

BSRM Steels Limited (DSE: BSRMSTEEL)	
Current Price (July 30, 2015)	84.7
Total Number of Share (Mn)	341.8
Free Float (%)	29.1%
Annualized PE* – BSRMSTEEL	13.7x
Trailing PE* – BSRMSTEEL	19.6x
Annualized PE – Engineering Sector	22.3x

*Based on latest earning disclosure

Financials (BDT Mn)	2013	2014	HY, 2015** (Unaudited)
Net Revenue	36,295	38,571	18,545
Gross Profit	3,828	3,488	2,247
Operating Profit	2,861	2,548	1,750
Net Profit After Tax	1,899	1,248	1,061
Total Asset	28,681	32,381	31,650
Total Equity	8,028	8,769	9,469

**Year ends on Dec. 31

Growth (%)	2013	2014	HY, 2015
Revenue	-5.1%	6.3%	-7.5%
Net Profit After Tax	89.7%	-34.3%	29.1%

Financials (BDT Mn)	2013	2014	HY, 2015
Restated EPS	5.56	3.65	3.10
BVPS	23.49	25.66	27.71

Others	2013	2014	HY, 2015
Gross Profit Margin	10.5%	9.0%	12.1%
Operating Profit Margin	7.9%	6.6%	9.4%
Net Profit Margin	5.2%	3.2%	5.7%
ROA	6.8%	4.1%	-
ROE	26.2%	14.9%	-
Stock Dividend	-	-	-
Cash Dividend	15.0%	15.0%	-

3 years'	BSRMSTEEL		Peers	
CAGR	-	RSRMSTEEL	GPHISPAT	
Revenue	7.3%	-	6.3%	8.3%
NPAT	10.8%	-	-1.9%	29.4%

Source: Annual Reports of BSRMSTEEL, RSRMSTEEL and GPHISPAT and; Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

BSRM Steels Limited (DSE: BSRMSTEEL) was incorporated in 2002 as a private limited company. Later, it was converted into public limited company. Subsequently, the company was listed in both DSE & CSE during 2009.

BSRM is the market leader in the national steel industry. It is a manufacturer and marketer of M.S. products. The company has a subsidiary named as BSRM Iron and Steel Co. Ltd. (BISCO), which manufactures and sells M.S. Billets. BSRM holds 95.0% equity interest in BISCO. In addition, the company has an associate company named as BSRM Steel Mills Ltd. (BSRMSML), where it holds 21.8% equity ownership. The main purpose of BSRMSML is to manufacture and market M. S. Billets.

Key Revenue Drivers & Company Insight

Sale of M. S Rod is the key revenue driver of BSRM Steels Limited. In spite of having a production capacity of 6,00,000 MT, the company produced 6,23,918 MT M. S. Rod while sales reached at 6,79,803 MT. Amid this, significant level of revenue came from its flagship brand Xtreme500W (95.7%) during 2014.

2014 had been very auspicious for BSRMSTEEL as its M. S. Rod sales reached 6,79,803 MT which is highest in history of the company. To satisfy the growing demand of Xtreme500W the company is planning to increase the production capacity to 7,00,000 MT Ton per annum through BMRE (Balancing, Modernization, Rehabilitation and Expansion) project. In the meantime, BSRM Steel Mills Ltd. has invested in the biggest billet making plant of BSRM Group to ensure uninterrupted supply of raw material.

Financial Performance

During 2014, the topline improved by 6.3% against a de-growth of 5.1% in 2013. However, the Gross Profit Margin (GPM) fell to 9.0% from 10.5% mainly due to decreased average selling price and increased COGS which resulted from higher indirect cost. Hence, the Operating Profit Margin (OPM) also decreased to 6.6% from 7.9% of previous year. Besides, the company had to book a loss of BDT 3.2 Mn from its associate company, which was a gain of BDT 497.4 Mn in 2013, pulled down the bottom line significantly by 34.3%. Accordingly, Net Profit Margin (NPM) streamlined at 3.2%.

Recently, the company has reported net profit after tax (excluding non-controlling interest) of BDT 1054.43 mn with EPS of BDT 3.09 (Jan' 15 to Jun' 15) as against BDT 817.53 million and BDT 2.39, respectively for the same period of the previous year.



Source : DSE; Research, IDLCIL

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