



## RATING RATIONALE

13 June 2022

### SREI Infrastructure Finance Limited (SIFL)

**Brickwork Ratings has reaffirmed the ratings of SREI Infrastructure Finance Limited based on the best available information, as the issuer did not cooperate.**

#### Particulars:

Instruments / Facilities**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (May 2021)	Present
<b>Innovative perpetual debt instrument (IPDI)</b>	10	<b>10</b>	<b>Perpetual</b>	BWR D Issuer not Cooperating	<b>BWR D Reaffirmed Issuer not cooperating#</b>
<b>Total</b>	10	<b>10</b>	<b>Rs. Ten crores only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

#Issuer did not cooperate, based on best available information.

\*\* ISIN-wise details of NCDs are provided in Annexure-I

#### **Ratings: Reaffirmed at D and continued in ‘Issuer Not Cooperating (INC) category**

#### **NATURE OF NON COOPERATION:**

The company has not submitted NDS (No Default Statements) since January 2021. In the absence of adequate information/NDS (No Default Statements) from the Company on a regular basis, BWR is unable to assess the Company’s financial performance and its ability to service its debt and maintain a valid rating. Hence, on account of inadequate information and lack of management cooperation, Brickworks Ratings has reaffirmed the rating at BWR D and continued the ratings as “Issuer Not Cooperating”.

**LIMITATIONS OF THE RATING:** Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should, therefore, take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholdings of the information required for a review of the rating.

**KEY RATING DRIVERS:**

The ratings continue to factor in:

- The supersession of the management by the RBI,
- The out-voting of the proposed scheme of amalgamation/restructuring of SEFL, Srei Infrastructure Finance Ltd (SIFL) and Srei Asset Finance Ltd (SAFL) by a overwhelming majority of creditors,
- Permission by National Company Law Tribunal (NCLT) to withdraw the said scheme of arrangement, and,
- The classification of about Rs. 33000 Crs of loans to SEFL & SIFL as NPAs by the lenders, and the latter initiating resolution proceedings under the aegis of NCLT.
- Declaration of outstanding dues of SREI group companies as fraud; first by Punjab & Sind Bank and later by Karnataka Bank
- Dismissal of petition of SREI founder Mr. Hemant Kanoria against forensic audit conducted by KPMG by Kolkata bench of NCLT
- Kolkata bench of NCLT's dismissal of a contempt application filed by Mr. Hemant Kanoria against state-owned Punjab and Sind Bank over alleged violation of an interim order of the tribunal by declaring accounts of SEFL and SIFL as fraud

It is reported that Expressions of Interest (EoI) have been called for, and 17 applications have reportedly been received; with the lenders voting to extend the deadline for submission of binding bids for the SREI group companies to June 30, 2022.

**COMPANY PROFILE: SREI Infrastructure Finance Limited**

SREI Infrastructure Finance Ltd (SIFL), on a consolidated basis, with its wholly owned subsidiary SREI Equipment Finance Ltd (SEFL), has a presence majorly in the financing of the infrastructure sector and Construction and Mining Equipment (CME), besides the financing of IT, medical and farm equipment and Loans against Property (LAP). In October 2019, SIFL transferred all its assets and liabilities to SEFL through a slump sale. Post the transfer of business to SEFL, SIFL operates as a holding company and is involved in infrastructure and financial solutions advisory.

**Company Profile: SREI Equipment Finance Limited**

SEFL is a 100% subsidiary of SIFL. SEFL is a non-deposit taking systemically important NBFC. The company is also registered with the RBI and is classified as an Asset Financing Company (AFC). The company is a leading financier in the CME sector in India, offering loans and leases for new, as well as used equipment. The lending business, interest earning business and lease business of SIFL merged with the company w.e.f 1 October 2019 pursuant to the slump exchange.

SIFL, the parent company of SEFL has reported a consolidated net loss of Rs 2,544.75 crores during FY22 when compared to consolidated net loss of Rs 7338.4 Crs during FY21. Its revenues from operations for FY22 stood at Rs 3088 crores as against Rs 3431 crores in FY21.

**KEY FINANCIAL INDICATORS: Consolidated**

Key Financial Indicators	Units	FY19	FY20	FY21
Result Type		Audited	Audited	Audited
Consolidated AUM	Rs in Crs	47,070	44,836	39,498.50
Net Income from operations	Rs in Crs	2,963	2,325	154
PAT	Rs in Crs	487	89	(7,338)
Networth	Rs in Crs	4,097	4,006	(3179)
Gearing	Times	8.11	8.07	NA
Gross NPA	%	9.42	8.60	NA
Total CRAR	%	15.60	15.70	NA

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: Nil**

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: Nil**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

S. No	Name of Instrument (NCD/Bank Loan /Non-Fund Based facilitates/ Commercial Paper etc.)	Current Rating (2022)			Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable				
		Type(Long Term/Short Term)	Amount Outstanding ( Rs. Crores)	Rating	Date(s)& Rating(S) assigned in 2020	Date(s) & Rating(s) assigned in 2019	Dates(s) & Rating assigned in 2018		
1				June 2022	May 2021	6 Apr 2021	7 Sep 2020	10 Sep 2019	17 Dec 2018
	Secured NCDs	Long Term	0.00	Nil	Nil	Nil	Withdrawn	BWR A+ Negative	BWR AA+ Stable
	Unsecured NCDs	Long Term	0.00						
	Innovative Perpetual debt instrument (IPDI)	Perpetual	10	BWR D Reaffirmed Issuer not Cooperating*	BWR D Reaffirmed Issuer not Cooperating*	BWR D Downgrade	BWR BBB-Negative	BWR BBB+ Negative	BWR AA-Stable
	Commercial Paper	Short Term	0.00	Nil		Nil	Withdrawn	BWR A1	BWR A1+

					Nil				
2						13 Mar 2021	20 Nov 2020	25 July 2019	
	Secured NCDs	Long Term	0.00			Credit Update	Nil	BWR AA Negative	
	Unsecured NCDs	Long Term	0.00						
	Innovative Perpetual debt instrument (IPDI)	Perpetual	10				BWR BB Credit watch with negative implications	BWR A+ Negative	
	Commercial Paper	Short Term	0.00				Nil	BWR A1+	
3						13 Jan 2021		5 July 2019	
	Secured NCDs	Long Term	0.00			Credit Update		BWR AA Negative	
	Unsecured NCDs	Long Term	0.00						
	Innovative Perpetual debt instrument (IPDI)	Perpetual	10					BWR A+ Negative	
	Commercial Paper	Short Term	0.00					BWR A1+	
4									
	Secured NCDs	Long Term	0.00						
	Unsecured NCDs	Long Term	0.00						
	Innovative Perpetual debt instrument (IPDI)	Perpetual	10						
	Commercial Paper	Short Term	0.00						



**COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Banks & Financial Institutions](#)

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**SREI Infrastructure Finance Limited**

**ANNEXURE I: Details of Instruments**

Instrument	Issue date	O/s Amount (Rs in Crs)	Maturity Date	ISIN
<b>IPDI</b>	05/Mar/19	10.00	Perpetual	INE872A08DL0

**Total Rs Ten Crores Only**

**SREI Infrastructure Finance Limited  
ANNEXURE II**

**List of entities consolidated**

<b>Name of Entity</b>	<b>% ownership</b>	<b>Extent of consolidation</b>	<b>Rationale for consolidation</b>
SREI Capital Markets Ltd	100%	Full	Subsidiary
Trinity Alternative Investment Managers Ltd	100%	Full	Subsidiary
Controlla Electrotech Pvt Ltd	100%	Full	Subsidiary
SREI Mutual Fund Asset Management Pvt Ltd	100%	Full	Subsidiary
SREI Mutual Fund Trust Pvt Ltd	100%	Full	Subsidiary
SREI Insurance Broking Pvt Ltd	100%	Full	Subsidiary
Bengal SREI Infrastructure Development Ltd	51%	Full	Subsidiary
Hyderabad Information Technology Venture Enterprises Ltd	51%	Full	Step down subsidiary
Cyberabad Trustee Company Pvt Ltd	51%	Full	Step down subsidiary
SREI Finance Ltd	100%	Full	Subsidiary
SREI Equipment Finance Ltd	100%	Full	Subsidiary
E-Village Kendra Ltd	49.47%	Full	Partial
IIS International Infrastructure Services, GMBH, Germany	49.13%	Full	Partial
SREI Mutual Fund Trust	100%	Full	Trust



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