

Chairman's Speech at the Annual General Meeting

Good Morning and welcome to all of you to the 33rd Annual General Meeting of your Company. The Annual Report containing the Directors' Report and Audited Accounts for the year ended March 31, 2019, was circulated last month and with your permission I will take it as read

The economy across the globe is experiencing a slowdown. This has been further exacerbated by the trade war between US and China. UK has been going through its share of challenges due to BREXIT which has impacted it both politically and economically

Crude oil prices have been volatile and had sharply moved up in the recent weeks due to the threat of a potential conflict between the US and its allies with Iran. An escalation of this could have a far reaching impact on the world economy and consequently on India

Indian economy has had its share of challenges not only due to these global developments but also domestic factors. Notwithstanding a clear and decisive mandate in the general elections which was expected to usher in long term significant structural reforms, the Indian economy has in fact stuttered over the last couple of quarters. Geo political tensions with Pakistan has further added to the negative sentiment

In view of the above, the Government has been pro-actively looking to address these challenges. They have taken a host of steps including infusion of capital in banks, reducing interest rates, recently slashing of rates of taxation and especially for setting up of new manufacturing units. These steps are expected to pump-prime the economy over the next few quarters

At our Company, we were progressing and on target with achieving our targets which were namely new fund raisings and maximising divestments for existing investors. On the divestment front, the last financial year has been the best year for divestments in the Company's history. However, due to the IL&FS crisis which snowballed at the end of the second quarter of FY2019, the Company's fund raising initiatives had to be kept on hold

The new Board at IL&FS has been very proactive and appreciating the unique fiduciary nature of the business, fast tracked the sale process of its shares in the Company in December 2018. However, due to various reasons, the process has not met its logical conclusion. Hence the IL&FS Board has again initiated the sale process and we are hopeful of a positive outcome of this

In light of the developments in IL&FS, the Management has been facing the challenges of employee attrition and consequent impact on the confidence of the investors in the Funds under management. In light of the uncertainty of the sale process, the Management is looking at re-working its business model to work on less capital intensive initiatives including Advisory Services etc. In the unlikely event of the sale process not going through, the Management would work on this new business strategy. Realignment of strategy could stretch to upto 24 months. The Company has sufficient cash reserves to tide over this uncertain period. The Management is taking all steps to address the challenges in these uncertain times

I am hopeful that the steps being taken by the IL&FS Board and the Management would result into positive outcomes and we should be in a better and happier position when we meet next year