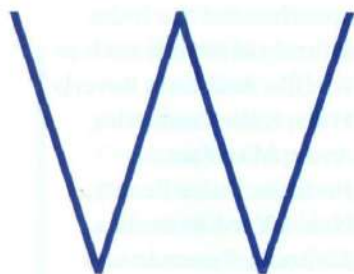




DRIVING IMPACT

At Aavishkaar Capital, Sowmya Suryanarayanan is helping fund sustainable and impactful businesses that can create value for both investors and the society

By MONICA BATHIJA



While her family was full of engineers, Sowmya Suryanarayanan's interest lay in economics and social science. So, it's hardly surprising that she found her way to where she is—heading the impact and ESG functions at impact

investment company Aavishkaar Capital. Here, she is responsible for not just driving, designing and implementing impact management and measurement (IMM) practices across their portfolio companies, but also environmental, social and governance (ESG) practices.

It's not been a straightforward journey though, as she went about finding her own path, at times taking a detour, but always keeping the development sector in sight. Suryanarayanan, who did her master's in economics from Stella Maris College in Chennai, and later pursued a corporate social responsibility (CSR) course from the Indian School of Business (ISB) and the Oxford Social Finance Programme. In her first stint at the Aavishkaar Group, she worked at its advisory arm Intellectap, analysing inclusive businesses and social enterprises.

After a few years of heading CSR and developing impact and ESG management systems for other organisations, she returned to the group in December 2020 to help fund sustainable and impactful businesses that can, as she says, create

value for both investors and the society.

While impact is built into Aavishkaar's DNA, over the last few years, Suryanarayanan and the company have also developed a scoring tool around ESG "to see where companies stand in terms of risk opportunities and preparedness, and really assess once our investment comes in how these scores change over a period", she says sitting in her office at Bandra Kurla Complex in Mumbai.

The company, in January 2022, launched its 'ESG First Fund', in partnership with KFW, a German state-owned investment and development bank. The fund, focussed on strengthening the ESG practice of small and medium enterprises, has so far invested in three companies, two of them from India. Another three or four are in the pipeline, says Suryanarayanan.

"It's a \$250 million fund where the initial capital provided by KFW is Euro 50 million," she says, adding that they are looking at "sectors like responsible consumption, sustainable supply chain solutions, sustainable food, sectors where you have a lot of SMEs that are exporting to the EU and seeing how we can work with these companies to make ESG not a cost but more a value creator for them along with financial return. So that is the whole thesis of the fund."

What this involves is identifying how the company can translate the checklist on ESG into improving topline, optimisation of assets and productivity, reduce costs as well as enhance diversity. While INI Farms works with farmers and exports fruit across the world, Jumps Auto Industries, which the fund invested in in

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Sowmya Suryanarayanan, 40

Director-Impact & ESG, Aavishkaar Capital

ACHIEVEMENTS IN 2023-24: After creating a thesis for **Aavishkaar Capital's ESG First Fund**, she has helped invest in startups like **INI Farms** as well as other startups under other funds

SELF-MADE QUOTIENT: With an interest in social science and economics, has headed CSR, developed ESG policy for organisations and now heads Impact & ESG at impact investment firm Aavishkaar Capital

conceptualised it, initiated it, and running it, because at the end of the day, it does require a good amount of hard work, monitoring and driving these practices at businesses.”

The company, which has eight funds, also closed its sixth India fund in November last year at a corpus of \$150 million and has invested in companies like agritech startup AgroStar and climate tech company Newtrace, among others. “We are excited about Newtrace, it could actually disrupt the whole green hydrogen market. While AgroStar is like an Amazon for farmers,” says Suryanarayanan. She is also the Gender Lead for the fund, a 2x Flagship fund, which applies gender-based metrics to investment.

It’s a journey that has taken her to rural areas, to working with women, learning from them, and sometimes having to do with lower pay to do what she wants to do. “It’s the choices you make. What is it that you want? And also realise that every job is going to be tough. But if there is some sort of passion in it and you’re able to connect to it, you can go a long way.”

And while on the way she didn’t really have people to look up to who were drawing the path in sustainability, taking a more

“trial and error approach”, there are many people she has learnt from, whether they are women in non-profits dealing with social issues and making a difference in the lives of other women or super-efficient bosses whom she had to get approval from “for my 10 projects in 30 minutes explaining what is the impact of each NGO”.

It’s not just defined the person she has become but also the person she wants to be, whatever stage of her career she is at. “Along the journey I have met some inspiring people and this job has changed me a lot as a person, making me into a better version of me. And [going forward too] I always want to have a lot of empathy and be the best version of myself.” **F**

December 2023, is an auto parts manufacturer where the investment is expected to help it work towards a more sustainable future aligning with the demand for eco-conscious automotive solutions. Along with impact, “which is our first screen, ESG intentionality is also a screen for us. If the company is investable but the promoter is not very keen on ESG improvements, we may not go ahead”, says Suryanarayanan.

Aavishkaar has been a pioneer in the impact investment space in the country and ESG is an innovative way of looking at the impact space as well as promoting certain best practices that are usually found lacking in mid-cap companies, says Girish Aivalli, CEO, India Impact Investors Council. “Full marks to Aavishkaar for having