



Press Release

SEPC Limited

March 11, 2026

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	85.56	IVR D (IVR D)	IVR BB+/ Negative (IVR Double B Plus with Negative Outlook)	Rating downgraded	Simple
Long Term Bank Facilities- Proposed	2.65	IVR D (IVR D)	IVR BB+/ Negative (IVR Double B Plus with Negative Outlook)	Rating downgraded	Simple
Short Term Bank Facilities	723.35	IVR D (IVR D)	IVR A4+ (IVR A Four Plus)	Rating downgraded	Simple
Short Term Bank Facilities- Proposed	70.94	IVR D (IVR D)	IVR A4+ (IVR A Four Plus)	Rating downgraded	Simple
Total	882.50 (Rupees Eight hundred and eighty-two crore and fifty lakh only)				

Details of Facilities/ Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded the ratings assigned to the bank facilities of SEPC Limited (SEPC) following the feedback received from lenders regarding delay in interest servicing which was due end of February 2026 and devolvement in Letter of Credits (LC). The delays in debt servicing reflects SEPC's ongoing liquidity constraints, which was further exacerbated by the Madras High Court's recent February 19, 2026 order of attachment of Rs.154.63 crore of SEPC's receivables in the ongoing legal proceedings involving Twarit Consultancy Services Pvt Ltd (TCPL) and SEPC as respondents, and GPE (INDIA) Ltd, GPE JV Ltd, Gaja Trustee Company Pvt Ltd (collectively called Gaja) being the petitioners and the timing mismatch in receipt of approval from shareholders to use the rights issue proceeds earlier earmarked for redemption of non-convertible debentures for working capital requirements.

The rating continues to be constrained by working capital intensive operations, susceptibility to volatility in input prices and tender-based nature of operations in a highly fragmented & competitive industry. The rating also takes into account long track record & established



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presence of the company in the construction sector, experienced management and the company's moderate financial performance.

Key Rating Sensitivities:

Upward Factors

- Timely servicing of debt obligations continuously for minimum of 90 days.

Downward Factors: Not Applicable

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record & established presence in the construction sector

SEPC has an established presence in the Engineering Procurement Construction (EPC) industry with a proven track record of over two decades. The company is primarily focused on providing turnkey solutions in the water & sewerage and process & metallurgy (P&M) segments, both in India and overseas.

Experienced management

Mark AB Dubai LLC (Mark AB), based in the United Arab Emirates (UAE) is the single largest shareholder of the company and is engaged in investments in commercial enterprises and managing them. Promoted by Mr. Abdulla Mohammad Ibrahim Hassan Abdulla, a member of the Royal Family of Al Ain Emirate of the UAE, Mark AB is backed by a qualified and experienced management team and has experience in investing and managing EPC businesses in the Middle East. As per the resolution plan, Mark AB assumed operational and management control of SEPC and infused Rs. 350 crore as equity in FY23, which was utilised towards debt repayment. Additionally, as of March 31, 2025, it infused Rs. 54.38 crore unsecured loan carrying a nominal interest of 0.01%, repayable through a single bullet payment in FY35. In the period April 2025 to June 2025 the promoters have also supported by arranging short term funds to fund the liquidity. Continued and timely promoter support will remain essential to sustain operations and meet debt servicing obligations.

Moderate financial risk profile supported by equity infusion and rights issues

The company's financial risk profile improved post the implementation of the resolution plan on September 30, 2022. As part of the plan, the new promoter, Mark AB infused Rs 350 crore in equity which was utilised for debt repayment. Additionally, the lenders converted Rs. 175 crore debt into Compulsorily Convertible Debentures (CCDs, treated as quasi-equity) and Rs



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175 crore into Non-Convertible Debentures (NCDs) with stepped-up repayment schedule. Consequently, the total debt reduced from Rs. 978.27 crore as on March 31, 2022, to Rs. 324.26 crore as on March 31, 2024, and further to Rs. 273.57 crore as on March 31, 2025. The tangible net worth (including CCDs) improved to Rs.800.37 crore as on March 31, 2023, following Mark AB's equity infusion, and further to Rs.934.61 crore as on March 31, 2024, supported by rights issues of Rs. 49.90 crore each in May and December 2023. TNW strengthened further to Rs. 1194.76 crore as on March 31, 2025, on account of Rs. 200 crore rights issue in July 2024 and is expected to increase further in FY26 following the completion of a Rs. 350 crore rights issue, of which Rs.175 crore was raised in the first tranche in July 2025. The total indebtedness of the company remains comfortable with adjusted overall gearing and TOL/ATNW at 0.25x and 0.66x as on March 31, 2025, respectively, against 0.39x and 0.88x as on March 31, 2024, respectively. Debt protection metrics like interest coverage improved to 1.14 times in FY25 from 0.60x in FY24. Total debt/ EBITDA also improved to 5.38x in FY25 from 12.10x in FY24.

Key Rating Weaknesses

Delays in debt servicing due to stretched liquidity and working capital intensive operations

Post Madras High court order of attachment of receivables in the ongoing Gaja case, the lead bank has frozen the Trust and Retention Account (TRA) which has led to delays in interest servicing on term loans and several LC devolvments.

In addition, working capital intensive operations inherent in the EPC business with focus on water and P&M segments for government entities has resulted in cash flow mismatches in terms of timely receipts from government bodies which continue to strain SEPC's liquidity position. Contract assets remain elevated at Rs.1076 crore as on March 31, 2025 (Rs. 920 crore as on March 31, 2024). The average collection days remained elongated at 269 days in FY25 (267 days in FY24). The liquidity position was supported by the completion of a Rs. 350.00 crore rights issue in June 2025, of which Rs.175 crore was received by July 14, 2025. These funds were utilised for working capital requirements, debt repayments, and funding of additional margin for non-fund-based limits.

Interim attachment of trade receivables by Madras High Court

In January 2024, the Supreme Court had mandated TCPL & SEPC to pay Rs 125 crore along with 7.25% interest to Gaja by March 2024. However, TCPL & SEPC had filed an interim



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application (IA) seeking modification of the Order. Thereafter, as of May 01, 2025, TCPL deposited the demand draft of Rs 120 crore with the Registrar and sought time for remittance of interest. Supreme Court vide order date May 21, 2025, directed TCPL to remit Rs.10 crore within 2 working days and balance Rs. 29.50 crore with accrued interest on or before July 31, 2025. TCPL deposited demand draft of Rs. 10.00 crore as on May 23, 2025, and balance Rs. 29.50 crore on July 31, 2025.

On February 19, 2026, the Madra High Court has ordered the interim attachment of trade receivables of Rs.154.63 crore out of total trade receivables Rs.449.62 crore and has also appointed PricewaterhouseCoopers to conduct a focused review of the company's financial records to determine the amount owed to banks and financial Institutions and the assets available with SEPC and submit the report on March 23, 2026.

SEPC continues to maintain that it is indemnified from this legal case, and any payment (if any) will be made by TCPL to Gaja, with no financial obligations on SEPC and the freezing of TRA by the lenders aggravated the liquidity mismatch and led to delays in servicing debt obligations.

Lower than expected performance in FY26

The company has reported lower than the envisaged revenues for 9M FY26 due to delayed execution of international projects. As on May 31, 2025, SEPC's order book was Rs.5169.31 crore, 8.65 times the revenues of FY25 of Rs. 597.65 crore. The two international projects accounted for the majority share at 74.44% of the order book. However, these two projects have been delayed due to various reasons. TOI has reduced by ~18% to Rs. 394.08 crore in 9M FY26 as against Rs. 479.85 crore in 9M FY25. Similarly, PAT has reduced by ~10% from Rs. 14.98 crore in 9M FY25 to Rs. 13.48 crore in 9M FY26. EBITDA and PAT margin stood at 10.24% and 3.42% respectively for 9M FY26 vis a vis 4.49% and 3.12% respectively for 9M FY25. As informed by the management, new projects received by the company amount to Rs. 5400 crore till date. Ability to sustain healthy growth will depend on timely project execution, billing and collection of the receivables across segments and will remain a key monitorable.

Susceptibility to volatility in input prices and tender based nature of operations

SEPC remains exposed to volatility in the supply and prices of key raw materials like Ductile Iron pipes (DI), steel and cement. SEPC has been able to partially mitigate this risk through the inclusion of cost escalation clauses in its contracts. Further, SEPC secures majority of its projects through tenders floated by various government departments, exposing it to intense



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competition in a highly fragmented EPC industry comprising numerous organized and unorganized players.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Poor

The company's liquidity remains weak on account of cash flow mismatches due to delays in receivable realisations. The company's fund-based limits are fully utilized. However, the company has ~Rs.150 crore from rights issue which was majorly earmarked for prepaying NCDs. The company had recently sought approval to change end use towards working capital requirement, which came through on March 9 2026. However, with TRA account being frozen company is not able to access any funds. The liquidity is expected to improve upon availability of the rights issue money for working capital purpose post banks removing the freeze from TRA account.

About the Company

SEPC Limited is an infrastructure development company, originally incorporated in 2000 as Shriram EPC Limited and renamed SEPC Limited in 2021. The company is an end-to-end solutions provider, offering multi-disciplinary engineering and project management services. SEPC is primarily focused on providing turnkey solutions in the water & sewerage and process & metallurgy segments, mine development, power plants, process plants both in India and overseas.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	560.98	597.65
EBITDA	26.79	50.88
PAT	22.67	25.15
Total Debt	324.26	273.57
Tangible Net Worth	934.61	1194.76
EBITDA Margin (%)	4.78	8.51
PAT Margin (%)	3.74	3.89
Overall Gearing Ratio (x)	0.35	0.23
Interest Coverage (x)	0.60	1.14

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr.	Name of Facilities	Current Ratings (Year 2025-26)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Current Rating	Previous Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
						--	Jan 08, 2024	--
1.	Term Loan	Long Term	16.16	IVR D	Feb 13, 2026 IVR BB+/ Negative Sep 10, 2025 IVR BBB-/ Stable	March 26, 2025 IVR BBB-/ Negative; WD** May 08, 2024 IVR BBB-/ Negative	IVR BBB-/ RWDI *	--
2.	Cash Credit	Long Term	69.40	IVR D	Feb 13, 2026 IVR BB+/ Negative Sep 10, 2025 IVR BBB-/ Stable	March 26, 2025 IVR BBB-/ Negative; WD** May 08, 2024 IVR BBB-/ Negative	IVR BBB-/ RWDI *	--
3.	Proposed Cash Credit	Long Term	2.65	IVR D	Feb 13, 2026 IVR BB+/ Negative Sep 10, 2025	--	--	--



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Sr.	Name of Facilities	Current Ratings (Year 2025-26)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Current Rating	Previous Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
						--	Jan 08, 2024	--
					IVR BBB-/ Stable			
4.	Bank Guarantee	Short Term	518.50	IVR D	Feb 13, 2026 IVR A4+ Sep 10, 2025 IVR A3	March 26, 2025 IVR A3; WD** May 08, 2024 IVR A3	IVR A3/ RWDI *	--
5.	Letter of Credit	Short Term	204.85	IVR D	Feb 13, 2026 IVR A4+ Sep 10, 2025 IVR A3	March 26, 2025 IVR A3; WD** May 08, 2024 IVR A3	IVR A3/ RWDI *	
6.	Proposed BG/ LC	Short Term	70.94	IVR D	Feb 13, 2026 IVR A4+ Sep 10, 2025 IVR A3	--	--	--

*Rating watch with developing implications

**WD: Withdrawn

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and



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Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit <http://www.infomerics.com>.

Disclaimer: Infomerics' ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities or to sanction, renew, disburse, or recall the concerned bank facilities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. We, however, do not guarantee the accuracy, adequacy, or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned
Term Loan	--	--	--	March 2027	8.78	IVR D
Term Loan	--	--	--	March 2027	6.60	IVR D
Term Loan	--	--	--	March 2029	0.78	IVR D
Cash Credit	--	--	--	--	69.40	IVR D
Proposed Cash Credit	--	--	--	--	2.65	IVR D
Letter of Credit	--	--	--	--	204.85	IVR D
Bank Guarantee	--	--	--	--	518.50	IVR D
Proposed Bank Guarantee/ Letter of Credit	--	--	--	--	70.94	IVR D

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_SEPC_11_March26_8e3d8e16ae.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

