Srei Equipment Finance receives investor interest for capital infusion

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Srei Equipment Finance Ltd (SEFL) has received expressions of interest from overseas investors for a proposed capital infusion, the Kolkata-based non-bank financier said on Wednesday.

Accordingly, the company's board has constituted a strategic coordination committee (SCC) to help raise fresh funds. The committee, it said, will comprise independent directors and will coordinate, negotiate and hold discussions with potential strategic and private equity investors to raise capital for the business, in consultation with the management. It will be chaired by Malay Mukherjee, who is an independent director at SEFL.

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"The proposed capital infusion is expected to strengthen SEFL's capital base and help the company emerge out of the pandemic-induced stress in the Indian financial services space," it said in statement.

"The SCC will be the nodal point for a comprehensive cash flow realignment plan with banks and financial institutions and for all external service providers, including investment bankers, lawyers and consultants," it added.

SEFL was granted a six-month moratorium by the Kolkata bench of the National Company Law Tribunal till 30 June. This decision was, however, challenged by a few rating agencies and the Reserve Bank of India (RBI). The non-bank lender said on Wednesday that it will work towards resolving matters with the creditors at the earliest.

"For non-banking financial companies, money is the raw material. SEFL has been continuously exploring opportunities to strengthen its capital base," the company said, adding that expressions of interest from renowned global institutional investors "reflects the confidence that international investors have on Srei's business".

Srei Equipment Finance owes ₹16,912.21 crore to its lenders, shows data from Care Ratings, which had recently downgraded it to default.