Internship Report

On

"Credit Rating Method of Credit Rating Agency of Bangladesh (CRAB)"

Inspiring Excellence

Submitted To:

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Faculty

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Letter of Transmittal

03 September 2015

Fairuz Chowdhury

Faculty

BRAC Business School

BRAC University

Subject: Submission of internship report on "Credit Rating Method of Credit Rating Agency of Bangladesh"

Dear Sir,

It is our great pleasure to submit the internship report as part of the fulfillment of the BBA program. This report focuses on the **"Credit Rating Method of Credit Rating Agency of Bangladesh".**

I, therefore, hope that this report will provide necessary information about the credit rating methodology of Credit Rating Agency of Bangladesh. I have tried my best to make this report a fault free one and I hope that you will take any unintentional mistake with kind consideration.

Sincerely yours,

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Acknowledgement

In preparing this report, I got full co-operation from my faculty that was a great advantage for me. I would like to thank Credit Rating Agency of Bangladesh (CRAB) who helped me sincerely from every respect. I am indebted to a number of persons for their kind recommendation, submission, direction, co-operation and their collaboration.

First of all I would like to thank my honourable Academic Advisor Fairuz Chowdhury. He was always ready to help us by giving necessary advices & support for the preparation of this report.

This report suffers from many shortcomings; nevertheless I have exerted my best efforts in preparing this report. I seek excuse for the errors that might have occurred in spite of my best effort.

So lastly I would like to express our heart full thanks to BRAC Business School for providing the theoretical knowledge and valuable guidelines related to report.

Executive Summary

Credit stands for being monetary liable and rating stands for symbolic result of evaluation. But the combination of these two words defines more than their meaning; it is the process of evaluation to rate to someone's creditworthiness. This concept got popularity after the financial crisis started over the globe. Usually banks and financial institutions are popular in case of lending or giving credit money which are deposited to them by depositors. And when a depositor fails to repay back both the bank/FI and creditor suffers. Continuity of these sufferings turns them to bankrupt. Eventually a country becomes bankrupt as the most influential sector in economics (banking sector) of the country defaults. From this point of view, some companies named Moody's, Flitch and Standard & Poor had developed and remained practicing the concept of credit rating from more than 200 years back. Increase in occurrence of financial recession, the practice of credit rating was spreading over the world as countries' were becoming financially insolvent. Credit Rating is two types; International credit rating (rating of a country) and national credit rating (rating of an institution/person). Many more organizations and associations like ICRA, ACRAA also emerged with the intention to regulate, control, formulate rules and to integrate this credit rating practice. At first its application was mandatory on Bank, FIs and NBFIs. Bit by bit, it turned out to be applicable on corporate business and SMEs too. Country's credit rating is also compulsory for public finance and foreign aid sanction. Eventually, credit rating practice started in Bangladesh in 2002 with holding the hand of CRISL. Bangladesh Bank has also administrated BASEL accord and amended the credit rating act 1996. CRAB was the first mover of the industry which incorporated at 2004. Chain of command from top to bottom approach is maintained in Credit Rating process of CRAB. At first CRAB does an initial meeting with its client and takes information. Then a detail analysis is done on clients' business model, financial condition, industry risk, operation risk, management, background, and credit facility. After that a group of credit rate debates and decides an appropriate rating maintain all the codes of conduct for the credit worthiness of the company. An award letter and credit rating report have to be submitted mentioning the rating to its client. In this report I've discussed about credit rating, credit rating in Bangladesh, requirements of rating in Bangladesh, about CRAB, details discussion on the credit rating process at CRAB, brief discussion on the financial ratios, grading. In my internship report I have done an analysis on ABC Ltd. And it was rated A_3 which defines it has strong capacity to meet financial commitments.

Over all, there are some recommendations on CRAB and its rating process. It can be said that importance of credit rating is increasing day by day. Proper rating can save a country to get bankrupt.

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Chapter One: Introduction

Internship program is a compulsory three credit course, which provides us with the opportunity to gain practical knowledge. Now the world is very much competitive. So everybody has to be expert in his or her field in both practical and theoretical knowledge. BRAC University aims to build future magnate with the theoretical knowledge as well as practical knowledge about the finance field of our country. Internship course and its report is a significant aspect in the direction of accomplishing the goal. For completing internship project I have joined Credit Rating Agency of Bangladesh (CRAB). The term "Credit Rating" can be analysed by dividing it in two parts – credit and rating. Credit is taking money or some benefits from a lender for generating some benefits with a promise to pay back the principle and the interest after a specific time period. Rating usually denotes to a symbol or on a relative judgment of something on a scale. So the entire term 'credit rating' can be defined as a judgment or an opinion on the quality of a credit, whether the creditor or the borrower is financially capable to meet the obligations. It is an evaluation made by credit bureaus of a borrower's overall credit history. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Credit ratings are used by investors, issuers, investment banks, broker-dealers, and governments. For investors, credit rating agencies increase the range of investment alternatives and provide independent, easy-to-use measurements of relative credit risk; this generally increases the efficiency of the market, lowering costs for both borrowers and lenders. Since Bangladesh has many companies such as corporate, banks, NBFIs so rating is must to see the credit worthiness of these companies. It's a growing sector in Bangladesh now.

1.1 Origin of the Report:

Here, I am assigned to complete this internship report-writing project as the requirement of our Bachelor of Business Administration program at BRAC University which will be submitted to our respectable Instructor Mr. Fairuz Chowdhury, BRAC Business School, BRAC University, to gather knowledge and experience.

For completing internship project I have gone to Credit Rating Agency of Bangladesh (CRAB) to take the real life experience of activities from 17 May 2015 to 20 August 2015 to fulfill the my internship.

1.2 Objectives of the report:

- To know about the credit rating process thoroughly
- To know about the current market situation of credit rating companies like CRAB and their customer services as well.
- To know about the regulations of the sector.

1.3 Scope of the Report:

Any academic course of the study has a great value when it has practical application in real life. Only a lot of theoretical knowledge will have little importance unless it is applicable in the practical life. So we need proper application of our knowledge to get some benefit from our theoretical knowledge in our practical life. Building a strong base of practical knowledge is possible through working somewhere practically. When theoretical knowledge is obtained from a course of study, it is only the half way of the subject matter. Internship implies the full application of the methods and procedures by acquiring knowledge of the subject matter which can be fruitfully applied in our daily life.

1.4Methodology of the Report:

The type of methods used in this report is mainly of a descriptive nature. Both primary and secondary data analysis were selected as the basic research method.

1.4.1 Primary Data Collection:

- The primary data has been collected from:
- Interviewing the key persons of the company.
- Face to face conversation with officers and staffs;
- Related files, books study provided by the officers concerned;
- Sharing practical knowledge of officials.

1.4.2 Secondary Data Collection:

Certain data for this report has been extracted from secondary sources, since the descriptive nature of the study to prepare this report calls for existing facts and information compilation.

The websites used in case of data collections are mentioned in **Reference.**

1.4.3Limitations:

I have gone through some problems while preparing this report such as:

- Unavailability of Data: Some portion of data was unavailable in the web sites and printed information was also hard to collect.
- Inaccuracy of data: It was difficult for me to find out the reliable source of data among all the sources.

However, I strongly believe that I have tried to overcome my problems and completed this report at my best.

Chapter Two: Literature Review

The history of credit rating in Bangladesh is still at its early stage. There is an absence of any empirical study on the role, function and impact of the credit rating agencies. Even no rating agency conducted any market analysis to ascertain the market impact. But, there have been several studies conducted on this subject in the developed countries and in the efficient financial markets. These researches have studied both qualitative and quantitative the correlation between a change in a rating and the effect on the financial market. In terms of the BRPD it was made mandatory for the banks to have themselves credit rated to raise capital from capital market through IPO. The issue has been reviewed further and with a view to safeguard the interest of the prospective investors, depositors and creditors and also the bank management as a whole for their overall performances in each relevant area including core risks of the bank.

Banks are, therefore, advised to take necessary measures from now on so that they can have their credit ratings in all relevant areas as well as the bank management. Banks will be required to complete their credit rating by June 30, 2007. The credit rating will be an ongoing process i.e. credit rating should be updated on a continuous basis from year to year, within six months from the date of close of each financial year. The rating report completed in all respects be submitted to Bangladesh Bank and made public within a period of one month of the notification of rating by the credit rating agency[1]. Banks will disclose their credit rating prominently in their published annual & half yearly financial statements.

In recent times, there are eight CRA in Bangladesh who are not only rating only Banks but also rating FIs, NBFIs, Corporate and SMEs with the approval of

Bangladesh Bank in a promise to maintain the BASEL II framework in case of rating RBCA and RWA.

As per BASEL Accord, it should be mentioned that the first BASEL Accord (BASEL I) by BASEL Committee was implemented in 2006, BASEL II was implemented in 2009. Shortcomings in BASEL I and BASEL II, BB is going to introduce BASEL III from 2014.

In community rating of Bangladesh, CRAB grabbed the second position as a member of Association of Credit Rating Agencies in Asia from Bangladesh. ACRAA, established in 2001, is a federation of domestic rating agencies of the Asian Continent- including those of Japan, Philippines, Uzbekistan, Sri Lanka, Malaysia, Indonesia, Korea, India, Pakistan, Taiwan, China, Thailand and Bangladesh, formed with support and cooperation of the Asian Development Bank (ADB). As a member, CRAB participates in all the activities of this Association. As of April 2009, membership has increased to 25 members from 14 countries. CRAB also has a Technical Collaboration Agreement with ICRA Ltd. of India, one of the leading credit rating agencies of the region. This collaboration has provided CRAB with facility for development of rating methodologies, for performing rating assignments and for training of its professionals. ICRA-CRAB collaboration facilitates sharing of resources and

information base and professional expertise between the two organizations, much to the advantage of CRAB.

Recently, Bangladesh got Ba3 rating on long term sovereign debt by Moody's because of its stable economic condition and instability in power sector but rating is higher that Pakistan (Ccc1) and Sri Lanka (B1). This rating reasoning is timely repayment of debt, managing external pressure and largely stable banking system that possess manageable contingent risk to government's balance sheet (Atiur Rahman).

Chapter Three: Credit Rating

3.1 Credit Rating Definition

The Credit Rating (CR) is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure. It deploys a number/ alphabet/ symbol as a primary summary indicator of risks associated with a credit exposure. Credit Risk Rating is the basic module for developing a Credit Risk Management system.

Credit rating evaluates the credit worthiness of a debtor, especially a business (company) or a government. It is an evaluation made by a credit rating agency to find out the debtor's ability to pay back the debt and the likelihood of default. Credit ratings are determined by credit ratings agencies. The credit rating represents the credit rating agency's evaluation of qualitative and quantitative information for a company or government; including non-public information obtained by the credit rating agencies analysts. Credit ratings are not based on mathematical formulas. Instead, credit rating agencies use their judgment and experience in determining what public and private information should be considered in giving a rating to a particular company or government. The credit rating is used by individuals and entities that purchase the bonds issued by companies and governments to determine the likelihood that the government will pay its bond obligations. A poor credit rating indicates a credit rating agency's opinion that the company or government has a high risk of defaulting, based on the agency's analysis of the entity's history and analysis of long term economic prospects. Credit ratings for borrowers are based on substantial due diligence conducted by the rating agencies. While a borrower will strive to have the highest possible credit rating since it has a major impact on interest rates charged by lenders, the rating agencies must take a balanced and objective view of the borrower's financial situation and capacity to repay the debt. The credit rating has an inverse relationship with the possibility of debt default. From the opinion of the rating agency, a high credit rating indicates that the borrower has a low probability of defaulting on the debt; conversely, a low credit rating suggests a high probability of default.

Credit rating agencies typically assign letter grades to indicate ratings. Standard & Poor's, for instance, has a credit rating scale ranging from AAA (excellent) and AA+ all the way and D.

A debt instrument with a rating below BBB- is considered to be speculative grade or a junk bond. Credit rating changes can have a significant impact on financial markets. For individuals, the credit rating is conveyed by means of a numerical credit score that is maintained by Equifax, Experian and other credit-reporting agencies. A high credit score indicates a stronger credit profile and will generally result in lower interest rates charged by lenders.

3.2 Types of Credit Ratings

a) International Ratings:

Issuer Credit Ratings (for governments, financial institutions and corporate institutions) summarize an entity's overall creditworthiness and its ability and willingness to meet its financial obligations as they come due across international borders. Sectors and the types of ratings that may be assigned are given below.

i) Sovereign credit ratings:

A sovereign credit rating is the credit rating of a sovereign entity, i.e., a national government. The sovereign credit rating indicates the risk level of the investing environment of a country and is used by investors looking to invest abroad. It takes political risk into account.

ii) Banks and other Financial Institutions:

- Long and short term local currency ratings
- Long and short term foreign currency ratings
- Financial strength ratings (an opinion of stand-alone financial health)
- Support ratings (an assessment of the likelihood that a bank would receive external support in case of financial difficulties)

iii) Corporate:

- Long- and short-term local currency ratings
- Long- and short-term foreign currency ratings

iv) Issue Credit Ratings:

Bonds, Sukuk and other financial obligations are opinion of an entity's ability and willingness to honor its financial obligations with respect to a specific bond or other debt instrument. The ratings assigned to the debt issues of financial institutions and corporate can be either short-term or long-term, depending on the tenor of the financial obligation. A short-term rating is assigned to debt instruments with an original maturity of up to one year.

b) National Ratings:

National Ratings measure the creditworthiness of issuers or issues relative to all other issuers or issues within the same country, and unlike CI's other ratings are not intended to be comparable across countries. National Ratings are used in countries whose sovereign credit ratings are some way below 'AAA' on CI's international ratings scales, and where there is sufficient demand from capital market participants for such ratings. National Ratings enable the ratings of obligation in a given country to be distributed across a full rating scale (from 'AAA' to 'D'), thereby allowing greater credit differentiation than may be possible under internationally comparable rating scales.

Chapter Four: Profile of top two Credit Rating Agencies

The two renowned rating companies of today's world are Moody's Investors Service and Standard & Poor (S&P). The history of credit rating is similar to the history of forming and adopting credit rating services by these companies.

4.1 Moody's Investors Service

John Moody and Company first published "Moody's Manual" in1900. The manual published basic statistics and general information about stocks and bonds of various industries. From 1903 until the stock market crash of 1907, "Moody's Manual" was a national publication. In 1909 Moody began publishing "Moody's Analyses of Railroad Investments", which added analytical information about the value of securities. Expanding this idea led to the 1914 creation of Moody's Investors Service, this, in the following 10 years, would provide ratings for nearly all of the government bond markets at the time. By the 1970s Moody's began rating commercial paper and bank deposits, becoming the full-scale rating agency that it is today.

4.2 Standard & Poor's

Henry Varnum Poor first published the "History of Railroads and Canalsin the United States" in 1860, the forerunner of securities analysis and reporting to be developed over the next century. Standard Statistics formed in 1906, which published corporate bond, sovereign debt and municipal bond ratings. Standard Statistics merged with Poor's Publishing in 1941 to form Standard and Poor's Corporation, which was acquired by The McGraw-Hill Companies, Inc. in 1966. Standard and Poor's has become best known by indexes such as the S&P 500.

Chapter Five: Credit Rating in Bangladesh

5.1 Credit Rating in Bangladesh

Bangladesh credit rating industry started its journey with the mandatory requirement of having credit rating for all public debt instruments, right offer issues and shares issued at a premium before the same were offered to the public. In the year of 2002, Credit Rating Information & Service Limited (CRISL) started its operation as the first registered credit rating agency of Bangladesh. The second rating agency, Credit Rating Agency of Bangladesh Limited (CRAB) went to its operation on 2004, thus, making the sustainability more difficult for two rating agencies.

Credit Risk Grading Manual of Bangladesh Bank was circulated by Bangladesh Bank vide BRPD Circular No. 18 dated December 11, 2005 on Implementation of Credit Risk Grading Manual which is primarily in use for assessing the credit risk grading before a bank lend to its borrowing clients. By that time CRISL rating reports were appearing to be very useful for the users; specially CRISL rating report on the then Al Baraka Bank convinced the Bangladesh Bank of the need of credit rating and it took the initiative to make mandatory for all banks to have credit rating before it goes for public offering. The banking regulator further decided to make it mandatory for all banks to submit credit rating reports to the regulator within six months after the finalization of accounts.

Following the example of the central bank, the insurance regulator also came up with the requirement to make rating mandatory for all general insurance companies every year and for the life insurance companies bi-annually. The Dhaka Stock Exchange, while issuing the direct listing regulations, made the credit rating mandatory before a company apply for direct listing.

The above regulations created an enabling environment for credit rating in the country's capital and financial markets.

The concept of client rating by the rating agencies to support capital adequacy of the banks came up in view of the need for implementation of Basel II capital adequacy framework by Bangladesh Bank. According to Basel II framework, BB adopted a standardized approach for credit risk in which the services of rating agencies were required under certain strict terms and conditions. Bank client rating is a very sensitive issue in view of the fact that most of the private sector companies, enjoying banking facilities, are not maintaining standard financials for appropriate evaluation. Unless and until all the above factors are properly evaluated through sector wise studies, the ratings are bound to give wrong signals. Security and Exchange Commission of Bangladesh (SECB) allows 2% default rate of the credit rating agencies. There are certain penalties in case default rate of more than 2% including cancellation of license of the defaulter rating agency as the highest penalty by SECB.

Other credit rating companies National Credit Ratings Ltd and Emerging Credit Rating Ltd started their journey on 2010. ARGUS Credit Rating Services Ltd. is on operation since2011. Lastly, new four credit rating companies have come to operation on 2012 which are WASO Credit Rating Company (BD) Limited, Alpha Credit Rating Limited, The Bangladesh Rating

Agency Limited and WASO Credit Rating Company (BD) Limited. A list of credit rating companies operating in Bangladesh is attached with the report as Appendix.

According to Association of Credit Rating Agencies of Asia, Bangladesh has the highest number of credit rating companies. India; one of the largest economy of Asia has only two credit rating companies. On the other hand China, another largest economy is continuing its economic growth with a single credit rating company.

The rating industry In Bangladesh is now considered to be a parentless industry. The behavior of the regulators towards nourishing this industry does not appear to be rational. The rating agencies are still defined by the SEC rules as an investment advisory company. This has not changed over a long time. The paid-up capital still remains at Tk. 5.0 million (50 lakh), to start a rating agency by any group of sponsors.

5.2 Requirement for Rating in Bangladesh

1) The Credit Rating Agencies Rules 1996 issued by the Securities & Exchange Commission requires that the following instruments be rated prior to making issuance and that the information on rating be incorporated in the prospectus of offer documents:

   a. Public offering of all debt instruments: bond, debenture, commercial paper, structured finance (asset/mortgage backed securities) and preference shares.

   b. Public issue of shares at a premium.

2) Securities & Exchange Commission through its Securities and Exchange (Rights Issue) Rules, 2006 requires rating of the followings:

   a. All rights issue at premium

3) The SEC rules 2004 (asset backed security issue) requires the credit rating of an asset pools to be securitized with optional requirements of credit rating of the originator.

4) Bangladesh Bank through its circulars requires mandatory credit rating for the followings:

   a. All scheduled Banks on an annual basis

   b. All financial institutes in case of IPO

   c. Bank exposures

5) Chief Controller of Insurance requires mandatory credit rating for the followings:

   a. All general insurance companies on an annual basis

   b. All life insurance companies on biennial basis

Chapter Six: Overview of CRAB

6.1 About CRAB

Credit Rating Agency of Bangladesh Ltd. (CRAB) is the leading credit rating agency of Bangladesh, providing rating, grading, advisory and information services. The Company was incorporated as a public limited company under the Registrar of Joint Stock Companies in August 2003 and it received certificate for commencement of business in November 2003. CRAB was granted license by the Securities & Exchange Commission (SEC) of Bangladesh for operating as a credit rating company in February 2004. The formal launching of the company was held on 5 April 2004. CRAB has been accredited as an External Credit Assessment Institution (ECAI) by Bangladesh Bank in 2009, which status gives it the eligibility to provide rating of bank credit exposures for risk weighted capital adequacy calculation.

CRAB is an independent and professional company established in technical collaboration with ICRA Ltd of India. CRAB is a leading provider of investment information and credit rating services in Bangladesh. CRAB's shareholders include individuals and institutions including Investment Corporation of Bangladesh (ICB) and IDLC.

6.2 ECAI Status

Bangladesh Bank accredited CRAB as an External Credit Assessment Institution (ECAI) in April 2009. Under the standardized approach for calculating risk weighted assets against credit risk, the credit rating is to be determined on the basis of risk profile assessed by the ECAIs. Banks will use the ratings of the ECAIs and corresponding risk weight for calculating RWA for credit risk under the standardized approach.

6.3 Mission

CRAB's mission is to effect significant contribution towards qualitative development of the money and capital markets and enhancement of transparency of financial information and credibility of the corporate sector in Bangladesh for helping in the growth of investment.

6.4 Objectives

- To perform the credit rating of various debt instruments as Commercial papers, Bonds and Debentures, Islamic bonds, Preference shares, Equity instruments, Rights issue, Mutual fund units etc.
- To perform grading of various institutions as banks, non banking financial institutions, insurance companies, corporations, non-corporations, societies, trusts or individuals or their clients for purposes requested clients or required by authorities.
- To accumulate, process and offer information services in broad areas for the use of organization and clients at different levels.
- To provide consultancy and advisory services in broad areas to our clients at different levels.

- To act as trustees of any debentures, bonds, securities, commercial papers or any other obligations and to exercise the powers of executor, administrator, receiver, treasurer, custodian in respect of such debts and securities.

6.5 Code of Conduct

CRAB complies with the Code of Conduct as prescribed under the Credit Rating Agencies Rules of Securities & Exchange Commission. The Code of Conduct focuses on the following:

- Responsibility & Trust
- Integrity & Competence
- Quality of Rating
- Confidentiality
- Independence
- Avoidance of Conflict of Interest
- Transparency and Timeliness of Rating Disclosure

6.6 Grading Service

CRAB is equipped to offer specialized evaluation methodologies addressing exclusive and area specific requirements under the umbrella of Grading services. The services are meant for evaluation of different activities and entities belonging to multi-faceted industries. CRAB's grading service is designed to provide an objective, credible and independent opinion on the quality of entities being examined with specific reference to parameters and issues unique to the sector/sub-sector. Construction and real-estate development activities, hospitals and diagnostic services, are examples of such sector/sub-sectors. CRAB intends to establish strategic association with reputable and specialized bodies associated with the sector/sub-sector to develop and offer specialized grading products.

The following grading methodologies will illustrate the scope:

A. Real Estate Developers Grading:

It is designed to make the investors (end user/buyer of property) aware of the risks involved in the developer's ability to deliver as per specified terms and quality parameters and transfer of ownership on time. Also facilitates the overall growth of the real estate sector by providing the developers with guidance and incentives to conform to legal requirements and fair trade practices.

B. Health Care Institutions Grading:

It evaluates capability of the diagnostic and treatment providers to deliver quality care from the user's (patient's) perspective. Grading is designed to evaluate the two most important dimensions of care, viz. technical and interpersonal care, reflecting both infrastructure facilities and processes.

C. Other Grading Services:

CRAB is working in developing more grading services to other related areas and is equipped to design new services upon requirements of the clients.

6.7 Advisory & Consultancy Services

The Advisory & Consultancy Services will offer wide ranging management advisory services which include strategic counseling, restructuring solutions, financial feasibility, financial structuring/modeling, client specific need-based studies in the banking and financial services, corporate and other core sectors. CRAB is prepared to extend sophisticated Credit Risk Management services for banks and other lenders. CRAB advisory services are also available for project preparation, evaluation and execution.

CRAB is also ready to offer advisory/consulting services to clients who are seeking to be more competitive in their operating spheres. Such advisory services will be useful for a variety of clients – corporate entities, regulatory authorities, banks/financial service organizations, industry associations, local governments, government organizations, and multi-lateral agencies, through selective tie-ups with reputed organizations having expertise in specific sectors.

A. Banking & Insurance:

Risk Management through to designing and implementing risk models in areas of Credit, Portfolio, Derivatives, Asset Liability Matching etc.

- NPL management
- Strategy Development
- Process & Organizational Restructuring

B. Corporate:

- Financing structures & modeling
- Financial feasibility of expansions or restructuring
- Need based assignments

C. Projects:

- Project Feasibility Studies which include technical and financial feasibility, demand studies, regulatory compliance, risk identification & mitigations etc.
- Financial structure of project financing

D. Power Sector:

- Price & tariff setting, evaluation of contracts, business policy & plan formulation, service costing, capacity building.
- Project Feasibility Study with Technical & Financial Viability, Risk assessment, Due diligence, Counter-party risk assessment, Market assessment, growth strategies, improving profitability and competitiveness
- Financial Structuring & Arrangement of Funds

E. Infrastructure:

Project Feasibility studies, structuring private sector participation options, risk assessment, assessing commercial viability of projects, designing concession agreements, Financial Structuring & Arrangement of Funds.

F. Transport:

Project identification, technical and financial feasibility/modeling, demand/traffic studies, traffic and transport planning.

6.8 Information Service

CRAB provides information service in the form of database, financial analysis, market analysis, market survey etc. The service is customized to specific need of the clients.

Chapter Seven: Job Responsibilities at CRAB

At CRAB I used to work under Mr. Razib Ahmed. He is the AVP & Co-Head of Corporate Rating Unit. I have done credit rating of big corporate groups and companies. CRAB has divided its financial year in four quarters, namely, 1st Quarter (March), 2nd Quarter (June), 3rd Quarter (September) and 4th Quarter (December). My internship period started from 17th May 2015 and ended on 20th August 2015. I did most of the work of the 2nd Quarter and some of 3rd Quarter's. My job responsibilities were:

- **Factory Visits**

Collecting all the necessary information from the clients was one of my major duties. Authentic and sufficient information is the prerequisite for analyzing the credit worthiness of a business. So as soon as a new client was assigned to the AVP & Co-Headmy duty was to gather information about the client on behalf of him over phone and sometimes through formal meetings. It was my responsibility to contact some of the clients on behalf of the analyst and get a clear idea about their business model, extent of competition, opportunities and challenges via phone. I used to visit their factories to collect detail informationabout the number of machineries, any new addition of machineries during the current year, list of top 5 buyers, list of top 5 suppliers of raw materials, internal process, the decision making hierarchy of taking order and recruitment,production process, production capacity, actual amount of production, process loss if any, peak season, off peak season, number of Workers, number of shifts, salary of Workers, date of payment, Worker's facilities, petty cash maintenance, bills receivables, bills payment, collateral, inquire of any labor unrest, utility service, technical support, variety of products manufactured, costing, service charge, price of the products, pricing strategy, if the client has any future capital expenditure plan, if there is any ETP, if there is proper fire extinguisher system. I assisted Mr. Razib Ahmed in factory visit to Marium Textile Mills Limited, Noman Fabrics Limited, Talha Textiles, Dresden Textiles Limited.

- **Analyzing the financial Statements**

Analyzing the financial statements of all the clients was one of key my responsibilities. I was given the task to give the input of the financial statements of the clients into the financial model to compute the financial position of the clients.

- **Preparing Credit Rating Reports**

Assisting the financial analysts in preparing credit rating report as well was also one of my core responsibilities. I got the chance to learn how to construct the credit rating report while helping the analysts. In my period (3 months) CRAB's Corporate Unit rated Noman Group, Purbani Group, Shovon Group, Bonafide knitting Mills Ltd, United Apparels Industry Ltd, Unilliance Textiles Ltd, Dresden, Envoy Textile Ltd, The Peninsula Chittagong Ltd, Aman Tex limited to name a few. I have played an active role in these credit rating processes.

- **Sending letters to Clients and Banks**

CRAB has divided its financial year in four quarters, namely, 1stQuarter (March), 2ndQuarter (June), 3rdQuarter (September) and 4th Quarter (December). Every quarter they sendletters to respective clients as to remind them about surveillance date and request to provide information. Simultaneously, CRAB sends another letter to the corresponding client's bank requesting for banker's report. I was given responsibility to prepare these letters for 3rd and 4th Quarters.

These were the major job responsibilities which I had to perform during my internship at Credit Rating Agency of Bangladesh (CRAB). In my under graduation I am doing double Major in Finance and Accounting. All these experiences at CRAB helped me to best implement my academic knowledge with the practical knowledge. While giving input redoing and cross checking the balance sheet, statement of financial position, statement of cash flow and calculating many different financial ratios to measure the company's financial conditions furnished my accounting knowledge; analyzing these ratios in details to find out the actual financial condition helped me to exercise the finance knowledge.

Chapter Eight: Credit Rating Process of CRAB

8.1 Implementation of Basel II

Basel II is recommendatory framework for banking supervision, issued by the Basel Committee on Banking Supervision in June 2004. The objective of Basel II is to bring about international convergence of capital measurement and standards in the banking system. The Basel Committee members who finalized the provisions are primarily representatives from the G10 countries, but several countries that are not represented on the committee have also stated their intent to adopt this framework.

In December 2008, Bangladesh Bank issued guidelines on the New Capital Adequacy Framework (BRPD Circular 09, dated 31.12.08) to banks operating in Bangladesh, based on the Basel II framework. These guidelines inform that BB suggests implementation of Basel II with the following approaches:

i) Standardized approach for calculating RWA against credit risk;

ii) Standardized approach for calculating RWA against Market Risk; and

iii) Basic indicator approach for calculating RWA against Operational Risk.

Under the standardized approach for measuring credit risks, the risk grades are determined on the basis of ratings assigned by the ECAIs.

Mapping of BB Rating Grade with ECAI Rating

Long Term Rating Category Mapping			
Claims on Corporate	Bangladesh Bank Rating Grade	Equivalent Notch/Notation of CRAB	Risk Weight
(excluding equity)	1	AAA AA_1, AA_2, AA_3	20%
	2	A_1, A_2, A_3	50%
	3	BBB_1, BBB_2, BBB_3	100%
	4	BB_1, BB_2, BB_3	100%
	5	B_1, B_2, B_3 CCC_1, CCC_2, CCC_3 CC	150%
	6	C, D	150%
	Unrated		125%

Short Term Rating Category Mapping		
Bangladesh Bank Rating Grade	**CRAB Grade**	**Risk Weight**
S 1	ST-1	20%
S 2	ST-2	50%
S 3	ST-3	50%
S 4	ST-4	100%
S 5	ST-5	150%
S 6	ST-6	150%

8.2 Impact of BASEL II on banks in Bangladesh

Under BASEL II framework, banks will need to provide capital for credit risk based on the risk associated with their loan portfolios. If a bank has high-quality credit exposures (e.g. if the majority of its credit exposures are in the ‘AAA’ and ‘AA’ categories) it will save capital on account of credit risk; the difference is apparent in the illustration below. Conversely, a bank with relatively lower rated credit exposures will need to provide more capital. Additionally, banks will have to provide incremental capital for market risk and operational risk. Capital for operational risk was not part of the previous regulatory framework.

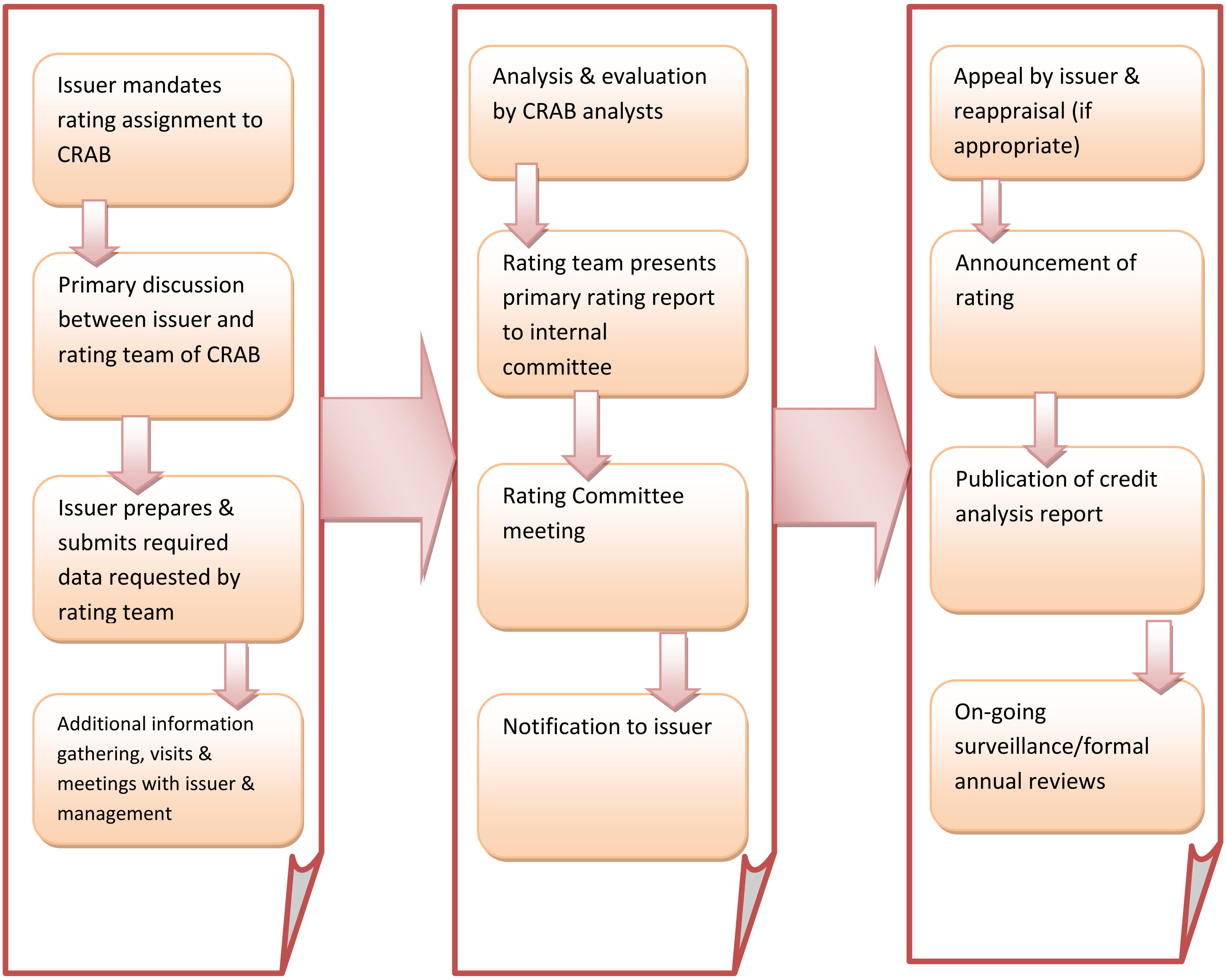
Illustration of capital-saving potential by banks on a loan of Tk. 1000 Million

	BASEL I		BASEL II		
Rating	Risk Weight	Capital required* (Tk. mn)	Risk Weight	Capital required* (Tk. mn)	Capital saved (Tk. mn)
AAA, AA_1, AA_2, AA_3	100%	100	20%	20	80
A_1, A_2, A_3	100%	100	50%	50	50
BBB_1-BBB_3, BB_1-BB_3	100%	100	100%	100	0
B_1 and below	100%	100	150%	150	-50
Unrated	100%	100	125%	125	-25

*Capital required is computed as Loan Amount x Risk Weight x 10%

8.3 Rating Process of CRAB

Figure: Credit Rating Process of CRAB



Source: CRAB Corporate Brochure

CRAB's Rating process is initiated on receipt of a formal request (or mandate) from the Client. A Rating team consisting of Financial Analysts is engaged for conducting Rating assignment. Analysts collect information from the client through documents, data, meeting, site visits etc. CRAB also relies on secondary sources of information, including its own research division. After completing the analysis, Analysts prepare a Draft Rating Report, which is discussed in the Internal Committee. A draft report is provided to the client also to ensure that there is no factual mistake or misrepresentation in the report. After that the report is presented to the CRAB Rating Committee. The Rating Committee is the final authority for assigning Ratings. The assigned Rating, along with the key issues, is communicated to the issuer's top management for acceptance. If the client does not find the Rating acceptable, it has a right to appeal for a review. Such reviews are usually taken up only if the issuer provides certain fresh inputs. During a review, the issuer's response will be presented in the Rating Committee. If the inputs and/or fresh clarifications are warrant, the Rating Committee would revise the initial Rating decision. As part of a mandatory surveillance process, CRAB monitors the accepted Ratings over the tenure of the contract period. The Ratings generally reviewed once every year, unless the circumstances of the case warrant an earlier review. The Rating outstanding may be retained or revised (that is, upgraded or downgraded) on surveillance. Rating is an interactive process with a prospective approach. It involves a series of steps. The main steps are described as follows:

A) Rating Request:

Ratings in CRAB are usually initiated on formal request (or Mandate) from the prospective Issuer. An undertaking is also obtained on a Taka 150 non-judicial Stamp Paper before commencement of a Rating assignment; which spells out the terms and conditions of the engagement of credit rating agency.

B) Team:

The Rating team usually comprises two members. The composition of the team is based on the expertise and skills required for evaluating the business of the Issuer. The team is usually led by the lead analyst with adequate knowledge of the relevant instrument to be Rated.

C) Role of the Lead Analyst:

The lead analyst shall arrange to finalize the Rating report and send the same to the Rating Committee members. The lead analyst shall arrange to make a presentation before the Rating Committee. The lead analyst will make sure that all the relevant and material issues that may have an impact on the credit quality of the issuer (including, but not limited to those which are related to the program being Rated) are presented before the Rating Committee for discussion. The lead analyst will ensure communication of the Rating decision to the Issuer and initiate all the necessary actions consequent to the reaction of the issuer depending on the circumstances.

D) Information Requirements:

Issuers are provided with a list of information requirements and broad framework for discussions. These requirements are derived from the experience of the Issuers business and broadly conform to all the aspects, which have a bearing on the rating.

E) Secondary Information:

CRAB draws on the secondary sources of information including its own in-house research and information obtained through meetings with the Issuers' bankers, auditors, customers and suppliers among many other relevant market participants. CRAB also has a panel of industry experts who provide guidance on specific issues to the Rating team.

F) Management Meetings and plant visits:

Rating involves assessment of number of qualitative factors with a view to estimate the future earnings prospects of the Issuer. This requires intensive interactions with the Issuers' management specifically with a view to understanding the business plans, future competitive position and funding policies, etc.

G) Other Meetings:

The CRAB analyst team may also decide to meet the auditors (accounting policies followed, quality of internal controls, standard of disclosures, etc.), bankers / lenders (relationship, reputation, dealings in the past in respect of timeliness of servicing obligations) lawyers (if there are major litigations pending which may have serious impact on credit quality), trade union leaders (if industrial relations is a sensitive issue), key functional executives as well as a few investors, customers and suppliers, depending upon the circumstances to get a direct feedback from different stakeholder.

H) Meeting with the Issuers' CEO /CFO:

This would be a very important meeting (usually, the last meeting) when the Rating team would discuss all the critical issues / findings that may impact the Rating decision with the CEO / CFO of the Issuer (in the absence of CEO / CFO, with a senior executive nominated by the Issuer for this purpose).

I) Internal Review Committee Meeting:

Once the draft report is prepared by the Analysts team, it is placed before the Internal Review Committee Meeting. The committee comprise of senior analysts. The committee reviews the draft rating report and analysis made by the analysts. Committee also reviews the due diligence, documents, meetings, site visits etc.

J) Rating Committee Meeting:

The authority for assigning Ratings is vested in the Rating Committee of CRAB. The Rating reports are sent by the analyst team in advance to the Rating Committee members. A presentation about the Issuers business and the management is made by the Rating team to the Rating Committee at the meeting. All the key issues are identified and discussed at length during the meetings and all relevant issues, which influence the Rating, are considered. The differences if any arise during the discussion are taken note of. Finally, a Rating is assigned either by a consensus or by majority votes.

K) Surveillance:

It is obligatory on the part of CRAB to monitor Accepted Ratings (including the Ratings treated as Deemed Acceptance) over the tenure of the Rated instrument or till any amount is outstanding under the program(s) Rated. The Issuer is bound by the agreement to provide information to CRAB to facilitate such monitoring. In case the Issuer do not co-operate by way of providing information, etc. for the purpose of surveillance, CRAB may on its own carry out the surveillance on best efforts basis based on the available information and possible interactions after giving the Issuer adequate notice requesting him to co-operate. The Ratings are generally reviewed every year, unless the circumstances of the case warrant an earlier review due to changes in circumstances or major developments that were not anticipated / factored in the Rating decision. The Ratings may be upgraded, Downgraded or retained after the surveillance. The CEO, at his sole discretion, may give one opportunity to the Issuer to represent his case if he is not satisfied with the Rating decision after the surveillance process. However, the Issuer would not have any option of not accepting the Rating after the surveillance.

8.4 Time Line

About one week after getting information; and could be longer depending on the adequacy of the discussions with the management and the information provided by the client.

Chapter Nine: Rating Methodology

CRAB has developed highly standardized rating methodologies for different instruments and entities. The methodologies have been developed considering all the relevant factors affecting the future cash generation capacity of the issuers. These factors include industry characteristics, competitive position of the issuer, operational efficiency, management quality, commitment to new projects and other associate companies, and future funding policies of the issuer. A detailed analysis of the past financial statements is made to assess the actual business performance. Analysis considers the estimated future earnings under various sensitivity scenarios are drawn up and evaluated against the future obligations that require servicing over the tenure of the instrument being rated. CRAB rating methodology intends to assess the relative comfort level of the issuers to service the obligations and this is reflected in the rating of a debt instrument. In case of equity instruments, the rating reflects the future earning capabilities with reference to the resilience to perform in adverse situations.

9.1 Banks and Financial Institutions

CRAB's ratings assess the creditworthiness of financial institutions, i.e. commercial and merchant banks, non-bank finance companies, housing finance companies etc. Ratings of financial institutions focus on the risks that can possibly affect the operations of such a company - operating risks, financial risks and management risks.

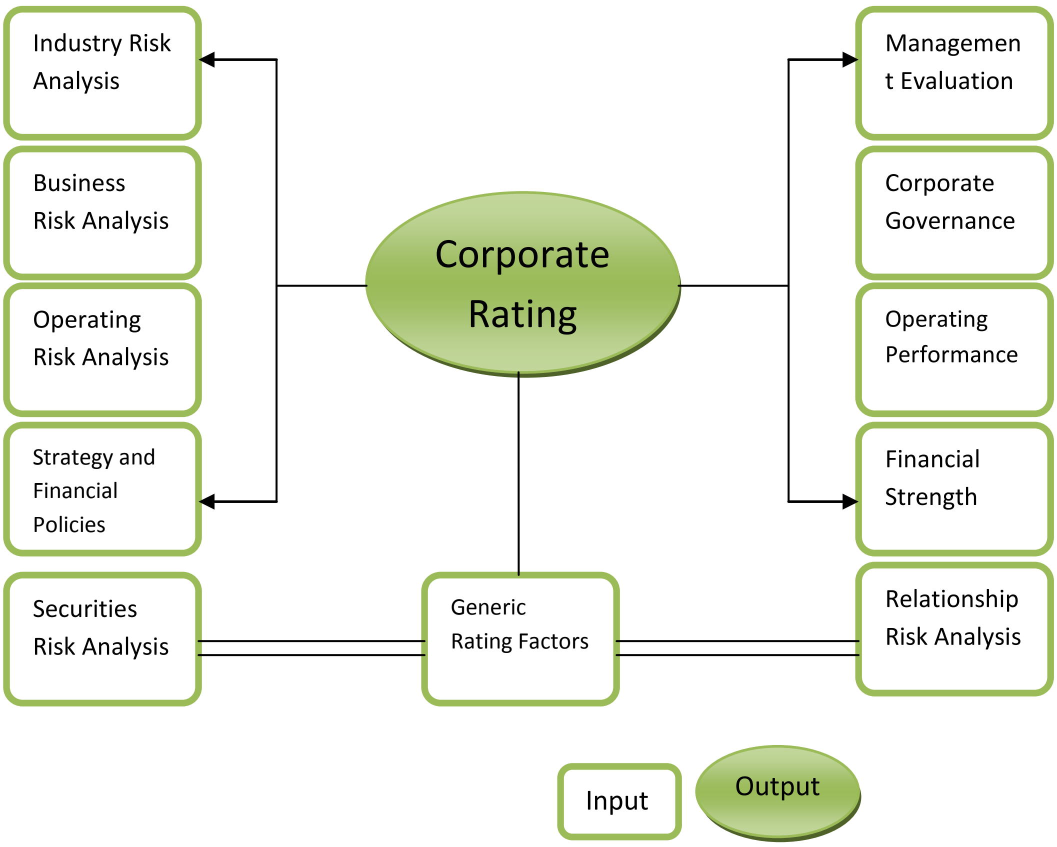
9.2 General and Life Insurance

CRAB ratings of Insurance Companies assess the ability of the insurers concerned to honor policyholder claims and obligations on time. Rating provides an opinion on the financial strength of the insurer from a policy- holder's perspective, which may act as important input influencing the consumer's choice of insurance companies and products. The analysis also includes an assessment of company's ownership strength, profitability, liquidity, operational and financial leverage, capital adequacy, and asset/Liability management method.

9.3 Corporate

CRAB's corporate rating methodology is developed for analysis of non- financial organizations operating in manufacturing, assembling, service sector etc. The generic factors are common for all entities/issuers, while criterion specific for different industries are used for rating. There are separate rating criterions for rating of entities in different industries.

Figure: CRAB's Corporate Rating Methodology



As this report concerns about corporate rating of Credit Rating Agency of Bangladesh (CRAB) so matters related with this sector has been disclosed below-

9.4 Rating Methodology of CRAB's Corporate Unit

In the Corporate rating division of CRAB, it does the rating procedure of different corporate entities including group of company and SME. The Corporate enteritis could be from any industry except from Banking and Insurance industry. In the term of rating different corporate entities CRAB follows following rating methodology-

- Operation/ Business Risk Analysis
- Industry /Market Risk Analysis
- Management Risk Analysis
- Credit Facility and Collateral Risk Analysis
- Financial Risk Analysis

9.4.1 Operation/ Business Risk Analysis:

In this section Analyst's work is basically analyzing the company's operation and risk related with Operation. By analyzing operating risk CRAB finds out existence of any Company's strength which comes from the operation of the company. Factors which are considered here are listed below-

- Production or trading scale
- List of top five Customers
- Raw material quality
- Pricing
- Product diversity
- Raw material procurement strategy
- Relationship with customer
- List of top five Suppliers
- Cost Efficiency
- Adequacy of Resources
- Technological advancement
- Total value of existing machineries of the Company
- List of machineries; brand names and country origin of those machineries
- Quality commitment and quality policy
- Quality of imported raw material
- Quality of products produced
- Business Model
- Investment in renovation
- Investment in branding and marketing
- Utility supply, specially electricity
- gas supply, gas based generator(s) to ensure continuous power supply, generators' brand name and capacity
- pump for supplying necessary water for the factory

Industry to industry these factors may vary in terms of analyzing a company's business performance.

9.4.2 Industry Risk Analysis:

CRAB's industry risk analysis focuses on the strength of industry prospects, as well as the competitive factors affecting that industry.The reason behind this consideration is to compare the current performance of selected company with the industry to oversee whether the company is running properly or not. Factors which are considered here are given below-

- Industry prospects for growth, stability or decline
- The pattern of business cycle
- Investment plans of the major players in the industry
- Demand and supply of product
- Price trends
- Change in technology
- International/domestic factors
- Regulation, entry barriers
- Capital intensity
- Corruption
- Existence or potential for heavy taxation

9.4.3 Management Risk Analysis:

This section identifies if there is any deviation in the management team which might affect the company in their daily run of business. Several factors observed here are shown below-

- Shareholders' position and percentage of share
- Type of Management Hierarchy
- Number of Employees
- Process of Reporting
- Degree and Qualification of employee
- Employees' safety measures
- Corporate governance
- Types of Strategy taken and description
- Foreign Promoters

9.4.4 Credit Facility and Collateral Risk Analysis:

CRAB puts more emphasis on security analysis in case of rating of instrument. In case of rating loan obligation focus is more one cash flow compared to collateral. Collateral risk means risk associated with the collateral which has been given to the Bank or any financial institution for any debt taken by the company. Several Factors have been considered here which are shown below-

- Types of collateral; Short term or long term
- If the Collateral is long term like land then full description of the land is to be given
- Available security and collateral
- Quality of collateral
- Adequacy of collateral
- Additional credit enhancement i.e. in the form of guarantee, insurance
- Legal risk of the collateral

9.4.5 Relation Risk Analysis:

In order to assess the creditworthiness of a company, it is inevitable to assess the banking relationship of the rated entities. Rating reflects the willingness as well as ability of the corporate to service its obligations on time. CRAB prefers to collect "Banker's Confidentiality Report" from all the bankers of the corporate. In order for that CRAB developed a standard format of the report which includes:

- How long has the subject been your customer? Are the dealings with the subject and its sister companies satisfactory?
- Has the interest and principal payment from the subject been timely? Have there been any defaults by the subject or its sister companies? If yes, please give the details during one year.
- A brief profile of the subject's financial relationships with its suppliers and customers (any dishonoring of cheque due to insufficient fund) during last one year.
- Loan particulars funded, non-funded and others, amount sanctioned/limit, amount disbursed and Overdrawn (if any) as of current date.

9.4.6 Financial Risk Analysis:

CRAB takes a company's three to five years audited financial statements, the book kept by the management, amount of export and import, bankers' feedback and clients credit history while assessing of financial risk for the company. Factors which are considered are listed below-

- Earnings and Profitability
  - Gross Profit Margin
  - Net Profit Margin
- Capital Structure and Debt Coverage Position
  - Cash Flow from Operation (CFO)
  - Borrowed Fund to Equity
  - Borrowed Fund to EBITDA
  - CFO/Debt
  - FFO/Debt
  - EBIT/Interest
- Liquidity Position and Working Capital Intensity:
  - Current Ratio
  - Quick Ratio
  - Receivable Collection Period
  - Inventory Processing Period
  - Cash Conversion Cycle
  - NWC/Revenue

9.4.6.1 Financial Variables

Earnings and Profitability Ratio

- **Gross Profit Margin:**

Gross Profit Margin=$\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$

Gross Profit= Sales – Cost of Goods Sold
Net Sales= Gross Sales - Sales Return
Higher Gross Profit Margin is an indication that the firm has higher profitability.

- **Net Profit Margin:**

Net Profit Margin=$\frac{\text{Net Profit After Tax}}{\text{Net Sales}} \times 100$
Higher Net Profit Margin indicates the standard performance of the business.

Capital Structure and Debt Coverage Position

- **Cash Flow from Operation (CFO):**

Cash Flow From Operations (CFO) = (a) Net Income + (b) Depreciation & Amortization +/- (c) One-Time Adjustments +/- (d) Change in Working Capital

In the long run cash flow from operations must be positive for the company to remain solvent.

- **Borrowed fund to Equity:**

Debt to Equity $= \frac{\text{Total Liability}}{\text{Shareholder's Equity}}$

A ratio of 1 or 1: 1 is ideal. A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt.

- **Borrowed Fund to EBITDA:**

Debt to EBITDA $= \frac{\text{Borrowed Fund}}{\text{EBITDA}}$

A high debt/EBITDA ratio suggests that a firm may not be able to service their debt in an appropriate manner and can result in a lowered credit rating. Conversely, a low ratio can suggest that the firm may want take on more debt if needed and it often warrants a relatively high credit rating.

Liquidity Position and Working Capital Intensity:

- **Current Ratio:**

Current Ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}}$

The ideal current ratio is 2:1.

- **Quick Ratio:**

Quick Ratio $= \frac{\text{Current Assets} - (\text{Inventories} + \text{Prepaid Expenses})}{\text{Current Liabilities}}$

The ideal Quick Ratio of 1:1 is considered to be satisfactory.

- **Cash Conversion Cycle**:

Cash Conversion Cycle = Days Inventory Outstanding + Days Sales Outstanding- Days Payables Outstanding

Days Inventory Outstanding = $\frac{\text{Inventory}}{\text{Cost of Goods Sold}} \times 365$

Days Sales Outstanding = $\frac{\text{Account Receivable}}{\text{Net Sales}} \times 365$

Days Payables Outstanding =$\frac{\text{Accounts Payable}}{\text{Cost of Goods Sold}} \times 365$

The lower the Cash Conversion Cycle the better. It varies from industry to industry.

These are the financial ratios that are analyzed of a company before awarding credit rating. In order to get AAA a company has to achieve all these criteria. In addition, a company's sales have to be greater than Taka 100 Crore. Leverage position should be around 1.5. Again, if the leverage comes greater than 2 or 3 but is backed up by good support then also the company can achieve AAA rating. The lesser the Receivable Collection Period, Inventory Processing Period and Cash Conversion Cycle the better rating an organization will be awarded. But all of these vary from industry to industry. By nature a particular industry can have higher Receivable Collection Period, Inventory Processing Period and Cash Conversion Cycle. In that case even if number of days is a lot for e.g. 200 days, the company will get an AAA. Also the Quick ratio has to be greater than 1.

Chapter Ten: The Grading system of CRAB:

CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA_1, AA_2, AA_3* Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A_1, A_2, A_3 Single A	Companies rated in this category 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.
BBB_1, BBB_2, BBB_3 Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB_1, BB_2, BB_3 Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B_1, B_2, B_3 Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC_1, CCC_2, CCC_3 Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

Note: *CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through* CCC. *The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS

(All loans/facilities with original maturity exceeding one year)

RATINGS	DEFINITION
AAA (Lr) **(Triple A)** **Highest Safety**	Loans/facilities rated **AAA (Lr)** are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
AA (Lr)* **(Double A)** **High Safety**	Loans/facilities rated **AA (Lr)** are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
A (Lr) **Adequate Safety**	Loan/facilities rated **A (Lr)** are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
BBB (Lr) **(Triple B)** **Moderate Safety**	Loans/facilities rated **BBB (Lr)** are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
BB (Lr) **(Double B) Inadequate Safety**	Loans/facilities rated **BB (Lr)** are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
B (Lr) **High Risk**	Loans/facilities rated **B (Lr)** are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
CCC (Lr) **Very High Risk**	Loans/facilities rated **CCC (Lr)** are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue.
CC (Lr) **Extremely High Risk**	Loans/facilities rated **CC (Lr)** are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) **Near to Default**	Loans/facilities rated **C (Lr)** are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
D (Lr) **Default**	Loans/facilities rated **D (Lr)** are in default or are expected to default on scheduled payment dates.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through* CCC. *The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS

(All loans/facilities with original maturity within one year)

RATINGS	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

Chapter Eleven: Credit Rating Report

Credit Rating Report

ABCTEXTILES LIMITED

Particulars	Ratings Outstanding	Previous Ratings	Remarks
ABCTEXTILES LIMITED	A_3	A_3	Entity
BDT 240.4 million aggregate Long Term Outstanding (LTO)	A_3 (Lr)	A_3 (Lr)	Appendix-1 for details
BDT 2,412.5 million aggregate Fund and Non Fund based limits	ST-3	ST-3	
ABC Textiles LTD.	Stable	Stable	

Lr- Loan rating; ST-Short Term

Date of Rating: 14 July 2014.

Validity: The Long Term ratings are valid up to 30 June 2015 and the Short Term ratings are valid up to limit expiry date of respective credit facilities or 30 June 2015 whichever is earlier.

Rating Based on: Audited financial statements up to 31 December 2013, business data up to June 2014, bank liability position as on 30 June 2014, and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Rationale

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed the long-term entity rating of ABC Textiles Ltd to **"A_3"**. CRAB has also reaffirmed the Long Term rating of BDT 240.4 million aggregate Long Term Outstanding to **A_3(Lr)** and Short Term rating at **ST-3** to BDT 2,412.5 million aggregate fund and non-fund based limits of the Company.

Management & Human Resources

The Managing Director of the Company is overall responsible for total functioning and operations of the Company. Under reporting to the Managing Director, a team of dedicated and efficient management carries out day-to-day operations of the Company. As per hierarchy of the Company, the Managing Director directly looks after Company's corporate affairs, strategic planning, MIS, and governance, risk management & compliance (GRC) issues. Executive Director (COO) of the Company with close supervision of Managing Director looks after the operation, R&D, marketing, supply chain, factory management, accounts, finance, human resource and quality assurance departments. A group of senior executives aid the Executive Director to perform day-to-day business of the Company.

▪ BUSINESS AND COMPETITIVE POSITION

ABC TEXTILES LTD. is a manufacturer of 100% export oriented home textile items. Present installed capacity of ABC TEXTILES LTD. is 100,000 meter per day (finished fabrics), where with its 162 loom (56 added from January 2014) can weave around 30,000 meter fabrics (1/3 of total demand) and rest of to weave from outside. Present printing capacity of the Company increased to around 90,000 meter per day (previously 50,000 meter), and dying capacity is 70,000 meter per day. 200 new loom is under process to add with its existing weaving facilities (secondhand loom, imported from Brazil), which ultimately reduce the machinery imbalance of the Company in future to some extent.

In 2012, Company's capacity utilization was not up to the mark, which ultimately reduces the overall sales of the Company in the same year due to recession in Company's major exporting countries, and reducing order from its major buyer (IKEA) because of their RFQ process. From mid of 2012, the management reduced its buyer's concentration and took new buyers including LIDLE, TESCO, Velly Forge, etc. In the meantime, IKEA's RFQ process was also completed. As a result, in 2013, the Company's capacity utilization increased to 72%, and reach sales to BDT 2,474.3 million at the end of year 2013.

Table 2

ABC TEXTILES LTD.'s Business Performance

	Year ended Dec 31					
Month	(6) **2014**	(12) **2013**	(12) **2012**	(12) **2011**	(12) **2010**	(12) **2009**
Net Sales (Mil. BDT)	885.8	2,474.3	1,448.0	1,623.3	1,008.3	352.5
Export Sales (%)	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA (Mil. BDT)	n.a	281.3	249.9	190.5	135.1	41.0
EBITDA Margin (%)	n.a	11.4	17.3	11.7	13.4	11.6
Sales Volumes						
Installed Capacity (Mil. Meter)	15.6	31.2	31.2	26.0	26.0	12.5
Total Production (Mil. Meter)	8.2	22.4	14.0	15.8	11.2	4.7
Total Sales (Mil. Meter)	7.9	21.6	11.6	15.6	7.1	4.3
Capacity Utilization (%)	52.8	71.8	44.8	60.8	43.2	37.7
Fabric per Meter (BDT)	111.8	114.6	125.2	104.1	141.6	82.2

Up to first 6 month of 2014, overall performance of the Company is not up to the mark like other home textile Company because of Country's pre-election political unrest in fourth quarter of 2013, which ultimately give negative oABC Textiles LTD.ook to the major home textile buyers of the Country. As a result, the Bangladeshi Companies got low order from the 'Heimtextil-Frankfurt', an International trade fair for home and contract textiles was take place from 8th January 2014 to 11th January 2014. Pakistan's gaining GSP Plus status in EU market from January 2014 tag with strong Bangladeshi currency value compare to Pakistani currency also liable for such crisis. However, Pakistan has miserably failed to take advantage of GSP plus status as in the first three months of 2014, the overall textile growth in the export to EU remained nominal against the estimated growth of 15 percent because of non-availability of gas, electricity and devaluation of dollar.[1]The Bangladeshi home textile exporters are trying their level best to retain its market shares, and hope to improve from 2nd half of 2014.

On an average, one (1) set home textile products require five (5) meters of fabric. Product mix of the Company is quite flexible and is determined by the management of ABC TEXTILES LTD. based on the demand and requirement of the buyer. It uses jacquard, dobby, yarn dyed, high value sateen, pin tuck, appliqué, embroidery, etc types of fabrics for its home textile products. The Company focuses on product development through research and innovation and its effort is to produce exclusive fashion home textile items to compete in the higher value added market segment, and in this regard, the Company also gets support from 'Sue Maggie Design Studio' situated in UK for value added products.

Table 3

ABC TEXTILES LTD.'s Product list

Bed Linen	**Windows**	**Table/Kitchen**	**Others**
Flat Sheet Fitted Sheet Quilt/Duvet Cover Pillowcase Valance Sheet Decorative Pillowcases Comforter Bed Spreads Throws	Curtains (Pencil Pleat, Tab Top, Tape, Loop, Eye Let etc) Window Valance Roman Blind Coated Blind	Table Runner Napkins Gloves Apron	Sofa Cover Cushion Cover

Raw material procurement strategies play an important role to make the business profitable. Various counts of yarn, chemicals, the primary inputs, constitutes major portion of the CoGS of ABC TEXTILES LTD. and has significant impact on the operational performance. Between those two major raw materials, yarn price in the world market is more volatile than dyes chemical price, since yarn price is directly correlated with cotton production. Cotton consumption in Bangladesh is likely to increase nearly by 17% to 0.7 million MT in the current FY14 due to continuous growth of readymade garment and yarn. The country's textile industry is likely to face a tough situation in coming days as prices of raw cotton is likely to increase in the international market, despite forecasts of a comfortable stocks at the end of the season. Cotton prices are expected to rise in current fiscal (FY14) which expects a rise in the season average 88 cents per pound in FY13 to more than one dollar in FY14.

■ FINANCIAL POSITION

Earnings & Profitability

Table 4

ABC TEXTILES LTD.'s Financial Performance					
	Year ended Dec 31				
Month	(12) **2013**	(12) **2012**	(12) **2011**	(12) **2010**	(12) **2009**
Net Sales (Mil. BDT)	2,474.3	1,448.0	1,623.3	1,008.3	352.5
Sales Growth (%)	70.9	(10.8)	61.0	186.1	468.9
CGSD as % of Sales	86.2%	79.6%	86.1%	83.8%	79.3%
EBITDA (Mil. BDT)	281.3	249.9	190.5	135.1	41.0
EBITDA Growth (%)	12.6	31.2	41.0	229.1	416.7
EBITDA Margin (%)	11.4	17.3	11.7	13.4	11.6
Net Profit after tax (Mil. BDT)	65.4	32.9	32.2	15.2	15.6
Net profit after tax growth	99.2	1.9	112.1	(2.7)	200.5

The revenue sources of ABC TEXTILES LTD. are direct export (through Master L/C) to the world-renowned home textile importer (R. Soper, IKEA, NEXT, TESCO, Biberna, KHG, Liddle, M & S, Valley Forge etc). In 2013, ABC TEXTILES LTD.'s direct export of home textile items was BDT 2,474.3 million, which was BDT 1,448.0 million in 2013 on the back of increase order from its major client and adding value added products and new buyers in its product and buyers list. The Company manufactures around 19 types of home textile items in three broad heads. During 2013, it sold 22.4 million meters of home textile items at the rate of average BDT 114.6 per meter.

Table 5

Profitability Ratios					
	Year ended Dec 31				
Month	(12) **2013**	(12) **2012**	(12) **2011**	(12) **2010**	(12) **2009**
Gross Profit Margin (%)	9.7	13.9	9.3	10.0	20.7
EBITDA Margin (%)	11.4	17.3	11.7	13.4	11.6
Net Profit Margin (%)	2.6	2.3	2.0	1.5	4.4
Return on Asset (%)	1.9	1.1	1.6	0.8	1.2

Although, sales revenue was increased by almost 70% in 2013 than previous year, Company's overall profitability ratios were not satisfactory compare to previous year due to increasing major raw material prices.

Coverage & Leverage Position

Table 6

Leverage and Coverage Position

	Year ended Dec 31				
Month	(12)	(12)	(12)	(12)	(12)
(Mil. BDT)	**2013**	**2012**	**2011**	**2010**	**2009**
Equity	923.4	838.0	627.7	595.4	580.2
Borrowed Fund*	2,496.5	2,252.0	1,324.3	1,166.1	625.7
EBITDA	281.3	249.9	190.5	135.1	41.0
Fund Flow from Operation (FFO)	176.0	149.0	129.4	100.1	15.6
Cash Flow from Operation (CFO)	(211.4)	(677.9)	72.9	(471.5)	(276.8)
Free Cash Flow (FCF)	(360.9)	(987.5)	(155.3)	(534.3)	(335.5)
Ratios					
Debt to Equity (x)	2.7	2.7	2.1	2.0	1.1
Borrowed Fund to EBITDA (x)	8.9	9.0	7.0	8.6	15.2
FFO/Debt (%)	7.1	6.6	9.8	8.6	2.5
CFO/Debt (%)	(8.5)	(30.1)	5.5	(40.4)	(44.2)
FCF/Debt (%)	(14.5)	(43.9)	(11.7)	(45.8)	(53.6)
EBIT/Interest (x)	1.6	1.3	1.5	1.4	1.6

* Including Directors loan

ABC TEXTILES LTD.'s capital structure has improved at good pace in last two years of operation (average 21.9%), where major portion of its equity is 'advance against share capital', or share money deposits (BDT 763.6 million in 2013). Although Company's borrowed fund in amount has increased by 10.9% in 2013, its 10.2% growth in equity in the same period resulted in improvement in leverage position (2013: 8.9X; 2012: 9.0x). However, it is still very high. Company's coverage position in 2013 was found to be satisfactory having EBIT was 1.6 times higher than its interest expenses.

Liquidity Position

Table 7

Liquidity Position

	Year ended Dec 31				
Month	(12)	(12)	(12)	(12)	(12)
	2013	**2012**	**2011**	**2010**	**2009**
Current Ratio (X)	1.0	1.0	1.0	1.0	0.9
Quick Ratio (X)	0.4	0.4	0.3	0.3	0.2
Receivable Collection Period (Days)	58	50	16	38	32
Inventory Processing Period (Days)	214	317	162	263	427
Payable Payment Period (Days)	4	7	5	14	98
Cash Conversation Cycle (Days)	267	360	173	287	360

ABC TEXTILES LTD.'s liquidity position shows some improvement in 2013 than previous year. Current ratio of the Company was just one time for last consecutive four years caused by high inventory level due to industry nature (NWC to Sales in 2013 and 2012 was 89.0% and 125.3% respectively).

Working capital intensity of ABC TEXTILES LTD. was in downward trend. During 2014, the banker of ABC TEXTILES LTD. increased the working capital loan limit by 70% because of increasing capacity utilization. Cash conversion cycle was improve to 267 days in 2013, which was 360 days in 2012 indicating that Company has been still facing problem in its working capital management. ABC TEXTILES LTD. enjoyed working capital limit (fund & non-fund base) of BDT 2,412.5 million as of 30 June 2014 against which outstanding amount at the same date was BDT 2,401.0 million, which indicates very tight liquidity position of the Company at present.

▪ BANK FACILITIES & CREDIT HISTORY

ABC TEXTILES LTD. is banking with IBBL since 2007. Company's loan particulars as on 30 June 2014 was given below:

Table 8

ABC TEXTILES LTD.'s Loan Particulars as of 30 June 2014			
(Mil. BDT)	**Facility**	**Limit**	**Outstanding**
Islami Bank Bangladesh Limited			
Fund Based Long term	Project Loan	183.0	240.4
	BMRE Project Loan 1	331.2	
	BMRE Project Loan 2		
Sub Total		**514.2**	**240.4**
Fund Base Short term	Bai Muajjal/Bai Salam/ Bai As Sarf/MPI (TR)/QSCA	1,700.0	1,764.6
Sub Total		**1,700.0**	**1,764.6**
Non Fund Base Short term	LC/Bills/BBLC	700.0	623.9
	BG	12.5	12.5
Sub Total		**712.5**	**636.4**
Grand Total		**2,926.7**	**2,641.4**

Since the inception of business relationship with the subject, overall transaction behavior is reported to be satisfactory by ABC TEXTILES LTD.'s financing bank.

ABC TEXTILES LTD.'s Loan Particulars as of 30 June 2014				
(Mil. BDT)	**Facility**	**Limit**	**Outstanding**	
Islami Bank Bangladesh Limited				
Fund Based Long term	Project Loan	183.0	240.4	16/01/2015
	BMRE Project Loan 1	331.2		14/06/2018 22/09/2018 24/01/2019 07/08/2020
	BMRE Project Loan 2			24/01/2021 05/05/2019 09/06/2019 10/06/2019
Sub Total		**514.2**	**240.4**	
Fund Base Short term	Bai Muajjal/Bai Salam/ Bai As Sarf/MPI (TR)/QSCA	1,700.0	1,764.6	21/05/2015
Sub Total		**1,700.0**	**1,764.6**	
Non Fund Base Short term	LC/Bills/BBLC	700.0	623.9	21/05/2015
	BG	12.5	12.5	17/05/2018 19/08/2014 24/06/2014
Sub Total		**712.5**	**636.4**	
Grand Total		**2,926.7**	**2,641.4**	

Credit Strengths

1. Sales Increase due to adding new capacity last year
2. Positive industry prospect;
3. Promoters' market know how;
4. Long standing relationship with clients, mitigate demand risk;
5. Satisfactory profitability margins; improving liquidity position;
6. Favorable policies extended by the Government for the textile sector through cash incentive.

Credit Concerns

1. Increased financial leverage;
2. Although, liquidity position slightly improved, it's still tight in position;
3. Reconditioned machineries;
4. Operating margin is susceptible to the volatility associated with raw material prices and foreign exchange fluctuation.

The ratings reaffirmations of the Company positively reflects the future home textile industry prospects of the Country, growing at the rate of 20% on yearly basis and export earning can cross USD 2.0 billion in upcoming three years; more than two decades of experience of the promoters in manufacturing, importing, marketing, and distributing homefashion and efficient management team tagged with long standing relationship with clients. Satisfactory profitability margin, having average 13.1% EBITDA margin in last 5 years, continuing govt. support through 5% cash incentive to the home textile exporters and capacity utilization reached to 73% in 2013, which also provides rating comfort.

The ratings however are constrained by recent year's weak financial positions of the Company characterized by low capacity utilization in first 6 month of 2014, increased in financial leverage by near to 11%, and Cash Conversion Cycle is still takes 9 months on an average. CRAB also considers the reconditioned machinery of the Company, which may increase the overhead cost and reduce the quality of product to some extent; and susceptible operating margin due to raw material price and foreign exchange rate volatility in the market.

Going forward, the Company's ability to retain its biggest customers, its ability to improve the cash flows and leverage position by improving the operating profitability, timely enhancement of the working capital limits, will remain key rating sensitivities.

Chapter Twelve

12.1 Findings

- Despite of the fact that CRAB try to analyze all of its clients' financial condition as ethically and accurately in details as possible even then some clients are dropping gradually due to "Rating Shopping". There are many credit rating agencies in Bangladesh who does rating of companies unethically. These rating agencies make a contract with clients to award them a high rating than they actually deserve at a lower fee. This is termed as "Rating Shopping". They do not conduct detail analysis of the annual reports nor do they go to factory visits or site visits. Other rating agencies charges a lower fee to attract clients, which at times goes lower than the benchmark fixed. Some clients show unwillingness to continue rating service after one or two years with CRAB whereas a contract of 4 years (Initial year + 3 years of Surveillance) is signed. The fact that CRAB goes to factory visits and performs a detail analysis increases the cost so CRAB charges comparatively higher rating fees from clients to meet up for the cost. Because of this "Rating Shopping" and price war CRAB clients are becoming reluctant which is gradually pulling back revenue growth.

- One of the reasons why rating agencies are not being able to prosper in Bangladesh is because these are not many financial products in Bangladesh.

- Availability and disclosure of information: in some cases clients does not record all the information, while some clients have information but not well organized. In other circumstances, a company is big enough for maintaining Management Information System (MIS) but does not implant one, or even if a client has MISeven then they are not willing to disclose confidential information to Rating Agency. Clients sometimes think the confidentiality would be broken but they do not understand that all sorts of detail information are required for analyzing the firm and award them a rating, and that the confidentiality is maintained of the information provided. This is due to lack of knowledge about the credit rating process as a whole.

- Unavailability of market or industry information.

12.2 Recommendations

- More regulations from the regulatory bodies, Bangladesh Bank and (Securities and Exchange Commission) SEC. The regulatory bodies must rigidly monitor all the Credit Rating Agencies in Bangladesh. In 2014 all the registered credit rating agencies, Bangladesh Bank and SEC have created an association, Association of Credit Rating Agencies of Bangladesh, ACRAB, to regulate the credit rating agencies. ACRAB must closely monitor the activities of all eight agencies in Bangladesh; how ethical they are working, what fees they are charging, whether they are charging fees below the benchmark or not. They must come forward in reducing the “Price war” and “Rating Shopping”. Banks must also be strict about the authenticity of the report before accepting it. Some of the renowned banks and Bangladesh Bank only accept the credit rating report only from CRAB. But all other banks should be cautious.

- More financial products should be introduced in Bangladesh for Credit Rating Agency to flourish. The more financial products (like bond market, mutual fund) will increase in Bangladesh the more demanding, wealthy and attractive credit rating agencies would become. A bond rating fee could be charged around Taka Fifty Lac, in addition mutual fund rating could be charged around Taka One Crore. If financial products increase then the revenue would climb drastically.

- Mass people should be educated about credit rating services through seminars, by including it in the educational studies.

- CRAB’s administrative expenses should be reduced. Some clients unfortunately become reluctant before the end of the contract as CRAB charges high rating fees. This is because in order to maintain a standard CRAB pays high salary to its Officers and Financial Analysts. Also the Analysts gather detail information, thoroughly analyze them, and make factory visits almost to all of the clients every time surveillance is done and in the initial rating. These incur lots of costs, which in turn increases the fee structure. Moreover, since CRAB analyzes ethically so often the rating comes low. But other credit rating agencies act significantly unethically and come to a contract with a client to increase the rating. Also other credit rating agencies take the advantage of the existing price war between the credit rating agencies by offering comparatively low fee. As clients get better rating at a lower fee which is extremely beneficial for clients in getting loan from banks so they sometimes switch to other credit rating agencies. In addition, in some circumstances, company’s performance extremely deteriorates which ultimately makes them defaulter. So they automatically stop rating.

- There is no database in Bangladesh that is publically available of a particular industry or market situation. The rating agencies works on hundreds of organizations of the same industry. CRAB itself has worked on almost five hundred to six hundred organizations of the same industry of more or less all industry sectors. With the information CRAB has it is enough to analyze the current industry situation, industry trend and market trend and current market scenario. They should plan to create a database of each industry through which they can perform trend analysis of particular industries and market. CRAB needs to hire industry experts who can help them in this work and also in the analysis.
- Individual Financial Analyst should continue to maintain ethics and moral norms.

12.3 Conclusion

This is a brief analysis on rating procedure of Credit Rating Agency of Bangladesh (CRAB) and credit rating methods followed in successful company like ABC Company. The main purpose of this analysis is to understand the current credit rating procedure of CRAB. This report also includes a detail idea about credit rating, its history, different rating company and Credit Rating Agency of Bangladesh Limited (CRAB). I have successfully done my internship in CRAB. It was really a great experience of working with financial analysts of CRAB. My major duties and responsibilities were collecting information, assisting financial analysts, learning corporate culture, learning rating process, analyzing financial statements, preparing credit rating reports etc. During Internship program a student undergoes practical learning process in an organization. It is a good blend of theoretical and practical knowledge. This Internship Program gives the students an opportunity to get ourselves introduced to the corporate world. It works as an ice-breaking before they step into their working life. So, I can say that I really had the best orientation in my corporate life.I have done this analysis with the supervision of my honorable faculty member Mr. Fairuz Chowdhuryand CRAB's Assistant Vice President & Co-Head, Corporate Rating Unit, Mr. Razib Ahmed. Without their support this report preparing would not be successful. So I am very grateful to them.

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