



Road Infrastructure Financing to ease

Kolkata, 20th April, 2010: “With headline inflation touching double digits, the rise in policy rates by RBI was totally expected. We, at Srei, welcome the moderate hike of 25 basis points each in CRR (from 5.75% to 6%), Repo (from 5% to 5.25%) and Reverse Repo (from 3.5% to 3.75%) rates. Adopting a calibrated approach in tightening the monetary policy is the need of the hour and that is exactly what RBI has done to ensure that the economic recovery process is not severely impacted. However, I feel that the loose monetary policies adopted by developed nations will result in a huge influx of capital to emerging market economies like India thereby pushing up inflation in these countries, until and unless a new global crisis reverses the flow of capital. Thus, we should expect one or more rate hikes before the first quarter review in July-end,” said Mr. Hemant Kanoria, Chairman & Managing Director, Srei Infrastructure Finance Ltd.

Mr. Kanoria lauded RBI’s move to treat annuities and toll collection rights (in special cases) of BOT road/highway projects as tangible securities. He felt this would considerably ease accessing finance for road projects. “It will also create a healthy market for securitization of toll portfolio, thereby reducing cost of road projects post-construction,” he added.

From NBFC point of view, Mr. Kanoria felt that RBI’s call for evolving a stronger supervisory regime for systemically important non-deposit taking NBFCs (NBFCs-ND-SI) is in the right direction. “A similar mechanism is already there for the banks to evaluate their capability to mitigate credit and market risks. Developing something similar for NBFCs-ND-SI only reinstates how important NBFCs are to India’s financial fabric,” he added.

“The credit policy touches upon the issue of granting bank license to private financial players including NBFCs. We eagerly await the guidelines which, according to the policy, is expected to be out in public domain by July-end,” Mr. Kanoria concluded.

About Srei Infrastructure Finance Limited

Srei is a Holistic Infrastructure Institution, constantly and consistently ideating to deliver innovative solutions in infrastructure space, thus playing a significant role in nation-building for over two decades, both in urban and rural India. Srei’s businesses include Infrastructure Equipment Leasing & Finance, Infrastructure Project Finance, Advisory & Development, Insurance Broking, Venture Capital, Capital Market and Sahaj e -Village. Srei has a pan-India presence with a network of 63 offices and has also replicated its business model overseas with three offices in Russia. Srei is the first Indian infrastructure financing institution to get listed on the London Stock Exchange. Srei Equipment Finance Pvt. Ltd., a joint venture between Srei Infrastructure and BNP Paribas Lease Group, a wholly owned subsidiary of BNP Paribas, is a Srei Group company engaged in Infrastructure Equipment Leasing and Financing Business.

Srei Infrastructure Finance Limited

Registered Office: ‘Vishwakarma’, 86C Topsia Road (South), Kolkata - 700 046

Tel: +91 33 2285 0112-15/3988 7734 **Fax:** +91 33 2285 7542/8501

Email: corporate@srei.com **Website:** www.srei.com



For further information, please contact:

Braj Kishore

Vice President and Head

Corporate Communications & Brand Management

Phone: +91 33 3987 3211

Mobile: +91 98360 35599

Email: braj.kishore@srei.com

Nishant Kela

Bluelotus Communications

Mobile: 9874189149

Email: nishant@bluelotuspr.com

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