ankur capital

DRIVING CHANGE

ANKUR CAPITAL'S IMPACT REPORT 2018

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THE POWER OF ENTERPRISES FOR THE NEXT BILLION

India finds itself in a transitional point in its history – moving from a country that targeted lowering the poverty rates to one upgrading income and empowering citizens to be financially independent. Unlike past global programs, this trend will not just be fueled by large government programs but by the power of innovation and enterprises.

For decades, more than half a billion people in India have been eager to become part of regular markets to access basic goods and services. The ubiquity of media and heightened exposure have helped raise aspirations even for this large segment. In parallel there are now some powerful trends – rapid spread of mobile connectivity, rising banking penetration, low cost computing power and a more enabling regulatory landscape for small businesses – that are unlocking a wide range of possibilities to make this happen.

These widespread changes can be leveraged to create innovative products, services and business models that will not only benefit upper- and middle-income groups but also create unprecedented opportunities to improve the lives and futures of the next billion low- and lower-middle-income people across the country.

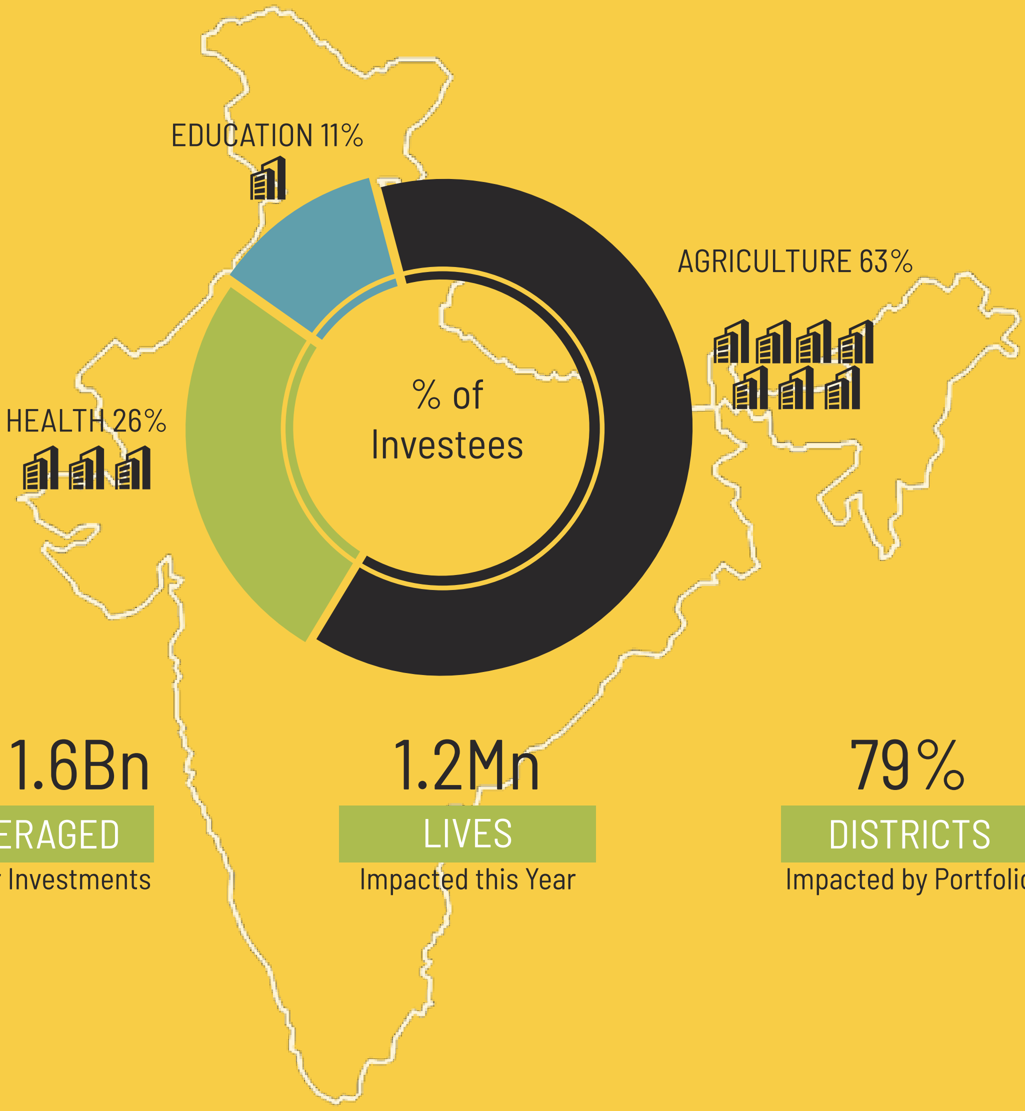
A new wave of purpose driven entrepreneurs are grabbing these opportunities, through new digital business models, accelerating economic growth and creating an inclusive India & we at Ankur Capital are excited to play a role in this change.

ABOUT ANKUR CAPITAL

Ankur Capital's mandate is to support young enterprises who are seeing business opportunities in empowering the next billion people through catalytic innovations. We support entrepreneurs who pioneer new and disruptive products, services and business models in existing and new markets and have the ability to scale. The fund aims to invest very early in a company's life cycle and support them with assistance beyond capital to accelerate the growth. We understand that these enterprises have different models and different financing needs, thus we invest through financial structures that may be most appropriate for the specific enterprise. The fund's mandate covers scalable, game changing technological innovations with potential to transform the ecosystem as well as inclusive businesses powered by new age business models. For us to invest, it is critical that the business is aligned towards impacting low income populations directly, or through an ecosystem change that empowers them to participate more efficiently in markets.

In our role as an early stage investor we follow a Capital+ model – which goes beyond financial investment. We have created in-house capacity, through a vehicle 'AnkurGro', to support our investees with 'human capital' to address the critical needs of startups at this stage. Within AnkurGro resides an internal team of experienced professionals, covering the functional areas of marketing, talent management, finance and operations, that work closely with investee companies to achieve business critical milestones. This model allows these young companies to access professional functional support, which would have otherwise been beyond their reach. AnkurGro's efforts are supplemented by partnerships and domain experts that are brought in by the core team to work with the startups through a vested engagement model – specifically to get them on the trajectory for achieving the next sets of milestones towards scale and value creation.

Since the fund was set up in 2014, it has invested in eleven companies across the sectors of interest. A snapshot of the fund is available on the next page.



INR 1.6Bn
LEVERAGED
6x Ankur Investments

1.2Mn
LIVES
Impacted this Year

79%
DISTRICTS
Impacted by Portfolio

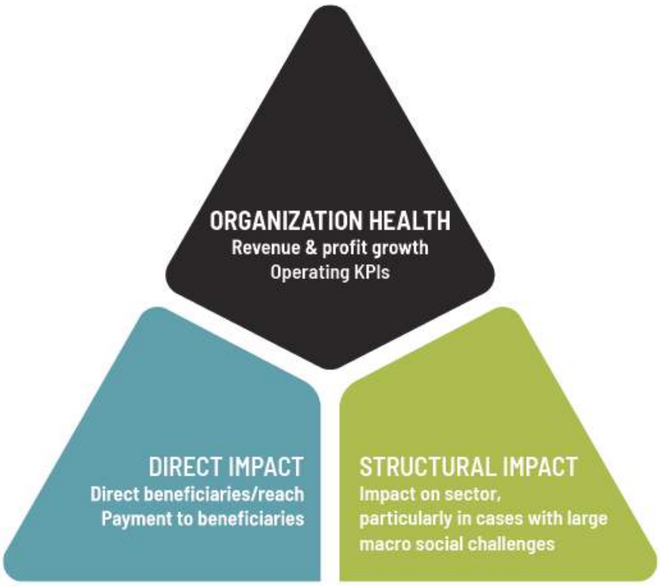
OUR APPROACH TO IMPACT AND IMPACT MEASUREMENT

Ankur's sector thesis has been directly linked to areas that drive economic empowerment. Early on, the fund chose to invest in sectors that are likely to increase incomes and productivity, equip the bottom tier of the population to participate in markets and remove hurdles in the ecosystem to make this happen more efficiently. The fund focused on looking at –

Agriculture and allied sectors which houses most of the low-income segment
Healthcare, since this is the primary reason low income families fall back into poverty
Education/ skills training as the main driver of increased income in the long-term

We also focused on technologies that gave populations in low income areas better access to the digital world. Our investments in these sectors aim to drive direct as well as structural impact on the ground.

Thematically, our investments in these sectors either constitute direct impact or structural impact:



Direct Impact: These companies are involved in directly working with low income communities to generate employment or provide them high quality products that directly empower them to earn more or equip themselves for a better future.

Structural Impact: These companies may not directly engage with low income communities day-to-day but work on removing frictions in sectors and creating more equitable markets.

The direct impact is easy to imagine - a small farmer earns more, a rural child has access to world class education and health, jobs are added to an area that is poorly served with formal employment etc. Structural impact is more focused on solutions that remove bottlenecks that allow disadvantaged populations from freely participating in markets and benefiting from receiving essential services.

As a funder that comes in very early in the enterprise's evolution, our role in the ecosystem is to demonstrate the viability of such companies to grow, sustain and create impact. While metrics such as number of lives impacted continues to be important, we also measure our success on the business' ability to become sustainable, that will allow it to continue to create the impact over the long-term. In many cases the impact arises out of creating an inflection point, from which point the sector expands exponentially by rapid growth of many business in the same (sub) sector. These also happen in whitespaces, where entrepreneurs with pioneering businesses create a multiplier effect, with other businesses copying their models on seeing the opportunity.

In order to structure this thought process and measure our impact, we adopt a theory of change that is explained by a clear logic model. This framework allows us to assess impact performance on a regular basis, much like we would do with financial projections and metrics.

THE LOGIC MODEL

The Logic Model process is a tool that has been used for more than 20 years by program managers and evaluators to describe the effectiveness of their programs. The model describes logical linkages between program resources, activities, outputs, audiences, and short-, intermediate-, and long-term outcomes related to a specific problem or situation. Once a program has been described in terms of the logic model, critical measures of performance can be identified. The basic advantages of the logic model are to –

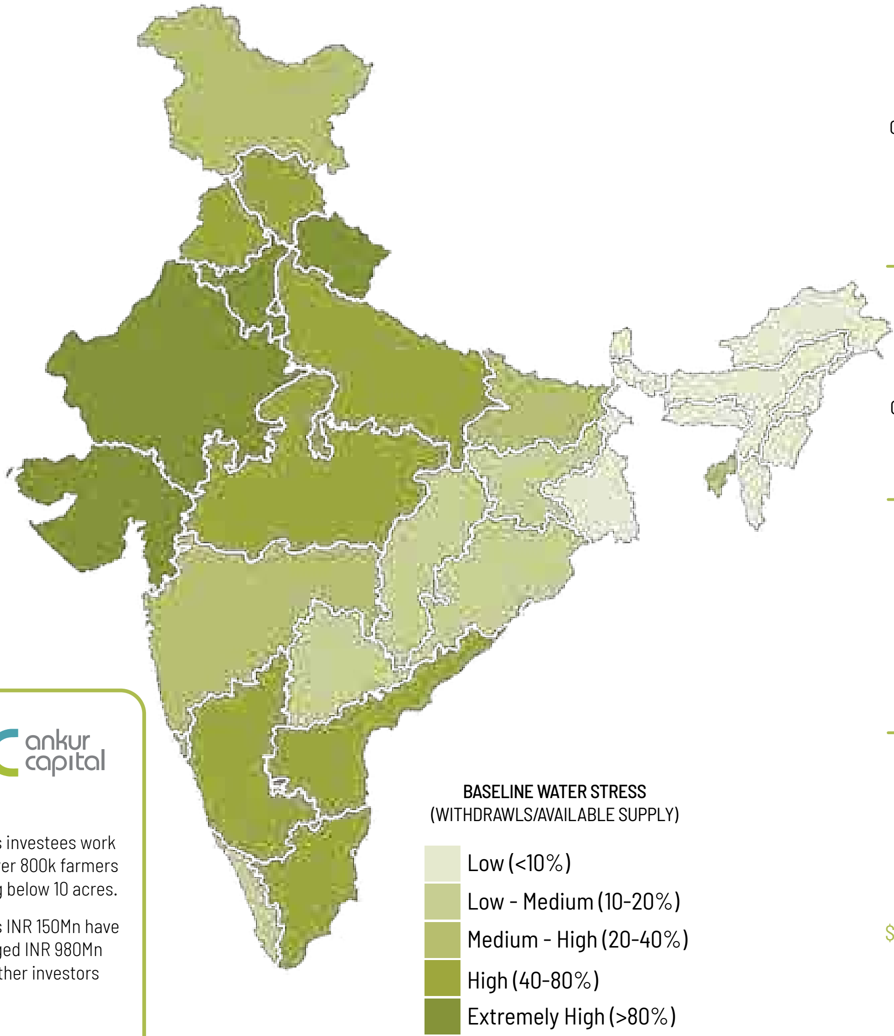
- Understand the path to impact as part of due diligence
- Allow investors to overlay dimensions of the mission
- Allow investors to identify underlying impact assumptions for future reviews

DATA COLLECTION

As a fund, we are primarily interested in achieving outcomes. Even though we capture metrics from the company on a monthly basis which allow us to monitor the activities, outputs and direct beneficiaries/ customers/ employees, we need to go beyond just numbers. To get to the heart of the logic model and measure the outcomes of our investments we use both the company data as well as dipstick surveys to establish progress and measure outcomes. This includes surveys in the field, anecdotes that test our hypothesis and unintended benefits etc. All of this helps us understand how we deliver against the initial intended thesis and learn for the future.

Since the fund typically invests at a very early stage, it takes a few years to realize meaningful impact outcomes from our investments. The Ankur Capital Fund I is midway through its fund life. While the engagement with some of the portfolio companies is still in its early stages, there are quite a few early investments where one can see a large-scale impact generated. This report highlights a few case studies across different sectors and stages of investment cycle.

IMPACTING AGRICULTURE



- Ankur's investees work with over 800k farmers holding below 10 acres.
- Ankur's INR 150Mn have leveraged INR 980Mn from other investors

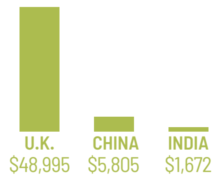
86%

OF CULTIVATED FARMLAND IS HELD BY SMALL AND MARGINAL FARMERS OWNING LESS THAN **5 ACRES**

30%

OF FRUITS & VEGETABLES PRODUCED ARE **WASTED**

CEREAL YIELD (Kg/Acre)



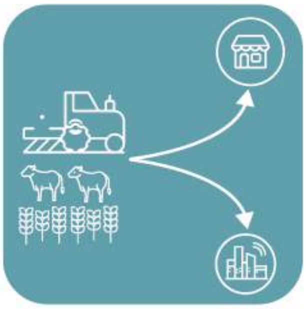
VALUE ADDED PER WORKER

At Ankur, while we are encouraged by the direct impact of the increasing engagement of new enterprises with the agriculture sector on farmer incomes, we still believe there is a need for sustainable ecosystem-level changes for a larger, more sustainable impact on the huge base of small farmers in India. In this sector, our investments have focused on three main themes -

EFFICIENCIES THROUGH DIGITIZATION

DRIVING EFFICIENCIES THROUGH DIGITIZATION

Transmission of knowledge to the farmer as well as upstream efficiencies play a large role in ironing out issues and bringing transparency to the ecosystem. For example, critical inputs get distributed via many middlemen and quality inputs and advice are diluted along the way. In addition, local level mismatches of demand and supply plague the system and lead to price hikes and gouging. Technology allows manufacturers to directly reach farmers, delivering from factory to farm. The data that is generated allows for better planning, better stocking and price transparency thereby reducing market runs. One of our investees – BigHaat is directly focusing on driving efficiencies in this area.



CREATING ACCESS

CREATING ACCESS TO NEW MARKETS

Farmers and small farmer groups in India typically have little visibility on market demand and prices, both when they start sowing and when they are ready to sell their crop. In India these markets are 'disconnected' from farms and production often is of low value produce or has mismatches with the demand. The risk of mis-production or price fluctuations lies entirely with the farmer. Linking lucrative markets not only provides better profits but also reduces risks due to mismatched production. An example of this is reflected in our investment in a food company HealthSutra- that is working with millets, a climate smart crop, to make it relevant to modern consumption patterns and bring some consistency.

NEW PRODUCT TECHNOLOGIES

NEW PRODUCTS TECHNOLOGIES FOR AGRICULTURE

Product innovations have always played a large role in driving changes in agriculture. Much of the changes we have seen globally has come from R&D in seeds, inputs and crop protection. Due to its small farm holding, India however lags behind on catching up with the yield plateau that is impacting the rest of the world. Improved seeds, sustainable inputs, controlled irrigation, superior logistics all add to the topline and bottom line of a farm. Relevant India-specific innovations that allow small-holder farmers to reach global standards and participate in global supply chains has been our focus – all of this sustainably. Ankur has invested in companies working on farm level innovations such as inputs that rejuvenate the soil and reduce dependence on chemical fertilizers, and value chain innovations such as environmentally friendly cold chain transportation that reduce food loss.

CROPIN – PUTTING FARMS ON THE CLOUD

WWW.CROPIN.COM

CASE STUDY

From a small office in Indiranagar, Bangalore - Krishna Kumar and Kunal Prasad decided to launch a company that would use technology to address the needs of farmers. High school friends, they left their jobs at multi-nationals to start CropIn in 2010. Gaining experience in the operations from trading in onions to selling software to farmers, they wove their way through many solutions and finally pivoted to a product called SmartFarm. Their solution was to develop a suite of products that address the inefficiencies in the supply chain, thus reaching farmers through processors and financial intermediaries that work with them.

CropIn is now one of the world's leading agri-tech companies, leveraging cutting edge technology to connect agri stakeholders across different chains.

ANKUR'S INVESTMENT THESIS

We decided to invest in CropIn to support their thesis that by connecting small farmers to food processors, small farms could be provided the intelligence to help improve the quality and quantity to meet the standards desired by processors. This would allow for better productivity, as resource rich processors could provide advice, on a real time basis avoiding crop loss and low yields. The expected outcomes for our investment are summarized below:

SHORT-TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
Product is validated in the market.	**Adoption by multiple stakeholder and deeper engagements with existing stakeholders.**	**Improved incomes and adoption at farms.**

SHORT-TERM OUTCOMES

Prior to our investment, the company had a few agri-processors as customers. In the first year we expected to see a growth in the number and diversity of customers – e.g. seed companies, not-for profits, government entities, etc. We had expected 6 new customers but the company exceeded expectations and managed to onboard 13 customers that year. These included 7 food processors, 2 not-for profit and 4 other types of customers including financial institutions. This demonstrated that the product had a wider applicability and could be used by a range of companies who may interact with farmers in different ways.

The other two metrics were to demonstrate that productivity yields could be increased by such an intervention and that the model impacted small farmers and not exclusively large prosperous farmers. In the first year, over 10,000 small farmers (holding less than 2 acres) were onboarded through CropIn's customers and the company demonstrated the yield improvement with these first 13 clients.

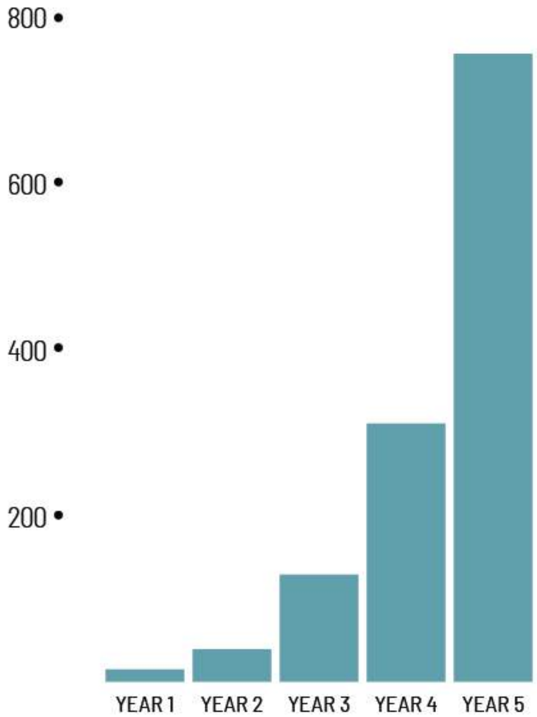
INTERMEDIATE OUTCOMES

As we went into the medium term, we expected the company to increase its customer base and expand from small trials at each customer. If this product was to create a large impact, customers would need to ramp-up from pilot plots to using it on all captive farms and contracted farms on an ongoing basis.

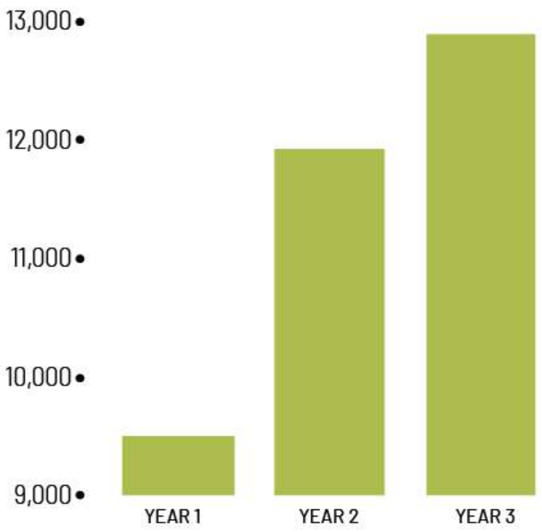
We expected at least 10 companies to increase their business with CropIn over the following two years. As CropIn charged customers on a per acre or per agent basis, we felt revenue growth in a company was a good proxy. Through our analysis of the customer billing, we found that 5 out of 13 initial companies increased their billings with CropIn. We suspect that the growth was lower in the initial period since many customers were taking up the solution on just a pilot basis; perhaps the product may not have adequately met their requirement or they had issues with the financial terms. The retention and rates and revenue growth have considerably improved since 2016 as the company has added features requested by earlier customers and new customers clearly understand the value proposition.

However, the small farmer base (less than 2 acres) expanded dramatically during this period and had reached 300,000 by 2017. This far exceeded the expectations of 25,000 small farmers that we had set for the target period. One outcome the company did not achieve was to build support for livestock chains. As the company built expertise around crops and farm based production, it has continued to

SMALL FARMERS ON PLATFORM (1,000s)



SAMPLE YIELD/ ACRE GROWTH (KGs/ ACRE)



focus there rather than diversify to dairy or other livestock related chains.

EVALUATING LONG-TERM OUTCOMES

To understand the impact on individual farmers, we went back to measure farm yield for farmers cultivating potatoes - one of the first crops taken up by the company. We found a strong 25% yield increase during 2015-2016, but the annual yield increase tapered down subsequently – to 8% in the following year. We think that the plateauing in yield reflects the optimization in knowledge and inputs after the first few years. As the company adds more features to boost yield going forward, there may continue to be step functions.

Over the five years, CropIn scaled across most states in India and added over 300 crops to its portfolio. It also expanded outside India to 21 other countries – four in the low-income bracket and six in the middle-income bracket. Anecdotally, clients in higher income countries primarily used CropIn to work with farmers in lower income countries that were their suppliers. This intuitively makes sense as the technology is most relevant for processors to manage the production from small farms.

In addition to its geographic expansion, CropIn also expanded its product suite, going from 1 to 5 services over the past five years. This kept with our thesis that a bouquet of solutions would be needed to meet the market demand and maximize output on the farm. One interesting new product, Smart Risk, addresses the needs of one of the initial customers – a bank that had subsequently dropped off. By being able to map the performance both historical as well as current and predict future performance, the company allows a credit score to be developed for a farmer. Typically, the cost of delivering financial products to farmers and the perceived risk has limited the volume of financial products for agriculture. This new product offers a solution to address the agriculture financing issue.

Kumari Shweta Sinha, 28, farms on a plot of land less than an acre in Gurua, Bihar. She grew brinjals or masoor dal but never know what was ideal for her field. When crops were infected she didn't know how much "medicine" was supposed to be used and was dependent on advice of the local shopkeeper. She was introduced to CropIn through Jeevika - a world bank project that had adopted Cropin technology. Initially there was high resistance in her family, but eventually as CropIn usage showed results and better performance they relented. She now gets quick feedback on what to do and has seen higher yields. Shailendra Kumar, a nearby farmer who used advice through Cropin to shift from random cropping to line cropping saw his yield increases from 540 kg/acre to 2025 kg/acre.

Most users we surveyed have seen an overall increase in yield and quality of the crops, which convinced the farmers to rely on farming as their main source of income. At the end of 18 months with CropIn, these farmers experienced a great increase in their knowledge base of common issues and effective agricultural practices. The technology also had a positive externality of non-CropIn farmers benefitting with better yield as they sought help and mirrored practices of the neighboring farmers who faced similar issues and utilized CropIn.

TESSOL – BRIDGING THE COLD CHAIN GAP

WWW.TESSOL.IN

CASE STUDY

After working for years as a senior executive with a cold chain startup, Rajat Gupta decided to strategically identify the gaps in India's cold chain market, and subsequently established TESSOL to address the underserved mobile cold chain market in 2013. Through years of experience working closely with customers to identify products that reduce their cost and minimize food waste, the company has now developed a catalogue of cold chain solutions to meet various needs of the cold chain industry.

ANKUR'S INVESTMENT THESIS

In 2016, we decided to invest in TESSOL to enable the Company to scale-up their market footprint for their environmentally-friendly mobile cold chain solutions and also develop new products around these solutions. These solutions would address the critical gaps in India's cold chain industry (whether impact at the farmgate or last mile distribution) that today lead to significant food wastages and, indirectly, incomes of farmers.

SHORT-TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
Acceptance with a large customer base.	First mile product ready and impact on food loss demonstrated.	Wide market adoption and meaningful impact on food loss.

SHORT-TERM OUTCOMES

Prior to our investment, the company had some traction selling its mobile cold chain products to the ice cream, bakery/ QSR restaurant segments and had developed solutions for the dairy, poultry, aquaculture segments. In the first year, we expected the company to primarily target four segments (dairy, poultry, aquaculture and horticulture) and continue to expand into other segments. The company was able to close orders to customers in each segment, though the extent of customer take-up varied across segments. The initial segment-level targets were not met, but the products have subsequently been adapted slightly to meet the needs of each of these customer segments and achieve the targets over an extended timeline.

The other two metrics were to demonstrate reliability of the equipment in the field (to drive re-orders) and build a network of different distribution channels including channel partners. The company did face reliability issues in the field but was able to address these through swift interventions. These learnings also fed into the next cycle of products. Customer satisfaction with TESSOL's equipment has met our expectations and the company was able to quickly resolve issues by either making design changes or process training videos to mitigate the issues in future products. The company was also able to build a distribution network with local level transporters, third party logistics players and other cold chain partners to accelerate distribution as the product gains market acceptance. TESSOL was also able to make good progress in developing and bringing to market last mile solutions and establish significant revenue traction with large e-commerce players like Grofers and Amazon; initial pilots suggest good prospects with offline retailers as well.

INTERMEDIATE OUTCOMES

As we are still in the second year of the investment, sufficient time has not elapsed for us to observe the intermediate outcomes. Among the intermediate outcomes, we expect to see some internal changes in the company (to test a new first mile/ farmgate product in the market and leverage partners for its product distribution strategy) and market changes (energy efficient eutectic technology to see a meaningful pick-up in market share) and to see a noticeable level of reduction in food waste for TESSOL's customers.

While it is still too early to comment on most of these metrics, interviews with the company's customers make us optimistic, since all customers have seen food loss reduce as a result of deploying TESSOL's solutions.

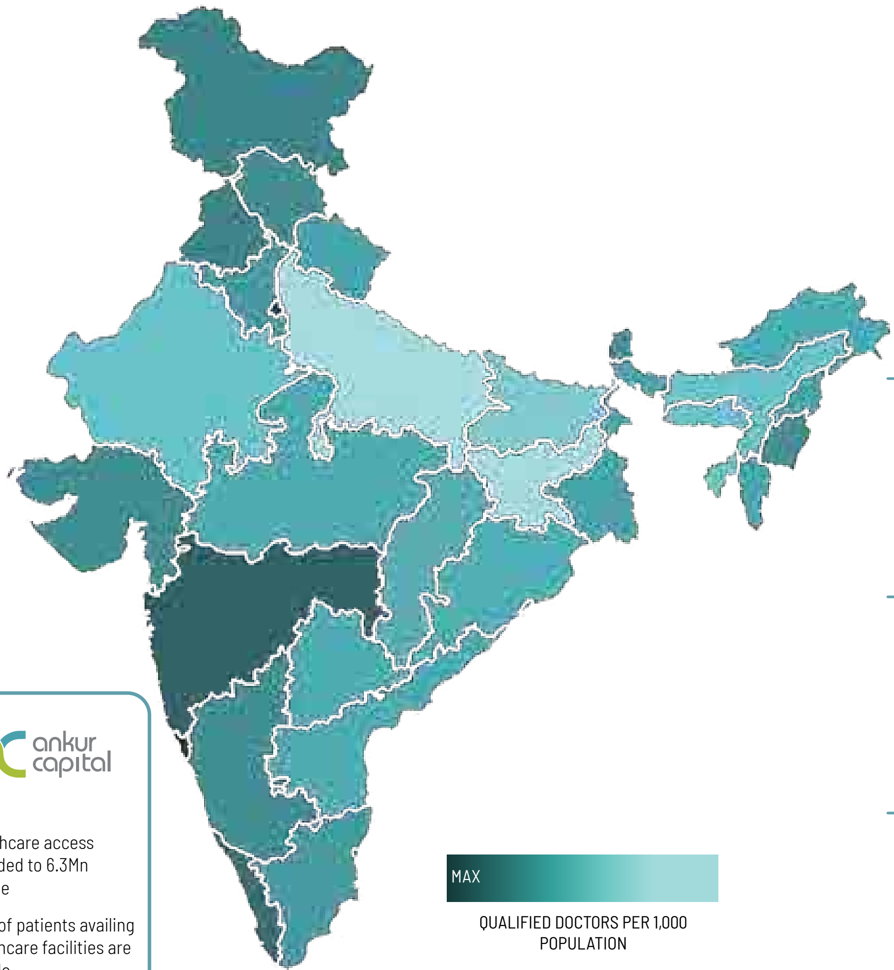
From mangoes to ice-cream, from Nasik to Bangalore, clients have started using TESSOL and are seeing the benefits of lower cost operations and stability in temperatures. Most clients saw savings in losses of the goods they were transporting. Depending on their starting level these ranged from 3-4% to as high as 50%.

Sarda Farms a small dairy outside Nasik delivers milk straight from farms to homes in the Mumbai/Nasik region. They no longer need to fear the impact of engine failure using diesel-based reefer trucks. The assurance of temperature control in adverse conditions is critical for a perishable like milk – especially the high quality their brand wanted to deliver. Their losses dropped from 5% to less than 1%!

Similarly companies like Wyn Brand and Ratnagiri Mangoes who dealt with fresh produce – lettuce and mangoes in their cases, saw a benefit to transporting produce in TESSOL vehicles. Longer shelf life was a critical benefit of having transported produce in a reliable cold chain. In addition, door openings that cause temperature spikes were better handled by TESSOL's PlugnChill Product. Loss reduction for these two clients ranged between 10% to 50%.

In some cases we were surprised to learn that the longer shelf life had led to produce finding new markets. Ratnagiri's mangoes had started making their way beyond their clients in urban centers in India to markets outside India.

IMPACTING HEALTHCARE



QUALIFIED DOCTORS PER 1,000 POPULATION

ankur capital

- Healthcare access provided to 6.3Mn people
- 54% of patients availing healthcare facilities are female

62 % INDIA

20-25% BRICS & DEVELOPED ECONOMIES

OUT OF POCKET EXPENSES ON HEALTHCARE

55 Mn

INDIANS DRIVEN INTO POVERTY IN 2017 BY OUT OF POCKET HEALTH EXPENSES

6% 1.3%

PUBLIC HEALTH EXPENDITURE AS % OF GDP

1.3 INDIA

2.9 GLOBAL

HOSPITAL BEDS PER 1,000 PEOPLE

India faces a massive gap in the resources it needs to address the healthcare needs of it's population, especially those from low-income communities. These shortages extend from physical resources to human resources. We at Ankur Capital believe capital investments alone will not meet these requirements and a more nuanced approach is needed. Our investments in healthcare have focused on three segments -

EFFICIENCIES THROUGH DIGITIZATION

DRIVING EFFICIENCIES THROUGH DIGITIZATION

India lags behind the global averages in healthcare, with only 0.5 doctors/ 1000 people against the global average of 1.6 doctors/ 1000 people. These numbers are unlikely to improve in the coming decades as India's 370 medical schools only educates 50,000 new doctors annually and the shortfall is expected to exceed 2 million doctors by 2030. The metrics and infrastructure to train other healthcare professionals are also insufficient. In order to maintain quality, Indian healthcare providers need to transition to innovative models to meet the population's demand. These innovative models can reduce the cognitive load on the system and allows cheaper less trained resources to deliver care through leveraging new products and services. Training systems or artificial intelligence developments such as those developed by an Ankur investee – Karma healthcare that has developed a clinical decision support system to ease the load of their doctors enable an improvement in service delivery.

CREATING ACCESS

CREATING ACCESS IN NEW MARKETS

While India's healthcare national statistics are disappointing, they are even more dismal in remote or rural areas. However, providing healthcare access in these areas is not simple. The shortage of trained doctors willing to live in rural centers, the high cost of running a center in low density areas and challenge changing customer behavior in areas where health seeking behavior is curative and not preventative restricts the ability of a business model to address the issue. However, the advent of technology and better national infrastructure allows newer business models in delivery of healthcare at the cost structures that previously were not possible. As a fund we have been keen to support such initiatives. Our investment into ERC Eye Care a North-East India focused eye care chain reflects this thesis.

NEW PRODUCT TECHNOLOGIES

NEW PRODUCTS TECHNOLOGIES FOR HEALTHCARE

Another impact thesis that the fund is keen to catalyze is the need for relevant and affordable care. Most diagnostic devices tend to be costly and limited to tertiary or high resource settings. Technology or solutions that look at reducing cost at last mile, which would both reduce the cost of the diagnostic test and limit the unproductive time the patients would need spend traveling to conduct the test, are of interest to the fund. Ankur's investment in Niramai, a company revolutionizing breast cancer detection reflects this thesis.

ERC EYE CARE – SIGHT FOR THE NORTH EAST

WWW.ERCEYECARE.COM

CASE STUDY

Armed with the intimate knowledge of the issues that face the rural poor in Assam, Dr. Ubed has created an innovative business model that addresses the various aspects of delivering eye care to the rural populations. Dr. Ubed graduated from Guwahati Medical college and after working at a private hospital treating well off patients, he was motivated to do something that provided wider access to eye care for the low income communities in Assam.

Starting with one clinic and a dream, ERC Eye Care now has 4 low-cost hospitals in North-East India and is looking to expand its footprint.

ANKUR'S INVESTMENT THESIS

We decided to invest in ERC Eye Care to support the company's thesis that a hub and spoke model with a mix of clinics and mobile units around a hub hospital could work to meet the considerably underserved eye care needs of North-East India. This model would allow hospitals in a relatively dense area serve the surgical and optical needs of patients within a 50 KM radius of the nearest town.

SHORT-TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
Operating blueprints for a location.	**Replication of the model across the region.**	**Demonstration of a tangible impact on livelihoods in the community.**

SHORT-TERM OUTCOMES

Prior to our investment, the company was only operating 2 small clinics in 2 villages with a total catchment of less than 100,000 people. In the first year after our investment, we expected the company to build out the infrastructure for the first hospital, clinics and mobile units. Even though establishing the hospital was slightly delayed, the company's staffing, operating procedures at the new spokes were completed on time.

In the subsequent year (the first year of operating as a hub and scope business), we were tracking the performance metrics very closely, specifically to study the business' sustainability and impact. During this period, we expected the business to be visited by 20,000 patients, of which 12,000 would purchase spectacles at an affordable price (estimated to average INR 400). The company exceeded both these targets as the business saw over 33,000 patients and sold over 13,000 spectacles but at a marginally higher price point of INR 590/ frame.

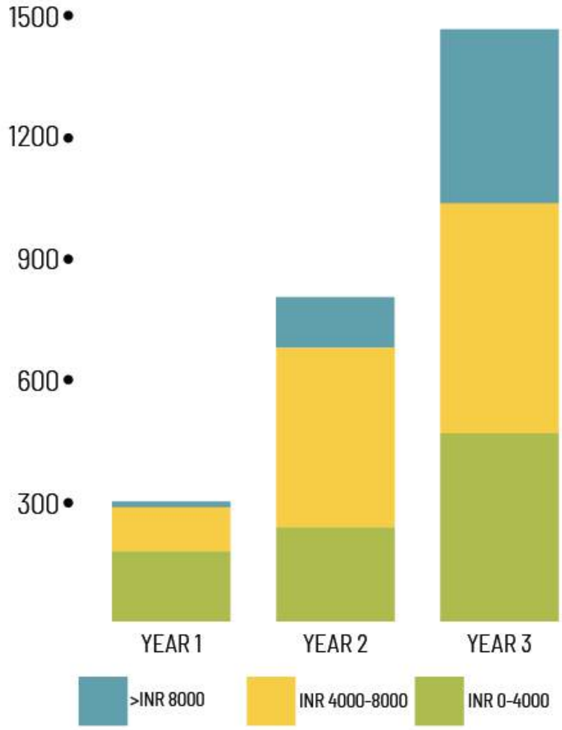
INTERMEDIATE OUTCOMES

In the next 2 years of our investment, we expected the company to rapidly replicate its model and prove 3 aspects of the model – replicability (growing from 1 hub to 5 and increasing its patient reach), sustainability (breakeven for multiple hub + spoke clusters) and affordability (continuing to offer spectacles and surgeries at affordable prices).

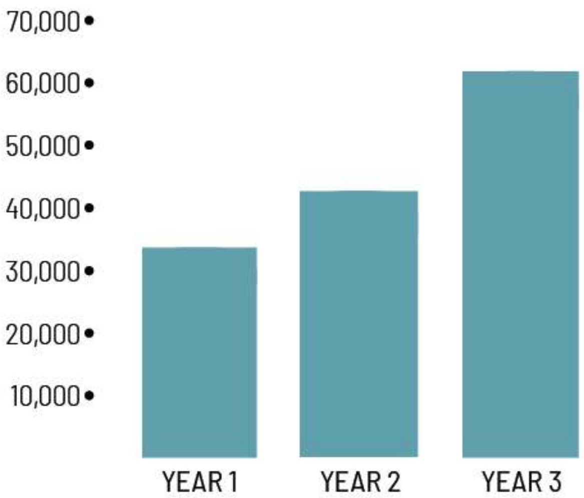
While ERC was able to demonstrate profitability of its first cluster, the expansion to further clusters was delayed due to a lack of follow-on funding. At the end of the period, the company was only able to expand its operations to a cumulative 3 hospitals, the most recent of which was operating for under a year. While the company was unable to demonstrate the profitability for a larger number of hubs due to the investment delays, its volume and affordability have been close to the expected outcomes. At the 3 hospitals that were operational, the company served a cumulative 135,000 patients against the 150,000 projected earlier. Since the investment, the average price of spectacles has remained close to or below INR 600/frame and surgeries below INR 6,500/ cataract surgery. The volume of its low priced offerings also remains over 70% of the overall business.

An interesting observation of the customer behavior has been that while ERC has ensured it continues to offer extremely affordable products (spectacles starting at INR 99/ frame)

CATARACT SURGERIES BY PRICE POINT



NUMBER OF PATIENTS



and services (cataract surgery starting at INR 2,000), a large portion of patients, including those from low-income backgrounds are more comfortable paying a slight premium for the second or third lowest price to feel they are receiving a certain quality of care. This has caused average price metrics to be slightly higher than our initial projections but still far below other eye care chains in the region that charge between INR 16,000 and INR 28,000 for similar cataract surgeries. Anecdotally, these consumers have also quoted the respect ERC provides them in each interaction as a big differentiator when comparing the company to other service providers they have interacted with in the past.

Arindom Mondal, 53, is a portrait maker in Tezpur, Assam. After working at his craft for 30 years, he began to gradually loose his vision and found it difficult to work on fine details. With a monthly income of INR 6,000, travel costs to get treated in Nepal made it an unviable option. One day a friend told him about a nearby ERC hub and he decided to visit the company as the cost of tests and consultation was only INR 50. He liked the service provided and opted for the recommended surgery. He now speaks highly of the company, not just because of the affordable surgery but because of the how well he was cared for by their staff.

The low penetration of eye care related hospitals in the North-East results in a large number of patients coming to ERC requiring rectification of issues through spectacles or surgeries. The company's hub and spoke model has also resulted in an unexpected outcome that 60%-80% of patients at clinics/ mobile units are women. Providing access closer to patient's homes has allowed these women to get care they otherwise would not be able to.

NIRAMAI – THERMALLY TRACKING BREAST CANCER

WWW.NIRAMAI.COM

CASE STUDY

In 2013, Dr. Geetha Manjunath was grappling with how to apply AI and data analytics to healthcare as Head of data analytics at Xerox. She learnt about thermal imaging and thus began the genesis of a new technology for breast cancer detection. As the technology progressed and showed promise, her employer had restructuring plans leading Dr Manjunath to spin out Niramai. Along the way she convinced a couple of colleagues to leave with her including her co-founder Nidhi Mathur.

ANKUR'S INVESTMENT THESIS

In 2017, we decided to invest in Niramai to acquire the IP from Xerox and test the thesis that since the unofficial trials at Xerox were successful we should invest in two staggered phases of clinical trials. Successful trials would convince strategic healthcare partners to adopt the tool as a part of their screening process.

SHORT-TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
Demonstrate performance on par to current methodologies through clinical trials.	**Drive adoption in the market through key opinion leaders.**	**Improve breast cancer screening/ diagnosis statistics nationally.**

SHORT-TERM OUTCOMES

Through Ankur's seed investment, the company was able to identify and appoint a principal investigator to start the processes for the tool's first formal clinical trial. We expected the company to be able to complete the trial within 6-9 months of receiving capital and then use the results of the trial to build key strategic partnerships in the healthcare industry. In the first year of our investment, we projected the company would be able to leverage a successful clinical trial to get influencers such as large reputed hospitals and industry leading oncologists to endorse the product and thus conduct screenings of 2,000 patients.

While the company was able to demonstrate the products efficacy and efficiency through a successful clinical trial, the trial took slightly longer than expected to complete and was only available approximately 1 year after the investment. Thus, the company has not yet had an opportunity to leverage these results to reach formal arrangements with leading hospitals or oncologists, its tool has been installed at several reputed diagnostic clinics and small hospital chains in Bangalore. The Company has also built partnerships with several corporates and donors to use its tool to conduct a large range of breast cancer screening camps and train its algorithm on the 2,500 patients who have been screened till date.

INTERMEDIATE OUTCOMES

As we are just starting the second year of the investment, sufficient time has not elapsed for us to track the intermediate outcomes but the initial results are promising. Over the course of the next few years, we hope to see a much wider adoption of Niramai's tool in breast cancer screening in India. To achieve this goal, we expected to get the tool adopted by the Medical Council of India and get placed in the medical recommendation list resulting in a wide number of public health camps or initiatives with hospitals leading to 50,000 patients getting screened.

While our thesis to invest was focused on how low cost testing with limited resources could bring healthcare to underserved markets, there have been some interesting observations in the first year on softer aspects of the technology that may play a critical role in adoption. Niramai tests can be done in private and without discomfort and zero radiation. This removes a lot of the negatives that exist today in the screening methodology - which perhaps will also encourage more women to get regularly screened.

In the few months that have passed since the completion of the first clinical trial, the tool has already been certified by the Medical Council of India. Niramai has also continued to conduct their screening camps with the healthcare partners and is also in talks with some of India's largest hospitals and industry leading oncologists to ramp up these activities going forward.

Manju (58) first experienced pain in her left breast when visiting family in Krishnagiri. On failing to get diagnosed by the local physician, she visited a doctor in her hometown of Hosur. The doctor recommended an ultrasound which indicated presence of lesion in left breast with diagnosis in favour of malignancy, and the doctor advised her to get a confirmation done in Bangalore.

On arriving at a hospital at Bangalore, she learnt of a free screening camp being conducted where the Niramai test was being offered along with a consultation. She decided to get tested there first.

The Niramai test was carried out in an enclosed, cool room with the technician seated outside provided necessary instructions. Manju recalls being very comfortable during the test which lasted less than 15 minutes. The results were generated real-time and shared with the doctor. The Niramai test detected suspicious thermal activity and recommended that an immediate confirmatory ultra-sound be conducted in the left breast. The doctor proceeded to conduct a biopsy and found Grade III Infiltrating Duct Carcinoma with moderate lymphoid infiltrate in the same location as indicated by Niramai test. Detection at an early stage and immediate follow-up treatment made all the difference for Manju. She has since undergone surgery and is currently undergoing chemotherapy. Her recovery has been smooth and the family is relieved to have put the worst behind them. "The test was easy and quick. We wish women in our hometown also get access to this technology", her son told us during their follow-up visit.

CONCLUSIONS

Ankur Capital's mission is to seed high impact businesses that are leveraging the power of innovation to build a new India. As we pass the mid point of Fund I, we are pleased to note that the initial investments made by the fund have demonstrated impact at a meaningful scale, while recent entrants into the portfolio show clear signs of moving on that path. We hope you have enjoyed going through the first impact report; we would really welcome your queries, comments as well as any suggestions on how we could present the findings in a way that might be more meaningful for you. We shall strive to incorporate those suggestions into our next impact report, where we confident of presenting deeper and wider impact as the portfolio companies mature and acquire significantly greater scale.

This report was only possible with the guidance of our advisor Lalitha Vaidyanathan and the support of our intern Apurva Rastogi and of course our portfolio companies. We thank them for all the support provided throughout the process.

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