

# PATAMAR | CAPITAL

2019 ANNUAL REPORT

Livelihood Impact Fund, L.P.



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Dear Limited Partners,

We hope you and your families are safe and healthy during this extraordinary period.

It is a challenging time for everyone around the world, and it is the first time in our lives that all of us are simultaneously facing an interruption to daily life in a similar way. The need for the global community to come together has never been stronger.

As active board members and investors in companies focused on driving positive impact, we continue to feel the strong connection (a) to our portfolio companies as they tirelessly work to help their customers and increase the resilience of the societies in which they operate and (b) to you as our investors who carry a deep commitment to improving the state of the world.

Right now, the mission and vision of our portfolio companies is more important than ever as they work to improve access to essential products and services while providing income generating opportunities for low and middle-income communities:

- [mClinica](#) is ensuring critical medicine and healthcare information continues to reach small pharmacies across SE Asia, where the 150,000+ pharmacists on its platform personally know their patients and serve as the first line of defense in helping treat and channel their customers towards much needed medical care.
- [Kinara Capital](#) is helping its 27,820 small business borrowers weather the economic fallout from COVID-19 and the lockdown in India.
- [Topica](#) is the leading online education provider in Vietnam with over 100,000+ customers accessing courses on its platform.
- [Micro Benefits](#) is providing real-time insights and feedback on working conditions directly from (i) factory workers to (ii) factory owners and brands during an intense period of global manufacturing shortages and supply chain strain.
- [Jana Care](#) is rapidly developing a low-cost COVID-19 test that could help the Government of India address the quickly increasing testing needs across the country.
- [LEAF](#) is helping (i) ensure critical continuity in India's food supply chain and (ii) preserve the incomes of 6,000+ smallholder vegetable farmers by supplying produce to distribution partners and customers in multiple states.
- [Big Tree Farms](#) is the world's leading, vertically-integrated producer of coconut sugar and coco aminos. The company ensures that its smallholder farmers implement sustainable farming practices and receive fair and transparent pricing for their product.
- [Kalibrr](#) is helping employers and the 3.1 million job seekers on its platform increase employability and reduce hiring friction in Indonesia and the Philippines.

Over the last few weeks, a number of you have reached out to us directly and we have had the chance to trade notes and briefly catch up on the phone. We deeply appreciate your support and engagement, and will continue sharing real-time insights and updates from our offices and portfolio companies during this critical period.

## KEY MARKET UPDATES

Across South and SE Asia, we are seeing various government responses targeting health security and economic support for small businesses. Due to the varied government responses and the timing of such responses, we believe that each country will experience different hardships, and the resulting impact on the operations, growth rates, and valuations of our portfolio companies will likely carry a strong correlation to such responses and results.

Investment activity in the region by venture capital and private equity firms has definitely cooled off in recent months. We are seeing renewed activity and interest in SE Asia from (a) investment firms located in China, Hong Kong, Korea, and Taiwan where the COVID-19 curve has flattened and deep interest in SE Asia as a growth market remains. Similarly a number of SE Asian firms have significant "dry powder" available to take advantage of attractive valuations in strong companies they have been tracking in the past. We are counseling our portfolio companies to conserve cash and delay fundraising plans until there is more certainty regarding the impact of COVID-19.

Even with all the challenges that are likely to come, we still believe investing in emerging Asian markets that have proven resilient in past economic crises will provide tremendous opportunities for financial returns and positive social impact for low and middle-income communities.

Asia is still projected to generate the highest percentage of global economic growth over the coming decades and "we may look back on this pandemic as the tipping point when the Asian Century truly began." (see an interesting article on Asia's positioning [here](#).)

### **INVESTMENT STRATEGY - LIVELIHOOD IMPACT FUND**

Based on the 2015 vintage of the Livelihood Impact Fund ("LIF") and multiple rounds of follow-on financing into a number of LIF's portfolio companies, the investment capital for LIF is almost fully drawn. Coupled with the fact that we have moved beyond the four-year period for making investments into new portfolio companies, we are no longer making investments into companies not already in the LIF portfolio. We are reserving the limited investment capital remaining to support a select number of portfolio companies as needed.

### **CONTINUITY OF PATAMAR OPERATIONS**

Luckily, with offices and team members located across our key markets, and nearly a decade working as a distributed team, the COVID-19 situation has not significantly disrupted our workflow, team collaboration, or communication.

If anything, the frequency of interaction and cooperation between Patamar's team has increased due to a decrease in meetings with outside parties. Our regularly-scheduled Zoom-based "Monday morning meetings" continue as usual and our use of technology tools such as Slack over the last few years has been instrumental in fostering collaboration and "virtual water cooler" discussions on key topics and trends across our markets.

Although everything is not "business as usual"—due to the reduction of in-person meetings with portfolio companies, potential investees, our LPs, and other VC funds and co-investors—the Patamar team continues to work closely with our portfolio companies and provide real-time feedback, assistance, and connections utilizing the local market knowledge and networks we have developed from being embedded in each market.

### **PORTFOLIO COMPANY ENGAGEMENT**

The Patamar team is in close touch with our portfolio companies and has conducted a portfolio review to understand the potential impact that COVID-19 could have in the short and medium term.

We are currently working and will continue to work with each company on scenario planning to vigilantly prepare for potential challenges and cash flow constraints that may come from decreased demand and economic activity. Until there is more clarity on the severity, spread, and persistence of COVID-19 in each market, we feel it is more valuable to conduct scenario planning and internal expense management strategies, as opposed to resetting growth targets and business plans that could be speculative and outside anyone's control.

### **NEW FOLLOW ON INVESTMENTS**

Patamar Capital has completed follow on investments with Microbenefits, Kalibrr, and Kinara. We are pleased by the growth of these portfolio companies and look forward to supporting them with fresh capital and continued strategic guidance. In particular, we would like to highlight the investment in Kinara Capital.



### **Kinara Capital raises \$14M**

Kinara Capital has raised \$14.3M in funding from private equity and impact investors, including Patamar Capital. Kinara will use the funding to accelerate its growth in new and existing markets and increase its investment in technology. Kinara has 90 branches to date and plans to add 20 more.

### **mClinica Series B Bridge Round**

We completed a \$666,667 follow on investment with mClinica in order to help the company scale its virtual pharmacy network to more than 140,000 pharmacy professionals in more than 20,000 pharmacies. This Series B bridge round increased the value of Patamar's investment in mClinica and will help the company scale its presence in the Philippines, Indonesia, Vietnam, Malaysia, Thailand, and Cambodia, while also preparing the company to raise a Series B financing round in 2020.

### **PARTNERSHIP WITH VULPES**

Patamar Capital entered into a management partner agreement with Vulpes Investment Management Pte Ltd (Vulpes) to provide Singapore fund management services for Patamar Fund II. In conjunction with this arrangement is a relocation of Patamar Capital headquarters to Singapore. Founding partner Beau Seil has relocated to grow the Singapore HQ and deepen the firm's in-region presence throughout South and Southeast Asia.

### **AN EXPANDING TEAM**

In the past year we have been thrilled to welcome three new team members. Nathan Sivagananathan and Satchith Kurukulasuriya, based in Colombo, Sri Lanka, lead Patamar's South Asia team and South Asia investments, respectively. Sandra Restu Surya has also joined our team, as an associate in the Indonesia office.

### **OUR GRATITUDE**

The entire Patamar team wishes to express its gratitude for your support.

Although we will all face numerous challenges over the coming months, we are energized to have such a strong investor group and set of portfolio company founders dedicated to driving positive change through their companies and platforms.

Our focus is to demonstrate leadership as we work to assist our portfolio companies address challenges and opportunities with creativity and humanity in a time of strong uncertainty.

If you have any questions or would like to engage more deeply with any of our portfolio companies as an outside mentor, please reach out at any time and do not hesitate to contact me or anyone on the Patamar team.

Sending all our best,  
Beau & the Patamar Capital team



Geoff "Chester" Woolley



Beau Seil



Lee FitzGerald



Dondi Hananto

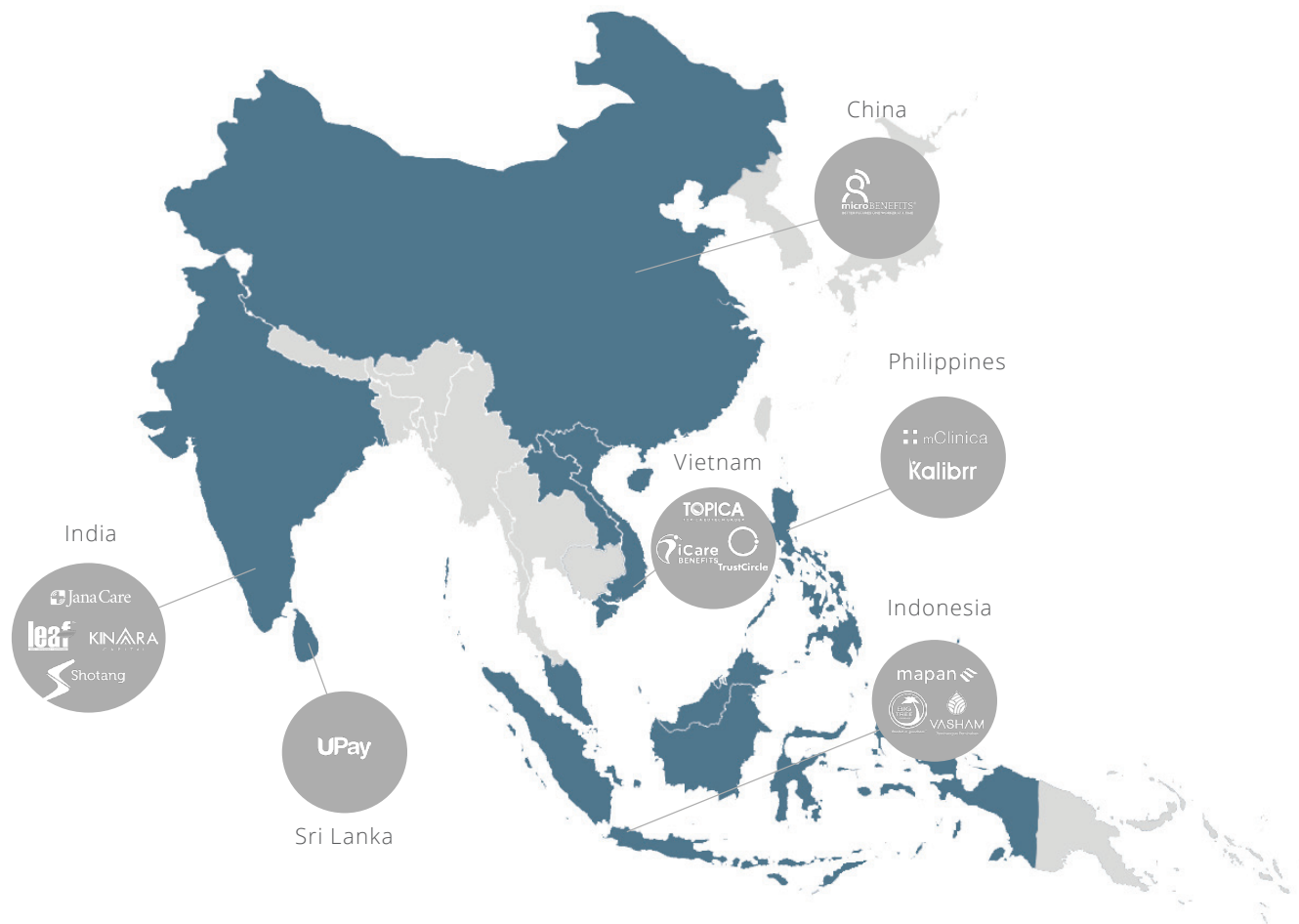


Shuyin Tang

## A QUICK LOOK

# By the Numbers

*The Livelihood Impact Fund's portfolio companies have improved nearly 4 million lives to date, a 20x increase since time of initial investment.*



# 4.5M

Number of lives improved  
across portfolio companies

# \$82M+

Combined 2019 Fiscal Year Revenue  
generated by Portfolio companies



# Patamar Capital Overview

Patamar Capital makes venture capital investments in high-growth companies solving South and Southeast Asia's most pervasive problems at scale. The firm's target geographies of India, Indonesia, Vietnam and the Philippines display strong growth, yet market inefficiencies remain and are disproportionately found within low-income communities. Patamar primarily invests in three types of companies that address this massive market opportunity: innovative distribution platforms, developers of life enhancing products and services, and re-configured supply chains. Sectors include financial services, "niche" e-commerce, health care, agriculture and education.

**Entrepreneurs selected by Patamar aggregate fragmented markets, scale models successfully, and exit to strategic acquirers.**

**We invest in companies that:**



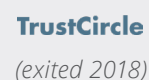
**Agriculture**



**Tech Enabled Distribution Platforms**



**Financial Services**





## Agriculture Technology

In India alone, retail and other domestic industries struggle with poor infrastructure and supply chain inefficiencies that cost the country's economy over \$65 billion every year. In India's food supply chain – one of the most fragmented and inefficient in the world – over 30% of its fresh produce is lost or spoiled before it can reach market. New supply chain models can increase food security, economic stability, and the incomes of smallholder farmers.







# Agriculture Technology

Big Tree Farms, Leaf, Vasham



**Big Tree Farms is a vertically integrated supply chain company** working with smallholder farmers to produce alternative sweeteners and condiments from the flower nectar of coconut palms.

**Country** Indonesia

**Sector** Agriculture supply chain

**# Livelihoods Improved** 9,700+ farmers (sources from 4,000 farmers currently)

**# of Employees** 40

**Economic Benefit** Raw material purchased from farmers at a 25%+ premium over market price



**Leaf is a vertically integrated agricultural supply chain company** focused on meeting the growing demand for fresh, hygienic produce in India. LEAF sources high quality vegetables directly from smallholder farmers. It grades, sorts, washes and packages the produce, and sells its products to a range of distribution partners.

**Country** India

**Sector** Agriculture Supply Chain

**# Livelihoods Improved** Between April and December 2018, Leaf worked with 3,284 farmers.

**# of Employees** 130 employees



**Vasham is an integrated agriculture company** working with smallholder farmers, providing farm inputs, technical assistance and direct access to buyers.

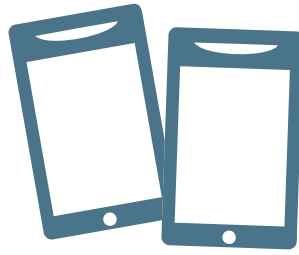
**Country** Indonesia

**Sector** Agriculture supply chain, financial services

**# Livelihoods Improved** 6,500 farmers

**# of Employees** ~200

**Economic Benefit (increase in income)** 120%



## Tech-enabled Distribution Platforms

The majority of retail sales in Patamar Capital's target geographies are channeled through unorganized networks or small, independent shopkeepers. These unorganized networks often lack access to adequate or broad inventory offerings, have a higher cost of goods and provide limited services. As a result, low-income consumers often receive the worst products, at the worst prices, with the worst service. Tech-enabled distribution platforms can provide essential goods and services to underserved communities while providing low-income business owners with reasonably-priced products or services that better match consumer demand, enabling business owners to increase their income.







# Tech-enabled Distribution Platform

Jana Care, Kalibrr, mClinica, MicroBenefits, Topica, Shotang, Ruma



**Jana Care is a medical device company** which screens, educates and monitors patients with diabetes or pre-diabetes. Jana Care supplies the diagnostic devices, test strips and their app to individuals and clinics across India. Prior to Aina, the HbA1c test could only be done in laboratories. Early detection of diabetes ensures that patients can take suitable steps to prevent chronic illnesses, which often pull people deeper into poverty.

**Country** India

**Sector** Healthcare

**# Livelihoods Improved** During 2018 the company has completed 601,277 additional (HbA1c and glucose) tests

**# of Employees** 74 employees in India, 4 in the US



**Kalibrr is a talent marketplace for emerging market countries** that matches highly relevant candidates to jobs based on skills, experience, and interest. Job seekers from low-income backgrounds often lack formal education and training. Kalibrr's platform removes the need for traditional job qualifiers (e.g. college degrees, formal work experience), providing those without prior formal work experience or tertiary education equal access to employment opportunities.

**Country** Philippines (HQ), Indonesia

**Sector** Employment Services

**# Livelihoods Improved** 1,700,000 jobseekers on the platform

**# of Employees** 60

**Economic Benefit**

- 50% of users are women



# Tech-enabled Distribution Platform

Jana Care, Kalibrr, mClinica, MicroBenefits, Topica, Shotang, Ruma



**mClinica is the largest virtual pharmacy network in SE Asia.** mClinica's platform connects pharmacists with pharmaceutical wholesalers and distributors to save pharmacists time and money, and as a result, provides consumers better access to medicines and health information. mClinica also (a) provides pharmacists with online pharmaceutical education and training, (b) helps large public health organizations and governments run surveys on health challenges in emerging markets (e.g., tuberculosis), and generates last-mile health data that has never been available.

**Country** Philippines (HQ), Indonesia, Vietnam, Malaysia, Thailand, Cambodia

**Sector** Healthcare data

**# Livelihoods Improved** mClinica's platform has 150,000 pharmacy professionals representing 20,000 pharmacies across 6 markets in SE Asia. 80% of the pharmacy professionals are women. This network reaches 150 million patients every month

**# of Employees** 100



**MicroBenefits is a blue-collar employee engagement platform.** It provides a suite of previously inaccessible employee benefits including vocational training programs and HR management tools.

**Country** China, Vietnam, Indonesia

**Sector** Employee engagement platform

**# Livelihoods Improved** 1 million + workers

**# of Employees** 40



**Topica is a leading online education provider in Southeast Asia,** offering affordable, high-quality online degrees (Topica Uni), English speech tutoring (Topica Native), and a short courses platform (Topica Edumall).

**Country** Vietnam (HQ), Thailand

**Sector** Online Education

**# Livelihoods Improved (cumulative)** 36,000+ bachelor degree candidates, 30,000+ English language learners and 1 million+ short course students

**# of Employees** ~700

**Increase in Income** Bachelor's degree graduates report an average 16% income increase over 12 months (twice the national average)





## Financial Services

Low-income communities remain unbanked and without access to formal financial markets. Less than 20% of the population in Indonesia, Vietnam, India, and the Philippines has borrowed from a formal financial institution. Financial inclusion businesses can provide access to consumer credit, economic productivity loans, and financial technology platforms that can smooth incomes and increase savings.





# Financial Services

Kinara, iCare, Trust Circle, uPay



**Kinara Capital provides debt capital to micro and small businesses** directly and through an innovative supply chain financing model without requiring land or property collateral.

**Country** India

**Sector** SME Lending

**# Livelihoods Improved** As of December 2019, Kinara created 61,906 jobs, of which 1,966 are first time jobs and 22,256 are jobs held by women

**# of Employees** As of December 2019, the company has 1,261 employees

**Increase in Income** Kinara's borrowers have increased their income 19% on average, post-loan disbursement

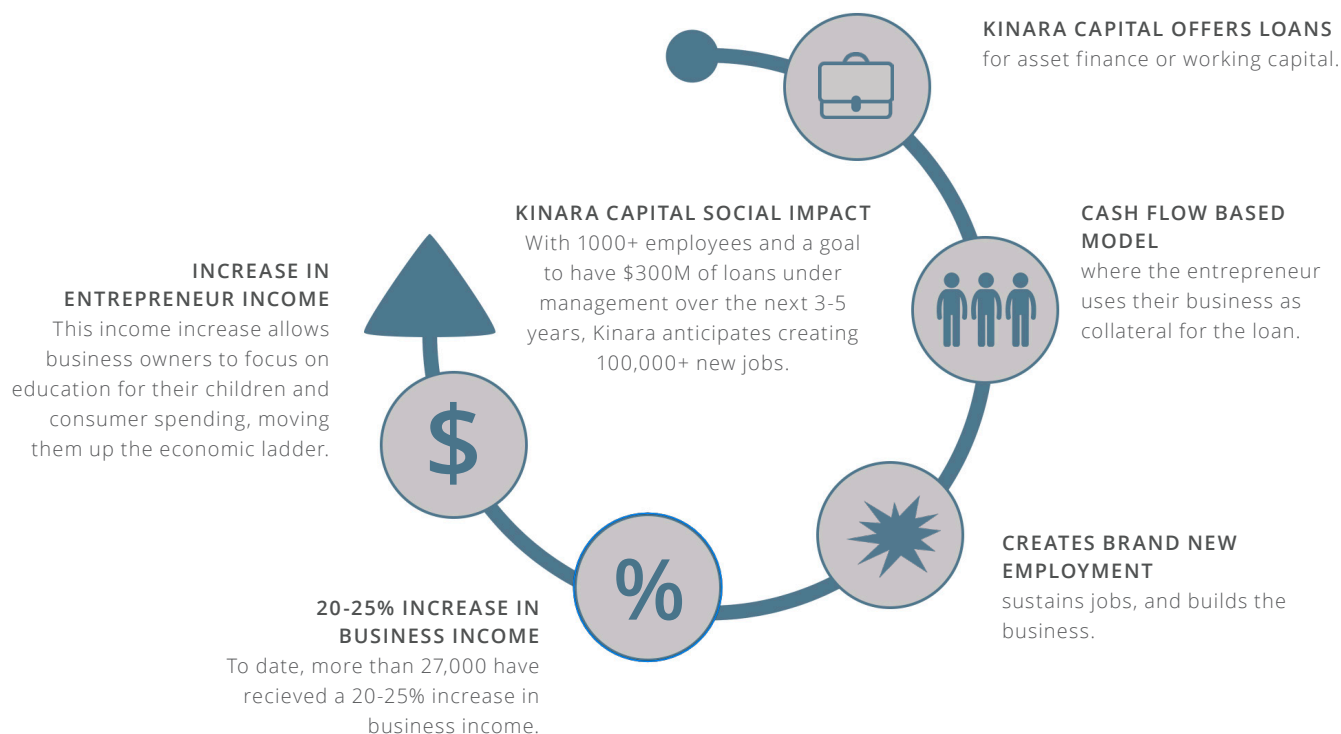
# Kinara Capital - Social Impact

*In the words of Kinara Capital CEO, Hardika Shah:*

Kinara Capital offers loans to entrepreneurs for asset finance or working capital, for a term of anywhere from a short-term loan (which could be as short as three months) all the way up to 60 months if they're buying large machinery. The company finances this by taking on a cash flow-based model where the entrepreneur uses their business as collateral to receive the loan.

Kinara creates brand new employment at the bottom of the pyramid, sustains jobs, and builds the business. The businesses it finances have increased their incomes between 20-25%, which means the small business owner is taking home an extra 20-25%. The assumption is an extra 20-25% of incremental income for the business owner increases his or her focus on education for their children, increases consumer spending, and moves them up the economic ladder.





















Today, Kinara has about [1,000] employees with a goal to get \$300M of loans under management over the next three to five years (upwards of 100,000-150,000 loans). In terms of social impact, that would create at least 100,000 new jobs (one job per business) with 100,000 businesses getting a 20-25% bump in income and therefore entrepreneur income.





## Kinara Capital - Social Impact

### Social Impact Metrics

	2015	2016	2017	2018	2019	Total
# of Kinara Employees <i>*Units of 100</i>	103 	240 	498 	856 	1,261 	1,261
New Jobs Created <i>*Units of 1000</i>	1,865 	4,785 	10,448 	20,116 	24,692 	61,906
OF NEW JOBS: First Time Jobs Created <i>*Units of 100</i>	653 	840 	1,127 	1,347 	1,966 	5,933
OF NEW JOBS: Female Jobs Created <i>*Units of 1000</i>	628 	1,743 	3,025 	6,104 	10,756 	22,256
# of Active Loans	1,736 \$	4,725 \$\$\$\$	10,536 \$\$\$\$\$	21,949 \$\$\$\$\$\$\$	29,587 \$\$\$\$\$\$\$\$\$	29,587
Average Increase in Small Business Income	32%	27%	24%	17%	19%	24%

## GENDER LENS INVESTING

# Patamar Capital + Investing in Women



*By applying a gender lens, we believe we can unlock economic opportunities and drive positive social change.*

### Patamar Capital is committed to Gender Lens Investing.

We believe that analyzing gender patterns and gender bias will allow us to:

**01**

Identify undervalued opportunities

**02**

Make better investment and portfolio management decisions

**03**

Generate improved returns for investors

**04**

Enhance the culture inside Patamar and attract diverse talent

### Patamar considers multiple factors when applying its Gender Lens.

**01**

Status of women in society

**02**

Products & services that benefit women

**03**

Women-led businesses

**04**

Gender equity in the workplace

## Investing in Women Initiative

Patamar was selected by Investing in Women—a program of Australia’s Department of Foreign Affairs and Trade (“DFAT”)—to manage a \$3 million gender-lens impact initiative and investment vehicle focused on women-led businesses across Indonesia, Vietnam, and the Philippines. DFAT is the government agency responsible for managing Australia's overseas aid program, and is now focused on developing the impact investing ecosystem in SE Asia. Through this initiative, we have leveraged the knowledge and connections within our team and across our SE Asia-based investor network to select five women-led companies and invested in each of them.

*“Gender lens investing is incorporating a gender lens analysis in a financial analysis to get better decisions.”*

- CRITERION INSTITUTE

## Investing in Women Portfolio

