



Consolidation of Business

July 4, 2019



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Consolidation: Background

Consolidation

was the objective since last 4 years...

Therefore, focus has been on increasing equipment financing & reducing infrastructure portfolio...

On 21 Jan 2019, scheme of arrangement was approved to consolidate...

However, market conditions in NBFC sector have changed over last few months...

Management & directors had several discussions with market experts, consultants and Government...



Now to consolidate...

Board of directors of Srei Infrastructure and Srei Equipment approved

slump exchange process

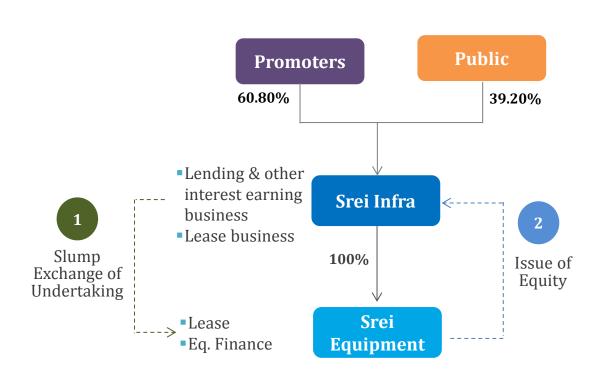
to achieve consolidation



Current scenario require NBFCs to focus on 5 C's

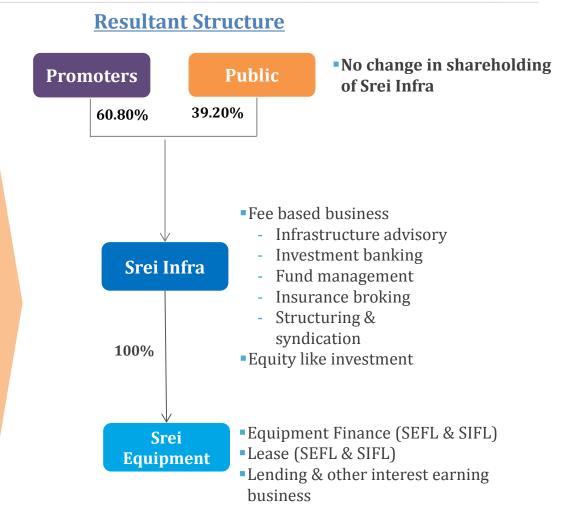
+ + +Capital New Capital to tap growth Reduce leverage Creditors & Rating Smooth credit flow Economies of scale **C**ost Efficiencies Competitive pricing Improve Net Interest Margin Enhance customer loyalty Customer Delight Eliminate multiple touch points Simple structure & better governance Stronger regulatory compliance Compliance & Governance Flexible for investors

Slump Exchange: Overview



Slump exchange consideration: Issue of shares by SEFL at a value determined by an independent valuer

Steps 1 and 2 will be consummated by a Business Transfer Agreement between Srei Infra and Srei Equipment





Consolidated business achieves all 5 C's

1 Capital

Srei Equipment (SEFL)*

Srei Infra (SIFL)*

- Net worth INR 2,904 Crs
- Net of assets and liabilities of transferred undertaking: INR 975 Crs

Networth INR 2,987 Crs

2 Creditors & Rating

Reduced leverage

- SIFL left with miniscule debt
- SEFL's leverage reduces

Smoother fund flow

- Strengthened security cover
- Provides clarity by eliminating conflict of interest
- Increasing equipment financing loan book; Declining infrastructure loan book

3 Cost Efficiencies

- Optimized operations costs
- Eliminates duplicity in processes & overheads

4 Customer Delight

- Customers will deal with one lending entity
- Enhanced ability to serve customers and tap growth in equipment financing business
- 5 Compliance & Governance
- Consolidates all lending businesses in one entity
- Simple structure enables better governance and stronger regulatory compliance
- Option to raise capital through IPO, PE and strategic investors available
- Option to convert into a bank as and when permitted by RBI



Tentative Timelines

Slump Exchange [From SIFL into SEFL] estimated **Board Approval** 04 July'19 04 July'19 **Stock Exchange Intimation** Shareholder & Creditor Approval Aug'19# Approval by Stock Exchange for NCDs Sept'19 **New Allotment** Sept'19 Overall timeline ~3 Months

Transaction Advisors

