SEFL bets on leasing equipment demand to remain robust

The country's leading equipment financing company is seeing robust demand for equipment driven by the investment growth especially in urban development, roads & highways, and railways.

With demand for equipment increasing on the back of infrastructure development in the country, SREI Equipment Finance Ltd (SEFL) is exploring multiple options including leasing and equipment financing to enhance its portfolio, according to a top company official.

SEFL, a wholly-owned subsidiary of Srei Infrastructure Finance Ltd is witnessing robust demand for equipment driven by the investment growth especially in urban development, roads & highways, and railways, **Devendra Kumar Vyas, CEO, SEFL** told EPC World in an exclusive interaction.

"Since FY 2016, we have seen the equipment industry has marked a CAGR growth of 25-30% in volume terms and expect this momentum will continue further as the government spending on infrastructure development is growing," he said.

The non-banking finance company primarily provides loans for the purchase of equipment used in the construction, mining and allied equipment (CME), IT and allied equipment, medical and allied equipment, farm equipment, and other industrial and non-CME equipment. SEFL had recently signed a Memorandum of Understanding ("MoU") with Eksportkreditt Norge AS ("ECN"), a Norwegian state-owned provider of export credits, to facilitate financing of equipment import from Norway to India.

Vyas said, "Leasing equipment in India could become one another lucrative market in future because in India it comprises just around 8-10% in the CME segment whereas in other parts of world it is around 50-60%. Implementation of GST has made leasing a lot more easier."

Asked about industry growth prospects going ahead, in the backdrop of recent turmoil in banking sector and geo-political situations, he said that Indian economy has maintained its growth track, infact it has overtaken China, in terms of GDP growth rate. Government spending is focussed more than ever before in infrastructure development. The recent events have hardly impacted equipment financing. "This growth will keep following for next 3-5 years, however, private spending in infrastructure sector has to be increased in order to maintain this growth momentum in long term."

Vyas said that SEFL has not been impacted at all by the recent IL&FS blowout. "We don't borrow short-term and lend long-term. So, there is no asset-liability mismatch for us," he said. He also said that the non-banking financing is now focused on widening its resource base, and is looking to bring down its dependency on banks to a level of 30-35%, from the current 50%. SEFL plans to raise funds through various options such as bonds, securities and ECBs, in near future. EPC World

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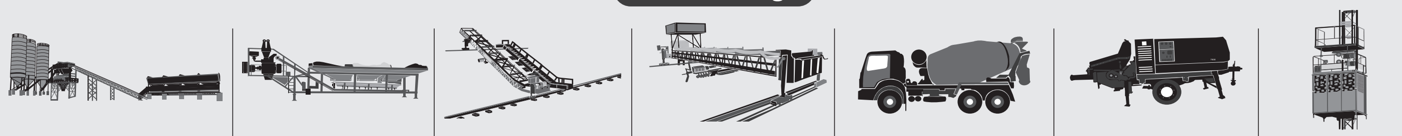

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