

Beyond Indian shores

Srei Infrastructure signs MoUs with Russia's Vnesheconombank

The Kanorias of the Kolkata-based Srei group are busy. "Restructuring by getting rid of non-core assets and raising money and the listing of Bharat Road Network Ltd (BRNL) on the bourses are just a few of the things," explains Hemant Kanoria, CMD, Srei Infrastructure Finance Ltd, which is one of India's largest integrated infrastructure institutions, with about \$5.5 billion of consolidated assets under its management. Currently, he is more keenly eyeing the business scope in Russia.

"India and Russia have shared strong trade relations in the defence, nuclear energy, space, and energy security sectors for 70 years now," says Kanoria, who is a member of the India-Russia CEOs Council.

In 2016, trade between India and Russia was at about \$6 billion. Recently, Srei signed a couple of MoUs, worth \$700 million, with Russian development bank, Vnesheconombank (VEB) – which would mean that Srei has initiated businesses in Russia, which is more than one-tenth of the annual trade relations between India and Russia.

"With strengthening the infrastructure sector being one of the core objectives of the Indian government, the India-Russia trade relations can be extremely beneficial to both the countries", adds Kanoria. In March this year, both the countries came together to announce a \$1 billion fund to promote mutual investments in infrastructure and technology projects. This fund will help to advance infrastructure projects and support attractive investment opportunities and growth of Russian business activity in India.

Business opportunities

Also, Indian railways is collaborating with Russia on a high-speed project to increase the speed of passenger trains, as well as improve railway infrastructure in terms of safety features, and



Kanoria: strong trade relations with Russia

bringing in improved technological solutions. This area holds a great potential for engagement between Indian infrastructure giants and Russian companies. Then there is the government of India's goal of building 100 smart cities by 2022, which is attracting major Russian companies for co-operation in implementation of this programme, through the use of IT solutions.

Meanwhile, India has invited Russian participation in the Delhi-Mumbai Industrial Corridor (DMIC) and the Dedicated Freight Corridor as well as the Bengaluru-Mumbai Economic Corridor and the Chennai-Bengaluru Industrial Corridor, one of the world's largest infrastructure projects. "This is just the tip of the iceberg," affirms Kanoria. "Apart from attracting investments, amongst the major areas which can benefit Indian companies are Russia's expertise in quantum technology, which will shape the future of computing and cyber security, artificial intelligence, and participation in oil and gas projects as Russia offers vast natural reserves of coal and liquefied natural gas (LPG).

There are also good prospects for cooperation in the solar energy field, modernisation of the existing power plants and construction of new ones in the territory of India". Kanoria has been gun-ho on Russia, a country where the Srei group, as part of a strategic expansion, had forayed into since 2004, scouting for infrastructure finance opportunities. It operates in Russia through a step-down subsidiary called Zao Srei Leasing. But the group's projects in the country have stalled since western sanctions were imposed on Moscow.

This time around, Kanoria feels the two countries are moving on a different tangent, as India is witnessing a new dawn of growth and development. Apart from the abundant opportunity provided by the Indian defence sector (which has long been the strength of Indo-Russian trade ties), the current focus of Indian government on enhancing the infrastructure of the country and making India a top-notch global manufacturing hub through 'Make in India' programme offer excellent opportunities for Russian businesses to strengthen their foothold in India. "The government of India is also prioritising development of new, modern port facilities and airports, as also multi-modal logistics parks and transport facilities. All these provide business opportunities to Russian companies," adds Kanoria.

Srei has recently set up a \$200 million IT & Innovation Fund in partnership with Russian state lender, Vnesheconombank (VEB), for promoting collaboration between India and Russia in the field of artificial intelligence, 3D, printing, and robotics, among other areas. "We are also closely looking at opportunities for the export of heavy equipment used in mining, construction and other industries, from Russia into India, which will be available for lease or purchase," informs Kanoria. He plans to sign yet another \$500 million joint venture agreement with VEB to finance the export of equipment to India, strengthening the group inroads into Russia.

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