

BSRM Steels Limited (DSE: BSRMSTEEL)

Current Price (April 13, 2016)	92.3
Total Number of Share (Mn)	341.8
Free Float (%)	29.1%
Annualized PE* – BSRMSTEEL	15.0x
Trailing PE* – BSRMSTEEL	15.0x
Annualized PE – Engineering Sector	18.8x

*Based on Annual Earnings of 2015

Financials (BDT Mn)**	2013	2014	2015
Net Revenue	36,295	38,571	33,493
Gross Profit	3,828	3,488	4,815
Operating Profit	2,861	2,548	3,683
Net Profit After Tax	1,899	1,248	2,097
Total Asset	28,681	32,381	28,485
Total Equity	8,028	8,769	10,370

**Year ends on Dec. 31

Growth (%)	2013	2014	2015
Revenue	-5.1%	6.3%	-13.2%
Net Profit After Tax	89.7%	-34.3%	68.1%

Financials (BDT Mn)	2013	2014	2015
Restated EPS	5.6	3.7	6.1
BVPS	23.5	25.7	30.3

Others	2013	2014	2015
Gross Profit Margin	10.5%	9.0%	14.4%
Operating Profit Margin	7.9%	6.6%	11.0%
Net Profit Margin	5.2%	3.2%	6.3%
ROA	6.8%	4.1%	6.9%
ROE	26.2%	14.9%	21.9%
Stock Dividend	-	-	-
Cash Dividend	15.0%	15.0%	30.0%

3 years'				Peers
CAGR	BSRMSTEEL	BSRMLTD	RSRMSTEEL	GPHISPAT
Revenue	-4.3%	-17.8%	-2.5%	10.9%
NPAT	28.0%	22.2%	20.5%	13.8%

Source: Annual Reports of BSRMSTEEL, BSRMLTD, 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. The company was listed in both DSE & CSE during 2009.

BSRM is the market leader in the steel industry. It is a manufacturer and marketer of M.S. rods. The company has a subsidiary named 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 25.4% 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 December 2015 the company completed a BMRE project which increased its annual production capacity from 600,000 MT to 700,000 MT. Last year the company utilized 99.5% of its total capacity. The company has launched a new brand named "BSRM Maxima" which is specifically designed for big infrastructural projects.

In 2015 the company's net revenue stood at BDT 33.5 bn including BDT 7.9 bn from BISCO. Significant level of its revenue came from its flagship brand Xtreme500W (93.7%) during 2015. Export accounted for only 3.9% of its total revenue. BISCO generated Net Profit after Tax of BDT 8.8 mn in 2015. Recently, the company has decided to increase its ownership in BISCO from 95% to 100%.

Financial Performance

In 2015, revenue of the company declined by 13.2% mainly due to political instability during the beginning of the year and price cut of MS rod in local market. However, the Gross Profit Margin (GPM) increased to 14.4% from 9.0%, which came as a blessing of global commodity price decline. On the other hand, the expansion in gross margin was a bit squeezed due to growth in operating expenses as its Operating Profit Margin (OPM) expanded by 4.4% points. However, Net Profit Margin (NPAT) showed a significant growth of 68.1% YoY with an NPAT margin expansion of 3.1% points.

Recently, the company has reported consolidated net profit after tax of BDT 2,097.29 mn with EPS of BDT 6.14 for the year ended in December 2015 as against BDT 1,247.56 million and BDT 3.63, respectively for the year ended in December 2014.

