

INITIAL CREDIT RATING REPORT  
MONTAHA STEEL MILLS LIMITED



Ref. no.: CRAR-18016/2023

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A-	ST 3	Stable	03 October 2023	02 October 2024

*Tk. in Million*

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
Mercantile Bank PLC (25.09.2023)	L/C (Sight/Def./UPAS) L&F	450.00	448.90	blr ST 3
	L/C (Sight) Foreign	100.00	79.50	
	LTR	(150.00)	-	
	OD	100.00	2.70	
	BG (Single Deal)	50.00	47.70	
	BG (Single Deal)	10.00	-	

Key Snapshot:

*BDT. in million*

Particulars	FY22	FY21
Revenue	1,279	1,283
EBIT	33.55	31.93
Net Profit	23.93	22.09
Total Assets	1,033	833.6
Total Equity	30.07	36.75
Total debt	1,003	796
Net Profit Margin (%)	1.9	1.7
CCC (Days)	7	-13
ICR (X)	60.68	86.72

*Financial Based on-Audited statements up to 30<sup>th</sup> June 2022.*

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

**RATING RATIONALE**

WCRCL has assigned 'A-' (pronounced as A Minus) rating for the Long Term and 'ST 3' (pronounced as Short Term Three) rating for Short Term to **Montaha Steel Mills Limited** (hereinafter referred to as '**MSML**' or '**The Company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has assigned 'blr ST 3' (pronounced as Bank Loan Rating Short Term Three) rating to short term loan limit.

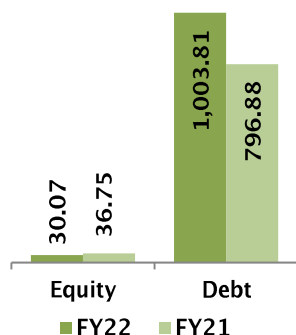
The above ratings have been assigned based on the fundamentals of the company which include experienced directors and management, maintained sound relation with supplier & buyer, equipped with power backup, comfortable interest coverage position, good banking conduct and good mortgage security coverage against loan.

However, the above factors are constrained by highly levered capital structure, tight liquidity position, volatile raw material price and medium disclosure of financial statements.

The long term rating implies that the entity has moderately good credit quality. The short term rating implies that the company has average ability to meet short term financial commitments.

WCRCL also viewed the company with "**Stable**" outlook and believes that **MSML** 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.

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



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