

SEPC Limited

December 11, 2023

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D / CARE D; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE D'; Issuer Not Cooperating' assigned to the bank facilities of SEPC Limited (SEPC) with immediate effect. The above action has been taken at the request of SEPC and 'No Objection Certificates' received from the banks that have extended the facilities rated by CARE Ratings Ltd.

Detailed description of the key rating drivers:

At the time of last rating on April 03, 2023, the following were the rating strengths and weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

Delay in debt servicing in the past:

Being an EPC contractor, the operations of SEPC are working capital intensive with the project cycle generally ranging from six months to three years. The higher receivables position and delays associated with projects had increased the pressure on the cash flow position of the company. The resultant tight liquidity position of the company had led to delays in servicing of term loan and working capital facilities in the past. The Resolution plan was implemented by the company upon completion of compliance of all conditions to the satisfaction of all lenders effective September 30, 2022. Consequent to implementation, Mark AB Capital Investment LLC holds 26.48% of stake in SEPC.

Moderate, yet improving operational performance:

There has been a continuous decline in the TOI for the past few years. The company has reported operating loss of Rs.61.99 crore and Rs.20.53 crore on total income of Rs.302.77 crore and Rs.381.68 crore in FY22 and FY23 respectively. However, the performance improved in H1FY24, with the company reporting net profit of Rs.10.61 crore on total income of Rs.283.98 crore. The PBILDT margin stood at 11.82% in H1FY24.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Chennai based SEPC Limited (SEPC) was incorporated in June 2000, after merging companies engaged in similar businesses, consolidating their operations. Initially, setup as an EPC contractor to carry out the construction works of associate entities within the group, SEPC has been able to establish its presence in undertaking jobs for external parties and government/quasi government entities. SEPC specializes in executing EPC contracts, providing integrated solutions encompassing design, engineering, procurement, construction, and project management services. The company's services are primarily spread across municipal services, process & metallurgy, power, and mineral processing segments.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1 FY24 (UA)
Total operating income	302.77	381.68	283.98
PBILDT	-20.55	-61.99	33.57
PAT	-249.01	-11.32	10.61
Overall gearing (times)	1.32	0.24	NA
Interest coverage (times)	-0.24	-1.03	1.66

A: Audited UA: Unaudited; NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: India Ratings has conducted the review on the basis of best available information and has classified SEPC Limited as "Not Cooperating" vide its press release dated August 3, 2023

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	Mar 2024	0.00	Withdrawn
Fund-based - LT/ ST-Working Capital Limits		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Working Capital Limits		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE D; ISSUER NOT COOPERATING * (03-Apr-23)	1)CARE D (15-Sep-22)	1)CARE D; ISSUER NOT COOPERATING * (29-Mar-22) 2)CARE D (05-Apr-21)	1)CARE D (28-Sep-20) 2)CARE D; ISSUER NOT COOPERATING * (06-Apr-20)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE D; ISSUER NOT COOPERATING * (03-Apr-23)	1)CARE D (15-Sep-22)	1)CARE D; ISSUER NOT COOPERATING * (29-Mar-22) 2)CARE D (05-Apr-21)	1)CARE D (28-Sep-20) 2)CARE D; ISSUER NOT COOPERATING * (06-Apr-20)
3	Fund-based - LT/ST-Working Capital Limits	LT/ST *	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING * (03-Apr-23)	1)CARE D / CARE D (15-Sep-22)	1)CARE D / CARE D; ISSUER NOT COOPERATING * (29-Mar-22) 2)CARE D / CARE D (05-Apr-21)	1)CARE D / CARE D (28-Sep-20) 2)CARE D / CARE D; ISSUER NOT COOPERATING * (06-Apr-20)
4	Non-fund-based - ST-Working Capital Limits	ST	-	-	1)CARE D; ISSUER NOT COOPERATING * (03-Apr-23)	1)CARE D (15-Sep-22)	1)CARE D; ISSUER NOT COOPERATING * (29-Mar-22) 2)CARE D (05-Apr-21)	1)CARE D (28-Sep-20) 2)CARE D; ISSUER NOT COOPERATING * (06-Apr-20)

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Working Capital Limits	Simple
4	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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