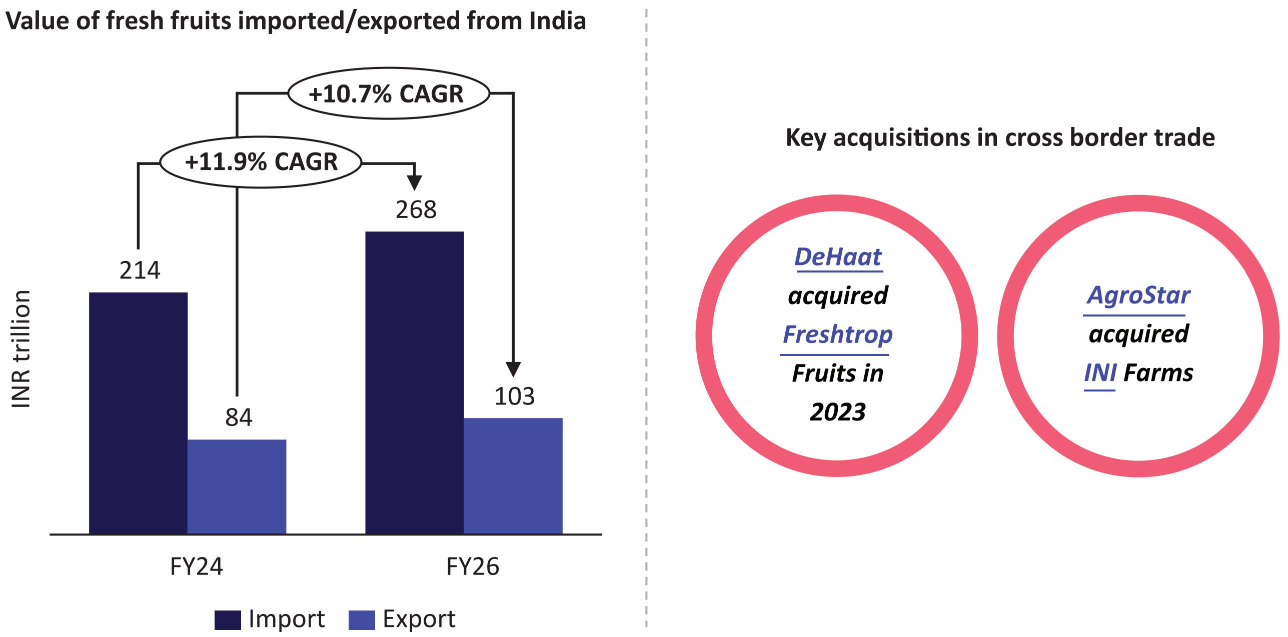
Figure 4: Agritech players are entering the cross-border segment through acquisitions
[Source: Analysys Mason, Agricultural and Processed Food Products Export Development Authority 2026]



However, imports and exports represent fundamentally different opportunities, with distinct economics, capabilities and accessibility. Imports are currently the most accessible route for fresh-produce platforms, as they can partner directly with international brands and exporters at origin rather than purchasing through domestic importers and distributors. This can remove an **intermediary, giving platforms greater control over sourcing, quality, availability and product mix.**

For imports, the economics are particularly attractive in premium fruit categories, where higher-value produce generates greater revenue density per tonne. This allows logistics, handling and fulfilment costs to be spread over a larger revenue base, potentially improving both realisation and margin relative to lower-value produce. Direct sourcing can therefore create an attractive proposition where platforms can combine access to premium international supply with efficient domestic distribution.

Exports present a larger but more capability-intensive opportunity. Success requires greater control across sourcing, quality standardisation, traceability, processing, cold-chain logistics (refrigerated storage, transport, etc.) and access to international buyers and distribution channels. This helps explain the growing interest from established agritech players in acquiring or investing in fruit businesses with existing sourcing and export capabilities: rather than building these capabilities organically, strategic investments can provide a faster route to participate in the expanding cross-border value chain.

Overall, cross-border trade represents an opportunity to move beyond the lower-margin domestic produce value chain towards higher-value, more globally integrated segments, although the attractiveness of the opportunity depends on a platform's ability to build the sourcing, quality, logistics and market-access capabilities required to capture the additional value.

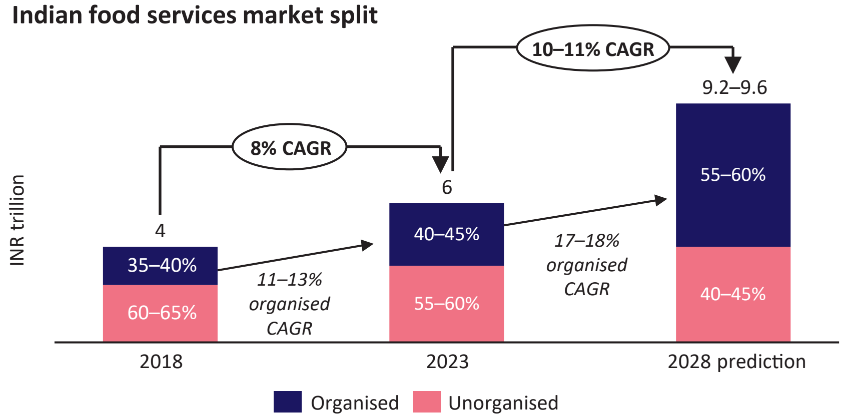
Growing footprint in the organised buyers' segment

Another key development is the expansion of organised buyers – retail, modern trade and online grocery. Food services and quick commerce are expanding rapidly, creating a larger pool of organised, digitally enabled demand for agricultural suppliers. The significance of this growth for agritech is not simply the additional volume it creates. As these channels scale, they also raise the bar on quality, consistency and availability, favouring suppliers with greater control over sourcing, grading and fulfilment.

Figure 5: **Growth in the food services and quick commerce sectors**

[Source: Analysys Mason, Swiggy Draft Red Herring Prospectus 2026]

Indian food services market split



Quick commerce market overview

Quick commerce market	2018	2023	CAGR % (2018–2023)	2028 (predicted)	CAGR % (2018–2023)
Market size	INR1.6–2.4 billion	~INR224 billion	148–169%	2320–4240	60–80%
Penetration in total retail	0.003%	0.3%		2–3%	
Penetration in online retail	0.14%	4.8%		17–30%	

Agritech value proposition

Client management systems

Dedicated systems and processes, including client dashboards and field force automation tools, that provide better visibility

Control of supply chain and quality checks

Investments in sourcing capabilities and tracking mechanisms to ensure stricter quality checks in line with end customer requirements

"For multi-store restaurants, this was a very big pain point. Since the owners are generally not available at the time of delivery, their visibility on actual delivery was not very high. Agritech players provided them better systems and higher visibility"

- Former business head, Ninjacart

Quick commerce is the clearest illustration. Despite the attention it receives, it is not yet a high-volume channel for fresh produce for the largest platforms. Instead, its significance lies elsewhere: it places a premium on consistent grading, appearance and availability.

Quick commerce is not unique in this. Each organised channel imposes its own definition of quality. Modern trade increasingly demands premium appearance and consistent specifications, while food services require produce that is appropriately ripe and ready to use. This means an agritech supplier needs to control not only what it sources, but which portion of a grower's crop it selects and how it grades that produce.

There is a second, less obvious, reason that organised buyers increasingly work with platform suppliers: procurement visibility. Platforms can provide formal invoices, daily billing and monthly reconciliation, giving owners greater control over procurement expenditure that was previously fragmented and difficult to monitor.

Figure 6: Channel dynamics for an agritech supplier

[Source: Analysys Mason, industry stakeholder discussions 2026]

Channel	Gross margin	Payment terms	Grade requirement	Concentration risk	Role
Retail and general trade	***10–15%***	Cash, daily	Mixed grade accepted	Low, diversified across many buyers	Margin and working capital engine
Export	***10–15% in season, at least 8% off season***	Supplier bears receivables/buyer default risk	Consistent, to specification	Medium, and category-specific	Margin, where the capability genuinely exists
Food service (including hotels, restaurants and catering)	***8–10%***	30 to 60 days	Ripe and ready to use	Moderately high	Specification-led volume
Modern trade and organised buyers	***5–7%***	~60 days	Premium appearance	High, potentially 20–30% of the business per account	Baseload volume, won on process
Traders, agency position	***1.0–1.5%***	Requires structured financing	Not applicable	Spread across many counterparties	Sourcing-scale lever

Key takeaway: *With farmer/producer payables fixed near three days, buyer payment terms set working capital – pushing market linkage companies toward smaller buyers and a mix of organised volume plus retail and general trade for margin and daily cash*

The resulting opportunity does not accrue evenly across the sector. It favours operators with the sourcing and grading capabilities to consistently meet tighter specifications, rather than simply those with access to organised demand.

The economics of these channels then introduce an important trade-off. Organised and institutional buyers can provide baseload volume and predictability, but typically come with lower margins, longer payment terms and greater customer concentration. Larger buyers have greater negotiating power and can exert significant pressure on supplier margins, while payment terms can extend to around 60 days. Customer concentration is another risk as losing a major modern-trade or food-service account can potentially remove 20–30% of revenue.

The resulting channel strategy is therefore unlikely to be a simple migration towards organised buyers. Stronger operators are increasingly balancing organised channels for baseload volume, predictability and specification discipline with retail and general trade for better margins, faster cash conversion and customer diversification.

Building private labels to drive higher margins

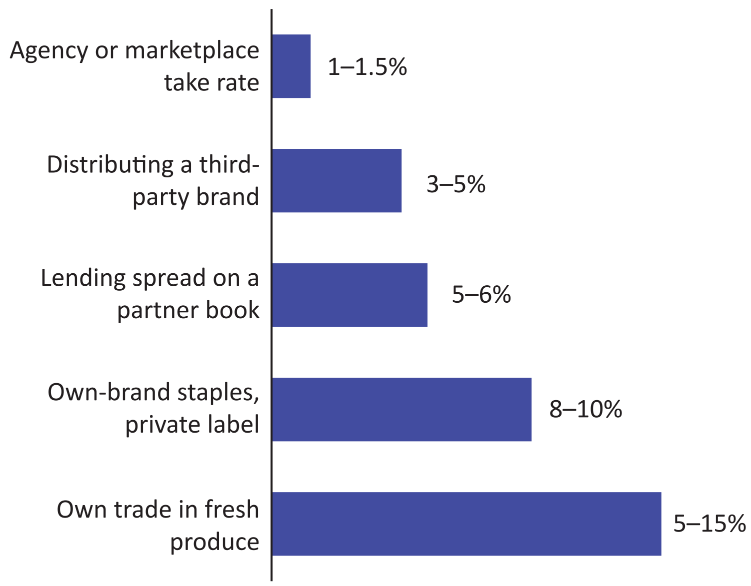
The clearest margin opportunity comes from private labels as third-party brand distribution typically generates margins of around 3–5%, while private label can generate 8–10%. The difference is significant because much of the underlying product and supply chain remain unchanged; the incremental investment is primarily in packaging, branding, distribution and consumer activation.

Economics makes private labels attractive, but the opportunity should not be confused with simply putting a brand on a product. Private labels work when they become a consumer proposition supported by retailer activation and genuine consumer pull.

The private label approach also helps in retaining greater control over the customer proposition while capturing more of the value pool. This helps explain why stronger staples operators are increasingly moving beyond distribution and towards building their own brands.

Figure 7: **Margin ladder by business model**

[Source: Analysys Mason, industry stakeholder discussions 2026]



Key insights

- While fresh produce retail works mostly based on immediate cash, retailers expect credit on staple which further weakens the category economics
- Moving from distributing a third-party brand to their own brand roughly doubles the margin on volume the company already handles; the incremental cost is packaging and branding push
- Examples:
  1. **Dehaat** launched Honest Farms in 2024
  2. **Farmart** launched Farmart Pantry in 2025

"The margin opportunity in staples is increasingly linked to private-label offerings rather than bulk selling. Distributing loose or unbranded staples typically generates only 3–5% margins, whereas developing and distributing successful own-brand/ private-label products can support margins of 8–10%"

- Former business head, agritech firm

Operating shifts

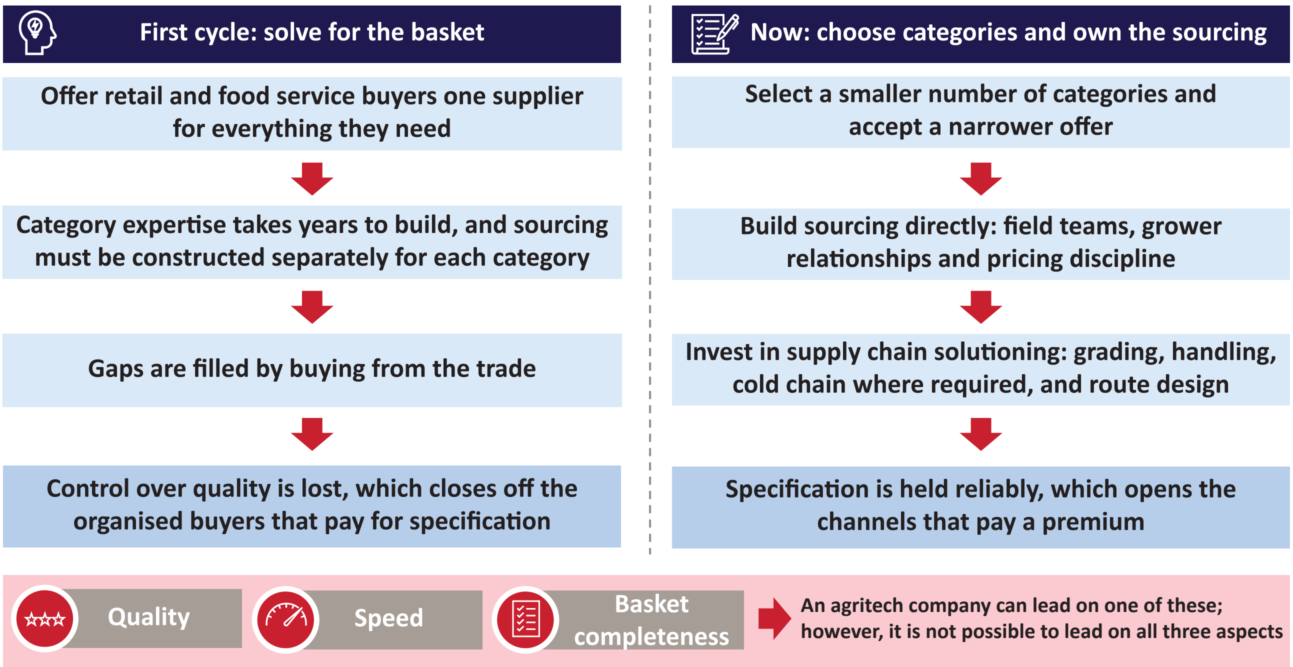
From basket breadth to category depth

An agritech supplier can compete on quality, speed of fulfilment or breadth of 'basket'. In practice, it is difficult to lead on all three, and the sector has spent its first cycle discovering where the trade-offs lie.

The initial instinct was to focus on a consolidated offering. If a buyer could source everything from one supplier, that supplier would become harder to replace. But each category requires its own sourcing network, grower relationships, quality standards and pricing knowledge. Rapid portfolio expansion therefore often created gaps that had to be filled through traders.

Figure 8: Shift from basket breadth to category depth

[Source: Analysys Mason 2026]



The stronger operators have responded by narrowing their portfolios and investing more deeply in sourcing through field teams, grower relationships and pricing discipline. They are then building the supply-chain capabilities needed for those categories, including grading, handling, cold chain and category-specific routes. The result is a narrower, but more defensible, business.

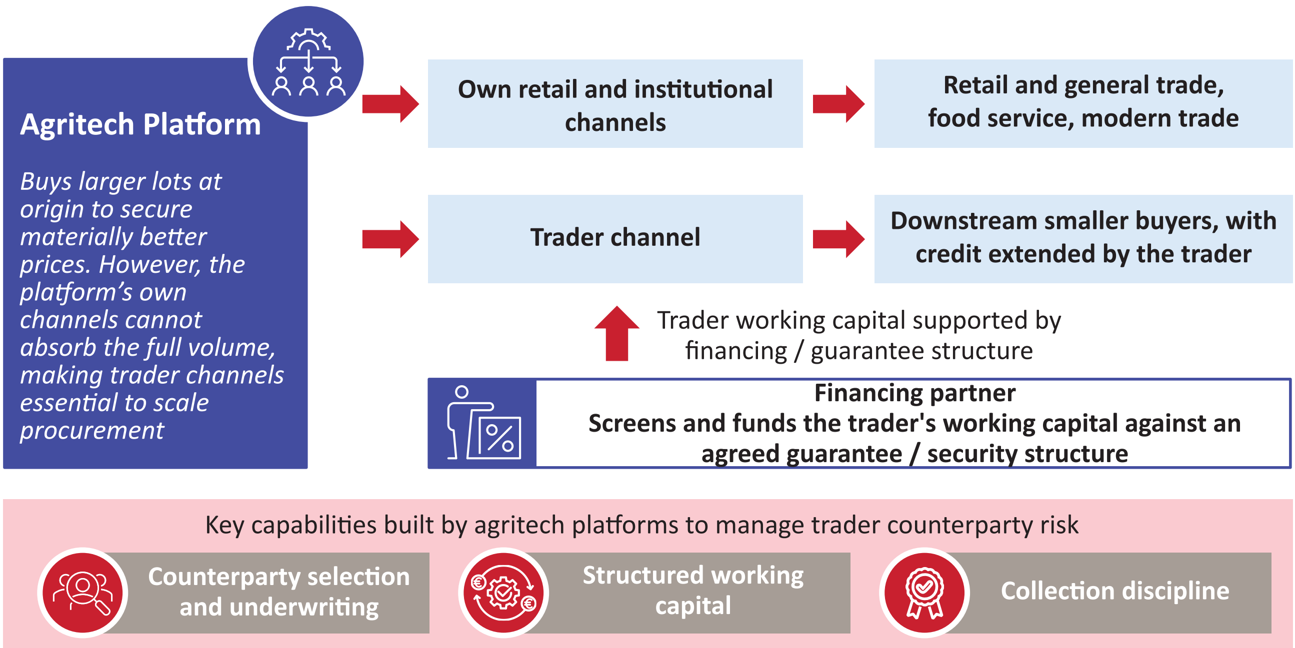
From displacing traders to underwriting them

The second major shift concerns intermediary trade. Here, traders are intermediaries who source agricultural commodities from fragmented suppliers and resell them to downstream buyers, often providing an important link between producers and larger markets. Early attempts to work with traders often produced poor economics. A pure agency or marketplace model, where a platform facilitates discovery while the transaction is invoiced directly between traders, typically earns only 1–1.5% of transaction value. This can be difficult to reconcile with the cost of serving the relationship, particularly once credit losses are considered.

The larger problem was that platforms sometimes extended payment terms or working capital without sufficient ability to select, assess or monitor the underlying counterparty. Because traders may extend credit downstream themselves, financing a trader can expose the platform to a chain of counterparties it cannot directly observe or control. The lesson was not that traders should be removed, but that the relationship needs to be managed differently.

- The first change was more disciplined selection and underwriting, including background verification, compliance checks and structured risk assessment before onboarding.
- The second has been a more structured approach to working capital and collections. In some models, a third party screens the trader and provides working capital against a guarantee, reducing the platform's direct exposure while allowing the trader to access financing and for the financing partner to earn a spread.

Figure 9: **Key capabilities built by agritech platforms to manage trader counterparty risk**
[Source: Analysys Mason 2026]



The model also creates a strategic benefit beyond reducing credit risk. Trader relationships can be a sourcing-scale lever as well as a sales channel. A platform that can reliably move 50 containers rather than 10 can negotiate better purchasing terms, provided it has sufficient downstream demand to absorb that volume.

Trader access therefore provides an additional route to market alongside retail, food-service and quick-commerce channels, allowing the platform to buy at greater scale without the need to build equivalent downstream distribution.

The sector has therefore moved away from the premise that intermediary trade is inherently inefficient. The more workable model is to treat the trader as a counterparty to be selected, underwritten and financed. The intermediary has not disappeared; the platform has learned how to make the relationship economically viable.

Going forward

Taken together, these developments point to a more focused diligence agenda than the sector faced during its first funding cycle. More importantly, the relevant characteristics are increasingly observable.

- **Sourcing control in chosen categories.** Assess field presence, grower relationships, direct sourcing and pricing discipline, rather than simply the proportion of volume purchased from traders. This is one of the strongest potential sources of differentiation and one of the hardest capabilities to build quickly.
- **Category depth rather than category count.** A narrower portfolio supported by genuine sourcing and grading capability is more valuable than a broad portfolio that relies heavily on third-party supply.
- **Channel mix rather than channel choice.** Organised buyers can provide baseload volume, predictability and specification discipline, while retail and general trade can provide stronger margins, faster cash conversion and greater customer diversification. Exposure to any single organised account should be assessed as a specific concentration risk.
- **Private label share and how it was built.** The relevant question is not simply the proportion of revenue generated by private label, but whether the business has invested in consumer pull, retailer support and brand development, or is simply applying a label to otherwise undifferentiated volume.
- **Financing structure and credit discipline.** Assess how counterparties are selected, where working capital risk sits, what security is available and whether exposure is protected against the underlying commodity or receivable. Where third-party financing is used, the economics and allocation of risk between the platform, trader and financing partner should be examined carefully.
- **Working capital discipline.** Across almost every business model discussed in this article, sustainable economics ultimately depend on the ability to manage collections, payment cycles and financing requirements. Operators consistently identified working capital management as one of the most important determinants of long-term success and one of the primary reasons why many businesses struggled during the sector's correction.
- **Cross-border capability.** For imports, assess the strength partnerships and the degree of control over sourcing. For exports, assess destination market access, local sales capability, credit control and grading discipline. Export revenue without these capabilities may indicate an opportunistic rather than structural opportunity.

On growth, we would adopt a more modest base case than the sector's first cycle implied, with potential for acceleration based on the view that the surviving businesses now have greater clarity on where to deploy capital and how to work with the traders rather than against it.

We believe this is a reasonable interpretation of the sector's direction. The difference is that growth is increasingly attached to an economic model that can be explained: structural demand creates the opportunity, sourcing and category depth create differentiation, and disciplined management of working capital and counterparty risk determines whether that growth translates into sustainable margins.

The questions this edition raises are ones that Analysys Mason is often brought in to answer on behalf of private equity, venture capital and institutional investors: what is the right lens for analysing a particular category, and what are the tailwinds driving category growth and profitability in the long term? We support investors, as well as the companies they back, from market strategy development through to executing major transactions – this includes IPO, buy-side and vendor commercial and technical due diligence, and market sizing and modelling to test investment cases. We have delivered over 150 consumer internet and digital media engagements globally, for over 70 clients across more than 40 markets. If you are assessing an agritech asset or pressure-testing a growth plan against the sector's new economics, the authors would be glad to hear from you.

Ujjwal Chaudhry, Partner

Ujjwal is a Partner in our New Delhi office and leads the firm's strategic expansion into the consumer internet sector worldwide. He has over 17 years of experience advising global private equity funds, hedge funds and technology platforms on transactions and strategy, and has led more than 100 commercial due diligence mandates, digging into cohorts, retention metrics and the unit economics of business to consumer (B2C) and business to business to consumer (B2B2C) platforms. He was previously a Partner at Redseer Strategy Consultants, and founded an e-healthcare start-up that he led through to a successful exit. He holds a B.Tech. from IIT Delhi.

Ashwinder Sethi, Partner

Ashwinder is a Partner in our New Delhi office, specialising in strategic advisory and transaction/M&A support, alongside business due diligence and go-to-market planning. He has over 20 years of experience supporting consumer internet firms, digital infrastructure and AI players, and private equity funds across South and South-East Asia, Central Asia and Middle East on a range of strategy and due diligence topics. He joined Analysys Mason in 2011 and holds an MBA from the Indian School of Business, Hyderabad.

Rohan Dhamija, Managing Partner, Head of Middle East and South Asia

Rohan leads Analysys Mason's consulting practice across Asia–Pacific and the Middle East. He has over 20 years of experience advising corporations and investors in technology, media and telecoms, across developed markets including the USA, Europe and the Middle East as well as frontier markets in Asia, Africa and Latin America. His expertise spans growth strategy, mergers and acquisitions, digital infrastructure and AI, alongside due diligence across e-commerce, over-the-top content and healthtech. He joined in 2011 from Deloitte Consulting's Telecom and Media Strategy group in New York.

Get in touch

enquiries@analysysmason.com

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