

We Do Not Expect Any Returns from Impact Investing



Sunil Kant Munjal, the chairman of

Hero Enterprises, has invested ₹100 crore in impact investment firm Aavishkaar's new fund, Aavishkaar Bharat Fund. The investment, made in Munjal's personal capacity, is part of the ₹2,000-crore corpus that the social venture capital firm is targeting for its new investment vehicle. In an interview with **ET's Taslima Khan**, Munjal talks about his investment in Aavishkaar and why this is the right time for the group to get into organised impact investing. Edited excerpts:

What sort of investments have you made in startups and what sort of portfolio have you built?

The group's philosophy has never been to announce investments in startups. The announcement in an impact investment fund is just one-off, because it plays a very important role in working in areas that have not developed well, both geographically as well as in people development. The reality is that people in India don't invest in such funds and they end up getting most of the capital from overseas investors.

We get a lot of requests from startups. We have an in-house team which looks at these opportunities. I don't even know the exact number of investments in startups. We have invested in a very wide spectrum, all the way from agriculture to education, health, manufacturing to high-end technology.

Why did you pick Aavishkaar?

We looked at the work they are doing and we were quite impressed. This is an area which, we as a family, have been doing (helping people in different ways) for 50 to 60 years. We thought it is a good idea because Aavishkaar looks like an effective fund.

They have done 50 investments and 25 of them have been successfully cashed out. They are doing two things. Their judgement and selection of the kind of entrepreneurs and areas they are working in is quite good. Secondly, financially the returns have been quite attractive for investors. Of course, this is patient capital and needs longer time for returns.

STARTUP INVESTMENTS

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Chairman, Hero Enterprises

What attracts you to impact investing through a fund?

Many of us, being a small minority have been very blessed. Our family, which had been refugees at the time of partition, in one generation was lucky enough to build an enterprise of this size which positively impacts millions of people. For people of our resources, it is almost unfair in a country like India, not to do this. We have been doing this in different ways, through cleantech, healthcare, water initiatives, and village development initiatives.

It is time for us to look at more organised impact investing because it makes sense for us to put money behind these organisations as their focus and heart is at the right place.

What sort of returns you are expecting on this investment?

When you make an investment like this, you make it with a clear mind that you will get nothing back. So if they don't work out, it's absolutely fine. If it returns capital, fantastic.

