

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

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

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.

Contact List:

Media/ Business Development	Analytical Contacts	Rating Desk
Sanjay Kher Head Sales – Corporate Ratings Tel : +91 22 6714 1193 Cell : +91 98191 36541 Email : sanjay.kher@smera.in Web: www.smera.in	Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.