

# Srei recipe for expansion

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Calcutta, April 12: Srei Group is eyeing an expansion in the roads and power sectors through acquisitions.

The financial stress in infrastructure projects has opened up a window of opportunity for Srei as promoters and bankers are increasingly taking the exit route.

"There is always a continuous evaluation taking place. At this particular junction, we are looking at both the road and power sectors. In the power sector, we are looking at almost 1,500-2,000MW of projects. In the roads sector, we are looking at four to five projects," said Hemant Kanoria, chairman and managing director of Srei Infrastructure Finance.

"Acquisition opportunities exist because promoters and bankers are stressed at present. Expanding through acquisition helps because the gestation period is cut short," said Kanoria.

The level of stress is evident from the

## NEW GAME PLAN



- Srei plans to expand in roads and power sectors through acquisition

- In power sector, Srei is eyeing about 1,500-2,000MW of projects. In road sector, focus is on 4-5 projects

- Srei to utilise Bharat Road Network and India Power Corporation to expand



rising non-performing assets in the third quarter. Market analysts have predicted a further deterioration in asset quality with banks factoring in the impact of the Reserve Bank's asset quality review over both the third and the fourth quarters of 2015-16.

According to Icra, banks' gross non-performing assets are likely to increase to Rs 4.8-5.3 lakh crore by March 2016 from

Rs 4.5 lakh crore at the end of the third quarter ended December 2015.

Kanoria said Srei will utilise two of its group companies engaged in the roads and the power sectors to expand.

"We have strategic investments in the form of Bharat Road Network Limited (BRNL) and India Power Corporation Limited (IPCL). Both these companies have the requisite skill set and expertise in managing projects in their respective sectors," said Kanoria.

In the power sector, IPCL has recently entered into an agreement with French company Engie to acquire its stake in the Hyderabad-based Meenakshi Energy. The latter operates 1,000MW (300MW operational and 700MW under construction) of thermal power assets in Nellore, Andhra Pradesh.

IPCL is also setting up a 450MW thermal power plant in Haldia.

Kanoria said in both the roads and the power sectors there were some signs of progress, but headwinds still existed.