

FOODTECH IN INDIA

STARTUP & INVESTMENT ACTIVITY - APRIL 2019



INDIA: LAND OF OPPORTUNITIES FOR FOODTECH ENTREPRENEURS

« ***The sleeping elephant has now started to run*** », this quote of Indian Prime Minister **Narendra Modi** sums up India's current economic situation, now the world's 5th largest economy (ranking just after Germany in terms of GDP).

Today, India is considered as the 3rd largest innovation ecosystem in the world after the United States and Britain.

Almost non-existent a few years ago, the Indian innovation ecosystem now has nearly **4300 startups** and **77 food startups** to look at very carefully.

Admittedly, compared to the total population, India still suffers from a rather low startup per capita ratio, much smaller, for example, than Europe or the US.

Despite the persistence of **vast inequalities**, extreme poverty, poor infrastructure, and discouraging bureaucracy, India is witnessing the emergence of a middle class that is fond of capital goods, especially **smartphones**.

And thanks to the increase in online users, especially on smartphones, this burgeoning market has serious assets to attract business investment and encourage the development of start-ups.

INTRODUCTION

FOODTECH IN INDIA: 2011-2018

India plays a crucial role in the FoodTech ecosystem with **\$2.3B invested in 2018** and **77 startups** which have raised more than \$500 000. The presence of four **unicorns** (Flipkart, Swiggy, BigBasket and Zomato) shows that investors are taking this emerging country seriously. Moreover, we can see the more significant investments ever seen in the FoodTech ecosystem thanks to fast-growing delivery startups raising vast amounts of money such as the **\$1,5B deal of Flipkart**.

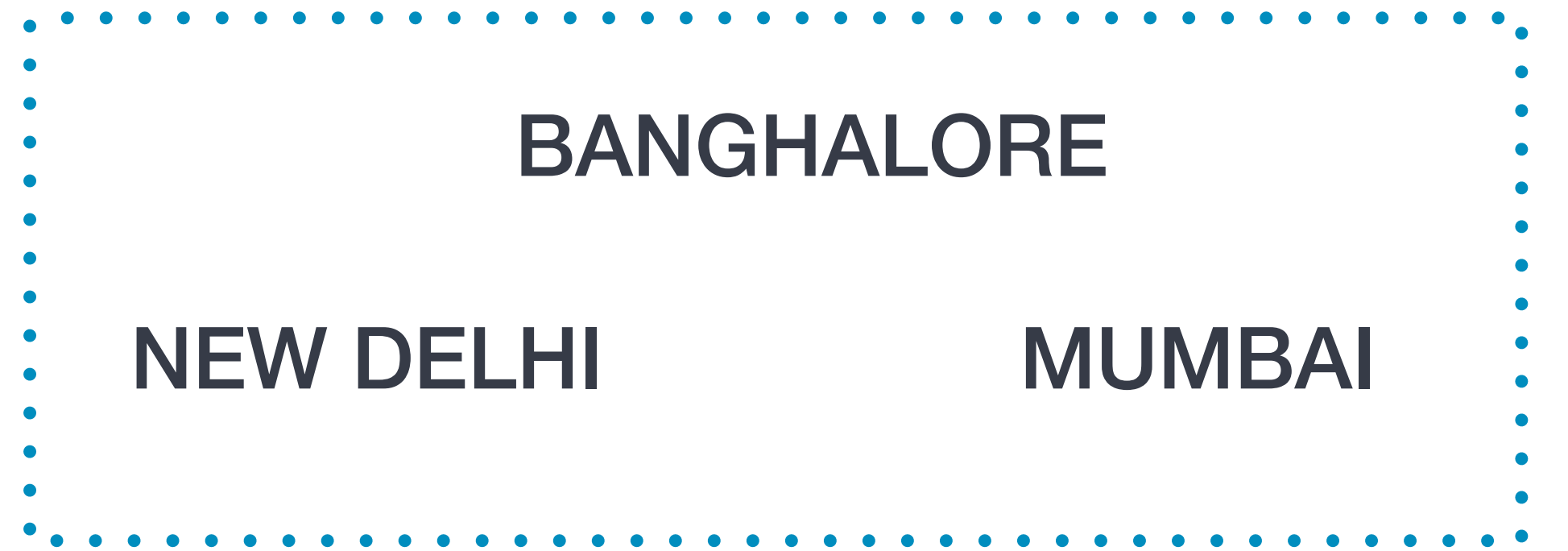
\$10.8B

Investments in the Indian FoodTech between 2011 and 2018

16%

Share of Indian investments in the world

3 INDIAN FOODTECH STARTUPS CITIES TO LOOK CAREFULLY



AUTHOR



DigitalFoodLab

*DigitalFoodLab helps agribusinesses
to identify and act on FoodTech
opportunities.*

*DigitalFoodLab is involved in
conferences, mapping and consulting.*



Mathilde Houben
DigitalFoodLab

DIGITALFOODLAB

“ DigitalFoodLab is born from the experience of the co-founders as entrepreneurs. As founders of a FoodTech startup launched in 2010 and sold in 2016, they have witnessed the growing interest of large corporations, investors and media in food innovation.

Today, DigitalFoodLab has become a global leading FoodTech intelligence platform. We gather data on FoodTech startups and investments at a global level.

This report's goal is simple: give investors, entrepreneurs and corporates the much-needed data and insights of Indian innovations in order to give them the trends happening in an emerging country.

Why India ? India is a country that is developing and innovating at an incredible rate. Companies created less than ten years ago have managed to raise billions in a brief period. It is now essential to take this new player into account in the overall analysis of FoodTech.

You will find data on the investments in Indian FoodTech startups between 2011 and 2018 with category, investment type and geographic insights.

”



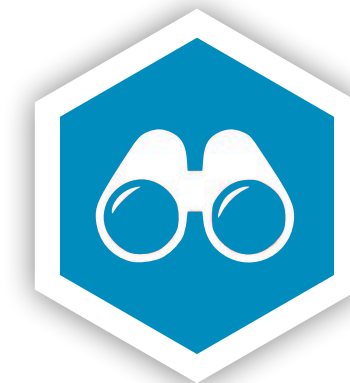
**DigitalFoodLab transforms
traditional agri-food businesses
with FoodTech**

Contact us: contact@digitalfoodlab.com

SERVICES



Inspiration



Business Intelligence



Consulting & Coaching

CONTENTS

Definitions (FoodTech and categories)

Method, data sources and scope of this report

1. Key insights

India top startups' mapping

Key findings

Future of Indian Foodtech ecosystem

2. Investor activity: investments in India FoodTech startups

3. Entrepreneur activity

Startup creation & distribution by domain

Top startups overview

4. Top exits

FOODTECH DEFINITION

DigitalFoodLab divides FoodTech into six domains (AgTech, FoodScience, Foodservice, Delivery and Retail).

DEFINITION

FoodTech is an ecosystem made up of all the agrifood entrepreneurs and startups (from production to distribution) innovating on the products, distribution, marketing or business model.



AGTECH

Startups disrupting agriculture. They come up with solutions to improve farming output and quality using drones, sensors and farm management software. AgTech is also about urban and novel farms, Agbiotech and agriculture marketplace.



FOODSCIENCE

Startups developing new food products answering the need for more transparency, health and environmental concerns. Products range from market innovations to radical disruptions using revolutionary ingredients.



DELIVERY

Startups answering e-commerce challenges in the food industry. The scope is broad, from the vending machines to change the way customers buy their products to the home delivery of groceries or restaurant meals.

FOODTECH DEFINITION

The six domains and their respective subdomains are detailed in Part 4.



COACHING

Startups answering the questions “is my food good for me?” and “what should I eat?”. These services target the final customer and help him to have a better view of his food purchases and intakes to reach his personal goals. It includes healthy recipes and nutritional applications as well as recommendations and nutrigenomics approaches.



FOODSERVICE

Startups reinventing the restaurant industry. It means improving the management of restaurants and institutional catering thanks to new database, connecting customers and businesses directly through platforms reservations, and discovering a new way of cooking with robots.



RETAIL

Startups reinventing the shopper experience through robots to assist or replace a waiter for example or startups offering omnichannels services to mobilize all the actors of the business.

METHOD & SOURCES

WHERE DOES THE DATA COME FROM?

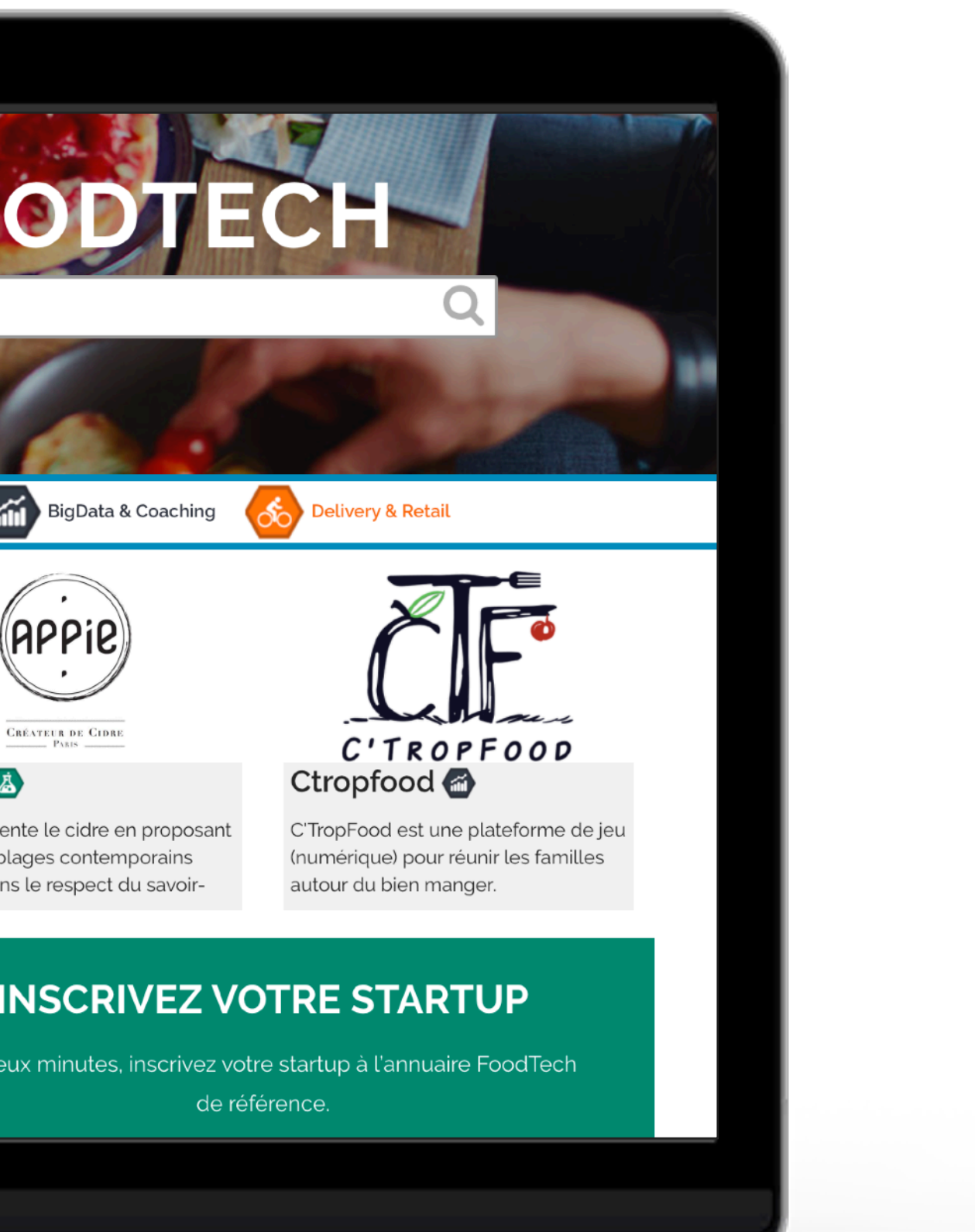
The information used to make this report comes from data collected directly from data base such as the DigitalFoodLab Data base, Crunchbase and from the media (press and articles). For this report, we have focused on startups having raised more than \$500,000.

WHAT TIME FRAME IS THIS REPORT FOCUSING ON?

This report covers the period between 2011 and the beginning of 2019. This time frame will enable comparisons with other reports (notably DigitalFoodLab's report on European FoodTech). It is also a long-enough time frame to observe trends.

WHAT IS THE CLASSIFICATION OF FOODTECH AND FUNDING DEALS?

To make FoodTech more accessible, we have divided it into six domains and thirty-five subdomains. As for our other reports, this document doesn't take into account public grants and funds raised through IPOs.





KEY FINDINGS

125 years

Number of years that delivery has
existed in India

47%

Share of the delivery sector in
India (in number of startups)



1

KEY INSIGHTS

INDIAN FOODTECH ECOSYSTEM

Indian FoodTech startups have seen a **huge increase in investments in 2017** (**\$4684M**, from **\$288M** in 2016) thanks to the finances of Flipkart. The Indian FoodTech ecosystem is at the beginning and still has a scope of improvement. 10 startups raised more than \$10M in 2018, but more 31 raised less than \$10M.

The **\$2285M invested in Indian FoodTech startups in 2018** could be enough to put India as a leader in the Asian market with China and a major actor in the global FoodTech ecosystem with **20%** of the global investments (**\$2285M** in India vs **\$11 422M** in the world).

India aspires to make its most prominent startups even bigger and push its **4 unicorns** to grow.

2015 and 2016 have been important years in Indian FoodTech. As in Europe, it seems to have been the tipping point where India's FoodTech ecosystem took off.

DELIVERY

Delivery has been leading Indian FoodTech deals for the last 4 years with **97% of the investments**. The marketplace sector represents **75%** of the Indian private funding in cash and the restaurant delivery **21%**. 2018 was an excellent year for India with **\$1.3B raised by Swiggy**.

Foodscience and Agtech follow Delivery with respectively 2% and 1% of the investments in cash.

1

KEY INSIGHTS

LEADERS' MAPPING



1

KEY INSIGHTS

WHY ARE E-COMMERCE AND DELIVERY LEADING IN INDIA?

It is not much publicised, but Delivery in India was made a long time ago.

Deliveroo, Foodora, Nestor, Uber Eats... they did not invent anything. The **dabbawalas**, delivery men on foot and by bicycle, serve the maze of the large Indian city of **Bombay** every day. **For 125 years**, 5000 dabbawalas have been delivering 20,000 dishes a day prepared by mothers, sisters or neighbours to Indian men's workplaces. And **no application**, only a service based on **trust**.

All the quality of this traditional service is based on a **sophisticated organisation**. A 2010 study by Harvard Business School classified this delivery system as "Six Sigma", meaning that dabbawalas make **less than 2.4 errors per million transactions**.

And yes, Indian lunchbox delivery companies inspired Silicon Valley.

Indeed, to be successful in India, the new delivery startups should be inspired by the way dabbawalas work. New technologies are gaining ground in India, but what remains essential in this country given the number of inhabitants is not so much as in Europe or the USA, the design of the application or the price of the meal but more the logistics and delivery time.

1

KEY INSIGHTS

WILL THE DELIVERY STARTUPS SUCCEED IN TAKING THE PLACE OF THE DABBAWALAS ?

In India the culture of homemade lunch is very important.

The fast food culture has not ravaged there, unlike us, and Indians far prefer dishes cooked by their wives, mothers or sisters to fast food or company meals. Because it is better, more dietetic and also because they have the assurance that the dishes have been cooked in accordance with their caste. Delivery startups will have to be careful not to abruptly change the Indian's habits and respect their religion and culinary traditions.

THE E-COMMERCE MARKET IN INDIA IS IN THE MAKING

The e-commerce market in India is still in its early stage and is expected to reach between **50 and 120 billion by 2020**. The Indian e-commerce market is growing at an annual rate of 51%, the highest in the world.

Several factors explain this underlying trend: a **young population** facing new uses, an **expanding middle class** and an ever-increasing **penetration of the Internet via smartphones** in Indian society. Indeed, 70% of e-commerce purchases is made via a smartphone.

In addition, the multiplication of payment methods such as "**cash and delivery**" reinforces **consumer confidence** in a company where cash payment is predominant. The "cash and delivery" option reassures consumers who are not used to virtual transactions.

1

KEY INSIGHTS

WHAT FUTURE FOR INDIA ?

Ranked **137th** out of 189 countries in terms of business creation (DoingBusiness), India, despite its strong potential, still has a lot of progress to make in terms of administrative formalities, procedures, infrastructure and bureaucracy. Indeed, it is ranked **122nd for the payment of taxes**. India takes a long time to declare and pay corporate income tax, value added tax and social security contributions.

In addition to the legal aspect, **mentalities are also struggling to change**, both religiously and traditionally. These obstacles slow down the development of this growing economy.

India must work on these points if it desires to take advantage of its important local market, the power of its developers (many are now moving to the United States) and the proximity of a booming Asian market.



INVESTOR ACTIVITY

\$10.8Bm

Investments in the Indian FoodTech
between 2011 and 2018

121

Deals in Indian FoodTech
between 2011 and 2018

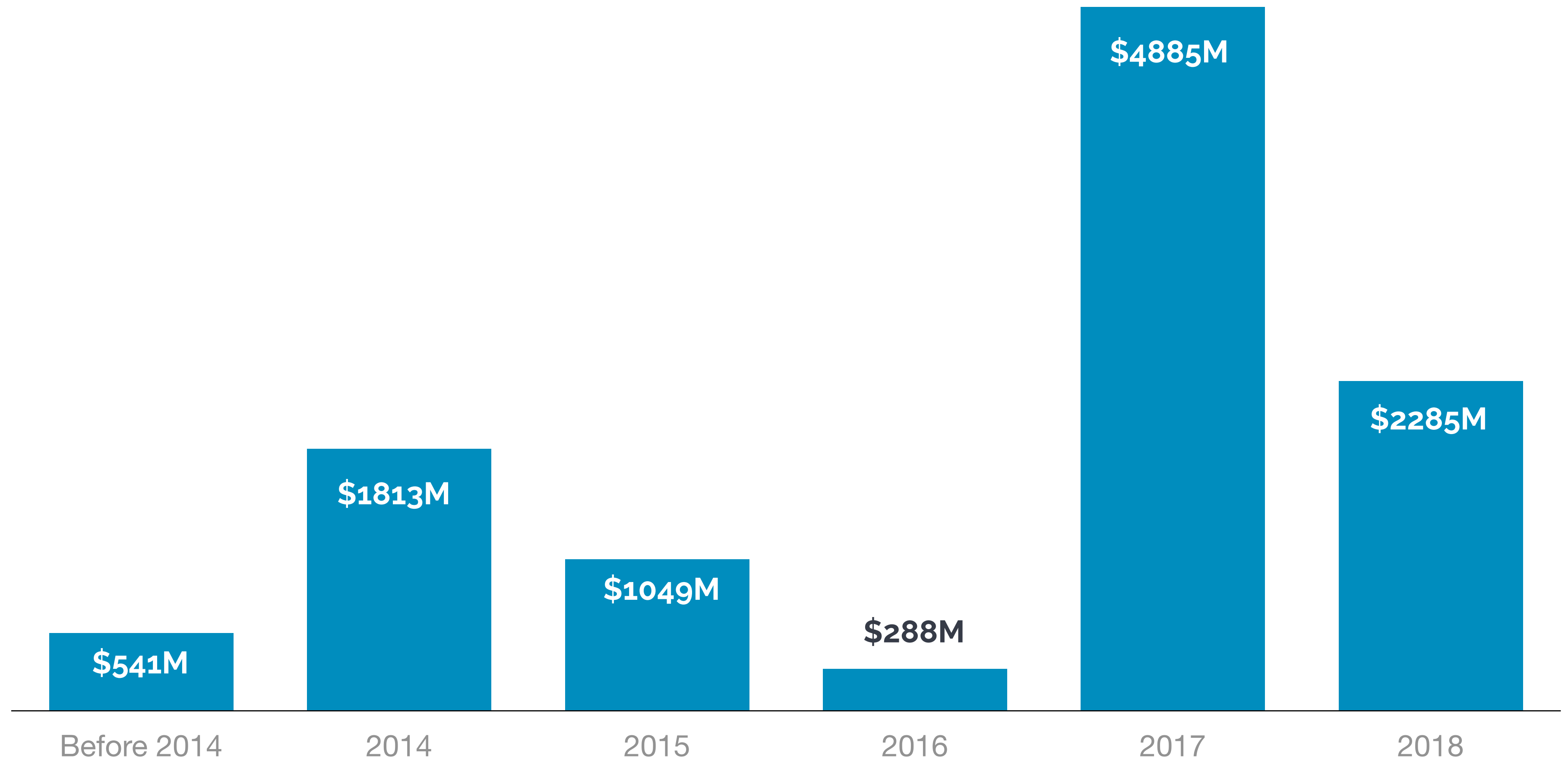


2

INVESTOR ACTIVITY

FOODTECH INVESTMENTS IN INDIA SINCE 2011

INVESTMENTS IN INDIAN FOODTECH STARTUPS (\$ MILLIONS)



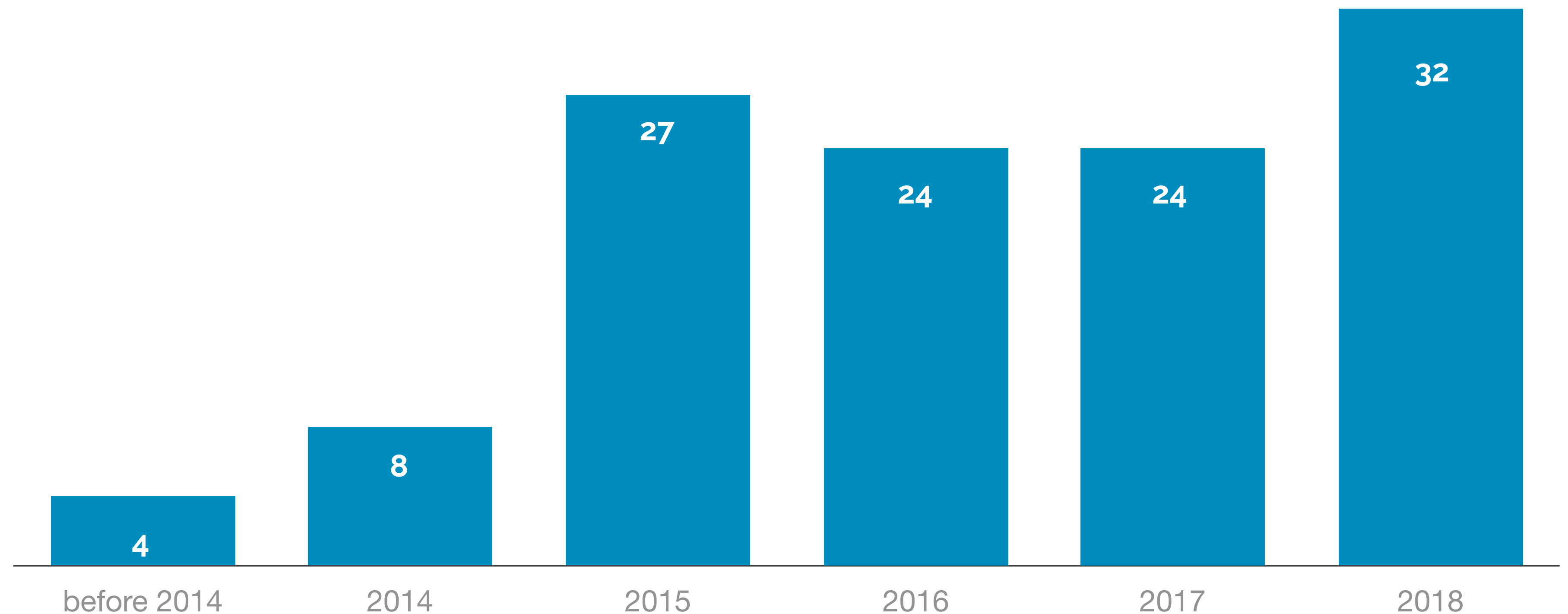
*These figures come from the money raised by the Indian startup between 2011 and 2018 (startups which raised more than \$500 000)
Included: the 4 unicorns*

2

INVESTOR ACTIVITY

NUMBER OF DEALS SINCE 2011

This chart shows that the number of deals since 2015 is almost constant whereas the money raised is increasing. This leads to a maturity of the ecosystem with both an increase in the size of the deals and still new startups raising seed rounds.



121

number of deals bigger than \$500k between 2011 and the end of 2018

2

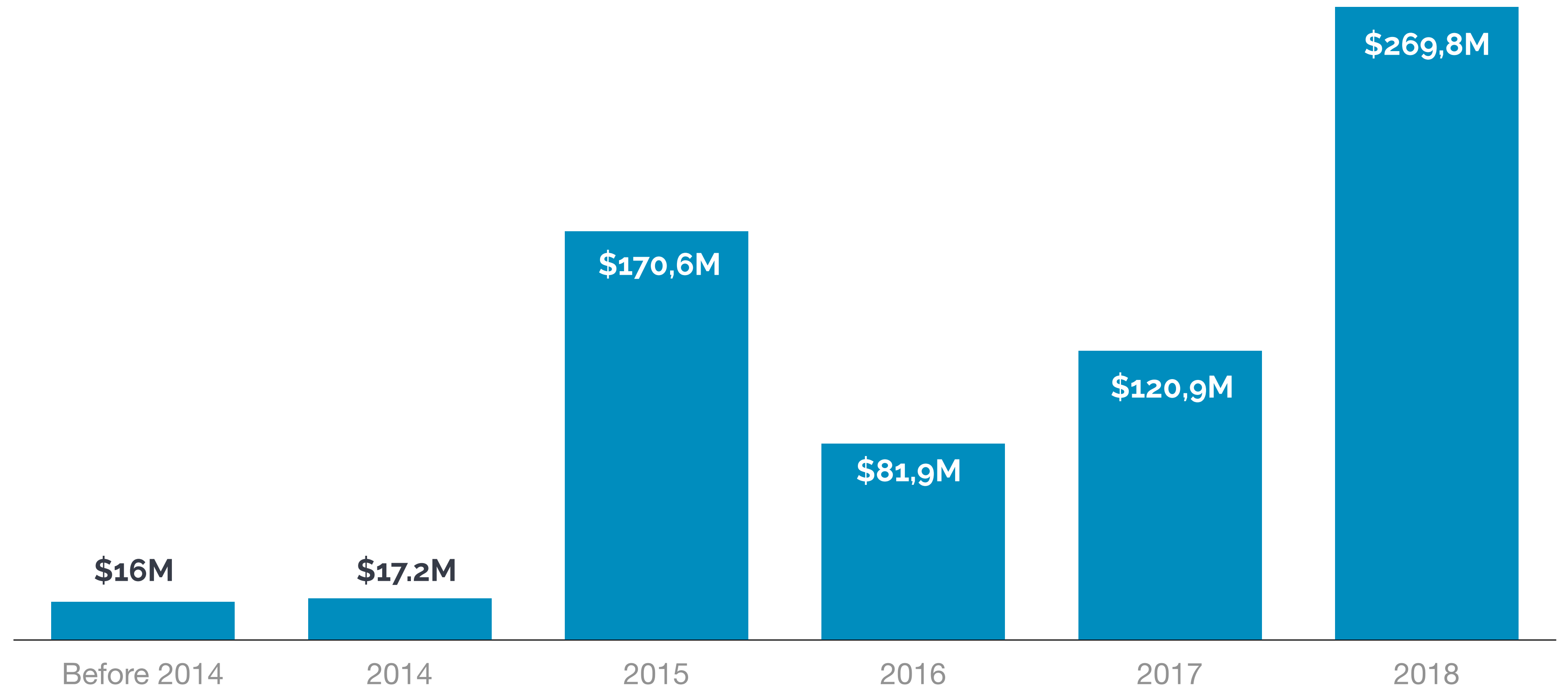
INVESTOR ACTIVITY

FOODTECH INVESTMENTS IN INDIA SINCE 2011 (WITHOUT THE UNICORNS)

INVESTMENTS IN INDIAN FOODTECH STARTUPS (\$ MILLIONS)

These figures come from the money raised by the Indian startup between 2011 and 2018 (startups which raised more than \$500 000)

Without Flipkart, Swiggy, Big Basket and Zomato)



2

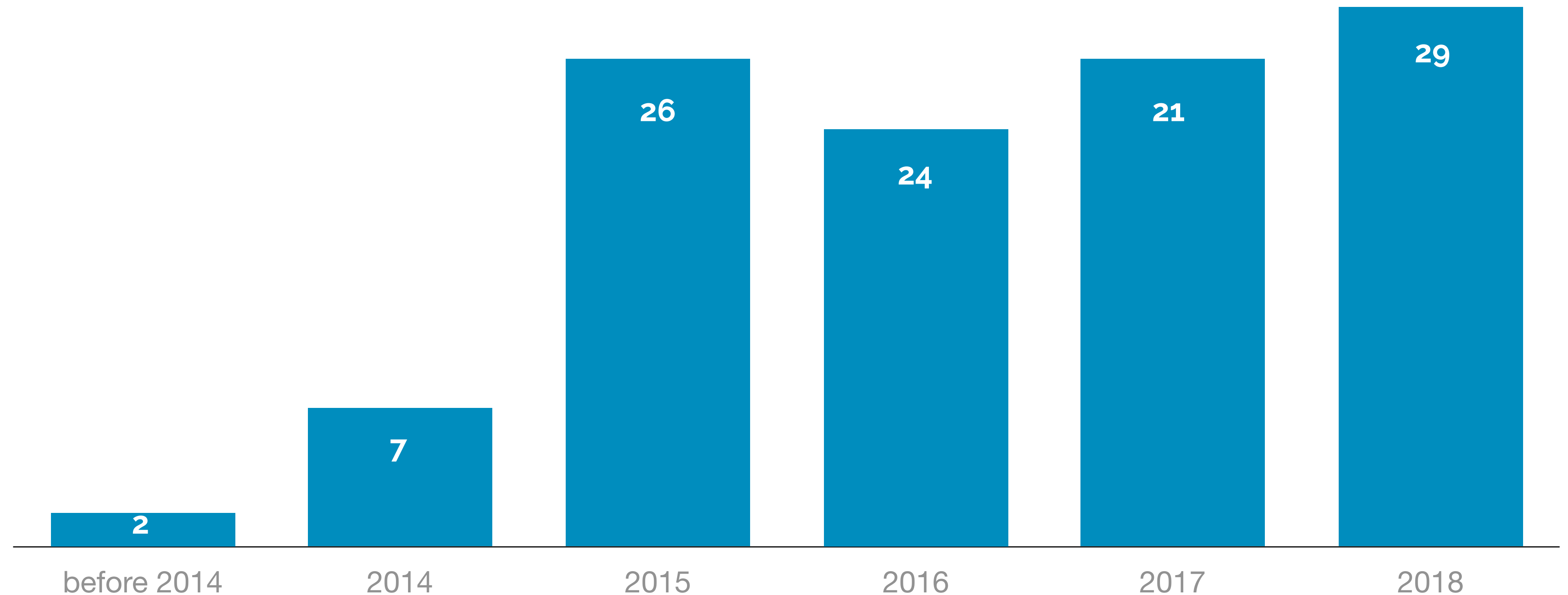
INVESTOR ACTIVITY

NUMBER OF DEALS SINCE 2011 WITHOUT THE BIG FOUR

The four unicorns lead the Indian FoodTech and national investments. In 2017, India raised \$4885 with its big four and without \$121M. The number of deals is quite the same between the two analysis; indeed only 13 deals make India a big actor. This country has its leaders, and it is hard for others to have a seat.

109

number of deals bigger than \$500k between 2011 and the end of 2018



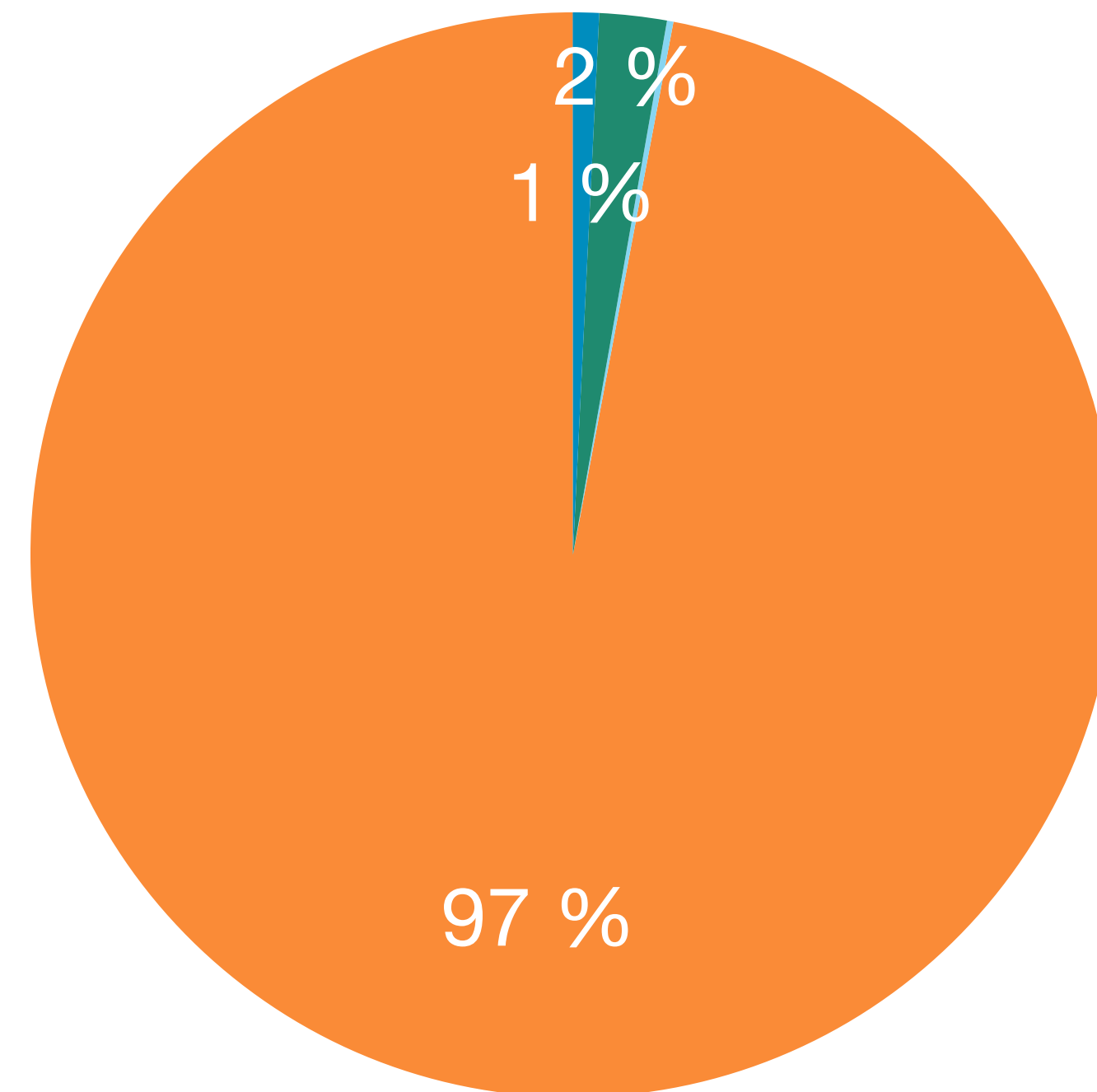
2

INVESTOR ACTIVITY

FOODTECH INVESTMENTS IN INDIA SINCE 2011

INVESTMENTS IN INDIAN FOODTECH STARTUPS (IN CASH)

97% of the Indian investments are in the delivery sector



2

INVESTOR ACTIVITY

While the growth of investments in Indian startups seems impressive, it is important to highlight the relative essential of its leader, Flipkart. As seen next page, this startup alone has taken 66% of all the investments in Indian FoodTech startups between 2011 and 2019.

In India, 4 startups have made 93% of all the investments: Flipkart at \$7.1B, Swiggy with \$1.4B, BigBasket with \$885M, and Tomato with \$654M.

Therefore, we cannot draw a general conclusion on investments because India's figures are made by 4 major actors (which we can compare to the 63% taken by Europe's 3 unicorns in the last 4 years).

On the other hand, almost half of the Indian startups (31 on 73) are still at the seed stage and have made one or two deals.

DigitalFoodLab's opinion:

After a first round (sometimes through crowdfunding), we can divide FoodTech startups into three groups:

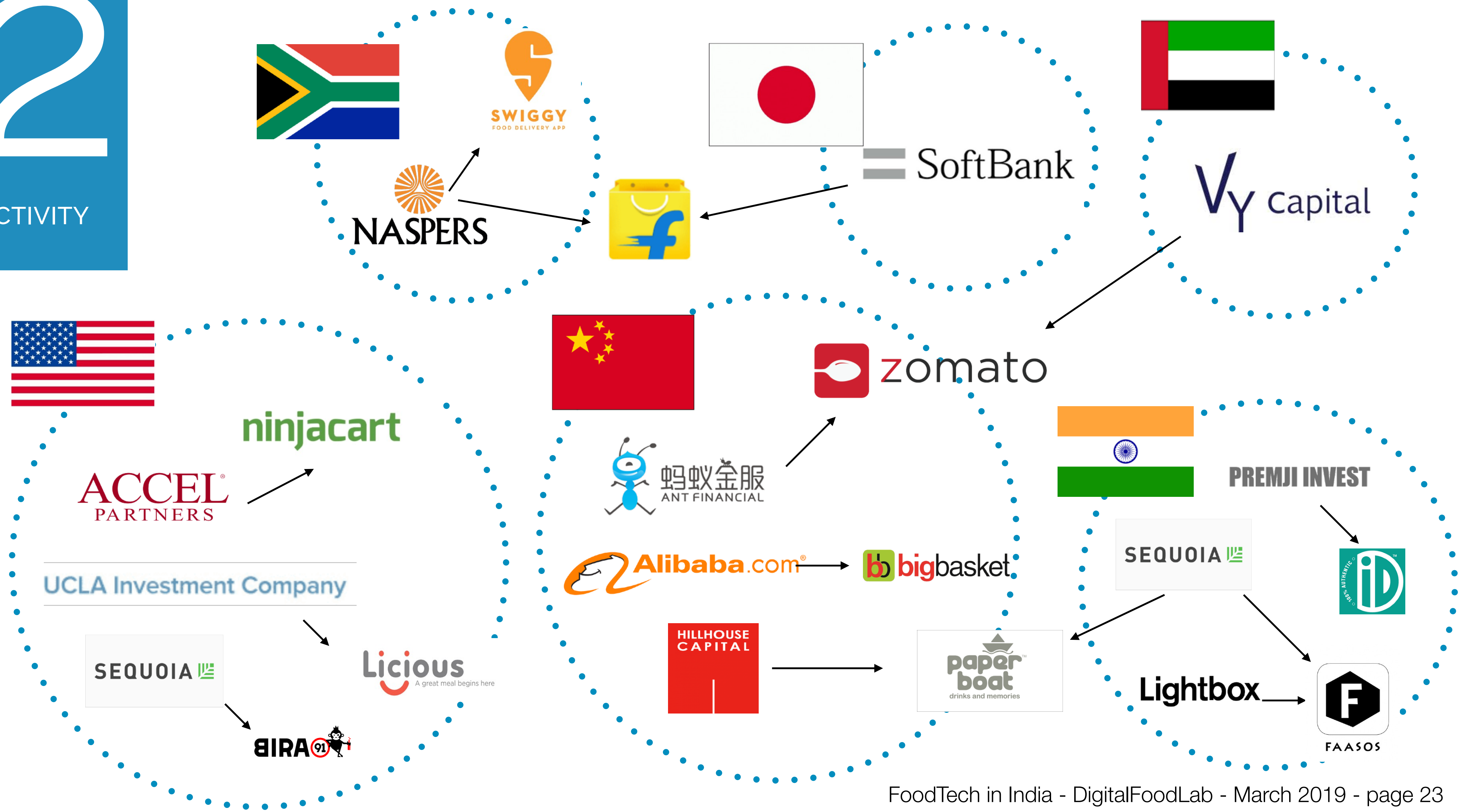
- Delivery startups (like Flipkart and Swiggy) which are raising vast amounts of money to sustain their growth
- Medium startups (like Veeba Foods or Chaayo) in the AgTech, FoodScience et delivery domains keep going to increase every year between \$2M and 20\$M and take time to attract customers.
- Smaller startups, notably new food products which raised less than \$7M, do not find the resources to make itself known enough.



2

INVESTOR ACTIVITY

WHERE IS THE MONEY COMING FROM?



This map shows the global investors involved in the biggest deals in Indian FoodTech

2

INVESTOR ACTIVITY

WHERE IS THE MONEY COMING FROM?

As shown in the previous slide, the foreign investors are present in the Indian FoodTech economy.

SoftBank Vision Fund, a Britain subsidiary of SoftBank, the Japanese Capital Venture has made the most significant investments ever made in the FoodTech ecosystem with its trust in Flipkart (\$2.5B invested).

However, in May 2018 SoftBank sold its 20% stake in Flipkart to Walmart. The first public divestment by its Vision Fund. Walmart announced its intention to take an approximate 77% stake in Flipkart for \$16 billion, without indicating whether SoftBank would remain a shareholder of the Indian company.

The proximity of India with China can be seen by the fact that 2 Indian unicorns are supported by Chinese investors (e.g alibaba.com with BigBasket and Ant Financial with Tomato). There may be a hope that these Chinese startups reach the Chinese ground and create value there.

In another hand, the critical Indian investors in Indian FoodTech are Sequoia Capital India, a subsidiary of the American Fund Sequoia Capital, Anicut Capital (investment in Bira), PremjiInvest and Lightbox.

Sequoia Capital India remains the principal Indian investor and encourages its country and others to trust in the potential of Indian entrepreneurs.

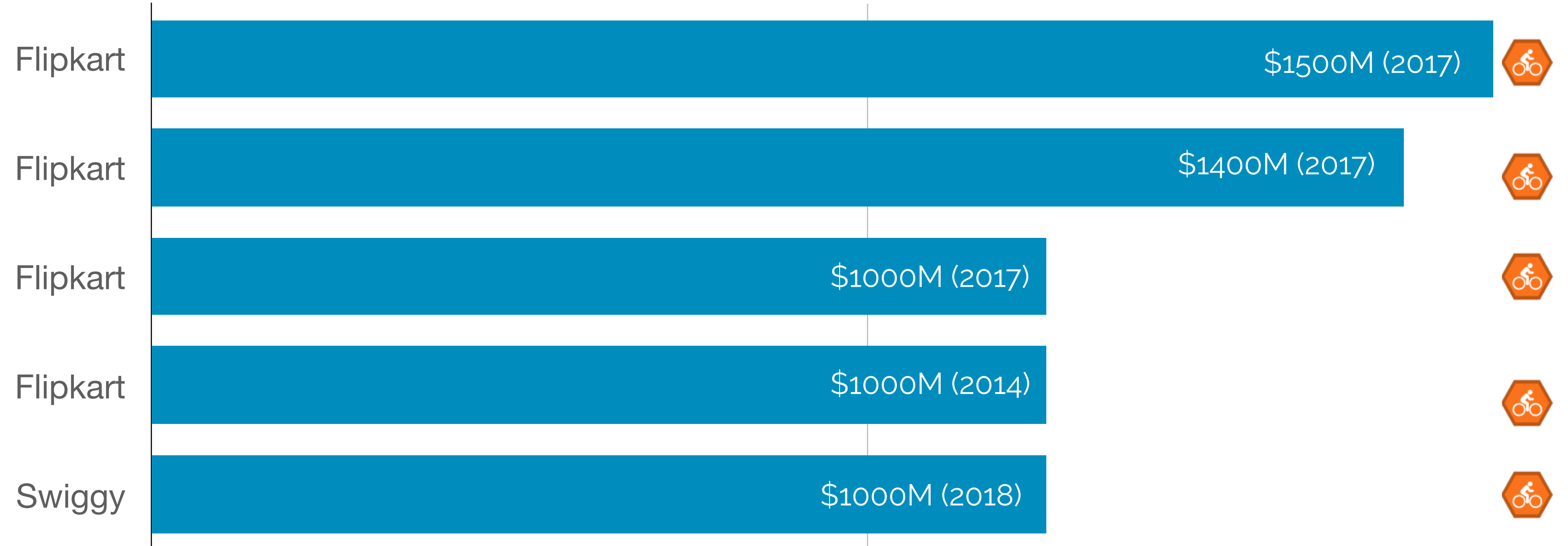
2

INVESTOR ACTIVITY

These 5 deals account for more than 53% of the total amount of money raised by the Indian FoodTech startups between 2011 and 2018

DELIVERY AT THE TOP (TOP DEALS IN INDIA BETWEEN 2017 AND 2018)

When we analyse the distribution of active Indian startups and even the deals by domains (from AgTech to Delivery), it is quite balanced between Delivery and FoodScience. Everything change when data is displayed in terms of cash invested in different domains. Indeed, 97% of the investments go to Delivery startups. The domination of this domain can be seen below in the top 5 deals of the last years in India.



2

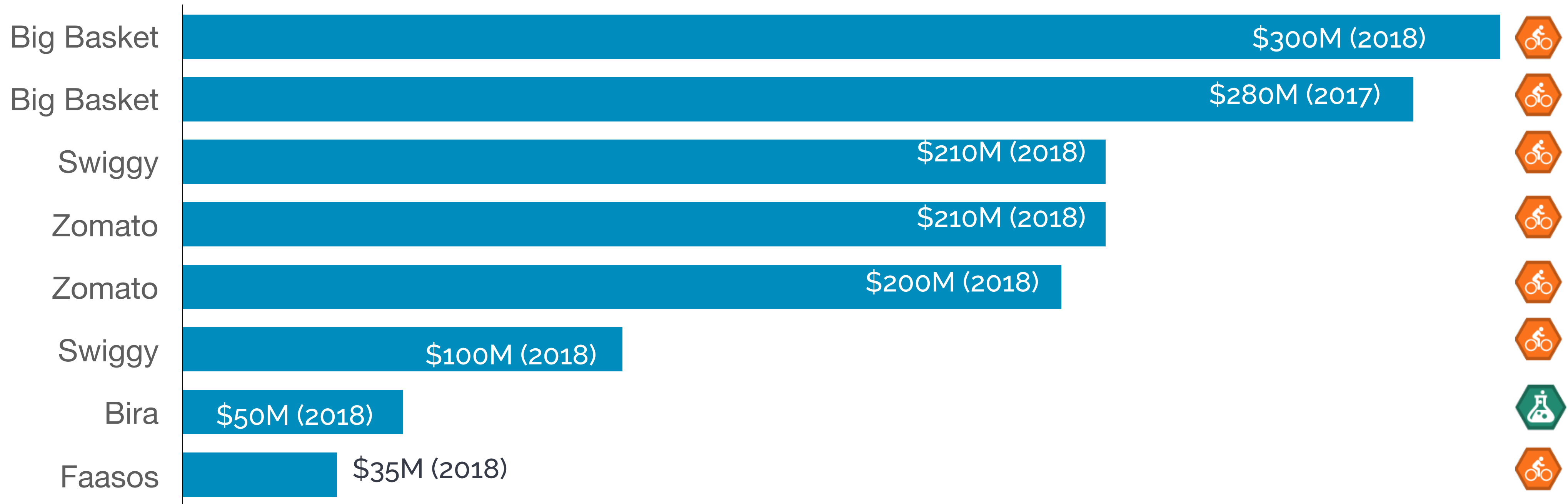
INVESTOR ACTIVITY

DELIVERY AT THE TOP (TOP DEALS IN INDIA BETWEEN 2017 AND 2018)

The deals below are the eight most essential deals after Flipkart's deals and Swiggy's deal (\$1B).

Big Basket, Swiggy, Zomato, Bira and Faasos are prominent. They all belong to the Delivery sector except Bira, a beer company belonging to the FoodScience sector.

These 8 deals account for 12.3% of the total amount of money raised by the Indian FoodTech startups between 2011 and 2018



2

INVESTOR ACTIVITY

INDIAN INVESTMENTS IN FOODTECH: KEY INSIGHTS

The deals have been constant in Indian FoodTech since 2014, but the amount of investments is growing. India is becoming a critical global FoodTech ecosystem (with the US, Europe, China and Israël). However, it is still a very nascent ecosystem focused around a few delivery giants.

\$ 10.8B

Investments in the Indian FoodTech between 2011 and January 2019

121

Deals (bigger than \$500k) in Indian FoodTech between 2011 and January 2019

36

Deals bigger than €10M between 2011 and January 2019

20%

India's share among global investments in FoodTech in 2018



ENTREPRENEUR ACTIVITY

77

Startups to watch created between 2011
and 2018

30

Startups created in 2015 (which raised
more than \$500 000)



3

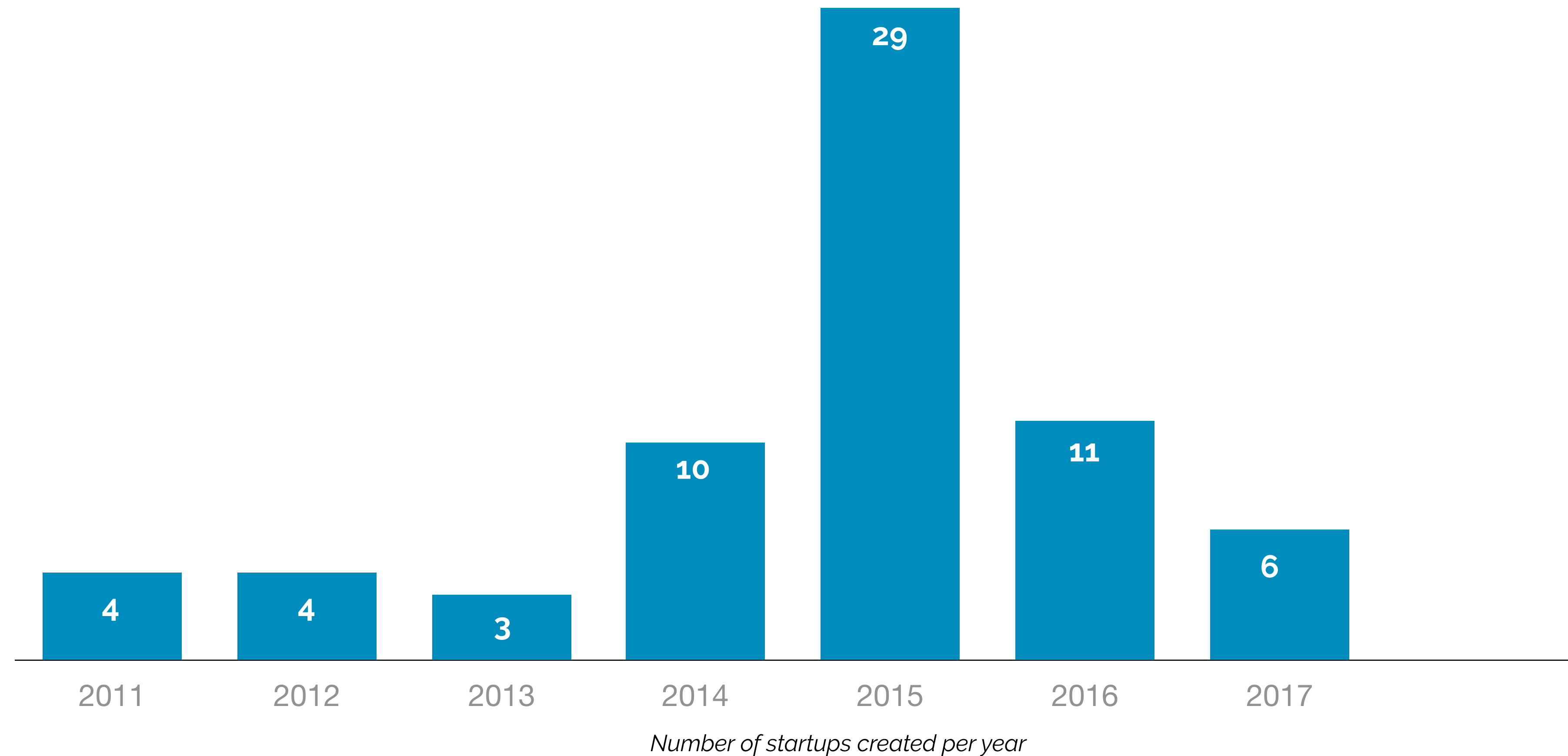
ENTREPRENEUR ACTIVITY

INDIAN FOODTECH ECOSYSTEM

2015 was the most prolific year in terms of FoodTech startups creation. Since 2015 the number of new projects is declining. We estimate that there are 77 Indian startups in 2019 (which raised more than \$500,000).

77

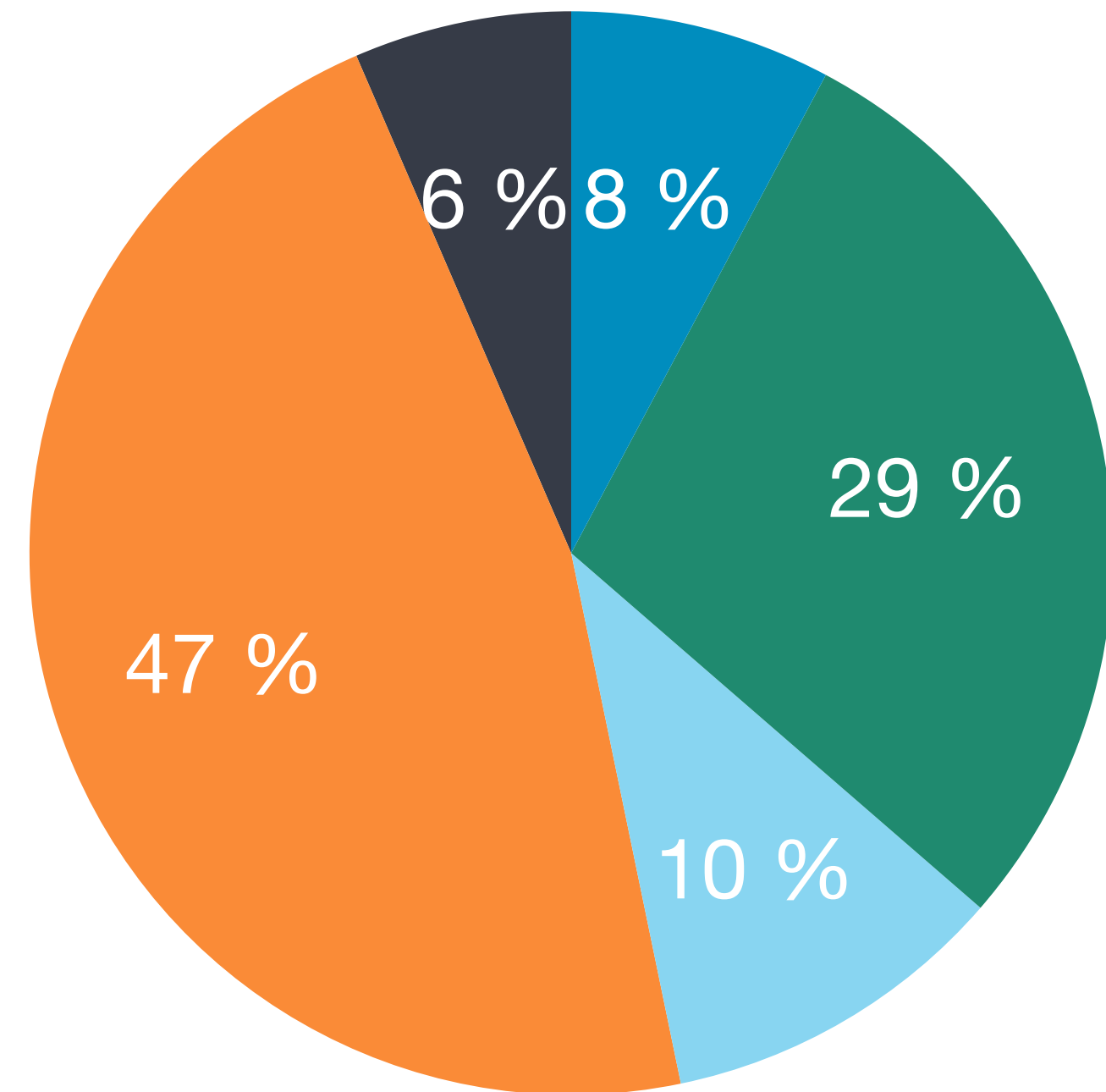
Startups to watch in India



3

ENTREPRENEUR ACTIVITY

IN WHICH DOMAIN ARE THE INDIAN STARTUPS OPERATING ?



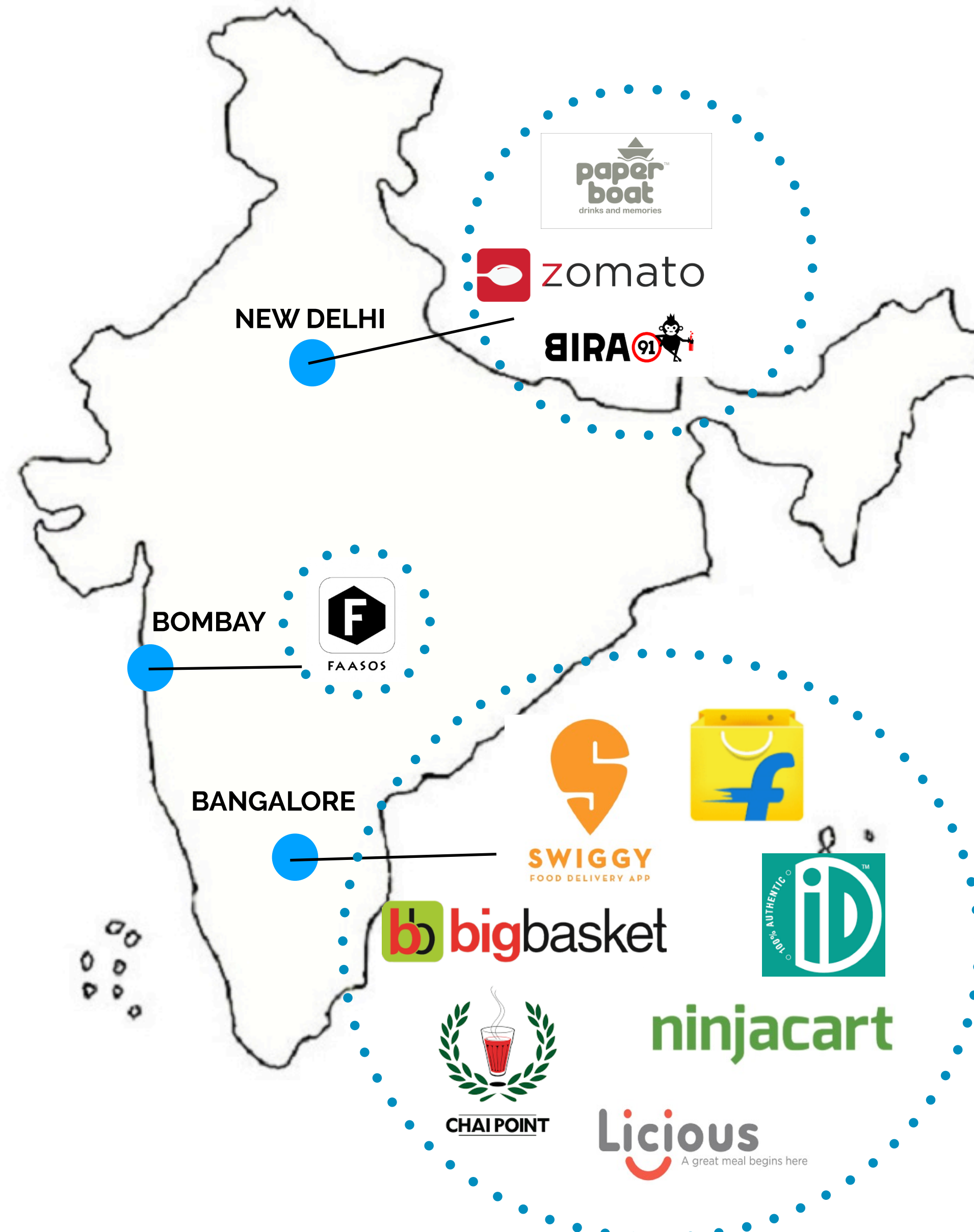
47% of the startups are Delivery startups



3

ENTREPRENEUR ACTIVITY

FOODTECH HUBS



Bangalore, the Indian silicon valley

Although Bombay or New Delhi is better known to the general public in the West, it is Bangalore that is asserting itself as the Indian capital of technology. With a population of 12.34 million, the capital of Karnataka, in the south-east of the country, is already the fourth largest technology centre in the world.

3

ENTREPRENEUR ACTIVITY

TOP STARTUPS OVERVIEW IN EACH FOODTECH DOMAIN





PRODUCT

Flipkart owns and operates an online shopping website with a registered customer base of over 100 million.

It sells in India grocery food but also computers, objects and everything you need.

It is one of the biggest marketplaces in the world and raised \$7.5B since its creation.

STARTUP

Flipkart has been created in 2007 and registers the most significant investment ever made in FoodTech.

The website receives 200 visits per month.

Wallmart acquired Flipkart in May 2018 for \$16B.





PRODUCT

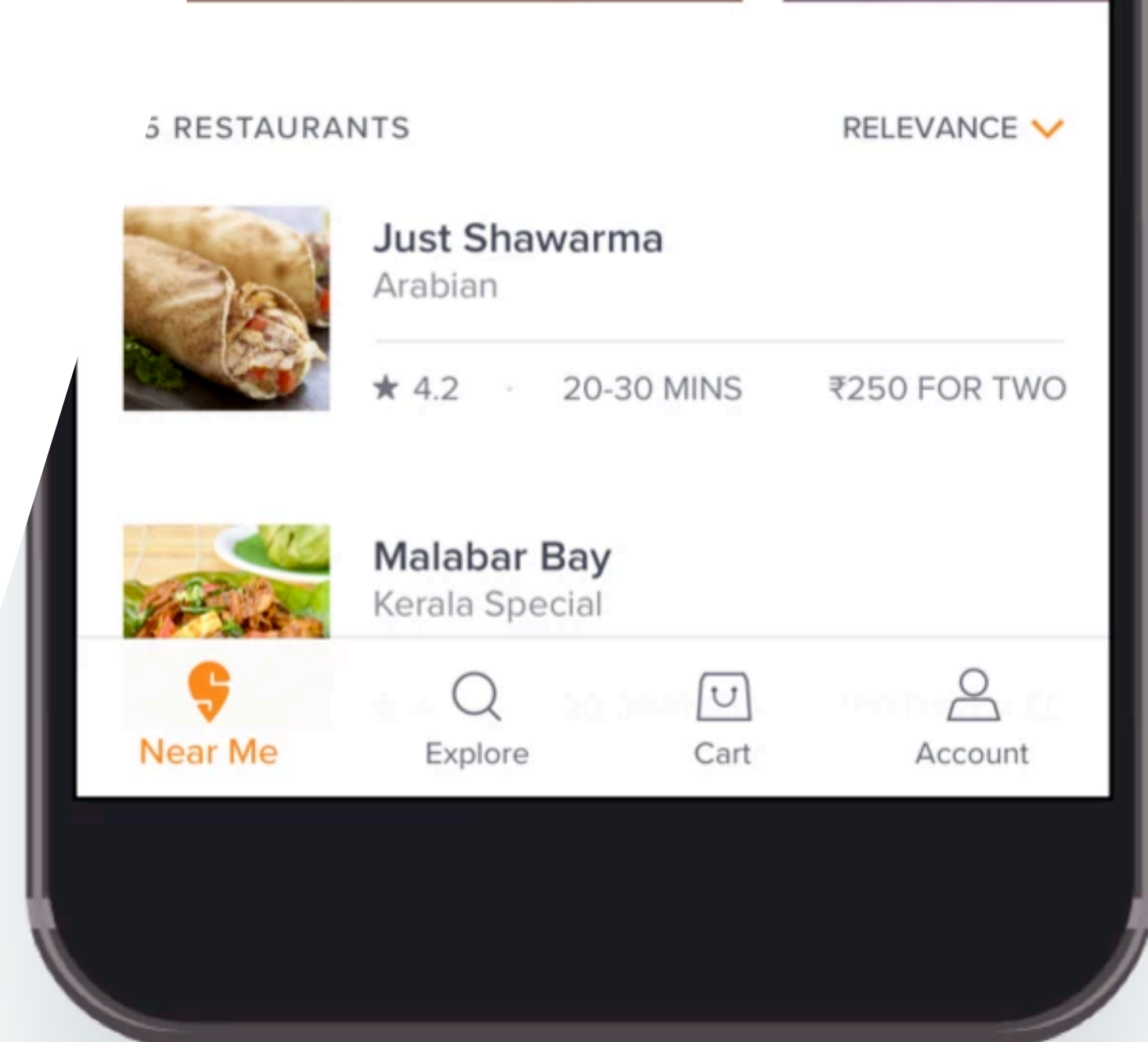
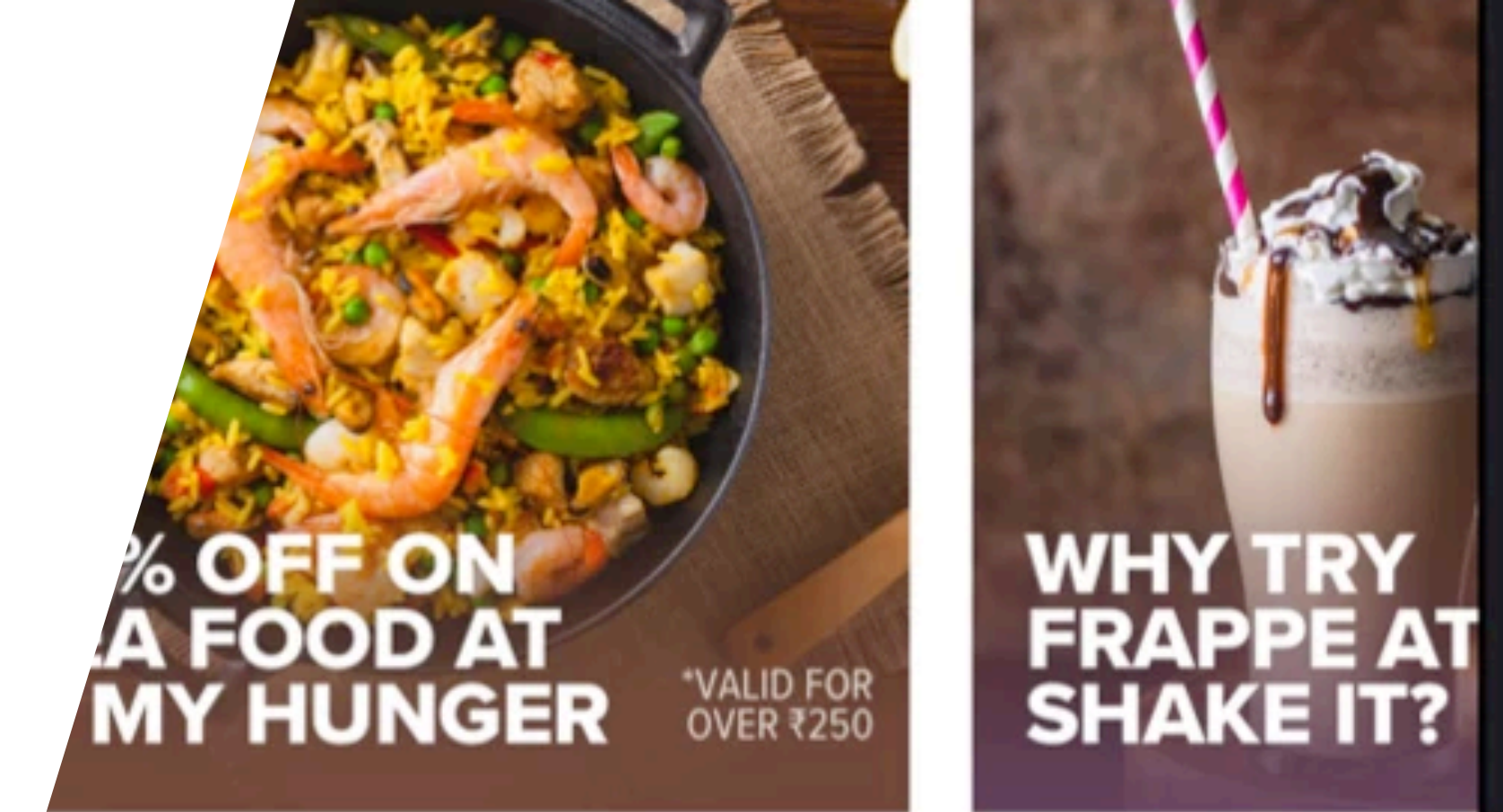
Swiggy is one of the most developed Indian startups in meal delivery with its competitors Zomato and Faasos. It provides a complete food ordering and delivery solution from the best neighbourhood restaurants to the urban gourmet.

The unicorn is diversifying its operations with the launch of a new hyperlocal service that will offer home delivery of groceries and other daily essentials.

Currently, Swiggy is in 89 cities where it has more than 9,000 restaurants on its platform. The delivery people have a GPS and are therefore a little faster than the others who have to ask passers-by for directions on the way. Moreover, during their journey, drivers can be tracked online like Uber or Ola taxis.

STARTUP

Created in 2014, Swiggy raised \$1B in December 2018 and is managing 140.000 orders a day.





PRODUCT

Bigbasket.com is an online food and grocery store.

At Bigbasket.com they believe in being smart, quick & efficient making the life of the Indian people as leisurely as possible. They understand that in this fast-paced world, time is always of the essence and hence want to make the grocery shopping easy and convenient so that no time is wasted in this process. So, no more hassle of going down to the grocery store and long queues for billing. The customer can browse through their varied range of products at bigbasket.com, order them and get them to be delivered at his convenient time slot.

They have big brands such as Pepsico, Ferrero, Lays, Dorrito, Nescafe but they also have their brand bb.

STARTUP

Created in 2011, Big Basket is supported by Alibaba Group and raised \$885.7M.



Food St





PRODUCT

BIRA 91 is an Indian beer brand offering drinks in the form of cans and bottles.

They offer several varieties of beer such as the Light Lager, White Ale, Strong Ale, Blonde lager and IPA.

They have a real brand image, cool, trendy, and fun.

Moreover, they offer delivered products such as hot sauce, T-shirts and are present at music and food festivals such as the Steppin out food festival or the light lunch festival.

STARTUP

Created in 2009, BIRA raised \$77.9M.



ninjacart

PRODUCT

India's leading agri tech platform, solving one of the most robust supply chain problems of the country through technology. They connect vegetables and fruits farmers directly with businesses.

At one end, they help farmers get better prices and ensure consistent demand, and another end, they help retailers source fresh vegetables at competitive prices directly from farmers.

STARTUP

Created in 2015, Ninjacart raised \$49.5M.





PRODUCT

They have always been about preserving the tradition of Indian cooking. They started with one small store and a lot of big dreams. Now, they serve homes across the country and the Middle East. Their motto has always been to serve fresh and home-made food to everyone.

They offer pasta to fry and prepared Indian dishes where you need to add water.

They want to preserve the tradition and the authentic taste of Indian meals.

STARTUP

Created in 2006, ID Fresh Food raised \$30.7M.





PRODUCT

It is India's largest Chai retail chain with over 100 stores across eight cities.

They offer a Chai and Exotic teas made with real spices and high-quality tea leaves delivered to doorstep within 30 minutes.

Chai Point brings a perfectly brewed cup of Chai made with fresh, natural ingredients to offices and working professionals around the country. With over 100 service hubs, Chai-on-Call and boxC.in are designed for corporate. Chai Point is revolutionising the way Chai is consumed in India. Beginning with the first pilot store set up in Bangalore in April 2010, Chai Point has rapidly grown to become the go-to brand for a perfectly brewed cup of Chai with over 300,000 cups sold every day.

STARTUP

Created in 2010, Chai Point raised \$30M





TOP EXITS

5

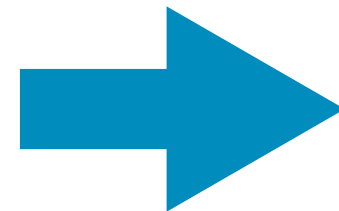
number of Indian
FoodTech exits between
2016 and 2018



4 EXITS

INDIAN FOODTECH EXITS

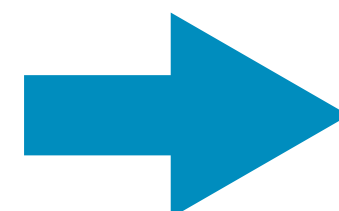
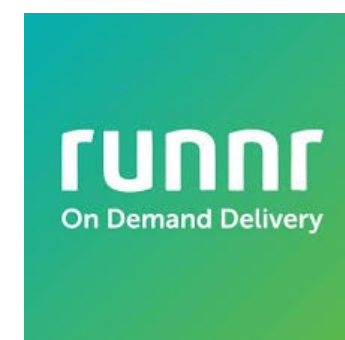
5 notable exits in the Indian FoodTech ecosystem between 2016 and 2018



Paperboat is an Indian startup specialised in healthy and tasty drinks.

Created in 2009, the startup raised \$8M in 2013 and \$28.7M in 2015 with Hillhouse Capital Group and Sofina.

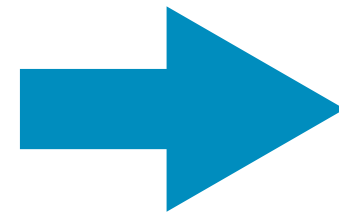
TATA Global Beverages acquired PaperBoat in February 2018.



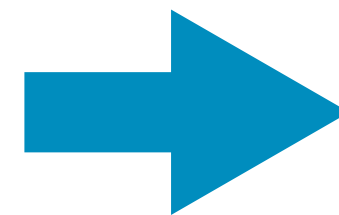
Runnr is an Indian restaurant delivery startup created in 2015. Challenger of Swiggy, Zomato, Faasos, it raised \$21M in 2015 and \$7M in 2016 with Nexus Ventures Partners, Sequoia Capital India and Blume Ventures. Zomato acquired Runnr in June 2017.

4 EXITS

INDIAN FOODTECH EXITS



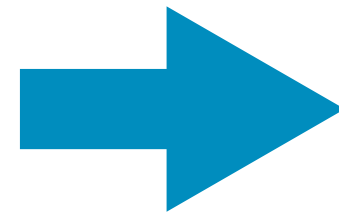
FoodpandaIndia is a global online food delivery marketplace created in 2012. From Germany, the Indian branch company was acquired by OLA in December 2019.



Place of origin is an Indian marketplace created in 2015. Craftsvilla acquired it in February 2016.

4 EXITS

INDIAN FOODTECH EXITS



Flipkart is a global online food delivery marketplace created in 2007. Walmart acquired the Indian branch company in May 2018 for \$16B.

4 EXITS

INDIAN FOODTECH EXITS

Three delivery startups and one in FoodScience have been acquired.

These acquisitions show us the great competitiveness between delivery startups, as is the case in Europe, and that the largest ones end up buying the smallest ones.

Swiggy and Zomato are competing for first place in India as Delivery Hero, Deliveroo and Uber Eats in Europe.

Indeed, in 2016 Runnr bought the app Tiny owl technology (which do not exist yet) and in 2017 Tomato bought Runnr.

There is fierce competition in India, and Zomato and Swiggy are determined not to leave any room for anyone.

WANT TO KNOW MORE ?
HAVE A QUESTION ?
CONTACT-US!



Mathilde HOUBEN

mathilde@digitalfoodlab.com

+33 6 89 51 60 00

DIGITALFOODLAB
7 rue Meyerbeer, 75009 PARIS
+33 1 73 05 40 12



DigitalFoodLab