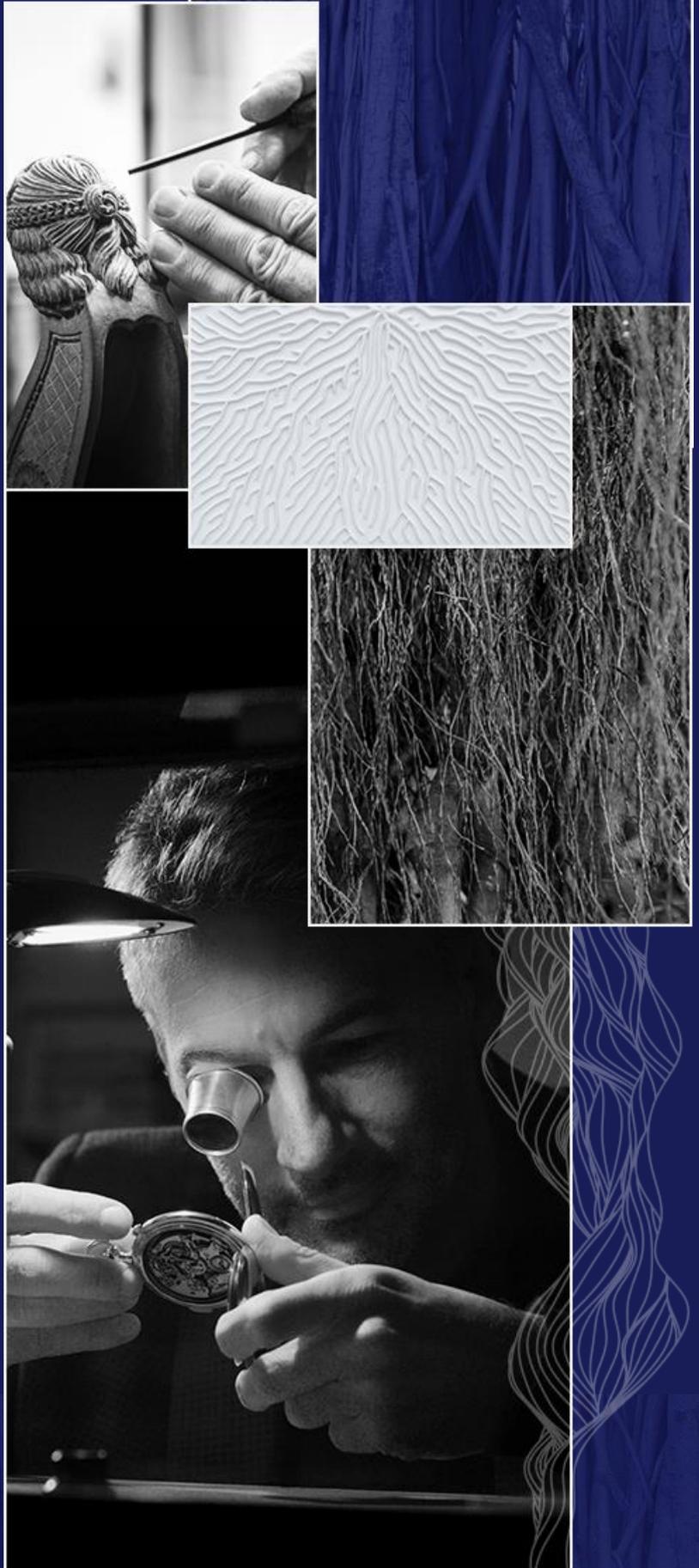


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NEWSLETTER
JULY
2022





The Indian Health-tech Story

Introduction

With the help of digital technologies and the internet, the healthcare industry is trying to solve the rising problems like quality and good service at a reasonable price instantly along with preventive measures to avoid life-threatening diseases. The rising population growth and healthcare spending by the governments in key emerging economies like India, Russia, Brazil, and Indonesia are playing a critical role in the digital transformation of the healthcare industry.

As the intrinsic demand for healthcare services continues to rise, given the aging population, the increasing prevalence of chronic disease, and the search for a higher quality of life have further increased the investment in R&D and are opening new opportunities in the healthcare market. With global healthcare spending expected to rise at a CAGR of 6% in 2020-25, it is likely to present many more opportunities for the sector.

For India, healthcare has become one of India's largest sectors – both in terms of revenue and employment. Comprising hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, and more. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services, and increasing expenditure by public as well as private players. The healthcare market can increase by more than four-fold to reach \$638 Bn by 2025.

The unprecedented corona outbreak (Covid-19) has already affected every industry more or less. The pandemic has also shown the gaps in the Indian healthcare system which is alluring health-tech players to fill those gaps. The health-tech industry is shifting towards preventive care and healthcare monitoring to take precautionary steps against diseases. Hence, the health-tech industry in India is expected to see a rising amount of investment in 2020 and onwards.

3,882
Number of Health tech Startups Launched in India

~\$7 Bn
Size of Health tech Industry in 2020

327
Funded Health tech Startups in India

\$2.5 Bn+
Total Funding Raised Since 2014

~\$50 Bn
Estimated GMV of Health tech Market in India by 2033

04/03
Unicorns/Soonicorns In Health tech space in India

Source: IBIS Capital, INC42, Secondary research reports, WCA analysis

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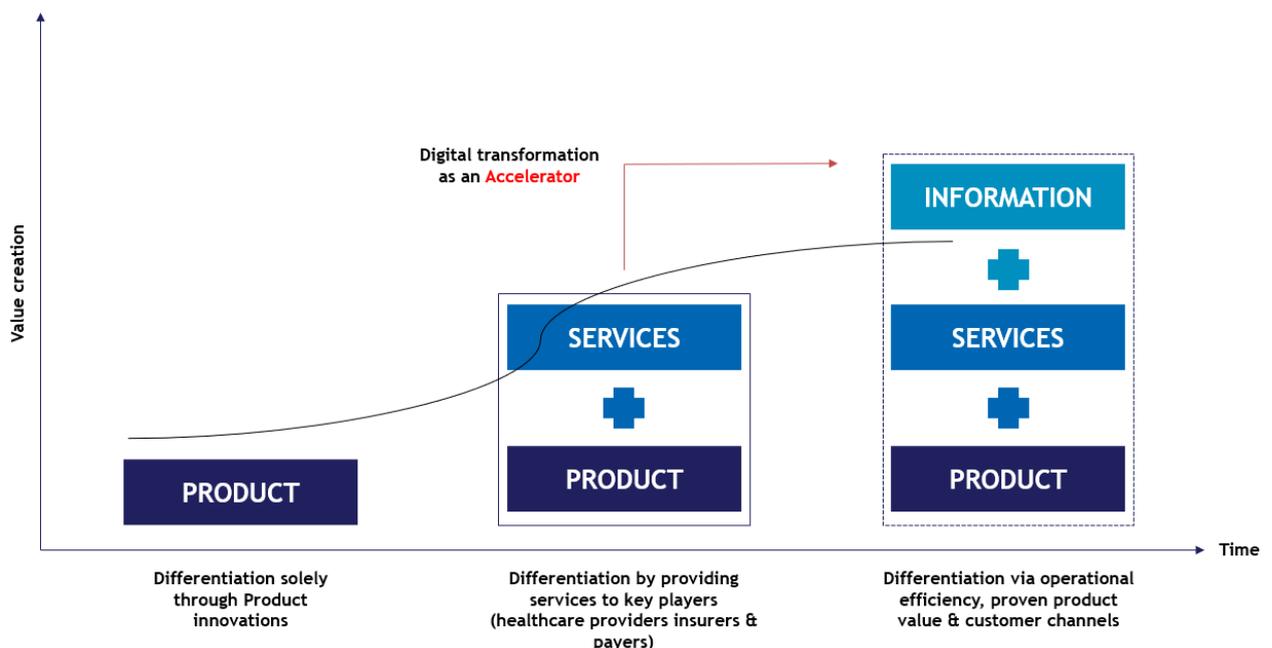
A. Overview of the Health-tech Industry in India

In layman's terms, health-tech is defined as the technology-enabled service or product which helps in diagnosis, early prevention, better treatment, online medicine ordering, and easy consultation with doctors. The healthcare sector is shifting toward digitalization and connected health services. Digital technology like artificial intelligence (AI), machine learning (ML), the internet of things (IoT), big data analytics, and information technology are leveraging the healthcare sector to provide better services and improve the system.

From wearables, telemedicine, online appointment booking, online medicine ordering, digital payment, genomics, database management, home healthcare, and diagnostics to monitoring health conditions through app or web portals, the health-tech industry is opening a new dimension in the healthcare industry.

The development of modern technology has helped to improve the healthcare industry and offer affordable services to large consumers. The data-driven technology always assures to maintain quality in providing services. People are experiencing better health services through health-tech than traditional healthcare services. The health-tech and internet have leveraged to avail healthcare services by sitting at home. With the advancement of technology, more health-tech services will be available shortly and the industry will witness huge investment.

Evolution of the healthcare product offering



Source: IBIS Capital, INC42, Secondary research reports, WCA analysis

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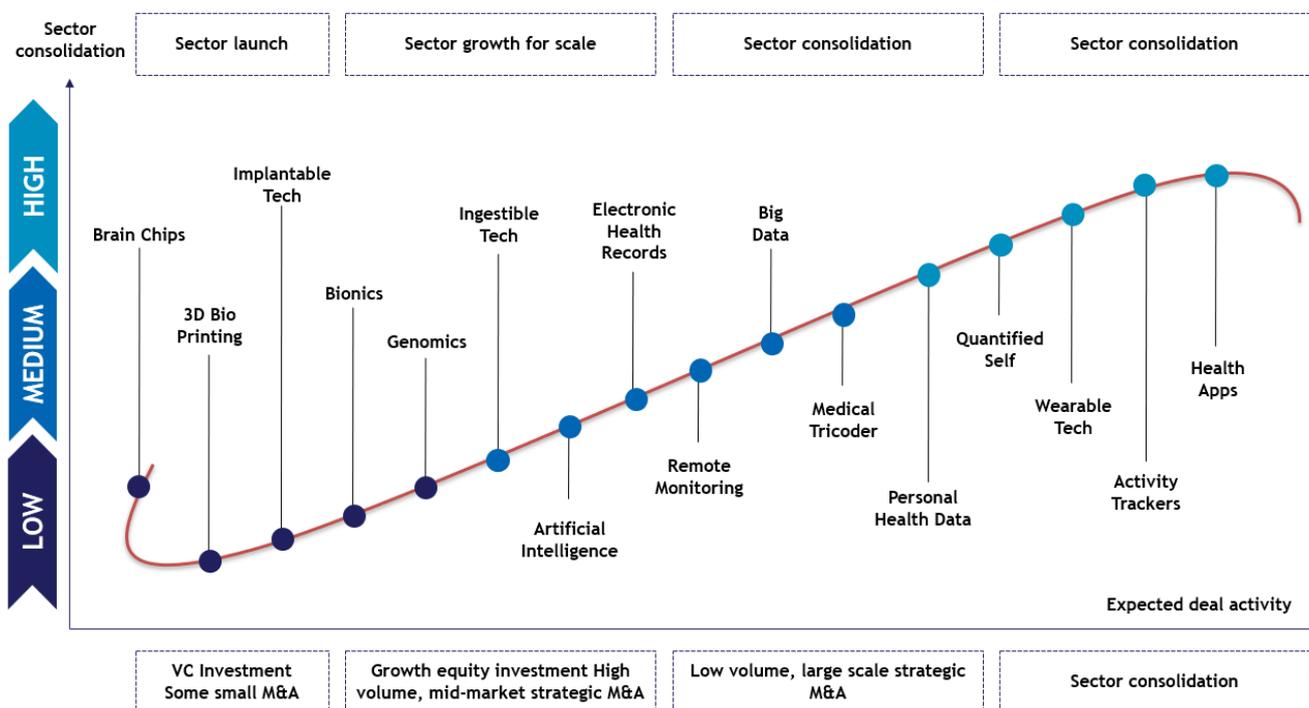


The pandemic has put a spotlight on the healthcare infrastructure and has also highlighted the need for India to reboot the healthcare systems. Today, technology is playing a crucial role in making healthcare access easier and more affordable for those with access to smart devices and the internet. The changing consumer behavior and lifestyle are creating demand for technology-based preventive healthcare, diagnosis, biotechnology solutions, oncology care, and more. And with a highly fragmented healthcare network – the urban-rural divide – and poor levels of medical awareness, health-tech startups have plenty of room to grow and scale.

Health-tech startups are harnessing this opportunity through wearable technology, virtual reality (VR), artificial intelligence (AI), machine learning (ML), 3D printing, biotechnology research, medical devices, genomics, and data analytics. Together, these branches promise to revolutionize healthcare in India.

A flourishing modern healthcare ecosystem is underpinned by technology penetration and adoption, which in turn will contribute to the availability of data in this sector, which can be tapped by healthcare IT startups. This data-rich healthcare ecosystem is likely to have a major positive impact on research in the field of genetics and genome, as well as the delivery of ancillary services such as insurance.

Health-tech Industry Consolidation S-curve



Source: IBIS Capital, INC42, Secondary research reports, WCA analysis

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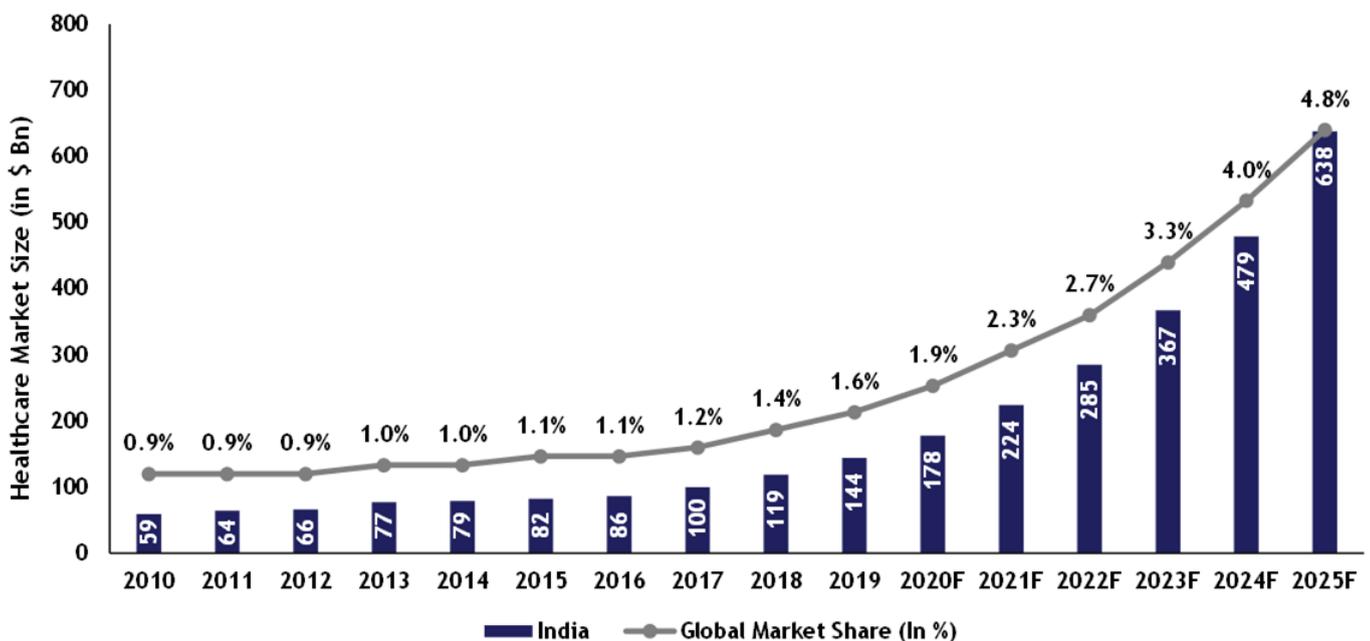
B. I. Market Size: Indian Healthcare Industry

The increasing ageing population and life expectations are creating immense pressure on the healthcare system. With developed healthcare services, the mortality rate is decreasing, especially in emerging countries. The developing countries have started investing more in the public healthcare segment. Still, communicable and chronic diseases are rising around the world. People are becoming more conscious about maintaining personal fitness and hygiene.

The US is leading the global healthcare market with a \$3720 Bn value in 2019. The global healthcare market is expected to grow with a CAGR of 5.8% during 2020-2025. As the demand for healthcare rises, the cost of healthcare will reduce and people will look for quality service in healthcare. Europe with the highest population of ageing people is the second-largest market in the healthcare sector. Hence, we are expecting more investment in the healthcare sector in the region to provide adequate services to the ageing population.

India is a baby boomer in the global healthcare market. It is the second-largest country in terms of population (1.36 Bn) after China (1.39 Bn). Again, India’s healthcare market is growing at a faster rate than other emerging economies. Household spending in India is also increasing. Still, healthcare infrastructure is not good compared with other major countries around the world. Hence, India is becoming favourable for investing heavily in the future.

India's Healthcare Market To Grow By Over 4X From 2019 Level



Source: OECD & DataLabs Analysis, INC42, Secondary research reports, WCA analysis

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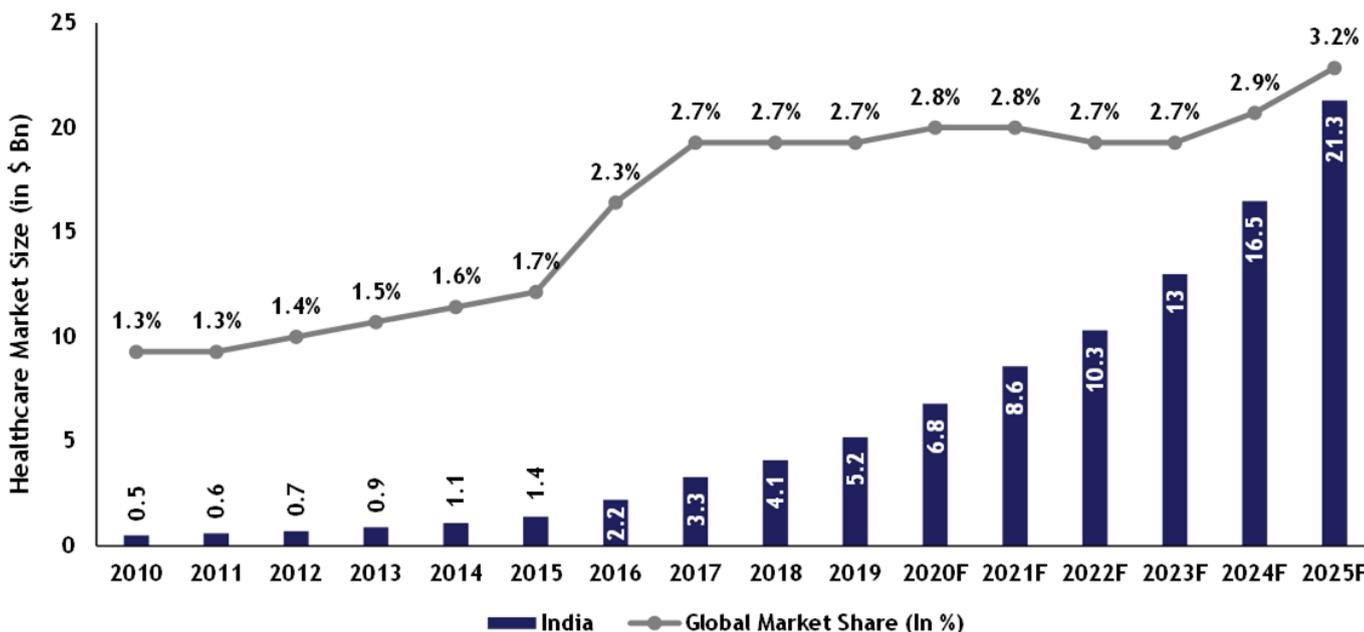
B. II. Market Size: Indian Health-tech Industry

Traditional healthcare systems incorporate technology to improve accuracy and efficiency, cost efficiency, and system productivity. The current state of technology is focussing on electronic medical records with an emphasis on social media, mobile applications, analytics, and cloud computing (SMAC) technologies, including telehealth, remote monitoring, and enhanced communications. Technology has shifted care to the environment suitable for customers such as homes, personal monitoring devices, and local communities. Digital health is fuelled by advanced Internet of Things (IoT), artificial intelligence (AI), augmented and virtual reality (AR/VR), blockchain, fast health interoperability resources (FHIR), and more. The upcoming “Smart Home” environment will demand more home-based health-tech services.

The global health-tech market is expected to reach \$655 Bn by 2025 with a CAGR of 18% during 2020-2025. The US is leading the global health-tech market with a \$73 Bn value in 2019. The North American region will hold the biggest market in health services.

The health-tech market contributed only 3.6% of the total healthcare market in India in 2019. The share of the health-tech market in the total healthcare market in India is expected to remain constant till 2025.

India's Health-tech Market Is Projected To Reach US\$21.3 Billion In 2025 From US\$5.2 Billion In 2019



Source: DataLabs, INC 42, Secondary Research, Secondary research reports, WCA analysis

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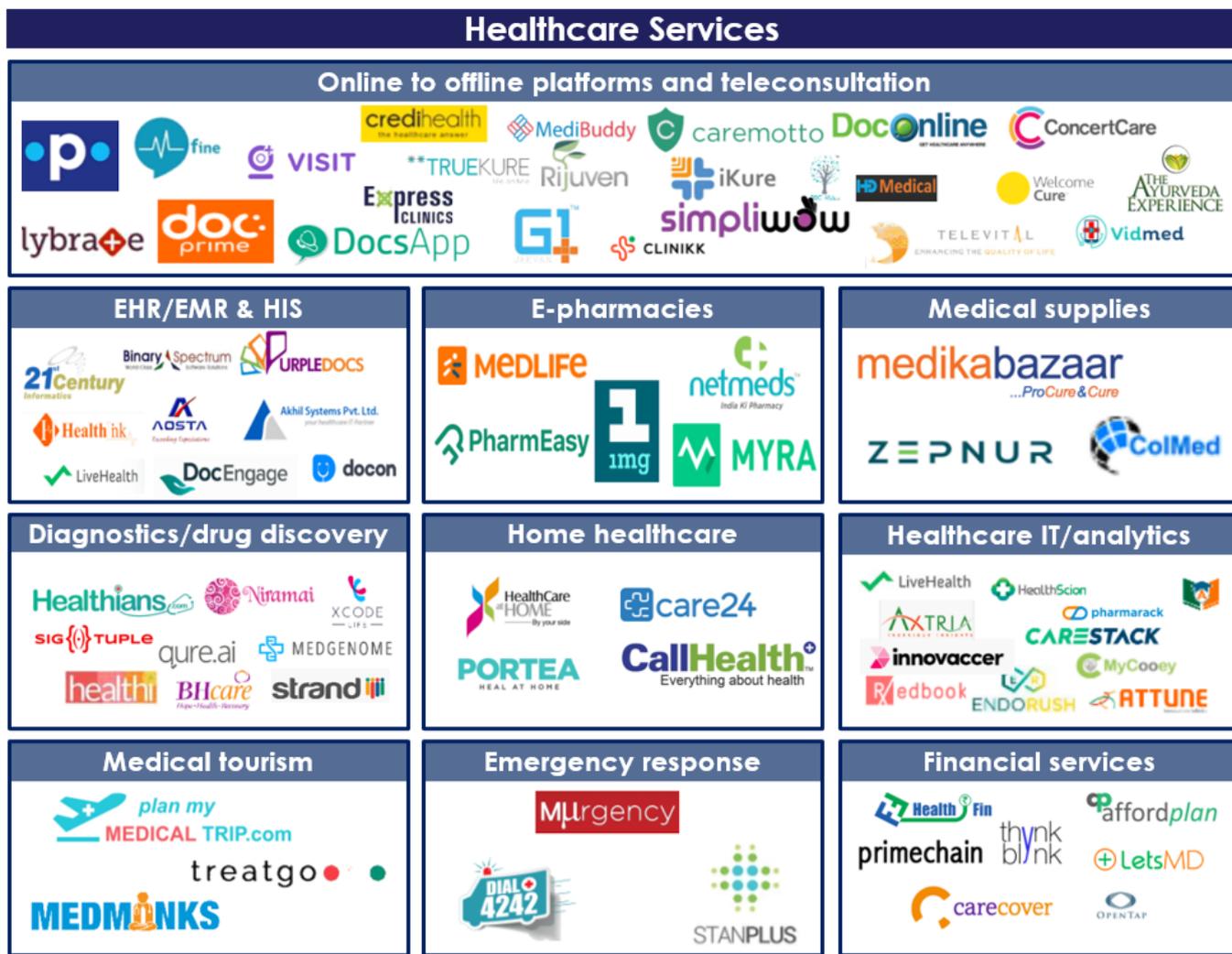




C. II.: India’s Health-tech Landscape (Sub-segments)

Technology has entered every aspect of daily life. The variety of services, products, and offerings makes healthcare one of the most challenging aspects of the economy and this is reflected in the glacial pace of development when one looks at each vertical within healthcare.

The health-tech industry can be broadly segmented into two broad heads: Healthcare Services & Personal Health Management. Within India, startups are broadly classified in these verticals and use AI, ML, and other modern technology to improve access, affordability, and quality service.



Source: Praxis, Secondary research reports, WCA analysis

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Personal Health Management	
Personalized healthcare	
Patient aids	
Therapeutic solutions	
Personal health records	
Monitoring	
DIY Diagnostics	
Online information search	
Wellness services	

Source: Praxis, Secondary research reports, WCA analysis

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D. Government & Regulatory Initiatives

Some of the major initiatives taken by the Government of India to promote the Indian healthcare industry are as follows:

- In the Union Budget 2022-23:
 - Rs. 86,200.65 crores (US\$ 11.28 billion) was allocated to the Ministry of Health and Family Welfare (MoHFW).
 - Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was allocated Rs. 10,000 crore (US\$ 1.31 billion).
 - Human Resources for Health and Medical Education was allotted Rs. 7,500 crore (US\$ 982.91 million).
 - National Health Mission was allotted Rs. 37,000 crore (US\$ 4.84 billion).
 - Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) was allotted Rs. 6,412 crore (US\$ 840.32 million).
 - The Government of India approved the continuation of the 'National Health Mission' with a budget of Rs. 37,000 crore (US\$ 4.85 billion).
- **As of April 5, 2022**, 748 e-Hospitals were established across India as part of the central government's 'Digital India' initiative.
- **By September 21, 2021**, the Health Ministry's eSanjeevani telemedicine service crossed 12 million teleconsultations since its launch, enabling patient-to-doctor consultations, from the confines of their homes, and doctor-to-doctor consultations.
- **In September 2021**, Prime Minister Mr. Narendra Modi, while speaking at the global COVID-19 summit, said that India had shared its vaccine production with 95 countries and the UN peacekeepers. He also stated that India will supply COVID-19 vaccines to other countries after increased production.
- **In September 2021**, Prime Minister Mr. Narendra Modi launched the Ayushman Bharat Digital Mission. The mission will connect the digital health solutions of hospitals across the country with each other. Under this, every citizen will now get a digital health ID and their health record will be digitally protected.
- **As of May 2021**, 11.9 lakh Health IDs have been generated, and 3,106 doctors and 1,490 facilities have registered on the National Digital Health Mission (NDHM) platform.
- **In May 2021**, Defense Minister Mr. Rajnath Singh launched the 'Services e-Health Assistance & Tele-consultation (SeHAT)' OPD portal to provide telemedicine services to armed forces personnel and veterans.

Source: IBEF, News Reports, WCA analysis

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E. Recent Developments

Between April 2000-December 2021, FDI inflows for the drugs and pharmaceuticals sector stood at US\$ 19.19 billion, according to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT). FDI inflows in sectors such as hospitals and diagnostic centres and medical and surgical appliances stood at US\$ 7.73 billion and US\$ 2.35 billion, respectively. Some of the recent developments in the Indian healthcare industry are as follows:

- **Currently**, India holds the fourth position in attracting VC funding to the health-tech sector, with investments of US\$ 4.4 billion between 2016 and 2021, with US\$ 1.9 invested in 2021 alone.
- **In January 2022**, Phase 3 trials commenced of India's first intranasal vaccine against COVID-19, which is being developed by Bharat Biotech in conjunction with Washington University School of Medicine in St Louis, the US.
- **In January 2022**, Startup HealthifyMe, with a total user base of 30 million people, is adding half a million new users every month and crossed US\$ 40 million ARR.
- **In December 2021**, Eka Care became the first CoWIN-approved organization in India, through which users could book their vaccination slot, download their certificate and even create their Health IDs.
- **As of November 18, 2021**, 80,136 Ayushman Bharat-Health and Wellness Centres (AB-HWCs) are operational in India. 638 e-Hospitals are established across India as part of the central government's 'Digital India' initiative.
- **In November 2021**, Flipkart Group announced its foray into the healthcare sector through the launch of Flipkart Health+. As part of this development, Flipkart has signed definitive agreements to acquire a majority share in Sastasundar Marketplace Limited, which owns and operates SastaSundar.com, an online pharmacy, and digital healthcare platform.
- **In June 2021**, Tata Digital Limited, a 100% subsidiary of Tata Sons Private Limited, announced that it will acquire a majority stake in digital health company 1mg.
- **In June 2021**, PharmEasy acquired a majority stake in Thyrocare Technologies, a diagnostics chain, to diversify and bolster its testing business.
- **In June 2021**, AstraZeneca India signed an MoU with Docon Technologies, a Bengaluru-based health-tech startup to digitise 1,000 clinics across India by implementing customised electronic medical record (EMR) systems in clinics to offer doctors access to a patient's complete medical history.

Source: IBEF, News Reports, WCA analysis

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F. Past PE/VC Transactions

The Indian Health-tech landscape has seen multiple PE/VC transactions over the last few years. Some of the key transactions in this space are highlighted below:

Company	Sub-Segment	Business Description	Key Investors	Latest round	Total Funding	Valuation
practo	Telemedicine	Single platform for booking an appointment, tele consultation, lab tests and ordering medicines.	Tencent, Sequoia Capital, Sofina Ventures, Matrix Partners, G Capital, and RTP Global	32 (Aug 20)	228	310
medikabazaar	Others	B2B marketplace for medical supplies and equipment	HealthQuad, Ackermans & van Haaren, Rebright Partners and Toppan Printing	3 (Mar 20)	53	71
HealthPlix	Healthcare IT & Analytics	Digital Health Platform used by physicians in India at point-of-care during patient consultation	Lightspeed, JSW Ventures, Chiratae Ventures and Kalaari Capital	14 (Mar 21)	24	NA
tricog	Healthcare IT & Analytics	Accurate & instant diagnosis of cardiac incidents	Japan's UTEC, Aflac Ventures, Dream Incubator, Inventus Capital & Blume Ventures	11 (Mar 20)	18	NA
Phable	Telemedicine	Single platform for digitizing prescriptions, personalized health reminders & tracking	Manipal Hospitals, SOSV, Fresco Capital and Social Starts	12 (Feb 21)	14	14
meddo	Telemedicine	Primary and secondary healthcare provider in India through a connected care delivery platform	Picus Capital, SRI Capital, growX ventures, LetsVenture, Jitendra Gupta (Citrus Pay)	3 (Jan 21)	6	12
muse wearables	Personal Health	Smart & Hybrid Tech Gadgets for Personal Wellness	Lead Angels, Keiretsu Forum, and SS Rajamouli	3 (Jan 20)	3	NA
BestDec	Healthcare IT & Analytics	Patient Relationship Management (PRM) for Hospitals	Accel Partners and Arkam Ventures.	2 (Sep 20)	2	NA
innovaccer	Healthcare IT & Analytics	Point of care data analytics solutions	Tiger Global, Mubadala Capital, Steadview Capital	150 (Dec 21)	375	3,198
STANPLUS	Emergency Response	Online aggregator for private ambulance players	HealthQuad, Kalaari Capital, Pegasus Fininvest	20 (Jan 22)	22	NA
Eko	Personal Health	Machine learning based heart ailment treatment & detection platform	Sequoia, IHH Healthcare & Heal Partners	15 (Apr 22)	19	NA
Loop Health	Financial Services	Online health insurance platform	Khosla Ventures, General Catalyst & Elevation Capital	25 (Apr 22)	40	NA
truemedics	E-pharmacy	Online pharmacy platform	Westbridge Capital, IE Venture	22 (Apr 22)	27	NA
Ayu Health	Telemedicine	Online platform offering a network of high quality & low-cost healthcare providers	Fundamentum Partnership, Alteria Capital, Waaos Partners	27 (Apr 22)	34	NA
ULTRAHUMAN	Health & Fitness	Online health & fitness platform	Alpha Wave, Nexus Ventures, Blume Ventures, Steadview	18 (Aug 22)	26	NA
Redcliffe labs	E-diagnostics	Testing using molecular and gene-based diagnostics, and next-generation sequencing	LeapFrog Investments, Chiratae Ventures	61 (May 22)	62	NA

Source: VCC Edge, Capital IQ, RBSA Research, Secondary research reports, WCA analysis

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G. Past M&A Transactions

The Indian Health-tech landscape has seen multiple M&A transactions over the last few years. Some of the key transactions in this space are highlighted below:

Company	Sub-Segment	Acquisition Year	Deal Amount	Investor
	Fitness & Wellness	February 2017	Undisclosed	
	E-pharmacy	September 2017	Undisclosed	
	Fitness & Wellness	May 2018	Undisclosed	
	Healthcare IT & Analytics	March 2019	Undisclosed	
	E-Pharmacy	May 2019	Undisclosed	
	Healthcare IT & Analytics	August 2019	Undisclosed	
	Telemedicine	June 2020	Undisclosed	
	E-Pharmacy	August 2020	~200	
	E-Pharmacy	August 2020	~83	Reliance
	Telemedicine	January 2022	~3	
	Fitness & Wellness	November 2021	50	
	E-pharmacy	November 2021	143	
	E-Diagnostics	June 2021	~660	
	Fitness & Wellness	June 2021	Undisclosed	
	Fitness & Wellness	February 2021	Undisclosed	
	Healthcare IT & Analytics	August 2019	~96	
	Fitness & Wellness	June 2021	Undisclosed	
	Others	April 2021	~15	
	E-Pharmacy	June 2021	~200	
	Personal Health	March 2022	Undisclosed	

Source: VCC Edge, Capital IQ, RBSA Research, Secondary research reports, WCA analysis

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H. How WCA can help?

Wodehouse Capital Advisors has extensive network and prior experience across each of the service vertical



Family Office Services

- Investment Management
- Succession Planning
- Real Estate Advisory
- Business Consulting
- India Entry Strategy



Merger & Acquisitions

- Buy Side Representation
- Sell Side Representation
- Bolt- On- Acquisitions



Debt

- Structured Finance
- Refinancing
- Additional Funds for Set-up



Equity

- Growth Capital
- Strategic Capital

THANK YOU

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