



Azadi Ka Amrit Mahotsav Activity

“Youth Excellence Symposium-17 Virtual Program” conducted by Women & Young Members Excellence Committee of ICAI on 21st July 2023

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
Women & Young Members Excellence Committee

YOUTH EXCELLENCE SYMPOSIUM - 17

**Virtual Program on
Insight to Credit Ratings:
Why, What and How
of Credit Ratings**

21st July, 2023 | 4:00 PM to 6:00 PM
FEES NIL

Welcome Address
Introductory Remarks

Speakers
Moderators

CA. Priti Paras Savla
Chairperson, WYMEC, SRSB
& Vice Chairperson, VSB

CA. Abhay Chhajed
Chairman, CCLEA&NPO &
Vice Chairman, WYMEC & ASB

CA. Anurag Shah
CA. Deep Chheda
CA. Mittal Sangoi
CA. Zeel Vohra
CA. Karan Vakharia

Registration and participation link: <https://live.icai.org/wymec/21072023/>

Send your queries in advance at wymec@icai.in
or LIVE during Program

As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women & Young Members Excellence Committee (WYMEC) of ICAI organized “Youth Excellence Symposium-17 Virtual Program” on 21st July 2023.

CA. Anurag Shah was speaker of the said program. Coordinators for the day were CA. Deep Chheda, CA. Mittal Sangoi, CA. Zeel Vora and CA. Karan Vakharia.

The program covered discussion on “Insight to Credit Ratings: Why, What and How of Credit Ratings”. Deliberations were made on Why Credit Ratings are needed, What are Credit Ratings, Major Credit Rating Agencies, Credit Rating Scales, How are Credit Rating done for Chartered Accountants, etc.

Why Credit Ratings?

- How does a company improve your its Image in the market?
- Now how can you or a company can improve its financial image and create positive publicity?
- How can the company sell or market itself so that it can attract funds for borrowing or investment?
- How can one lower its financing cost?

Accordingly, Uses of Credit Ratings for a Borrower perspective:

- | | |
|--|--|
| ✓ Improve its public image and show case financial strength and position | ✓ Access to Capital Market to raise funds |
| ✓ Have better negotiating power | ✓ Reduce Borrowing cost |
| ✓ Attract investors and bankers alike | ✓ Reach optimum Capital Structure |
| ✓ Easier regulatory compliance and better reputation | ✓ Better risk management and debtor management |

Major Credit Rating Agencies: An Overview

- ✓ The global credit rating industry is highly concentrated, with three agencies controlling the majority of the market: Moody's Corporation, S&P Global, and Fitch Ratings.
 - ✓ In Indian context, there are 6 credit rating agencies licensed and regulated by SEBI and RBI. However, even our Indian credit rating industry is highly concentrated with top 3 CRA's.
 1. CRISIL (Subsidiary of S & P Global)
 2. ICRA (Subsidiary of Moody's)
 3. CARE
 4. India Ratings (Subsidiary of Fitch Ratings)
 5. Acute Ratings
 6. Infomercia
 - ✓ A rating of AAA is the highest possible credit rating, while a rating in the C or D range is the lowest.
- Note: For the rating categories AA through to C, the modifiers + (plus) or - (minus) may be appended to the rating symbols to indicate their relative position within the rating categories concerned. Thus, the rating of AA+ is one notch higher than AA, while AA- is one notch lower than AA.
- ✓ While globally each rating agency uses a slightly different scale, they each assign ratings in the form of letter grades. However, in India, SEBI has standardized the rating scales across all the rating agencies.

How are Credit Ratings done?

The credit rating process involves extensive analysis and research.

CRA's gather information through:

- company disclosures,
- financial statements,
- meetings with the management team,
- industry reports, and
- Its business policy, strategy and competitive position.
- Its risk management practices.

The final rating is based on the CRA's judgment and is subject to periodic reviews and updates.

What are Credit Ratings :

- ✓ **Credit rating** is an assessment of the creditworthiness of a borrower or issuer of debt instruments, such as a corporation, government entity, or individual.
- ✓ It is an evaluation by credit rating agencies (CRAs) to opine on the borrower ability to meet their financial obligations.
- ✓ It is a relative ranking arrived at by a systematic analysis of the strengths and weaknesses of an entity or individual, based on its business and competitive strengths, its present and future financial statements at a point of time.
- ✓ It is a measurement tool to measure the riskiness of the borrower or its probability to default over a given period of time.
- ✓ They assist investors and creditors in making informed decisions regarding the risk associated with lending or investing in a particular entity.

The program concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Virtual Program held on 21st July 2023



