

## **Keynote by GIC CEO Lim Chow Kiat on Commemorating the 15<sup>th</sup> Anniversary of GIC's India Office**

*This is an edited keynote address given by GIC's CEO Lim Chow Kiat at the firm's 15th anniversary celebration of its India office, held in March 2025 in Mumbai.*

Namaste. I would like to extend a warm welcome to all of our esteemed partners here.

This is a thank you dinner for our partners and staff. We have luminaries amongst this room. I want to make a special mention of Uday Kotak, one of GIC's advisors, and Howard Marks, who came all the way from the US to speak with us. I would also like to welcome Deepak Parekh, our advisor emeritus of GIC, who has been so helpful to GIC for many years. And of course, the same for many of you as well.

This gathering of everyone in the room is a result of GIC having invested in India for over 30 years and putting our capital to work in the best businesses that India has. GIC was set up in 1981 by our then Deputy Prime Minister, Dr Goh Keng Swee. He is our economic architect of Singapore. He had a great vision and felt that at that time, Singapore was accumulating surpluses. The Singapore Government ran a very prudent fiscal policy and he felt that the savings should be put to a better place to generate returns. He decided that a company should be set up with just that single purpose and that's how GIC was born. At GIC, we have to manage this pool of reserves carefully and we do that with the help of all of you here.

Today, the world is experiencing very profound uncertainties. In fact, over the last couple of years, we have already felt that this level of uncertainty is unusual. There are three levels of uncertainty. You have cyclical uncertainty, which we actually welcome. This would include economic cycles, expansions, contractions, as well as structural trends, such as urbanisation, and demographics. What is happening currently is what we would call foundational uncertainty because this uncertainty touches on the very foundation of what we have been standing on and building on for many decades. This would include things like the world order and changes in areas such as technology, where artificial intelligence is different from the technological advancement we have seen over the years. Climate change is not going away as well.

### **GIC's view of India**

Looking at India, GIC has a very constructive view of the market. Growth is something that we are looking at and it's not just growth, but sustainable growth. We have been very encouraged, over the last 10 years, by the country's pro-business reforms and the discipline of not going to the excesses. This has given us the confidence that down the road, we can see GDP doubling in 10 years. We also like the fact that the structural trends are in place, such as demographics, the geopolitical positioning of India which has been helpful in getting

new manufacturing supply chains to shift to India, and the size of the economy. For GIC, scale is important because we need to work with the right partners in a market that allows us to deploy capital in good sizes.

### **Investment themes**

We have enjoyed the investment theme of India's consumption story for many years and I think that will continue for digitalisation as well. India's public digital infrastructure has transformed financial services and fostered a vibrant local tech ecosystem. The central bank's Financial Inclusion Index surged from 43.4% in 2017 to 64.2% in 2024, showing both significant progress and continued room for improvement. I think very few developing countries can reach this scale, so we are seeing very significant progress.

On supply chain, several industries such as e-commerce and pharmaceuticals, stand to benefit. E-commerce will drive demand for efficient supply chain management and quality warehousing facilities. India's pharmaceutical sector, already one of world's largest suppliers of generic medicines, has seen remarkable growth since the Covid-19 pandemic. Globalisation and growing R&D capabilities, present numerous opportunities for value capture.

On the green transition, India is in an energy deficit, so there is great urgency to build up that sector. India's commitment to sustainability, highlighted by its pledge at COP26 to be net zero by 2070, presents tailwinds for investment opportunities. The National Hydrogen Mission to accelerate plans to generate hydrogen from renewables by 2047 is one other example.

### **Risks and challenges**

There are several big investable themes, but there are also risks and challenges that we have to be watchful of. Besides being careful about valuations, which all investors have to observe, in India's case, there are external uncertainties, such as the potential trade war, that will affect everyone and bring about some financial instability. Additionally, India has insufficient domestic savings, which could make it more susceptible to global financial conditions. In addition to the external conditions, there are internal challenges as well. For instance, the need to create more jobs, how do you do that? Is manufacturing an opportunity? How do you get more FDI?

India also has a dependency on imports, which is related to the urgency to create more alternative energy sources. Investors have to think about how the growth path of India may be different from other East Asian countries. For GIC, it is our job to identify opportunities and partners along that path that we can collaborate with. We are committed to do more – particularly in sectors that align to India's economic roadmap.

### **Investing alongside India's high-growth sectors**

So what are some of these opportunities? There are some examples of growth sectors we like, such as financial services, which we have been a long-term investor in for over 30 years. Financial services is a crucial growth driver of India's economy. We have been invested across public and private markets since the early 1990s – in banks, non-banking finance companies, insurance, and asset management. We expect to see further spreading of financial services for Indians as its middle class and digital infrastructure continue to accelerate technology adoption.

Healthcare is also an obvious theme that we expect to grow as the middle class of India expands. Healthcare demand will be a natural part of that. The sector has strong tailwinds for growth driven by increasing per capita income, urbanisation, high awareness of specialty care, and improved supply of high-quality clinics. Our investments in multi-speciality hospitals and single-speciality clinics are examples of our interest in this sector. We continue to look for high quality healthcare companies we like to partner with.

India has a wide range of infrastructure needs too, underpinned by its growing economy and global trends such as digitalisation and energy transition. We have several large investments in India across toll roads, telecom towers, energy generation, transmission, and storage, and we'd like to do more. Our investments in this space have strengthened the connectivity and sustainability of the country. We have seen good results in terms of how these companies have delivered, as well as in terms of how the government has delivered.

We also expect to see more growth in real estate. We have been in real estate for a long time and are a significant player in this space in India. We focus on commercial office spaces, retail malls, and warehousing, which aim to support the country's expanding economy and meet the growing demand for high-quality commercial infrastructure. By investing in such assets, we believe that we are supporting the critical infrastructure needs of businesses and consumers alike. This also adds to a balanced and resilient portfolio, positioning us to capitalise on dynamic opportunities in India's real estate market.

Technology is very important as well. India has certain advantages in this space, such as its large Internet user base and English-speaking and trained engineering workforce. Additionally, the rise of deep technology and AI, and the government's focus on cybersecurity, AI, and blockchain, are all reshaping this industry. India is a leading and vibrant technology hub. GIC remains committed to supporting this digital evolution, recognising its potential to create economic value, empower citizens, and sustain growth in the years ahead. We have been investing in the theme of IT services and digitalisation from our early days covering all stages of the financing lifecycle.

Overall, we are a long-term investor and remain open-minded about investment opportunities across many other sectors, driven by India's growth story. These include emerging sectors like renewable power and electric vehicles too.

**GIC's value proposition to our partners**

GIC has been working with all of you for many years. Some for 10 years, some for even 30 years. We have a whole range of partnerships. We will continue our philosophy of supporting portfolio companies through business cycles, and be a friendly and patient investor.

Being long-term is one of our key values and also how we have been able to value add. With over three decades of experience of investing in India, along with the benefit of a large portfolio of investee companies and funds in the rest of the world, we continue to look for areas of value creation for our partners.

We are also what we call a lifecycle investor, meaning that we can start at the very early stages to support a company and scale it to a certain size. Being on the ground with multiple asset classes and providing flexible capital enables us to support our investments at various stages of growth, including listing and beyond. This includes pre-IPO, IPO, and post-IPO. We have many different teams who can support the companies in this way.

In conclusion, we see strengths in India and there will of course be challenges to navigate from time to time. We believe that the secular story is there and GIC can play to our strengths to capture the right opportunities. Most importantly, while these strengths define GIC as an investor, they are deeply intertwined with all of you who are here today. Our strengths would certainly not be possible without your support and collaboration in helping us deploy capital prudently. We are proud to call you all our partners and are grateful for your insights and contributions. We believe that together, we can navigate the challenges and seize the opportunities that lie ahead.

I would like to raise a toast to our enduring partnerships, shared success, and of course, an exciting journey together. Cheers.