

**ARGUS CREDIT RATING SERVICES LTD.**

**Credit Rating Report**

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**RANGS PROPERTIES  
LIMITED**



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Designation:

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(CRR0004122011)

Entity: RANGS PROPERTIES LIMITED (RPL)

**RATINGS SUMMARY**

<i>CREDIT RATING – Entity</i>	<i>CURRENT</i>	<i>PREVIOUS</i>
Long-Term	A	N/A
Short-Term	ST-3	N/A
Date	December 29, 2011	N/A

**RATINGS EXPLANATION**

<b>A</b>	<b>Long Term:</b> This category for an institution is considered to offer moderate degree of safety for timely repayment of financial obligations. This level of rating has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions compared to the higher-rated categories.
<b>ST-3</b>	<b>Short Term:</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

**MAJOR RATING CONSIDERATIONS:**

**Strength:**

- **RPL is part of a large business conglomerate, providing financial flexibility.** RPL is part of Rangs Group, a large diversified conglomerate with substantial revenue base from multiple sectors and asset rich directors. This contributes to RPL's financial flexibility and a strong support base in case of operational stress.
- **High level of property retention has strengthened RPL's asset base enabling it to capture a lion's share of real estate price increases.** Unlike most of its peers, RPL has followed a strategy of retaining a higher proportion of its real estate assets rather than pre-selling to finance construction. This has led to RPL's asset base increasing from BDT 1,731 MN in FY08 to BDT 2,732 MN in FY10 representing a CAGR of 26%. Importantly, RPL has captured a substantial portion of the capital gains of its real estate projects that can be unlocked in future.
- **RPL's top management is highly experienced, well educated and has been active in the real estate business** for more than two decades.

**Concerns:**

- **RPL's business is real estate development, a sector with a negative near-to-intermediate term outlook.**
- **Rapid pace of external financing for working capital requirements** may stress the company financials. RPL has a backlog of over 40 projects primarily debt financed, which runs the risk of stretching company financials. With already over BDT 1,123 MN in debt, additional debt load and rising interest rates may strain RPL's ability to service the debt load from operations.

<b>RPL ACTIVITY</b> Real Estate Business
<b>INCORPORATED ON</b> February 20, 1990
<b>CHAIRMAN</b> Mr. Abdur Rouf Chowdhury
<b>MANAGING DIRECTOR</b> Mr. Romo Rouf Chowdhury
<b>TOTAL ASSETS</b> Tk. 2,732.2 MN
<b>TOTAL EQUITY</b> Tk. 736.6 MN
<b>HEAD OFFICE</b> 215, Bir Uttam Mir Shawkat Sarak, Tejgaon I/A, Dhaka