

Chairman's Speech at the Annual General Meeting

Good Morning and welcome to all of you to the 31st Annual General Meeting of your Company. The Annual Report containing the Directors' Report and Audited Accounts for the year ended March 31, 2017, was circulated last month and with your permission I will take it as read

Global growth prospects for CY2017, projected at 3.5%, is an improvement over 3.1% achieved in CY2016. This improvement is largely on account of fiscal stimulus, recovery in manufacturing, trade activity and capital flows. However, the past couple of years have witnessed political churn in some of the major developed economies, with a rising demand for populist policies. These developments may result in some uncertainty and a possible weakening of the global trade framework. The maturity and cooperation amongst developed economies would be the key determinant for stable growth going forward

Indian economy also witnessed churn, with the government's focus towards streamlining the large informal sector - through the introduction of GST and the Real Estate Regulatory Act, this coupled with a crackdown on unaccounted money through a demonetization program and income disclosure schemes. These measures may have seemingly created a short term economic disruption reflected in the muted economic indicators, especially in H2 FY2017, however, the medium to long term macro trends for India remain strong. The Reserve Bank of India recently reduced interest rates by 25 bps. Lowering of interest rates is expected to spur investments. The various measures taken to address the NPA issue and a controlled inflation are also likely to be credit positive. With global growth environment improving, external demand should also support domestic growth. However, overleveraged corporate sector and the stressed banking sector pose challenges which may have an impact on FY2018 performance. Consequently, the Reserve Bank of India has marginally lowered the economic growth forecast for FY2018 to 7.3%. The World Bank has also cut the GDP forecast for FY2018 from 7.6% to 7.2% in its bi-annual India Development Update

In this evolving economic landscape, the Company has undertaken various initiatives to broaden its canvas in areas where it can capitalize on its expertise. The Company has successfully developed new business lines in the Infrastructure vertical. I would like to highlight some of these initiatives :

1. Your Company is in the process of establishing an Infrastructure Equity Fund. This fund will focus on asset creation through equity participation
2. Your Company has also initiated work on an Urban Infrastructure Fund, which will focus on developing urban infrastructure assets, under a PPP model in the State of Andhra Pradesh. In this regard, the Company has entered into a Joint Venture with the Government of Andhra Pradesh
3. Infrastructure Investment Trusts (InvITs) are a new form of investment vehicle in the Indian context. InvITs are structured in a manner which enables infrastructure developers to monetize their operational infrastructure assets, while the vehicle provides investors with long term stable cash generating assets for investment. Your Company was appointed as an Investment Manager for a road sector InvIT being launched by IL&FS Transportation Networks
4. Further, your Company has tied up with Lone Star, a US based alternative assets player, to explore investments in stressed infrastructure assets. This US\$ 550 mn facility will scout for assets primarily in the road and thermal power sector that have been impacted by over leverage, funding shortfall or promoter issues
5. In order to address the debt funding requirements in the infrastructure space, your Company had integrated the US\$ 220 mn infrastructure debt fund into its fold last year. Your Company will look to grow this platform during the course of the current year
6. Lastly, to cater to the infrastructure debt funding requirements in Africa, your Company is in advanced stages of establishing an infrastructure debt fund in partnership with a large institutional investor in the Middle East

These new products address the capital need across the entire value chain of infrastructure development. These new themes also have the potential to provide diversification of revenue streams for your Company. Your Company has been expending a significant amount of effort in developing these products. Contingent of market conditions, we hope that at least some of these products would fructify during the course of the current financial year. In addition, continued focus on divestments from the existing portfolio across the real estate and general purpose private equity verticals is expected to lay the ground for a fresh round of fund raising in these verticals

I look forward to your support in these various endeavors

Thank you