Credit Rating Report

Navana Real Estate Limited

Rating Awarded	: **A_1**
Date of Rating	: 16 June 2010
Valid Till	: 28 February 2011

Analysts:

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Financial Highlights

BDT in Million

	2008	2009
Revenue	1,592.04	1,672.80
Gross profit	248.08	425.73
EBITDA	161.75	373.65
Current assets	1577.06	4593.28
Total assets	1649.30	4726.68
Current liabilities	984.55	3225.52
Long-term liabilities	631.45	1041.29
Shareholders equity	34.00	459.22
Gross profit margin	15.58%	25.45%
Net profit margin	1.45%	8.77%
EBIT to interest (times)	1.95x	1.13x
Return on asset	3.11%	0.76%
Current ratio (times)	0.98x	1.42x
Debt ratio (all liabilities)	0.55x	0.22x

1.0 RATIONALE

Credit Rating Agency of Bangladesh Ltd (CRAB) has assigned 'A1' (Pronounced Single A One) rating to Navana Real Estate Limited (NREL) in view of the performance of the company based on its audited financial statements of the years 2006-2008 and other relevant information.

Corporate entities rated 'A_1' have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.

The rating is based on NREL's financial performance, regional factors such as real estate market nature and behavior, macro economic factors i.e. population, employment, income and productivity growth, in migration trend to the city, legal and regulatory framework etc.

Navana Real Estate Limited was founded in year 1996 and currently operating in Dhaka and Chittagong city. It focuses on the development of residential projects as well as on commercial complexes. NREL till now has handed over 52 projects that are located at different areas of Dhaka. Besides that, it has 57 on going projects with diverse stage of completion and 71 up coming projects in its profile. In addition to apartment projects, NREL has already handed over 2 land projects and another 2 projects are in hand.

The rating takes into account NREL's average financial performance where the company's performance has been improving over years under analysis. However, the rating has focused on the company's market position, its brand name, its generic competitive strategy, portfolio diversification in terms of number of projects, project sites, target clientele etc. Besides that its relationship with respective banks, loan repayment schedule and the use of highly valued collaterals for credit facilities from banks.

Based on the financial statements provided, a concern for the company is the generation of free cash flow that may reduce liquidity in the future. CRAB derives comfort from the fact that NREL is trying to diversify the concentration risk for clients by diversifying into different areas of Dhaka and Chittagong, which is expected to impact cash flows positively. Next few years, significant revenues are expected to come from its on-going projects, which will provide a liquidity cushion for the company.