

# Tata Capital Healthcare Fund II 2022 Impact Report

*Making Healthcare Affordable and Accessible*





## About Tata Capital Healthcare Fund

Tata Capital Healthcare Fund is a growth oriented private equity fund focused on health care and life sciences sector in India. The fund is sponsored by Tata Capital Limited, a subsidiary of Tata Sons Limited and has raised US\$ 200 million across 2 funds – TCHF I (2012) and TCHF II (2022). Since inception the fund has invested in 14 companies and successfully exited 6.

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# Prologue

As an investor in the healthcare and the life-sciences industry, we have seen that the pandemic has brought razor-sharp attention to not just the gaps in our country's healthcare systems but also in our country's ability to rise and meet the health challenge in a timely and successful manner.

Demographically, India's healthcare system will soon have over 150mn people over 60 years which will give rise to an urgent need for servicing the healthcare needs of this large pool. On the diseases side too, our country now faces a triple challenge of chronic and infectious diseases, and the additional burden from the pandemic. By just addressing the demographic and diseases aspect of the industry, we are standing at the doorstep of a USD 200Bn opportunity, growing at sustainable mid-teens.

At Tata Capital Healthcare Fund (TCHF), we see all of this opportunity as having a tremendous impact in several ways. The impact assessment exercise by Aspire Impact assessed TCHF - II portfolio impact and provided a blueprint of efforts undertaken by the Fund. Aspire Impact team have also recommended how we can enhance our impact through areas with greater propensity to improvement.

Our TCHF-II (Vintage 2022) Portfolio currently comprises of 4 investees across pharma, diagnostics and digital healthcare space with an average investment of INR 520 million. We are presently working to address the sectors several unmet needs through meaningful and timely investments in infrastructure and disease challenges. We follow the 3P approach encompassing People and Process and thereby leading to strong Performance. This has helped us become sharper in the art of managing uncertainties in business and also having a reasonable margin of safety.

We strongly believe that these investments should generate a positive measurable change in the society; for e.g., growth in beneficiaries, lives touched, jobs created, and more. We have committed to specific impact targets which includes creating a certain number of jobs for every USD 1 million invested and driving a double-digit growth in beneficiaries.



**Visalakshi Chandramouli**  
Managing Partner  
Tata Capital Healthcare Fund

We have also committed to drive and improve specific KPIs which enable us to:

- increase our Reach (Number of states served in India; Number of clients served; Volume sold);
- enhance our diversity (Number of employees; women employees and board members);
- ensure strong governance practices (implementation and measurement of policies - POSH and Whistle blower),
- reduce our carbon footprint (increase consumption of renewable energy)

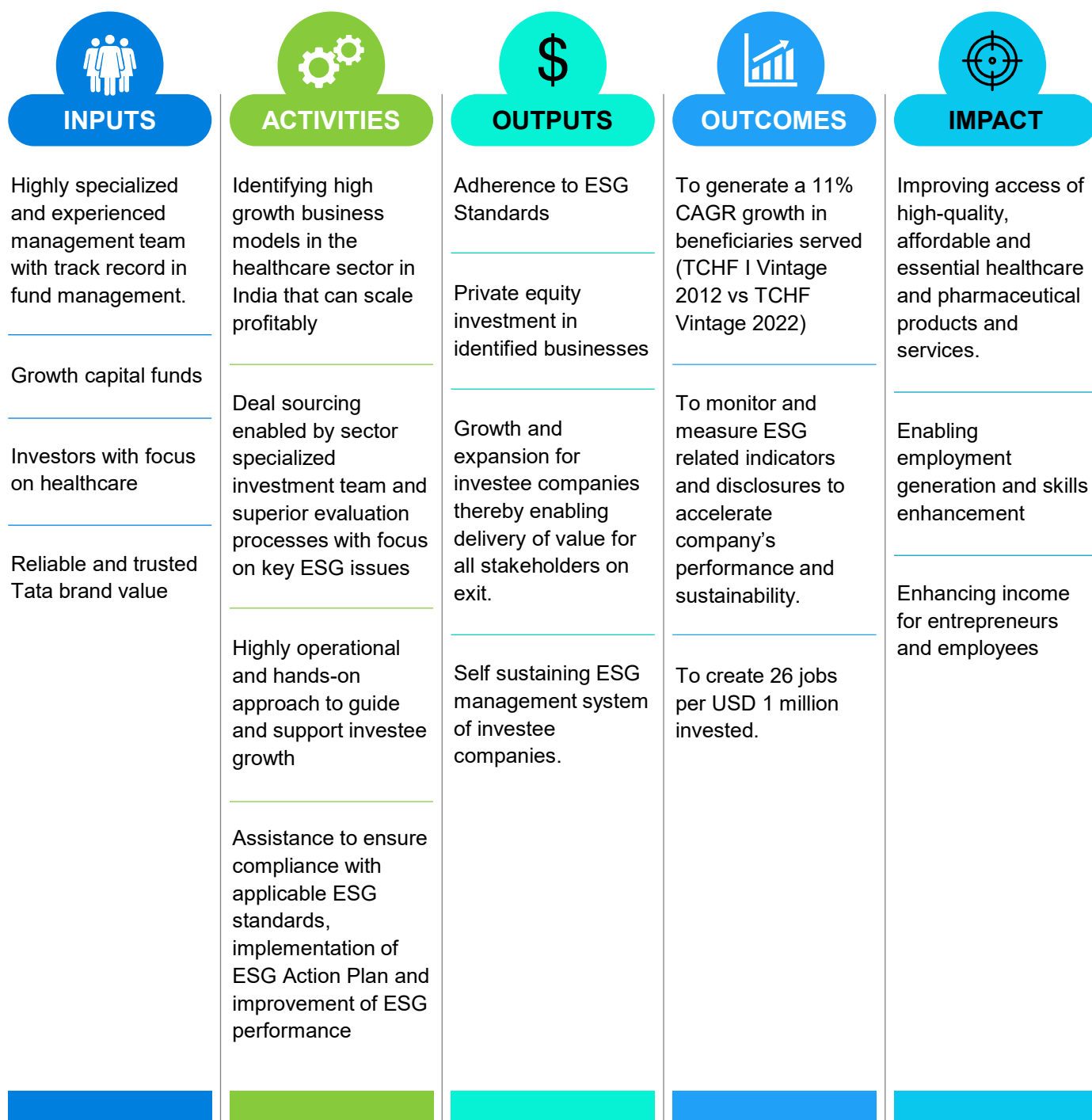
Based on early data from our portfolio companies over the last year we have grown beneficiaries by 66%, seen a 38% growth in jobs and grew volumes by 15%.

Through the decade, the TCHF impact will grow exponentially as we drive greater convergence on Impact amongst all stakeholders. The fund intends to create impact on the underserved population through affordable healthcare services, products, manufacturing and tech intervention.

Thus, the TCHF Impact Philosophy is to maximise the impact generated from three areas: India impact (growing income & consumption), Healthcare impact (infra, access, quality & capacity building) and Enterprise impact (people, process & performance). Going forward too, we will continue to adopt a three-pronged approach to improve our impact: Creating greater accountability within investee companies; Setting Goals & Monitoring them regularly; and Developing an Impact culture.

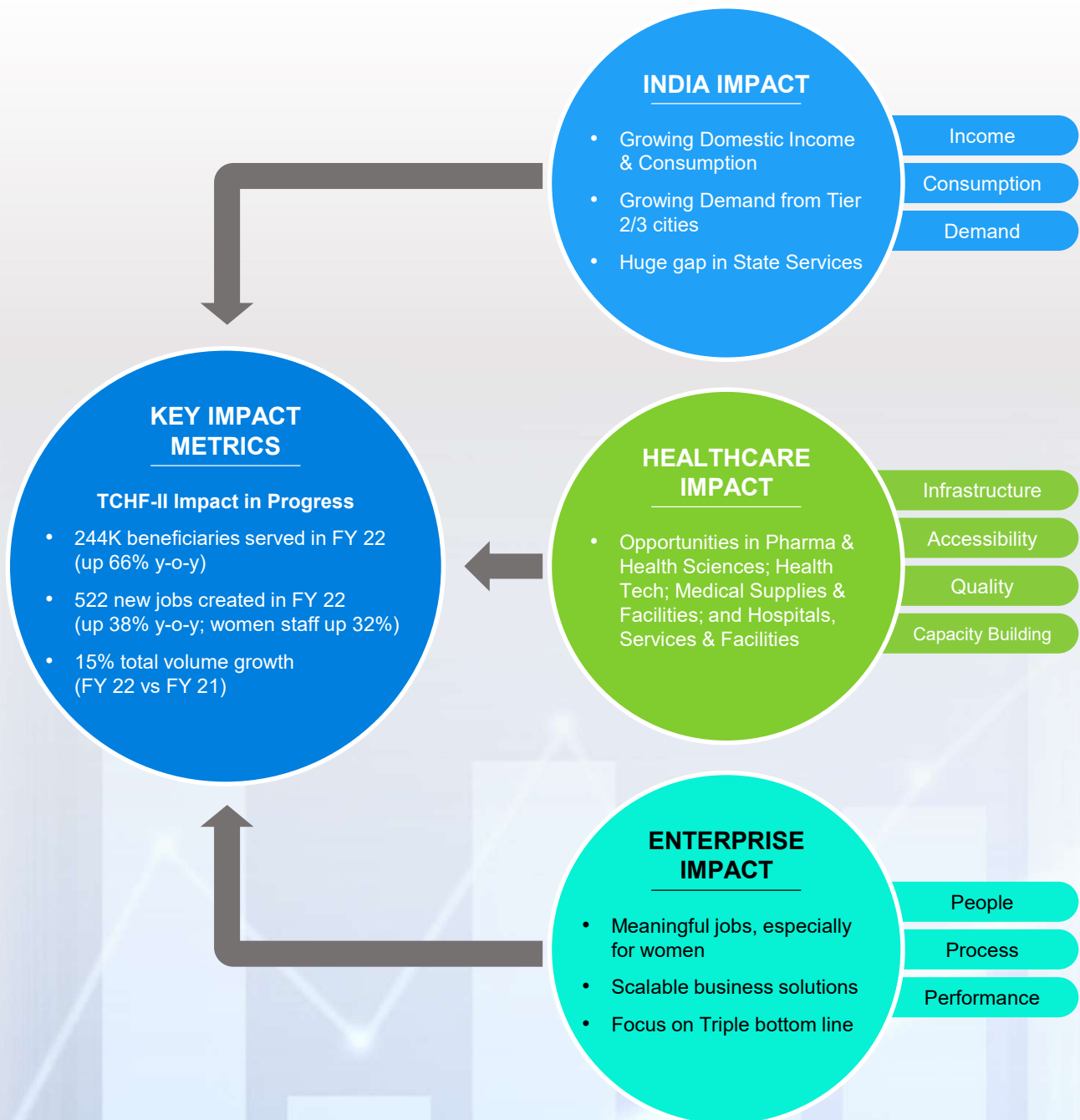
# Our Theory of Change

TCHF invests in high growth healthcare enterprises, serving mass markets, and not just delivering financial returns for our investors, but enduring impact by providing affordable healthcare access to millions while catalysing employment and entrepreneurship.



# Our Impact Philosophy

TCHF Impact Philosophy triangulates India impact (growing income & consumption), healthcare impact (infra, access, quality & capacity building) and enterprise impact (people, process & performance).



# Our Portfolio Impact



**PAN INDIA**  
presence



**1.6Mn+ (B2C) | 1K (B2B)**  
beneficiaries



**18.5mn +**  
transactions



**25%**  
women in the workforce



**INR 2 Bn**  
investment



**138%**  
YoY increase in employees



**115%**  
free volume Sold



**3.78Cr**  
R&D Spend



**522**  
new Jobs created



**116%**  
revenue growth rate

# Our Portfolio Companies



Founders: Ananda Kumar & Keerthi Vasan

## HIGHLIGHTS

Industry: Pharmaceuticals (Domestic Formulations)

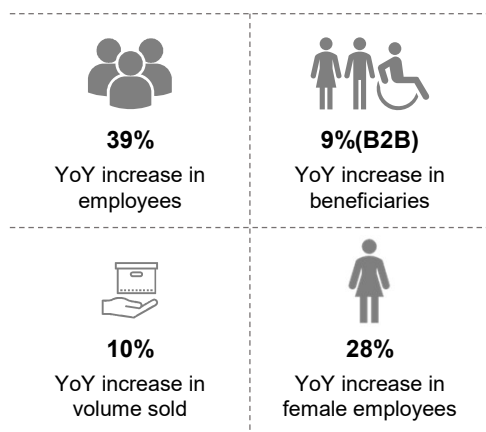
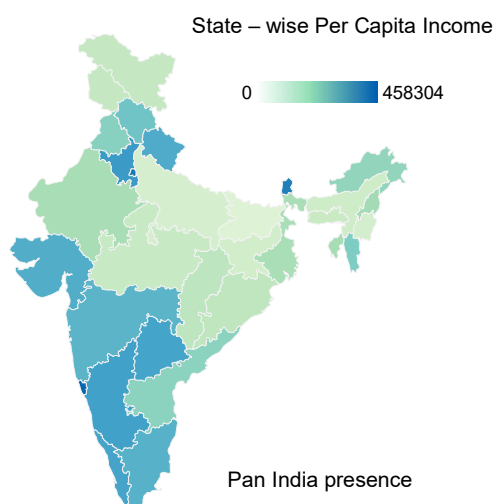
Transaction date: February 2021

Beneficiaries: 1 million+

YoY Beneficiary Growth: 25%

Employee headcount: 728

Website: [linuxlaboratories.in](http://linuxlaboratories.in)



## INVESTEES OVERVIEW

Established in 2007 in Chennai, Linux Laboratories is the largest speciality branded generic neuro-psychiatric pharmaceutical company in India. Linux has a strong product portfolio with 70+ brands and 200+ SKUs including niches like Neurology, Psychiatry and Cosmetic-dermatology.

Over the last 15 years, Linux has focused on being a people and a system-oriented company. This razor-sharp vision that has enabled them to grow their revenue 33% year-on-year.

Linux continues to focus on providing affordable and accessible healthcare services to the marginalized communities and society at large. They continuously strive to help as many people as possible, to protect and exercise their right to good health.

## TCHF IMPACT

TCHF has helped Linux improve its internal systems and processes to efficiently scale five-fold from their current size. Some examples include an improved mechanism to collect customer feedback to provide insights on new product development. TCHF has placed emphasis on better data management and tracking (both financial and non-financial aspects) which has improved the operational efficiency of Linux. TCHF has also helped Linux improve its compliance mechanisms for both internal (employees and vendors) and external stakeholders (end-customers and distributors).

## IMPACT ASSESSMENT FINDINGS

### PRODUCT IMPACT

- 45% of its operations in the southern parts of India
- Top 20 healthcare service providers in the markets they serve
- INR 200 crore revenue; 33% YoY growth rate
- Aim to be in the top 10 service providers and clock revenue of INR 500+ crore by 2025

### PEOPLE IMPACT

- Employs over 700 people (7% women)
- Touches the lives of 700+ families

### PLANET IMPACT

- Cognizant of increasing focus on climate change and the transition towards a carbon-neutral economy
- Currently evaluating methods to adopt renewable energy mechanisms and also understand how they can move towards carbon neutrality

### POLICY IMPACT

- POSH and Whistleblower policies in place
- Will appoint an ESG committee and a chief ESG/ Impact officer

## OPINION

Linux is in the early stages of embedding ESG & Impact into its core strategy. A few quick wins, including create a more diverse and inclusive workplace and creating a greater focus in ESG/Impact will enhance their ESG/Impact scores.



# Our Portfolio Companies



Imaging & Laboratories

Founders: Anuj Gupta & Pankaj Kansil

## HIGHLIGHTS

Industry: Diagnostics

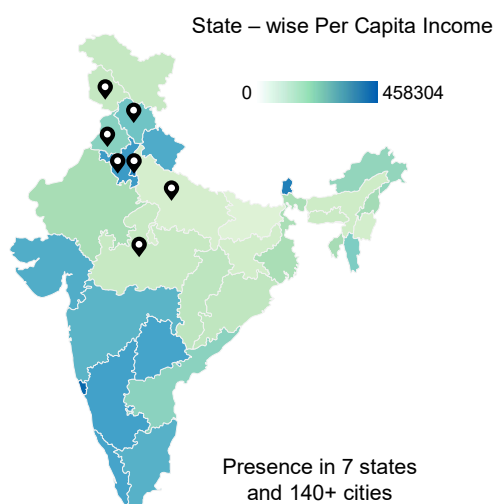
Transaction date: August 2021

Beneficiaries: 235,000+

YoY Beneficiary Growth: 75%

Employee headcount: 367

Website: [atulaya.com](http://atulaya.com)



**49%**

YoY increase in employees



**75%**

YoY increase in beneficiaries



**39%**

YoY increase in Volume sold



**64%**

YoY increase in female employees

## INVESTEES OVERVIEW

Atulaya is a regional integrated (pathology and radiology) diagnostic company headquartered in Chandigarh and is amongst the top 20 diagnostics chains in India.

Atulaya has set up India's first dual-source Computed Tomography (CT) and wide-bore Magnetic Resonance Imaging (MRI). They began their pathology operations in 2012 with fully automated equipment, and today have over 800 touchpoints across Punjab, Himachal Pradesh and Haryana.

## TCHF IMPACT

Since the TCHF investment, Atulaya has increased its footprint to Jalandhar, Karnal, Shimla, and Ludhiana, and is further expanding their presence in North India. Earlier, Atulaya was not very conscious of their ESG footprint, but along with capital infusion, TCHF has brought about an understanding of the importance of ESG.

## IMPACT ASSESSMENT FINDINGS

### PRODUCT IMPACT

- Very affordable services due to the volumes managed
- The installation of the Cyclotron enabled cancer diagnosis in Punjab, whereas patients earlier had to travel to New Delhi to get the required tests done.
- It is currently present in 7 states and 140+ cities.

### PEOPLE IMPACT

- 35% women in the workforce
- Staff trained to ensure high levels of patient comfort
- Customer satisfaction at 90%+

### PLANET IMPACT

- Energy usage being monitored to bring down fossil fuel usage.
- Effluent treatment plants ensure that all bio-medical waste is processed before disposal.

### POLICY IMPACT

- POSH policy in place
- Will appoint an ESG committee and a chief ESG/ Impact officer

## OPINION

Atulaya is in the early stages of embedding ESG & Impact into its core strategy. A few quick wins, including measuring and managing its energy usage, carbon emissions, can better reflect the organization's commitment towards a sustainable tomorrow.

# Our Portfolio Companies



Founders: Dr Anand Krishnamoorthy & Dr Srinivasaraman G

## HIGHLIGHTS

Industry: Diagnostics

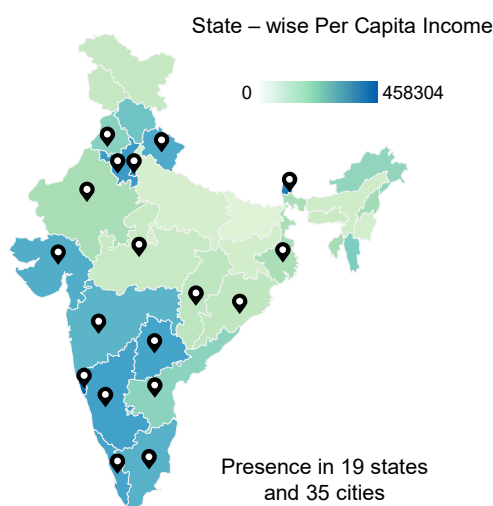
Transaction date: June 2021

Beneficiaries: 250K+

YoY Beneficiary Growth: 67%

Employee headcount: 706

Website: [andersondiagnostics.com](http://andersondiagnostics.com)



**33%**

YoY increase in employees



**67%**

YoY increase in beneficiaries



**55%**

YoY increase in Volume sold



**20%**

YoY increase in female employees

## INVESTEES OVERVIEW

Anderson was formed in 2008 when a group of radiologists came up with the idea of standardizing patient experience & results so that scanning & reporting protocols can be established. Today, they have 3 imaging diagnostic centers, with another 4 in pipeline. As the first oncology lab in southern India, Anderson has done PET scans for more than 200K patients.

Anderson also offers pathology services, including providing support to hospitals without the requisite pathology facilities. They provide flexible pricing, especially for the underserved, and have never turned a patient away for money.

Anderson enjoys a high rate of repeat business from customers, which speaks volumes about their customer-first approach. Anderson hones their skills through technical and behavioral trainings but also does not lose sight of their well-being by providing a healthy work-life balance.

## TCHF IMPACT

TCHF's investment has ensured Anderson has had the right processes in place, and has also brought about a more structured focus to ESG compliance and performance. They have built the foundation through strong waste management procedures, focusing on internal and external customers, and having strong governance mechanisms.

## IMPACT ASSESSMENT FINDINGS

### PRODUCT IMPACT

- Operates in 19 states and 35 cities in India serving 243,000 clients.
- INR 140 crore revenue; 77% YoY growth rate
- 55% YoY growth rate in volume sold

### PEOPLE IMPACT

- Employs over 700 people
- **39%** Female workforce representation

### PLANET IMPACT

- Will soon start tracking organization's GHG emissions and energy consumption.
- Will soon implement Environmental & Sustainability guidelines for suppliers

### POLICY IMPACT

- **ESG committee** in place.

## OPINION

Anderson has started embedding ESG & Impact into its core strategy. Their beneficiary reach is growing YoY, as is their revenue. Immediate action plan is to implement methods to measure and track GHG emissions and energy consumption, thus enabling them to enhance their ESG/Impact scores.

# Our Portfolio Companies



Founders: Amit Karat & Ajit Patil

## HIGHLIGHTS

Industry: Digital Healthcare

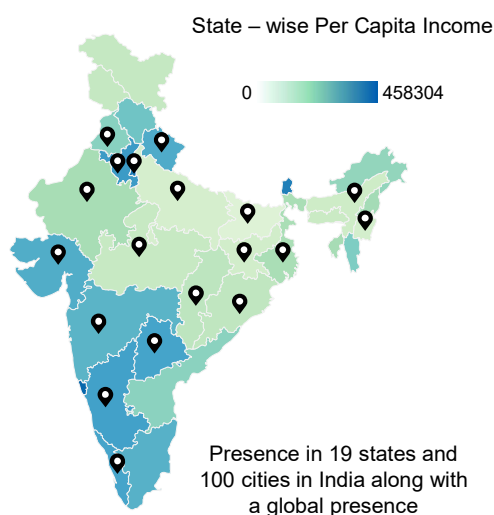
Transaction date: March 2021

Beneficiaries: 250+ (B2B)

YoY Beneficiary Growth: 106%

Employee headcount: 94

Website: [deeptek.ai](https://deeptek.ai)



**29%**

YoY increase in employees



**9%(B2B)**

YoY increase in beneficiaries



**111%**

YoY increase in volume sold



**53%**

YoY increase in female employees

## INVESTEES OVERVIEW

Deeptek uses proprietary, cutting-edge "aided and augmented" (AaA) algorithmic tools for imaging. These tools cover a wide range of medical imaging procedures, including radiography, CT scans, and MRI. They service 200+ hospitals and imaging centres and help governments (India, APAC) in their Tuberculosis, COVID 19, and other public health screening programs.

Vision is to provide cutting-edge solutions powered by deep learning algorithms that will bridge the wide gap in the imaging sector. They provide three services: Technology solutions Augmento (Enterprise + SaaS), Genki (Public health screening solution) and Tele radiology.

## TCHF IMPACT

Prior to the capital infusion, Deeptek was not very aware of their ESG footprint, but the TCHF has helped to increase awareness of the value of ESG.

## IMPACT ASSESSMENT FINDINGS

### PRODUCT IMPACT

- Deeptek serves 245 clients in 19 states and 110 cities across India.
- In 2022, their revenue increased by 116% YoY to INR 13.8 crore.
- Total volume sold has increased by 111% YoY
- They invested INR 3.8 crore on low-cost healthcare research and development.

### PEOPLE IMPACT

- Deeptek employs 94 people in total, with women accounting for 25% of the workforce.
- They provide all mandatory employee benefits, and are also in complete compliance with all health and safety regulations.

### PLANET IMPACT

- Will soon start tracking organization's GHG emissions and energy consumption.
- Will soon implement Environmental & Sustainability guidelines for suppliers.

### POLICY IMPACT

- POSH and Whistleblower policy in place
- Yet to appoint an ESG committee and a chief ESG/ Impact officer

## OPINION

Deeptek is in the early stages of embedding ESG & Impact into its core strategy. A few quick wins, including measuring and managing its environmental footprint, creating a greater focus in ESG/Impact will enhance their ESG/Impact scores and better reflect the organization's commitment towards a sustainable tomorrow.

# Our SDG Impact

TCHF II has shortlisted two thematic areas to measure and monitor the positive development outcomes of investments:

- Improving access of high-quality, affordable & essential healthcare and pharmaceutical products & services
- Healthcare, Pharmaceutical and life sciences workforce – job creation and skill enhancement



IMPACT HOW	IMPACT WHAT?	IMPACT WHERE?				
		Pharmaceutical & Life Sciences	Health Tech	Medical Devices & Supplies	Hospitals, Services & Facilities	Others (Complementary & Alternative Medicine, Wellness & Medical Tourism)
Identify investees addressing healthcare infrastructural gap, with rural/semi-urban access for lower/middle income consumers paying out-of-pocket	Healthcare Sub-Sectors					
	SDG Goals & Metric					
	3.1 (Maternal Mortality)					
	3.2 (Infant Mortality)					
	3.5 (Prevent Substance Abuse)					
	3.6 (Prevent Road Accident)					
	3.7 (Sexual & Reproductive Healthcare)					
	3.3 (End Epidemics)	Green	Green	Light Green	Light Green	Grey
	3.4 (Premature Mortality)	Green	Green	Light Green	Light Green	Grey
	3.8 (Universal Health Coverage)	Green	Green	Light Green	Light Green	Grey
	3.9 (Protect Against Contamination)	Green	Green	Light Green	Light Green	Grey
	3.A – A.D (Tobacco Control, R&D of Vaccines, Healthcare Workforce, National and Global Health Risk)	Green	Green	Light Green	Light Green	Grey

The table maps impact areas of TCHF – II against the 13 targets of UN SDG 3.

Legend:

- Sectors currently covered** (Green box)
- Sectors to be covered in future** (Light Green box)

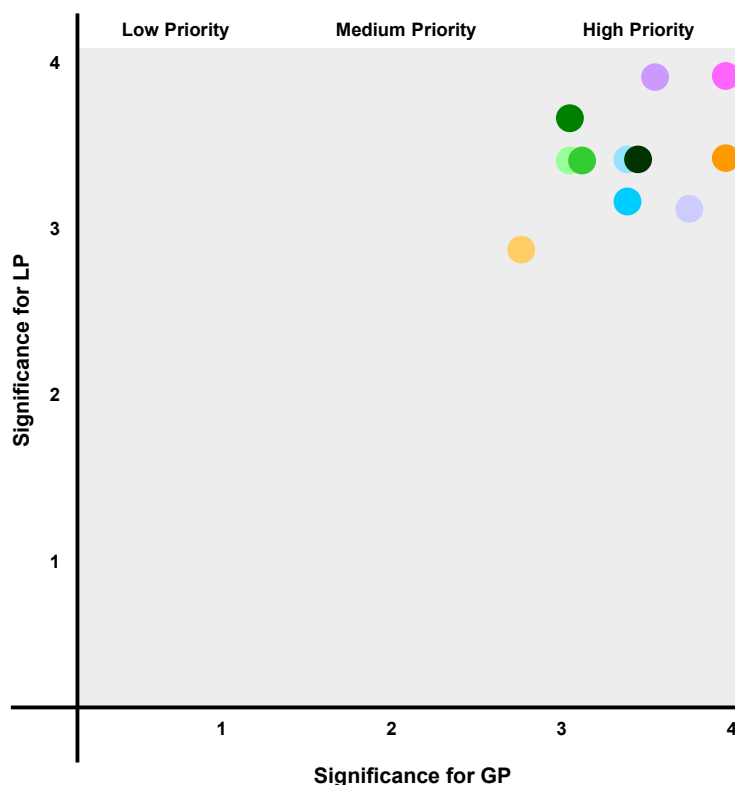
# Materiality Matrix

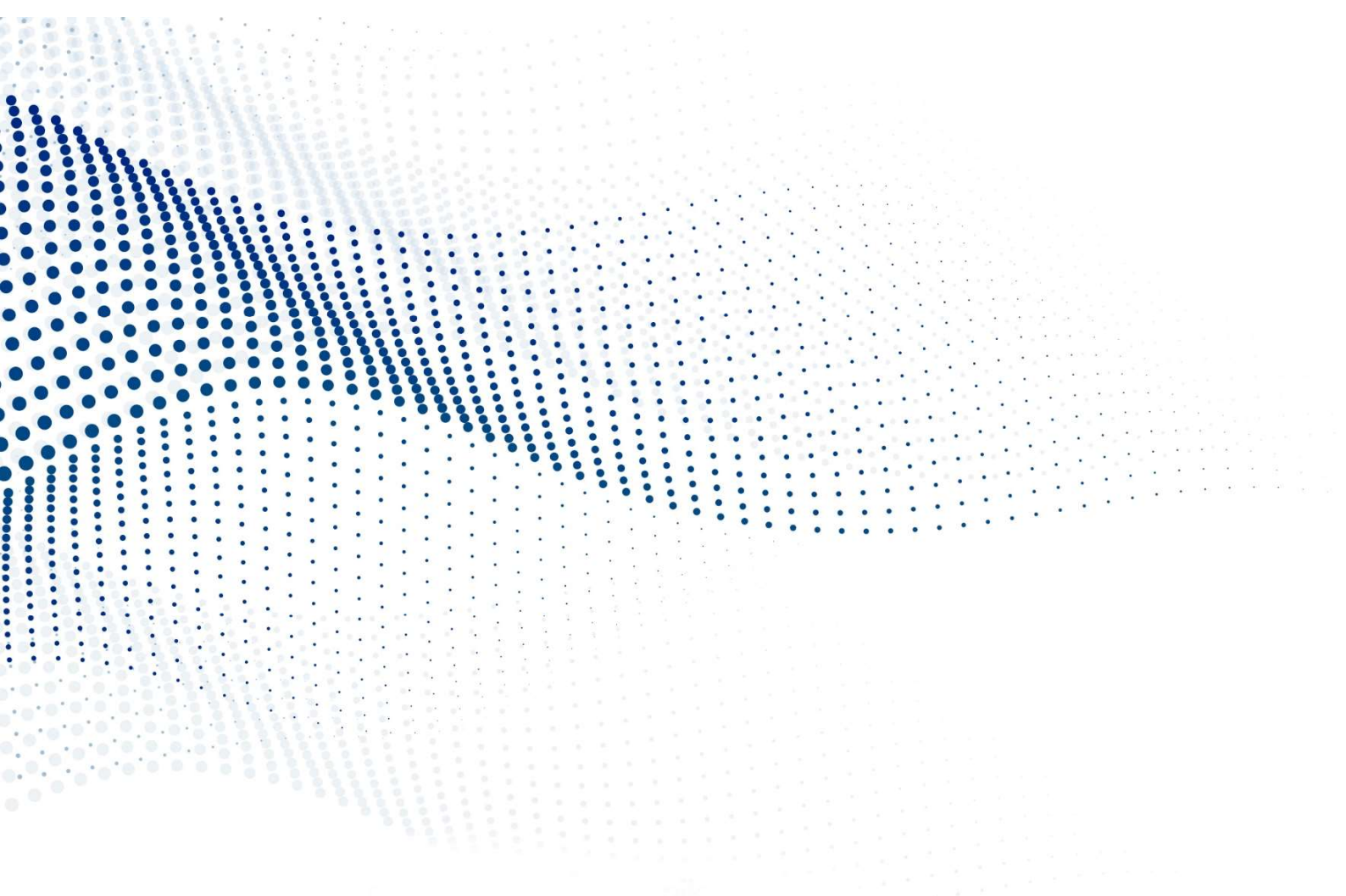
Materiality assessment helps identify, prioritize, track and report the most important sustainability issues. The materiality topics below provide insight into stakeholder concerns as well as the internal and external focus areas that the business focuses on.

We conducted a thorough materiality assessment to enhance our understanding of internal and external stakeholder expectations of us as a company and to drive meaningful progress on our ESG priorities. The material topics that were selected include identifying likely material issues while taking into account Aspire’s Comprehensive Impact Assessment Framework and peer priorities. Following that, for the materiality assessment, key internal and external stakeholders with an influence and impact on TCHF were identified. The identified stakeholders’ opinions on the Material issues were recorded through relevant engagement mechanisms. A thorough examination of each potential material issue was conducted, with input from stakeholders and management. The Material topics were also prioritized taking into account both management and stakeholder perspectives.

TCHF has identified the following key issues as material to the company’s growth and the well-being of all its stakeholders through:

Materiality Topics	Stakeholder Priority		Legend
	LP	GP	
Building Affordable Products for Underserved	3.0	3.7	●
Customer Satisfaction	3.8	3.7	●
Economic Performance	3.8	4.0	●
Diversity & Inclusion	3.3	3.3	●
Talent Management & Development	3.0	3.3	●
Energy Management	3.3	3.0	●
Water Management	3.3	3.0	●
Emissions Management	3.5	3.0	●
Waste Management	3.3	3.3	●
Ethics & Integrity	2.8	2.9	●
Regulatory Compliance	3.3	4.0	●





## Acknowledgements

The impact assessment of Tata Capital Healthcare Fund – II's portfolio was undertaken by Aspire Impact whose team comprised Aakansha Shenoy, Amit Bhatia, Arvind Sridharan.

The study team extends its sincere thanks to the functionaries of TCHF and portfolio companies – Linux, Atulaya, Deeptek and Anderson who extended their wholehearted co-operation in completion of the assessment.

Our team is grateful to all the survey respondents (LPs, GP and Investee companies) and interviewees who shared their experiences, thoughts, suggestions and their valuable time during the execution of the study.