

## The Investor



Elevar Equity invests early growth capital in entrepreneurs building at the intersection of inclusivity, affordability and massive scale. So far in its 15-year journey, the Elevar method of investing has democratized essential products and services for over 40 million households and catalyzed billions of dollars of capital into over 40 companies across India and Latin America.

### FUND NAME

Fund III; Fund IV

### FUND SIZE

USD73.5 million (Fund III);  
USD120.6 million (Fund IV)

### TOTAL AUM

USD287 million

## The Company



India's largest agri-tech enterprise, Samunnati is on a mission to create an open agri-network to unlock the trillion-dollar plus potential of Indian agriculture at the center of which are smallholder farmers. Serving the entire value chain, Samunnati's agri commerce and agri finance solutions enable affiliated farmer collectives and the larger ecosystem to be more efficient and productive through multiple technology-enabled interventions and collaborative partnerships.

### WEBSITE

[www.samunnati.com](http://www.samunnati.com)

### INDUSTRY/SECTOR

Agriculture

### LOCATION

India

**DATE OF INITIAL  
INVESTMENT**  
**FEBRUARY 2015**

**AMOUNT**  
**USD27.7 MILLION**  
(as of June 2021)

**CURRENT STAKE**  
**25%**

**IMPACT PRIVATE EQUITY INVESTOR** Elevar Equity began researching India's agricultural ecosystem in 2009. The sector is a large contributor to the country's GDP and employment, with over 50% of the population deriving an income from agricultural activities. The Elevar team organized multiple field visits to states like Madhya Pradesh to meet with farmers and farmer producer organizations (FPOs), which are membership-based collective action groups. Farmers discussed their struggle to access credit and working capital, and the fact that household income was largely determined by their ability to trade rather than produce.

The Elevar team met Anil Kumar SG in 2014. Kumar had over two decades of experience working in banking and microfinance across rural India and was passionate about agriculture. Both parties aligned on the importance of working directly with FPOs and creating solutions across finance and commerce to help farmers become more efficient and profitable.

In February 2015, Elevar committed the first institutional capital to Kumar's company Samunnati, which means 'collective prosperity.' Elevar has since participated in numerous follow-on rounds, investing through two of its funds and committing a total of USD27.7 million as of June 2021. Today, Samunnati operates across 100 agriculture value chains spread over 22 states in India and has an outreach of over six million farmers through more than 1,500 farmer collectives.

## The Deal

**AGRI FINANCE** is the foundation of Samunnati's platform. By accounting for a farmer's unique cash flow patterns, seasonality and variance by crop type and region, Samunnati's customized financial solutions are better tailored to a farmer who may generate income only a few times per year and struggle to repay loans on a weekly or monthly basis as typically required by lenders. In the fourth quarter of fiscal year 2021 alone, the company added over 25,000 unique borrowers, with 83% being small farmers cultivating two hectares of land or less. From the beginning, Samunnati adopted a completely paperless approach and leveraged technology to make underwriting decisions based on transaction data rather than traditional forms of collateral like land and buildings.

Elevar and Samunnati recognized that a lack of market linkages was one of the biggest constraints facing farmers, so it launched its Agri Commerce division almost two years after starting its lending business. Samunnati helps farmers aggregate demand and negotiate with large-scale buyers to reduce costs, while providing structured trade and procurement solutions and risk mitigation services. Since inception, Samunnati has realized a gross transaction value (GTV) of USD1 billion. In fiscal year 2021, its GTV was USD350 million, representing a growth of 20x since 2017 and tracking to 3x growth since 2019 despite the negative impact of the COVID-19 pandemic.

Elevar has played an important role in bringing together additional equity and debt investors that are aligned with Samunnati's mission. As of October 2021, Samunnati has raised over USD75 million in equity from some of the world's most successful venture capital and impact-focused investors such as Accel, responsAbility and Nuveen. Domestic institutions such as HDFC Bank, the State Bank of India, ICICI Bank and Kotak have also provided capital and/or guarantees alongside global firms such as the Gates Foundation, Blue Orchard, Symbiotics, Rabobank and Triple Jump.

While most smallholder farmers in India understand the importance of long-term agricultural sustainability, immediate financial needs are frequently a bottleneck to adopting climate resilient agribusiness practices. Samunnati has implemented a comprehensive strategy on Climate Smart Agriculture (CSA) to support its network of FPOs and agri-enterprises. Samunnati has disbursed approximately USD135 million towards CSA activities to date and currently has nearly 15% of its total portfolio qualified as CSA compliant per the International Capital Market Association's Green Bond Principles.



## Outlook

**ELEVAR IS WORKING ALONGSIDE SAMUNNATI** on its path to create an open agri-network that is ready to partner with any global or local institution seeking to plug into India's agriculture sector. In a move that will likely cement its position as the market's largest agricultural solutions service provider, Samunnati fully acquired FPO-focused agri-logistics and supply chain platform Kamatan — a former Elevar portfolio company — in April 2021. The combined entity has the potential to reach nearly 12 million farmers and several thousand agri-enterprises over the next 12 months.

While Elevar has no immediate plans to exit, it believes an IPO is the right path forward for Samunnati — particularly since it has consistently invested in building strong governance frameworks that can handle the scrutiny of public markets as it continues to grow.

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***Our journey with Elevar has deeply imbibed in us the belief that there must be a fundamental alignment between a business and the impact it seeks to make.***

*We now integrate impact into our performance metrics. For example, our relationship managers are not appraised based on how much they lend to an FPO but rather how much that FPO has matured and prospered.”*

**ANIL KUMAR SG**

FOUNDER AND CEO, SAMUNNATI

## Building the institutional capacity of farmer collectives

**THE THIRD DIMENSION** of Samunnati's business is FPO institution building. The company takes a comprehensive approach to helping FPOs increase profitability by examining everything from the quality and care of inputs to techniques to bring in more water and expand storage capacity. After a harvest, prices are typically the lowest — if a farmer can hold onto a harvest for a month, he or she can sell it for approximately 15% more. Although there is no direct revenue associated with this business line, Samunnati believes supporting FPOs, most of which are small and vulnerable, is integral to growth and viability.

The Social Education Economic Development Society (SEEDS), a community-based organization in the state of Tamil Nadu that promotes FPOs, offers one example of Samunnati's impact. The company partnered with SEEDS in 2016, when it had four farmer collectives with a total of 1,000 farmer members. Samunnati's work with SEEDS included activities such as providing loans for agri-inputs, connecting FPOs to institutional buyers, implementing capacity building interventions and more. As a result, the FPOs have realized a near 20% reduction in members' production costs and an increase of 15-20% in per-household income. SEEDS has grown to 89 farmer collectives with 50,000 members, 70% of whom are women, while the value of internal transactions has also risen from INR10 million (approximately USD134,000) in 2016 to INR1.5 billion (approximately USD20 million) as of October 2021.