



have a central role to play in the achievement of global climate change targets. Significant concerns have meanwhile arisen this decade about the standards of corporate governance in India, which have led to the enactment of new legislation including laws to strengthen minority shareholder protection and to create an Insolvency and Bankruptcy Code to protect the rights of creditors and improve the ease of doing business. The regulatory environment is therefore addressing the need for greater scrutiny and continuous improvement of ESG standards in corporate India; already, the Securities and Exchange Board of India (SEBI) requires the top 500 listed companies to publish annual Business Responsibility Reports, and this number is expected to increase.

“The focus on ESG offers a new and much-needed mantra for sustainable investing and better risk weighted returns to investors. Aligning this with an active engagement style will help to push the larger agenda of improving the quality of life of the communities served by companies we invest in, and a better environment for our common future”, notes Dr Mukund Rajan.

**Recognizing that ESG considerations are becoming paramount for investors, and keeping in view the existing gap in the Indian market, a group of industry leaders are partnering with Quantum Advisors Private Limited, founded by Ajit Dayal as India’s first institutional equity research house in January 1990. The joint venture will launch a \$1 Billion public equities fund with a distinctive style of engagement comparable to a private equity approach, to influence strategy and enhance ESG performance at India Inc.** The fund will take meaningful stakes in a range of listed companies and adopt an active approach to work with promoters, boards and managements through a slate of senior operating partners and a blue-chip advisory board. The fund will collaborate with other stakeholders who can help advance the ESG agenda, including other investors, the government, the regulators, multi-lateral institutions, and the media. This collaborative, private equity type approach, with a depth that is unusual in the Indian market, is expected to yield enhanced earnings, growth and ratings and create a new wave of strong ESG focused entities.

“In the 23 years that Subbu and I have built the investment processes at Quantum Advisors and Quantum Mutual Funds, we know that investing in companies with good social and governance scores has helped our investors”, says Ajit Dayal. “We believe that - with the highly experienced team brought together by Mukund, Govind and Alan who will engage with the investee companies at the Board and execution levels - we can identify promoters of companies who are keen to know how to improve their ESG practices thereby giving them, and the investors in the new fund, the dual benefit of a truly sustainable business and allowing the market to reward them handsomely for these efforts.”

The fund will take ESG investing beyond the typical frameworks and negative lists deployed by several public market funds and will invest strong management expertise in impactful engagement. **This pioneering initiative will encourage Indian corporates to do more to address the issues of sustainability and governance which, if left unaddressed, have the potential to undermine public faith in free markets.** “Every day the number of companies and founders one can trust and rely on to build sustainable, profitable institutions is declining. This pool of capital in the fund will act as a catalyst to force businesses to think hard about their choices and offers a viable path to promoters who wish to add value to the communities they work in – and long-term benefits to their shareholders,” says Ajit Dayal. The fund will seek to demonstrate that driving beneficial ESG outcomes delivers strong financial returns and that, in India as elsewhere, you can do well - and outperform - by doing good.

**The vision for the fund was developed by three veterans of the Tata Group** who were intimately involved in its dramatic growth over the past quarter century. **Dr Mukund Govind Rajan** served variously as Chief Ethics Officer of the Tata Group and Chairman of the Tata Global Sustainability Council, a member of the Tata Chairman’s Group Executive Council, founding Managing Partner of

Tata's flagship \$600 Million private equity fund, the Tata Opportunities Fund, and Managing Director of Tata Teleservices (Maharashtra) Limited. **Govind Sankaranarayanan** was the founding Chief Operating Officer and Chief Financial Officer of the \$9 Billion AUM Tata Capital, Executive Director of Tata Communications International, and served on various Tata Boards. **Alan Rosling CBE** was an Executive Director on the Board of the Tata Group's holding company, Tata Sons, charged with taking the group international. Earlier he served as the Chairman of Jardine Matheson India, which held an equity stake at the time in Tata Industries Limited. He co-founded Kiran Energy Solar Power as one of India's pioneering solar developers. Other members of the team include **HV Harish**, who built the financial and advisory services practice in Grant Thornton India, **Shankar Venkateswaran**, who was Chief of Sustainability at the Tata Group, and several others. Quantum Advisors will direct the investment activities of the fund through a dedicated team of investment professionals, led by the firm's founder, **Ajit Dayal**. "Our very experienced team brings together leadership skills and execution capabilities across diverse industries, and with our industry-wide networks, we will open many doors for our portfolio companies", says Dr Mukund Rajan. (See detailed profiles of the team below).

### **Detailed Team Profiles**

The fund has been envisioned by a team of distinguished investors, operating managers and governance champions.

**Dr. Mukund Govind Rajan** (B.Tech, Indian Institute of Technology (IIT), Delhi; M.Phil and D.Phil, Oxford University) worked for 23 years with India's largest corporate house, the Tata Group, in various CEO and Board level roles across diverse sectors including telecoms, aviation and financial services. He was a member of the Tata Group Executive Council, carrying responsibilities as the Group's first Brand Custodian, Chief Ethics Officer, and Chairman of the Tata Global Sustainability Council. He was the founding Managing Partner of the Group's flagship private equity fund, the \$600 Million Tata Opportunities Fund, prior to which he served as the Managing Director & CEO of the publicly listed Tata Teleservices (Maharashtra) Limited. He has served in a number of industry association roles, including Commissioner of the Energy Transitions Commission, Chairman of the India@75 Council of the Confederation of Indian Industry (CII), Co-Chair of the CII National Committee on CSR, and Chairman of the Environment Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). His doctoral dissertation, researched as a Rhodes Scholar at Oxford University, was published by Oxford University Press titled "*Global Environmental Politics – India and the North-South Politics of Global Environmental Issues*".

**Govind Sankaranarayanan** (B.Tech, Birla Institute of Technology and Science, Pilani; MBA, Indian Institute of Management (IIM), Bangalore; Masters in Finance, London Business School) worked for 26 years in the Tata Group in senior executive and Board level roles across finance, strategy and operations in sectors such as FMCG, telecoms and financial services. From 2007, he was the founding Chief Operating Officer and Chief Financial Officer of the Tata Group's financial services vehicle, Tata Capital, which he helped grow to an AUM of \$9 Billion. Earlier, he served as Executive Director on the Board of Tata Communications International, leading the \$3 Billion company's pathbreaking acquisitions in North America. He currently serves as the first CEO of Social Finance India, an initiative

to transform the social impact investing landscape in India. He has served in a number of industry roles including as Chairman of CII's Economic Affairs Committee, and Member of CII National Committees on Accounting, Private Equity, Corporate Governance and Small and Medium Business. He was also a Member of RBI's Committee on Credit Reporting. Govind has been a regular op-ed columnist on Finance and Governance for the Mint, an Indian financial daily started in collaboration with the Wall Street Journal.

**Alan Rosling CBE** (MA, Cambridge University; MBA, Harvard Business School (HBS)) was Executive Director of the Tata Group's holding company, Tata Sons, and member of the Tata Group Executive Office until 2009, charged with taking the Group international. He then co-founded one of India's pioneering solar power developers, Kiran Energy. He earlier worked in operating, strategy and finance roles in various international companies, and was a member of the Policy Unit at 10 Downing Street. He serves on listed boards in London and New York and mentors a number of early-stage companies in India and overseas. His first book on the start-up and entrepreneurial environment in India, "*Boom Country? The New Wave of Indian Enterprise*", was published by Hachette (2017) and he contributes regular columns in BusinessWorld and South China Morning Post.

**Harish H V** (BE, Bangalore University; MBA, IIM Calcutta; AMP, HBS) developed and built the financial and advisory services practice in Grant Thornton India and established the firm as a leader in the advisory and corporate governance space. He was responsible for the publication of "*The Fourth Wheel*", Grant Thornton's definitive annual report on PE/VC investing in India and *Governance Observer*, a study of Boards, among other thought leadership publications. He earlier worked as a consultant for AF Ferguson and as an investment banker with HSBC and Socgen Crosby. He is a founder Board member of Center for Sustainable Development, a Bengaluru based non-profit, and serves on the Board of HBS Club of India. He is a past President of the Bangalore Chamber of Industries and Commerce (BCIC), past Member of the Manufacturing Task Force of the Government of Karnataka and has been a faculty member of the CII Directors Guild Board Leadership Program.

**Shankar Venkateswaran** (B.Tech, IIT Madras; MBA, IIM Calcutta) was Chief of Sustainability at the Tata Group. Previously, he was a Director at PwC and the UK-based think tank SustainAbility, where he advised a number of companies in sectors like automotive, steel, banking, cement, chemicals, utilities and FMCG on mainstreaming sustainability into their core business strategies. He has undertaken leadership roles with the American India Foundation and ActionAid. Over the years, he has served on the boards and advisory committees of several non-profits in India and internationally. These include ActionAid, non-profits set up by Tata Chemicals and Tata Power, the Sustainability Advisory Council of Tata Power, CDP India, and the Paul Hamlyn Foundation, UK; he also chairs the recently set up CSR Trust for SDGs located at the UN offices in Delhi. He has recently been appointed as a Grantham Ambassador at Sheffield University's Grantham Centre for Sustainable Futures. He recently completed drafting the National Guidelines for Responsible Business Conduct for the Government of India's Ministry of Corporate Affairs (MCA), an update to the National Voluntary Guidelines (NVGs) which he helped craft as a member of the drafting committee. He also serves on an MCA-appointed committee that is currently developing the revised Business Responsibility Report, mandated by SEBI to cover the top 500 listed companies (a number which is likely to be expanded). He has also been appointed as a member of the Steering Committee of the National Foundation for

Corporate Social Responsibility chaired by the Secretary, MCA. In 2000, he co-authored (with Harsh Shrivastava) a path-breaking book, "*The Business of Social Responsibility*", published by Books for Change. He has contributed to several international and national publications on the role of business in society and continues to write and speak on the subject.

**Ajit Dayal** has over 30 years of experience in the investment management and financial services industry. In 1990 he founded Quantum Advisors Private Limited (Quantum Advisors), India's first institutional equity research house. Prior to founding Quantum Advisors, he was the Chief Executive Officer of UTI Investment Advisory Services Limited, the Delaware-based investment advisor of The India Growth Fund, a closed-ended fund listed on the NYSE. He has worked with leading US and UK investment management firms either as a key member of the executive management team or, through Quantum Advisors, as a joint venture partner. From 1992 to 1995, Quantum Advisors was the local partner of Jardine Fleming Limited, Hong Kong, where Ajit Dayal was instrumental in building a 150 person organization that provided all of Jardine Fleming's research, broking, investment banking and investment management services in India. In 1994, he helped to establish the NYSE listed Jardine Fleming India Fund. He was voted best analyst for India by AsiaMoney in 1993 and 1994 and was also voted best analyst for India by Institutional Investor and nominated to the All-Star Asian Team, 1994. Between 2000 and 2004, Ajit Dayal was the Deputy Chief Investment Officer for Hansberger Global Investors, Inc. which provides investment advisory services to its own family of funds; during his tenure, assets under management grew from \$2 billion to \$5 billion, and he also served as the lead manager for the \$2 billion Vanguard International Value Fund from July 2000 to April 2004. In 2006, Quantum Advisors launched Quantum Mutual Fund, India's first direct-to-investor mutual fund, which challenged the opaque distribution practices adopted by other fund houses. Quantum Advisors, led by MD, CEO and CIO I. V. Subramaniam (Subbu), currently manages over \$2 Billion of funds deployed in the Indian market.

### Suggested Reading

McKinsey & Company – *From 'why' to 'why not': Sustainable investing as the new normal*, October 2017. <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/from-why-to-why-not-sustainable-investing-as-the-new-normal>

The Calvert-Serafeim Series – *The Role of the Corporation in Society: Implications for Investors*, September 2015

MSCI – *Can ESG Add Alpha?*, June 2015

MSCI – *How ESG Affects Equity Valuation, Risk and Performance*, 2017

The International Organization of Securities Commissions (IOSCO) - *Statement on Disclosure of ESG Matters by Issuers*, 18 January, 2019; <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD619.pdf>

PIMCO - *10 Reasons ESG Investing Is Growing*, June 2017; <https://blog.pimco.com/en/2017/06/10-reasons-esg-investing-is-growing>

Vanguard Research - *ESG, SRI and impact investing: A primer for decision-making*, August 2018; <https://personal.vanguard.com/pdf/ISGESG.pdf>

European Commission - *Draft Rules for an EU framework which puts ESG considerations at the heart of the financial system*, January 2019; [http://ec.europa.eu/finance/docs/level-2-measures/mifid-delegated-act-2018\\_en.pdf](http://ec.europa.eu/finance/docs/level-2-measures/mifid-delegated-act-2018_en.pdf)

BlackRock Chairman and CEO Larry Fink – *Purpose and Profit, 2019 Letter to CEOs*, January 2019; <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

World Economic Forum (WEF) – *Seeking Return on ESG – Advancing the Reporting Ecosystem to Unlock Impact for Business and Society*, January 2019; [http://www3.weforum.org/docs/WEF\\_ESG\\_Report\\_digital\\_pages.pdf](http://www3.weforum.org/docs/WEF_ESG_Report_digital_pages.pdf)