

Semac Consultants Limited

March 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	110.50 (Enhanced from 94.00)	CARE BBB; Negative / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Semac Consultants Limited (SCL) continue factor in the company's long track record in engineering design and design build segment and vast experience of promoters in the project management services. Ratings also factor in SCL's reputed clientele, and orderbook which is geographically diversified across sectors, and comfortable capital structure.

However, ratings are constrained by relatively moderate scale of operations, moderate financial performance with operational losses in FY24 (refers to April 01 to March 31), despite improved in 9mFY25 (refers to April 01 to December 31), highly competitive construction industry, elongated operating cycle and cyclicity associated with the operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving scale of operations to above ₹350 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 6%.
- Improving liquidity position.

Negative factors

- Increase in the debt level leading to overall gearing above 1.5x on a sustained basis.
- Slowdown in the execution of orders in hand leading to decline in income below ₹150 crore and PBILDT margin below 3% on a sustained basis.
- Elongation in collection period above 150 days on a sustained basis.

Analytical approach: Consolidated.

CARE Ratings Limited (CARE Ratings) has considered consolidated financials of SCL for its analytical purpose, which includes financials of its subsidiary, Semac and Partners LLC, where it has operational and financial linkages with them. All entities consolidated are listed under Annexure-6.

Outlook: Negative

The outlook is 'Negative' as the financial performance is expected to be subdued in the medium term with higher overheads amidst moderate order book position. The outlook may be revised to 'Stable' in case the company is able to ramp-up its revenue through faster execution of projects and grow its order book position.

Detailed description of key rating drivers:

Key strengths

Established track record of operations and vast experience of promoters

SCL was founded in 1977 and has been involved in architectural and engineering design services since 2008. The company's operations are managed by Abhisek Dalmia, executive chairman and managing director, and a team of senior experienced professionals, having over 20 years of experience in this field. Initially, the company catered projects only in design segment and later expanded its operations to design build. The company has a healthy track record of over two decades in providing design and engineering, procurement, and construction (EPC) services in building manufacturing facilities, warehouses, hotels, institutions, and office space, among others.

Diversified and reputed clientele

SCL has developed relationships with key clients over the years in industrial building segments which translates to repeat orders. The company has been associated with reputed clients such as Borosil Limited, Procter & Gamble Home Products Private Limited, PepsiCo India Holding Private Limited, and V-Mart Retail Limited among others. SCL's orderbook is diversified across sectors and

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

are also geographically diversified across the country in Gurgaon, Guwahati, and Kanpur among others minimising sector specific or geography-related concentration risk.

Comfortable capital structure

The company's capital structure stood comfortable marked by overall gearing of 0.83x as on March 31, 2024, despite moderated from 0.51x as on March 31, 2023, due to net losses incurred in FY24. The company does not have long term debt obligations. SCL has proposed fund raising by way of issuance of optionally convertible redeemable preference shares on a rights basis for a value upto ₹50 crores, which is expected to be completed within next financial year.

Key weaknesses

Moderate financial performance with operational losses in FY24, despite reduced in 9mFY25

The company's total operating income (TOI) sharply moderated and stood at ₹127.49 crore in FY24 from ₹325.42 crore in FY23, largely attributed to slowdown in orderbook execution and higher fixed costs, primarily employee costs incurred which also resulted in the company reporting PBILDT loss of ₹29 crore in FY24 against the operating profit of ₹26.81 crore in FY23. The orderbook which stood at ₹577.41 crore (including L1 orders of ₹210 crore) as on November 30, 2023, had reduced to ₹403.4 crore in November 2024. The execution improved in 9mFY25, and considerable new orders secured in Q3FY25, the operating losses reduced to ₹1.19 crore against operating losses of ₹18.29 crore in 9mFY24.

Intensely competitive and cyclicity in civil construction industry

There are numerous fragmented and unorganised players operating in the industry which makes the civil construction space highly competitive limiting the pricing flexibility of the industry participants. While the competitive industry continues, the company mitigates it by providing construction solutions from design, design build, and PMC under a single umbrella thus distinguishing it from the competition, and with notable projects and a strong industry presence, the competition gets mitigated. A major number of SCL's projects are in the infrastructure and real estate sectors, which are cyclical. Hence, the cancellation or deferment of project can impact the company's revenue and profitability.

Liquidity: Adequate

The company's liquidity is adequate despite its weak operating performance in FY24 with no long-term debt obligations. The liquidity is also supported by infusion of funds from promoter group and related entities. The operating cycle extended to 108 days in FY24 from 35 days in FY23 due to elongated collection period. The company has fund-based working capital limits of ₹27 crore, the utilisation of which stood at ~50% in the last 12 months ending December 2024. The non fund based limits of ₹83.5 crore is also utilised on an average of 46% for the above mentioned period. SCL had free cash and a bank balance of ₹7.16 crore as on March 31, 2024, and lien marked fixed deposits of ₹34 crore for the bank guarantees.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

SCL was incorporated in 1977 and is headed by its chairman and managing director, Abhishek Dalmia. Till FY22, the company was primarily a manufacturer of blast-hole drills (rotary and down-the-hole, diesel/electric driven) with architectural design and

design build as other sub-segments of the company. Post the approval of SOA by NCLT, the drilling business has been demerged to a separate entity, and presently, the architecture design and design build is the primary business of the company. Currently, SCL has two divisions- Design (architectural design) and design-build (where the company, and architectural design and engineering, also executes construction projects through sub-contracting). The company operates from its headquarters in Bangalore and takes up projects largely from the private sector space. Semac & Partners L.L.C, is a Muscat-based company and a subsidiary of SCL, which is also engaged in architectural design and design build.

Brief Financials (₹ crore) (Consolidated)	March 31, 2023 (A)	March 31, 2024 (A)	9mFY25 (UA)
Total operating income	325.42	127.74	101.73
PBILDT	26.81	(34.22)	(1.19)
PAT	19.27	(31.89)	(6.57)
Overall gearing (times)	0.27	0.51	NA
Interest coverage (times)	21.34	(18.34)	(3.24)

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT/ ST- Working Capital Limits		-	-	-	27.00	CARE BBB; Negative / CARE A3+
Non-fund-based - LT/ ST- BG/LC		-	-	-	83.50	CARE BBB; Negative / CARE A3+

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (04-Dec-23)	1)CARE BBB+ (RWD) (27-Dec-22) 2)CARE BBB+ (CW with Developing Implications) (29-Sep-22)	1)CARE BBB+ (CW with Developing Implications) (22-Nov-21) 2)CARE BBB+; Stable (01-Nov-21)
2	Fund-based - LT/ST-Working Capital Limits	LT/ST	-	-	-	1)Withdrawn (04-Dec-23)	1)CARE BBB+ / CARE A2 (RWD) (27-Dec-22) 2)CARE BBB+ / CARE A2 (CW with Developing Implications) (29-Sep-22)	1)CARE BBB+ / CARE A2 (CW with Developing Implications) (22-Nov-21) 2)CARE BBB+; Stable / CARE A2 (01-Nov-21)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	1)Withdrawn (04-Dec-23)	1)CARE BBB+ / CARE A2 (RWD) (27-Dec-22) 2)CARE BBB+ / CARE A2 (CW with Developing Implications) (29-Sep-22)	1)CARE BBB+ / CARE A2 (CW with Developing Implications) (22-Nov-21) 2)CARE BBB+; Stable / CARE A2 (01-Nov-21)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	83.50	CARE BBB; Negative / CARE A3+	1)CARE BBB; Negative / CARE A3+ (06-Jun-24)	1)CARE BBB+; Stable / CARE A2 (04-Dec-23)	-	-
5	Fund-based - LT/ST-Working Capital Limits	LT/ST	27.00	CARE BBB; Negative / CARE A3+	1)CARE BBB; Negative / CARE A3+	1)CARE BBB+; Stable / CARE A2 (04-Dec-23)	-	-

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		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	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
					(06-Jun-24)			

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

The subsidiaries and entities which have been consolidated are as below:

S.No	Name of the subsidiary	Extent of consolidation	Rationale for consolidation
1	Semac and Partners LLC	Full	Subsidiary

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

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About us:

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