

Srei Equipment Fin receives Eols from global PE players for up to \$250-m infusion

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Srei Equipment Finance, a wholly owned subsidiary of Srei Infrastructure Finance, on Thursday said it has received expressions of interest (Eols) from international private equity investors for up to \$250-million capital infusion. The PE funds are Arena Investors of the US and Singapore's Makara Capital Partners.

Notably, the Reserve Bank of India appointed an auditor in November last year to conduct a special audit of Srei Infrastructure Finance and Srei Equipment Finance (SEFL).

SEFL's strategic coordination committee, chaired by independent director Malay Mukherjee, will coordinate, negotiate and conclude discussions with the PE investors to bring the capital into the business and advise the management, Srei Infrastructure Finance said in a stock exchange filing. Ernst & Young will be advising the committee on the proposed fund-raising exercise.

"The SCC is running an independent process for investor identification and has received expression of interest from Arena Investors and Makara Capital Partners. This process is being carried out in parallel to the debt realignment plan. The SCC will engage in discussions with the potential investors to raise fresh capital for the business, which will provide cushion against the pandemic-induced stress in the Indian financial services space," the statement said.

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Through a separate stock exchange filing on Thursday, chairman Hemant Kanoria told investors that in the coming months, Srei expects concrete engagement/progress in the areas of debt realignment plans through a consultative process across different creditor classes, under the auspices of the NCLT or as advised by the commercial banks, and equity raising plans to shore up the capital base in Srei Equipment Finance, the operating company.

Interestingly, Brickwork Ratings (BWR) has downgraded the long-term ratings of SIFL on the innovative perpetual debt instrument to 'BWR D' from 'BWR BB'/credit watch with negative implications. "The rating downgrade is on account of continuous delays in meeting the debt repayment obligations by SEFL and on applicability of BWRs cross default policy which is inline with SEBI guidelines," the rating agency said.