

**Bangladesh Steel Re-Rolling Mills Limited (DSE: BSRMLTD)**

Current Price (March 24, 2016)	181.3
Total Number of Share (Mn)	195.1
Free Float (%)	42.9%
Annualized PE* – BSRMLTD	42.7x
Trailing PE* – BSRMLTD	42.7x
Annualized PE – Engineering sector	18.8x

\*Based on latest year annual earnings.

Financials (BDT Mn)	2013	2014	2015
Revenue	8,602	8,050	7,802
Gross Profit	500	188	458
Operating Profit	285	(66)	207
Net Profit After Tax	944	109	828
Total Asset	21,299	22,766	26,940
Total Equity	8,274	8,432	9,804

\*\*Year ends on Dec. 31

Growth (%)	2013	2014	2015
Revenue	-38.7%	-6.4%	-3.1%
Net Profit After Tax	107.9%	-88.4%	658.7%

Financials (BDT Mn)	2013	2014	2015
Restated EPS	4.84	0.56	4.24
BVPS	42.41	43.22	50.25

Others	2013	2014	2015
Gross Profit Margin	5.8%	2.3%	5.9%
Operating Profit Margin	3.3%	-0.8%	2.7%
Net Profit Margin	11.0%	1.4%	10.6%
ROA	4.9%	0.5%	3.3%
ROE	11.9%	1.3%	9.1%
Stock Dividend	-	-	5.0%
Cash Dividend	-	10.0%	10.0%

Source: DSE; Annual Report of Bangladesh Steel Re-Rolling Mills Limited and Research, IDLC Investments Ltd.

3 years' CAGR	Peers			
	BSRMLTD	BSRMSTEEL	RSRMSTEEL	GPHISPAT
Revenue	-17.8%	-4.3%	-2.5%	10.9%
NPAT	22.2%	28.0%	20.5%	4.4%

Source: Annual Reports/Prospectus of BSRMLTD, 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**

Bangladesh Steel Re-Rolling Mills Limited (DSE: BSRMLTD), a concern of BSRM Group, was founded in 1960 as a private limited company. Later in 2009, it was converted into public limited company. Subsequently, the company absorbed its backward linked concern, Meghna Engineering Works Limited in 2011 and was listed in DSE and CSE during 2015.

Currently, it is operating two different units, Re-Rolling unit for M.S. Rod, Melting unit for the production of M.S. Billet. It has two associate companies, named as BSRM Steels Ltd. and BSRM Steel Mills Ltd. The Company holds 31.2% and 21.8% ownership interest in BSRM Steels Ltd. and BSRM Steel Mills Ltd., respectively.

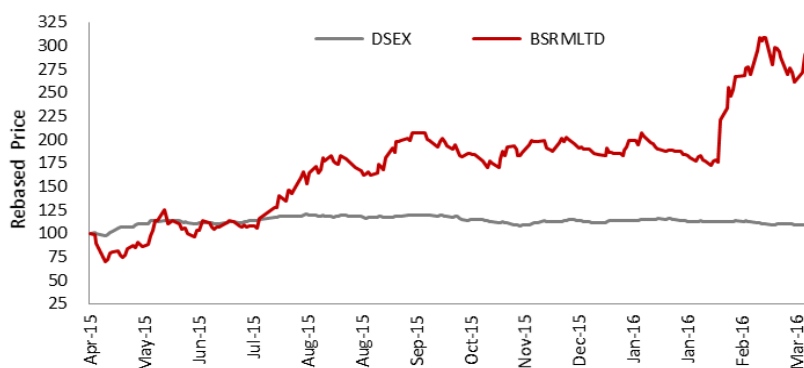
**Key Revenue Drivers & Company Insight**

The primary activity of BSRMLTD is to manufacture M.S. Products and M.S. Billet. It also sales M.S. Products like angle, channel, I Beam, H Beam, ingot, etc. The company earns significant percentage of its revenue by selling M.S. Rod and M.S. Billet in local market, consisted 62.7% and 36.0%, respectively in 2015. Furthermore, export sales and scrap & by-products sales contributed the remaining portion of its turnover. Notably, the performance of the associate companies had substantial effect on BSRMLTD's performance during 2015.

During 2014, BSRMLTD had a total production capacity of 1,20,000 MT M.S. Rod and 1,20,000 MT of M.S. Billet, respectively in its Re-Rolling and Melting Unit. Subsequently, the company has undertaken a massive BMRE project in mid of 2014 to expand its Re-Rolling unit to 4,50,000 MT. After successful completion, commercial operation started in December 2015. Hence, it produced 45,689 MT and 1,28,022 MT of M. S. Rod and M. S. Billet, respectively in 2015.

**Financial Performance**

Revenue continued to face de-growth for the last consecutive 3 years. This was partly due to production suspension for BMRE project and declined price of M.S. Rod & M.S. Billet. However, Gross Profit Margin (GPM) improved to 5.9% in 2015 which was 2.3% in 2014. Sequentially, Operating Profit turned positive again, settling Operating Profit Margin (OPM) to 2.7%. Besides, the company booked a gain (net of tax) of BDT 1,169.9 Mn, which was BDT 383.6 Mn in 2014, from its associate companies. Hence, NPAT observed robust gain of 658.7% YoY, settling Net Profit Margin (NPM) to 10.6%.



Source : DSE; Research, IDLC Investments Limited