



STANDING TALL

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CORPORATE INFORMATION



BOARD OF DIRECTORS	Mr S M Datta Chairman	Mr Ravi Parthasarathy	Mr Bansi S Mehta
	Mr Arun Saha	Mr Vibhav Kapoor	Mr Shahzaad Dalal Vice Chairman
	Dr Archana Hingorani Chief Executive Officer & Executive Director	Mr Alok Bhargava Executive Director	
COMPANY SECRETARY	Mr Sanjay Mitra		
BANKERS	HDFC Bank Limited		
AUDITORS	M/s Deloitte Haskins & Sells Chartered Accountants		
INTERNAL AUDITORS	M/s Patel & Deodhar Chartered Accountants		



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Residency Road, Bengaluru 560 025, India

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REGISTRARS & SHARE
TRANSFER AGENTS



The robust domestic consumption has been the major contributor to the continued significant growth in our economy. As and when the world economy recovers, we shall witness a faster growth

The financial year that has just gone by has seen extreme upheaval in the world financial markets. The problem had its origins in the relaxed monetary policies and low interest rates prevailing in the United States for over a decade. The lax monetary policy was accompanied by extreme latitude in the supervision of banks. The net result was a significant under-pricing of risk and excessive leveraging. In due course, the contagion had spread to the European markets as well

Several economists had been warning the investing community about the developing crisis in the sub-prime mortgages. Yet, when the storm arrived in the June - September Quarter of 2008, the intensity of the disturbance took everyone by surprise. Practically, all the developed economies as well as several not-so-developed ones, have gone into recession, and Governments across the world as well as the IMF have been forced into unprecedented emergency measures. The rate of decline has come down but the revival is yet to come

Our national economy, despite its integration with the global economy, has largely escaped the fury, primarily because of the prudent and conservative policies followed by the principal financial regulator. Although the external sector of the economy has been deeply affected by the global developments, the robust domestic consumption has been the major contributor to the continued significant growth in our economy. Investment in Industry has continued despite the severe constraints imposed upon the flow of financial credit. Therefore, as and when the world economy recovers, we shall witness a faster growth

The Company has been able to continue its planned growth in the funds under management which has now reached US\$2.5 billion. We have been able to continue our investment activity, though at a slower pace than before, and the quality and valuation of the deals have improved because of the slowdown

The return of a stable Government following the elections, promises concerted action upon various fronts to restore our growth impetus. We look forward with confidence and optimism on continued, profitable growth for the Company

With best wishes

S M Datta
June 5, 2009



“ Accept the challenges
so that you may feel
the exhilaration of victory ”
- GENERAL GEORGE S. PATTON



In a capital starved country like ours, significant value creation opportunities continue to exist for a PE play. The focus for us is on asset creation and not just financial engineering

It is said that change is the only constant. A point which could not have been brought out more forcefully than during the financial year 2009. We saw the financial landscape change beyond recognition in this one year, with some of the blue-blood brand names in the United States struggling to survive and other less fortunate ones relegated to the textbooks

Shockwaves arising from these developments permeated across countries and industries and the world of Private Equity (PE) was no exception. Limited Partner defaults, hitherto a rarity, increased in frequency; new fund commitments did not materialize, and investment managers were under pressure to realize and return capital. As economies begin to recover, which we believe they will during the course of the present financial year, the PE industry in the developed countries will need to introspect and re-examine the Western model of PE investment, a model characterized by generating incremental returns through disproportionate leverage. Clearly, the Institutional investors who have suffered during this period will be resolute in their demand for de-leveraging and risk averseness, at least for the short to medium term

The nature of PE investing in India has, however, a completely different tone. The focus of PE investments in India is on funding growth ambitions, on asset creation and not merely on asset acquisition, on financial engineering and on 'flipping' investments, as is the case, more often than not, in developed economies. The reason is simple – India still remains a capital starved country and we are only beginning to scratch the surface in so far as industrial, social and infrastructure development is concerned. We therefore see significant investment and value creation opportunities across all sectors of the economy. In infrastructure itself, for instance, our country can absorb an investment of over a trillion dollars in the next 10 years and our new Infrastructure Fund, which has a target size of \$800 million pales in comparison

Having said that, we recognize that we are passing through exceptional times – Deal velocity has come down significantly in India as well, with investments worth a little over \$500 million consummated during the quarter ending March 2009, compared to \$3.9 billion invested during the same period last year, as some foreign managed funds pulled out while others suspended investing activity. It is here that we see a clear opportunity for an Indian fund house like ours

Undoubtedly, we will face a multitude of challenges in coming times – funding requirements of our investee companies, working with them to re-gain margins, strengthening management teams and charting the course for the future. Just like change, growth is the other constant and we will also have to work to expand the scope and size of our practice as well. I am confident that as a team we are well placed and better organized than ever before to take on these challenges for the next year

With best wishes

Shahzaad Dalal
May 20, 2009



A pessimist sees difficulty in every opportunity.
An optimist sees opportunity in every difficulty.

- WINSTON CHURCHILL





We have been through multiple business and fund cycles. As a result, despite a more challenging macro economic environment, we have been able to maintain high growth trajectory

This has indeed been a year of contradictions. While the world around us became a far more challenging place, fraught with uncertainty, insecurity and unpredictability, our business practice grew to become more substantial; our revenues more visible; our profitability more sizable; and our financials more secure

One of the most satisfying accomplishments of the last financial year has been with respect to new fund establishment. In an environment marked by failed fund raisings, we attained Final Close for the second Real Estate Fund at the US\$ 895 mn mark, well above the Fund's cover size and our expectations. Many of our institutional fund investors reposed faith in our abilities and, despite the turbulent times, reaffirmed their commitment in the new fund; for this I am thankful to them

The new Private Equity Fund – Tara India Fund III, also attained its Final Close during the year at US\$ 225 mn. This was below our initial target and expectations. However, this fund raise expanded the depth of our investor base and provided us valuable learnings with respect to leveraging alternate fund raising channels. We will mine the access to this diversified investor base and exploit these alternative mediums in the near future for our new fund offerings, which will be on the anvil

These new funds have provided us with significant revenue ramp up. Our consolidated revenue now stands at Rs 1,642 mn compared to Rs 601 mn just two years ago. Likewise our consolidated profits have increased from Rs 182 mn in FY2007 to Rs 622 mn in FY2009, an 85% compounded annual growth rate

The new funds have helped us cross the US\$ 2.5 billion funds under management mark, compared to less than a billion, three years ago. As we grow from strength to strength, the need to stay focused on certain fundamentals which have helped us grow to this level is paramount, more so in these challenging times. One, work closely with our investments and help walk them through this difficult business cycle. Second, foster an exceptional level of two-way communication with our investors, understanding their expectations and providing them with a clear outlook on investment performance. Third, continue to leverage IL&FS for sponsorship, sectoral expertise and deal sourcing. The change in our corporate logo and its closer alignment with the IL&FS Group identity is a continuum of this strategy

Our Company has been through two business and three fund cycles, a unique experience for an Indian fund manager. We will build upon our experience, our network and our parentage to continue to grow our business. Our proprietary access to deal flow, our excellent Limited Partner relations, support of key stakeholders and our team's rich experience has and will continue to stand us in good stead. As we begin to grow our business across a much larger geographic footprint, we look forward to your continued support in forging this global practice

With best wishes

Archana Hingorani
May 25, 2009



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“ To keep a lamp burning,
we have to keep putting oil in it. ”
- MOTHER TERESA