

RATING RATIONALE

1 June 2023

SREI Infrastructure Finance Limited (SIFL)

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

Particulars

Facility/ Instruments **	Amount Rs Crs		Tenure	Rating*	
	Previous	Present		Previous (13 Jun 2022)	Present
Innovative perpetual debt instrument (IPDI)	10.00	10.00	Perpetual	BWR D Reaffirmed Issuer not cooperating*	BWR D /Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed, based on the FY23 results
Total	10.00	10.00	Ten Crores only		

Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

*Issuer did not cooperate, based on the best available information.

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

RATING ACTION / OUTLOOK

Rating 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 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. The company is under the CIRP resolution process and the outcome is awaited. 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 rating continues to factor in:

- The company has been admitted at NCLT and insolvency proceedings initiated against both the companies as per provisions of insolvency and bankruptcy.

- The Committee of Creditors (CoC) has approved the resolution proposal of NARCL. However, the losing bidder, Authum Investment and Infrastructure has contested the decision and the matter is presently sub-judice.
- The auditors engaged by the RBI-appointed Administrator had classified almost the entire loan book as ‘fraudulent Transactions’. The Administrator has filed multiple cases in NCLT Kolkata based on the auditors’ findings.
- The company is making continuous and enlarging losses with a Loss of Rs. 7338.39 Crs as on March 31, 2021, Rs.2544.75 Crs as on 31 Mar 2022 and Rs.11109 Crs as on 31 Mar 2023.
- The auditors have raised multiple issues, for which the company has to respond to. The special auditor appointed by the RBI administrator has treated almost the entire loans as Fraudulent.
- The company continues not to provide any incremental information on various operational and financial parameters.

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 11,109 crores during FY23 when compared to consolidated net loss of Rs 2545 Crs during FY22. Its revenues from operations for FY23 stood at Rs 1468 crores as against Rs 926 crores in FY22.

KEY FINANCIAL INDICATORS - (Consolidated)

Key Parameters	Units	FY21	FY22	FY23
Result Type		Aud	Aud	Aud
Asset Under Management	Rs in Crs	21548.61	20310.67	9492.63
Net Income from operations	Rs in Crs	96.44	926	1468
Profit After Tax	Rs in Crs	(7338.39)	(2544.75)	(11109)
Net Worth	Rs in Crs	(3179)	(6058.24)	(13659.15)
GNPA	%	NA	NA	NA

Total CRAR	%	NA	NA	NA
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KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NO; however, CARE and ICRA have both rated the company at D.

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

Sr No	Instrument / Facilities	Current Rating 2023			Rating History	
		Type	Amount (Rs.Crs.)	Rating 2022 (30 May 2023)	June 2022	May 2021
1	Secured NCDs	Long Term	0.00	Nil	NIL	Nil
	Unsecured NCDs		0.00			
	Innovative Perpetual debt instrument (IPDI)	Perpetual	10.00	BWR D/Continuous to be Issuer not Co-operating /Re-affirmed	BWR D Reaffirmed Issuer not Cooperating*	BWR D Reaffirmed Issuer not Cooperating*
	Commercial Paper	ShortTerm	0.00	Nil	Nil	
2	Secured NCDs					
	Unsecured NCDs					
	Innovative Perpetual debt instrument (IPDI)					
	Commercial Paper					

3	Secured NCDs			
	Unsecured NCDs			
	Innovative Perpetual debt instrument (IPDI)			
	Commercial Paper			
4	Secured NCDs			
	Unsecured NCDs			
	Innovative Perpetual debt instrument (IPDI)			
	Commercial Paper			

COMPLEXITY LEVELS OF THE INSTRUMENTS -Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratio](#)

For any other criteria obtain hyperlinks from website

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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
IPDI	05/Mar/19	10.00	Perpetual	INE872A08DL0

Total Rs Ten Crores Only

SREI Infrastructure Finance Limited

ANNEXURE II

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
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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