



30

YEARS STRONG

Investor Presentation
AUGUST 2019



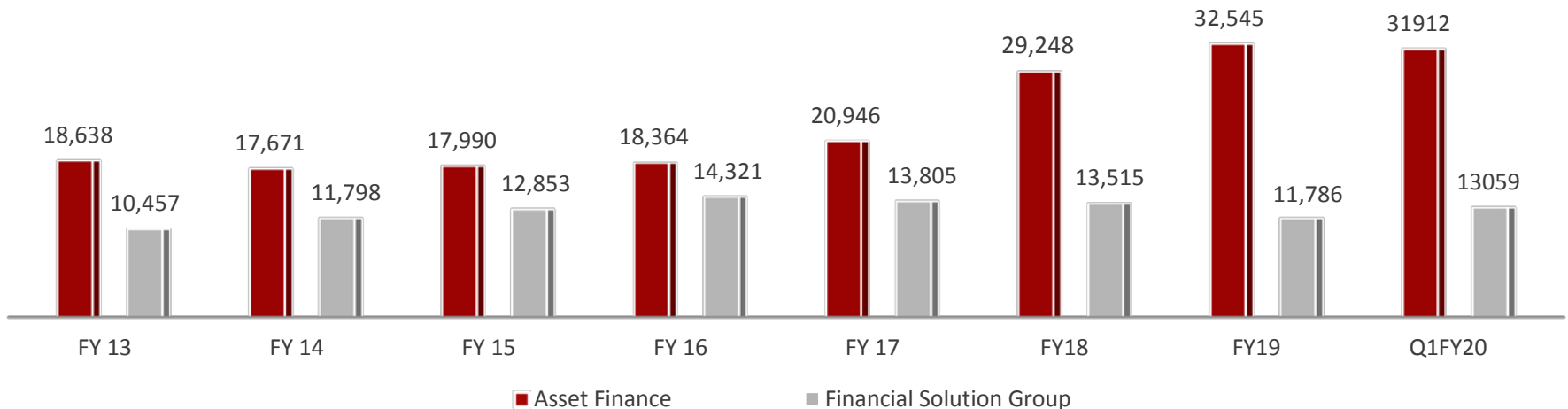


Srei Infrastructure Finance Ltd, a Kanoria foundation entity, is one of India’s largest holistic infrastructure institution. Srei Provides asset financing and leasing solution; financing against infrastructure projects (operating and expansion) and Infrastructure advisory services.

Srei’s expertise involves project advisory, evaluation and understanding of the risks associated with the business, working with customers to achieve financial closure of the projects and providing bridge finance facilities among others.

Also the company operates a holistic business model providing end – to - end solutions across the equipment life-cycle beginning from its financing to refinancing or resale.

Gross Earning Asset (INR Cr)



**Hemant Kanoria - Chairman**

He has over 39 years of experience in industry, trade and financial services. He is currently serving as Board Member in the Indian Institute of Information Technology, Guwahati, Neotia University and New Delhi Institute of Management.

**Dr. Punita Kumar Sinha - Independent Director**

She has focused on investment management and financial markets during her 27 year career. She spearheaded some of the first foreign investments into the Indian equity markets in the early 1990s. Currently, she is the Founder and Managing Partner, Pacific Paradigm Advisors, an independent investment advisory and management firm focused on Asia.

**Sunil Kanoria - Vice Chairman**

He has more than 29 years of experience in the financial services industry. He is the immediate past President of The Associated Chambers of Commerce & Industry of India, nominated Council member of The Institute of Chartered Accountants of India and the former Governing body member of the Construction Industry Development Council (CIDC). He is also presently the Honorary Consul of Spain in Kolkata, with jurisdiction over the State of West Bengal.

**Malay Mukherjee - Independent Director**

He has over 40 years' of experience in the field of Banking and NBFC including Venture Funding, Factoring and Broking. He is the former Chief Executive Officer (CEO) and Managing Director of IFCI Limited and also the former Executive Director of Central Bank of India.

**R. K. Agarwal - Independent Director**

He has over 40 years of experience in various fields like Audit, Taxation, Company Law, Consultancy etc. He has been a Partner with S. R. Batliboi & Co. (Member firm of Ernst & Young in India) since 1978 and was the Managing Partner of the Firm at the time of his retirement in June, 2013.

**S. Rajagopal – Independent Director**

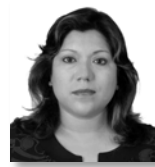
He has more than 41 years of experience in the Banking industry and is the former Chairman & Managing Director of Bank of India and Indian Bank.

**Balaji Viswanathan Swaminathan – Additional Director**

He has over three decades of experience in various leadership roles in the domain of finance and consultancy. He was the CFO of ICICI Bank and President - International at Westpac Banking Corp. Asia. Mr. Swaminathan has previously served on various boards including JSW Steel Ltd., McLeod Russel India Ltd., Firstsource Solutions Limited etc.

**S. Chatterjee - Independent Director**

A seasoned professional, he has over 45 years of experience in Retail, Commercial, Investment Banking and NBFC. Associated with the State Bank of India for 26 years, he has extensive exposure in the area of International Banking at SBI, London and as the Chief Representative in Washington DC having worked closely with IFC, World Bank and IMF.

**Dr. Tamali Sengupta - Additional Director**

She has over 32 years of experience in the legal field and is a specialist in transnational legal transactions in media, real estate development, insurance and infrastructure. She is a widely published author and is a Fellow of the Centre of International Legal Studies at Salzburg. She is the Principal of T. Sen Gupta & Associates, a corporate law practice based in New Delhi.

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YEARS STRONG

SREI
Together We Make Tomorrow Happen



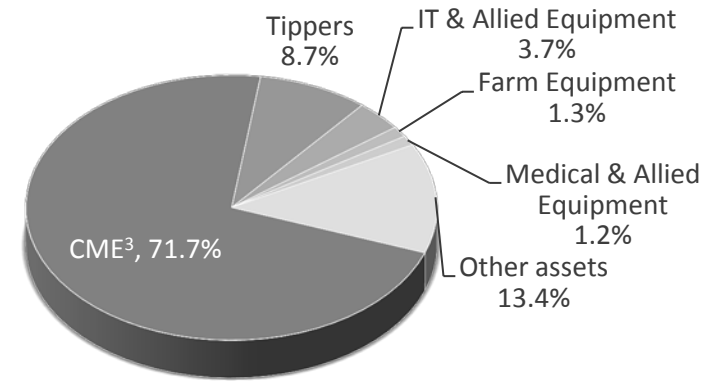
Asset Finance Business

Company Profile

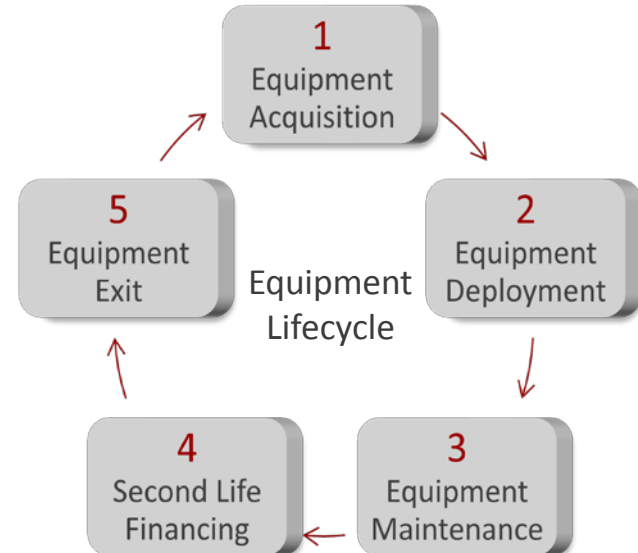
- Leading financier in the Construction, Mining and allied Equipment (“CME”) sector in India offering loans and leases for new as well as used equipment
- The only end to end solution provider across the entire equipment value chain, from asset acquisition to deployment, management and resale of asset, and managing the customer relations across the entire asset life cycle.
- 100% owned by Srei Infrastructure Finance Limited which has over 30 years of experience in CME finance
- Customer base of ~61,295 current customers²
- Distribution network of 89 branches across 21 states, 77 additional satellite locations and an employee base of 1,526 employees²
- Strategic pan-India penetration through 117 SEPs^{2,4} and 272 OEMs partnerships²
- Finances equipment segment across Tipper, IT, Farm, Medical & other asset
- Gross Earning Assets of INR 319,129 Mn²

Diversified Product Portfolio

By Gross Earning Assets (Mar 2019)



Presence across Lifecycle of an Equipment



Source: Feedback Analysis; Gross Earning Assets: Aggregate of Earning Assets and assets derecognized by way of securitization and assignment of receivables outstanding
Disbursements: Aggregate of loans and leases (both operating & finance lease)

1. For FY19; 2. As at June 2019; 3. CME includes used equipment; 4. Srei Entrepreneur Partners

**Devendra Kumar Vyas – Managing Director**

- Associated with the Group since 1997.
- Associate member of the Institute of Chartered Accountants of India (“ICAI”).
- Over two decades of experience in the financial services sector.
- Chairman of the ASSOCHAM National Council on Construction Equipment & Tunnelling, Member of member of the Governing Council of Indian Construction Equipment Manufacturers’ Association (“ICEMA”), life member of the Association of Corporate Advisors and Executives, Kolkata

**Indranil Sengupta – Chief Risk Officer**

- Associated with our Company since 2014.
- Is a Certified Associate of the Indian Institute of Bankers.
- Has over 34 years of experience in the banking & financial services sector.

**Manoj Kumar Beriwal – Chief Financial Officer**

- Associated with the Group since 1996.
- A fellow member of the ICAI
- Began his career with the Group and has over two decades of experience in the finance sector

**Pavan Trivedi – Chief of Operations**

- Associated with our Company since 2016.
- Member of ICAI and an associate member of the Institute of Cost Accountants of India.
- Over 20 years of experience in finance functions.

**Ritu Bhojak – Company Secretary and Compliance Officer**

- Associated with the Group since 2011.
- A fellow member of the Institute of Company Secretaries of India.
- Is a Key Managerial Personnel under Companies Act, 2013.



Equipment Finance Industry with strong growth opportunities

- CME sector expected to grow by 14-15% till FY22



Effective Equipment Risk Management Framework

- Enabling Improved Asset Quality
- Strong Liquidity Management



Maintaining Market Leadership through retail focus and co-lending program

- Risk sharing model through co-lending tie-ups with banks will increase risk weighted return and ensure market leadership
- Customers growing at a 18% CAGR
- Target of 100,000 customers in next 2 years



Effective Liability Management

- Diversified sources of funding; Strong credit profile



Equipment Centric Model in Partnership with OEM Tie-ups

- End-to-end solutions across equipment life-cycle
- Partnered with 272 OEMs



Digital Transformation Facilitating Process Efficiency

- Comprehensive technology landscape



Wide Distribution Network and Strong Brand Name

- 89 Branches; 21 States; 77 Satellite Locations; ~1,526 Employees; 117 SEPs



Robust Financials with Improving Balance Sheet

- Portfolio growth
- Consistent improvement in Profitability metrics

Equipment Centric Model Pushed by Long Standing OEM Tie-ups

OEMs are Key to Equipment-Centric Business Model



Long-standing partnerships with leading OEMs

Strategic Expansion of Network

OEMs



SEPs¹

- ✓ Deep knowledge on diverse range of equipment
- ✓ Offer innovative financing solutions to customers, also meet future project requirements
- ✓ Strategic expansion through SEPs¹
- ✓ Partnered with 272 OEMs and 117 SEPs



Origination Strategy

- Asset Centric Approach

- **Relationship Managers**
- Personalized customer service
- Work closely with dealer and OEM relationships
- Collaborating with vendors
- Leverage on vendor relationships and referrals

- **SREI Partners (Exclusive)**
- Strong local understanding and customer influence
- Speed to market
- Strengthening brand standing

- Customer Centric Approach

- Dedicated relationship managers leverage on long standing relationships

The Company is also consistently working towards enhancing the delivery efficiency of both these models by enabling them with digital tools

Exit Strategy

- Used Equipment Financing

- Developed detailed price realization curve to take informed risk decisions

- Refurbishment and Exchange Programme

- Refurbishment helps with extended warranty and affordable financing terms
- Reduce dependence on informal channels

- Auction Services

- Live Auction: Photographs and specifications can be viewed at other yards/sites
- Online Auction: provides virtual environment

- Valuation and Inspection Services

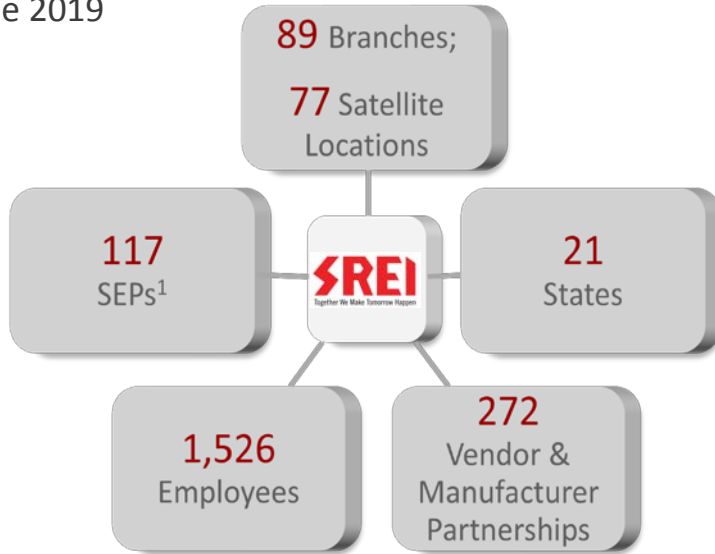
- Obtain reliable economic estimate of the value of equipment



The Company's 88 stockyards across the country are important to our ability to offer these exit services efficiently

Vintage Reflects our Understanding of Business

June 2019



Srei Entrepreneur Partners (SEPs)

- ✓ Exclusive distribution partners, SEPs, help in sourcing customers and ensuring regular repayment
- ✓ Local risk insight and ground presence facilitates:
 - Customer acquisition
 - Screening
 - Broadening of market coverage
- ✓ 117 SEPs across the country²

¹ Srei Entrepreneur Partners
² As at June 2019

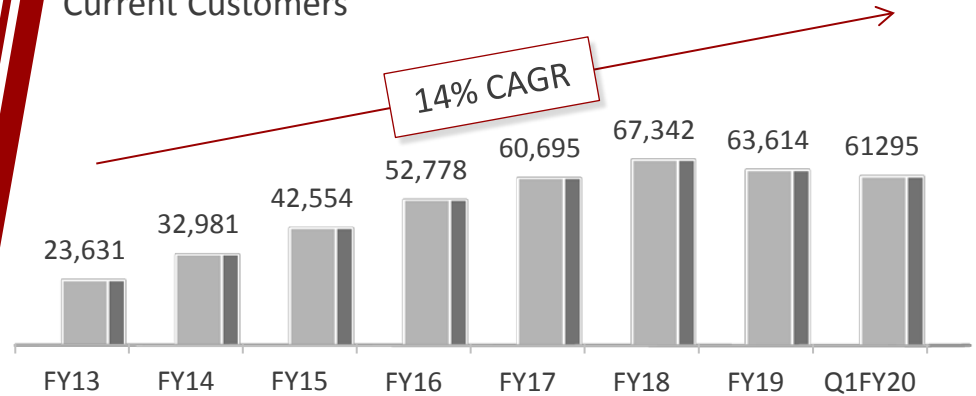
Wide Range of Customers

~61,295 Current Customers²



- First Time Users (FTUs)
- First Time Buyers (FTBs)
- Fleet Owners
- Mid-size Contractors
- Large Corporations
- Project Owners

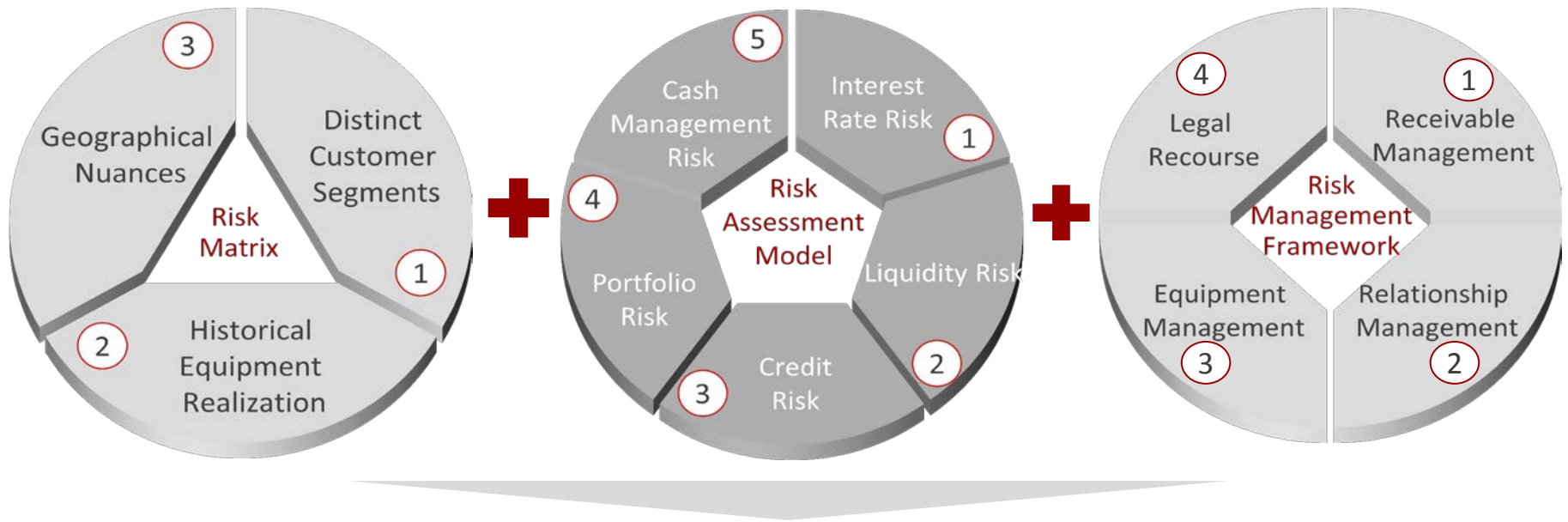
Customer Focused Approach Leading to Retention



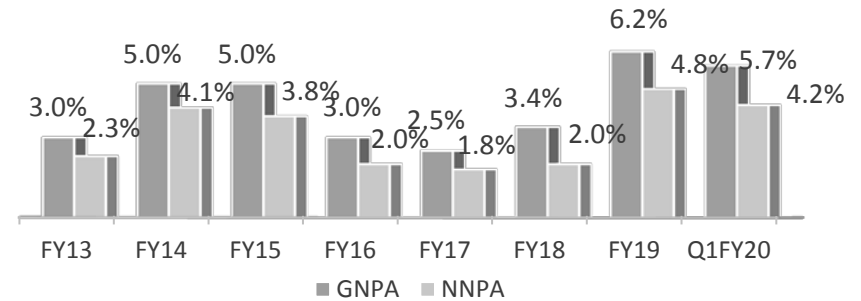
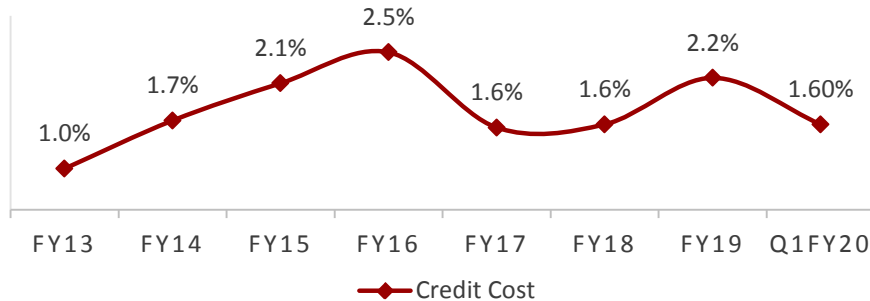
Over 60% of total disbursements were to repeat customers in FY16, FY17, FY18 & FY19

Key Business Strategy

Effective Equipment Risk Management Framework



Bad debts written off, provisions and contingencies/Average Earning Assets (Annualized)



A Robust Systemic Framework Evaluating Future Cash Flows, Quantitative and Qualitative Parameters

Note: GNPA & NNPA as a % of Gross Total Assets
Numbers onwards FY 18 as per Ind AS

Comprehensive Technology Landscape



Risk Management

- Real time equipment location identification through GPS/ GPRS devices
- Business Intelligence tool to manage portfolio risk by automating:
 - Data Analytics
 - Risk Prognosis using Algorithms

- Customer Service App
- Online customer queries and services requests
- CRM being developed to:
 - Manage relationships
 - Provide insights for customer strategy
 - Analyse customer behaviour data
 - Implement customer-centric business processes



Customer Initiatives



System & Process Enablers

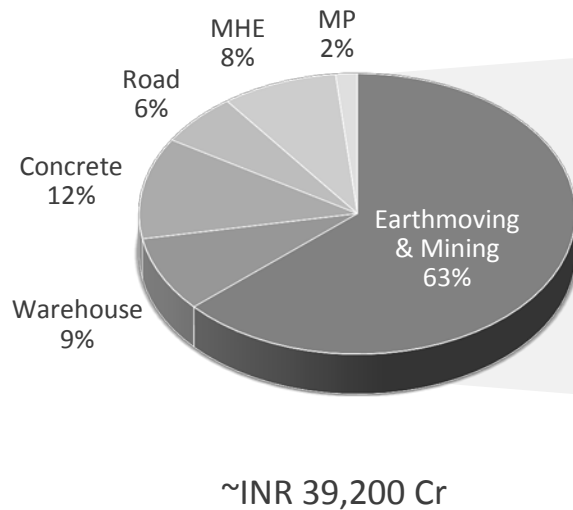
- Automated credit appraisal and delivery process
- Customer service through:
 - Online portals
 - Mobile applications
 - Customized risk prognosis tools
- Use of handheld devices for efficient collection



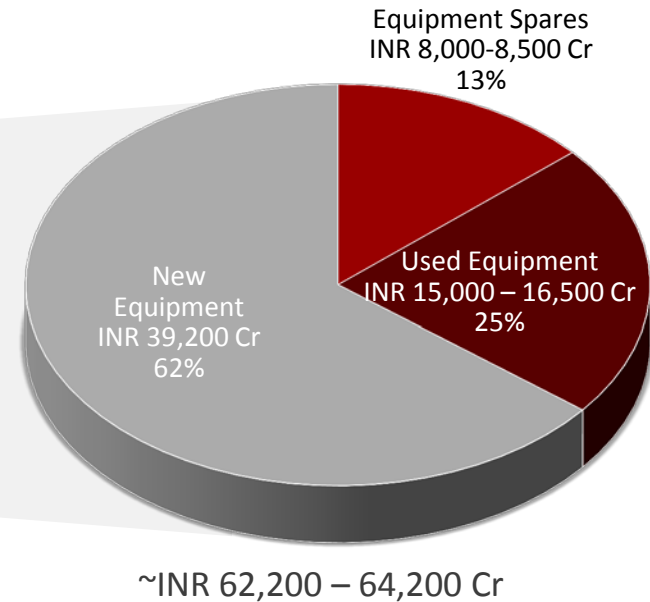
Vendor & Channel Initiatives

- Develop a vendor portal to connect all other stake holders to the vendors

Current Focus
Unit Sales (FY18)



Potential Market with Additional Focus
Market Size (FY18)



Equipment Leasing Market

- ✓ Bulk of MSMEs are opting to finance their equipment
- ✓ Still at nascent stage, 6-8% of CME Market (FY18) vs 50-60% globally
- ✓ Associated tax benefit opportunities
- ✓ Reduced 18% GST slab¹ makes equipment Leasing attractive

GST will Enable to be a Key Differentiator in the Equipment Leasing Market which will Further Drive Growth in the Industry



Strong Market Position

- Maintain strong market position through end-to-end equipment lifecycle and customer centricity
- Pioneering Consortium Co-Lending – a capital light model which will enable access to enhanced liquidity and allow the company to collaborate and widen its market and customer base

Diversifying within Core Business

- Enter into partnerships with new OEMs and vendors
- Expand in equipment categories and business verticals with attractive growth opportunities

Improving Efficiency & Risk Management

- Strong Liquidity Management
- Adoption of newer technologies
- Improve operational efficiency and derive greater risk management processes

Cost Improvement

- Optimise borrowings and explore alternate avenues of funding to reduce cost
- Operating leverage - larger scale to optimise cost



Re-align business model

- Co-Lending - Scarcity to Abundance
 - Low Capital, Low Risk Model
 - High Market Share
 - Competition to Collaboration
-

Income Strategy

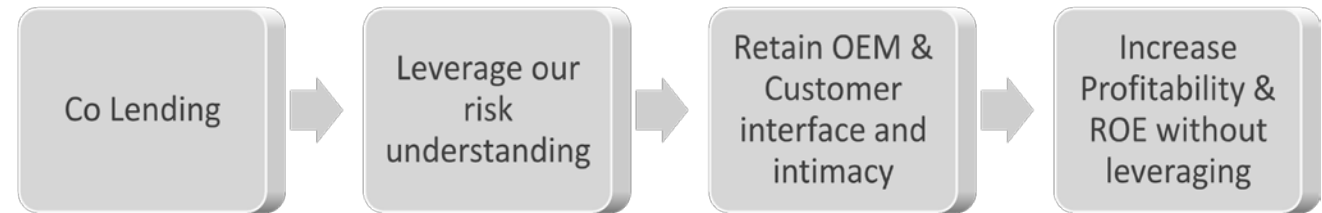
- To maximize income from existing portfolio
 - Cost Optimization
-

Asset Strategy

- To increase market share
 - To provide customer experience
-

Liability Strategy

- Leverage Bank partnership through Co-Lending
- Diversification of Liability Mix



Balance Sheet Light Model

Srei Equipment - Sole origination Partner for the arrangement

- Retain OEM, customer interface & intimacy
- Leverage our risk understanding
- Increase market share and strengthen leadership

Responsibilities:

- Sourcing
- Disbursement
- Collection
- Equipment Management Services

Asset Light growth model

- Low Investment and Less Capital Intensive

Higher market share

- Through Co-lending tie-ups with banks

Highly Scalable

- Less dependence on Balance sheet funding

Volume Ramp-up

- Significant operating leverage can be achieved

Leverage Existing Strength

- Understanding asset lifecycle
- Existing client and OEM relationship
- Risk understanding

Fee Income Growth

- Sourcing & Appraisal
- Disbursement & Customer Service
- Collection, Recovery & Legal



Financing Solutions Group

Integrated Offering

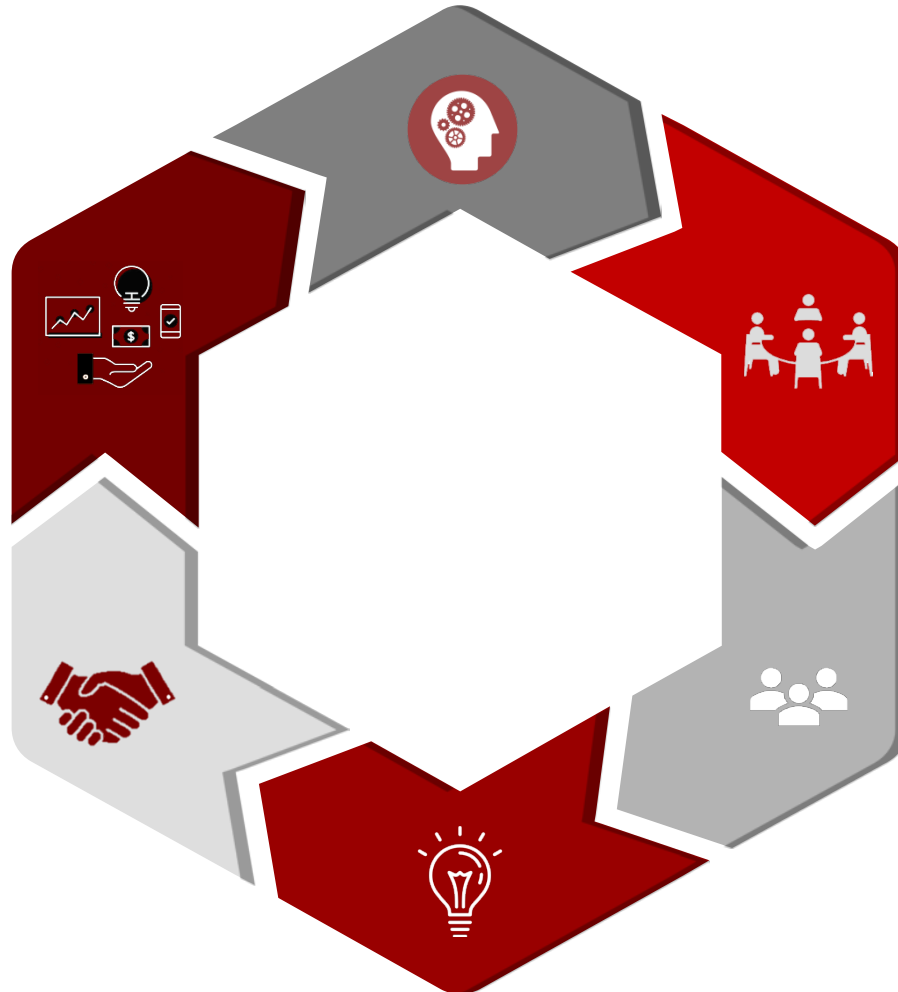
- Structured Solutions
- Resolution Strategy
- Infra Advisory
- Capital Markets
- Alternative Investment Funds

Client Relationships

- Long-term relationships across Infrastructure value chain

Thought Leadership

- Creating new markets
- Shaping industry discourse



Industry Expertise

- Renewable Energy
- Transportation
- Urban Infrastructure
- Water & Waste Water
- Oil & Gas
- Airports & Aviation

Strong Governance

- Good risk and liquidity management
- Strong process orientation

Talent

- Fit for purpose
- Adaptive & Entrepreneurial

**Rakesh Kumar Bhutoria - Chief Executive Officer**

- Alumnus of LSE and University of Oxford – SAID Business School
- 25+ years of experience across the financial sector in India and Middle East
- Led large corporate segment, Mid-Caps, MNC, SME, CV & ECM businesses
- Ex-CRISIL, GE Capital, IDFC First Bank, Standard Chartered Bank

**Shashi Bhushan Tiwari - Chief Risk Officer**

- An associate of the Indian Institute of Bankers. He is a BSC and LLB, and holds diploma in Business Management
- Managing Risk, Foreign Currency exposure, ECB, liaising with International institutions both in India and abroad

**Sandeep Kumar Sultania - Chief Financial Officer**

- A chartered Accountant, Cost Accountant, Company Secretary and holds Master's Degree in Business Finance, Commerce and Diploma in Information and System Audit
- 20+ years of experience in financial management, auditing, taxation, budgeting and MIS
- Was responsible for liaising and negotiating with Banks and Financial Institutions
- Ex-BKM Industries Limited (then Manaksia Industries Limited)

**Sandeep Lakhota - Company Secretary & Group Head**

- 20+ years of experience in Corporate compliance and governance function.
- Fellow member of ICAI and ICSI



Balance Sheet Flexibility

- Distribution led
- Build out of Retail NCD franchise



Monetization of Strategic Investments



Improved RoE

- Efficient balance sheet usage
- Generate Fee Income



Financial Highlights

Balance Sheet Summary (₹ Crs)	Q1FY20	FY19
Net Worth	4,111	4,097
Borrowings	34,424	33,224
Interest Earning Assets	37,582	36,749
Investments	2,136	2,137
Key Ratios	June-19	Mar-19
RoE	4.2%	12.2%
RoA	0.4%	1.1%
EPS (₹) (Annualized)	3.4	9.7
Book Value (₹)	81.7	81.4

Income Statement (₹ Crs)	Q1FY20	Q1FY19	FY19
Income from Finance Activities	1,311	1,319	5,330
Income from equip. financing	827	834	3,586
Income from project financing	485	484	1,744
Finance charges	923	890	3,589
NII	389	428	1,741
Non Interest Income			
Income from Fee Based Activities	25	43	116
Income from Equipment Rental	0	0	296
Others	4	4	16
Net Income	417	475	2,169
Operating Expenditure	125	219	887
Provisions & Write offs	221	64	695
Profit Before Tax & Exceptional Items	71	192	587
Exceptional Item*	0	0	81
Profit Before Tax	71	192	668
PAT (after Minority)	43	140	487

* Adjustment on disposal / cessation of Subsidiary and Associate

Balance Sheet Summary (₹ Crs)	Q1FY20	FY19
Gross Earning Assets	31,913	32,545
Securitized Assets	5,005	5,621
Net Worth	2,888	2,849
Borrowings	21,204	20,967
Leverage	7.3	7.4

Income Statement (₹ Crs)	Q1FY20	Q1FY19	FY19
Disbursement	2,478	4,061	13,681
Net Revenue from Operations	827	834	3,586
Finance charges	556	480	2,151
NII	270	354	1,435
Operating Expenditure	95	91	415
Cost of Risk	109	113	563
PBT	66	151	457
PAT	40	103	306
Key Ratios	June-19	Mar-19	
Yield on Avg. Funds	12.3%	13.8%	
Cost of Funds	10.2%	9.5%	
Interest Spreads	2.1%	4.3%	
NIM	4.0%	5.5%	
Credit Cost	1.6%	2.2%	
Opex	1.4%	1.6%	
Gross NPA (%)*	5.7%	6.2%	
Net NPA (%)*	4.2%	4.8%	

*On book Gross Total Assets

Balance Sheet Summary (₹ Crs)	Q1FY20	FY19
Interest Earning Assets	13,059	11,786
Net Worth	2,969	2,983
Borrowings	13,234	12,276
Investments	4,177	4,182
Leverage	4.5	4.1

Income Statement (₹ Crs)	Q1FY20	Q1FY19	FY19
Disbursement	1,410	1,880	7,257
Income from finance activities (Net of Dep.)	494	379	1,788
Finance charges	367	339	1,430
NII	127	40	357
Provision & Write off	114	-5	168
Fee based income	14	23	48
Other Income	4	5	28
Operating Expenditure	26	35	143
PBT	6	38	123
PAT	3	30	95

Srei Infrastructure Finance Limited Disclaimer:

In this communication we have disclosed certain forward-looking information to enable investors to comprehend our future prospects and take informed investment decisions. This report and other statements – written and/or verbal - that we periodically make/publish contain forward-looking statements that set out anticipated results based on the management's plans and assumptions for future growth and development of the organizations. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expects, projects, intends, plans, believe, and words of similar substance in connection with any discussion of future performance.

We do not guarantee, warrant and/or recommend, express or implied, as to the accuracy or completeness of such assumptions and that these forward-looking statements will be realized, although we believe we have been prudent in assumptions which are subject to dynamic changes. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Prospective investors are recommended to take their decisions based on interpretations and assumption of such published forward looking statements. . We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Moreover, neither we or any other company or subsidiary of the Srei Group, nor any of its officers, directors or employees accept any liability or responsibility in respect to the information or any assumptions expressed herein.

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Amit Agarwal

Vice President – Investor Relations

Srei Infrastructure Finance Ltd.

Tel: + 91 33 6602 3003

Email : amit.agarwal1@Srei.com

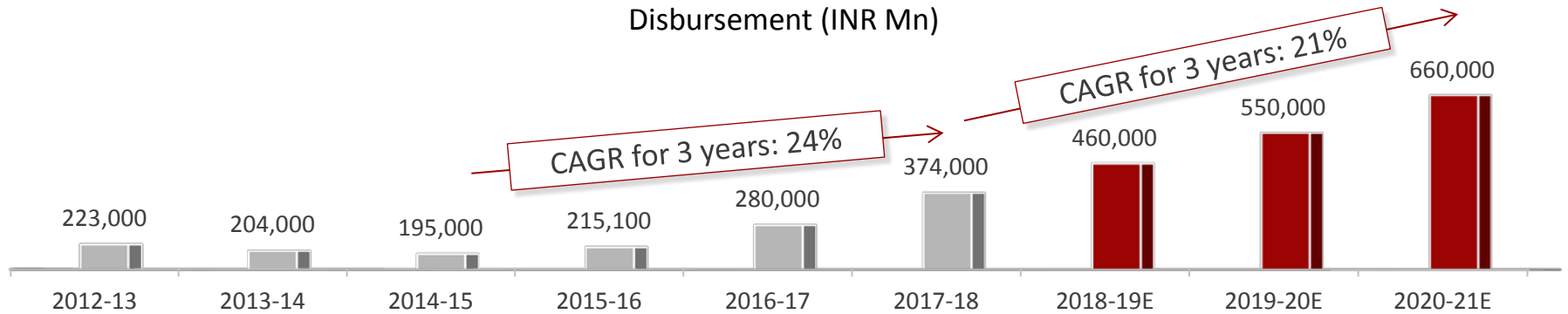


THANK YOU



Annexures

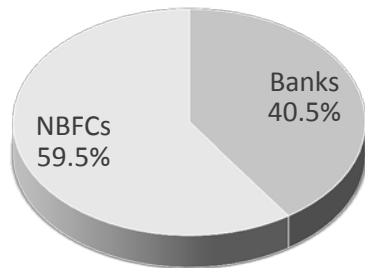
Disbursements are at a 5 year high | Significant Growth Likely to be Witnessed...



Source : Feedback Analysis; 1. For most products covered under CME Section

...Dominated by NBFCs...

By Disbursements (FY18)

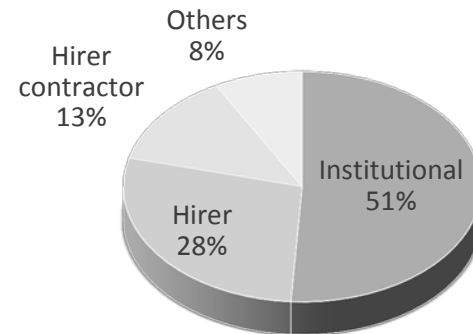


NBFCs Competitive Positioning

- ✓ Better geographic reach
- ✓ Offer faster TAT¹
- ✓ Tailor made schemes
- ✓ Higher LTV² than banks
- ✓ Simple documentation
- ✓ Flexible terms

...With Diverse Customer Profiles...

NBFCs Customer Breakdown
by Disbursements (FY18)



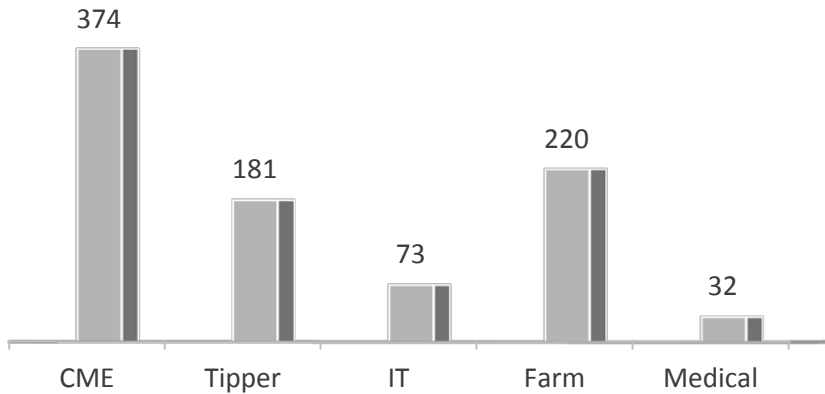
Source: Feedback Analysis

1. Turn Around Time
2. Loan to Value

Equipment Financing Industry: Poised for Growth

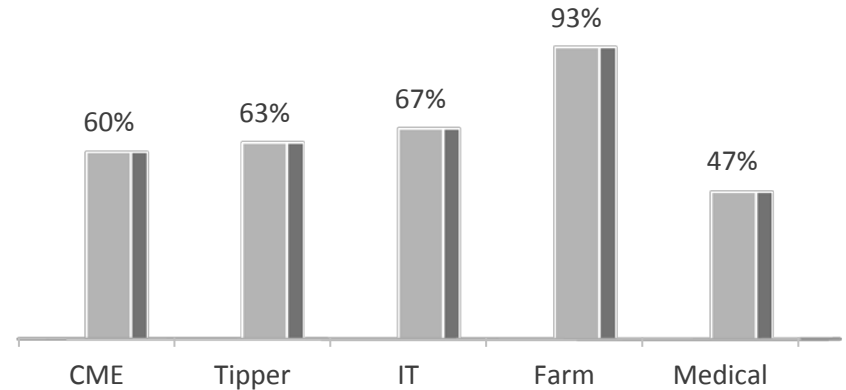
Current Market Size

FY18 Disbursement (INR Bn)



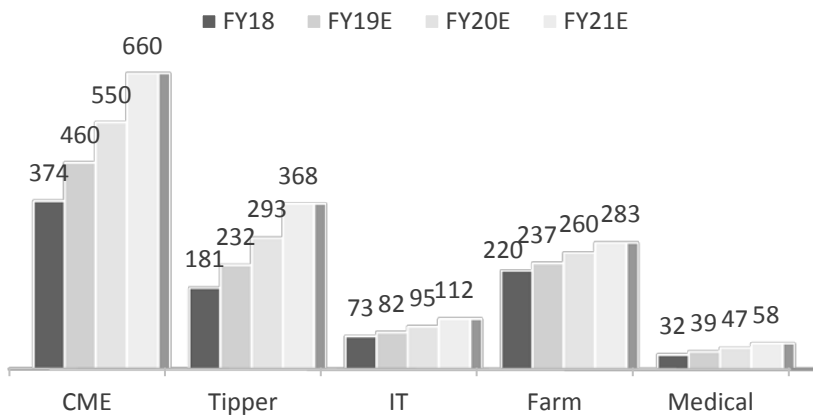
Dominated by NBFCs

Market Share of NBFCs within each segment (FY18)



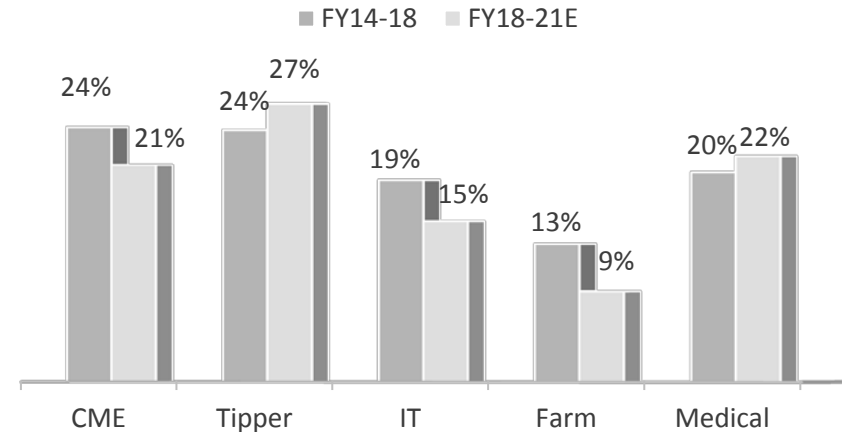
Estimated Market Size

Disbursement (INR Bn)



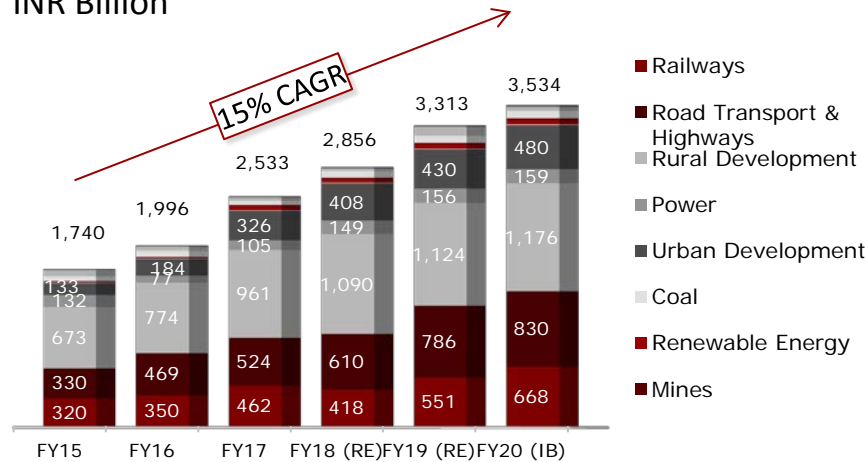
Growth

Disbursements CAGR



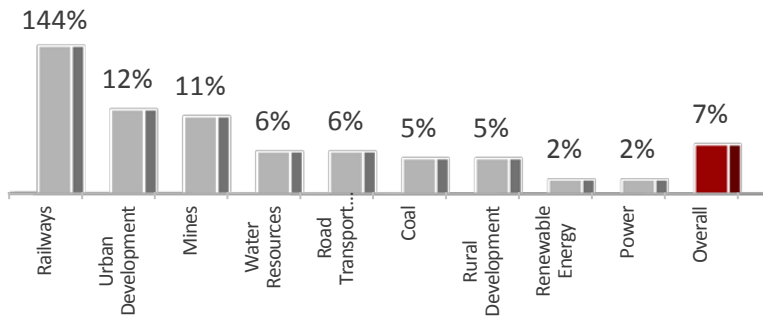
Construction Activity driven by 16% Growth in Infrastructure Spending

INR Billion



...With the Following Focus for Next Year

FY19 (BE) Infrastructure spending growth over FY19



Key Sectors

Roads

- Till FY 2021-22, government is expected to be investing INR 6,920 Billion (Bn) in building 83,677 kms of road.
- This includes flagship Bharatmala project which entails construction of 34,800 kms of road at an investment of INR 5,350Bn.
- Under PMGSY, construction of rural roads tripled to reach 15.8 lakh habitations out of 17.8 lakh habitations; budget allocated for FY20(BE) is Rs.190Bn as against ₹.155Bn in FY19(RE).

Railways

- Indian Railways is targeting INR 9,088 Billion investments by FY 2021
- Govt. announced highest ever capex for Railways in FY20 at ₹.1.58Tn against ₹.1.38Tn in FY19 (RE), an increase of nearly 14.3%.
- Launch of “Vande Bharat Express”, an indigenous semi high-speed train to provide significant push to “Make in India”

Irrigation

- In order to grow adequate food supplies by 2050 that cater to a national population of 1.6-1.7 billion, developing an irrigation potential of 175 million hectares is the country’s main focus.
- River Interlinking project is estimated to cost around INR 5,655 Billion

Civil Aviation

- UDAN scheme initiated by the Government last year shall connect 56 unserved airports and 31 unserved helipads across the country.
- Plan to connect all towns by using 400 closed airstrips

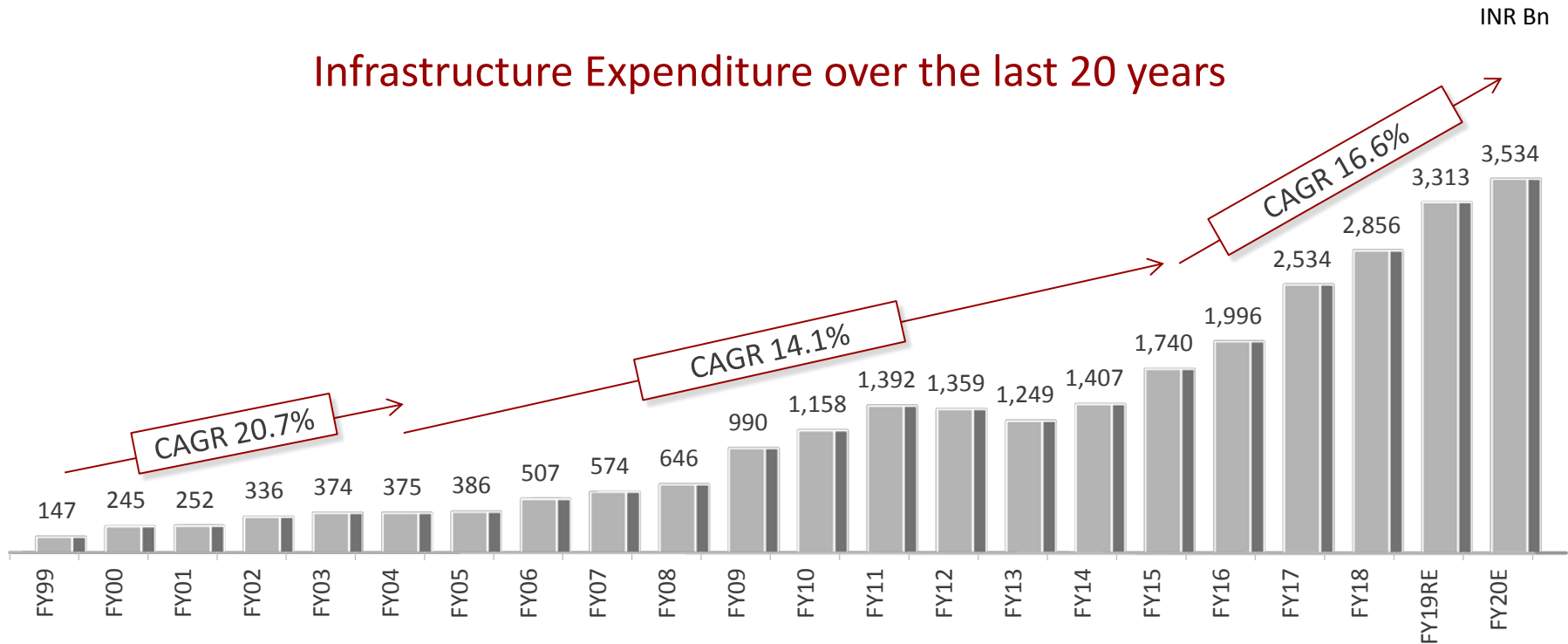
Urban Development

- 99 cities selected under Smart Cities Mission, with an outlay of INR 2040 Billion
- State level plans of INR 776Bn for 500 cities approved under AMRUT

Recent Structural & Regulatory Changes : Insolvency and Bankruptcy Code, GST & Arbitration Law

Infrastructure: Secular growth in expenditure

Infrastructure Expenditure over the last 20 years



- ✓ The focus on Indian infrastructure has been the corner stone of all the governments from the last 15-20 years
- ✓ The policy resets done by the government during 2014-2016 will ensure that infrastructure investments will continue in the core sector irrespective of which government is at the helm.
- ✓ The required spend on infrastructure is close to USD 4.5 Trillion by 2040. Of this India is capable of meeting USD 3.9 Trillion.