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Srei Equipment Finance plans to dilute up to 25% of its capital

Kolkata, August 17, 2017: Srei Equipment Finance Limited ("SEFL"), a wholly-owned subsidiary of Srei Infrastructure Finance Limited ("Srei"), plans an initial public offering ("IPO") of its equity shares, resulting in a dilution of up to a maximum of 25% of the post-issue paid-up equity share capital.

SEFL is an industry leader in the infrastructure equipment space, financing every third construction and mining equipment in the country. The company closed the first quarter of this financial year with Rs 23,453 crore of assets under management ("AUM"), registering a growth of 20.38% over the same quarter of the previous year.

The accelerated growth in the infrastructure space, propelled by the government's substantial budgetary allocation in road, irrigation, mining, railways, ports, affordable housing and other infrastructure sub-sectors, has resulted in significant pick-up in demand for construction and mining equipment. The budget allocation for the infrastructure sector has been increased to Rs 396,100 crore for 2017-18 from Rs 221,400 crore in the previous year. The infrastructure equipment sales has shown significant growth in the last financial year and the industry now expects strong growth in equipment sales, including in earth moving, concreting and road making equipment. It is also expected that this growth will be sustainable in the coming three to four years owing to continued government expenditure in the infrastructure space, thus making raising capital for the equipment financing business pertinent.

The board of directors of SEFL at a meeting held today has decided to evaluate public offering of its equity share capital and constitute an IPO Committee to take all decisions relating to the IPO, including appointment of advisors, investment bankers, legal counsels, etc.

Commenting on the company's capital raising initiative, **Mr. Hemant Kanoria**, Chairman and Managing Director, said: "In little less than three decades of our sustained growth in the equipment finance space, we have had experiential learnings from both growth and downturn. We believe that SEFL is well poised to ride the growth in equipment sales, and further consolidate its position as the market leader owing to its sound risk framework and deep delivery model; encompassing the complete ecosystem. Infusion of fresh capital into the business will help us achieve our growth objectives and result in enhanced stakeholder value."

Mr. Sunil Kanoria, Vice Chairman, added: "The growth in equipment sales has been driven by the government's increased spending in the infrastructure space. At Srei, we believe in offering solutions for the entire life cycle of the equipment instead of just being a financier. This increases our opportunity to assist customers with equipment loan/lease, deployment solutions, maintenance solutions, working capital products and exit solutions."

Commenting on the company's business, **Mr. Devendra Kumar Vyas**, Chief Executive Officer, said: "Our strong partnerships with project developers/contractors and manufacturers, hold the key for us. We are also focused in bringing in new vendors and manufacturers to the country to further expand our markets. This relationship-cum-partnership approach along with our asset life cycle solution should enable our growth surpassing the growth trajectory of the industry."

About Srei Equipment Finance Limited (SEFL):

Srei Equipment Finance Limited ("SEFL"), a wholly-owned subsidiary of Srei Infrastructure Finance Limited ("Srei"), is an industry leader in infrastructure and construction equipment financing. The company enjoys a pan-India presence with offices in 89 locations. SEFL has an experienced management team having significant expertise in the financial services sector.

About Srei Infrastructure Finance Limited ("Srei"):

Srei, a Kanoria Foundation entity, is one of India's largest private sector holistic infrastructure institutions constantly and consistently delivering innovative solutions in the infrastructure sector. The company has been playing a significant role in nation-building for nearly three decades, both in urban and rural India. Srei's group businesses include Infrastructure Project Finance, Advisory, Infrastructure Equipment Finance, Alternative Investment Funds, Capital Markets and Insurance Broking. Srei is headquartered in Kolkata and has presence across India.

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