



SREI
Together We Make Tomorrow Happen

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“Srei, a Kanoria Foundation entity, is one of India's leading asset finance and leasing institutions, constantly and consistently delivering innovative solutions in the infrastructure sector. Srei, which in Sanskrit means ‘to accord credit’ has completed over thirty years and has come a long way after starting its journey perhaps in one of the most challenging environments. The journey of over three decades has made Srei both ‘Dynamic and Innovative’. With 'Entrepreneurship' as hallmark, Srei have grown over the years to become the preferred partners in ‘Asset Finance & Leasing’ in the infrastructure sector.”

Q. What are your views about EXCON 2019? How's your experience in the event?

Excon is a like a festival for construction industry. Bengaluru is now becoming the construction capital of the country with such events being organized here. We are happy to hear about the growth potential of construction industry in coming years - as Mr. Nitin Gadkari stated in his inaugural speech. Road sector is a key growth driver for the

infrastructure industry, and in his speech Mr. Gadkari mentioned that the government is awarding new projects by next year. This will help the industry and we are looking forward to it.

Excon is an amazing exhibition. You don't feel that the industry has gone through a slowdown; the exuberance among the visitors and exhibitors doesn't let you feel that there has been any de-growth in the industry. We feel good when we see such response.

Q. How latest innovations and technologies are changing the infrastructure sector? How SREI is focusing on this?

If you look 30 years back, SREI was the first financier who started financial service for unbanked customers in this industry; no one was financing the unbanked customers as this segment was, and is considered as one of the riskiest segment. SREI still is the only company which is providing financial services to the customers continuously since the last 30 years. We are the company who started leasing to retail customers, and we started co-lending in this industry.

Today, co-lending has become a preferred solution for everyone, in which both Bank and Non-Banking Financial Company (NBFC) becomes your partner. Up to 80% of the amount is funded by the bank and rest by the NBFC. As I mentioned earlier, SREI is the first company to start this co-lending concept.

All these things are done with the help of technology. We have formed common lending programs with the banks, which is configured on to the iQuippo market place. On iQuippo, a customer can check his eligibility for getting finance, know which bank can give him the best offer, and can directly apply for finance. The platform will provide transparency and simplify the loan application process and will make equipment finance decisions easy for our customers. iQuippo has invested substantially in the development of this platform with an objective to position it as the best in class platform with services easily available to all its stakeholders.

Q. Please tell us about iQuippo.

iQuippo is a digital market place for construction equipment and the platform is doing very well in its domain. Our co-lending offerings being done in partnership with iQuippo and many banks and OEMs are becoming are also being partnered by iQuippo. On iQuippo, equipment are also available match making, sale, valuation, and online auction. With all these services provided on a single platform, we can say that it's now one of the biggest market place for the construction equipment industry.

Q. What are the strengths you have as a NBFC?

We are not just any NBFC. We are one with a very unique equipment life cycle financing model in addition to knowing the specific nature of repayment of a type of customer, in a specific geography given the specific variant of equipment financed. We have also captured this experiential learning in machine

learning and the artificial intelligence sitting on this tool is able to indicate the provide indicative loan to value ratios along with suitable risk based pricing. This only comes with 30 years of domain expertise. We have also invested in more than 77 yards and can easily service more than 300 locations Pan India. We also have expertise in leasing solutions which has the potential to become the new paradigm for future. So it is not by the virtue of being an NBFC that we possess these differentiations but our resolve to be unique and innovative in our journey to create value for all our stakeholders.

Q. How rental is better than buying in construction equipment segment?

Leasing is now an important tool. The mindsets of the people are changing and they are focusing on affordability rather than the ownership. Rental is better than buying because of the many benefits it offers. For example, with a rented machine you don't have to bear the cost of ownership or maintenance cost - which increases the affordability. Today, if a customer wants to buy a large machine he'll have to pay a lot of money as down payment, and the whole liability will appear in his business books. He will have to bear the asset risk as well. On the other hand, if that person is renting a machine then he doesn't have to bear the asset risk and he can return the machine after the completion of work. With this he avoids the leverage on Balance Sheet and his affordability goes up because the payment will be done for a particular tenure. With rental a customer can choose machines with latest technology, there are no idling cost, no extra payment etc.

Q. What'll be scenario of industry in 2020? Where does SREI foresee itself in coming 2-3 years?

In the previous three years the industry had grown at a CAGR of around 25%. In my view, the slowdown in 2019 is a good opportunity for course correction. The slowdown in 2019 has brought down the base level and has given us a chance to start a fresh. When a company grows afresh, the chances of growth are very good. In 2020, we are hoping to see a lot of positivity in the market.

We have always been a dominant force in the equipment finance market and in future too we will continue to strengthen our market share; we would always grow faster than the market as we try to be a step ahead. With iQuippo, I believe we have taken a good head-start and believe that in the recent future a substantial part of the full market will flow through iQuippo.