

## **Srei Group and CBL Corporation signs MOU to explore offering Surety and Guarantee Products in India**

**Kolkata, October 11, 2017:** Srei Group, part of the Kanoria Foundation, and New Zealand's CBL Corporation Limited ("CBL") have entered into an MOU with the intent to form a first of its kind 50:50 joint venture company offering surety and guarantee bonds in India.

The joint venture company will offer performance guarantees and sureties through bonds to its customers in India for participating in projects in the infrastructure and allied sectors. This unique offering will reduce working capital needs of the players and shall facilitate project completions without delays, and allow them to develop and grow their businesses.

India is on the rise in terms of its infrastructure growth, and domestic businesses need to comply with the ever changing requirements of the sector. The contractors who are undertaking projects across key sectors such as roads, energy, defense, telecommunication, and construction amongst others are the major harbingers of this growth. However, even though the growth opportunity is immense, these contractors in most cases are faced with the challenge of working capital issues because of the traditional models of financing that continue to dominate the sector. Bringing in credit products such as sureties and guarantees which are widely used in other developed nations can help in bringing about a change, which is the need of the hour. These products can also prove to be a solid alternative to bank guarantees.

Commenting on the joint venture, **Mr. Sunil Kanoria, Vice Chairman, Srei Infrastructure Finance Limited** said, "In developed nations like USA, Canada, Germany, a Bid Bond or Surety or Performance Guarantee is a part of pre-qualification criteria for bidders, especially for government sponsored infrastructure projects. In India, the market for such instruments has not yet developed. As of now, only banks provide such instruments in India and there is an urgent requirement to develop such products and offerings here. We are very proud to partner with CBL Corporation Limited to offer this unique financial solution to Indian businesses."

**Mr. Peter Harris, MD, CBL Corporation** noted that the decision to form the JV has been a joint effort by Srei Group & CBL management over the last 12 months, while **Mr. Alistair Hutchison, Deputy Chairman, CBL** added that, "India is a vibrant and growing country full of special people. CBL and Srei Group's JV would add to India's growth aspirations by giving India's businesses greater options in the Guarantee and Bonding sector."

**Mr. Dean Finlay, Director of International Business, CBL** said, "CBL Corporation was very proud to be working with Srei Group where CBL believed there were genuine synergies that would add value to our joint venture in what is a strategically very important market for CBL."

**Mr. Vikash Khandelwal, CEO of the proposed joint venture** added, "We at Srei Group are excited about this collaboration. CBL's strong track record and experience in bonds, sureties and guarantees, and Srei Group's expertise and knowledge of the local market will create value for businesses across India. The Government's focus on the infrastructure space has improved business confidence and many new infrastructure projects are in the pipeline. We feel that this is the right time to come together and start this journey."

Both Srei Group and CBL shall research on the regulatory environment that some of these products may encompass and structure an appropriate vehicle to offer these products into the market in the most efficient and regulatory compliant manner.

**About Srei Infrastructure Finance Limited ("Srei"):**

Srei Infrastructure Finance Limited ("Srei"), a Kanoria Foundation entity, is one of India's largest private sector integrated infrastructure institutions, constantly and consistently delivering innovative solutions in the infrastructure sector. The company has been playing a significant role in nation-building for over two and half decades, both in urban and rural India. Srei's businesses include Infrastructure Finance, Advisory, Infrastructure Equipment Finance, Alternative Investment Funds, Capital Markets and Insurance Broking. Srei is headquartered in Kolkata with over 89 offices across India and having a customer base of over 85,000

**About CBL Corporation Limited ("CBL"):**

CBL Corporation specialises in writing building and construction related bonds across 30 countries through 45 offices and 550 employees. The company has been operating for over 43 years, and is listed on the ASX and the NZX.

CBL currently has a Financial Strength Rating of A- (Excellent) and an issuer rating of a-, with both outlooks 'Stable', from A.M. Best Ratings Agency.

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