



Submitted to

Islamic University of Technology

In partial fulfillment of the requirements for the degree of
BBA in Business and Technology Management (BTM)

I understand that my final report will become part of the permanent collection of the Islamic University of Technology BBA in Business and Technology Management Program. My signature below authorizes release of my final report to any reader upon request.

SUBMITTED BY

ABU KAHHAR AL FATTAH

STUDENT ID

170061044

2020-2021 SESSION

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT
ISLAMIC UNIVERSITY OF TECHNOLOGY

Approved by

MD. ABDULLAH AL MAMUN

ASSITANT PROFESOR

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT
ISLAMIC UNIVERSITY OF TECHNOLOGY

INTERNSHIP REPORT ON WASO CREDIT RATING COMPANY LTD.



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Acknowledgement

Firstly, I like to thank Almighty Allah to provide me the strength to successfully conduct my internship program. In preparing this internship report, I got guidance and necessary support from my faculty **Md. Abdullah Al Mamun** sir which benefited me. My humble thanks to Waso Credit Rating Company (BD), where I conducted my internship program they helped me generously from every aspect while writing this report and finishing my internship program. It is a great pleasure for me as I got great direction, guidance from many people. It was also a pleasure as my company supervisor for the production of this report, he provided required guidance and help. In spite of the fact that this report has several flaws, I have put up my highest effort in creating it. I'm looking for an excuse for any mistakes that may have occurred despite my highest efforts. So lastly I would like to express my humble heart full thanks to Islamic University of Technology for giving the opportunity and the essential information and valuable procedures related to report.

Sincerely Yours,

ABU KAHHAR AL FATTAH

ID-170061044

Batch-17

Business and Technology Management

Islamic University of Technology

Executive Summary

This report was written as part of the internship program at Islamic University of Technology's business and technology management department. This report was a result of my delightful experience which provided the chance to work alongside of some humble and generous people of Waso Credit Rating Company. I have learnt a lot during my internship program and now I know the fundamental of credit rating in Bangladesh which will help me further in my job life. Ratings are awarded on a distinct ordinal rule, where AAA rating is the maximum credit rating assigned to companies and in cases of SME companies the highest rating is WCRCL1. On the other hand, D rating is the least credit rating allocated to defaulted corporations and for the SME companies WCRCL6. Furthermore, Credit Rating Agencies stress that evaluations are just that: opinions. This judgements that are founded on basic credit research are required to classify credit risk. A rating committee selects ratings based on their function as viewpoints. My internship started from November 11, 2021 to February 10, 2022 which was an incredible journey that helped me to understand how credit score works. This report begins providing the overview of the company. This includes overview of the company and company's mission, vision and scope. Then I have discussed about the industry and then about my internship experiences. In this report I demonstrated my duties and given tasks that I have been given along with acute remarks & necessary references or recommendation for this company which I think should be beneficial for the company. I have written detailed discussion on the credit rating process at Waso Credit Rating Company, also discussion on the financial ratios, ratings. I have done an enquiry on different small and medium companies. Finally, this report describes what credit rating actually is with the information and growth of other related industries and different opportunities in this country. This report contains information which helps to understand why credit rating is necessary especially in

this country. As a result of this credit rating, both clients and banks, as well as our country, are able to avoid going bankrupt. Finally, along with a conclusion to this fantastic and unforgettable experience, several very essential recommendations are made. The most important thing I have learnt is the work ethics. The wonderful work culture and helpful people working on this company has made my internship program enjoyable and a wonderful experience which will help me in my future job field.

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Chapter 1:
Introduction

A credit rating is a valuation of a potential borrower's credit risk (person, business, firm, or government), estimating their ability to pay off the loan and an obscure projection of the borrower's chance of defaulting. The credit rating viewpoints are based on qualitative and numerical information provided by the probable debtors, as well as other information obtained by the credit rating company's specialists. Credit is the borrowing of money or other advantages from a lender in exchange for the promise of repaying the principal and interest over a certain period of time.

1.1 Origin of the Report:

This internship program which is a nine credit course requirement, gives the students the opportunity to obtain job field experience. In this competitive world everyone must be an expert in their subject, both in practical and theoretical measures. Islamic University of Technology aspires to develop future magnates with theoretical and practical understanding of the workplace. The internship course and its report are vital phases in accomplishing the objective. I joined the WASO Credit Rating Company Ltd to finish my internship project. I have worked for 3 months consciously and have finished it successfully.

1.2 Data Collection:

Primary data have been collected by-

1. Interviewing chief employees of the company
2. Analyzing previous reports

Secondary data have been collected by-

1. Internet (Different websites mentioned in reference)

Chapter 2:
Company Overview



In July of 2009, WASO Credit Rating Company Ltd. ("WCRCL") was listed referring to publicly ltd company with the Office of the Registrar of Joint Stock Firms and Corporations. WCRCL began operations on February 15, 2012, after receiving approval from Bangladesh's Securities and Exchange Commission (SEC) to run it addressing a credit assessment firm. In October of 2012, the Central Bank of Bangladesh designated it as an External Credit Assessment Institution (ECAI). WCRCL's operations are independent and transparent, and it is qualified to rate Banks and Financial Institutions, Corporate, Insurance and Public Sector Enterprises. The WCRCL team is made up of seasoned professionals and experts from many fields that have the highest standards of ethics and integrity. Financial Intelligence Services Ltd. and Waso Credit Rating Company have signed a foreign collaboration agreement. WCRCL has formed a relationship with the global resources hub as a result of its cooperation with FISL, and is therefore able to serve the nation with the best evaluated judgement by rating services.

Financial Intelligence Services Ltd is an assessment branch of World Vest Base (WVB) in the United States situated in Hong Kong. FISL is also a property corporation with offices in sixteen different countries. Since its foundation in nineteen-eighty five in Chicago, United State of America, WVB (World Vest Base) has grown to develop primary worldwide source of fiscal essentials, helping the assessment and rational needs of hundreds of uppermost establishments to the economic facilities and other industries. WVB is the key basis of thorough and clear financial statement information on public corporations in the financial industry.

*WCRCL=Waso Credit Rating Company Ltd.



Company vision

To improve financial management in the country's business and financial sectors by providing fair, dependable, and independent rating opinions in line with worldwide risk management norms.

Company Mission

1. To give thorough, accurate, detailed, and transparent credit rating opinions to our clients in order for them to create smart speculation while investing and taking loan choices.
2. To enhance corporate clearness and assurance corporate governance by promoting data openness.
3. To give the worldwide risk analysis tools needed to make smart loan and investment decisions.
4. To raise national understanding of worldwide risk assessment methods in the zone of credit risk assessment.

Company values

Clearness in Exposure and Rating Process:

WCRCCL's credit evaluation technique is thorough, methodical, and subject to confirmation based on previous experience. WCRCCL is constantly improving its systematic rating technique to ensure correct assessment.

Discretion of Information:

Conferring to the materiality degree of data given by customers, WCRCL preserves 100% confidentiality of information.

Integrity:

The whole rating process and activities of WCRCL are protected by a thoroughly structured code of conduct that follows the SEC and IOSCO code of ethics and conduct rules.

Teamwork in assignment:

In each and every assignment, excellent collaboration efforts were made.

Expert Vitality:

In each level of the WCRCL organ, a good balance of experience and qualifications has resulted in genuine professional dynamism.

WCRCL Services

WASO Credit Rating Company Ltd offers different services. Which are-

- **WCRCL Ratings**

Waso Credit Rating Company rating services are intended to deliver an impartial, dependable, and impartial assessment of the value of objects, with special emphasis on dimensions with concerns exclusive to the area or sub-division. Construction and property development, as well as clinics and diagnostics, are examples of such enterprises.

WCRCL provides-

- i. Corporate Ratings
- ii. Small & Medium Enterprise Ratings

- WCRCL Advisory

This company's Consulting and or Advisory Services will provide corporate guidance, reorganization solutions, economic viability, economic modularizing, and customer need-based research.

WCRCL is also prepared to give consulting services to businesses looking to increase the competitiveness of their operational areas. Major corporations, governmental entities, banks/financial services companies, trade bodies, local municipalities, government bodies, and international agencies will all benefit from such advisory services, which will be provided through strategic partnerships to leading institutions with expertise in specific sectors.

2.1 Company Rating Process

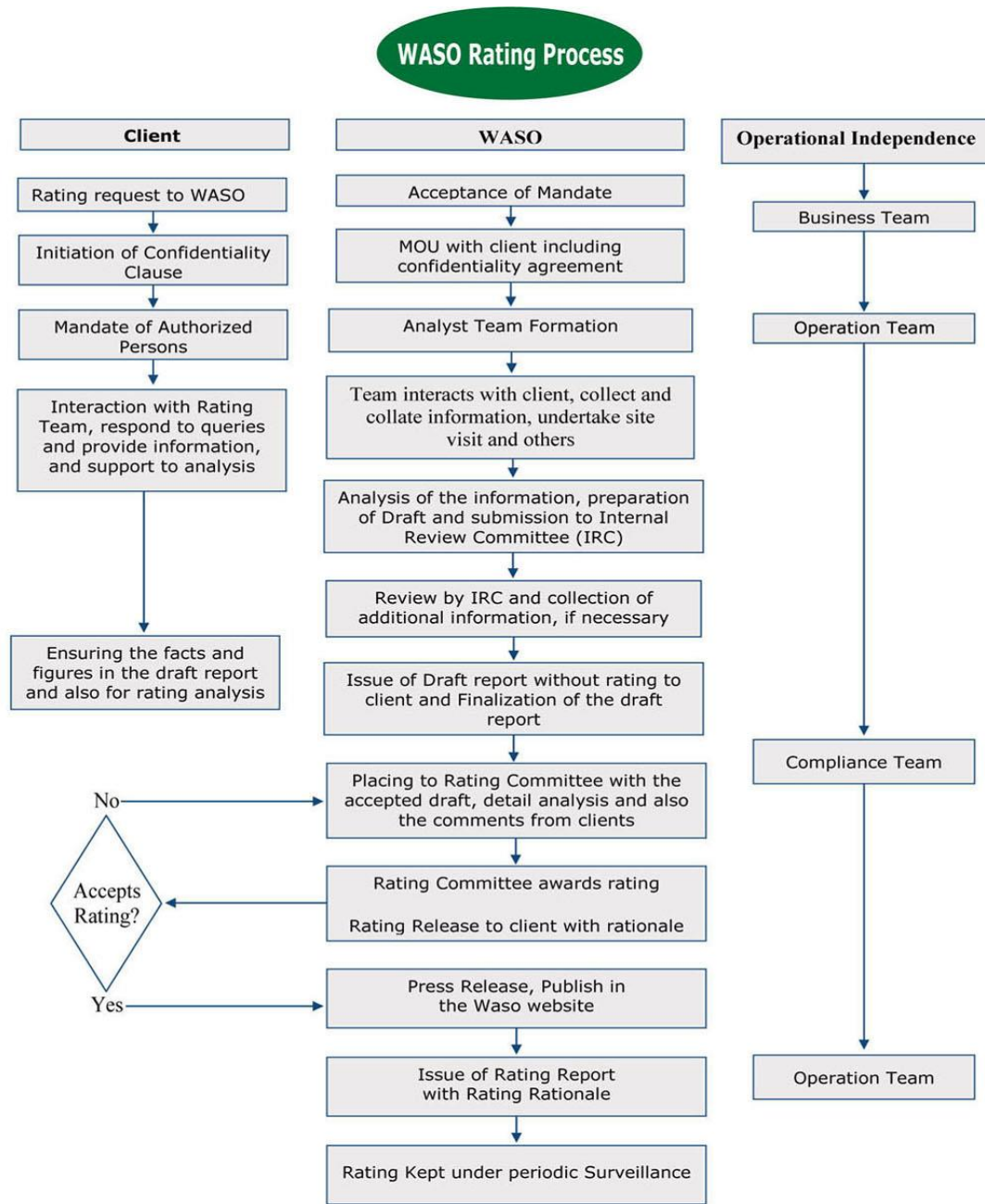


Figure 1: WCRCL Rating Process

COMPANY NETWORK TREE

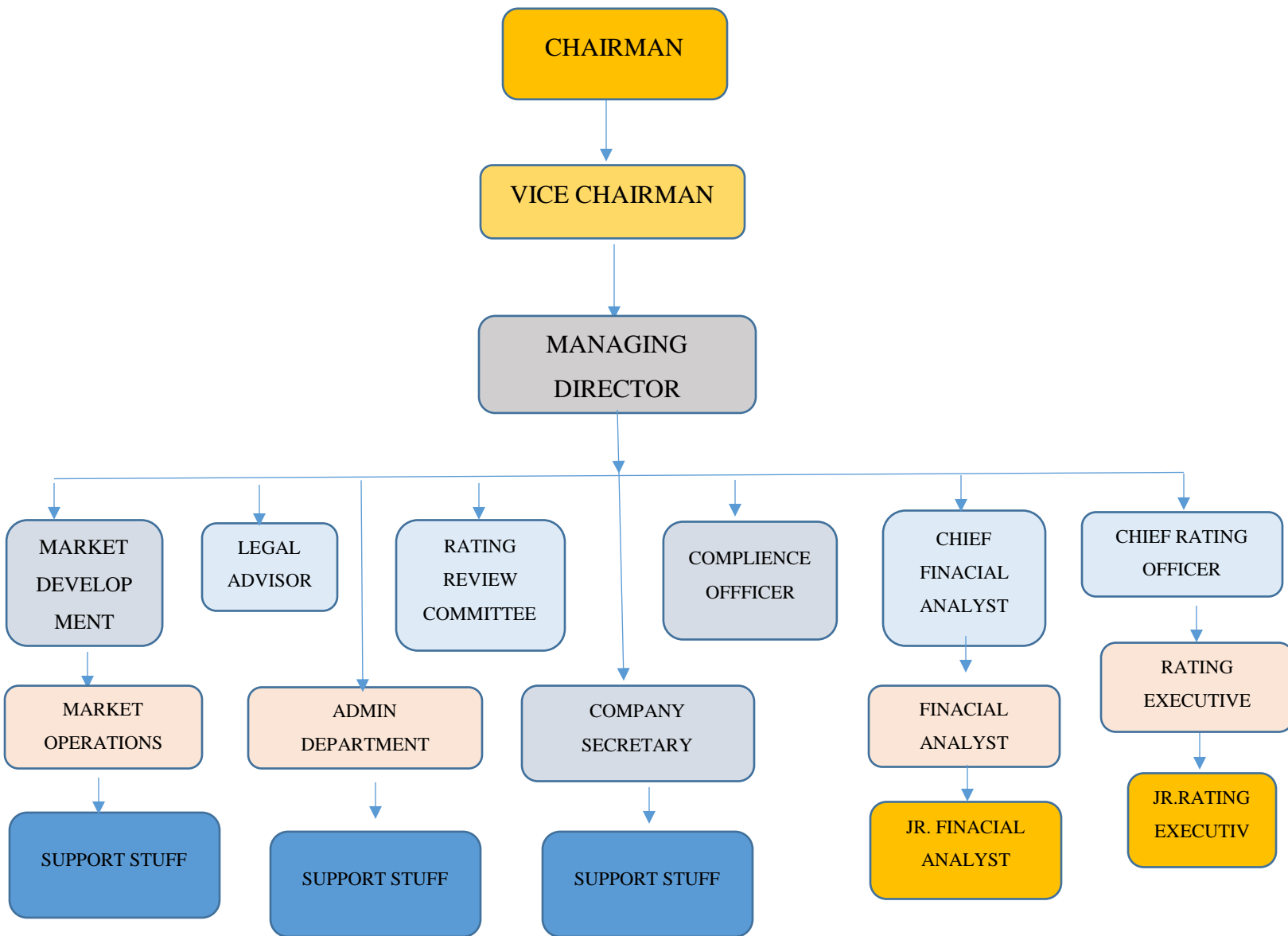


Figure 2: Company Network Tree

2.2 WCRCL Rating Scale

WCRCL follows the rating scale showed below-

| Scale | Investment Grade |
|------------------|---|
| AAA | Highest class with negligible risk |
| AA1, AA2, AA3 | High class, Little credit risk |
| A1, A2, A3 | Upper medium grade, Little credit risk |
| BBB1, BBB2, BBB3 | Intermediate credit risk |
| BB1, BB2, BB3 | Considerable credit risk |
| B1, B2, B3 | High credit risk |
| CCC1, CCC2, CCC3 | Very high credit risk |
| CC1, CC2, CC3 | Near in default with some prospects of recovery of principle and interest |
| C | Near in default with little prospects of recovery of principle and interest |
| D | Company in bankruptcy |

Table 1: WCRCL Rating Long Term Rating Scale

Rating Scale for small and medium enterprise is different than big corporates and WCRCL measures it differently too. The rating scale for SME companies shown below:

| Scale | Investment Grade |
|---------------|--|
| WCRME1/WCRSE1 | Highest level of credit worthiness in relation to other SEs/MEs. |
| WCRME2/WCRSE2 | High level of credit worthiness in relation to other SEs/MEs. |
| WCRME3/WCRSE3 | Above average level of credit worthiness in relation to other SEs/MEs. |
| WCRME4/WCRSE4 | Average level of credit worthiness in relation to other SEs/MEs. |
| WCRME5/WCRSE5 | Below average level of credit worthiness in relation to other SEs/MEs. |
| WCRME6/WCRSE6 | Inadequate level of credit worthiness in relation to other SEs/MEs. |
| WCRME7/WCRSE7 | Poor level of credit worthiness in relation to other SEs/MEs. |
| WCRME8/WCRSE8 | Lowest level of credit worthiness in relation to other SEs/MEs. |

Table 2: SME Rating Scale of WCRCL

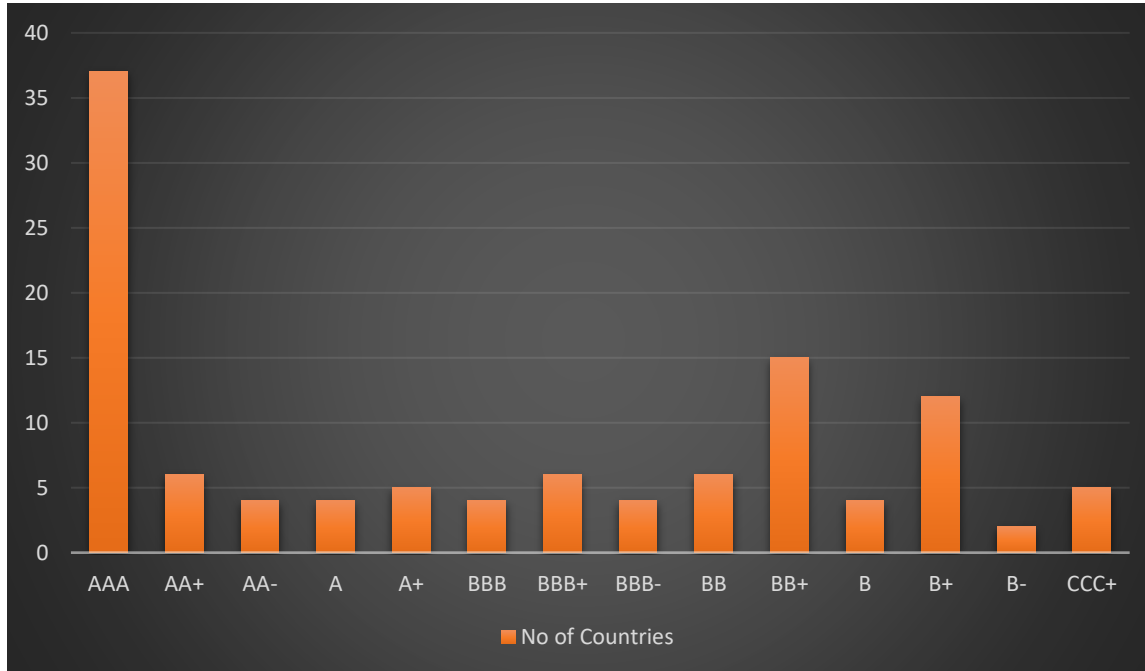


Figure 3: S&P Credit Rating Score in Various Countries

2.3 Financial Indicators for analysis

The Financial indicators used to assess the credit rating of different institutions are given below-

Sales Revenue:

The money a firm gets through selling its goods and services to customers is referred to as sales revenue. It's calculated by multiplying the average selling price by the total number of units sold. Before subtracting expenditures, sales revenue indicates the revenues from goods and services. It is calculated in a certain time range, which can be a financial year.

Profit before interest and tax:

It is the fraction of a firm's cost-effectiveness before interest and taxes are deducted. Operating expenditures are reduced from gross profit to obtain profit before taxes and interest. This profit figure is important to monitor since it indicates the revenue and costs that they have control over.

Profit after tax:

The entire amount a corporation receives after all tax deductions is known as profit after tax. After all expenditures have been removed, profit after tax is a measure of a firm's profitability that may be completely exploited by the company to perform its operations.

COGS/Sales (%):

The COGS to Sales ratio depicts the proportion of sales revenue utilized to pay for expenditures that are directly proportional to a company's sales. This ratio reflects a firm's ability to maintain direct costs of manufacturing goods or delivering services low while expanding revenues, however the ratio for this company is high, implying that the company's costs of producing items are high, potentially harming the company.

Financial cost / Sales (%):

It is the indicator of financial cost against the sales value.

Administrative expense / Sales (%):

It is the indicator of administrative expense against the sales value.

Profitability Analysis:**Gross profit margin (%):**

It's a metric for determining a company's profitability. After a corporation pays for labor and materials expenditures, the gross profit margin is the amount that indicates revenue left in a particular accounting period.

Working/Operating Profit Margin (%):

It determines how much revenue a corporation produces on a unit sold after recompensing for variable industrial expenses and before reimbursing the interest and taxes.

Net profit margin:

It is a figure that compares a business's earnings to its total costs. The profit boundary can be used by analysts to assess a corporation's efficiency. The higher the firm's net profit margin, the more profitable it is.

Return on Average Assets (ROAA) (%):

The profitability ratio used to estimate the profitability that a company may earn or create from the rate for the period assets is known as return on average assets. It determines how efficiently a establishment utilizes its inventory and assets.

Return on Average Equity (ROAE) (%):

ROAE measures the profitability of the company using average investor's equity outstanding.

Liquidity Analysis:**Current ratio:**

The ratio is a liquidity ratio that evaluates a company's capability to pay temporary or one-year loans. It displays financial experts how current assets on a company's balance sheet might be used to wage down current debt and other obligations.

Quick Ratio:

The quick ratio, sometimes referred to as the acid-test ratio, evaluates a corporation's ability to meet all of its existing liabilities when they lack behind using just assets that generates cash. These include cash, marketable sanctuaries, short-term or temporary investments, and current account receivables.

Average No of day inventory on stock:

The total of stock levels at the beginning and conclusion of a fiscal quarter is the average inventory. The firm sells and restocks inventory every 1-2 months, based on the average number of days inventory is on hand.

Average number of day receivables outstanding:

It is the average amount of days receivables go uncollected until they're collected. It is essential to figure out how effective a company's credit and gathering actions are at yielding credit to consumers and collecting from them.

Average number of day payable outstanding:

Days Payable Outstanding measures the average number of financial days it takes a firm to recompense off its accounts payable (DPO).

Cash Conversion Cycle:

The cash conversion cycle is used to assess a company's operational capital management efficiency. The shorter the cash conversion cycle, like with other cash flow computations, the better at selling inventories and collecting cash while paying suppliers the company is.

A good cash conversion cycle is indicated when time is short.

Leverage and Capital Structure:**Debt to total assets:**

A company's financial leverage is measured by the debt-to-total-assets ratio. It shows how much more of a total assets of the company was borrowed from creditors. It's the whole quantity of a company's creditors divided by the total number of its assets.

Debt to equity ratio:

The debt-to-equity (D/E) ratio is calculated by allocating a firm's financial leverage equity. In business finance, the D/E ratio is a crucial measure. It's a quantity of how considerably a firm trusts on debt to fund its actions rather than completely owned cash.

Short time debt to equity ratio:

Short time debt to equity ratio is a company's short time outstanding by equity ratio which indicates how much a company can meet short time outstanding in comparison to owner's equity.

This helps the company to measure the debt to equity risk which helps for the risk assessment of any particular company.

Long term Debt to Equity Ratio:

The long-term debt equity ratio is indeed a way of evaluating how much debt a business has taken on. Divide an entity's long-term debt by the entire value of its common and preferred shares to get the ratio.

Internal Capital Generation:

The rate at which a company creates equity in its balance sheet by retained earnings

Credibility:**Debt Service Coverage Ratio:**

It is the quantity of a firm's existing cash flow to pay its existing debts.

The ratio should be above 1 which indicates company is generating enough operating income to pay its annual debt.

FFO:

The number used to indicate the cash flow from their operations is known as funds from operations (FFO). Amortization, depreciation losses on asset transactions are added to remunerations, and then any gains on asset sales and interest income are subtracted.

Interest Income

FFO measures the ongoing cash flow generating from operations.

FFO/Debt:

FFO/debt refers to the measurement of company's ability to reimbursement liability by net operating income alone.

2.4 SWOT Analysis

STRENGTH

- They have an organized Board of Director
- Prominent Rating Committee members
- Outstanding analyst team who are knowledgeable and experts
- Great relationship with some banks

WEAKNESS

- Absence of adequate services inside the office for employees
- Frequently company is incapable of resolving worker debts timely which influence in reducing performance.
- No organize human resource department

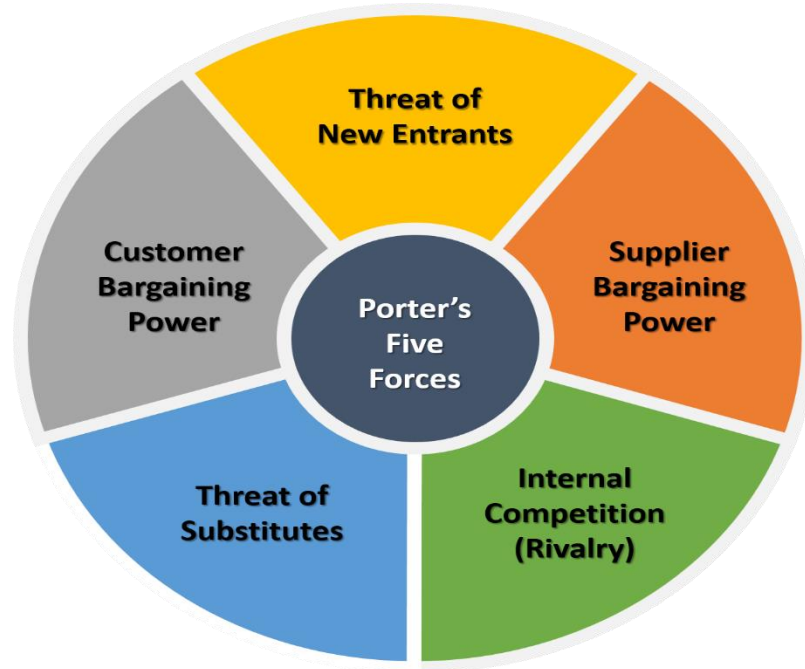
OPPORTUNITIES

- People are now understanding the necessity of credit rating in this country
- Rating is now becoming a tool to identify and distinguish successful and unsuccessful corporation.

THREATS

- Political issues can affect this company as government change can terminate their license policies
- People are now understanding the necessity of credit rating which means the number agencies can increase too.

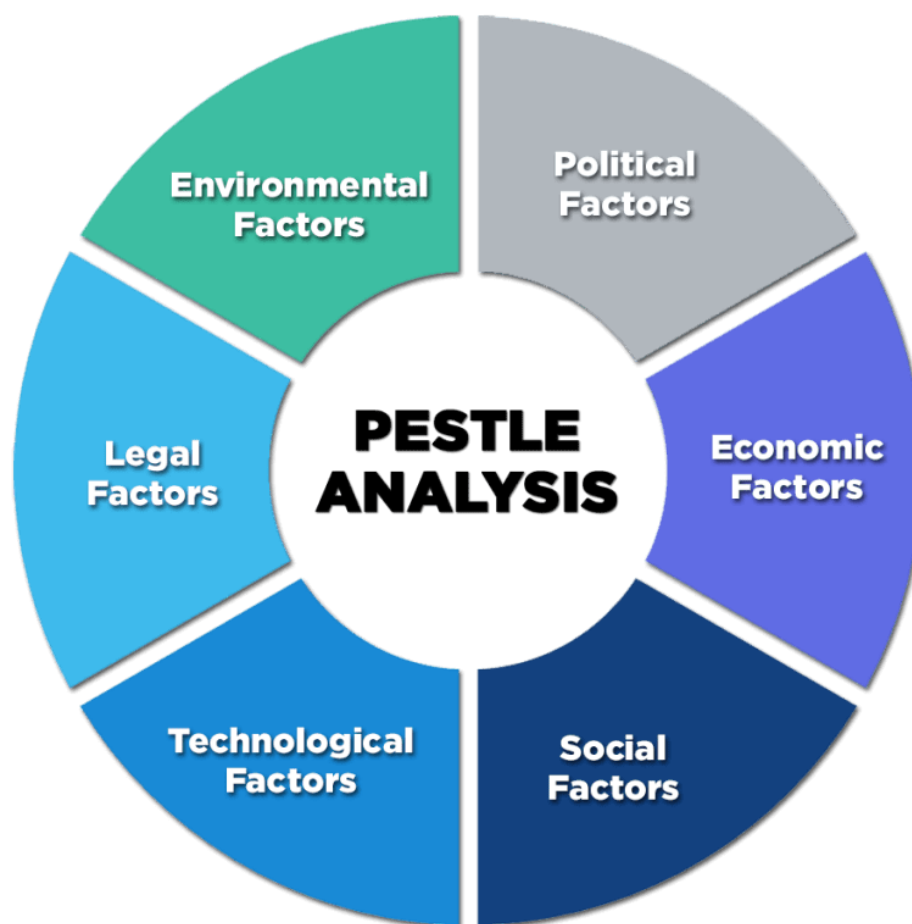
2.5 Porter's Five Factor Analysis



| | |
|------------------------|--|
| Competitive Rivalry | There is a limited number of credit rating company in Bangladesh because of that Waso Credit Rating Company is in a competitive situation to get clients before competitors. |
| Threat of Substitution | WCRCL is one of the established credit rating company in Bangladesh for that it has no threat of substitution right this moment. |
| Supplier Power | This company gets clients through direct contacting with clients or through banks so they need to keep good relation with clients as well as banks. |

| | |
|-----------------------|--|
| Buyer Power | The customers are the main recipients of the credit rating facility. So, if the rating is unjustified they can reissue the rating proposal. |
| Threat of New Entries | As Government has issued credit rating requirements for a company change in power may result in change in rating process. Also cause of new entries. |

2.6 PESTLE Analysis



| | |
|---------------------------------|--|
| <p>Political Factors</p> | <p>Political factors influence credit rating as the process may be changed due to political issues. Many sme and corporate companies are hugely affected by political issue which effects the whole credit rating process.</p> |
| <p>Economic Factors</p> | <p>Credit rating agencies are depended on the economics of the country as interest growth rate, GDP growth changes the view of the rating.</p> |

| | |
|------------------------------|--|
| Social Factors | Age, lifestyle and other social factors of the owner affects the company's ratings. WCRCL have to consider many social factor before analyzing the company's status and then gives justified rating. |
| Technological Factors | Technological advancement affects the rating process as the more technological advance the company is the more possibility of production thus good rating. |
| Legal Factors | Different laws and regulation causes change in the rating process as a company's pattern changes with provided law which affects WCRCL's rating procedure. |
| Environmental Factor | Environment change affects the production of certain companies which needs to be considered by WCRCL before assigning a rating. |

Chapter3:
Industry Analysis

3.1 Industry Size and Growth Trends

There are a few credit rating agencies in Bangladesh those are-

- i. WASO Credit Rating Company Ltd.
- ii. Alpha Credit Rating Ltd.
- iii. Emerging Credit Rating Ltd.
- iv. National Credit Ratings Ltd.
- v. ARGUS Credit Rating Services Ltd.
- vi. Bangladesh Rating Agency Ltd.
- vii. Credit Rating Information and Services Ltd.
- viii. Credit Rating Agency of Bangladesh Ltd.

| Name of Company | Date of Registered Certificate |
|---|--------------------------------|
| Credit Rating Information and Services Ltd. | 21.08.2002 |
| Credit Rating Agency of Bangladesh Ltd. | 24.10.2004 |
| National Credit Ratings Ltd. | 22.06.2010 |
| Emerging Credit Rating Ltd. | 22.06.2010 |
| ARGUS Credit Rating Services Ltd. | 21.07.2011 |
| WASO Credit Rating Company Ltd. | 15.02.2012 |
| Alpha Credit Rating Ltd. | 20.02.2012 |
| Bangladesh Rating Agency Ltd. | 07.03.2012 |

Table 3: Credit Rating Companies Certification Date

Credit denotes financial responsibility, while rating denotes the symbolic outcome of an evaluation. However, the blend of these words signifies more than just their implication; it also means the procedure of assessing someone's creditworthiness. This approach gained traction after the global financial crisis began. Typically, banks and financial organizations are well-known for lending or crediting money that depositors have put with them. Many other organizations and organizations, such as ICRA and ACRAA, arose with the goal of regulating, controlling, formulating regulations, and integrating credit rating practices. Initially, banks, financial institutions, and non-bank financial institutions (NBFIs) were required to use it. It gradually became apparent that it was also applicable to large businesses and SMEs. Finally, credit rating practice began in Bangladesh in 2002, utilizing CRISL as a guide. The BASEL agreement was also administered by Bangladesh Bank, which also updated the credit rating laws of 1996. CRAB was the industry's initial mover, incorporating in 2004. According to data released by Bangladesh Bank in its Financial Stability Report 2018 last month, no new rating companies have entered the market since 2012. Three companies are approved to deliver the service in that year. WASO Credit Rating Company Limited, Alpha Credit Rating Limited (ACRL), and the Bangladesh Rating Agency Limited are the three companies in question.

3.2 Maturity of the Industry



Figure 4: Credit Rating Score Measurement

3.2.1 Credit Rating in Bangladesh

Credit rating business in this country began with the obligation that almost all public debt securities, right-of-first-refusal issuance, and premium-priced shares be granted a credit rating before even being issued to the general public. In 2002, Bangladesh's first recognized credit score organization, Credit Rating Information & Services Limited (CRISL), commenced operations.

Bangladesh Bank's Credit Risk Grading Handbook, which is commonly used for analyzing credit grade before such a loans to its borrowed clients, was issued via BRPD on the Adoption of Credit Risk Grading Handbook. In time, CRISL rating accounts had proven to be extremely useful to users; in particular, a CRISL rating assessment on a then-Baraka Bank had persuaded the Bangladesh Bank of the importance of credit ratings, the point that this rating had taken the lead in making credit scores mandatory for all banks before going public.

Following the central bank's lead, the insurance regulator mandated that all general insurance businesses be rated yearly and life insurance companies biannually. The credit rating is required before a firm may file for direct listing, according to the Dhaka Stock Exchange's direct listing requirements.

In the country's financial and capital markets, the foregoing legislation provided an enabling climate for credit rating.

The notion of customer rating by rating agencies to promote bank capital adequacy arose in response to Bangladesh Bank's obligation to follow the Basel two capital capability outline. Conferring to the Basel two framework, BB developed a consistent method to credit risk, requiring

rating agencies' services under specific tight circumstances. Bank customer rating is a delicate subject, given that the majority of private sector businesses that use banking services do not keep standard financial records that can be used for proper evaluation. The ratings are guaranteed to generate incorrect signals until and until all of the above elements are adequately analyzed through sector-by-sector investigations. The Bangladesh Securities and Exchange Commission (SECB) enables credit rating agencies to default at a rate of 2%. If the default rate exceeds 2%, the SECB may impose penalties, the most severe of which is the loss of the defaulter rating agency's license. National Credit Ratings Ltd and Emerging Credit Ratings Ltd, two other credit rating firms, began operations in 2010. Since 2011, ARGUS Credit Rating Services Ltd. has been in business. Finally, in 2012, four new credit rating organizations, WASO Credit Rating Company Limited, Alpha Credit Rating Limited, the Bangladesh Rating Agency Limited, and WASO Credit Assessment Firm Ltd, began operations.

As an appendix to the study, there is a list of credit assessment companies that function in this country.

Bangladesh has the most number of credit rating agencies, according to the Association of Credit Rating Agencies of Asia. There are only two credit rating agencies operate in India, Asia's largest economy. On the other side, China, the world's second largest economy, is continuing to thrive despite having only one credit rating Company.

The industry of ratings is currently thought of as a parentless business in Bangladesh. The regulators' actions in promoting this business appear to be irrational. Rating agencies are still classified as financial counseling firms under SEC regulations. For a long time, this hasn't altered.

3.3 Regulatory, Political, and Legal concerns

3.3.1 Limitation of Credit Rating

The most prevalent charge thrown against rating agencies throughout the world is that they are unable to forecast upcoming difficulties. Portion of the difficulty is the evaluation procedure, which is heavily reliant on preceding mathematical data and average ratios, with minimal use of judgement and knowledge of the underlying company or national economy. Statistics is not always consistent.

Most of the circumstance, particularly in today's complicated financial environment. The pointless over-reliance on statistics in Bangladesh's bad nation ranking is a great example.

A credit rating is a decent estimate of a company's certain creditworthiness in general; but, it cannot forecast extreme events that are unlikely to be expected by large number of investors in any case. Investors must be aware that credit ratings are not infallible and that they must perform their own research and due diligence before investing in any product. They should use the score as a starting point for their own effort and as a reference. Examining the actions of the stock value, assuming it is publicly traded, is one way to do so. The market as a whole is much better at anticipating problems than any credit rating company. Consider how companies' stock values dropped after their credit ratings were downgraded.

3.3.2 Laws of Credit Rating in Bangladesh

Credit rating businesses in this country are ruled by the "Credit Rating Companies Rules, 1996," which were endorsed by the Bangladesh Securities and Exchange Commission (BSEC) by notice of SEC/Section-7/117 on June 24, 1996. The following is a fundamental overview of the law:

Credit Rating Obligation: An issuer may not make a luxury public offering of debt instruments or shares (including rights shares) unless the matter has indeed been esteemed by a credit assessment firm and a statement about the rating has been included in proposal letter, brochure, or right sharing offer record.

Eligibility for Registration: If a corporation achieves or surpasses the following qualifications or standards, it can register under these laws to commence conducting business as a credit rating organization:

The Companies Act of 1994 defines it as a public corporation. It has expertise, financial stability, and a combined development or technological partnership agreement with a respectable credit rating corporation; it employs at least dual professionals with an expert or comment finance degree, accounting, business, economics, or law, as well as at least two decades of expertise in credit rating as well as investment recommended actions.

Cancellation or Suspension of Registration If the BSEC discovers that a credit assessment firm has violated any facility of the Order or law or instruction issued or set thereunder, the Commission may, if it think through it essential in the community concern, cancel or suspend the credit rating firm's registration by writing order. No such order may be imposed until the creditworthiness firm has been given an opportunity to be heard.

The Importance of Credit Rating:

The credit rating industry is not large but it's getting attention lately for its necessity, The industry will rise in further future also and will get the recognition that it deserves. It is necessary –

To Gain Investment:

Government has issued that rating for credit worthiness is compulsory as a result for investment and to get loan from banks it is necessary for a company to get credit rating, The rating will determine the investor's investment strategy and also will gain loans per requirement,

Gain Market Recognition:

Now-a-days everything is stock market based so to get recognition in stock market it is necessary to get credit rating. Without a good rating in credit worthiness it is not possible to stand on the market.

To Comply with Regulatory Requirement:

As government has made compulsory it's a vital task for every registered institution.

3.4 External Economic Factors and their Effect on the Industry

As this industry's analysis system requires to consider economic factors in Bangladesh. Any economic instability can change the rating process according to the requirements such as if any company could not make enough revenue unstable economic situation or the sales are low because of high price set by the Government rating will be given analyzing full situation.

3.5 Seasonality

This industry has huge pressure in the middle and end of the year as it can be seen huge traffic of clients as they require loans from bank and bank requires credit rating. It also gains lots of clients outside Dhaka which causes more workload to handle in a short amount of time.

3.6 Technological Factors

To cope up with it new technical advancements with growing client number this industry is changing its pattern such as using new software's, hiring employees with sound knowledge of excel, Oracle etc.

3.7 Competitive Environment and Changes in the Competitive Environment

This industry is growing exponentially as now Government has issued that it's a must for all companies to get credit rating. So as number of company is increasing the number of clients is also increasing competition is also rising and as there are a limited number of credit rating agency the competitiveness will rise even more.

Chapter 4:

Description of Main Duties

4.1 Financial Input

I have done input on excel sheet and adding financial information provided by the company on the company given laptop. By doing these I have learnt about balance sheet, income statement and the financial terms used in them. Also by inputting these data it creates ratios such as gross profit margin, COGS ratio, current ratio, quick ratio etc. which helped me understand the financial position of different companies.

As the analysis team's analysis depends on the financial statement given by the client it was a very crucial task as if not everything has put in the right financial term with the exact numbers provided the financial analysis will not be accurate as a matter the rating would not be justified.

4.2 Writing and Submitting Credit Rating Award Letter and Forwarding Letter

I had given the responsibility of writing and submitting credit rating award letter and forwarding letter to associate banks in which the credit rating of different companies are given which was a huge responsibility. In award letter and forwarding letter the ratings given are mentioned which helps banks and clients to use the ratings for further work such as issue the loan etc.

4.3 Document Checking

I did checking of documents if require files are given by client or bank. If any require file is missing I had to call the associate bank to get the essential documents and also I had to send mail if necessary. Without necessary documents it is impossible for the analysis team to do the analysis so it was one of the crucial task which also helped me to learn how to talk to banks and clients and also how to reach them in a professional manner.

4.4 Data Entry

I worked on the company's database management software and I have done data entry on the software of some corporate and SME company. I was given all the previous contract papers to accumulate required client information.

4.5 Ratio Analysis

I had given a task to write about ratios and analyze a financial situation of a company which helped me to understand how financial ratios are used for analyzing. These ratios are the core for analyzing the company's situation and give them justifiable rating.

4.6 Report Writing

I wrote initial and surveillance report for some companies which was the prime task of financial analysts of Waso Credit Rating Company. While assisting the analysts, I had the opportunity to learn how to produce a credit rating report, which helped me comprehend the fundamentals of report writing.

4.7 Working experience

At first time was flexible but after learning a bit of work I had to work from 9 am to 5.30 pm and also sometimes I had to work on weekends if necessary or emergency fall in. There is a sample of my financial report of a company is given below:

| Financial Indicators | 2021 | 2020 | Analysis |
|------------------------------------|---------|--------|---|
| Sales Revenue | 2728.78 | 2550.8 | Revenue was found in increasing trend and in a upstanding position |
| PBIT | 466.49 | 419.75 | |
| PAT | 61.78 | 35.13 | |
| COGS/Sales | 81.50 | 81.49 | |
| Financial cost/Sales | 13.77 | 12.00 | |
| Expense/Sales | 1.21 | 1.02 | |
| Profitability Analysis | | | |
| Gross Profit Margin | 18.50 | 18.37 | Profitability ratio was found in increasing trend and a good position. |
| Operating Profit Margin | 17.29 | 17.04 | |
| Net Profit Margin | 2.26 | 1.47 | |
| Return on Average Assets | 0.96 | 0.59 | |
| Return on Average Equity | 2.52 | 1.47 | |
| Liquidity Analysis | | | |
| Current Ratio | 1.22 | 1.20 | Liquidity position was tight evident by long CCC. |
| Quick Ratio | 0.66 | 0.72 | |
| No. of days inventory on stock | 197 | 183 | |
| No. of days Receivable outstanding | 165 | 185 | |
| CCC | 359 | 367 | |
| Leverage and Capital Structure | | | |
| Debt to Equity Ratio | 1.78 | 1.47 | Capital Structure is low levered, since leverage is measly, equity may cushion when liquidity will be stressed. |
| Debt to Assets Ratio | 0.64 | 0.60 | |
| Short Term Debt to Equity Ratio | 1.02 | 0.83 | |

| | | | |
|--------------------------------|-------|-------|---|
| Long Term Debt to Equity Ratio | 0.75 | 0.65 | |
| ICG | 2.52 | 1.47 | |
| Credibility | | | |
| Debt Service Coverage Ratio | 0.96 | 0.96 | ICR has measured the credibility of the enterprise and the ratio has found good position. |
| ICR | 1.24 | 1.16 | |
| FFO | 61.78 | 35.53 | |
| FFO/Debt | 0.01 | 0.01 | |
| FCF/Debt | 0.13 | 0.01 | |

Table 4: A Sample of Financial Analysis for a SME Company

Chapter 5:

Analysis

5.1 Company level analysis

In this company I have learnt how to use financial skills to give credit rating to a company and how to analyze financial position of a company. The most efficient think of this company is how they have manage the excel sheet. The excel sheet has integrated formula for the financial ratios so whenever an analyst inputs data it will automatically generate ratios thus saving time for the analysts. But it can also cause problem as a little mistake inputting the data can cause the whole analysis to fall apart.

5.2 Market level analysis

Credit ratings are required by new enterprises seeking to establish a reputation in the worldwide financial markets in order to boost their brand's exposure. When corporations, for example, start international direct investments, this brand exposure is critical. A respectable organization is defined as one having a better ranking. If a less well-known firm obtains a better investment grade rating, it can cut its borrowing costs. Ratings are used by banks and financial organizations to determine an entity's performance evaluation yardstick. A lower interest rate is charged to entities having a higher rating, whereas a greater interest rate is applied to entities with a lower rating. As a result, requiring an organization to be valued before requesting for a debt from banks or fiscal institutions will become standard practice in the country.

In this company the marketing department is really active as they do the conversation with bank sometimes go to bank themselves to get client. As a result this company has huge customer base and it is growing day by day.

5.3 Professional level analysis

This internship will help me in future as the important lessons I have learnt from here can be applied in many job fields. The analysis I have been taught in this internship will help me to go further as I knew the financial ratios theoretically but now I have used them in practically here which is a huge thing as now a financial analyst has huge value in every country. Credit rating has bright future as it is now mandatory by law for every firm who are keen to take loans. This institute has made me realize what life in work place is and how to blend theoretical and practical knowledge. In this workplace every person is professional and does their job neatly and efficiently. They also get increment yearly according to their performance evaluated by the managing director himself.

Chapter 6:
Recommendation &
Conclusion

6.1 Recommendation

Grounded on discussions above, For Waso Credit Rating Company, I would like to make the following suggestion. -

- WCRCL should aim to open divisions outside of the capital in order to expand its market.
- WCRCL must try to employ a separate body for observing credit rating organizations
- WCRCL has the ability to purchase out or create a joint venture with any other CRA that is having financial difficulties.
- WCRCL should invest more in staff training and other financial resources.
- WCRCL should focus more on employee satisfaction.
- WCRCL should also focus on hiring employees as soon as employee leaves or sacked as the work pressure is immense shortage of employee causes unnecessary pressure on other employees.

6.2 Conclusion

Despite its beauty, Bangladesh is not a suitable paradigm as to how a Credit Assessment Organization could function. In the whole world presently have eight agencies, with three each for the world's two largest countries, India and China. As a result, the pricing war has heated up, with quality suffering as a result. Among future group of credit rating companies, Waso Credit Rating Agency is still struggling firm and proudly. They are hoping that it would encourage regulators to take the necessary steps to guarantee that agencies operate with transparency and integrity.

Waso Credit Rating Company was a great place for me to conduct my internship. Working with WCRCL's financial experts was a fantastic experience. Gathering information, supporting financial experts, studying business values, learning the rating procedure, evaluating financial accounts, and creating credit rating reports were some of my main jobs and responsibilities. During an internship program, a student participates in a hands-on learning experience at a company. It has an excellent mix of theoretical and practical information. This Internship Program provides students with the chance to get experience in the corporate sector. It serves as an icebreaker before they enter the workforce. So I can honestly say that my corporate orientation was the greatest I've ever had.

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