

3rd SURVEILLANCE CREDIT RATING REPORT
MASHRAFI TRADERS



Ref. no.: CRAR-8659/2023

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	23 November 2023	20 December 2024

Bank Name	Mode of Investment	Sanctioned Amount	BDT. in million	
			Outstanding Amount	Date of Outstanding
Mercantile Bank PLC	CC(H)	3.20	1.64	08.11.2023
	Time Loan	2.00	2.00	

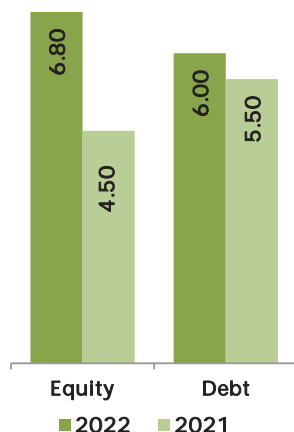
Financial Based on- unaudited financial statements up to 31st December 2022.

Methodology: SME rating methodology published on the WCRCL website at www.wasocreditrating.com

Key Snapshot:

Particulars	BDT. in million	
	2022	2021
Revenue	37.00	32.00
EBIT	3.10	1.90
Net Profit	2.70	1.58
Total Assets	12.80	10.00
Total Equity	6.80	4.50
Debt	6.00	5.50
Net Profit Margin (%)	7.3	4.9
CCC (Days)	73	87
ICR (X)	12.40	9.50

Capital Structure (BDT. in million)



RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Mashrafi Traders (hereinafter referred as "MT" 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
- Owned business premises
- Low levered capital structure
- Satisfactory banking relationship
- Good interest coverage position

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

- Low disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- Inventory holding risk
- 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 MT 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.

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