

ATSL CO/21-22/4493

October 1, 2021

To,

The Reserve Bank of India

Financial Markets Regulation Department,
24th Floor, Central Office Building,
Shahid Bhagat Singh Marg,
Mumbai- 400001

Kind Attention: Chief General Manager

Sub: Non-convertible debentures (NCDs) issued by SREI Equipment Finance Limited (SEFL) (Company/Issuer), under various ISINs and Debenture Trust Deeds as more particularly described in Annexure A hereto.

Reference: (i) National Company Law Tribunal Kolkata Bench order dated December 30, 2020 in C.A. (CAA) NO. 1492/ KB/ 2020 ("**Impugned Order**") in the matter concerning SREI Equipment Finance Limited and its creditors as annexed in Annexure B hereto.

(ii) National Company Law Appellant Tribunal order dated September 7, 2021 in the matter concerning SREI Equipment Finance Limited, SREI Infrastructure Finance Limited, Reserve Bank of India and UCO Bank ("**RBI Order / UCO Bank Order**").

Dear Madam/Sir,

1. Background

- 1.1. We are the Debenture Trustee for various NCDs issued by SEFL.
- 1.2. SREI Equipment Finance Limited ("**SEFL**") filed a scheme of arrangement with its creditors under Section 230 of the Companies Act, 2013 ("**Second Scheme**") before the National Company Law Tribunal Kolkata Bench ("**NCLT**") and the Second Scheme is currently under consideration with SEFL's creditors.
- 1.3. The Second Scheme filed by SEFL identified the 'Moratorium Period' to be commencing from January 1, 2021 and ending on June 30, 2021. Paragraphs 3.6.1.1, 3.6.2.1, 3.6.5.1 and 3.6.6.1 of the Second Scheme imposes a moratorium in terms of any payment of coupon/interest, by SEFL towards the debenture holders during the Moratorium Period.
- 1.4. Although the Second Scheme has defined the phrase 'Moratorium Period' (i.e. January 1, 2021 to June 30, 2021) the Impugned Order has restrained the debenture trustees and all other creditors from taking any coercive action against SEFL and has also directed the debenture trustees and all other creditors to maintain status quo on their contractual rights and obligation until the said Second Scheme has been considered by all the creditors.
- 1.5. In the light of the above, in order to protect and safeguard the rights and interest of the debenture holders, we, under legal advice, have assailed / challenged the Impugned Order before National Company Law Appellate Tribunal, New Delhi ("**Hon'ble NCLAT**") vide Comp. Appeal (AT) No. 18/2021 titled as '*Axis Trustee Services Limited & Ors. vs. SREI Equipment Finance*

Limited', inter alia, praying for setting aside of the Impugned Order (hereinafter referred as "Appeal").

- 1.6. The Second Scheme, in paragraphs 3.6.1.1, 3.6.2.1, 3.6.5.1 and 3.6.6.1, also identifies the requirement of payment of any coupon/interest accrued and payable to the debenture holders during the Moratorium Period which shall be paid by SEFL within 15 (fifteen) days from the expiry of the Moratorium Period.
- 1.7. The NCLT, vide the Impugned Order, *inter alia*, had also directed for convening the meetings of various class of creditors, accordingly, six meetings of lenders/debenture holders were required to be conducted, out of which four have been concluded. We understand that balance meeting of ECB lender for considering the proposed Second Scheme has been postponed until 8 October 2021. In view thereof, please take note that while the moratorium (as stipulated under the Second Scheme) appears to have ended on June 30, 2021, the Impugned Order continues to operate and be in effect (and thereby the restrictions imposed therein) at least until the last set of creditors including the debenture holders shall have considered the Second Scheme. We gather from the previously conducted creditor meetings of SEFL that the majority of the relevant creditors of SEFL have voted against the Second Scheme.
- 1.8. Vide the RBI Order / UCO Bank Order, **Hon'ble NCLAT has set aside the directions given by NCLT in paragraph 23(xviii) of the First Scheme Impugned Order.** Thus, we understand that the creditors of SEFL (as covered under the Part III and IV of the First Scheme) are no longer restrained/required to maintain status quo about their debt, not to classify loan amount as NPA, till further orders with respect to their contractual terms, dues, claims and rights and the Creditors and stopped from taking coercive steps. However, we as debenture trustees and creditors covered in the Second Scheme (which include individual debenture holders) are as on date bound by the provisions of Impugned Order and are restrained from taking any coercive action against SEFL and are required to maintain status quo on contractual rights and obligation until the said Second Scheme.
- 1.9. Kindly note that the Appeal is now in its final stages of hearing and the next date of hearing is October 25, 2021. In the event the Appeal is favourably decided, the Impugned Order shall cease to exist. This will entitle the Trustee to take all such actions, things and deeds as may be required to be taken in accordance with the relevant debenture documents and applicable laws.
- 1.10. As the Impugned Order is still operating and payments from SEFL are due, we are receiving severe concerns from the creditors of SEFL covered under Second Scheme comprising majority of individual debenture holders, provident fund trusts, reputed corporates etc. regarding further action and expected outcome of their investments.

2. Withdrawal of Funds:

The captioned NCDs are secured by way of receivables of SEFL in our favour as the Debenture Trustee on a **first ranking pari passu basis**. As per various newspaper reports / articles, we understand that lender banks are adjusting/have adjusted Rs. 3,000 Crore from SEFL's cash flows against the loan dues. We apprehend that the lender banks are operating the Trust and Retention Account (TRA) and utilizing the funds unilaterally without intimation/consultation with us, which is prejudicial to the interest of the debenture holders. While we have separately written to UCO Bank for confirming the above, we request you to direct the lender banks to share urgently with us the details of the proportionate amount available for the debenture holders represented by us aggregating to Rs. 3238.69 crores (Rs. 2868.64 crores – approx. outstanding as on December 2020). Axis

Trustee Services Limited being a secured creditor and first ranking pari passu chargeholder of the receivables, we also request you to direct the lender banks to provide us with the details of the operation of the TRA and to refrain from taking any unilateral action with respect to the receivables without our consultation which will jeopardise the interest of the debenture holders.

3. Audit/Inspection:

Further, we request you to direct the lender banks and Company to share the details of any audit/inspection conducted over the books of accounts, receivables of the Company for our reference.

4. Insolvency and Bankruptcy Code:

Lastly, we are informed that the banks have approached you as the appropriate authority to initiate insolvency proceedings against the Company under the Financial Service Providers Rules under the Insolvency and Bankruptcy Code. We request you to advise the lenders to keep us informed of the matter.

5. In light of the foregoing and in the interest of the debenture holders including large number of retail investors and individuals, provident funds and gratuity, we seek your urgent intervention in the matter and necessary advice and guidance.

FOR AXIS TRUSTEE SERVICES LIMITED



Anil Grover
General Manager

Encl: As above

Annexure A
Details of ISINs transferred to SREI Equipment from Srei Infrastructure

Sr No	ISIN of NCDs	Date of Trust Deed	Amount of NCDs (Issue Size in INR)	Secured/Unsecured	Public/Private
1	INE872A07PL6	December 07, 2011	1,50,00,00,000.00	Secured	Private
	INE872A07PQ5				
2	INE872A07QD1	September 07, 2012	1,66,70,00,000.00	Secured	Private
3	INE872A07QM2	October 16, 2012	1,13,30,00,000.00	Secured	Private
	INE872A07QS9				
	INE872A07RE7				
	INE872A07RC1				
4	INE872A07SD7	December 02, 2013	21,50,00,000.00	Secured	Private
5	INE872A07TE3	June 27, 2014	45,00,00,000.00	Secured	Private
6	INE872A07TP9	December 16, 2014	19,00,00,000.00	Secured	Private
8	INE872A08BX9	March 05, 2012	2,50,00,00,000.00	Unsecured	Private
	INE872A08BZ4				
	INE872A08CA5				
9	INE872A08CB3	June 26, 2012	1,00,00,00,000.00	Unsecured	Private
10	INE872A08CD9	September 07, 2012	36,79,00,000.00	Unsecured	Private
	INE872A08CF4				
11	INE872A08CH0	January 04, 2013	1,05,00,00,000.00	Unsecured	Private
	INE872A08CJ6				
	INE872A08CL2				
12	INE872A08CO6	April 23, 2013	2,49,90,00,000.00	Unsecured	Private
	INE872A08CP3				
	INE872A08CQ1				
	INE872A08CT5				
	INE872A08CW9				
	INE872A08CY5				
13	INE872A08DB1	September 10, 2013	82,00,00,000.00	Unsecured	Private
	INE872A08DC9				
	INE872A08DH8				
14	INE872A07PV5	March 06, 2012	24,89,00,000.00	Secured	Public Issue
	INE872A07PY9				
	INE872A07PZ6				
	INE872A07QA7				
15	INE872A07UA9	July 05, 2017		Secured	Public Issue

	INE872A07UB7		2,93,36,00,000.00		
	INE872A07UC5				
	INE872A07UI2		3,35,17,00,000.00		Public Issue
	INE872A07UJ0				
	INE872A07UK8				
16	INE872A07UN2	March 20, 2018	3,09,76,00,000.00	Secured	Public Issue
	INE872A07UO0				
	INE872A07UP7				
	INE872A07UQ5				
	INE872A07UR3				
	INE872A07US1				
17	INE872A08DI6	March 20, 2018	27,02,00,000.00	Unsecured	Public Issue
	INE872A08DJ4				
	INE872A08DK2				
	TOTAL		10,72,20,00,000.00		

Details of ISINs of SREI Equipment Finance Limited

Sr No	ISIN of NCDs	Date of Trust Deed	Amount of NCDs (Issue Size in INR)	Secured/ Unsecured	Private/ Public
1	INE881J07DX9	16-May-15	4,09,70,00,000	Secured	Public
2	INE881J07EK4	17-Jan-17	5,00,00,00,000	Secured	Public
	INE881J07EL2				
	INE881J07EM0				
	INE881J07EN8				
	INE881J07EO6				
	INE881J07EP3				
3	INE881J08573	9-Aug-17	5,61,98,00,000	Unsecured	Public
	INE881J08581				
	INE881J08599				
	INE881J08607				
	INE881J08615				
	INE881J08623				
	INE881J08631				
	INE881J08649				
	INE881J08656				
4	INE881J07FD6	24-May-18	5,09,81,00,000	Secured	Public
	INE881J07FE4				
	INE881J07FF1				
	INE881J07FG9				
	INE881J07FH7				

	INE881J07FI5				
	INE881J07FJ3				
	INE881J07FK1				
	INE881J07FL9				
5	INE881J07FO3	24-Jan-19	1,70,72,00,000	Secured	Public
	INE881J07FP0				
	INE881J07FQ8				
	INE881J07FR6				
	INE881J07FS4				
	INE881J07FT2				
6	INE881J08698	24-Jan-19	14,28,00,000	Unsecured	Public
	TOTAL		21,66,49,00,000		