

November 8, 2013

Facilities	Amount (Rs. Crores)	Ratings
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Bank Guarantee	25.00	SMERA A4 (Assigned)
Letter Of Credit	0.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA B plus**) to the long term bank facilities and '**SMERA A4**' (read as **SMERA A Four**) to the short term bank facilities of Deem Construction Company Private Limited (Deem). The outlook is **Stable**. The ratings are constrained by the company's small scale of operations, high revenue concentration and regional presence. The ratings are however supported by the company's healthy order book position, moderate financial risk profile and experienced management.

Deem has executed four projects (with cumulative value of around Rs.22.50 crores) over the last four years. The company has a small scale of operations with FY2011-12 (refers to financial year, April 01 to March 31) revenues at Rs.14.27 crores. Moreover, the company faces high revenue concentration risk as it caters only to the Rajasthan state government. Till date, Deem has executed contracts for the Rajasthan Housing Board (RHB) and Rajasthan Urban Infrastructure Development Project (RUIDP).

Currently, Deem has a healthy order book position of around Rs.50 crores. Further, the company is also negotiating orders worth Rs.70 crores with RUIDP. Deem has a moderate financial risk profile with leverage at 0.67 times and interest coverage of 8.89 times in FY2011-12. The company is headed by Mr. Nasim Qureshi, Managing Director, who has about four decades of experience in real estate development and government contract execution.

Outlook: Stable

SMERA believes Deem's outlook will remain stable in the near term on the back of healthy business prospects supported a strong order book position. The outlook may be revised to 'Negative' in case of delays in project execution, which could lead to lower profitability and higher working capital requirement. Conversely, the outlook may be revised to 'Positive' in case the company generates larger-than-expected cash flows with successful procurement and execution of large projects.

About the company

Deem, incorporated in 2007 (as Neena Buildon Private Limited), is engaged in execution of infrastructure projects and trading of building material. Deem is promoted by Mr. Salamudeen Qureshi (Chairman) and Mr. Nasim Qureshi (Managing Director). Mr. Salamudeen Qureshi has

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SMERA RATINGS LIMITED

Deem Construction Company Private Limited (Deem)

Rating Rationale

almost four decades of experience while Mr. Nasim Qureshi has about six years of experience in real estate development and execution of government contracts.

Currently, the company is executing contracts worth Rs.68 crores at Alwar, Barmer and Churu for RUIDP. Deem received an award from the All India Achievers Foundation (AIAF) for installing 15,000 water meters in houses at Alwar. The award function was held in July 2013.

For FY2011–12, Deem reported net profit of Rs.0.42 crores on operating income of Rs.14.27 crores as compared with net profit of Rs.0.23 crores on operating income of Rs.6.00 crores in FY2010–11. In FY2012–13, the company registered revenues of Rs.60.03 crores (provisional), which include Rs.14.3 crores from project execution and Rs.45.6 crores from trading of building material.

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