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Move to launch \$100-million agri, food fund under way

A \$100-million fund for investment in mid-sized, innovation-driven companies in the agriculture and food sectors will be launched here soon.

Promoted by the Hyderabad-based Sathguru Management Consultants (SMC), the fund, called Innovation in Food and Agriculture Fund (IFAF), will have four partners. They are K Vijayaraghavan, Chairman, SMC; C Prabhu from the Rabo Agri-biz Fund; A Krishnakumar, ex-MD of SBI; and C Venugopal also of SMC.

It will have a seven-member investment committee with five industry experts to select investment options.

Fund-raising pattern

“We will raise 30 per cent of the fund from Indian institutional investors and the rest from global investors. The first close of investment is scheduled by May-June,” said Venugopal. There is also a greenshoe option of raising another \$25 million.

At present efforts are on to raise funds from banks, insurance, pension funds and institutions such as Nabard in India and IFC of the World Bank, agencies and funds with interest in agriculture, food, nutrition and related areas. The new entity will be managed by Sathguru Catalyser Advisors, the fund management company.

Explaining the rationale for the fund, Venugopal told *BusinessLine* that a thorough look has shown that several small companies in the sectors require technical and financial intervention to take the innovation to the commercial scale.

Target sector

“We are not into the start-up space but an accelerator fund that will pick minority stake with investments of \$6-10 million in 8-12 technology companies in the first year,” he said.

In the life-sciences segment there are very few funds and most of them are interested in financials investment. SMC has worked with agencies like BIRAC (promoted by the department of Biotechnology), which has supported over 200

ventures and also made an investment in Tergene, a vaccine developer for experience, he added.

The consultancy has worked with Cornell University.