

Chairman's Speech at the Annual General Meeting

Good Morning and welcome to all of you to the 32nd Annual General Meeting of your Company. The Annual Report containing the Directors' Report and Audited Accounts for the year ended March 31, 2018, was circulated last month and with your permission I will take it as read

The growth in the global economy has been encouraging. Growth level of 3.9% p.a. are expected in 2018 and 2019. However, the rate of expansion appears to have peaked in some major economies and growth has become less synchronized. While in the United States, near-term momentum is strengthening, in other geographies like Euro area, Japan, and the United Kingdom, the growth projections have been revised downwards. Among emerging market and developing economies, growth prospects are also becoming more uneven, amid rising oil prices, higher yields in the United States, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals

In India, industrial growth strengthened in April-May 2018 and the output of eight core industries accelerated in June 2018. Non-food credit by banks grew at ~ 13%. Capacity utilization in the manufacturing sector remains robust and there is optimism on the outlook. Services sector activity appears to be picking up in a broad-based manner. Foreign direct investment flows improved significantly in the first two months of FY2019 while foreign portfolio investment outflows have been slowing

Notwithstanding some tightening of financing conditions and rising trade tensions, the Reserve Bank of India expects GDP growth 7.4% for FY2019; 7.5-7.6% in the first half and 7.3-7.4% in the second half, with risks evenly balanced. GDP growth for the first quarter of FY2020 is expected at 7.5%

An environment of strong growth in the country is key to our ability in raising new funds. While we continuously strive to leverage the positive macro-economic conditions in our Fund raise, we also need to be cognizant of the various underlying risks. The banking sector is facing a significant challenge. A sustained rise in crude oil prices would curb the fiscal room available to the government to invest in key sectors like infrastructure. Furthermore, the resultant inflationary pressures, in turn, may adversely impact currency stability and also lead to upward movement in the interest rate curve. These factors would have a significant impact on investor and investment appetite

India is also heading into an election year. This will add to the complexity of decision making for the investors. In this context, your Company is seeking to work on products which either leverage on investor preferences or which effectively address their concerns. The next round expansion of your Company's infrastructure debt platform and the general purpose private equity fund is a case in point. In parallel, your Company has also been focusing on de-risking its India centric business model

Some of these new initiatives are beginning to bear fruit

- (1) Your Company, in January 2018, signed a joint venture agreement with the Islamic Corporation for the Development of the Private Sector (ICD) for establishing a US\$ 1 billion fund focussed on providing Shariah compliant infrastructure debt finance to projects in Africa. ICD is a multilateral development financial institution and is part of the Islamic Development Bank Group
- (2) IIML has entered into a Joint Venture partnership with the Government of Andhra Pradesh to manage an urban infrastructure fund, which would focus on investing into smart cities, sewerage and water supply projects, and other such urban infrastructure projects in the State. Government of Andhra Pradesh has, during the course of FY2018, committed ₹ 10 billion to the Fund, of which ₹ 1 billion has already been drawn

These new initiatives would provide a strong foundation for the Company, and enable it grow the assets under management at a faster pace going forward. However, as is the case with any private equity fund raising, timelines for taking a product to a revenue generation stage is uncertain. Many of the above mentioned initiatives have been at a development stage during the previous financial year and it is likely that these initiative would only get to a revenue generation stage by the latter part of the current financial year

I look forward to your support in these various endeavors

Thank you