

Internship Report

On

SME in Bangladesh and Credit Rating Scoring on SME by Credit Rating Agency of Bangladesh Limited

Mirajul Islam Bhuiyan

This report is submitted to the School of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration.



United International University

**Internship Report on SME in Bangladesh and Credit Rating Scoring on
SME by Credit Rating Agency of Bangladesh Limited (CRAB)**

Submitted To:

Ms. Zinnatun Nesa

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School of Business & Economics

United International University

Submitted By:

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Major: Finance

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Date of Submission: 24 November, 2025

Letter of Transmittal

24 November, 2025

Ms. Zinnatun Nesa
Assistant Professor (SoBE)
United International University

Subject: Submission of the Internship Report.

Dear Ma'am,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the internship report titled "SME in Bangladesh and Credit Rating Scoring on SMEs by Credit Rating Agency of Bangladesh", which has been prepared as part of the partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA) at United International University. This report describes how Credit Rating Agency of Bangladesh assess and score small and medium-sized enterprises (SMEs). I have tried my best level to make this report significant and communicative. I sincerely hope that this report meets the standards and your expectations.

So, I therefore, request and hope that you would be kind enough to accept my report and oblige thereby. Thanks for your support and valuable time.

Sincerely Yours,

.....

Mirajul Islam Bhuiyan

ID: 111211032

BBA (Finance)

School of Business & Economics (SoBE)

United International University

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Declaration

I do hereby declare that this report entitled “SME in Bangladesh and Credit Rating Scoring on SMEs by Credit Rating Agency of Bangladesh” has been completed by me, Mirajul Islam Bhuiyan, Student ID 111211032, under the Department of BBA, as a partial requirement for the fulfillment of Bachelor of Business Administration (BBA) degree from United International University. I also declare that this report is my own work and has been carried out in accordance with honesty, academic integrity and ethical standard.

.....
Mirajul Islam Bhuiyan

ID: 111211032

Department: BBA

Major: Finance

.....
Ms. Zinnatun Nesa

Assistant Professor

School of Business & Economics

United International University

Corporate Evidence

CREDIT RATING AGENCY OF BANGLADESH LIMITED



Date: 4th September, 2025

Mr. Mirajul Islam
Family Bazar
Vatara, Dhaka, Bangladesh.

Dear Mr. Mirajul

Internship at CRAB

Reference to your application; we are pleased to offer you internship at Credit Rating Agency of Bangladesh Limited effective 7th September, 2025, for a period of 3 months. You will be provided with a monthly allowance of Tk 5,000 (Taka five thousand) only during this period.

Please sign the duplicate copy of this letter in acknowledgement of acceptance and return to us for our record.

We welcome you to CRAB and hope that your association with us will be beneficial in your career pursuit.

Thanking you,

A handwritten signature in black ink, appearing to be "Mirajul Islam", written over a horizontal line.

HR Department

Acknowledgement

First and foremost, I would like to express my heartfelt gratitude to Allah for granting me the strength, patience, and determination to complete my internship report successfully. I would like to express my sincere thanks and gratitude to Ms. Zinnatun Nesa, academic supervisor at United International University, for her dedicated support, inspiration, and feedback that she has provided me during the completion of this report.

Secondly, I am grateful to CRAB (Credit Rating Agency of Bangladesh Ltd) where I have done my internship in a professional and responsive atmosphere. My special thanks go to Mr. Arif Hossain, Md. Motabbir Bhuiyan and all the staff of the organization for providing support, cooperation, and means just for giving me access to vital resources and information related to credit rating operations in Bangladesh. This exposure has deepened my practical knowledge of the credit rating industry in assessing SMEs in this country.

Finally, I would like to express my heartfelt appreciation to all, including my family, friends, and classmates, for their constant encouragement and support throughout my internship period as well as the report preparation process.

Executive Summary

This internship report presents a comprehensive overview of my practical experience at the Credit Rating Agency of Bangladesh Ltd. (CRAB), focusing particularly on the assessment and rating procedures applied to Small and Medium Enterprises (SMEs) in Bangladesh. Throughout the internship, I gained firsthand exposure to how CRAB evaluates the creditworthiness of SME clients using a structured and standardized methodology. The report highlights the role of SMEs in Bangladesh's economic development and describes CRAB's analytical framework, which integrates qualitative and quantitative parameters to determine an enterprise's credit rating. The study places special emphasis on the credit rating assessment of Karim Motors, an SME engaged in motorcycle trading as a distributor of Bangladesh Honda Private Limited. Using CRAB's SME rating methodology, the report evaluates the firm's business operations, financial performance, management structure, and banking relations. Based on my experience, the findings and analysis indicate that Karim Motors maintains strong management capability, satisfactory business growth, strong internal banking relationship, and adequate profitability, leading to Karim Motors an overall score that reflects an adequate credit-quality rating (SE-3). The internship also gave the opportunity to work with the rating scoring models, learn about the rating process and get to know clients, as well as see ratings through from start (document collection) to finish (sending for report and senior review), involving an entire industrial chain including facilitation making. It was an amazing experience which helped me to solidify my practical knowledge of credit rating mechanism, SME risk assessment and compliance with Basel framework in the context of banking sector in Bangladesh.

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List of Acronyms & Abbreviations

CRAB - Credit Rating Agency of Bangladesh Limited

ACRAA - Association of Credit Rating Agencies in Asia

ACRAB - Association of Credit Rating Agencies in Bangladesh

MCCI - Metropolitan Chamber of Commerce and Industry

IRC - Internal Rating Committee

ERC – External Rating Committee

CRO - Chief Rating Officer

SMESPD - SME & Special Programs Department

CMSME - Cottage, Micro, Small and Medium Enterprises

BSEC - Bangladesh Securities & Exchange Commission

CRISL – Credit Rating Information and Service Limited

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Table 1: SME Rating Scale of CRAB & CRISL

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Table 6: Bank Relationship Risk Score

Table 7: Bank Relationship Risk Score

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Table 9: Leverage Score

Table 10: Liquidity Score

Table 11: Profitability Score

Table 12: Coverage Score

Table 13: Operational Score

Table 14: Earning Quality Score

Table 15: Total Quantitative Score

Chapter-01: Introduction

1.1 Origin of the Report

This internship report is completed as a requirement for the partial fulfillment of my Bachelor of Business Administration (BBA) program from United International University (UIU). As part of the academic curriculum, every student is required to complete an internship in a professional organization and submit a report based on practical experience and organizational analysis. Only after preparing and submitting this report, my BBA program in Finance will be completed.

In order to accomplish this academic requirement, I did my internship Credit Rating Agency of Bangladesh Ltd. (CRAB), one of the renowned credit rating agencies in Bangladesh. During the course of the internship, I was deputed to work closely with the SME Rating Team and received first-hand learning on credit rating processes, assessment mechanisms, and day-to-day operations involved in the SME segment.

Based on the experience and information gathered from CRAB, a report is prepared entitled “SME in Bangladesh and Credit Rating Scoring on SMEs by Credit Rating Agency of Bangladesh Ltd.” The report mainly concentrates on the credit rating practices pursued by CRAB, more particularly the evaluation and scoring mechanism for small and medium enterprises (SMEs) in Bangladesh.

1.2 Objective of the Report

The prime objective of the report is basically to understand the credit rating procedures on SMEs and the final report submission of the Credit Rating Agency of Bangladesh Ltd (CRAB). Besides these, there are some other objectives as well, which are as follows:

- To fulfill the partial requirement for the completion of BBA program.
- To know the credit rating process of Credit Rating Agency of Bangladesh Ltd.
- To know how the Credit Rating Agency of Bangladesh Ltd. assesses SMEs for rating.
- To understand the current situation of SMEs in Bangladesh.
- Application of theoretical knowledge in the practical field and operational procedures.

1.3 Methodologies of the Report

The nature of the report is descriptive. The required information was collected by me based on my personal observation in the Credit Rating Agency of Bangladesh Ltd., discussion with co-workers, and theoretical background that I learnt from the BBA program in United International University. This study relies on primary and secondary data. I pulled in the data in two ways as follows:

Primary Source of Data

- According to my experience in the company.
- Practical exposures from the other table of department.

- Face-to-face conversation with respective clients, official supervisor, and rating committee meeting.

Secondary Source of Data

- From the organization's manuals and websites
- Relevant analysis of the file and documents carried out by the concerned officers.
- Different publications and journals regarding credit rating operations and practices.
- From the relevant websites for SME understanding.
- Printed materials like brochures and instruction manuals.

1.3 Scope of the Report

The report provides a comprehensive practical overview of the process involved in SMEs rating and final report submission carried out by Credit Rating Agency of Bangladesh Ltd (CRAB). The report presents an in-depth understanding of Credit Rating Agency of Bangladesh Ltd (CRAB) and sequential activities involved in SMEs credit rating, tools of the credit rating process. This report incorporates a different aspect of the rating process, monitoring techniques, to find out some problems and make some recommendations.

1.4 Limitations of the Report

Basically, limitation is a usual part of analysis. Whenever a report is going to be analyzed, there are some lacking in finding out the results of the particular topic or concepts. In that case, I have also faced lacking and limitations in making this report meaningful. These things are given below:

- There was not enough secondary data available about the topics.
- Detailed information was hard to get from the officials as they seemed quite occupied with their tasks.
- Sometimes, some important information could not be gathered due to confidential concerns.
- Deficient in-depth understanding and analytical capabilities to write this paper.
- Time was limited, which made it hard to gather more data and analyze it properly.

Chapter-02: Concept of SME in Bangladesh

2.1 Definition of SME in Bangladesh

The contribution of small and Medium Enterprises in a country's development cannot be overemphasized, especially for developing countries like Bangladesh. Being labour-demanding with a short gestation period, the sector has the potential to increase national income and also for a rapid generation of employment; Millennium Development Goals (MDGs) are achieved, particularly eradication of extreme poverty and hunger, promoting gender equality and empowering women. The contribution of SME sector to the economic growth has been well noted among some successful Asian countries. Our neighboring countries too have accorded great significance on SME. Describing the SME as ‘employment generating machine’ they advocated for the development of SME for increased economic growth, reducing income gap and poverty removal. The present government has paid a lot of attention to the development of this SME sector because they view it as ‘industrialization’s engine’. The SME sector is the hub of Bangladeshi economy and plays a pivotal role in terms of employment, industrialization, GDP contribution.

Small and medium enterprises (SMEs) are contributing a lot to our economic growth. It is said that the SME sector acts as a catalyst (impetus) to increasing national income and employment opportunities because this sector is labor-driven, with less time taken in production, with low capital cost or establishment cost. As in other developing countries, the SME sector has a strong prospect of development in Bangladesh.

In Bangladesh, the SME sector broadly includes enterprises that are not large-scale industries or corporations. Typically, have limited capital investment (fixed assets excluding land and building), employ a small to moderate workforce, and operate in sectors such as manufacturing, trading, services, and agro-processing. Current definition of SME: Definition for small and medium-sized enterprise recommended by Better Business Forum, concurred on as a single definition by a separate study made under the Ministry of Industry (MOI), and another research done according to Bangladesh Bank. The definition of SME criteria is below:

Definition of Small and Medium Enterprise

According to the latest Bangladesh Bank Master Circular (SMESPD Circular issued on March 17, 2025, which redefines the categories of enterprises based on the National Industrial Policy 2022. The definition of small and medium enterprise criteria depends on the sector (manufacturing, service, or trade) and involves the value of fixed assets and the number of employees.

Small Enterprise means the enterprise which is not a Public Limited Company and satisfies the conditions mentioned below:

Serial No.	Sector	Fixed Asset other than Land and Building (Tk.)	Employees
01	Manufacturing	7.5 million to <150 million	31-120
02	Service/Trade	20 million to < 300 million	51-120

Medium Enterprise means an enterprise as defined in the Act, and which is not a public company (that is, a company limited by shares), and meets both of the following conditions:

Serial No.	Sector	Fixed Asset other than Land and Building (million)	Employees
1	Manufacturing	150 million to < 500 million	121-300 (or max 1000 for garments)
2	Service/Trade	20 million to < 300 million	51-120

2.2 Present Status of SMEs in Bangladesh

Small and medium-sized businesses make up the majority of Bangladesh's SME sector. Cottage and micro-scale businesses are now included in this sector, however, as per the Industrial Policy 2022 and the SME policy 2019. The 2013 economic census, which is still considered to be Bangladesh's most recent updated economic census, was carried out by BBS.

Number of companies operating in SME sector (Economic census 2013, Bangladesh Bureau of Statistics)

Table 1: Number of Company in SME sector

Type	Total	Percentage (%)
Cottage	68,42,884	87.52
Microenterprise	1,04,007	1.33
Small	8,59,318	10.99
Medium	7,106	.09
Large	5,250	.07
Total	7,818,565	100

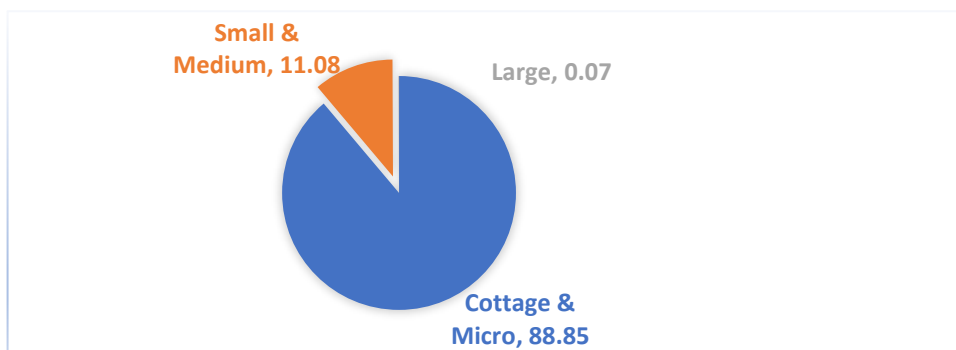


Figure 1: Percentage of SME

The findings of this economic census showed that the total number of non-firm economic enterprises in Bangladesh stood at 7.82 million, where cottage and micro-enterprises comprised 88.85 percent, followed by small and medium enterprises accounting for 11.08%, just 0.07% of all businesses are large-scale. According to this, CMSMEs (cottage, micro, small, and medium) together account for about 99.93% where SME’s own 11.08% which in turn indicates the significant importance from the point of view of the entire economy of Bangladesh.

2.3 SME Credit Policies and Programs by the Bangladesh Bank

Bangladesh Bank has been very active on the SME financing front and a separate department (SMESPD) has been vigorously involved in guiding, supporting, funding, and monitoring SME financing. It has also been part of SME entrepreneurship development and working with other government entities and donor agencies. In 2010, banks and financial institutions in Bangladesh set a goal for SME loan distribution for the first time, recognizing the importance of SME development as a key agenda for the country's development. As per the instructions of the BB to support small and medium-sized enterprise women business owners, banks created special 'Women Entrepreneurs' Dedicated Desks' with the appropriate staffing. Banks and financial institutions were encouraged to receive group security/social security in the SME financing by the central bank. BB also offered licenses to new branches specifically to finance the priority sectors like SME and agriculture.

As per the current BB guidance, 25 percent of the total loan disbursement by the banks/NBFIs must be in the CMSME sector by 2024. Refinancing is an important source of funds for banks for CMSME financing by banks and NBFIs. In order to standardize industrial growth and provide financial assistance through banks, at least 15% of the entire BB refinance fund for Small and Medium-sized Enterprises (SMEs) has been set aside for women business owners. Considering the merits of CMSME sector for economic upward movement, BB also issued guidelines on cluster financing in CMSME. Under the new policy, BB directed all banks and FIs to disburse at least 50% of their CMSME loans to 19 'high-priority' and 'priority' clusters. An entrepreneur can also borrow from several banks without exceeding the highest credit limit mentioned in the circular.

Chapter-3: Overview of the Organization: Credit Rating Agency of Bangladesh LTD (CRAB)

3.1 Overview of the Organization

Credit Rating Agency of Bangladesh Ltd. (CRAB) is an independent credit ratings agency providing high quality research and analytical services which covers rating of financial institutions, corporate bodies, securities and structured finance instrument. Based on a common framework that combines the best of international and local methodology. CRAB is well known in Bangladesh and in different industries as a leading rating agency and research organization which established in 2003. CRAB rate the all categories of companies and the loans/working capital facilities from banks. The loan from the bank includes corporate loans, working capital loans, general purpose loans project-related loans cash credit and non-fund-based limits such as bank guarantee.

Credit Rating Agency of Bangladesh Ltd. (CRAB) is providing rating, grading, advisory and information services since it got license from Bangladesh Securities & Exchange Commission (SEC) of Bangladesh in February 2004. To serve to the growing market demands, CRAB has been proactive in widening its service offerings, executing assignments including credit ratings, equity ratings, project ratings, performance grading, advisory services and mandated studies in different industrial sectors.

3.2 Board of Directors

SL	Board of Directors
1	Chairman Mr. Noor A Alam Chowdhury Chairman, Data Edge Limited
2	Mr. Md. Matiul Islam, FCA Former Secretary of Finance, Government of Bangladesh
3	Mr. M. Anis Ud Dowla, Chairman, ACI Limited
4	Mr. Asif Ibrahim Vice Chairman, New Age Group of Industries
5	Mr. Tapan Chowdhury, Managing Director, Square Pharmaceuticals Limited
6	Mr. Raihan Rahman, Director, Groundstone Corporation Canada
7	Mr. Kaiser Ahmed, Managing Director Viking Limited
8	Mr. Mir Mahfuz Ur Rahman, Asian Tiger Capital Partners
9	Mr. Sahil Humayun, Representing Unicorn Equities Limited
10	Ms. Tania Nusrat Zaman
11	Mr. Asif Saad Bin Shams Deputy Managing Director & Chief Risk Manager, IDLC Finance Limited
12	Mr. Md. Nurul Huda Deputy Managing Director, Representing Investment Corporation of Bangladesh
13	Mr. Md. Abu Shahed Shams Azad Managing Director & Chief Executive Officer, Credit Rating Agency of Bangladesh

3.3 CRAB Membership, Mission, Vision and Value.

Membership of Credit Rating Agency of Bangladesh is given below:

Association of Credit Rating Agencies in Asia.



Credit Rating Agency of Bangladesh Ltd. is a member of the Association of Credit Rating Agencies in Asia (ACCRA), established in 2001, is a federation of domestic rating agencies of the Asian Continent. ACCRA works to develop cooperation among credit rating agencies in Asia and promote best practices and standards.



Association of Credit Rating Agencies in Bangladesh.

Credit Rating Agency of Bangladesh Limited (CRAB), the founder member of Association of Credit Rating Agencies in Bangladesh (ACRAB).



Metropolitan Chamber of Commerce and Industry, Dhaka.

Credit Rating Agency of Bangladesh Limited (CRAB), member of Metropolitan Chamber of Commerce and Industry, Dhaka.

Mission, Vision and value



Mission

Assisting customers to choose better and more faster.



Vision

A national research and analytics Credit Rating firm that promotes risk reduction and improves decision-making.



Value

Customer focus, excellence, open mindset, and teamwork.

3.4 SWOT Analysis of CRAB

In general, every organization has its own strengths and weaknesses as well as some opportunities and threats from the external environment. Yet, CRAB is none other than them, so it also has its own strengths and weaknesses, as well as opportunities and threats in Bangladesh. The overall SWOT analysis of CRAB is shown below



Figure 2: SWOT Analysis of CRAB

Strengths

- **Regulatory Recognition:** CRAB has been recognized as an ECAI (External Credit Assessment Institution) by Bangladesh Bank, **which** gives its ratings institutional importance, especially for banks calculating risk-weighted assets.
- **Reputation & Experience:** CRAB has been operating in the Bangladeshi credit rating industry for over 20 years, and now CRAB is the market leader in the credit rating Industry.
- **High Powered Rating Committee:** CRAB maintains a strong rating committee, is an independent corporate body that supports only transparency and credibility in the rating process
- **Strong Analytical Process:** CRAB has a strong and comprehensive analytical process which incorporates site visits, in-depth financial analysis, feedback from clients and regular annual surveillance.
- **Efficient Rating Team:** CRAB's highly specialized analyst team has expertise in the field of finance, economics, and risk assessment serve all the clients across the country.

Weaknesses

- **Higher Cost:** CRAB's comprehensive and ethical rating method, including site visits and detailed analysis, causes higher internal costs that lead to relatively higher rating fees. As a result, some client may choose other agencies for their credit rating.

- **Lengthy Rating Procedures:** CRAB's credit rating timetable is relatively long. As a result, the client may not be satisfied since they want rapid or urgent rating needs.
- **Absence of strong marketing activities:** Credit Rating Agency of Bangladesh does not engage in any kind of strong marketing activities plays a vital role in awareness building for their target customers.

Opportunities

- **Increasing Demand for Credit Rating:** The market for credit rating is also growing, and CRAB has significant opportunities to grow its business and reach a larger clients base.
- **Technological Integration:** In the world of technology, CRAB can develop digital platforms for clients (especially SMEs) to submit data, get rated more quickly, and monitor their surveillance ratings.
- **Experienced and Excellent financial analyst:** CRAB workforce composes of so many experienced and well qualified financial analysts as well as a management committee which can create huge opportunities for it to earn more profits.

Threats

- **Rising competition:** Higher competition in the industry may lead clients to choose agencies offering quicker or more favorable ratings like CRISL.
- **Quality of Information:** Clients particularly SME provide information is often inaccurate or unreliable which results in lower rating accuracy and the loss of trust in CRAB.
- **Economic Instability:** There is also the fact that economic slowdown can lead to a reduction in the number of companies using ratings, which would also have an impact on business volumes.

Chapter 04: Credit Rating Services of CRAB

4.1 Credit Rating

Credit Rating is an opinion regarding the creditworthiness of an entity, a debt instrument or financial obligation, preferred share or other financial instruments, or of an issuer of such instrument. Rating is usually expressed in letter grade which is an assessment that tells how likely the borrower will repay the borrowed money on time. Ratings are not recommendations to buy or sell any securities/facilities, nor an investment / lending, decision.

Ratings are based upon information provided to CRAB by the issuer or its agents. CRAB and does not audit) and the organization receiving this news release is not responsible for any content of information contained on your web site. a rating and surveillance services from CRAB. Credit rating is performed in terms both qualitative and quantitative. That is a decision taken by rating agency of a borrower's historical credit profile, and is an opinion that looks forward. Ratings take into not only the present situation but also the potential impact of future events on credit risk.

4.2 Sector of Credit Rating Services

Corporate Sector & SME

- Manufacturing
- Service
- Trading

Project & Infrastructure

- New Project
- BMRE
- Large Infrastructure

Financial Services

- Banks
- NBFIs
- General Insurances
- Life Insurances
- MFIs
- Securities Firms
- Brokerage Houses
- Social Rating, etc.

4.3 Rating Committee

The Rating Committee of the organization are highly experienced professionals who ensure transparency, objectivity, and credibility in the rating process. The external rating members of the organization bring extensive experience from key sectors of Bangladesh's financial and regulatory environment. Their strong professional backgrounds add significant value and credibility to the rating process. Their professional backgrounds add significant value and credibility to the organization rating process. Both the internal and external members, jointly ensure that the process is independent and credible, which places this committee as one of the most esteemed bodies within Bangladesh's credit rating industry.

External Members of Rating Committee

	Name	Background
1	Dr. Mohammad Haroonur Rashid	Former Secretary & Member of Planning Commission Former Chairman of BSEC.
2	Dr. Mohammad Sohrab Uddin	Former Deputy Governor, Bangladesh Bank Former Chairman, Sadharan Bima Corporation.
3	Mr. Faruq Ahmed Siddiqi	Former Secretary & Chairman of BSEC Former member of National Board of Revenue

CRAB's Members of Rating Committee

	Name	Background
1	Mr. Md. Abu Shahed Shams Azad	Managing Director & Chief Executive Officer
2	Mr. Nur Elahee Molla	Chief Rating Officer
3	Mr. Alim Al Rabbi	Head of Business Development
4	Ms. Tahmina Islam	Unit Head, Rating Department
5	Mr. Mohammed Nazrul Islam Bhuiyan	Unit Head, Rating Department

4.4 CRAB's Rating Process

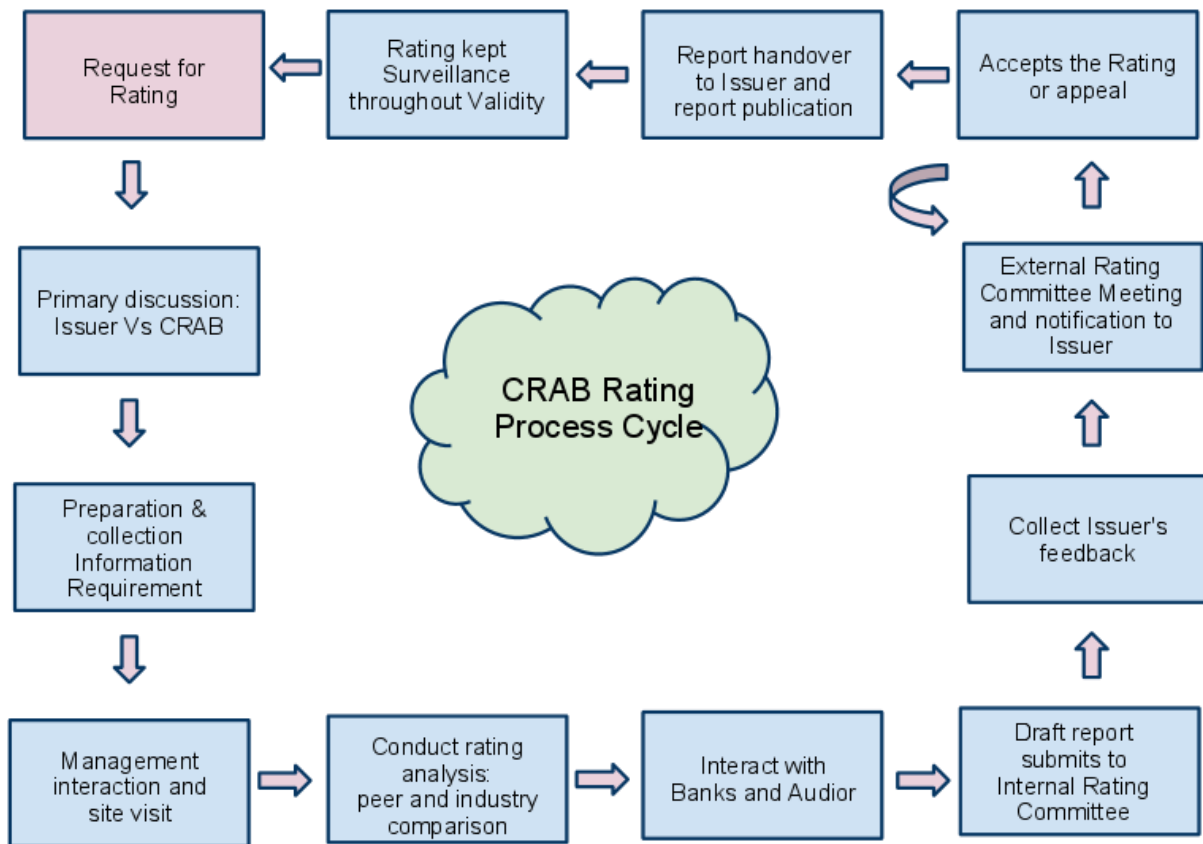


Figure 2: Rating Process

Request for Rating/Mandate -The process begins when a client or issuer formally requests a credit rating from CRAB. This request typically made to assess the company's creditworthiness for borrowing, investment, or regulatory purposes.

Primary Discussion: Issuer vs. CRAB-After receiving the request, an initial meeting is held between the issuer and CRAB's business development team. During this discussion, the business development team is responsible for explaining the rating process, scope, required documents, confidentiality, and timelines.

Preparation and Collection of Information Requirements-The issuer submits required document including financial statements, operational data, and other supporting documents as requested by CRAB. These materials are crucial for understanding the organization's financial health, business risk, and management quality.

Management Interaction and Site Visit-CRAB's financial analysts are responsible to visit the issuer's offices, factories, or project sites to gather firsthand information. They also conduct interviews with top management to assess strategic decisions, risk management practices, and future plans.

Conduct Rating Analysis-After receiving all the documents and filled up questionnaire the rating team starts the rating work. From the captured data CRAB conducts a sophisticated financial and qualitative analysis. The rating recommended is based on the CRAB Rating methodologies and recommended to the Rating Committee. The Rating Analyst will clarify the collected information by telephone with the client as well as the banks, if necessary. The performance of the company is then compared with industry competitors in terms of relative concepts of strengths and weaknesses.

Interaction with Banks and Auditor-CRAB financial analyst communicates with the issuer's banks, auditors, and other relevant parties to cross-check financial data, payment history, and other information that supports an accurate and objective assessment.

Draft Report Submission to Internal Rating Committee-The financial analysts prepare a detailed draft report containing their findings and preliminary rating recommendation. At first, this report is reviewed internally by CRAB's Internal Rating Committee (IRC) for quality assurance and consistency.

Collect Issuer's Feedback-The draft report is shared with the issuer for verifying the factual accuracy. The issuer is allowed to give feedback, clarifications, or additional documents if necessary for the report.

External Rating Committee Meeting and Notification to Issuer-The financial analyst submits the final report to the External Rating Committee (ERC), which is an independent body that makes the final rating decision. The committee carefully evaluates the analysis to ensure fairness and accuracy of rating. Once the rating is approved, CRAB officially notifies the issuer of the result before any public exposure.

Acceptance of Rating or Appeal-After notifying the rating outcome, the issuer can either accept the assigned rating or appeal for a review if they have valid grounds or new information that could influence the outcome.

Report Handover to Issuer and Report Publication-Upon acceptance of the rating, the final rating report is officially handed over to the issuer. CRAB may also publish the rating on its website or in public media, depending on disclosure agreements and regulatory requirements.

Rating Kept Under Surveillance Throughout Validity-Once the rating is given, (CRAB) places the rated entity under regular monitoring and keeps it updated. It is valid for a period of one year from the date it is issued. During this period, if any significant changes are notified or identified in that business—such as a decline in profitability, an increase in debt, or improvements in financial performance. As a result, CRAB reassesses the entity's credit position and may revise the rating accordingly. This ongoing process helps maintain the reliability of CRAB's ratings and ensures that stakeholders have access to up-to-date and reasonable credit presence.

4.5 Quality, Monitoring and Updating of Rating Process

4.5.1 Quality of the Credit Rating Process

1. CRAB maintains a well-documented and enforced credit rating methodology for each type of entity or obligation it rates. The process is rigorous, consistent, and validated through historical data. CRAB's Rating Committee approves any new or significantly changed methodology.

2. CRAB publishes its rating methodologies on its website and updates them whenever there are changes. The Rating Committee reviews these methodologies, models, and criteria at least once a year. Revisions are made based on internal and external research, historical outcomes, and the need for new product ratings.

3. Credit ratings are assigned by CRAB's Rating Committee and not by individual analysts. The committee has at least five highly competent members, two of which are fine and honest industry people. They have open access to all relevant information and they decide independently.

4. The Rating Committee examines the rating to be given by the analysts and declares final rating.

5. CRAB has and allocates an adequate number of rating analysts with adequate knowledge, skill and experience and a satisfactory access to appropriate information

6. CRAB has internal documentation in place that is sufficient and comprehensive enough to regenerate the process followed to arrive at a certain credit rating action. The records are in accordance with the Bangladesh Securities and Exchange Commission (BSEC) Regulation.

4.5.2 Monitoring and updating

1. Once the rating is assigned, CRAB will continuously analyze developments regarding the credit quality of the Issuer and other relevant entities or transactions. CRAB will assign sufficient resources and personnel to ensure that it maintains and updates its Credit Ratings in a timely manner.

2. If a rating is exclusively rated for its subscribers; then, CRAB will make the results of such review rating (including date of expired rating/rating validity) known to its subscribers.

4.6 Industry Analysis of Credit Rating Agencies in Bangladesh

The Credit rating industry is essential in developing the financial sector in Bangladesh through independent evaluation of corporations, financial institutions, SMEs, NBFIs, insurance companies and debt instruments. The industry has grown significantly over the last 20 years due to regulatory reforms and increasing demand for transparent financial risk evaluation.

Size of the Industry

Bangladesh Credit Rating Industry was created in line with mandatory provision of credit rating for all public debt instruments, right offer issues and shares issued at a premium prior to the same were made available to the public.

SL. No.	Name of the Company	Date of Issuance of Registration Certificate
01.	Credit Rating Information and Services Ltd (CRISL)	21 August, 2002
02.	Credit Rating Agency of Bangladesh Ltd (CRAB)	24 October, 2004
03.	National Credit Ratings Ltd	22 June, 2010
04.	Emerging Credit Rating Ltd	22 June, 2012
05.	ARGUS Credit Rating Services Ltd.	21 July, 2011
06.	WASO Credit Rating Company (BD) Limited	15 February, 2012
07.	Alpha Credit Rating Limited	20 February, 2012
08.	The Bangladesh Rating Agency Limited	7 March, 2012

Figure 4: List of CRAs in Bangladesh

In 2002 Credit Rating Information & Service Limited (CRISL) commenced its operation as the country's first officially registered credit rating agency in Bangladesh. The second rated was CRAB (Credit Rating Agency of Bangladesh Limited) started its operation on 2004, the sustainability become harder for two rated agency. Other credit rating companies, National Credit Ratings Ltd incorporated in 2010. ARGUS Credit Rating Services Ltd. has been operational since 2011. Finally, new sources of four credit rating institutions have started in 2012, which is WASO Credit Rating Company (BD) Limited, Alpha Credit Rating Limited, The Bangladesh Rating Agency Limited, Emerging Credit Rating Ltd and WASO Credit Rating Company (BD) Limited. According to ACRAA, the association of credit rating agencies (CRAs) in Asia, there are four rating agency in Bangladesh that are the members of ACRAA. CRAB and CRISL are the **largest and dominate the market** with the highest number of analysts and clients.

Regulators of Credit Rating Industry

In Bangladesh, there are three regulators for the credit rating agency in Bangladesh, they are as follows



Figure 5: Regulators of Credit Rating Agency

Bangladesh Securities and Exchange Commission

Bangladesh Securities and Exchange Commission (BSEC) is the main regulators provides licenses and supervises all credit rating companies in the country. It enforces the provisions of the Credit Rating Companies Rules 1996. The country's capital market is regulated by BSEC with the Securities and Exchange Commission Act 1993 to greatly ensure economic stability. Under BSEC Rules 2004, there are mandatory requirements for the public issue of Debt Instruments, Shares at premium and Rights shares at a premium to be rated by an External Credit Rating Institution (ECAI). Security and Exchange Commission of Bangladesh (SECB) considers a 2% default rates for the credit rating agencies. There are some penalties in the form of default rate more than 2% about forfeiture of license of rating agency defaulter SECB. Bangladesh Securities and Exchange Commission (BSEC) that provides licenses and supervises all credit rating companies in the country.

Bangladesh Bank

Bangladesh Bank is also regulating Credit Rating Companies in our country. The idea of bank clients rating by the rating agencies to contribute in ensuring capital adequacy and risk management of the banks was developed in the view implementation of Base framework by Bangladesh Bank. As per Basel framework, BB implemented a standardized approach for credit risk which involved services from rating agencies in some extremely constrained circumstances. Bangladesh Bank regulates Credit Rating Companies through different rules regulations, guidelines, and implementation of the Basel framework, as well as it audits the rating agency for ensuring guidelines.

The Insurance Development and Regulatory Authority

IDRA monitors all the insurance companies of Bangladesh banks in the country and mandates them to have their credit ratings done regularly for ensuring financial strength and claim paying ability. To that end, IDRA carries out the accreditation of certain credit rating agencies so they can be authorized to rate insurers and it uses these ratings as part of its monitoring activity over insurance. By means of these accreditation required rating requirements and the review of those ratings practices, IDRA is intended to provide that credit ratings support transparency and risk surveillance and the maintenance of financial capabilities within insurance.

Chapter 05: CRAB Rating Methodology for SMEs

5.1 SME Credit Rating

Credit Rating Agency of Bangladesh (CRAB), which is approved by the Bangladesh Bank, commenced its SME rating since 2013. CRAB Small and Medium Enterprises' (SMEs) rating is the relative creditworthiness of small & medium enterprises assessed with regards to other SMEs. CRAB's SME Ratings team has developed a strong methodology in rating of the SMEs, based on the learnings over these years of its ratings and research operations. In rating the SMEs, CRAB considers a candidate SME's management, ownership and organizational structure key human resources business environment relationship with trading partners financial strength operating efficiency & capacity other parameters of non-financial nature which might affect its credit quality.

The object of a CRAB-SME Rating is to narrow the "information gap" that a bank may encounter while reviewing an application for credit by an SME. The rating assists investors in decision making, serves as a guide for lending by banks and reduces information asymmetry between the borrowers and lenders.

5.2 CRAB SME Rating Scale

The CRAB SME Rating Scale is linear and is therefore readily aligned to the internal rating scale of most banks. CRAB has evolved a different SME Rating Scale, which would be applicable for all SMEs are as follow:

CRAB-ME 1/SE 1	The highest credit quality rating assigned by CRAB to an SME
CRAB-ME 2/SE 2	The high credit-quality rating assigned by CRAB to an SME
CRAB-ME 3/SE 3	The adequate credit quality rating assigned by CRAB to an SME
CRAB-ME 4/SE 4	The moderate credit-quality rating assigned by CRAB to an SME
CRAB-ME 5/SE 5	The inadequate credit quality rating assigned by CRAB to an SME
CRAB-ME 6/SE 6	The risk prone credit-quality rating assigned by CRAB to an SME
CRAB-ME 7/SE 7	The poor credit quality rating assigned by CRAB to an SME
CRAB-ME 8/SE 8	The lowest credit-quality rating assigned by CRAB to an SME

5.3 Required Documents for SMEs Credit Rating

There is some common information require for SME Initial Rating are given below:

1. Legal Documents of Business

- ✓ Copy of Trade License, Partnership Deed (if Partnership)/ Certificate of Incorporation,
- ✓ Copy of NID of the Proprietor/ Partners/ Directors
- ✓ Copy of TIN, VAT, Form-XII and Schedule-X (If Company)
- ✓ Copy of Income Tax Certificate/ Return Submission
- ✓ Net worth Statement of the Proprietor or Partners/ IT 10(B), if available
- ✓ Copy of Insurance, if any
- ✓ Other Documents & Certifications

2. Financial Information

- ✓ Audited Financial Statements/ Management Prepared FS (with Seal & Signature) for last 2-3 years
- ✓ Months wise sales for current financial year

3. Banking Information

- ✓ Credit Facilities – Sanction Letter
- ✓ Last 1 Year Bank Statement (CD/OD/CC)
- ✓ Bankers Feedback (format available)

4. Operational Information

- ✓ Age of Business, Experience of the Entrepreneur
- ✓ Business Premise & Ownership Status, Locational Advantage
- ✓ Business Model – RM Suppliers, Major Buyers
- ✓ Product, Production Capacity & Utilization (for Manufacturing)
- ✓ Sales Volume, Latest Stock and Accounts Receivables
- ✓ Purchase & Sales Methods and Credit Terms, etc.

5.4 Categories of Evaluating SMEs

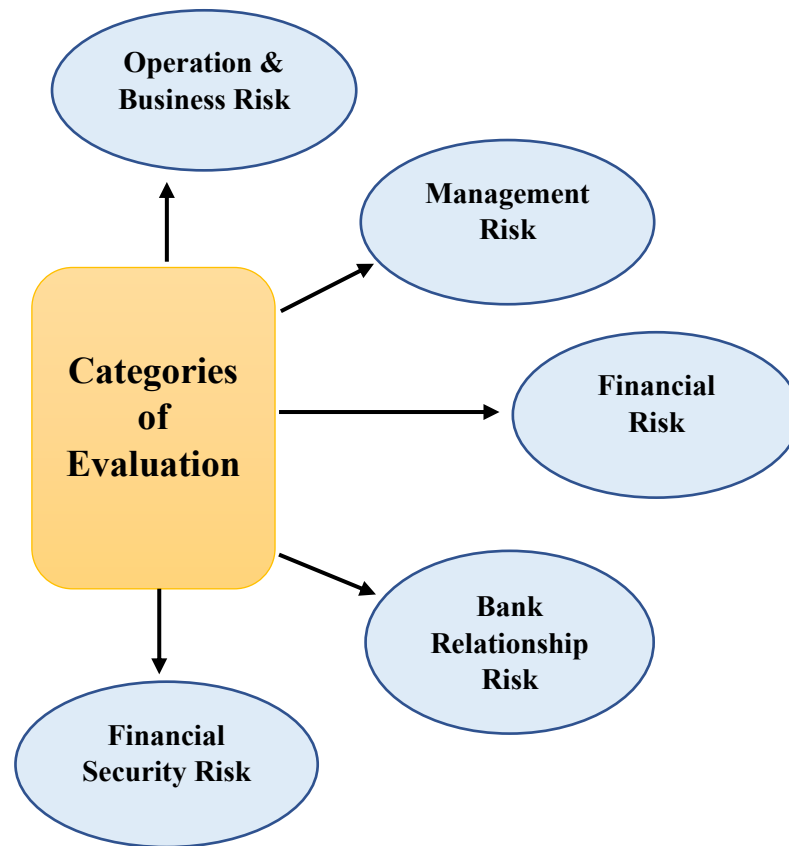


Figure 6: Categories of Evaluation SME

CRAB's Credit Rating methodology for SMEs is more comprehensive and encompasses risk arising at five broad categories such as Business & Operation, Management, Financial, Bank Relationship and Financial Security.

5.4.1 Operation and Business Risk

Risk in operation and business is crucial for an overall evaluation of the SME. All ratings analysis includes a review of the issuer's incidental business environment. In industry analysis, Credit Rating Agency of Bangladesh Limited typically look at the forces that shape the direction of an industry.

The business risks for SMEs are not the same as for large organizations because SMEs are smaller in size. Thus, the growth of business of SMEs is over-laid on the growth of their customers. The SMEs also pose severe competition from the unorganized as well as the organized segment. So, distinguishing itself and staying ahead of the other players in the marketplace is extremely vital for SMEs to exist and expand. Below are the forms of analysis under operation and business risk assessment:

Size and Scale: Although the company don't have a fixed minimum size requirement for any rating level. However, company size often relates to the rating because larger companies are usually more diversified and have stronger competitive positions.

Age of Business: CRAB also looks the age of business. A company could establish a solid position through operating over a long period of time which would have greater ability to offer predictable revenue and earnings streams, and to protect a company's capacity to service its debt over the long term.

Business Outlook: This part of rating analyses incorporates an assessment of the company's business environment. The degree of operating risk facing a company usually depends on the dynamics of the industry in which it participates. Our business outlook analysis focuses on the strength of industry prospects, as well as the competitive factors affecting that industry, business process and management competency to move in line with the growth outlook of the industry.

Business Model /Growth: In this section, CRAB analysis the factors that are unique to the rated company in a given operating environment and also encompasses the nature of the corporate business model. The business model dictates to a large degree its ability to generate and sustain operating cash flows and the stability of those flows. The analysis has several different dimensions: product lines, raw material sourcing, customer segments, and geographic reach etc.

Concentration Risk: In this section, CRAB mainly give focus on product diversification, supplier and buyers concentration risk along with the relationship with the suppliers and buyers. A mix of products, customers and/or suppliers can provide some level insulation that's helpful for when the tough stuff hits. Geographic distribution can also provide a bit of cover. We are, however, typically skeptical as to the advantages of corporate diversity originating from poor competitive positions or activities vulnerable to a particularly dismal industry environment. Most of the SMEs are in fact a reverse development from the formal sector and thus have little if any command over prices or could be described as fully market dependent.

5.4.2 Management Risk Evaluation

For the SMEs management rating, which would generally be a rating of the promoters' capability is an important part of the mechanism. For SMEs in particular the entrepreneurial drive and guile of the promoters is usually absolute foundation. CRAB assesses historical performance of the entity, management quality and administrative set-up, promoter's experience & qualification, risk tacking capacity, succession plan etc. This give a view of how well the sponsor can steer the ship through ups and downs in business.

The ability of the organization to grow suppliers, customers and banking and labour relationships also contribute significantly to a management evaluation perspective. Majority of the SME entities are having first generation entrepreneur and their continuity is a must for

survival. CRAB is of the opinion that components such as a second line management, formal succession plan, and a high degree of professionalism are necessary if we have to look forward for its sustainability in the longer run.

5.4.3 Financial Risk

CRAB uses proprietary spreadsheets that are developed especially for SMEs. The financial ratios are most likely the same as those used for the large companies, but they need to be adjusted to fit the SMEs. Particularly for the situation when financial statements or financial disclosure is not available.

Taking the above criteria into account, a financial risk assessment can consist of an evaluation considering:

- **Earning & Stability:** A business that has a constant growth pattern of revenue compared to industry during good years is considered a stable company while comparing it with fluctuating companies. The reason for growth should be factors, such as an increase in capacity utilization, addition of new customers, and increase in price of the product due to value addition for an entity to derive maximum benefit during risk assessment.
- **Profitability:** Profit is one of the key indicators to judge the health of any business. Continuous and consistent increase in profit which equals or exceeds the industry indicates the business is strong and healthy. Different levels of profitability : Three major measures at different levels—operating profit (EBITDA), net profit (PAT) reflect different capabilities in a business.
- **Liquidity (current/quick ratio):** Liquidity is the soul of any business and is necessary for an entity to carry on its daily operations smoothly. An entity needs a cash cushion to rely on to help meet its ongoing expenses comfortably. A current ratio is one of the important factors for judging a business' liquidity; it indicates whether or not a firm has enough resources to pay its short-term business commitments over the next 12 months.
- **Working Capital Management:** This is the managing of an organization cash short term so that it can meet its short-term liabilities. The faster a business grows, the more is the need of working capital which means that efficient management of working capital is essential to keep an SME running. Working capital management is divided into three key aspects: inventory management, accounts receivable management and accounts payable management.
- **Leverage:** The main ratio CRAB uses for leverage analysis is borrowed fund to equity/net worth. What is “borrowed fund” and “equity” / “net worth for ratio calculation may not always be straight forward and needs some analysis. Net worth, also called owned funds is one of the most crucial aspect to a sound and profitable business.
- **Coverage:** Coverage indicators are used to evaluate the ability to meet debt obligations. The ratios used to evaluate coverage position focus on the ability of the entity to meet

debt obligation and also to evaluate the flexibility or ability to raise borrowed funds for further gearing up.

5.4.4 Bank Relationship Risk

CRAB contacts the company's banks to understand the nature of their relationship, including loan performance and account history. Bankers often provide valuable insights into the integrity and reliability of the promoters. To judge a company's creditworthiness, CRAB analyzes both its ability and willingness to repay debts. The willingness is checked through the company's past payment records.

A detailed review includes:

- Account conduct and limit utilization
- Compliance with loan terms and conditions
- Deposit activities

CRAB also collects a Banker's Report using its standard format, which includes details about loans, current status, and other financial relationships. The personal accounts of key business owners are also reviewed to check for significant deposits and financial stability.

5.4.5 Financial Security Risk

CRAB gives more stress on the security (collateral) analysis. Rating on bond, debentures and structured transactions Quality of the collateral is a key in the rating process.

With loan obligation, CRAB gives slightly more emphasis to cash flow over collateral. Nevertheless, CRAB includes security-based consideration through the assessment of available security and collateralization; quality of collateral; adequacy of collateral; additional credit enhancement.

5.5 SME Rating CRAB vs CRISL

CRAB and CRISL are two prominent and largest credit rating agencies in Bangladesh as well as rivals in SME crediting evaluation market. Both are recognized by Bangladesh Bank as ECAs and offer SME ratings for banks to assess credit risk when lending. CRAB’s rating require-financing a disciplined mix of financial and qualitative considerations in respect of business operations, management and financial strength. CRISL overlaps with a scoring process yet lays on certain parameters more stress than peers- such as industry risk and credit risk protection, it also puts out for instance SME rating transition matrices that cover the movement of ratings over time. Both the institutions are utilizing their own SE/ME ratings scale in-line with Bangladesh Bank’s regulatory requirement, which is playing a vital role in risk measurement and credit transparency for SME.

Even with their own methods, both CRAB and CRISL adhere to the Bangladesh Bank guidelines, and are so far the two leading contenders of SME rating market. Let’s compare their SME rating scale

Table 2: SME Rating Scale of CRAB & CRISL

BB SME Rating Grade	Equivalent Rating of CRAB	Equivalent Rating of CRISL
SME 1	CRAB-ME 1/SE 1 (Highest)	CRAB-ME 1/SE 1 (Highest)
SME 2	CRAB-ME 2/SE 2 (High)	CRAB-ME 2/SE 2 (High)
SME 3	CRISL Me-3/Se-3 (Adequate)	CRAB-ME 3/SE 3 (Adequate)
SME 4	CRISL Me-4/Se-4 (Moderate)	CRAB-ME 4/SE 4 (Moderate)
SME 5	CRISL Me-5/Se-5 (Inadequate)	CRAB-ME 5/SE 5 (Inadequate)
SME 6	CRISL Me-6 /Se-6 (Risky)	CRAB-ME 6/SE 6 (Risk prone)
	CRISL Me-7 /Se-7 (Vulnerable)	CRAB-ME 7/SE 7 (Poor)
	CRISL Me-8 /Se-8 (Highly Vulnerable)	CRAB-ME 8/SE 8 (Lowest)
	CRISL Me-69/Se-9 (Extremely Vulnerable)	
	CRISL Me-10 /Se-10 (Default)	

The table shows how the SME rating scales of CRAB and CRISL are aligned with Bangladesh Bank’s standardized six-grade SME rating system. Although both agencies assess SME credit risk, CRAB uses an 8-level scale (SE/ME-1 to SE/ME-8), while CRISL uses a more detailed 10-level scale (SME-1 to SME-10). CRAB’s scale groups risk into broader categories, whereas CRISL breaks lower-quality SMEs into finer levels such as vulnerable, highly vulnerable, and default. Since Bangladesh Bank recognizes only six regulatory SME grades (SME-1 to SME-6), both agencies map their internal scores into these six categories—for example, CRAB’s SE/ME-6 to SE/ME-8 and CRISL’s SME-7 to SME-10 are all mapped to BB’s highest-risk grade, SME-6. This mapping ensures consistency for banks in assessing SME credit risk, loan pricing, and regulatory capital requirements.

Chapter 06: Internship Experience

6.1 Induction

My internship at the Credit Rating Agency of Bangladesh Ltd. (CRAB) began with a comprehensive induction program designed to familiarize me with the organization's professional environment, ethical standards, and operational structure. During this period, I was introduced to the rating department team, including my supervisor, senior analysts, and the Chief Rating Officer (CRO). They provided an overview of the rating process, departmental communication flow, organizational hierarchy, and the confidentiality requirements associated with credit rating activities. During these conversations, I was able to familiarize myself with CRAB's objectives, rating process of it for not only our financial services sector but also for Bangladesh. This introduction period was really good for me to gain confidence and find out what is expected of myself in advance, so that I could effectively work with the data.

6.2 Training and Development Period:

I started my training after the induction, and I was taught under two senior financial analysts. I was trained during this period in the operational use of CRAB's SME Rating Methodology- Qualitatively and Quantitatively. I came to know how SMEs are analyzed business risk analysis, management assessment industry review financial interpretation band relationship analysis. I learnt how to deal with financial statements, bank statements, field visit reports and other things. My manager has coached me regarding important financial ratios, liquidity measures, leverage ratios, profitability trends, and cash flows as they apply to the business. I was also trained on the practical use of Excel-based rating templates and analytical spreadsheets. This period added to my analytic capabilities, technical knowledge and general knowledge of the SME credit rating process.

6.3 Position and Responsibilities

I worked there as an Intern in the Rating Department. I was part of SME Rating Team during my internship period. In this capacity, I assisted the senior financial analyst for documentation where they gave me exposure to practically utilize CRAB's credit rating methodology and analytical process application in real-life situation. Through my role, I am exposed to experts in financial analysis, business valuation and document verification and credit opinions.

As an intern, my duties grew as I learned more about the rating system. My key responsibilities included:

Financial Data Entry and Analysis: It was my key responsibilities to enter data from SMEs' financial statements into CRAB's universal Excel spreadsheets. These pieces of input that have been the basis for further ratio analysis and credit scoring from a financial analyst aspect.

Collecting and verifying of Records: I helped to analyze companies documents such as trade licenses, company bank statements, legal documents, tax papers, business permits and financial records produced by management.

Helping in Preparation of Credit Rating Reports: I assist to the financial analyst by drafting rating notes and reviewing SME profiles. This encompassed reporting business critical information, operational capabilities, risk indicators and financial performance trends. These that would eventually form the basis for final reports.

Communication and Coordination: Occasionally It was also my duty to write clients when more explanation or documents if needed. That may have contributed to professionalism, it also developed communication and teamwork with supervisors, rating officers.

Supporting Daily Workflow: In general, my role was to assisting the rating team ensuring an error-free quality control during data input process; drafting preliminary analysis reports, filling documents and involve in any specific role as assigned to ensure effective department operations.

6.4 Hard Skills and Practical Skills Applied:

During my internship, I actively applied both hard skills and practical analytical skills, which significantly enhanced my knowledge and practical experience.



Financial Analysis Skills: I applied ratio analysis, trend analysis, liquidity assessment, leverage interpretation, and profitability evaluation while working with SME financial statements.

Excel and Technical Skills: I used Excel extensively for data entry, formatting, formula application, financial modeling, and preparing structured rating spreadsheets. This required accuracy, logical thinking, and practical understanding of financial computation.

Data Verification Skills: I learned how to verify financial information against each other and a bank statement, recognizing discrepancies, cross-check figures with bank statements, and identify inconsistencies, which improved my attention to detail.

Document Handling Skills: I handled legal, operational, and financial documents, gaining real practical experience in reviewing trade licenses, bank statements, permits, supplier documents, and other SME records.

Analytical and Decision-Support Skills: I supported the analyst in summarizing, point of risk identification, reflecting upon and supporting analytical decision making in SME credit assessment. All in all, my internship has provided me with a solid foundation of both technical and non-technical skills that are crucial for roles in finance.

Teamwork and Communication Skills: Worked with financial analyst in the team and other interns to share experiences, analytical results, and data analysis challenges solving. Talking on the phone all day with customers I had to become confident and polite, which is where I figured out how.

6.5 Contribution to the Organization:

During my time as an intern at CRAB, I accompanied rating operations by inputting SME financial statements into analysis templates which called for accurate inputs and understanding of financial model structure. Over time, I was given more complex assignments such as reviewing financials, summarizing business profiles, drafting rating notes and identifying critical risk areas. I also worked in conjunction with rating officers performing data review, document sequencing and testing utilizing academic training in ratio analysis, Working capital examination, profitability ratios, and capital structure analysis.

Overall, the internship was a transformative experience, bridging theory and practice and providing insights into credit rating, SME financial assessment, and risk measurement.

Chapter 07: An Assessment of SME Credit Scoring on Karim Motors

7.1 Credit Scoring Model

A credit scoring model is a system or procedure that used to evaluate how likely a borrower such as an individual or a company, is to repay a debt or loan on time. Basically, the model uses quantitative and qualitative factors such as financial performance, management quality, business environment, and repayment history to assign a numerical score or rating on individuals or companies. This score assists banks and investors as well as other interested parties to determine the credit worthiness and risk profile of the borrower. A higher score or rating means lower risk, while a lower score means higher risk.

In Bangladesh, there are 8 credit rating agencies, use their own credit scoring model while focusing on the main goal of assessing the repayment of debt on time. The local agencies in Bangladesh often adjust the model to fit specific market conditions, while Fitch, Moody's, and S&P use the global framework.

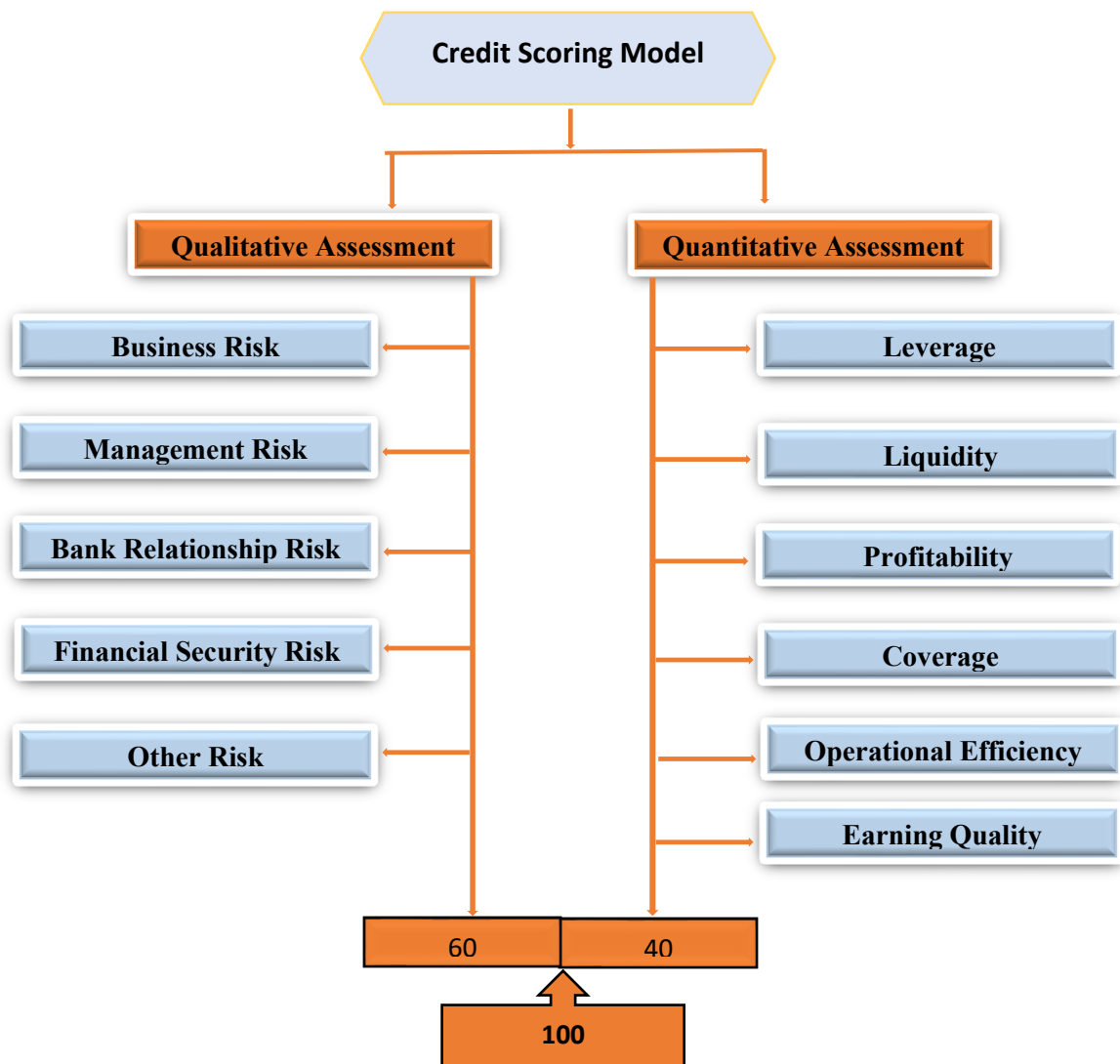


Figure 7: Credit Scoring Model of CRAB

7.1.1 Qualitative Assessment

Qualitative assessment is an equally important part of CRAB’s credit rating scoring model, as it focuses on the non-financial risks that shape a business’s overall creditworthiness. These dangers are not quantifiable in financial terms, but make up an integral part of the ideal durability and reliability of a commercial venture.

Evaluating qualitative factors requires strong industry knowledge and analytical experience, as the analyst must closely examine areas such as the business profile, industry outlook, management capability, operational practices, and organizational structure.

In CRAB’s SME rating policy, these qualitative non-financial indicators hold significant importance, accounting for 60 out of the total 100 scored in the overall credit assessment. This heavy weight reflects how crucial a company’s operational activities is in determining its creditworthiness and long-term stability. Combined, these factors provide additional key information as to the quality of a business and its sustainability through various economic scenarios.

7.1.2 Quantitative Assessment

Quantitative assessment plays a vital role in credit rating because it offers an objective and data driven evaluation of a company’s financial health and overall creditworthiness. By analyzing important financial indicators of a company—such as liquidity, leverage, profitability, coverage and earnings—it becomes easier to understand how well a business can meet its financial obligations and continue its operations smoothly over time.

In CRAB’s SME rating policy, these quantitative financial indicators hold significant importance, accounting for 40 out of the total 100 scored in the overall credit assessment. This heavy weight reflects how crucial a company’s financial performance is in determining its creditworthiness and long-term stability.

This quantitative assessment removes this bias by looking with the help of science is good for banks and more importantly investors and stakeholders facilitating bank lending or investment decisions. It’s also an early alert system that tips consumers off to financial issues before they become critical. In the final analysis, robust quantitative performance boosts a firm’s credibility and reduces its total credit risk.

7.2 Credit Rating Report of Karim Motors (SME)

As part of CRAB rating process, Karim Motors initiated its credit rating process by submitting a rating request on 12 October. After the request, CRAB commenced its standard rating process that involves meeting with company management to discuss operations and finances, gathering relevant financial information, performing management meetings and site visits.

After completing the site visit, CRAB official supervisor handover me all the necessary information to make the report on 21 October. Then I have started to make the credit rating report of Karim Motors after getting the information. Based on CRAB's credit scoring model I have been preparing the report under the guidance and supervision of my assigned officials. After completing the credit rating report of Karim Motors, I have submitted to my supervisor later on he presented it to rating committee meeting at 2 November which will be valid for 1 year from rating date. Now I am providing the final SME report of Karim Motors is given below:

Credit Rating Report (Initial) Karim Motors

ANALYSTS
Arif Hossain
arif@crab.com.bd

Assigned Rating:



DATE OF RATING:
2 November, 2025

Md. Abdur Rahman Evan
evan@crabrating.com

VALIDITY:
1 November, 2026

Methodology: CRAB's SME Rating Methodology (www.crab.com.bd)

Rating Definition

CRAB has assigned a SE 3 rating to Karim Motors (KM). This rating takes into account the satisfactory credit worthiness and general performance of the unit in all aspects including business operations, financial, management etc. As per CRAB prescribed benchmarks, Karim Motors falls in the satisfactory performance band with regard to its pledge to lender.

Brief Profile

Name	Karim Motors
Establishment Year	2018
Legal Status	Proprietorship
Proprietor	Mr. Md. Bozlul Karim
Business	Trading
Product Range	Motorcycles of Honda Brand
Business Address	607, Begum Rokeya Sarani, Mirpur, Dhaka-1216
Factory Address	n/a

Rationale

The rating takes into consideration Firm’s business profile along with the experience of the Proprietor, good brand value of “Suzuki”, stable revenue growths, comfortable coverage & leverage position, location advantage & spacious sales outlet with servicing facility. The Firm generated revenue of BDT 199.3 million in 2024 resulting 9.9% sales growth compared to previous year. The Firm registered BDT 15.3 million net profit which was BDT 13.9 million in 2023. However, the rating is constrained by high competition from different new brands, single supplier risk, frequent changes in models, rented outlet, low profitability, information risk due to unavailability of audited financial statement.

Key Rating Drivers

Credit Strengths

- As a distributor of Bangladesh Honda Private Limited, the Firm has good brand image
- Cash Conversion Cycle (Days) is 5.0 from 20.0 indicates better position in liquidity
- Low leverage position as Total Liability to Total Equity is 0.6 times decreases its credit risk to some extent
- Long experience of the promoter in trading business, good relation with suppliers, buyers

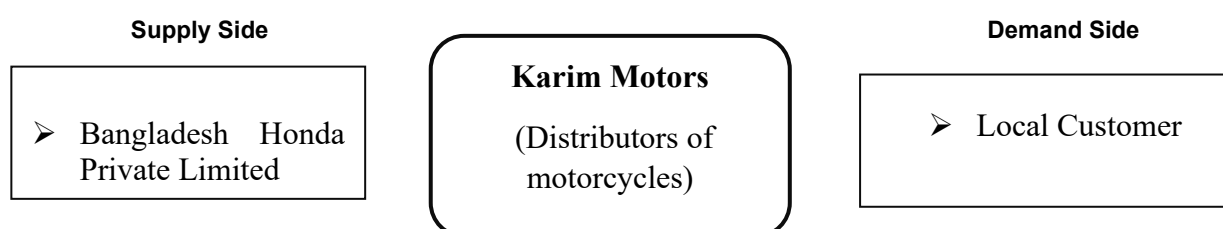
Credit Challenges

- Increase of competition because of entry of new brands & models in the market
- Rented sales outlet increases operational expenses which shrinks the profitability
- Single supplier concentration risk exists as the Firm only sells the motor cycles of Honda brand
- Lack of audited financial statement restricts to have proper financial overview of the Firm.

Background of the Business

Karim Motors is a proprietorship concern was established in 2018 by the proprietor Mr.Md. Bazlul Karim. The business is engaged in trading of motorcycles and sells different kinds of Motorcycles of Honda Brand to local customers in Mirpur region as a distributor of Bangladesh Honda Private Limited. Since its inception, the business has been operating from one rented sales & servicing center along with office space located at 607, Begum Rokeya Sarani, Mirpur, Dhaka-1216.

Business Model



Business and Operational Overview

Karim Motors is a sole distributor of motorcycles Honda Private Ltd, Bangladesh. where it sells different kind of Motorcycles of the brand to local customers of Mirpur region. It runs its operations from House 1/1, Greenview Housing, Boshila Road, Mohammadpur, Dhaka with total area of 2,500 sft. leased area. Along with sales outlet the Firm also stores motor bikes at the rented warehouse of 1,800 sft which is nearby the sales outlet.

Karim Motors is the sole distributor of Honda bikes which contributes 100% procurement on cash basis. The Firm procures various types of motorcycles as per the market demand tracked by visiting customers

at sales points. Procurement from one renowned motorcycles manufacturer exhibits high supplier concentration risk for the business. The Firm mainly procures Suzuki Motorcycles (GIXXER V4, Hayate EP, MONO Tone, SF V1 etc.) on cash basis from Rancon Motors Bike Ltd which also facilitates credit purchase in some special cases.

The Firm also receives various ranges of commission as well as credit procurement facilities from this dealership supplier, which offers BDT 5,000.0-6,000.0 commission. The Firm uses rented trucks and pick-ups to deliver Motorcycles to Sales point. The delivery charge is paid by the proprietor of the Firm. The customers are mainly local people who purchase from M/s. Karim Motors mostly on cash. MLBL has an experienced technical team for servicing section. Along with motor cycles the Firm also sells accessories & spare parts which also contributes a certain portion of revenue.

Being an entrepreneur, the Proprietor has gathered adequate experience regarding the local demand. He takes the business decisions alone. Such experience and knowledge regarding the market dynamics help the Firm to plan timely and appropriately to run the business in line with target market. The Business has 11 staff on permanent basis.

Financial Overview

Due to the nature of the business and scope of operations, formal financial information system is limited and informal information system may exist. Credit worthiness report has been prepared on the basis of management financial statements and other documents provided by the Banker. There are associated risks via information and quality of information.

According to the management financial statements, the Firm has generated around BDT 127.4 million in 2025 whereas previous year it was BDT 124.8 million which seem satisfactory for this size of the business. Major part of revenue comes from motor cycles sells, which contributes almost 90% of revenue stream. Gross profit margin in 2025 is 14.0% of total sales and around 9.2% as net profit margin, all the indicators of profitability margin are posing adequate profit performance of the business in 2025. Coverage ratio (EBIT/ Financial Expenses ratio) of the Firm is 18.9x in 2025 whereas previous year is 23.1x which is adequate.

Because of the nature of the industry, the Firm keeps adequate stock to ensure smooth operation of the business. As of September 14, 2025, the Firm had stock value of BDT 13.32 million consisting of different models of motorcycles in sales center and warehouse. Leverage position of the Firm is comfortable as total liability to total equity was 0.6x.

Appendix-1: Fact Sheet

Background

Name of the Firm	M/s. Karim Motors
Year of Commencement	2018
Business Address	607, Begum Rokeya Sarani, Mirpur, Dhaka-1216
Legal status	Proprietorship
Number of employees	12

Key Person Profile

Name	Mr. Md. Bozlul Karim
Age	~53 years

Qualification	Post graduate
Designation/responsibilities	Proprietor
Current Business Experience	7 Years
Similar Business Experience	7 Years

Business Addresses

Sales center & Service Centre	Address	House 1/1, Greenview Housing, Boshila Road, Mohammadpur, Dhaka
	Occupied Area	2,000 sft
	Land-use Right	Rented
Warehouse	Address	House 1/1, Greenview Housing, Boshila Road, Mohammadpur, Dhaka
	Occupied Area	1,800 sft
	Land-use Right	Rented

Operation

Nature of Business	Trading
Product Range	Honda Dream 110, Honda Dio, Honda SP 25 etc.
End-user Industries	Retailers
Major Suppliers	Bangladesh Honda Private Limited
Payment Methods & Terms of Credit	Cash
Major Buyers	Local buyer base
Sale Methods & Terms of Credit	Cash & Credit
Degree of Competition	High
Sales Centre	Two (rented)
Succession Planning	Yes
Direct Involvement of Successor	Yes
Decision-making Powers	Proprietor
Any Backward/Forward Linkage	No
Business Vehicle	06

Banking and Insurance

Name of the Bank	BRAC Bank PLC
Purpose of Finance	For working Capital Requirement
Loan Repayment Behavior	Regular
History of Reschedule	No
Name of Insurer	n/a
Sum Insured	n/a
Risk Covered	n/a
Validity of Insurance	n/a

Source: The Management, Bank(s) and based on received documents

APPENDIX - 2: DETAILS CREDIT FACILITIES (Figure in Million BDT)

Loan Type	Nature	Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Short Term	Funded	Mercantile Bank PLC	CC (Hypo) -SE	4.5	4.2	10/10/2026
Total Long Term & Short Term Funded				4.5	4.2	

Note:

Liability Position as on 12/10/2025

As per documents received from Mercantile Bank PLC, the loan is standard.

OD Account

Particular	Debit Summation	Credit Summation
12 months Period: (14/11/2024-14/11/2025)	BDT 79.37 million	BDT 76.17 million
Short Term Limit: BDT 4.5million	Debit/Limit: 12.4 x	Credit/Limit: 11.8 x

Appendix – 3: Financial Highlights

Type of Statement: Received from Management of Karim Motors (Figures in Million. BDT)

	Period	30/06/2025	30/06/2024
Earnings & Stability	Revenue	127.4	124.8
	Revenue Growth (%)	2.1	30.1
	COGS as % of Revenue	86.0	86.7
	EBITDA	12.3	11.6
	EBITDA Margin (%)	9.7	9.3
	Net Profit after tax	11.7	11.1
Profitability	Gross Profit Margin (%)	14.0	13.3
	Operating Profit Margin (%)	9.7	9.3
	Net Profit (after tax) Margin (%)	9.2	8.9
	Return on Average Asset (%)	67.7	59.9
	Return on Average Equity (%)	29.7	28.3
Liquidity	Current Ratio (x)	2.3	2.3
	Quick Ratio (x)	0.5	0.5

	Inventories	12.7	12.5
	Average Inventory Processing Period (Days)	6.0	13.0
	Accounts Receivables	1.9	1.8
	Average Receivable Collection Period (Days)	6.0	13.0
	Accounts Payables	2.0	1.8
	Average Payables Payment Period (Days)	7.0	6.0
	Operating Cycle (Days)	12.0	26.0
	Cash Conversion Cycle (Days)	5.0	20.0
	Total Equity	10.7	10.2
	Total Liability	6.8	6.9
	Total Assets	17.5	17.1
	Total Borrowed Fund	4.6	4.9
	Total Long Term Borrowed Fund	0.0	0.0
	Fund Flow from Operation (FFO)	11.7	11.1
	Cash Flow from Operation (CFO)	11.6	14.0
	Total Liability to Total Equity (X)	0.6	0.7
	Total Borrowed Fund to Total Equity (×)	0.4	0.5
	Total Borrowed Fund to EBITDA (×)	0.4	0.4
	FFO to Total Borrowed Fund (%)	40.1	52.0
	CFO to Total Borrowed Fund (%)	22.1	20.0
	EBIT to Interest Expense (×)	15.5	13.0

7.3 Qualitative Assessment of Karim Motors

Before moving to the scoring model analysis, first let's have a simple idea about this SME business. The business is engaged in trading of motorcycles and sells different kinds of Motorcycles of Honda Brand to local customers in Mirpur region as a distributor of Bangladesh Honda Private Limited. Since its inception, the business has been operating from one rented sales & servicing center along with office space. The Firm procures various types of motorcycles as per the market demand tracked by visiting customers at sales points.

Now we begin with part of qualitative assessment of Karim Motors. An analyst must possess strong industry knowledge and experience to accurately evaluate.

7.3.1 Business Risk Criteria

The following table is showing the assessment of Business Risk Criteria of Karim Motors for scoring:

Table 3: Business Risk Score

Component	Outcome	Score Obtained	Scale
Business Size	Medium (20 million or more)	4.0	4.0
Age of Business	7 to 10 years	1.5	2.0
Outlook of Business	Stable	1.5	2.0
Business Growth Compared to Industry	Strong (>10%)	3.0	3.0
Market Competition	High	1.0	4.0
Entry/Exit Barriers to Business	Easy	1.5	3.0
Total		12.5	18.0

With 7 to 10 years of operations, Karim Motors has a moderate operating history. The company ranks well for business size and industry risk, with a strong business risk score. Overall, the total score of Karim Motors is 12.5 out of 18 indicate that it has a moderate business risk profile showing good growth and stability but facing high competition.

7.3.2 Management Risk Criteria

The following table is showing the assessment of the Management Risk Criteria of Karim Motors for Scoring:

Table 4: Management Risk Score

Component	Outcome	Score Obtained	Scale
Track Records of the sponsors	Average	2.0	3.0
Education & Experience	More than 7 years	2.5	3.0
Risk Tracking Capacity of Sponsors	Past experience - low	1.0	2.0
Personnel Policy & Internal Control System	Average/ as per peer	1.5	2.0
Succession	Yes, with good capability	3.0	3.0
Working Environment/Team Work	Very good	2.0	2.0
Auditing Firm	Un- Audited		2.0
Change of external auditor in last 3 years	Yes	1.0	1.0
Total		13.0	18.0

Karim Motors achieves a very moderate management risk score indicating that the company is managed by an experienced and capable leadership team with well-structured internal processes. The company have capable successor to continue the business.

7.3.3 Bank Relationship Risk Criteria

The following table is showing the assessment of the Bank Relationship Risk Criteria of Karim Motors for Scoring:

Table 5: Bank Relationship Risk Score

Component	Outcome	Score Obtained	Scale
No. of times the borrower was adversely classified in last 3 years	0 times	3.0	3.0
No. of times the borrower's loan was rescheduled or restructured in last 3 years	0 time	2.0	2.0
Loans Status (Current)	Regular	5.0	5.0
Compliance of covenants/conditions	Fully compliance	1.0	1.0
Performance behavior with Supplier/Creditors (Did the borrower pay its suppliers/creditors regularly in last 1 year)	Yes	1.0	1.0
Total		12.0	12.0

Karim Motors shows a strong banking record scored with no adverse classification, regular loan status, full covenant compliance, and timely payments. The total score is 12 out of 12, indicating a low bank relationship risk.

7.3.4 Financial Security Risk Criteria

The following table is showing the assessment of the Financial Security Risk Criteria of Karim Motors for Scoring:

Table 6: Bank Relationship Risk Score

Component	Outcome	Score Obtained	Scale
Security Coverage (Primary)	Medium (BDT 20. million or more)	1.0	2.0
Collateral Coverage	Registered mortgage on Pourashava	1.0	1.5
Eligible Collateral Coverage	70% to 80%	1.0	2.0
Types of Guarantee	Personal or corporate guarantees without strong financial strength	.50	1.5
Total		3.5	7.0

The financial security of Karim Motors is moderate. The primary security coverage is medium, supported by a registered mortgage as collateral. Eligible collateral covers about 70–80% of the required amount, which offers partial protection to the bank. However, the guarantees

provided are not financially strong. With a total score of 3.5 out of 7, the overall security position shows stability but needs improvement.

7.3.5 Other Risk Criteria

The following table is showing the assessment of the Other Risk Criteria of Karim Motors for Scoring:

Table 7: Bank Relationship Risk Score

Component	Outcome	Score Obtained	Scale
Legal/ Environmental Issue	Not Compiled	0.0	1.0
Disaster Management capacity	Excellent	1.0	1.5
Insurance policy	No	0.0	2.0
Govt. Subsidies / Tax Waiver	Unfavorable	.50	1.5
Corporate Governance	Non-questionable corporate governance	1.0	1.0
Total		2.5	7.0

Karim Motors has to perform in other risk categories. The company is not comply with legal and environmental requirements and not satisfactory management capacity. Overall, the company scores 2.5 out of 7, indicating a high level of other risks.

The following table provides an overall picture on each of the individual qualitative type of scoring and their respective score

Table 8: Total Qualitative Score

Component	Outcome	Score Obtained
Business Risk	12.5	18.0
Management Risk	13.0	18.0
Bank Relationship Risk	12.0	12.0
Financial Security Risk	3.5	7.0
Other Risk	2.5	7.0
Total	43.5.0	60.0

The qualitative assessment shows that Karim Motors performs well in most areas, especially in business and management risk. The company also maintains a strong banking relationship. However, financial security is moderate and could be improved. Overall, the total score of 43.5 out of 60 reflects a solid qualitative position.

7.4 Quantitative Assessment of Karim Motors

Now we begin with part of the quantitative assessment of Karim Motors. By analyzing important financial indicators of a company, it becomes easier to understand how well a business can meet its financial obligations and continue its operations smoothly over time.

7.4.1 Leverage

The following table is showing the assessment of the Leverage Risk Criteria of Karim Motors for Scoring

Table 9: Leverage Score

Component	Outcome	Score Obtained	Scale
Total Liability to Total Equity (x)	0.64	2.50	3.00
Total Borrowed Fund to Total Equity (x)	0.43	2.50	3.00
Total Borrowed Fund to EBITDA (x)	0.45	4.00	4.00
Total		9.0	10.0

This financial indicator measures the company's financial dependence on borrowed funds compared to its equity and earnings. Karim Motors achieved scored a perfect 9.0 out of 10.00, indicating low financial risk and a strong capital structure.

7.4.2 Liquidity

The following table is showing the assessment of the Liquidity Risk Criteria of Karim Motors for Scoring

Table 10: Liquidity Score

Component	Outcome	Score Obtained	Scale
Current Ratio (x)	2.34	2.50	3.00
Quick Ratio (x)	0.48	0.50	1.00
Total		3.0	4.0

Basically, liquidity is measured to examines a company's ability to pay its short-term debt obligation by using its current assets. liquidity score of Karim Motors is 3.0 out of 4 indicates, that the company is in a good position to meet its daily operational needs without major difficulties.

7.4.3 Profitability

The following table is showing the assessment of the Profitability Risk Criteria of Karim Motors for Scoring

Table 11: Profitability Score

Component	Outcome	Score Obtained	Scale
EBITDA Margin (%)	8.24	0.99	2.00
Gross Profit Margin (%)	12.63	2.00	2.00

Net Profit (after tax) Margin (%)	7.72	2.00	2.00
Return on Average Asset (%)	56.14	2.00	2.00
Return on Average Equity (%)	24.64	1.32	2.00
Total		8.30	10.0

Overall, the total score of Karim Motors is 8.30 out of 10 in profitability indicate that the company efficiently generates profits from its operations.

7.4.4 Coverage

The following table is showing the assessment of the Coverage Risk Criteria of Karim Motors for Scoring

Table 12: Coverage Score

Component	Outcome	Score Obtained	Scale
FFO to Total Borrowed Fund (%)	40.1	2.00	2.00
CFO to Total Borrowed Fund (%)	22.1	2.00	2.00
EBIT to Interest Expense (x)	15.5	2.00	2.00
Total		6.0	6.0

The coverage ratio shows a company's capacity to cover interest and loan commitments from its profit. Karim Motors scored 6.00 and this makes it strong to cover financial obligations but can also pose risks as we all know poor solvency could lead to bankruptcy.

7.4.5 Operational efficiency

The following table is showing the assessment of Operational Efficiency Risk Criteria of Karim Motors for Scoring

Table 13: Operational Score

Component	Outcome	Score Obtained	Scale
Average Inventory Processing Period (Days)	6.00	2.00	2.00
Average Receivable Collection Period (Days)	7.00	2.00	2.00
Revenue /Average Assets	7.36	2.00	2.00
Total		6.0	6.0

Karim Motors achieved 6.0 out of 6.0 in its operational activities means the firm is managing its assets, inventories, and operations fairly efficiently. This strong performance tells us how effectively the company uses its resources to generate revenue.

7.4.6 Earning Quality

The following table is showing the assessment of the Earning Quality Risk Criteria of Karim Motors for Scoring

Table 14: Earning Quality Score

Component	Outcome	Score Obtained	Scale
FFO to Revenue (%)	10.88	0.66	2.00
Revenue growth (%)	3.00	0.33	2.00

Total		1.0	4.0
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It shows how reliable and realistic the reported profit is in reflecting the company's actual financial health. Karim Motors scored 1. out of 4.00 which indicating weak performance in generating and growing revenue.

The table provides an overall picture on each of the individual quantitative type of scoring and their respective score

Table 15: Total Quantitative Score

Component	Outcome	Score Obtained
Leverage	9.0	10.0
Liquidity	3.0	4.0
Profitability	8.30	10.0
Coverage	6.0	6.0
Operational Efficiency	6.0	6.0
Earning Quality	1.	4.0
Total	33.3	40.0

Quantitative assessment of Karim Motors shows strong financial health scoring 33.3.out of 40.00 scale. The company has low debt, excellent liquidity, and solid coverage ratios. he company's profitability and earnings quality are both moderate, but they are not a current risk. Still, these areas should be improved in the future. The high overall score shows that the company has good creditworthiness based on the numbers. Overall, by combining the qualitative and quantitative score was 76.8 in total and earned SE-3 as initial rating which represent moderate credit quality.

From	To	Rating
21.00	30.00	CRAB SME-8
31.00	40.00	CRAB SME-7
41.00	50.00	CRAB SME-6
51.00	60.00	CRAB SME-5
61.00	70.00	CRAB SME-4
70.00	80.00	CRAB SME-3
81.00	90.00	CRAB SME-2
91.00	100.00	CRAB SME-1

Figure 8: SME 8 Notch Rating Scale

8. Key Findings and Recommendation

Key Findings

During my internship at Credit Rating Agency of Bangladesh Ltd (CRAB) I have been able to get practical experience and understand some critical points. Based on my analysis and observations, the key findings are as follows:

- CRAB has a supportive and professional working environment that helps interns learn effectively.
- The internship provided me with firsthand experience in how tiered rating models support large investment and lending practices.
- The rating scoring assessment is quite systematic, ensuring objective and consistent evaluations that incorporate both quantitative and qualitative factors.
- The organization fosters a professional, cooperative, and friendly working environment that builds trust and strengthens its reputation in the market.
- CRAB maintains strict confidentiality protocols, ensuring complete protection of client information.
- CRAB reviews the report work of interns every month and gives feedback about their performance. This structured review process is an example of the organization's internal monitoring and dedication to professional growth.

Recommendation

Several recommendations are given which should be followed in rating industry to make a broader prospectus for future are as follow:

- Credit rating sector should be enriched with more regulations and guidelines as it is a promising sector in Bangladesh.
- The agency may introduce more digital tools and automated systems to increase efficiency in data collection and analysis.
- Bangladesh Bank should be more focused on the rating the all the listed and non-listed companies at yearly basis as well as for the credit rating agency.
- CRAB should develop its strategies to attract more clients and develop its promotional activities to the public for recognition.

9. Conclusion

This internship report provides an overall understanding of my practical learning experience and knowledge at Credit Rating Agency of Bangladesh Ltd. (CRAB). This report mainly focuses on SME credit rating and assessment procedures. The study also highlights the contribution and current status of SMEs to Bangladesh's economy and describes how CRAB evaluates SME creditworthiness using a structured framework which includes both qualitative and quantitative indicators. The report also outlines the rating process, starting from data collection and management interaction to analysis, report preparation, and rating committee approval.

A significant part of the report encompasses an assessment of the creditworthiness of Karim Motors, an SME engaged in motorcycles trading. The company was evaluated in various aspects of business including – performance, capability, financial position, banking behavior and operational stability using CRAB's SME rating methodology. The evaluation of the assessment shows that Karim Motors has earned SE-3 which refers an adequate credit quality rating due to its stable revenue growth, strong management position, and adequate profitability.

This internship has provided me with such a great knowledge concerning the rating industry, such as comprehending the ratings models, discussing with clients, creating financial analysis and seeing how's life in a rating agency. I realized that I am gaining valuable exposure, but practical experience as well and I will be able to relate the academic theory with real life financial and credit risk assessments.

Reference

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