



SREI INFRASTRUCTURE FINANCE and BNP PARIBAS LEASE GROUP

FORM 50:50 JOINT VENTURE

BPLG to invest Rs 775 Crore

Mumbai, May 31, 2007

SREI INFRASTRUCTURE FINANCE LIMITED (“SREI”), a leading Non Banking Financial Institution with special focus on the infrastructure sector since 1989 and **BNP PARIBAS LEASE GROUP (“BPLG”)**, the leasing arm of BNP Paribas, have reached an agreement regarding a strategic partnership in equipment finance in India.

The partners will bring their respective expertise and know-how as well as combine the strength of the SREI brand and the local expertise of SREI with the specialized equipment finance skills and global brand strength of BPLG, in order to further develop the equipment finance business.

Mr. Hemant Kanoria, Vice Chairman and Managing Director of SREI, termed this joint venture as a very significant step in the Indian Financial Services Market. “We are the largest player in the financing of infrastructure equipment and collaborating with BPLG will help in increasing our market share further and also expanding the product line into financing of agriculture, information technology, medical and other equipment.”

Speaking at the occasion Mr. Bertrand Gousset, member of the Executive Committee of BPLG, in charge of Corporate Development, said, “We are delighted to be associated with the SREI group, who are the leaders in the financing of infrastructure equipment and provide a wide range of equipment finance products to large strategic clients as well as to retail customers, with pan-India coverage. This joint venture is very significant for us and we look forward to a long and prosperous association with them.”

Mr. Sunil Kanoria said, “This joint venture signifies the coming together of two companies with the same shared values. Both SREI and BPLG are convinced that they are well positioned to build on the already strong platform established by SREI and that this will enable in reduction in cost of funds resulting in higher profitability.”

Mr. Amoudru, CEO of BNP Paribas India and Head of Territory, said "The acquisition of a 50% stake in this joint-venture with SREI - a highly recognised firm in equipment and infrastructure financing –



further evidences the willingness of the BNP Paribas Group to expand its presence in India in activities where it has a strong expertise. It represents another substantial capital commitment from the Group- the largest so far- in this country and testifies our confidence in the long term prospects of the Indian economy".

Subject to necessary regulatory approvals and statutory consultation, the alliance will involve a new Joint Venture Company, equally owned by each of SREI and BPLG. The current infrastructure equipment (asset finance) business of SREI along with its insurance broking activity will be transferred to this JV.

SREI is a Non Banking Financial Institution, with special focus on the infrastructure sector since 1989. Pursuant to the transaction, SREI proposes to focus on infrastructure project finance, fund management, investments, advisory and development business including the equipment bank, Quipo. This transaction should help SREI in enhancing shareholder value and also address the continuous need for capital. Indeed, the Joint Venture that is being formed with an initial networth of Rs. 800 Crores would not only strengthen its ability to grow its business manifold but also free the net worth of the SREI associated with the transferred business and thus increasing its ability to grow its other businesses. Moreover, the partnership with BPLG should help the Joint Venture Company in lowering its cost of funds for the asset finance business as well as in strengthening its core activities and its position in the sector.

BNP Paribas Lease Group (BPLG) is a 100% BNP Paribas subsidiary specialized in financing investments made by companies and professionals, either through the intermediary of its partners (manufacturers, importers and vendors of equipment) or directly to the customers. BNP Paribas Lease Group has been in this business for 50 years and is today the European and French market leader with a global balance sheet of 15 billion Euros. BNP Paribas Lease Group is present in Austria, Belgium, France, Germany, Hungary, Italy, the Netherlands, Poland, Portugal, Spain and the UK. For further information, see www.bplg.com

SREI had Kotak Investment Banking as their exclusive financial advisor while BPLG has been exclusively advised by Ambit Corporate Finance.



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