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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	30 August 2023	30 August 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Mercantile Bank Limited	CC(H)	7.50	5.78	17.08.2023

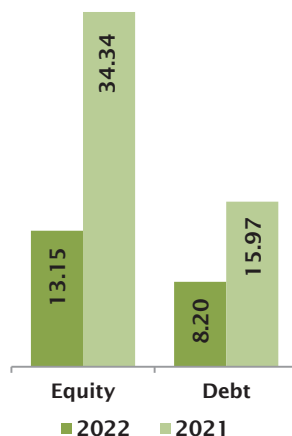
Financial Based on-Management prepared financial statements up to 31<sup>st</sup> December 2022.

Methodology: SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

**Key Snapshot:**

Particulars	2022	2021
Revenue	30.00	32.20
EBIT	3.65	5.59
Net Profit	2.88	0.09
Total Assets	21.35	50.31
Total Equity	13.15	34.34
Total debt	8.20	15.97
Net Profit Margin (%)	9.6	0.3
CCC (Days)	146	227
ICR (X)	8.11	1.02

**Capital Structure (BDT. in million)**



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**RATING RATIONALE**

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Sadar Ali Pharmacy (hereinafter referred as "SAP" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Good business network
- Low levered capital structure
- Good banking conduct
- Maintained sound business relation with supplier & buyer

However, the above rating has been moderated to some extent due to some factors like:

- Lack of disclosure of financial statements
- No insurance coverage
- Stressed liquidity position
- Manual accounting system

The SME rating implies that the enterprise is adjudged to above average credit quality.

WCRCL also viewed the enterprise with "Stable" outlook and believes that SAP will be able to maintain its good fundamentals in the foreseeable future. This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.