

Srei Equipment Finance Limited

January 28, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	1,000.00	1,000.00	[ICRA]A1+; withdrawn
Total	1,000.00	1,000.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating of [ICRA]A1+ (pronounced ICRA A one plus) assigned to the Rs. 1,000 crore commercial paper (CP) programme of Srei Equipment Finance Limited (SEFL)¹.

There is no amount outstanding against the commercial paper programme. Hence, the rating has been withdrawn at the request of the company and as per ICRA's rating withdrawal policy.

Key rating drivers

Key Rating drivers has not been captured as the rated instrument is being withdrawn.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit Ratings ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not applicable

About the company:

SEFL started operations in January 2008 and is a wholly-owned subsidiary of Srei Infrastructure Finance Limited (Srei). SEFL was previously a 50:50 joint venture between BNP Paribas Lease Group (BPLG) and Srei. In Q1 FY2017, BPLG acquired shares in Srei in exchange of its stake sale in SEFL, subsequent to which SEFL became a wholly-owned subsidiary of Srei. In FY2018, SEFL reported a net profit of Rs. 263 crore on AUM of Rs. 30,073 crore compared to a net profit of Rs. 149 crore on AUM of Rs. 21,232 crore in FY2017. SEFL reported a net profit, as per Ind AS, of Rs. 199 crore in H1 FY2019 compared to Rs. 107 crore in H1 FY2018. As on September 30, 2018, SEFL's capital adequacy stood at 15.2% and gross NPAs at 3.7%.

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Key financial indicators (audited) – Standalone

	FY2017	FY2018	H1 FY2019#
Net interest income	666	879	867
Profit before tax	216	394	301
Profit after tax	149	263	199
Managed portfolio*	19,328	27,333	29,713
Assets under management@	21,232	30,073	33,415
%Tier 1	13.64%	10.68%	10.00%
% CRAR	18.60%	15.94%	15.20%
%Net interest margin / Average total assets	4.07%	4.32%	6.56%
%Net profit / Average total assets	0.88%	1.25%	1.48%
%Return on net worth	6.09%	9.94%	14.13%
% Gross NPAs	2.74%	2.01%	3.71%
% Net NPAs	1.96%	1.42%	2.22%
% Net NPA/ Net worth	11.86%	11.08%	19.34%

Amounts in Rs. crore

H1 FY2019 financial statements are unaudited and as per Ind AS

*Managed portfolio includes credit portfolio (on BS), leased assets (on BS), securitised assets and assigned portfolio

@Assets under management represent aggregate of total assets and assets derecognised by way of securitisation and assignment of receivables

Source: SEFL, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount		Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
		Rated (Rs. crore)	Outstanding (Rs. crore)					
1 Commercial Paper	Short Term	1,000.00	0.00	[ICRA]A1+; (Rating Withdrawn)	[ICRA]A1+ Nov 18	[ICRA]A1+ Oct 17	[ICRA]A1+ Oct 16	[ICRA]A1+ Sep 15

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	NA	NA	7-365 days	0.00	[ICRA]A1+; (Rating Withdrawn)

Source: Company data

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Not Applicable	Not Applicable	Not Applicable

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