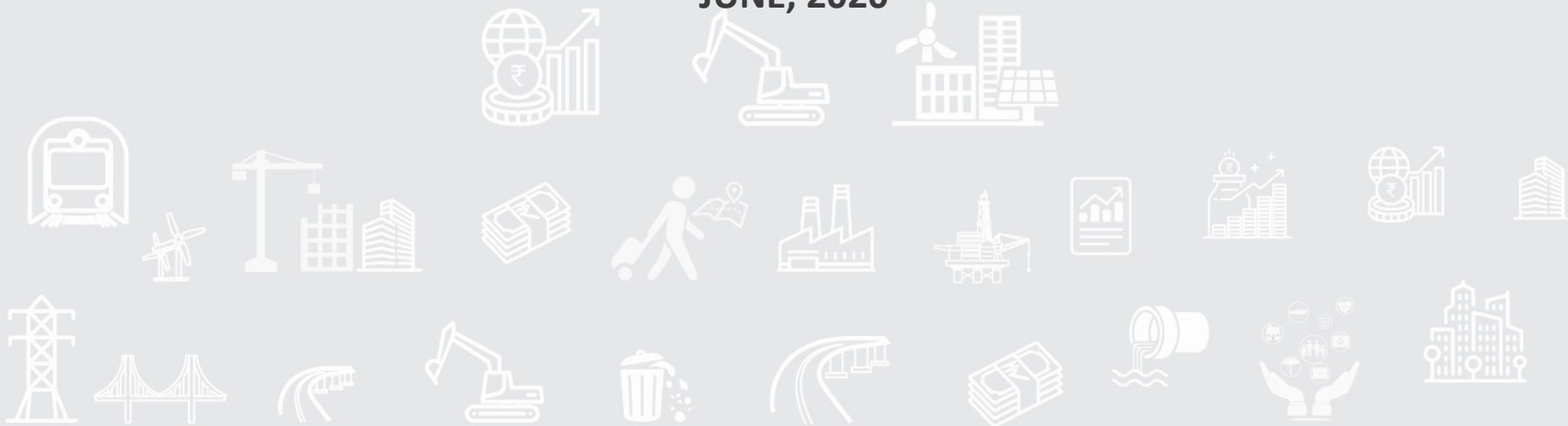


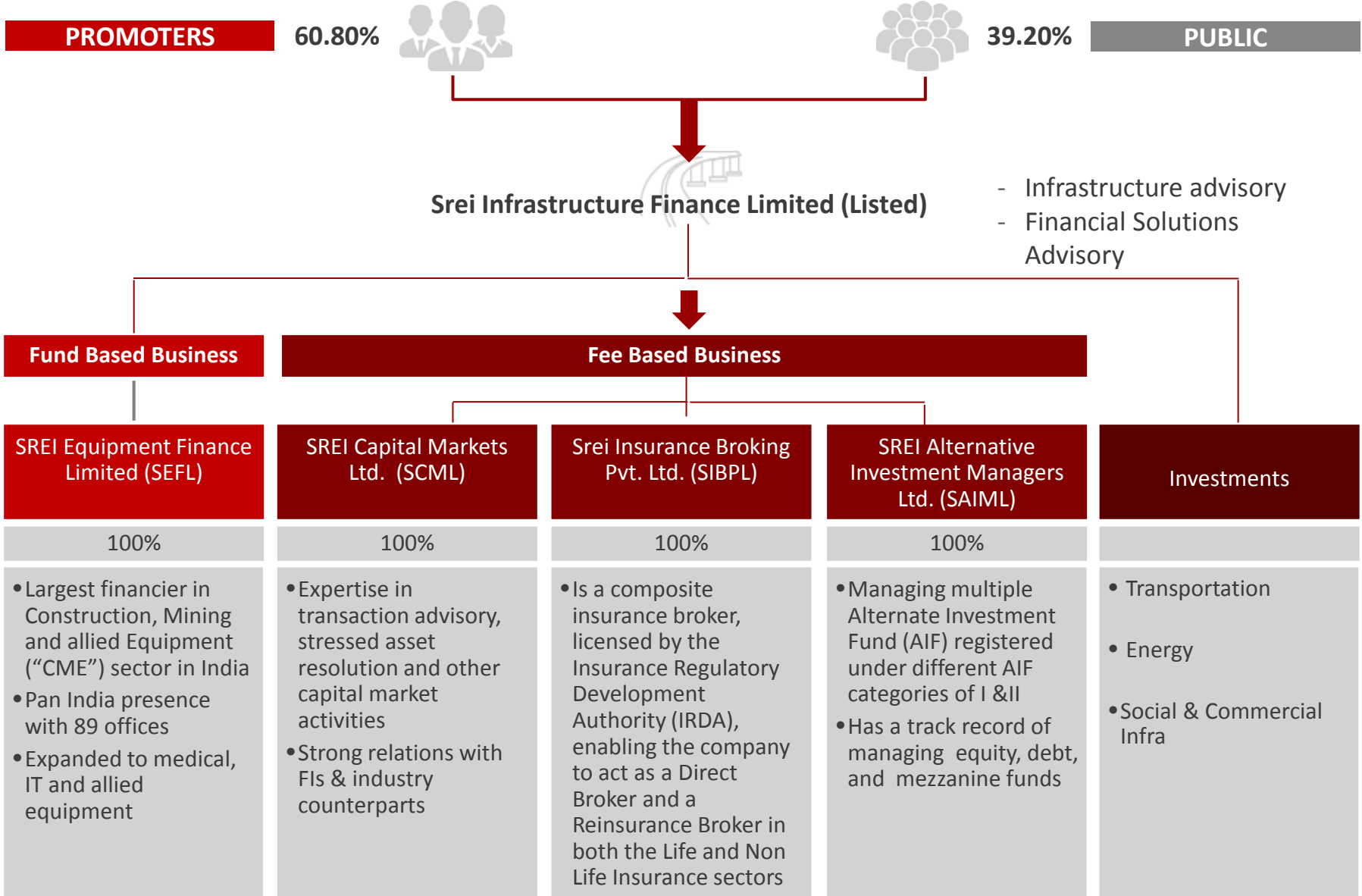


Together We Make Tomorrow Happen

## INVESTOR PRESENTATION JUNE, 2020



# Corporate Structure



# Milestones – In 30 Years Journey of SREI

## CONSISTENTLY GROWING OVER THE LAST 30 YEARS

### 1981-1990

**1989**

Started operations and identified infrastructure sector as the core business

### 1991-2000

**1992**

Initial Public Offering. Currently listed on all major Stock Exchanges BSE, NSE and CSE

**1997**

International Developmental Institutions – IFC, Washington (World Bank Group); DEG (Owned by Govt. of Germany) & FMO (Owned by Govt. of Netherlands) invested as strategic equity partners

### 2001-2010

**2008**

50:50 JV with BNP Paribas for equipment financing business

**2009**

Strategic partnership with Tata Group for Passive Telecom Infrastructure business

**2010**

Synergistic integration of Srei and Quippo to create a fully integrated holistic infrastructure institution

### 2011-2020

**2011**

Infrastructure Finance Company and Public Finance Institution status

**2012**

Srei received certificate of registration for mutual fund (infra-structure debt fund) from SEBI

**2016**

Sells stake in Viom to ATC, Equipment Financing arm becomes 100% Subsidiary w.e.f, 17th June, 2016

**2019**

SREI completes 30 years

Consolidation of Loan & Lease Portfolio in single entity

# Board of Directors



## **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.



## **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.



## **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.



## **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. 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.



## **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.



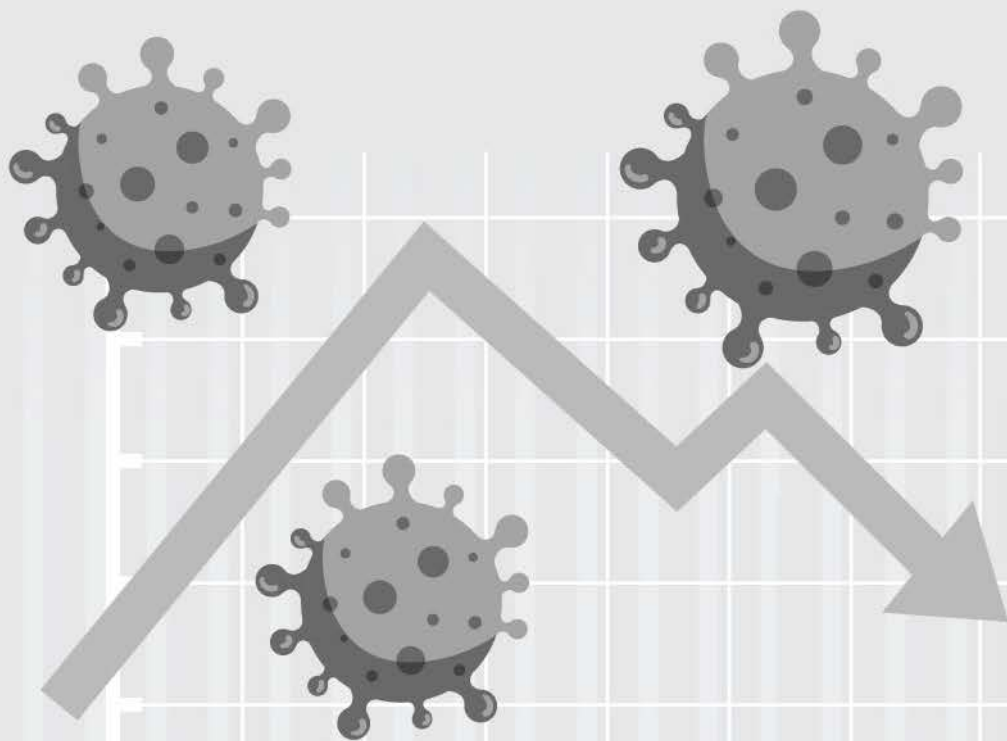
## **R. K. Agarwal - Independent Director**

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.

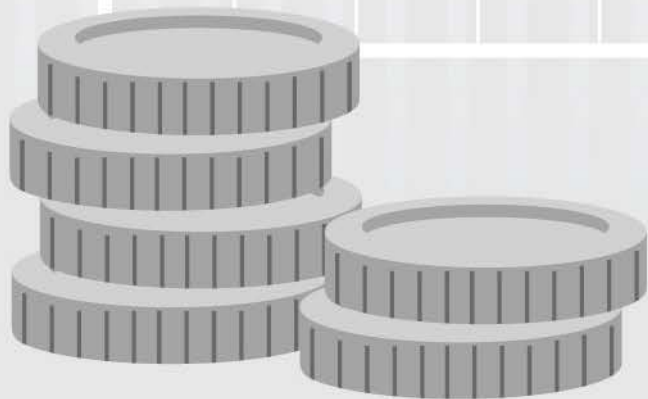


## **Dr. Tamali Sengupta - Independent Director**

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.



COVID-19 IMPACT



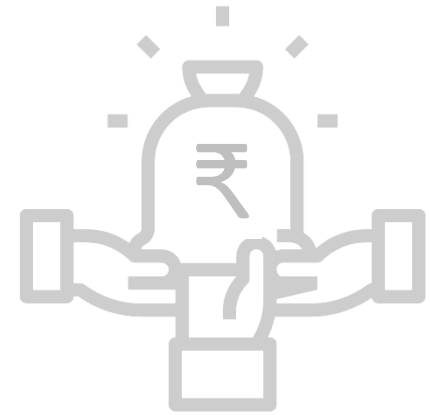
# Operational Impact due to Covid-19



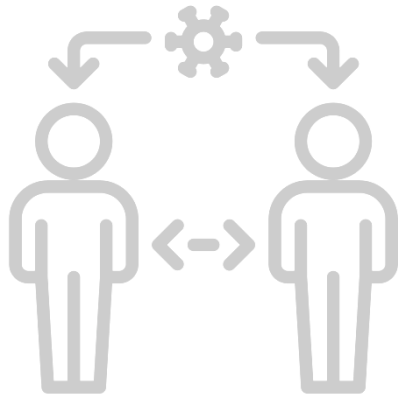
- Business Operations
  - Pursuant to the imposition of National Lockdown, the operations from its offices were impacted from March, 24, 2020.
  - The Company have taken various measures to ensure safety and well-being of all the employees and is ensuring compliance with the directives issued by the Central, State Government and local administration in this regard
- Construction, Mining & Allied Equipment (CME).
  - Slowdown in construction activities has resulted in lower demand for financing
  - With the lockdown being gradually lifted and business activities resuming in smaller towns and semi urban areas, we are now witnessing some uptick in business in these segments.
  - With the pick-up in construction activities in some pockets of semi-urban & rural India, the overall capacity utilization is now around 40%.
- Original Equipment Manufacturers (OEMs)
  - Most of the OEMs are currently focusing on maintenance services
  - Our OEM partners have started operating at 20-30% capacities. We expect the market to contract by about 30-35% in terms of volume during the current year
  - The expected sales ratio for H1 as compared to H2 is 30:70 for this financial year.
- Collections
  - Collections have been adversely impacted due to liquidity issues at our customer's end and difficulty of our collection team to meet our customers.
  - The impact of Covid-19 has been more severe for Infrastructure & Construction segment as the crisis came at a time when the legacy of liquidity crisis and slower demand was already weighing on public and private sector balance sheets of this segment

# Well Capitalised

- Liquidity
  - A large section of borrowers opted for the moratorium as per RBI guidance; but NBFCs have not been able to obtain reciprocal moratorium on their Banks and Capital Market borrowings.
- Profitability
  - The Company has implemented extensive cost control measures across the organization so as to augment the cash reserve and to address any evolving situation resulting from the pandemic.
  - The full impact of Covid-19 pandemic on profitability cannot be ascertained at present.
- Debt Servicing
  - In spite of a decline in our liquidity position and remedial financial support announcements not meeting its desired results; our ability to service capital market debts has not been affected.
- Asset Quality
  - There may be increase in Non-Performing Assets due to financial instability being witnessed by our customers. However, while the impact cannot be ascertained at present; customers are also making requests for one-time restructuring.



# Safety Measures for Covid-19



- Partial operations have resumed at some locations since mid of May, 2020.
- A gradual transition from: “Work-from-Home” to “Work-from-Anywhere” is being undertaken, the Company has introduced “Work-from-Anywhere” policy, so that, stakeholders are served to the best of the ability of the Company and the same time, the health and safety of the employees is also not compromised with.
- Currently, 50% of our branches are operational, and we are operating with approximately 33% of employee strength across locations.
- Those who are required to work from office locations, are doing so upon obtaining approval of the management and adhering to the guidelines prescribed by the specific Regulatory Bodies.
- Field-visits are being conducted after taking into account the lockdown restriction in the respective area and strict adherence to mandatory guidelines laid by the Statutory Authorities.
- All staff attending office or making field-visits, have been strictly advised to maintain social distancing and take adequate protection by wearing masks and using sanitizers. A convenient e-handbook mentioning all precautions, Dos & DON'Ts etc. have been made available to all employees.
- All our operational offices are being regularly sanitized to ensure workplace hygiene and safety. All safety protocols like temperature sensing, wearing of safety gears, social distancing, sanitizing and washing hands are being adhered to very stringently.





**BUSINESS OVERVIEW**

# Equipment Finance – An established leader

## Present business model



### Equipment Solutions

- Strong OEM Partnership
- Co-Lending with Banks
- Leasing
- Sole Lending



### Financial Solutions

- Collection
- Continue reduction in Infrastructure Portfolio / Exit
- Syndication



### Asset Solutions

- Centralized function of repossession and sales of repossessed equipment
- Optimized repossession cost
- Profit on sale of repossessed equipment



### Fund Management

- **Asset Monetization**
- Portfolio Sell down
- **Wholesale Liability**
- External Commercial Borrowing
- Assignment/Securitization
- Term Loan with Bank for onward lending
- Cost Optimization
- **Retail Liability**
- Bonds/NCD

## Business Drivers

### Risk Management

- Independent Risk Framework
- Enterprise Risk Function
- Three layer Risk Management culture
  - **Transaction Level** → Training & Awareness Program
  - **Portfolio Level** → Technology & Data Analytics
  - **Policy Level** → Review of policies based on dynamic environment

### Technology

- Analytics powered Credit Engine
- Integration into API economy
- Data analytics led decision making

### Operating Efficiency

- Process automation to reduce transaction cost

### People

- Fully functional role based structure
- On Line Assessment of Sales and Collection workforce
- Reskilling & Up skilling
- Inspiring Place to Work

# Wide Distribution Capabilities

## DISTRIBUTION

82 Branches

92 Satellite Locations

21 States

272 Vendor & Manufacturer Partnerships

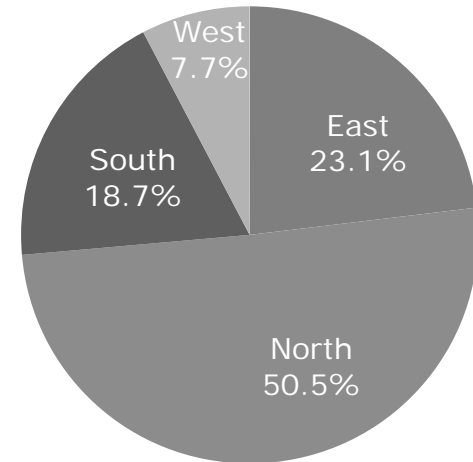
1,385 Employees

150 SEPs<sup>1</sup>

## Associations with OEMS

- ✓ Preferred label of association with Preferred financier
- ✓ Private label of association
- ✓ JV with manufacturers creating captive opportunity

## ZONE WISE CONTRIBUTION



## Key Advantages

- ✓ Assured business
- ✓ Strong entry barriers i.e. Right of first refusal (ROFR)
- ✓ Joint risk participation

By Disbursements (Q1 FY21)

# Co-Lending: Capital Efficiency through Sustainable Partnerships

**Co-Lending** : growth model – 80% banking partner and 20% SEFL; minimizing liability constraints for growth

**Higher Interest Income** : SEFL benefits through higher lending rates while the customer benefits from lower blended rates

**Market Share** : Catering to various customer segments depending on bank's risk appetite

**Fee Income growth** : Sourcing & Appraisal Collection, Recovery & Legal, Disbursement & Customer Service

**Leverage Existing Strength**

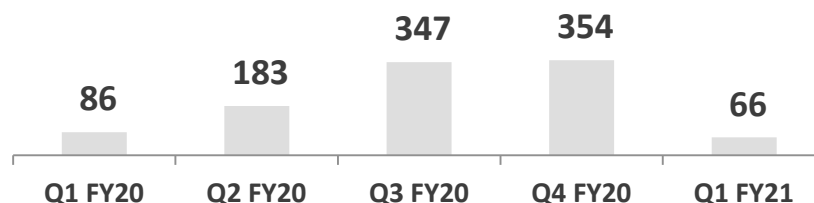
Understanding of the asset lifecycle

Deep understanding of equipment, customer and geography risks

## EXISTING BANKING PARTNERS



**Rs 970 Crs of business Since FY20**



## Customers

- Fully functional **Customer Service Portal** and **My Srei App**
- **E-KYC** - reduced customer acquisition cost
- Real-time multi-bureau credit check
- De-dupe for risk/credit control
- **Asset & customer scoring model**
- **Online** customer queries and services requests

## Channel Partners

- **Vendor portal** connecting all other stake holders to the vendors

## Employees

- Employee self-service portal and app
- Hand-held devices and collection app for feet-on-street
- Field Investigation and Lead Management

## Channel Partners

- **Sensor** based asset tracking along with **Geo-Fencing** enables better control on asset movement.
- **Automated credit appraisal and delivery process**
- **Business Intelligence** tool to manage portfolio risk

## Platform Partner



### Buy/Sell

- Offering platform for buy/sell of new and used equipment
- Platform for sale of spare parts
- Opportunity matchmaking
- Up-sell and Cross-sell



### Auction

- Simulcast Auction
- Online Auction
- Reverse Auction



### Finance

- Co-lending platform
- Co-origination platform
- Integration with financiers
- Collection Services



### Asset Solutions

- Yard Management
- Rentals
- Asset Management
- Insurance Services
- Logistics

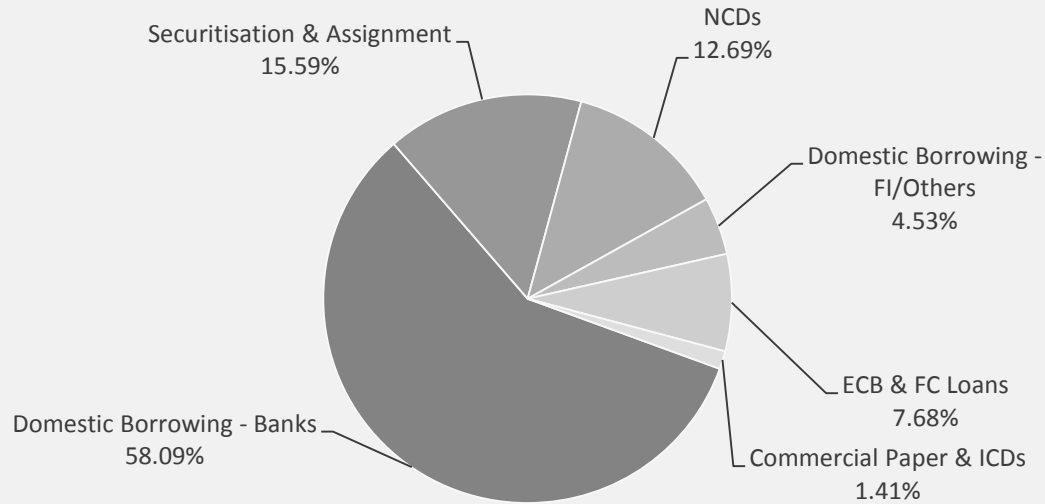


### Valuation

- Valuation of equipment
- Image based models

## Diversified Sources of Borrowing

As on 30-Jun'20



1995-2000



2001-2005



2006-2010



2011-2015



2016-2018



No Asset – Liability Mismatch / CP is Negligible and Not Used for Lending / Focus on Liability Diversification

## Asset Monetization

- Portfolio Sell down
- Syndication



- Portfolio Sell Down & Closure of **Rs 324 Crs** in Q1 FY21
- **More than ~Rs 200 Crs** of portfolio sell down is in pipeline

## Wholesale Liability

- External Commercial Borrowing
- Assignment & Securitization of Portfolio
- Term Loan with Bank for onward lending
- Cost Optimization



- **~Rs 27 Crs** of new ECB raised from ING-LLC (In May-20)
- **~Rs 88 Crs** of new ECB raised from KfW IPEX-Bank (In Se-20)
- Credit Approval Received for **USD 33 Mn** from **Guarantco**

# Awards & Accolades



Great Place to Work-Certified™ by Great Place to Work Institute



Game Changers of India 2018 by Economic Times



Best Employer Award India 2018 by Employer Branding Institute



Iconic Brands of India 2018 by Economic Times



Best NBFC in SME Financing for BFSI Leadership Awards 2018 at 3rd NBFC100 Tech Summit, 2018



Best Company in Construction Equipment Finance by CIA World



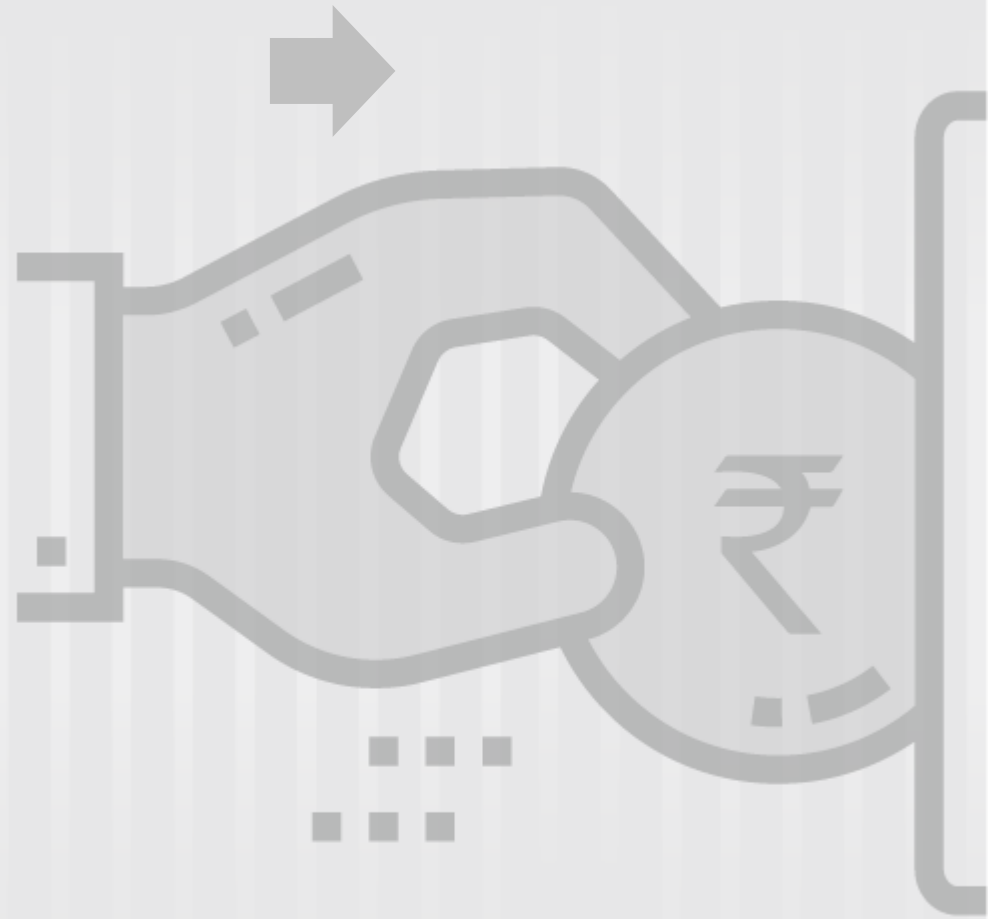
“Dream Companies to Work for” Award 2018



Best BFSI Company in Brand Excellence & Marketing by Equipment Times



WAY FORWARD



# Asset Under Management

Asset Under Management

Rs 44,213 Crs



Asset Finance

Rs 28,653 Crs

#

**F**ocused Book & Future  
Growth Engine



Infrastructure Finance

Rs 11,852 Crs

#

**P**ortfolio on dilution track



Investments & Others

Rs 3,708 Crs

#

**O**ptimize gains  
opportunistically



## FINANCIAL HIGHLIGHTS

# Balance Sheet

Srei Infrastructure Finance Limited – Consolidated



Balance Sheet Summary (Rs Crs)	Q1FY21	FY20
Net Worth	4,058	4,006
Borrowings	32,007	32,319
Interest Earning Assets (excl Securitisation)	35,287	35,222
Investments	1,129	1,109
Key Ratios	Jun-20	Mar-20
RoE	2.3%	2.2%
RoA	0.2%	0.2%
EPS (Rs) (Annualized)	1.8	1.8
Book Value (Rs)	80.7	79.6
NNPA	6.1%	5.9%

# Income Statement

Srei Infrastructure Finance Limited – Consolidated

Income Statement (Rs Crs)	Q1FY21	Q1FY20	FY20
<b>Income from Finance Activities</b>	<b>1,031</b>	<b>1,311</b>	<b>5,015</b>
Finance charges	859	920	3,571
<b>NII</b>	<b>172</b>	<b>392</b>	<b>1,443</b>
<b>Non Interest Income</b>			
Income from Fee Based Activities	18	25	116
Income from Equipment Rental	0	0	0
Others	29	1	-126
<b>Net Income</b>	<b>219</b>	<b>417</b>	<b>1,433</b>
Operating Expenditure	105	125	467
Provisions & Write offs	80	221	837
<b>Profit Before Tax</b>	<b>35</b>	<b>71</b>	<b>142</b>
<b>PAT (after Minority)</b>	<b>23</b>	<b>43</b>	<b>89</b>

## *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 6701 4700

Email : [amit.agarwal1@Srei.com](mailto:amit.agarwal1@Srei.com)

THANK  
YOU

