

Semac Construction Limited (Formerly known as Semac Consultants Limited)

February 20, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	144.00 (Enhanced from 110.50)	CARE BBB-; Stable / CARE A3	Downgraded from CARE BBB; Negative / CARE A3+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Semac Construction Limited (SCL) (Formerly known as Semac Consultants Limited) factors in the deterioration in revenue visibility, reflected by a continuous decline in the order book in last three years. Moreover, the company's order book remains significantly concentrated, with the top three orders accounting for ~84% of the total pending order value, heightening SCL's exposure to order concentration risk. Revision also factors the operating losses reported in the last two years ended FY25, notwithstanding the marginal operating profit achieved in 9MFY26.

Ratings derive strength from the company's established track record in engineering design and design-build services, promoters' extensive experience, and its long-standing association with reputed clientele. However, ratings remain constrained by the moderate scale of operations, working capital intensive nature of the business with elongated receivables, intense competition within the construction and engineering services industry, and the inherent cyclical nature associated with the sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving scale of operations to above ₹250 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 8%.
- Improving revenue visibility with orderbook position above 2.5x and geographical diversification of orders.
- Improvement in debt coverage metrics with total debt to gross cash accruals (TD/GCA) below 5x.

Negative factors

- Further decline in orderbook 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 (CareEdge Ratings) has considered consolidated financials of SCL for its analytical purpose, which includes financials of its subsidiary, Semac and Partners LLC, in which SCL has 65% stake. Entities consolidated are listed under Annexure-6.

Outlook: Stable

The Stable outlook reflects expectations that the company will sustain the adequate liquidity in the absence of major debt-funded capital expenditure, while continuing to derive strength from its established track record and the promoters' industry experience.

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 operates through its corporate office in Bangalore and is managed by Abhishek Dalmia, executive chairman and managing director, and a team of senior experienced professionals, having over two decades of experience in this field. The company offers its services primarily to private players including corporates and 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.

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

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, Mahindra & Mahindra Limited, Electro Steel Castings Limited, Nestle India Limited, Dr. Reddy's Laboratories Limited, and CEAT Limited, among others. SCL's order book is well diversified across multiple sectors, including automobiles, auto ancillaries, fast moving consumer goods (FMCG), real estate, data warehousing, chemicals, and metals.

Comfortable capital structure

The company's capital structure remains comfortable, with overall gearing at 0.94x as on March 31, 2025, though moderated from 0.51x as on March 31, 2024. The moderation in gearing is primarily due to the increase in inter-corporate deposits (ICDs) from group entities, which rose from ₹5 crore as on March 31, 2024, to ₹29 crore as on March 31, 2025, and carry interest. SCL had proposed raising funds through the issuance of optionally convertible redeemable preference shares of up to ₹50 crore on a rights basis, for which the promoter contribution had already been infused in FY25 via ICDs; however, the issuance has been deferred for the time being.

Key weaknesses**Declining and Low order book position**

As on September 30, 2025, the company's order book stood at ₹202.47 crore, equivalent to 1.17x of FY25 revenue. The order book has shown a sustained decline from ₹577.45 crore as of November 2023 (1.77x of FY23 revenue) and ₹403.39 crore as on November 30, 2024 (3.16x of FY24 revenue), due to increased competition, resulting in reduced revenue visibility. The scale of operations continues to remain constrained, primarily due to the company's limited success in securing new large-scale orders, particularly from private-sector customers. Additionally, the order book exhibits high client concentration, with the top three orders accounting for 84% of the total outstanding value.

Moderation in financial performance in last two years

The company's total operating income, which was higher at ₹325.42 crore in FY23, declined to ₹172.86 crore in FY25, though improving from ₹127.74 crore in FY24. This contraction was primarily driven by a slowdown in new order inflows amid heightened competitive pressures, while the execution of ongoing projects was adversely affected by factors such as above-normal rainfall, delays attributable to subcontractors, turnover among senior technical personnel, and certain client-related design issues. As a result, the company reported losses over the last two financial years. Execution momentum showed marginal improvement from Q4 FY25 onward, enabling the company to achieve operating profits in 9MFY26, however, it remains marginal.

Working capital intensive nature of operation with elongated receivables

The construction sector is inherently working capital intensive due to the competitiveness and the requirement for upfront financial commitments. The collection period remained elongated at 122 days in FY25, though it improved from 189 days in FY24. Of the total gross receivables (including retention money) of ₹62.44 crore as on March 31, 2025, receivables outstanding for over one year amounted to ₹29.15 crore, representing 46.69% of the total. The company has also increased its provision for bad debts to ₹21.56 crore as on March 31, 2025, up from ₹12.24 crore as on March 31, 2024.

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. A major number of SCL's projects are in the private capex sector, which are cyclical. Hence, the cancellation or deferment of project can impact the company's revenue and profitability.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by the absence of long-term debt obligations. Liquidity is further strengthened through fund infusions from the promoter group and related entities, and interest income from lien-marked fixed deposits. As on January 31, 2026, the company had fund-based working capital limits of ₹30.5 crore, with average utilisation of ~63% over the preceding 12 months, while non-fund-based limits were utilised at an average of 64% over the same period. SCL also maintained free cash and bank balances of ₹7.80 crore (previous year: ₹7.24 crore) and held lien-marked fixed deposits of ₹50.46 crore (previous year: ₹34.76 crore) earmarked against working capital facilities.

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 Sector](#)

[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 National Company Law Tribunal (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. From FY25, the company is gradually transitioning from being a Design Build Company operating on a back-to-back subcontract model to a build company with a direct contracting model. The company 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. The company formally changed its name to "Semac Construction Limited" effective from May 19, 2025.

Brief financials (₹ crore) - Consolidated	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total operating income	127.74	172.86	167.83
PBILDT*	(34.23)	(3.25)	3.87
Profit after tax (PAT)	(31.89)	(5.84)	2.74
Overall gearing (x)	0.51	0.94	NA
Interest coverage (x)	(18.35)	(0.57)	0.95

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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		-	-	-	60.50	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ ST-BG/LC		-	-	-	83.50	CARE BBB-; Stable / 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 2025-2026	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
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)
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)
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)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	83.50	CARE BBB-; Stable	-	1)CARE BBB;	1)CARE BBB+;	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	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
				/ CARE A3		Negative / CARE A3+ (06-Mar-25) 2)CARE BBB; Negative / CARE A3+ (06-Jun-24)	Stable / CARE A2 (04-Dec-23)	
5	Fund-based - LT/ST-Working capital limits	LT/ST	60.50	CARE BBB-; Stable / CARE A3	-	1)CARE BBB; Negative / CARE A3+ (06-Mar-25) 2)CARE BBB; Negative / CARE A3+ (06-Jun-24)	1)CARE BBB+; Stable / CARE A2 (04-Dec-23)	-

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

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Semac and Partners LLC	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sandeep P Director CARE Ratings Limited Phone: 914428501002 E-mail: sandeep.prem@careedge.in</p> <p>Naveen S Associate Director CARE Ratings Limited Phone: 914224502305 E-mail: naveen.kumar@careedge.in</p> <p>Ramanathan L V Lead Analyst CARE Ratings Limited E-mail: Ramanathan.Lv@careedge.in</p>
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