

"If you have any query about this document, you may consult issuer, issue managers and underwriters"

BSRM BSRM STEELS LIMITED

FOR
ISSUE OF 2,000,000 ORDINARY SHARES AT TK.100.00 EACH TOTALING TK.200, 000,000

Opening date for subscription **November 09, 2008**
Closing date for subscription **November 13, 2008**
For Non-Resident Bangladeshi Quota subscription closes on **November 22, 2008**

Managers to the issue

■ ■ ■ Alliance Financial Services Limited
 South Asia Capital Limited

Underwriters

South Asia Capital Limited Nascent Tower (2 nd floor) 806/A, Agrabad C/A, Chittagong
Trust Bank Limited Peoples Insurance Bhaban 36, Dilkusha C/A, Dhaka- 1000
Equity Partners Limited 9/E Motijheel C/A Dhaka- 1000

CREDIT RATING BY CREDIT RATING INFORMATION AND SERVICES LIMITED

	Long Term	Short Term
Entity Rating	A	ST-3

Issue date of the prospectus: October 12, 2008

The issue shall be placed in "N" Category

 **BSRM BSRM STEELS LIMITED**

Corporate Head Office: Ali Mansion, 1173/1207 Sadarghat Road, Chittagong
Project Site: 4 Fouzderhat Industrial Estates, Latifpur, Sitakunda, Chittagong

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

Availability of Prospectus

Prospectus of **BSRM Steels Limited** may be obtained from the Issuer Company, Issue Managers, Underwriters and the Stock Exchange as follows:

Company	Contact Person	Telephone Number
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The Issuer Head Office

Ali Mansion 1173/1207 Sadarghat Road Chittagong	Mr. Mohammed Reazul Kabir ACA Chief Financial Officer	(031)-616402,613759,613282
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Dhaka Office

Mahbub Castle (2 nd & 4 th floor) 35, Purana Paltan Line Inner Circular Road (VIP Road) Dhaka- 1000	Mr. Muhammad Ashiqur Rahman Financial Analyst	(02) - 8311994, 8313135 01713-163152
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Managers to the Issue

Alliance Financial Services Limited Rahman Chamber (3 rd floor) 12-13 Motijheel C/A, Dhaka- 1000	Mr. Muhammad Nazrul Islam ACMA Manager	(02) - 9554756, 9556752 01914-566039
South Asia Capital Limited Nascent Tower (2 nd floor) 806/A, Agrabad C/A, Chittagong	Mr. Md. Shafiqul Islam FCMA Chief Financial & Operational Officer	(031) -713354, 713160

Underwriters

South Asia Capital Limited Nascent Tower (2 nd floor) 806/A, Agrabad C/A, Chittagong	Mr. Md. Shafiqul Islam FCMA Chief Financial & Operational Officer	(031) -713354, 713160
Trust Bank Limited Peoples Insurance Bhavan 36, Dilkusha C/A, Dhaka- 1000	Mr. Mohammad Saleh Ahmed Senior Executive officer	(02) - 9570261, 9570263 01713-193396
Equity Partners Limited 9/E Motijheel C/A Dhaka- 1000	Mr. Saiful Islam Director	(02) - 9561070, 9561232

Stock Exchanges

Dhaka Stock Exchange Limited. 9/F, Motijheel C/A, Dhaka-1000	DSE Library	(02) - 9564601-7
Chittagong Stock Exchange Limited. CSE Building, 1080 Sheikh Mujib Road, Agrabad, Chittagong-4100	CSE Library	(031) - 714632-3 (031) - 720871-3

Prospectus is also available on the websites www.secbd.org, www.bsr.com, www.allfin.org, www.saclbd.com, www.dsebd.org, www.csebd.com and Public Reference room of the Securities and Exchange Commission (SEC) for reading and study.

Corporate Directory

Registered office

Ali Mansion, 1173/1207
Sadarghat Road, Chittagong
Tel: (031)-616402, 613759, 613282
Fax: 88-031-610101

Dhaka office

Mahbub Castle (2nd & 4th Floor)
35, Purana Paltan Line,
Inner Circular Road (VIP Road)
Dhaka-1000
Tel: 02-8311994, 8313135
Fax: 88-02-8312905

Factory:

4, Fouzderhat Industrial Estate
Latifpur, Sitakunda, Chittagong.
Tel: 031-2770192-3
Fax: 88-031-751452

Auditors

Rahman Rahman Huq
Chartered Accountants
102, Agrabad Commercial Area, Chittagong
Tel: 031-710704, 710996.

Legal Adviser

Mosharaf Hossain, Advocate
Bangladesh Supreme Court
Mosharaf Hossain & Associates
55/2 Purana Paltan Lane- 3rd floor
VIP Road, Dhaka
Mob- 01711448612

Tax Consultant

Mr. S. K. Basak FCA
Shafiq Basak & Co.
Chartered Accountants
National House (1st floor)
109, Agrabad C/A, Chittagong
Phone- 031-711561

Managers to the Issue

Alliance Financial Services Limited

Rahman Chamber (3rd floor)
12-13 Motijheel C/A, Dhaka- 1000
Tel: 9567778, 9561817
Fax: 88-02-9559895
www.allfin.org

South Asia Capital Limited

Nascent Tower (2nd floor)
806/A, Agrabad C/A, Chittagong
Tel: 031-713354, 713160
Fax: 88-031-713354
www.saclbd.com

DEFINATIONS AND ELABORATION OF THE ABBREVIATED WORDS
 AND TECHNICAL TERMS USED IN THE PROSPECTUS

AFSL	Alliance Financial Services Limited
BAS	Bangladesh Accounting Standard
BSRM	Bangladesh Steel Re-Rolling Mills Limited
BSRMS	BSRM Steels Limited
CIB	Credit Information Bureau
CIP	Commercially Important Person
CPA	Chittagong Port Authority
CRISL	Credit Rating Information and Services Limited
CSE	Chittagong Stock Exchange Limited
DSE	Dhaka Stock Exchange Limited
FC	Foreign Currency
FI	Financial Institution
IPO	Initial Public Offering
LC	Letter of Credit
MEW	Meghna Engineering Works Limited
MT	Metric Tons
NRB	Non-Resident Bangladeshi
RJSC	Registrar of Joint Stock Companies & Firms
SEC	Securities and Exchange Commission
TMT	Thermo-Mechanically Treated
TK.	Bangladesh Taka currency
USD	United States Dollar currency

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Disclosure in respect of issuance of security in Demat Form

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

Part A

1. The company shall go for Initial Public Offer (IPO) for 20,00,000 ordinary shares of Taka 100 (taka one hundred) each at par worth Taka 20,00,00,000 (Taka twenty crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue managers within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue managers within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non- Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07(seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely: -

“Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be. In case of non -refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced **after 25 (twenty five)** days of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.

13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -

- (a) Total number of securities for which subscription has been received;
- (b) Amount received from the subscription; and
- (c) Amount of commission paid to the banker to the issue.

15. The issuer and the issue managers shall jointly provide the Commission and the stock exchanges the list of valid and invalid applicants in 2 (two) CDs and final status of subscription to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **5 (Five) weeks** from the date of the subscription closure) if any of the following events occur:

- (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
- (b) At least 50% of the IPO is not subscribed.

17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.

18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk.5000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

21. Lottery (if applicable) shall be held within **4 (four) weeks** from closure of the subscription date.

22. The company shall issue share allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be **subject to condition 19 above.**

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts with in 5 (five) weeks from the date of the subscription closing, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus. A compliance report in this regard shall be submitted to the Commission within **6(six) weeks** from the date of closure of subscription.

23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.

24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15(fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.

25. All issued shares of the issuer at the time of according this consent shall be subject to a **lock - in period of three years** from the date of issuance of prospectus or commercial operation, whichever comes later:

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock -in period of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.

26. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsors/Directors/Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-25 above.**

27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue managers, along with a confirmation thereof from the custodian bank, within **one week** of listing of the shares with the stock exchange(s).

28. In case of dematerialization of shares held by the existing Sponsors/ Directors/Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).

29. The company shall apply to the stock exchanges for listing within **7(seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.

30. The company shall not declare any benefit other than cash dividend based on the financial statement for the period ended December 31, 2007.

Part-B

1. The issue managers (i.e., Alliance Financial Services Limited and South Asia Capital Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.

2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.

3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).
8. The company shall remove the restrictive clauses regarding issuance & transfer of shares and grouping of shares from its Articles of Association.

Part C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary, which shall also be binding upon the issuer company.

Part D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (including right/bonus) will be made in dematerialized form only. An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).
2. The issue managers shall also ensure due compliance of all above.

GENERAL INFORMATION

Alliance Financial Services Limited (AFSL) and South Asia Capital Limited (SACL) have prepared the prospectus from information supplied by BSRM Steels Limited (the Issuer Company) and also after several discussions with the Chairman, Managing Director, Directors and concerned executives of the company. BSRM Steels Limited, Alliance Financial Services Limited and South Asia Capital Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which, would make any statement herein misleading. No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information and representation must not be relied upon as having been authorized by the company or Alliance Financial Services Limited and South Asia Capital Limited. The Issue as contemplated in this prospectus is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this prospectus to any person resident outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country. A copy of this prospectus may be obtained from the Corporate Head Office of BSRM Steels Limited, Alliance Financial Services Limited, South Asia Capital Limited, the Underwriters and the Stock Exchanges where the securities will be traded.

Declarations and Due Diligence Certificates

Declaration about the Responsibility of the Directors, including the CEO of the Company “BSRM Steels Limited” in Respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well-informed decision for investment.

Sd/
Alihussain Akberali
Chairman

Sd/-
Zohair Taherali
Director

Sd/-
Aameir Alihussain
Managing Director*

Sd/-
Tehseen Zohair Taherali
Director

Sd/-
Sabeen Aameir
Director

Consent of the Directors to Serve

We hereby agree that we have been serving as Directors of “BSRM Steels Limited” and confirm to continue to act as Directors of the Company.

Sd/
Alihussain Akberali
Chairman

Sd/-
Zohair Taherali
Director

Sd/-
Aameir Alihussain
Managing Director*

Sd/-
Tehseen Zohair Taherali
Director

Sd/-
Sabeen Aameir
Director

* Mr. Aameir Alihussain is also a shareholder Director of the company.

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies & Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the People’s Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, vide RJSC’s Receipt No 0182490 Dated 12 October 2008.

Due Diligence Certificate of Manager to the Issue

Subject: Public offer of 2,000,000 Ordinary Shares of Tk.100/= each of BSRM Steels Limited.

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors, and
2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- (a) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements connected with the said issue have been duly complied with; and
- (c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-
Tapan K Podder
Managing Director
Alliance Financial Services Limited
Date: 16 June 2008

Sd/-
Fariduddin Mahmud
Managing Director
South Asia Capital Limited
Date: 18 June 2008

Due Diligence Certificate of the Underwriter(s)

Subject: Public offer of 2,000,000 Ordinary Shares of Tk.100/= each of BSRM Steels Limited

We, the under-noted Underwriter(s) to the above mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision, and
2. On the basis of such examination and the discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- (a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us.
- (b) we shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- (c) this underwriting commitment is unequivocal and irrevocable.

For Underwriters

Sd/-
Managing Director
South Asia Capital Ltd.

Sd/-
Deputy Managing Director
Trust Bank Ltd.

Sd/-
Director
Equity Partners Ltd.

RISK FACTORS & MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

Investors should be aware that there are risks associated with an investment in the company. These risks may result in loss of income or capital investment. Investors should carefully consider all the risks and uncertainties associated to the company along with all the information provided in this prospectus before taking decision to invest in shares of BSRMS.

Interest rate may increase

Syndicated term loan facility to BSRMS is based on a floating interest rate mechanism. The project runs the risk of facing extremely high interest payments if the overall level of interest were to go up in the future.

Management perception

In order to manage this risk and overcome it, the company shall exercise good management in its cash flows, coupled with continued strength in sales and marketing. BSRM is certainly the market leader in MS rods – despite having the highest prices. This leadership in sales and marketing expected to continue along with the quality of the rods. On the other hand, BSRMS is very careful in forecasting the prices of international billets, and manage its costs in an effective manner, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

Exchange rate risks

Taka may be devalued significantly against dollar and BSRMS may suffer due to exchange rate fluctuation in case of import of raw materials.

Management perception

Appropriate and responsible hedging mechanisms are employed by BSRM in the past in case of significant taka devaluation in order to keep the cost minimum and same will be followed in future. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nationwide phenomena experienced by the whole industry. In such a scenario, there will be a market adjustment in end product prices.

Industry risks

01. Profitability may reduce

The company is operating in a highly competitive industry with low profit & highly sensitive to the market. Moreover the company faces competition from a number of private sector mills those are found to be very aggressive in the market. Inability of offering competitive products will hinder the company's growth potential.

Management perception

The company has successfully accessed the market till date and is working on offering new and better quality products at competitive terms. Moreover the group's track record of last 50 years for operating in the low profit and highly market sensitive environment establishes its capability.

02. New Entrants may enhance competition

New entrants of similar/higher scale may push the company in a competitive scenario.

Management perception

Implementation of similar project generally have a lead time of two years and before the earliest entrant the company will be able to consolidate its both financial as well as market position. Furthermore, with the track record of BSRM and its market reputation it will be very difficult for new comers to make inroads into the quality steels market. Moreover, Steel is a higher capital-intensive industry and therefore, barriers to entry are high. Hence, first-mover's advantage is big and BSRM, with its past experience and performance, will enjoy this advantage.

03. Foreign investors coming in the steel sector

TATA or other foreign investors coming in the steel sector may create serious threat to the company's business due to their scale and efficiency.

Management perception

Tata and all other foreign investors interested in steel business are going into basic steel-making from iron ore and all are potential manufacturers of steel slabs and H.R Coils. At some point they may make billets - which will give benefit for BSRMS plant. Instead of importing a big quantity of billets, BSRM Steels will therefore, buy from Tata and need not to maintain much inventory. This will indirectly bring huge savings in production and operational expenses.

Market and technology-related risks

To be competitive in the market it is always necessary to develop new products and services as well, failing of which may make the company outperformed by its competitors.

Management perception

Management of the company is aware of recent technological developments in the steel world and keeps their employees up-to-date on those by providing necessary training.

Disruption in power and gas supply

A Re-rolling mill like BSRM Steels Limited requires huge power, which is now available from the national grid. Any unfavorable change in power related regulations may affect the company's business. The company also requires Gas for heating billets and accordingly shortage of gas supply will affect the operation of the company.

Management perception

BSRMS requires 102 KWH/ Ton electricity which are now available from national grid under a contact with BPDB. If BPDB decides to discontinue the power supply the company can install its own power plant to meet BSRMS's requirement within 12 months. In case of disruption in supply of gas as well as generation of electricity due to lack of Gas, the crisis will be common for the whole industry in Bangladesh.

Potential changes in global or national policies

Changes in government policy by increasing duty on billets will enhance cost of raw materials vis-à-vis production.

Management perception

The government might increase duty on billets - the principal raw material of the proposed unit. Duty increases will affect all billet based mills operating in the country and hence local prices of rods from imported billets will also go up to match the enhanced cost.

Increase in International Billet Prices

Volatility in international billet prices may enhance the price very high and leave the company in price competition.

Management perception

Sharp increase in the price of international steel would be experienced by all billet-based re-rolling mills, and would be common to all, not just for BSRMS. In case of price increase the price of finished product will also be adjusted accordingly.

Decrease in Scrap Prices

Due to sharp decrease in scrap prices, Final products of scrap based re-rolling mills may become much cheaper than billet based rods, and there may be a large scale shift to the lower-priced products.

Management perception

There is a correlation in the price of billets and the price of scrap. It has been seen that they tend to move in the same direction, though not in a linear fashion and same time. Thus, if there is a decline in scrap prices, billets will eventually move in the same direction – though after a while.

Availability of Main Raw Materials

The company is fully dependant on imported raw materials. Shortage of raw materials in the international market will affect the company's operation.

Management perception

Availability of billets in the international market is much like that of any other international commodity that is highly traded – on commodity exchanges, in forwards and future contracts, and in the spot market. The risk that there will be a shortage in the international supply of MS billets is quite low. However, if this situation happens, BSRMS can always count on MEW for the supply of locally made billets. In addition the group has plan for establishing new billet making plant within short time.

Capital Structure

1. Ordinary share capital prior to IPO

Issued & fully paid up capital as on 31 March 2008	901,715,000
Fresh capital issued on 17 April 2008	<u>348,285,000</u>
Total	<u>1,250,000,000</u>

2. Ordinary share capital after IPO

Issued & fully paid up capital as on date	1,250,000,000
IPO (Initial Public Offering)	<u>200,000,000</u>
Total capital after IPO will be	<u>1,450,000,000</u>

USE OF IPO PROCEEDS AND STAGES OF UTILIZATION

The project has already been established and net proceeds from IPO shall be utilized for finance working capital (partial) of the company.

Sd/-
Managing Director

Sd/-
Chief Finance Officer

DESCRIPTION OF BUSINESS

Back ground of the project

BSRM Steels Limited (BSRMS), a concern of the BSRM Group of companies has been established in 2002 to cater the country's growing steel needs. The BSRM Group of companies has been in the steel business since 1950, and is now regarded as the country's most successful group in this sector.

Bangladesh Steel Re-Rolling Mills Limited (BSRM), the main concern of BSRM Group is the pioneer industry of this sector producing high-grade steel rods with a capacity of 120,000 MT per annum. It was also the country's first automatic re-rolling mill.

Despite having one of the largest capacities in the re-rolling sub-sector, BSRM had been experiencing overloaded with orders and increasing waiting lists as well as back orders for their MS rods despite its sales are on cash basis.

Taking these factors into consideration, in addition to the country's surging demand for steel, the sponsors established BSRM Steels Limited – the largest re-rolling mill in the country with annual capacity to produce 375,000 metric tons (MT) deformed bars and thermo-mechanically treated (TMT) bars. Funding for the company was arranged by 19 banks/Financial institutions under a syndication arrangement while working capital of the company provided by a group of 15 banks against bilateral agreements.

The project has been conceptualized by German consultants "Badische Stahl Engineering (BSE)", and the complete mill supplied by Danieli Group, Italy. The Company has gone into commercial operation since April 1, 2008.

Important dates

Date of Incorporation	20 July, 2002
Date of Conversion into Public Limited Company	20 December, 2006
Date of Commercial operation	01 April, 2008

Nature of business

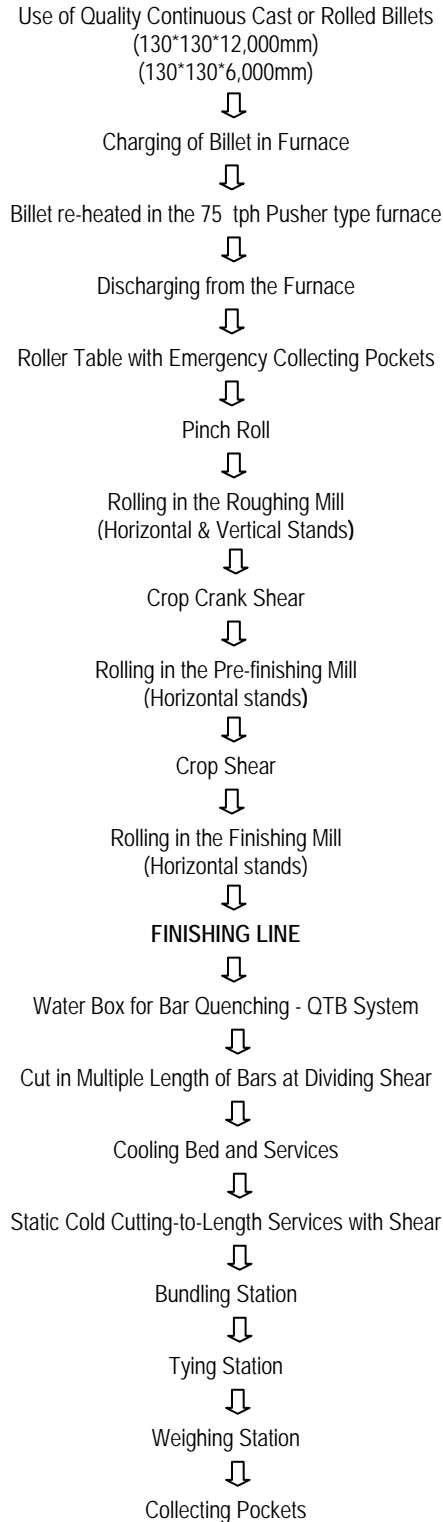
The company is engaged in production and supply of "Xtreme 500W" deformed bars of reinforced steel.

Principal products and services

“Xtreme 500W” deformed bars of reinforced steel

The Rolling Process

The rolling process used by the factory may be presented as under:



Market for the BSRMS Products

Major customers are the Contractors, property developers, Export Processing Zone, Road and bridge Construction Company etc.

Relative contribution to income

The company started commercial operation after Balance Sheet date and hence there is no scope for showing contribution to income.

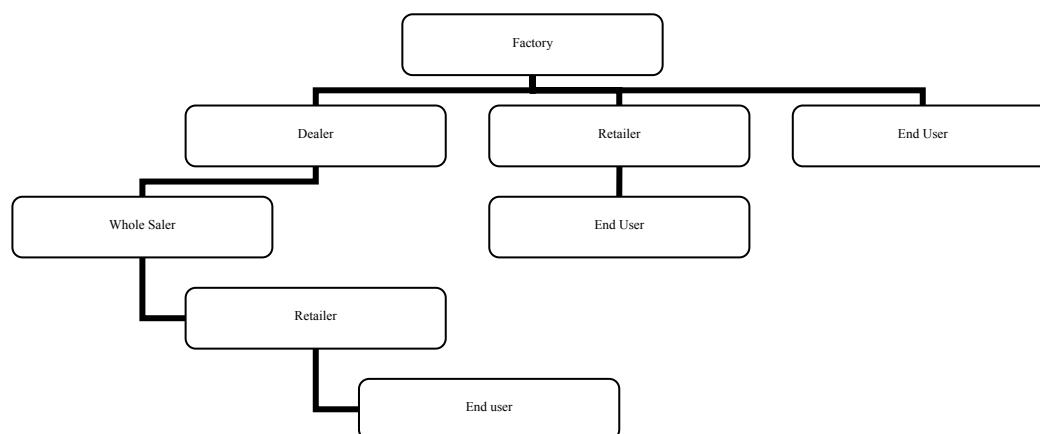
Associate, subsidiary/related holding company

Sl No.	Name of the Company	Relationship	Nature of the business of the Company
01	Bangladesh Steel Re-Rolling Mills Ltd.	Holding Company	Manufacture and supply of MS products
02	Meghna Engineering Works Ltd.	Associated Company	Manufacturer & Supply of M.S. Billet and supply of electricity to associate companies.
03	Karnafully Engineering Works Ltd.	Associated Company	Wire house rent.
04	BSRM Re-Cycling Industries Ltd.	Associated Company	MS Scrap Processing
05	BSRM Wires Ltd.	Associated Company	Manufacture and supply of MS wire rods and High-strength wires.
06	H. Akberali & Co. Ltd.	Associated Company	Business of House Property
07	BSRM Iron & Steel Co. Ltd	Associate Company	Proposed M.S. Billet Manufacturing.

BSRMS does not have any Subsidiary company while the sponsor Bangladesh Steel Re-Rolling Mills Ltd (BSRM) is the holding company.

Distribution of product/services

BSRM Steels Limited has appointed 80 dealers to sell it's product to the ultimate customers. In addition to that, the Company has several sales depots at Comilla, Bogra, Sylhet, and Khulna & Moulvi Bazar. We may demonstrate the distribution channel as follows:



Sources and availability of raw materials and principal suppliers

Serial No	Name of the principal suppliers
01	Meghna Engineering Works Limited, Nasirabad I/A, Chittagong.
02	DuferCo Asia PTE Limited, Singapore
03	Nortrade International Pte Limited- Australia.
04	Maithan International, Mumbai, India.
05	BGH Exim Limited Kolkata, India.

Competitive condition in business

BSRM always has a solid reputation in the local steel market as one of the oldest establishments producing the quality rods available in the country. This has enabled BSRM to command the premium prices and still retain the largest market share in a highly fragmented industry with so many players. Following are the main competitors of BSRMS:

Name of the Organization
1. Rahim Steel Mills Limited
2. Kabir Steel Re-Rolling Mills Limited
3. Seema Steel Re-Rolling Mills Limited
4. Bashundara Steels

It may be noted that none of the above companies are producing Grade 500 (72,500 psi) MS rods in Bangladesh.

Sources of, and requirement for power, gas and water or any other utilities

Input	Source	Requirement
Power	Bangladesh Power Development Board (BPDB)	102 kwh/ ton
Water	Deep Tube well (Established at project site)	0.5M ³ / ton
Gas	Bakhrabad Gas System Limited	38M ³ / ton

Customers providing 10% or more revenues

No revenue has been generated by the project up to Balance Sheet date except from sale of products during trial operation of the project.

Contract with principal customers and suppliers

The company has no contract with its customers and suppliers except contract with suppliers of the Plant and Machineries regarding Technical assistance, maintenance, spare parts supply. BSRMS has contracted with following companies:

Sl No	Name & Address of the Company	Contracted for	Contract Amount	Status
1	Danieli & C. Officine Meccaniche S.P.A Via nazionale, 41 33042 Buttrio (Udine), Italy	Supply of Re-Rolling mill machinery, equipment, materials and other services	11,700,000 EURO	Supply of some spare Parts yet to be completed
2	Forni Industriali Bendotti Via Zoncone, 34 - 24060 Costa Vlpino(BG), Italy	Re heating Furnace for Rolling Mills	2,280,000 EURO	Fully Paid
3	Konecrane Pte Ltd Singapore	EOT Overhead Cranes	2,008,426 EURO	Fully Paid
4	Maschinenfabrik Herkules GmbH & Co. KG Eisenhüttenstr. 21, D – 57074 Siegen Germany	Roll Turning Lathe Machine	415,000 EURO	Final payment is under process
5	Ingersoll Rand South East Asia (PTE) Ltd. 43 Benoi Road, Singapore 629903	Supply of Air Compressor	142,500 USD	Fully Paid
6	PEB Steel Buildings Co Ltd 97 Nguyen Van tori St., Phu Nhuan Dist., Ho Chi Minh City, Vietnam	Supply of Pre- Fabricated Steel structure	3,936,981 USD	Fully Paid

Material patents, trademarks, licenses or royalty agreements

1. The company entered into a Management sharing agreement with its holding company 'Bangladesh Steel Re-rolling Mills limited (BSRM)' on 15 October 2005 for using the goodwill of BSRM, its expertise in marketing, procurement, Management etc. Main features of the agreement are as under:

- (i) Scope of Work : Sharing of Management expertise, purchase activities, commercial activities, Clearance of all imports from Chittagong/ Benapole, Marketing activities etc.
- (ii) Service Fees : Tk. 250 per ton of actual production subject to deduction of tax.
- (iii) Validity : 5 years from the date of commercial production i; e upto 31 March 2013.

2. BSRMS introduced 'Xtreme' as its brand name for its products and submitted for registration with the Registrar of Patents and Trade Marks, Bangladesh on 08 January 2008, approval yet to obtain.

3. Usual licenses like Fire License, Environment Clearance Certificate, Explosive License, Trade License were taken from relevant government authorities.

Number of employees

	(As on 31 March, 2008)
Full-time employees	176
Part-time employees	NIL
Total number of employees	176

Capacity and current utilization of the facility

Installed Capacity : 375,000 Metric Ton per year

Utilization : N/A

The company commences its commercial operation on 01 April 2008; hence, there is no utilization as on 31 March 2008.

DESCRIPTION OF PROPERTY

A) BSRMS owns the following fixed assets at written down value as given below:

(As per audited accounts)		
Sl No.	Name of the Assets	Written Down Value As at 31 March 2008
1	Land and Land Development	183,350,533
2	Plant and Machinery	2,647,014,908
3	Motor Vehicles	5,809,686
4	Furniture and Fixtures	3,931,021
5	Office Equipments	13,501,250
6	Factory Building	687,236,071
Total		3,540,843,469

B) All the above-mentioned assets are situated at Company's factory site and office premises.

C) All the assets of the Company are in its own name except land measuring 2.3076 acres, status of which is stated in the additional disclosures dated 29 July 2008 by the auditor. These include 0.5876 acres of factory land leased from Chittagong Development Authority (CDA). Major features of the lease agreement are stated below:

- (i) Lessor : Chittagong Development Authority
- (ii) Lease Amount : BDT 9,313,460 (BDT Ninety three lac thirteen thousand four hundred sixty)
- (iii) Lease period : Ninety nine years, starting from 16 November 2006.

D) All the assets owned by the Company are under mortgage to the bankers against two syndicated term loan agreements. Furthermore the company agreed to provide pari- passu first charge on assets to the working capital lenders which is under

process. Details of the syndicated banks & financial institutions, particulars of the mortgages are shown in note – 5 of the audited accounts. The following are the mortgagees of the company:

Agrani Bank Ltd.	Commercial Bank of Ceylon Ltd.	NCC Bank Ltd.	The City Bank Ltd.
AB Bank Ltd.	Dhaka Bank Ltd.	Prime Bank Ltd	The Trust Bank Ltd.
Bank Alfalah Ltd.	Eastern Bank Ltd.	Pubali Bank Ltd.	United Commercial Bank Ltd.
Bank Asia Ltd.	IFIC Bank Ltd.	SABINCO Ltd.	Uttara Bank Ltd.
BRAC Bank Ltd.	Mercantile Bank Ltd.	Standard Bank Ltd.	

E) No re-conditioned or second-hand plant & machinery used by the company.

FINANCIAL CONDITION AND PLAN OF OPERATION

The company started commercial operation after the Balance Sheet date and accordingly no comparative operational statement could be presented. However, the status of sources of fund as on 31 March 2008 presented as under:

Internal and external sources of fund

(As on 31 March 2008 as per audited accounts)

Particulars	Amount in Taka
Internal sources of cash	
Share capital	901,715,000
Share money Deposit	348,285,000
Sub-total	1,250,000,000
External sources of cash	
Bank Loan (net of current maturity)	2,078,415,189
Sub-total	2,078,415,189
Total	3,328,415,189

Material commitment for capital expenditure

Serial No	Item of Capital commitment	Amount in Taka
1	For Civil Construction	79,506,500
2	For Plant & Machinery	64,889,350
3	For Equipments procurements	39,542,260
4	For Electrical Installation	15,261,890
5	Others	800,000
Total		200,000,000

The said capital expenditure shall be arranged from operational fund of the company.

Causes for material changes

Since the commercial operation started after the Balance sheet date, no material changes in operation could be identified.

Seasonal aspect of the company's business

There is no direct seasonal impact on the products of the company. However, as the construction works largely hampered during rainy season, the sales and production of the company also reduced at that time.

Known trends, events or uncertainties

Known events that may affect the business operations of the company are:

1. Up-trend price of billets in the international market.
2. Shortage of gas or power supply.
3. Natural disaster in the region.

Changes in the assets of the company used to pay off any liabilities

The company is a newly established and hence no question of using the assets of the company arises to pay off any liabilities.

Loan taken from holding/parent company or subsidiary company

No loan was received from any holding/parent company or subsidiary company.

Loan given to holding/parent company or subsidiary company

No loan has given to any holding/ parent company or subsidiary company.

Future contractual liabilities

Currently BSRMS has no plan to enter into any contractual obligation for investment within next one year.

Future capital expenditure

No other future capital expenditure planned except Tk 200 million, as noted under the head “Material commitment for capital expenditure”.

VAT, income tax, customs duty or other tax liability

VAT

The company has no outstanding VAT up to 31 March 2008.

Income tax

Income tax assessment completed up to assessment year 2007-08 and no income tax is outstanding up to 31 March 2008

Customs duty or other liabilities

No customs duty or similar liabilities of the company are outstanding as on 31 March 2008.

Operating lease agreement

BSRM Steels Limited did not have any operating lease agreement with any organization up to 31 March 2008 except the part of factory land leased from Chittagong Development authority (CDA) which is described under the “Description of property”..

Financial lease and other financial commitment

BSRM Steels Limited did not have any Financial Lease agreement with any organization up to 31 March 2008.

Personnel related scheme

Presently there is no personnel related scheme as it started operation on 01 April 2008. However, the company is in the process of formulating full-fledged personnel related schemes.

Revaluation of assets

The Company has made no revaluation of any of its assets since inception.

Breakdown of issue expenses

The total IPO expenses are estimated as follows:

Particulars	Rate	Amount in BDT
Managers to the Issue fee	1% of public offering	2,000,000
Credit Rating fee	Lump sum	400,000
Underwriting commission (0.50%)	0.50% on 50% of IPO amount	500,000
SEC fee		
Application fee	Fixed	10,000
Consent fee	0.15% of issued capital	300,000
Fees related to Listing with the stock exchanges		
Application fee		10,000
Listing fees for stock exchanges (DSE & CSE)	0.25% on 10 crore and @0.15% for rest amount of Paid up Capital Range (10,000 – 20 lac)	4,000,000
CDBL fees and expenses		
Documentation fee		2,500
Initial Public Offering fee	0.00025 on Total IPO	50,000
Commission expenses		
Bankers to the Issue commission	0.1% on Amount Collected (Assumed 10 Times)	2,000,000
Expenses related to printing and publication		
Printing of prospectus	4,000 pcs. X Tk. 80 Per copy	320,000
Post Issue Expenses	300,000 apps. X 7	2,100,000
Publication of abridged version of prospectus	Four national Dailies	300,000
Printing of forms	2,00,000 pcs. X Tk. 1 per copy	200,000
Lottery related expenses including BUET fee	Estimated	400,000
Total		12,592,500

Auditors' certificate regarding any allotment of shares to promoters or sponsor shareholders for any consideration other than in cash.

This is to certify that as per share register and other relevant records maintained by BSRM Steels Limited, the company did not allot any shares for consideration other than in cash to any shareholders including its promoters and/or sponsor shareholders up to 31 March 2008.

Dated, Chittagong
18th June 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

Transaction with subsidiary/holding company or associate companies

Bangladesh Steel Re-Rolling Mills Ltd. is the holding company of BSRMS. The following are the summary of transactions with the holding and associated companies since inception of the company:

Year	Company	Relation	Nature of transaction	Year end Balance Amount		Balance due As on 31 March 2008
				Receivable by BSRMS	Payable by BSRMS	
2004	1. BSRM Wires Ltd	Associate Company	1. Salary paid by BSRMS	26,587	-	Nil
	2. Meghna Engineering Works Ltd.	Associate Company	2. Repair & Maintenance	-	3,401	Nil
	3. Bangladesh Steel Re-Rolling Mills Limited.	Holding Company	3. Supply of M.S. Product	-	280,470	Nil
2005	1. Bangladesh Steel Re-Rolling Mills Limited.	Holding Company	1. Supply of M.S. Product	-	4,609,302	Nil
	2. BSRM Wires Ltd.	Associate Company	2. Fees & renewals	-	47,837	Nil
	3. Meghna Engineering Works Ltd.	Associate Company	3. Salary paid by BSRMS	60,807	-	Nil
2006	Bangladesh Steel Re-Rolling Mills Ltd.	Holding Company	Supply of M.S. Product	-	83,889,029	Nil
2007	Bangladesh Steel Re-Rolling Mills Ltd.	Holding Company	Supply of M.S. Product	-	20,369,151	Nil
2008 (As on 31 March ,08)	Meghna Engineering Works Ltd.	Associate Company	Supply of Billet	-	57,417,551	57,417,551

Material information which is likely to have an impact

There is no other material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

DIRECTORS AND OFFICERS

Information regarding directorship

Sl No.	Name of Director	Position	Age (Years)	Date of becoming director for the first time	Date of expiration of current term
1	Mr. Alihussain Akberali, FCA	Chairman	60	20-07-2002	*
2	Mr. Aameir Alihussain	MD	34	20-07-2002	*
3	Mr. Zohair Taherali	Director	46	20-07-2002	*
4	Ms Tehseen Zohair Taherali	Director	39	20-07-2002	*
5	Ms Sabeen Aameir	Director	32	28-06-2006	*

* According to Articles of Association of the company, one-third of the directors or if their number is not three or multiple of three then the number nearest to one-third shall retire from office by rotation at the Annual General Meeting.

Directors' involvement in other organization

Name of the directors	Name of the Company	Relationship
Mr. Alihussain Akberali, FCA Chairman	Bangladesh Steel Re-Rolling Mills Limited	Managing Director
	Meghna Engineering Works Limited	Managing Director
	Karnafully Engineering Works Limited	Director
	BSRM Wires Limited	Managing Director
	BSRM Re-Cycling Industries Ltd.	Managing Director
	BSRM Iron & Steels Co Ltd.	Managing Director
	Chittagong Power Company Limited	Managing Director
	H. Akberali & Co Ltd.	Managing Director
	Bangladesh Steels Limited	Managing Director
	East Bengal Trading & Industrial Corporation Limited	Director
	BSRM Ispat Limited	Managing Director
	BSRM Steel Mills Limited	Managing Director
	BSRM Logistics Limited	Managing Director
	South Asia Securities Limited	Director
Mr. Zohair Taherali Director	Bangladesh Steel Re-Rolling Mills Limited	Director
	Meghna Engineering Works Limited	Director
	Karnafully Engineering Works Limited	Director
	Chittagong Power Company Limited	Director
	H. Akberali & Co Ltd	Director
	BSRM Wires Limited	Director
	BSRM Iron & Steel Co Ltd.	Director
	BSRM Recycling Industries Ltd.	Director
	Burhani Estates Ltd.	Director
	Bangladesh Steels Limited	Managing Director
	East Bengal Trading & Industrial Corporation Limited	Managing Director
	BSRM Ispat Limited	Director
	BSRM Steel Mills Limited	Director
	BSRM Logistics Limited	Director

Name of the directors	Name of the Company	Relationship
Mr. Aameir Alihussain Managing Director	Bangladesh Steel Re-Rolling Mills Limited	Director
	Meghna Engineering Works Limited	Director
	Karnafully Engineering Works Limited	Director
	Chittagong Power Company Limited	Director
	H. Akberali & Co. Ltd.	Director
	BSRM Wires Limited	Director
	BSRM Iron & Steel Co. Ltd.	Director
	BSRM Recycling Industries Ltd.	Director
	Bangladesh Steels Limited	Director
	East Bengal Trading & Industrial Corporation Limited	Director
	BSRM Ispat Limited	Director
	BSRM Steel Mills Limited	Director
	BSRM Logistics Limited	Director
Ms Tehseen Zohair Taherali Director	Bangladesh Steel Re-Rolling Mills Limited	Director
	Meghna Engineering Works Limited	Director
	Karnafully Engineering Works Limited	Director
	H. Akberali & Co. Ltd	Director
	BSRM Wires Limited	Director
	BSRM Iron & Steel Co. Ltd.	Director
	BSRM Recycling Industries Ltd.	Director
	Bangladesh Steels Limited	Director
	East Bengal Trading & Industrial Corporation Limited	Director
	BSRM Ispat Limited	Director
	BSRM Steel Mills Limited	Director
Ms. Sabeen Aameir Director	N/A	N/A

Family relationship among Directors and top five officers

Name	Position of the Company	Relationship
Mr. Alihussain Akberali	Chairman	Self
Mr. Aameir Alihussain	Managing Director	Son of Chairman
Mr. Zohair Taherali	Director	Cousin of Chairman
Ms. Tehseen Zohair Taherali	Director	Wife of Zohair Taherali
Ms. Sabeen Aameir	Director	Wife of Aameir Alihussain

Short bio-data of the directors

Mr. Alihussain Akberali, FCA- Chairman

Mr. Alihussain Akberali was born in 1949. His father Late Akberali Alibhai Africawala was a renowned businessman in steel sector. Mr Alihussain Akberali has graduated in commerce from University of Karachi, Pakistan. He is a Chartered Accountant and a Fellow member of the Institute of Chartered Accountants of Bangladesh. He is one of the most experienced industrialists in steel sector. He is the Chairman of BSRM Group. Mr. Alihussain Akberali has been selected as CIP for 2008 from large scale industry category . Previously he was also selected CIP for four years in 1995,1996,1997 & 2001. He is a well traveled person. In business circle he is considered as an epitome of enterprise for his integrity and hard work. Mr Alihussain Akberali is engaged in various social activities like Rotary Club , Chittagong Ma O Shishu Hospital, Chirayat Shanti Society, Patient Welfare Samitee of Chittagong Medical College etc.

Mr. Aameir Alihussain – Managing Director

Mr. Aameir Alihussain S/O Mr. Alihussain Akberali- Chairman of the Company was born in 1975. He did his bachelor degree in Economics from McGill University, Canada and did MBA from LUMS University in Pakistan. He has joined the family business in 2001 and aims to set high industry standards and benchmarks with the performance of the group. He is the Managing Director of BSRM Steels Limited. He also holds the position of Director of most of the units of BSRM Group.

Mr. Zohair Taherali- Director

Mr. Zohair Taherali, Director of all other units of BSRM Group, was born in 1963. He was graduated in Commerce from University of Karachi, Pakistan. He has 15 years proven record in steel sector and established himself as one of the leading industrialist of the country. He is involved in banking and financial activities of BSRM Steels Limited. He is a well traveled person. Mr. Zohair Taherali is engaged in various social activities.

Ms. Tehseen Zohair Taherali- Director

Ms. Tehseen Zohair did her graduation from University of Chittagong. She was born in 1970. Ms. Tehseen Zohair Taherali is actively involved in the management of the BSRM Group of Companies. She is also involved in various charitable institutions and is a highly regarded personality in the society. Beside BSRM Steels Limited she also holds the position of Director of other units of BSRM Group.

Ms. Sabeen Aameir- Director

Ms. Sabeen Aameir was born in 1977. She did MBA from Lums University in Pakistan. She has been working in Human Resource Development activities of BSRMS.

Credit Information Bureau (CIB) report

Neither the company nor any of its directors or shareholders who holds 5% or more shares in the Paid in Capital of the issuer is loan defaulter in terms of the CIB report of Bangladesh Bank.

Description of senior executives and department heads

Name	Position	Educational Qualification	Date of Joining in the Company	Names (s) of organization worked during the last five years
Mr. Aameir Alihussain	Managing Director	MBA	20-06-2002	Involved with BSRM since 2001
Mr. Kazi Abdul Mannan	Head of Operation	M. Sc in Plant Engineering	03-03-2007	Jan'95 to Feb'05 worked as construction Manager of BEXIMCO
Mr. Mohammed Reazul Kabir ACA	CFO & Company Secretary	Associated Chartered Accountant	02-06-2007	1. Senior Audit supervisor of Rahman Rahman Huq, January, 02 to December, 04 2. Senior Manager (Finance), CODEC January 05 to May 07
Mr. K. M. Sufian	General Manager (Head of Project)	B. Sc Engineering (Mechanical)	12-03-2006	Worked as Deputy General Manager of S. Alam Group for Nov'96 to June'04
Mr. S. K. Das	Head of production	B. Sc Engineering (Mechanical)	12-07-2006	1. Sr. Manager, UE Trade Corporation (BD) PTE Ltd. Dhaka From 05.05.03 to 01.07.04 2. Vice- President, Viraj Profiles Ltd., India From 07.07.05 to 30.06.2006
Mr. Mahendra Giris Dixit	Manager-Electrical	Diploma in Industrial Electronics	20-08-2007	Worked as Asst. Manager of THYSSENKRUPP Electrical Steel India Pvt. Ltd. Up to 2006

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

- Any bankruptcy petition filed by or against company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.
- Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
- Any order, judgment or decree of any court of competent jurisdiction against any director, officer, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transaction with related parties

Neither any proposed transaction nor had any transaction during the last two years, between the issuer and any of the following persons:

- Any director or executive officer of the issuer;
- Any director or officer;
- Any person owning 5% or more of the outstanding shares of the issuer;
- Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of prospectus.

(f) Any loan either taken or given from or to any director or any person connected with the director, any loan taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan.

Except the transactions shown under “Transaction with subsidiary/ holding company or associate companies”, note -22 of audited accounts and directors facilities shown hereunder.

Directors' facilities

The Directors of BSRM Steels Limited does not enjoy any facilities other than salary as under:

Serial No	Name of the sponsor/ promoters	Nature of Transaction	Amount
01	Mr. Aameir Alihussain	Remuneration	Tk. 500,000 per month
02	Mr. Alihussain Akberali, FCA	Remuneration	Tk. 400,000 per month
03	Mr. Zohair Taherali	Remuneration	Tk. 250,000 per month
04	Ms. Tehseen Zohair Taherali	Remuneration	Tk. 150,000 per month

EXECUTIVE COMPENSATION

Remuneration paid to top five salaried officers

Sl. No	Name	Designation	Amount (per Month) Tk.
1	Mr. Aameir Alihussain	Managing Director	*500,000
2	Mr. Kazi Abdul Mannan	Head of Operation	146,000
3	Mr. K . M Sufian	General Manager (Head of Project)	145,000
4	Mr. S. K Das	Head of Production	75,000
5	Md. Reazul Kabir ACA	CFO & Company Secretary	70,000

* As a Director his remuneration paid as Managing Director shown under “Director Facilities”.

Aggregate amount of remuneration paid to directors and officers

(As per audited accounts)

Group	Amount paid (01-01-08 to 31-03-08)	Amount paid (01-01-07 to 31-12-07)
Directors Remuneration	3,900,000	2,820,000
Officers salaries, benefits & bonuses including management emoluments	9,072,407	21,845,361

Remuneration paid to directors who was not an officer of the company

All the four Directors shown under “Director Facilities” were given remuneration for performing extra services for the company.

Future compensation to Directors or Officers

There is no contract with any director or officer for future compensation.

Pay increase intention

The company is yet to finalize its personnel policy. However Periodical review of salary and benefits of the employees will be made depending on the growth of the company’s operation.

OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The company has not granted any option to directors, officers or employees.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- (a) The Director and subscribers to the memorandum have not received any benefits except remuneration, directly or indirectly during the last five years. The issuer also has not received any assets, services or other consideration from its Directors and subscribers to the memorandum expect fund against allotment of shares.
- (b) No assets were acquired or are to be acquired from the Directors and subscribers to the memorandum.

TANGIBLE ASSETS PER SHARE

(As of 31 March 2008)

Particulars	Taka
Shareholder's fund (As on B/S)	1,250,000,000
Less: Share Money deposits	348,285,000
Net Asset	901,715,000
Less: Intangible Asset (Preliminary Expenses)	664,527
Net Tangible Asset	901,050,473
Total Ordinary Share	9,017,150
Net tangible assets per share	99.93

Note: Assets per share is shown below par value due to exclusion of intangible assets.

OWNERSHIP OF THE COMPANY'S SECURITIES AS ON 30 APRIL 2008

Composition of Shareholders

Sl No.	Status of Shareholder	No. of Holders	No. of Shares	Holding (%)
1	Sponsor	7	9,500,000	76.00
2	Foreign	9	2,090,100	16.7208
3	Others	171	909,900	7.2792
Total		187	12,500,000	100

* It may be mentioned here that detailed (name wise) ownership of the securities of the company's are available under "Lock-In on Sponsors' Shares" part of this prospectus.

Shares held by Directors

Sl. No	Name of the Share Holders	Address	Status	Total No of Share Issued	Share holding Position
1	Mr. Alihussain Akberali FCA	House No.4, Road No.3, Nasirabad Housing Society. Chittagong	Chairman	381,798	3.054%
2	Mr. Aameir Alihussain	House No.4, Road No.3, Nasirabad Housing Society. Chittagong	Managing Director	368,202	2.946%
3	Mr. Zohair Taherali	91/99 Panchlaish R/A Chittagong.	Director	381,798	3.054%
4	Ms. Tehseen Zohair Taherali	91/99 Panchlaish R/A Chittagong.	Director	418,202	3.346%
5	Ms. Sabeen Aameir	House No.4, Road No.3, Nasirabad Housing Society. Chittagong	Director	500	0.004%
Total				1,550,500	12.40%

Shareholding structure for 5% or more as on 30 April 2008

Name of the Share Holders	Address	Status	Total No. of Share Issued	Share holding Position
Bangladesh Steel Re-Rolling Mills Limited (BSRM)	Ali Mansion ,Sadarghat Road, Chittagong	Shareholder	7,942,700	63.54%

Securities owned by the officers

The list of employees who own shares of the company as on 30 April 2008 are as follows.

Sl No.	Name of the Employee	Designation	Share Owned	% of Share Owned
1	Mr. Aameir Alihussain	Managing Director	368,202	2.946%
2	Mr. Ranjit Kumar Paul	Accounts Officer	4,000	0.032%
3	Mr. Md. Zahir Uddin	Plant Manager	3,000	0.024%
4	Mr. Kazi Abdul Mannan	Head of Operation	2,000	0.016%
5	Mr. Tuhin Das Khokan	Officer-Purchase	1,000	0.008%
Total			378,202	3.03%

DETERMINATION OF OFFERING PRICE

The offer price for the ordinary shares of BSRM Steels Limited has been determined at par value. The Net Asset value per share stands at Tk. 100 (Stockholder Equity/No. of shares i.e. 901,715,000/9,017,150) as on 31 March 2008 which is also certified by the auditor.

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to the following two Stock Exchanges within 7 (seven) working days from the date of consent accorded by the SEC to issue the prospectus:

Dhaka Stock Exchange Limited
 9/F, Motijheel C/A,
 Dhaka-1000

and

Chittagong Stock Exchange Limited
 CSE Building, 1080 Sk. Mujib Road
 Agrabad, Chittagong-4100

Declaration about listing of shares with the stock exchange(s)

None of the stock exchanges(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time allowed for refund of the subscription money.

Trading and settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, voting, pre-emption rights

The Share Capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles Association of the company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

- (a) The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.
- (b) No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
- (c) No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- (d) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- (e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- (f) No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

Other rights of stockholders

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

DEBT SECURITIES

There is no debt securities issued or plan to issue by the company within 6 (six) months.

LOCK-IN ON SPONSORS' SHARES

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl No	Name of the Share Holders	Status	Total No of Share Issued	Amount (Tk.)	% of Share holding Position	Date of Acquisition	Expiry date of lock-in
1	Mr. Alihussain Akberali FCA	Chairman	381,798	38,179,800	3.054%	20/07/02	11/10/2011
2	Mr. Aameir Alihussain	Managing Director	368,202	36,820,200	2.946%	20/07/02	Do
3	Mr. Zohair Taherali	Director	381,798	38,179,800	3.054%	20/07/02	Do
4	Mrs. Tehseen Zohair Taherali	Director	418,202	41,820,200	3.346%	20/07/02	Do
5	Mrs. Sabeen Aameir	Director	500	50,000	0.004%	3/6/2006	Do
6	Bangladesh Steel Re-Rolling Mills Limited	Shareholder	7,942,700	794,270,000	63.542%	3/6/2006	Do
7	Mrs. Bilkis Alihussain	Shareholder	6,800	680,000	0.054%	3/6/2006	Do
8	M.M Aga Limited	Shareholder	50,000	5,000,000	0.400%	24/08/06	Do
9	Mr. Ali Asghar Badruddin Africawala	Shareholder	51,750	5,175,000	0.414%	31/10/06	11/10/2009
10	Mr. Saifuddin Abbas Unwala	Shareholder	552,300	55,230,000	4.418%	31/10/06	Do
11	Mr. Taha Kisat	Shareholder	99,650	9,965,000	0.797%	31/10/06	Do
12	Mr. Iqbal Hussain	Shareholder	546,140	54,614,000	4.369%	31/10/06	Do
13	Mr. Mustafa Tahirali Saasa	Shareholder	345,600	34,560,000	2.765%	31/10/06	Do
14	Mrs. Fatema Jangbarwala	Shareholder	135,600	13,560,000	1.085%	31/10/06	Do
15	Mrs. Munira Aamir Vasi	Shareholder	119,010	11,901,000	0.952%	31/10/06	Do
16	Mr. Mohd. Aftab	Shareholder	10,000	1,000,000	0.080%	31/10/06	Do
17	Mr. Nosir Taherbhoy Doctor	Shareholder	33,200	3,320,000	0.266%	7/2/2007	Do
18	Mr. Abbas Jumani	Shareholder	206,850	20,685,000	1.655%	7/2/2007	Do
19	M/S South Asia Capital Ltd	Shareholder	150,000	15,000,000	1.200%	7/2/2007	Do
20	Mrs. Sanchita Sengupta	Shareholder	2,000	200,000	0.016%	7/2/2007	Do
21	Mr. Ihsanul Aziz	Shareholder	500	50,000	0.004%	7/2/2007	Do
22	Ms. Madhabi Rani Das	Shareholder	30,000	3,000,000	0.240%	3/5/2007	Do
23	Mr. Partha Pratim Das	Shareholder	30,000	3,000,000	0.240%	3/5/2007	Do
24	Mr. Hasanat Dowla	Shareholder	40,000	4,000,000	0.320%	3/5/2007	Do
25	Ms. Mina Nasrin	Shareholder	35,000	3,500,000	0.280%	3/5/2007	Do

Sl No	Name of the Share Holders	Status	Total No of Share Issued	Amount (Tk.)	% of Share holding Position	Date of Acquisition	Expiry date of lock-in
26	Mr. Mustaque Ahmed	Shareholder	40,000	4,000,000	0.320%	3/5/2007	11/10/2009
27	Mr. Kamaluddin Ahmed	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
28	Mr. Abul Kashem	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
29	Mr. Muazzem Hossain	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
30	Ms. Ruhi M Ahmed	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
31	Dr. Mohammed Nurul Amin Chowdhury	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
32	Mr. Mahfuzur Rahman	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
33	Mr. Anup Kumar Sen	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
34	Frobel Play School	Shareholder	15,000	1,500,000	0.120%	3/5/2007	Do
35	Mr. Abdul Azeem	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
36	Ms. Maria Alihussain Saigar	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
37	Mr. Shabbir Hussain Saigar	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
38	Mr. Surajit Dutta	Shareholder	6,000	600,000	0.048%	3/5/2007	Do
39	Mr. Enamul Hoque	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
40	Mr. Md. Mansurul Alam	Shareholder	6,000	600,000	0.048%	3/5/2007	Do
41	Mrs. Safura Khatun	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
42	Mr. Md. Habib Ullah	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
43	Mr. Shahnawaz Chowdhury	Shareholder	6,000	600,000	0.048%	3/5/2007	Do
44	Mr. Osman Gani Mazumder	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
45	Mrs. Farzana Hossain	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
46	Mr. Nazim Uddin Chowdury	Shareholder	5,000	500,000	0.040%	3/5/2007	Do
47	Mr. Macsood Ul Alam	Shareholder	2,250	225,000	0.018%	3/5/2007	Do
48	Mr. Md. Nizamul Haque	Shareholder	1,500	150,000	0.012%	3/5/2007	Do
49	Mrs. Nasreen Sultana Shakila	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
50	Mr. Abdul Gaffar	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
51	Md. Khurshed Alam	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
52	Mr. Subhasis Sengupta	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
53	Mr. Md. Mahmudul Hasan	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
54	Mr. Anaur Rahaman	Shareholder	6,000	600,000	0.048%	3/5/2007	Do
55	Mr. ANM Aman Ullah	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
56	Mr. Sanjoy Kumar Ghosh	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
57	Mr. Tuhin Das Khokan	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
58	Mr. Ibrahim Guffar Patel	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
59	Mr. Huzefa Nuruddin	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
60	Mr. Ranjit Kumar Paul	Shareholder	4,000	400,000	0.032%	3/5/2007	Do
61	Mr. Bhupendra Bhattacharjee	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
62	Mrs. Anima Bhattacharjee	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
63	Mr. Md. Atique Ullah	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
64	Mr. Md. Mozammel Hoque Chy	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
65	Mr. Shekhar Ranjan Kar	Shareholder	4,000	400,000	0.032%	3/5/2007	Do
66	Mrs. Nazneen Akhter	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
67	Mr. M. Harunur Rashid	Shareholder	1,500	150,000	0.012%	3/5/2007	Do
68	Mr. Mohd. Musfiqur Rahman	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
69	Shahnawaz Chy/ Nazma AkhterChy	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
70	Ms. Shireen Parvin	Shareholder	6,000	600,000	0.048%	3/5/2007	Do
71	Mr. S.M.Al Masum	Shareholder	15,000	1,500,000	0.120%	3/5/2007	Do
72	Mr. Dipak Kumar Nath	Shareholder	15,000	1,500,000	0.120%	3/5/2007	Do
73	Muhammad Sohail	Shareholder	10,000	1,000,000	0.080%	3/5/2007	Do
74	Mr. Muhammad Akhter	Shareholder	25,000	2,500,000	0.200%	3/5/2007	Do
75	Mr. Hajee Muhammad Idris	Shareholder	20,000	2,000,000	0.160%	3/5/2007	Do

Sl No	Name of the Share Holders	Status	Total No of Share Issued	Amount (Tk.)	% of Share holding Position	Date of Acquisition	Expiry date of lock-in
76	Mr. Muhammad Yasin	Shareholder	25,000	2,500,000	0.200%	3/5/2007	11/10/2009
77	Mr. Jainal Abedin	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
78	Mr. Mohammed Amin Mazid Dhaniya	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
79	Abdul Azeem/ Kiran Azeem	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
80	Mr. Pujan Dhar	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
81	Mrs. Sakina Jafar	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
82	Mr. Jafar Abbas	Shareholder	2,000	200,000	0.016%	3/5/2007	Do
83	Mr. Abdul Malek	Shareholder	3,000	300,000	0.024%	3/5/2007	Do
84	Mr. Morsheda Aziz	Shareholder	1,000	100,000	0.008%	3/5/2007	Do
85	Mr. Rashid Majid Dhaniya	Shareholder	1,000	100,000	0.008%	18/03/08	Do
86	Mr. Mohammad Salim	Shareholder	5,000	500,000	0.040%	18/03/08	Do
87	Jafree Plastic Works	Shareholder	1,000	100,000	0.008%	18/03/08	Do
88	Ms. Rumana Rony	Shareholder	1,500	150,000	0.012%	18/03/08	Do
89	Mr. Mohammed Ismail	Shareholder	2,000	200,000	0.016%	18/03/08	Do
90	Mr. Kaiyum K. Disawala	Shareholder	2,500	250,000	0.020%	18/03/08	Do
91	Mr. Kaizar K. Disawala	Shareholder	2,500	250,000	0.020%	18/03/08	Do
92	Mr. Abbas Ismail	Shareholder	2,000	200,000	0.016%	18/03/08	Do
93	Ms. Farida Ismail	Shareholder	3,000	300,000	0.024%	18/03/08	Do
94	Mr. Ismail Ibrahim Changi	Shareholder	3,000	300,000	0.024%	18/03/08	Do
95	Mr. Nur Muhammad	Shareholder	20,000	2,000,000	0.160%	18/03/08	Do
96	Mr. Muhammad Sajjad	Shareholder	10,000	1,000,000	0.080%	18/03/08	Do
97	Mr. Md. Amin Hossain	Shareholder	5,000	500,000	0.040%	18/03/08	Do
98	Mr. Muhammad Mushtaq	Shareholder	25,000	2,500,000	0.200%	18/03/08	Do
99	Mr. Mohammad Shabbir	Shareholder	10,000	1,000,000	0.080%	18/03/08	Do
100	Mr. Abdul Wahid	Shareholder	5,000	500,000	0.040%	18/03/08	Do
101	Mr. Mohammed Ali	Shareholder	5,000	500,000	0.040%	18/03/08	Do
102	Ms. Zakia Yesmin	Shareholder	5,000	500,000	0.040%	18/03/08	Do
103	Mr. Md. Rafiqul Alam	Shareholder	2,000	200,000	0.016%	18/03/08	Do
104	Mr. Martuza Kamrul Alam	Shareholder	500	50,000	0.004%	18/03/08	Do
105	Mr. Kazi Abdul Mannan	Shareholder	2,000	200,000	0.016%	18/03/08	Do
106	Mr. Mohammad Belal Hossain Chowdhury	Shareholder	3,500	350,000	0.028%	18/03/08	Do
107	Mr. Syed Ali Jowher Rizvi	Shareholder	5,000	500,000	0.040%	18/03/08	Do
108	Dr. Eqramul Hoque	Shareholder	2,000	200,000	0.016%	18/03/08	Do
109	Mr. Shaikh Aminuddin Ahmed	Shareholder	2,000	200,000	0.016%	18/03/08	Do
110	Mr. Abdullah Al Mamun	Shareholder	2,000	200,000	0.016%	18/03/08	Do
111	Mrs. Fizza Taherali	Shareholder	1,000	100,000	0.008%	18/03/08	Do
112	Mr. Taherali	Shareholder	1,000	100,000	0.008%	18/03/08	Do
113	Mr. Siddique Bin Zia	Shareholder	5,000	500,000	0.040%	18/03/08	Do
114	Mr. Md. Zahir Uddin	Shareholder	3,000	300,000	0.024%	18/03/08	Do
115	Mr. Md. Abul Kasem	Shareholder	1,000	100,000	0.008%	18/03/08	Do
116	Mr. S M Abu Sufian	Shareholder	2,500	250,000	0.020%	18/03/08	Do
117	Mr. Md. Anwar Hossen	Shareholder	2,500	250,000	0.020%	18/03/08	Do
118	Mr. SK Md. Anwar Hossain	Shareholder	1,000	100,000	0.008%	18/03/08	Do
119	Mr. Majibur Rahman	Shareholder	1,000	100,000	0.008%	18/03/08	Do
120	Mr. Md. Mohsin Kabir Chowdhury	Shareholder	500	50,000	0.004%	18/03/08	Do
121	Mr. Batool Hussain	Shareholder	2,000	200,000	0.016%	18/03/08	Do
122	Mr. SK Md. Ehsanul Hoque Chy	Shareholder	1,000	100,000	0.008%	18/03/08	Do
123	Mr. SK Hasan Shahid	Shareholder	1,000	100,000	0.008%	18/03/08	Do
124	Mr. Chowdhury Mushtaq Ahmed	Shareholder	1,000	100,000	0.008%	18/03/08	Do
125	Mr. Chowdhury Sharif Humayun	Shareholder	1,000	100,000	0.008%	18/03/08	Do

Sl No	Name of the Share Holders	Status	Total No of Share Issued	Amount (Tk.)	% of Share holding Position	Date of Acquisition	Expiry date of lock-in
126	Mr. Mohammed Abu Taher	Shareholder	1,000	100,000	0.008%	18/03/08	11/10/2009
127	Mr. Md. Zahidul Hoque Chy	Shareholder	500	50,000	0.004%	18/03/08	Do
128	Mr. Ahmed Nasimul Huda	Shareholder	1,000	100,000	0.008%	18/03/08	Do
129	Mr. Ashiq Imran	Shareholder	1,000	100,000	0.008%	18/03/08	Do
130	Mr. Uday Sankar Chowdhury	Shareholder	500	50,000	0.004%	18/03/08	Do
131	Mr. Md. Shamsul Hoque	Shareholder	1,000	100,000	0.008%	18/03/08	Do
132	Mr. K M Zakir Hossain	Shareholder	500	50,000	0.004%	18/03/08	Do
133	Mr. Moni Shankar Roy	Shareholder	500	50,000	0.004%	18/03/08	Do
134	Mr. Mohd. Matasin Ali	Shareholder	500	50,000	0.004%	18/03/08	Do
135	Mr. Mohammed Ismailur Rahman	Shareholder	500	50,000	0.004%	18/03/08	Do
136	Mr. Syed Md. Mujirul Islam	Shareholder	1,000	100,000	0.008%	18/03/08	Do
137	Mr. Salimur Rahman	Shareholder	500	50,000	0.004%	18/03/08	Do
138	Mr. Mesbaul Alam	Shareholder	500	50,000	0.004%	18/03/08	Do
139	Mr. Sadhan Bose	Shareholder	500	50,000	0.004%	18/03/08	Do
140	Mr. Md. Abul Mumin	Shareholder	1,000	100,000	0.008%	18/03/08	Do
141	Mr. Abdullah Al Hossain Chowdhury	Shareholder	500	50,000	0.004%	18/03/08	Do
142	Mr. Mohammed Yasin Chowdhury	Shareholder	1,000	100,000	0.008%	18/03/08	Do
143	Mr. AKM Mozammel Hoque	Shareholder	500	50,000	0.004%	18/03/08	Do
144	Ms. Najma Suraiya Khan	Shareholder	1,000	100,000	0.008%	18/03/08	Do
145	Mr. Wahiduddin Ahmed	Shareholder	1,000	100,000	0.008%	18/03/08	Do
146	Mr. Md. Manzoor Alam	Shareholder	500	50,000	0.004%	18/03/08	Do
147	Mr. Faruk Ahmed	Shareholder	500	50,000	0.004%	18/03/08	Do
148	Mr. Sohail Mohammed Shakoor	Shareholder	1,000	100,000	0.008%	18/03/08	Do
149	Mr. M Nurul Alam	Shareholder	500	50,000	0.004%	18/03/08	Do
150	Mr. Siva Prasad Kanungo	Shareholder	1,000	100,000	0.008%	18/03/08	Do
151	Mr. Mominul Haque	Shareholder	1,000	100,000	0.008%	18/03/08	Do
152	Mr. Ranjit Kumar Dey	Shareholder	500	50,000	0.004%	18/03/08	Do
153	Mr. Biswajit Chowdhury	Shareholder	500	50,000	0.004%	18/03/08	Do
154	Mr. Md. Shakhawat Imam	Shareholder	2,000	200,000	0.016%	18/03/08	Do
155	Mr. Md. Hasibul Alam	Shareholder	250	25,000	0.002%	18/03/08	Do
156	Mr. Iqbal Hasan Khan	Shareholder	250	25,000	0.002%	18/03/08	Do
157	Dr. Md. Saiful Alam Siddiquee	Shareholder	2,000	200,000	0.016%	18/03/08	Do
158	Prof. Mohammad Mozammel Hoque	Shareholder	1,000	100,000	0.008%	18/03/08	Do
159	Mr. A F M Ashrafur Rahman	Shareholder	500	50,000	0.004%	18/03/08	Do
160	Mr. S.M. Nazimuddin	Shareholder	1,000	100,000	0.008%	18/03/08	Do
161	Mr. Shariful Islam	Shareholder	500	50,000	0.004%	18/03/08	Do
162	Mr. S M Moniruzzaman	Shareholder	500	50,000	0.004%	18/03/08	Do
163	Mr. Amin Ahmed	Shareholder	500	50,000	0.004%	18/03/08	Do
164	Prof. Dr. Md. Monjur Hossain	Shareholder	500	50,000	0.004%	18/03/08	Do
165	Ms . Delara Ahmed	Shareholder	500	50,000	0.004%	18/03/08	Do
166	Mr. Md. Mokbul Hussain	Shareholder	500	50,000	0.004%	18/03/08	Do
167	Mr. S. M. Nasimuddin	Shareholder	500	50,000	0.004%	18/03/08	Do
168	Mr. Md. Abdus Salam	Shareholder	1,000	100,000	0.008%	18/03/08	Do
169	Mr. Morshed Chowdhury	Shareholder	3,000	300,000	0.024%	18/03/08	Do
170	Mr. Zahirul Islam	Shareholder	1,500	150,000	0.012%	18/03/08	Do
171	Mr. M Ashraf Ali Biswas	Shareholder	500	50,000	0.004%	18/03/08	Do
172	Mr. Swapan Sengupta	Shareholder	1,500	150,000	0.012%	18/03/08	Do
173	Mr. Md. Sirajum Munir	Shareholder	500	50,000	0.004%	18/03/08	Do
174	Mr. Kutubuddin Ahmed	Shareholder	3,000	300,000	0.024%	18/03/08	Do
175	Mr. M. Ishtiaque Hussain	Shareholder	3,000	300,000	0.024%	18/03/08	Do

Sl No	Name of the Share Holders	Status	Total No of Share Issued	Amount (Tk.)	% of Share holding Position	Date of Acquisition	Expiry date of lock-in
176	Mr. Meraj Uddin	Shareholder	1,500	150,000	0.012%	18/03/08	11/10/2009
177	Mr. Md. Abul Hasnat	Shareholder	2,500	250,000	0.020%	18/03/08	Do
178	Mr. Md. Alamgir Bin Zaman Chowdhury	Shareholder	1,500	150,000	0.012%	18/03/08	Do
179	Mr. AKM Azizul Hoque	Shareholder	2,000	200,000	0.016%	18/03/08	Do
180	Mrs. Sarwar Begum	Shareholder	3,000	300,000	0.024%	18/03/08	Do
181	Mr. Imran Nuruddin	Shareholder	2,000	200,000	0.016%	17/04/08	Do
182	Mr. Md. Ruhul Amin Bhuiyan	Shareholder	2,000	200,000	0.016%	17/04/08	Do
183	Mr. Murtaza Nuruddin	Shareholder	2,200	220,000	0.018%	17/04/08	Do
184	Mr. Md. Shahjahan	Shareholder	3,000	300,000	0.024%	17/04/08	Do
185	Ms. Sunera Ibrahim	Shareholder	500	50,000	0.004%	17/04/08	Do
186	Ms. Sanchita Saha	Shareholder	30,000	3,000,000	0.240%	17/04/08	Do
187	Mr. Fazle Hussain S Nagaria	Shareholder	450	45,000	0.004%	17/04/08	Do
Total			12,500,000	1,250,000,000	100%		

REFUND OF SUBSCRIPTION MONEY

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with any of the Bankers to the Issuer and other banks as mentioned below, refund amount of those applicants will be directly credited to the respective bank account as mentioned in their IPO Application Forms.

AB Bank Limited
The City Bank Limited
Dhaka Bank Limited
Eastern Bank Limited
HSBC
Habib Bank limited

Investment Corporation of Bangladesh (ICB)
National Bank of Pakistan
Standard Bank Limited
Southeast Bank Limited
Trust Bank Limited
BRAC Bank Limited

Otherwise, refund will be made only through "Account Payee" cheque (s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be. For this purpose the number of the bank account along with name of bank and branch shall be clearly indicated in the securities application form.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.

3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned above under "Refund of Subscription Money", refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AVAILABILITY OF SECURITIES

Offer

1. Shares

Particulars	No. of Shares	Amount (Tk.)
A. 10% of IPO of Ordinary Shares shall be reserved for Non Resident Bangladeshis	200,000	20,000,000
B. 10% of IPO of Ordinary Shares shall be reserved for Mutual funds and Collective Investment schemes registered with the Commission	200,000	20,000,000
C. Remaining 80% of IPO of Ordinary Shares shall be opened for subscription by The General Public.	1,600,000	160,000,000
Total	2,000,000	200,000,000

2) All securities as stated in sub -rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the SEC.

3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all applications received under each category separately in accordance with the letter of consent issued by the SEC.

4) In case of under subscription under any of the 10% categories mentioned in sub-rule (1), the un-subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

5) In case of under subscription of the public offering, the un-subscribed portion of securities shall be taken up by the underwriters.

6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

Application for subscription

1. Application for shares shall be made for a minimum lot for **50** Ordinary Shares to the value of Tk. **5,000/-** and should be made on the BSRMS's Printed Application forms. Application Forms and Prospectus may be obtained from the Dhaka Office of the Company, members of the Dhaka Stock Exchange Ltd. and/ or Chittagong Stock Exchange Limited or from the bankers to the Issue. In case adequate forms are not available, applicants may use photocopied / cyclostyled / hand written/taped copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.

2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.

3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.

4. An applicant cannot submit more than two applications, one in his own name and another jointly with another person which is applicable for both Non-Resident Bangladeshi (NRB) as well as other than Non-Resident Bangladeshi Applicants. In case, an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purpose.

5. Bangladeshi Nationals (including non-resident Bangladeshi Nationals residing abroad) and Foreign Nationals shall be entitled to apply for shares.

6. Payment for subscription by investors other than Non -Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked **"BSRM STEELS LIMITED."** And shall bear the crossing "A/C Payee Only" and must be drawn on a bank in the same town of the bank to which application form is deposited.

7. All completed application forms, together with remittances for the full amount payable on application, shall be lodged by investors other than non-resident Bangladeshis with any of the branches of the Bankers' to the Issue.

8. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to BSRM Steels Limited at its corporate office. Copies of application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, Issue manager, DSE and CSE.

9. The IPO subscription money collected from investors (other than Non-resident Bangladeshis) by the Bankers' to the Issue will be deposited to HSBC's, STD Account No: 004-138277-067 with BSRM Steels Limited, Agrabad Branch, Chittagong for this purpose.

10. The subscription money collected from Non-resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to the following FC accounts:

Sl No.	Name of the FC Accounts	Account No.	Bank & Branch	Currency
1	BSRM Steels Limited.	004-138277-018	HSBC, Agrabad Branch, Ctg	EURO
2	-do-	004-138277-016	-do-	US Dollar
3	-do-	004-138277-017	-do-	GBP

In the case of over-subscription of securities to the NRB applicants, refund shall be made by BSRM Steels Limited out of the "FC Account for IPO". BSRM Steels Limited has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription, if any.

An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

**APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS
PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.**

Allotment

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by Account Payee Cheque/credit to the applicants bank account without interest payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet, as the case may be. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Underwriting of shares

Initial Public Offering (IPO) is for 2,000,000 ordinary shares of Taka 100 each amounting to Taka 200,000,000. As per SEC's guideline 50% of the said amount i.e. 1,000,000 ordinary shares of Tk.100 each amounting to Tk. 100,000,000 has been underwritten by the following institutions:

Sl. No.	Name of address of underwriters	Number of shares underwritten	Amount(TK.)
1	South Asia Capital Limited	500,000	50,000,000
2	Trust Bank Limited	250,000	25,000,000
3	Equity Partners Limited	250,000	25,000,000
Total:		1,000,000	100,000,000

Principal terms and conditions of underwriting agreement

1. If and to the extend that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares within 15(fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by an underwriters it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law as may be imposed on them.

Underwriter's right to represent in the Board of Directors of the Company

The Underwriters shall not have any right to have any representatives in the Company's Board of Directors.

**Auditors' Report to the Shareholders
of
BSRM Steels Limited**

We have audited the accompanying Balance Sheet of the BSRM Steels Limited as of 31st March, 2008 and Statement of Cash Flows for the three months period then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs as of 31st March 2008 and cash flows for the three months period then ended and comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Without qualifying our opinion, we would like to draw readers' attention to the Note: 3.02, 3.03, 3.04 & 19 to the financial statements from which it may be noted that no depreciation was charged on fixed assets over the period, all revenue expenses incurred during the period from its inception to the Balance Sheet date except those apportioned to trial production have been capitalized under fixed assets, expenses incurred for advertisement and expenses incurred for incorporation of the company and issuing shares have been deferred for future amortization.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's balance sheet dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the company's business.

Chittagong, 8th May 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

BSRM STEELS LIMITED
BALANCE SHEET
AS AT 31ST MARCH, 2008

	<u>Note</u>	<u>31.03.2008</u> <u>Taka</u>	<u>31.12.2007</u> <u>Taka</u>
SOURCES OF FUNDS:			
Shareholders' funds:			
Share Capital	4	901,715,000	568,125,000
Share Money Deposits		348,285,000	675,860,000
		1,250,000,000	1,243,985,000
Loan funds:			
Syndicated Term Loan	5	2,078,415,189	1,728,026,899
Total funds		3,328,415,189	2,972,011,899
APPLICATION OF FUNDS:			
Fixed Assets - At Cost	6	3,540,843,469	2,533,699,378
Capital Work-in-Progress	7	-	413,082,891
CURRENT ASSETS			
Inventories	8	266,830,276	35,693,788
Trade Debtors	9	8,605,267	-
Advances and deposits	10	121,200,875	115,278,583
Cash and Bank balances	11	2,586,104	8,111,569
		399,222,522	159,083,940
Less: Current Liabilities:			
Advance against sales	12	6,018,996	-
Trade Creditors	13	57,417,551	-
Liabilities for expenses	14	167,390,316	238,121,391
Due to Bangladesh Steel Re-Rolling Mills Ltd.	15	-	20,369,151
Current portion of Syndicated Term Loan	5	191,935,493	103,154,743
Liability against import	16	169,597,618	-
Other liabilities	17	21,175,308	6,342,787
Provision for income tax	18	-	-
		613,535,282	367,988,072
Net current assets		(214,312,760)	(208,904,132)
Preliminary expenses	19	664,527	552,809
Un-allocated revenue expenses	20	-	232,437,916
Deferred expenses	3.04	1,219,953	1,143,037
		3,328,415,189	2,972,011,899

The annexed notes 1 to 27 form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

As per our annexed report of same date.

Chittagong, 8th May, 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

BSRM STEELS LIMITED
CASH FLOW STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH, 2008

	<u>31.03.2008</u>	<u>31.12.2007</u>
	Taka	Taka
<u>a. OPERATING ACTIVITIES:</u>		
Revenue expenditure paid	(33,993,613)	(63,226,612)
Other Advances made	(12,418,346)	(1,059,737)
Cash receipts from Customers	33,286,884	-
Cash paid to suppliers	(198,353,943)	(35,693,788)
Preliminary expenses	(111,718)	(324,033)
Security Deposits	(4,713)	(8,870,002)
Income Tax /VAT Paid	(580,589)	(9,966,901)
Net cash used in Operating Activities	(212,176,038)	(119,141,073)
<u>b.INVESTING ACTIVITIES:</u>		
Acquisition of Fixed assets	(250,747,591)	(1,909,940,302)
Capital Work-in-progress	-	(339,899,661)
Paid against letter of credit and Bank Margin	(68,858,383)	-
Net cash used in Investing Activities	(319,605,974)	(2,249,839,963)
<u>c.FINANCING ACTIVITIES:</u>		
Share capital	-	118,125,000
Share money deposit	6,015,000	610,789,225
Syndicated Term Loan received during the period	370,995,000	1,711,540,000
Liability against import	169,597,618	-
Temporary loan repaid to Bangladesh Steel Re-Rolling Mills Ltd.	(20,351,071)	(63,519,878)
Net cash provided by Financing Activities	526,256,547	2,376,934,347
Total (a+b+c)	<u>(5,525,465)</u>	<u>7,953,311</u>
Opening cash and bank balances	8,111,569	158,258
Closing cash and bank balances	<u>2,586,104</u>	<u>8,111,569</u>
	<u>(5,525,465)</u>	<u>7,953,311</u>

BSRM STEELS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH, 2008**

	Share Capital	Share Money deposit	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on 1 January 2007	450,000,000	65,070,775	515,070,775
Share money deposit received during 2007	-	728,914,225	728,914,225
Ordinary Shares issued during the year 2007	118,125,000	(118,125,000)	-
Balance as at 31 December 2007	568,125,000	675,860,000	1,243,985,000
Share money deposit received during the period	-	6,015,000	6,015,000
Ordinary Shares issued during the period	333,590,000	(333,590,000)	-
Balance as at 31st March 2008	901,715,000	348,285,000	1,250,000,000

BSRM STEELS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31ST MARCH, 2008

1.00 Legal Form of Enterprise

The Company was incorporated on 20th July, 2002, vide the certificate C-No. 4392 of 2002 as a private limited company under Companies Act 1994. The company was converted to a public limited company on 20th December 2006.

1.01 Nature of the business

The main purpose of the company is to manufacture iron and steel products by setting up rolling and re-rolling mills. The company has set up its Rolling mill at Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 1st April, 2008.

2.00 Basis of Preparation

2.01 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards.

2.02 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.03 Functional and presentation currency

The financial statements are presented in Bangladesh Taka which is the Company's functional currency. All financial information presented in BD Taka has been rounded off to the nearest Taka.

3.00 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these financial statements.

Certain comparative amounts have been re-arranged to conform with the current period's presentation.

3.01 Foreign currency

Transactions in foreign currency are translated to BD Taka at exchange rates on the date of transactions.

3.02 Fixed assets

Fixed assets are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the assets, but in case of Plant & Machinery and Factory Building, these also include un-allocated revenue expenses apportioned proportionately (Refer to Note:3.03 below) based on the ground that these expenses were incurred to bring these assets in present location and condition as stated in BAS-16.

No depreciation has been charged on fixed assets. The company intends to charge depreciation on its assets from the date of commencement of commercial production.

3.03 Un-Allocated revenue expenses

All revenue expenses incurred during the period from its inception to 31st March, 2008 except those are apportioned to trial production have been capitalized under fixed assets on the ground that these expenses have been incurred for the development of the project.

3.04 Deferred expenses

Expenses incurred for advertisement has been deferred for future amortization. Management intends to amortize these expenses at rate to be decided later on after commencement of commercial production.

3.05 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with BAS-2.

Category

Valuation

Finished Goods -

Cost of finished goods includes cost of raw materials and proportionate manufacturing overhead.

Raw materials -

Based on weighted average method.

Store items-

Based on weighted average method.

3.06 Employee benefit schemes

Currently the company has no employee benefits schemes.

3.07 Interest expenses

Interest expenses incurred on Syndicated Term Loan during the period has been capitalized under fixed assets in accordance with the allowed alternative treatment in BAS-23.

3.08 Income tax expense

The company has commenced commercial production on 1st April, 2008. Hence, no provision has been made for income tax for the period under audit.

	<u>31.03.2008</u>	<u>31.12.2007</u>
	<u>Taka</u>	<u>Taka</u>
4.00 SHARE CAPITAL		
Authorized capital:		
17,500,000 Ordinary Shares of Tk. 100 each	1,750,000,000	1,750,000,000
2,500,000 Preference Shares of Tk. 100 each	250,000,000	250,000,000
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, Subscribed and Paid-up capital:		
Opening Balance(5,681,250 shares of Tk. 100 each)	568,125,000	450,000,000
Add: Shares issued during the period (3,335,900 shares @ Tk. 100 each)	333,590,000	118,125,000
9,017,150 ordinary shares of Tk. 100 each		
Total	<u>901,715,000</u>	<u>568,125,000</u>

4.01 Classification of shares by holding:

Class by number of shares	No. of Holders	No. of Shares	Holding %
	<u>Nos</u>	<u>Nos</u>	<u>%</u>
Less than 500	2	500	0.01
From 500 to 5,000	139	264,750	2.94
From 5,001 to 10,000	10	76,800	0.85
From 10,001 to 50,000	15	418,200	4.64
From 50,001 to 100,000	2	151,400	1.68
From 100,001 to 1,000,000	12	8,105,500	89.89
	180	9,017,150	100

4.02 Composition of Shareholders at 31st March 2008

<u>Name of shareholders</u>	No. of Holders	No. of Shares	Holding %
	<u>Nos</u>	<u>Nos</u>	<u>%</u>
Sponsor Shareholders	7	6,057,300	67.18
Foreign Shareholders	9	2,090,100	23.18
Other Shareholders	164	869,750	9.65
	180	9,017,150	100

5.00 Syndicated Term Loan

	<u>31.03.2008</u>	<u>31.12.2007</u>
	<u>Taka</u>	<u>Taka</u>
Due within one year	191,935,493	103,154,743
Due after more than one year	2,078,415,189	1,728,026,899
	2,270,350,682	1,831,181,642

Current position of Syndicated Term Loan has been calculated on the basis of total disbursed amount.

5.01 Reclassification of comparative amount

Current portion and long term portion of Syndicated Term Loan as on 31.12.07 has been reclassified based on the latest available repayment schedule.

Lender-wise details of Syndicated Term Loan as on 31.03.08 are as follows:

	<u>Principal</u>	<u>*IDCP</u>	<u>Total</u>
	Tk.	Tk.	Tk.
5.02 Syndicated Term Loan			
Agrani Bank Ltd.	101,474,425	10,919,668	112,394,093
AB Bank Ltd.	121,294,486	9,469,848	130,764,334
Bank Al Falah Ltd.	84,562,308	9,099,771	93,662,079
Bank Asia Ltd.	121,294,486	9,412,915	130,707,401
BRAC Bank Ltd.	84,562,308	9,099,770	93,662,078
Commercial Bank of Ceylon Ltd.	84,562,308	9,099,770	93,662,078
Dhaka Bank Ltd.	42,281,150	4,549,931	46,831,081
Eastern Bank Ltd.	121,294,486	9,469,850	130,764,336
IFIC Bank Ltd.	84,562,308	9,099,770	93,662,078
Mercantile Bank Ltd.	42,281,150	4,549,931	46,831,081
NCC Bank Ltd.	121,294,487	9,469,847	130,764,334
Prime Bank Ltd	102,928,397	9,284,809	112,213,206
Pubali Bank Ltd.	121,294,486	9,469,847	130,764,333
SABINCO Ltd.	147,138,174	15,788,900	162,927,074
Standard Bank Ltd.	84,562,308	9,099,770	93,662,078
The City Bank Ltd.	104,381,507	7,649,811	112,031,318
The Trust Bank Ltd.	106,601,616	9,321,817	115,923,433
United Commercial Bank Ltd.	242,588,972	18,939,786	261,528,758
Uttara Bank Ltd.	163,575,638	14,019,871	177,595,509
	2,082,535,000	187,815,682	2,270,350,682

* Interest during construction period.

5.03 Terms of Syndicated Loan:

5.03.01 First Syndicated Term Loan:

Lenders:

The company has entered into a syndicated loan agreement on 30.06.2006 with Agrani Bank Limited, the lead arranger, IDLC of Bangladesh, the co-arranger and 18(Eighteen) other Banks and Financial Institutions.

Total loan facilities: Tk. 198.70 crores.

Interest rate:

Interest rate will be determined based on the 6 months T-bill rate plus 6%.

Disbursement:

The first disbursement was made on 18.01.2007

Repayments:

Above term loan will be re-paid by 66 monthly installments starting from August, 2008.

Securities:

Registered Mortgage on project land including newly acquired 35.55 katha , building on first ranking pari passu basis and hypothecation of Machinery, furniture & Fixtures, equipment etc.

Purpose:

The purpose of the loan is to set up a fully computer-controlled, fully automatic steel re-rolling mill with a capacity of 375,000 Metric tons per year.

5.03.02 Second Syndicated Term Loan:

Lenders:

The company has entered into a second syndicated loan agreement on 26.11.2007 with Agrani Bank Ltd., the lead arranger, IDLC of Bangladesh, the co-arranger and 10(Ten) other Banks.

Total loan facilities: Tk. 50.50 crores.

Interest rate:

Interest rate will be determined based on the 6 months T-bill rate plus 6%.

Disbursement:

The first disbursement was made on 06.03.2008.

Repayments:

Above term loan will be re-paid by 66 monthly installments starting from August , 2008.

Securities:

Registered Mortgage on project land including newly acquired 35.55 katha , building on first ranking pari passu basis and hypothecation of Machinery, furniture & Fixtures, equipment etc.

Purpose:

The purpose of the loan is to set up a fully computer-controlled, fully automatic steel re-rolling mill with a capacity of 375,000 Metric tons per year.

6.00 FIXED ASSETS

	Balance as on 01.01.08	Addition during the period	Allocation of Revenue Expenses	Balance as on 31.03.08
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Land and Land Development:				
Land	142,220,449	-	-	142,220,449
Land Development	40,715,481	414,603	-	41,130,084
	182,935,930	414,603	-	183,350,533
Plant and Machinery (Note 6.01)	1,884,471,478	481,509,159	281,034,271	2,647,014,908
Motor Vehicles	5,809,686	-	-	5,809,686
Furniture & Fixtures	3,377,298	553,723	-	3,931,021
Office Equipments	4,010,535	9,490,715	-	13,501,250
Factory Building (Note 6.01)	453,094,451	184,547,337	49,594,283	687,236,071
	2,350,763,448	676,100,934	330,628,554	3,357,492,936
31.03.2008	2,533,699,378	676,515,537	330,628,554	3,540,843,469
31.12.2007	200,076,160	2,333,623,218	-	2,533,699,378

6.01 All revenue expenses incurred for development of the project have been capitalized in the Fixed Assets under Plant and Machinery and Factory Building @ of 85% and 15% respectively based on the L/C value of Machinery and Factory Building.

	<u>31.03.2008</u> <u>Taka</u>	<u>31.12.2007</u> <u>Taka</u>
7.00 CAPITAL WORK IN PROGRESS		
Factory Shed and Building	-	-
Civil Construction	-	413,082,891
	-	413,082,891

8.00 INVENTORIES

MS Roll	35,675,708	35,693,788
Raw Materials	118,446,592	-
Finished Goods	112,707,976	-
	266,830,276	35,693,788

8.01 QUANTITATIVE MOVEMENT OF INVENTORIES

	<u>Raw materials</u> <u>Qty.</u> <u>M. ton</u>	<u>Finished Goods</u> <u>Qty.</u> <u>M. ton</u>
Opening stock	-	-
Add: Purchased/produced(from trial production) during the period	4,668.505	2,356.150
	4,668.505	2,356.150
Less: Consumed/sold during the period	2,506.542	515.720
Closing stock	2,161.963	1,840.430

9.00 TRADE DEBTORS

	<u>31.03.2008</u> <u>Taka</u>	<u>31.12.2007</u> <u>Taka</u>
	8,605,267	-

10.00 ADVANCES AND DEPOSITS

a) Advances:

Land	183,208	183,208
Staff Loan	83,155	80,850
Income Tax (Deducted at import stage)	10,254,779	10,078,009
Value Added Tax - Current Account	403,819	-
Against expenses (Note- 10.01)	16,898,834	4,482,793
Bank Guarantee Margin	1,053,550	1,059,737
L/C Margin	64,472,351	14,445,545
Against L/C	18,837,764	75,939,739
	112,187,460	106,269,881

b) Deposits:

Ansar/VDP	109,400	109,400
T & T	16,000	14,000
City Cell	15,000	15,000
Power Development Board	3,602,300	3,602,300
Bakhrabad Gas Systems Limited	5,270,715	5,268,002
	9,013,415	9,008,702
Total (a+b)	121,200,875	115,278,583

10.01 Advances against expenses:

Bangladesh Railway	1,000,000	1,000,000
Khondaker Shamsuddin Mahmud	407,882	439,257
Nizamul Alam for rent	26,000	26,000
Mr. Habibur Rahman	265,000	55,000
Kamrun Nahar	46,750	59,500
Md. Shafiqul Alam	80,688	70,500
Md. Nigam Uddin	21,640	29,275
Sudarshan Dhaka Shipping Lines Ltd.	22,763	22,763
M.R. H Dey & Co.	15,000	30,000
Diran Insulator Factory Ltd.	6,810	6,810
Danieli & C. Officine meccaniche S.p.A.	471,977	232,928
Forni Industrial Bendotti S.p.A.	24,652	17,452
Dipu Light House	109,870	99,920
Interior Plus	1,538,403	1,288,403
Abul Monsur Chowdhury	26,000	26,000
Maruf Engineering Works	22,000	20,000
Bangladesh Telecom Ltd.	187,000	112,200
Meghna Petroleum Ltd.	29,400	-
Energypac Engineering Ltd.	2,814,000	-
Jamuna Oil Co. Ltd.	28,000	-
Nekan Alliance PEB Ltd-against Building structure	1,243	-
Enem Enterprise	24,906	-
Chanchal Goswami, NALCO	900	-
Shahajalal Trading	1,000,000	-
Rectangle Ltd.	3,787,575	-
Mohammed Moshin	17,500	-
Jillur Rahman	25,000	-
Samu Transport	500	-
Red Dot Multimedia Ltd.	990,000	-
Insurance Commission Receivable	3,907,375	295,164
M. Rahman & Brothers	-	3,375
Transcom Electronics Ltd.	-	7,100
Allied Enterprise	-	150,000

Jane Alam For Gas Line
Asgar Trading Corporation
MAP Aluminum Builders
M.A. Tayab & Sons
Asaduzzaman
Diamond Steel Products Co. Pvt. Ltd.

-	20,000
-	118,500
-	150,000
-	20,993
-	3,000
-	178,653
16,898,834	4,482,793

11.00 CASH AND BANK BALANCES

Cash in hand
Imprest Cash
Cash at Banks (Note-11.01)

<u>31.03.2008</u>	<u>31.12.2007</u>
<u>Taka</u>	<u>Taka</u>
225,291	53,317
50,000	50,000
2,310,813	8,008,252
2,586,104	8,111,569

11.01 Cash at Banks:

Agrani Bank Ltd.
Laldighi East Br.Ctg-CD A/C *
Laldighi East Br.Ctg-Escrow A/C
Colonel Hat Br.Ctg-CD A/C
Tomsom Bridge Br. Comilla-CD A/C
AB Bank Ltd.Agrabad Br.Ctg.-CD A/C
AB Bank Ltd.Anderkilla Br.Ctg.-CD A/C
Bank Asia Ltd.-Agrabad Br. Ctg.-CD A/C
Bank Asia Ltd.-EPZ Br. Ctg.-CD A/C
BRAC Bank Ltd.- Agrabad Br. Ctg-CD A/C
Commercial Bank of Ceylon Ltd., Agrabad Br.Ctg.-CD A/C
Dhaka Bank Ltd.-Jubilee Road Br. Ctg.-CD A/C
Eastern Bank Ltd., Agrabad Br.Ctg.-CD A/C
Habib Bank Ltd., Laldhigi East Br.Ctg-CD A/C *
HSBC Ltd., Agrabad Br.Ctg-CD A/C
HSBC Ltd., Ekdalia Road Br. Kolkata, India -CD A/C (Rs. 10,000)
IFIC Bank Ltd.-Agrabad Br. Ctg.-CD A/C
Mercantile Bank Ltd.-Jubilee Road Br. Ctg.-CD A/C
National Credit and Commerce Bank Ltd.- Agrabad Br. Ctg-CD A/C
Sonali Bank Ltd.- Kalibari Br. Ctg.-CD A/C
Standard Chartered Bank, Agrabad Br.Ctg-CD A/C
The City Bank Ltd.-Agrabad Br. Ctg.-CD A/C
United Commercial Bank Ltd. Jubilee Road Br. Ctg.-CD A/C
Uttara Bank Ltd.- Agrabad Br.Ctg.-CD A/C

(4,984,197)	(8,574,120)
66,057	426,998
1,141,642	81,372
5,000	-
798,133	-
-	3,252
1,407,535	-
1,221	9,500
8,620	-
33,777	(2,243)
-	-
316,121	22,097
(65,372)	15,500,618
3,022,504	414,371
17,681	-
25,389	10,680
63,231	57,044
17,811	-
5,000	-
46,045	43,435
363,715	15,248
9,900	-
11,000	-
2,310,813	8,008,252

* Book overdraft.

12.00 ADVANCE AGAINST SALES

This represents advance against sale of finished goods received from different parties against which goods were not delivered on the balance sheet date.

31.03.2008 **31.12.2007**

Taka **Taka**

13.00 TRADE CREDITORS

Meghna Engineering Works Ltd.(Note: 22.00)

57,417,551 **-**

14.00 LIABILITIES FOR EXPENSES

Salary & Allowance	1,811,560	1,949,954
Audit Fees	100,000	60,000
Guest House rent	74,695	50,695
Telephone expenses	5,000	35,513
Overtime allowances	22,848	17,322
Insurance Payable	5,484	43,248
C & F Bill Payable	251,000	2,589,151
Civil Construction	160,971	160,971
L/C Liability (Note: 14.01)	139,796,451	132,395,636
Traveling expenses	1,043	-
Liability against loading and unloading charges	274,176	-
PAD Loan	-	87,625,487
Motor Car expenses	-	104,748
Generator Expenses	-	105,840
Others	24,887,088	12,982,826
	167,390,316	238,121,391

14.01 L/C Liability

L/C 219/06 EOT Overhead Crane-Kone Crane (Euro 104,421)	10,755,394	10,755,394
L/C 212/07 Lathe Machine-Hercules (Euro 41,500)	4,316,000	4,316,000
L/C 170/06 Rolling Mill Machineries-Danieli (Euro 1,169,698)	121,898,072	117,324,242
L/C 130/07 Metal Testing Machine (US\$ 8,230)	571,985	-
L/C 88/07 Rolling Mill Machineries-Denieli (Euro 20,500)	2,255,000	-
	139,796,451	132,395,636

15.00 DUE TO ASSOCIATED COMPANIES

Bangladesh Steel Re-Rolling Mills Ltd.

- **20,369,151**

16.00 LIABILITY AGAINST IMPORT

Agrani Bank Ltd. PAD	10,974,344	-
The City Bank Ltd. LTR	24,808,693	-
AB Bank Ltd. LTR	133,814,581	-
	169,597,618	-

Above loans are secured against stock of inventories.

17.00 OTHER LIABILITIES

Income Tax deducted at source from salary	157,270	158,537
Income Tax deducted at source-others	1,101,647	1,975,232
VAT deducted at source	66,263	1,367,577
Earnest/Retention Money	19,850,128	2,841,441
	21,175,308	6,342,787

Income Tax and VAT deducted at source above have subsequently been paid to the Govt. Exchequer.

18.00 PROVISION FOR INCOME TAX

Current tax:

Provision for income tax has not been made in the accounts. In its first year's operation, the company is unlikely to earn taxable profit at the end of the year after charging depreciation on fixed assets.

Deferred tax:

Income tax return will be filed based on the year-end results. Management intends to provide for deferred tax, if any, at the end of the year.

19.00 PRELIMINARY EXPENSES

	<u>31.03.2008</u>	<u>31.12.2007</u>
	<u>Taka</u>	<u>Taka</u>
Fee for increasing Share Capital	623,522	511,804
Printing & Stationery	3,250	3,250
Stamps	10,900	10,900
Registration expenses	26,855	26,855
	664,527	552,809

20.00 UN- ALLOCATED REVENUE EXPENSES

Salary and benefits	41,273,409	32,201,002
Entertainment	981,078	797,954
Office Expenses	258,627	258,627
Traveling and conveyance	10,716,296	9,724,135
Printing and stationery	1,054,970	885,300
Postage and Telegram	99,614	92,232
Paper & periodicals	8,629	8,145
Other expenses	1,475,585	1,404,124
Guest house expenses	1,072,094	964,857
Medical expenses	112,302	105,621
Repairs and Maintenance	1,181,848	1,115,087
Carrying Charges	1,902,452	1,601,642
Generator charges	706,560	607,287
Land Revenue expenses	465,392	431,958
Electricity expenses	3,973,175	2,779,455
Guest house rent	1,805,117	1,419,223
Stores consumed	5,051,941	3,564,165
Subscription	21,300	20,800
Legal & professional expenses	1,645,093	1,060,090
Fees and renewals	25,169,539	21,829,579
Communication expenses	1,503,396	1,242,863
Motor Car expenses	2,104,925	1,802,306
Motor car repairs	447,927	408,772
Survey fees	51,000	51,000
Interest during Construction Period (Note-5.01)	187,815,682	119,641,642
Interest on Term loan	15,054,202	15,054,202
Bank charges	527,739	298,904
Audit fees	161,400	141,400
Computer expenses	268,240	137,230
Insurance premium	6,233	6,233
Factory office expenses	695,026	517,222
Uniform Allowances	104,580	92,280
Office rent	442,814	376,506
Machinery erection consultants' expenses	5,271,865	1,846,873
Mortgage expenses	4,762,710	2,254,250
Participation Fees	5,731,600	4,570,100

Director's Remuneration (Note 20.02)	5,420,000	2,820,000
Brokerage Commission	293,650	293,650
Training Expenses	28,400	11,200
Agency Fees to Agrani Bank Ltd.	2,150,239	-
	331,816,649	232,437,916

Less: Net gain from trial production (Note:21.00)	1,188,095	-
	330,628,554	232,437,916

20.01 Apportionment of unallocated revenue expenses

	<u>%</u>	<u>Taka</u>	
Plant and Machinery	85	281,034,271	Refer to Note: 6.01
Factory Building	15	49,594,283	
		330,628,554	

20.02 Directors' Remuneration

Details of Directors' remuneration paid during three months period are as follows:

<u>Name</u>	<u>Gross Remuneration</u>	<u>Tax Deducted</u>	<u>Net Paid</u>
Mr. Alihussain Akberali	1,200,000	300,000	900,000
Mr. Aameir Alihussain	1,500,000	375,000	1,125,000
Mr. Zohair Taherali	750,000	187,500	562,500
Mrs. Tehseen Zohair Taherali	450,000	112,500	337,500
	3,900,000	975,000	2,925,000

Currently the Directors are not enjoying any other benefits from the company.

Out of the above remuneration, an amount of Tk. 1,300,000 has been apportioned to expenses during the trial production under Administrative expenses.(Note:21.00)

21.00 Net gain from trial production

Sales(Including sale of miss roll)-Net of VAT	M. tons:523.15	<u>Taka</u>
		35,598,979

Less: Expenses apportioned to trail production (Note:21.01)

Cost of raw materials	137,324,902
Manufacturing expenses	6,966,638
Administrative Expenses	1,985,185
Financial Expenses	842,135
	147,118,860
Less: Closing stock of finished goods	112,707,976
	34,410,884
Net gain	1,188,095

Above net gain from sale of goods produced during trial production has been netted off with un-allocated revenue expenses in accordance with Para 17 of BAS-16.

21.01 A portion of revenue expenses incurred during March 2008 has been apportioned to cost of trial production on estimated basis.

22.00 RELATED PARTY TRANSACTIONS

<u>Name</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 31.03.2008</u>	<u>Compensation</u>
Bangladesh Steel Re-Rolling Mills Ltd	Shareholder	Material supply	-	Market price
Meghna Engineering Works Ltd.	Associated Company	Material supply	57,417,551	Market price

23.00 CONTINGENT LIABILITIES

The following contingent liabilities were available at the balance sheet date :

	<u>31.03.2008</u> <u>Taka</u>	<u>31.12.2007</u> <u>Taka</u>
L/C liability Agrani Bank Ltd.	34,223,000	99,312,000
Mercantile Bank Ltd.:		
Bank Guarantee Against Bakhrabad Gas System	10,535,500	10,597,364
L/C liability National Credit and Commerce Bank Ltd.	186,547,000	-

24.00 CAPITAL COMMITMENT

Capital commitment against procurement of machinery and fabrication of factory building was estimated at Tk. 200 million on the balance sheet date.

25.00 PRODUCTION CAPACITY

	<u>M. Ton</u>	<u>M. Ton</u>
Installed Capacity	375,000	375,000

Commercial production did not commence on the balance sheet date. The company carried out trial production during the period from 14th March 2008 to 31st March 2008.

26.00 EMPLOYEES

	<u>31.03.2008</u>	<u>31.12.2007</u>
Number of employees whose salary was below Tk. 3,000	-	11
Number of employees whose salary was above Tk. 3,000	176	93
	176	104

27.00 POST BALANCE SHEET EVENTS

The company commenced commercial production on 1st April, 2008. A further issue of shares has been made against share money deposit of Tk. 348,285,000 (3,482,850 shares of Tk. 100 each.) on 17th April, 2008.

Auditors' Report in pursuant to Section 135(1) under Para 24(1) of Part II of the Third Schedule of the Companies Act 1994

We, as the auditors, having examined the financial statements of BSRM Steels Limited for the period ended 31st March 2008 and years ended on 31 December 2006, 2007 and the figures extracted from the financial statements for the remaining years ended on 31st December 2005, 2004 and 2003 audited by Rahman Mostafa Alam & Co., Chartered Accountants, certify pursuant to Section 135(1) under Para 24(1) of Part II of the Third Schedule of the Companies Act 1994 that:

A. The statement of Assets and Liabilities of the company is as under:

	<u>31.03.08</u>	<u>31.12.07</u>	<u>31.12.06</u>	<u>31.12.05</u>	<u>31.12.04</u>	<u>31.12.03</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<u>Sources of funds</u>						
Share capital	901,715,000	568,125,000	450,000,000	150,000,000	65,464,000	8,100,000
Share money deposit	348,285,000	675,860,000	65,070,775	30,000,000	-	-
Syndicated term loan-Secured	2,078,415,189	1,728,026,899	-	-	-	-
Term loan-Secured	-	-	-	71,289,445	-	-
	<u>3,328,415,189</u>	<u>2,972,011,899</u>	<u>515,070,775</u>	<u>251,289,445</u>	<u>65,464,000</u>	<u>8,100,000</u>
<u>Application of funds</u>						
Fixed assets-at cost	3,540,843,469	2,533,699,378	200,076,160	197,091,554	20,235,003	7,500,276
Capital work-in-progress	-	413,082,891	56,863,828	11,285,130	549,228	-
Net current assets	(214,312,760)	(208,904,132)	212,109,020	20,711,546	42,983,621	428,935
Preliminary expenses	664,527	552,809	228,776	41,005	41,005	41,005
Un-allocated revenue expenses	-	232,437,916	45,792,991	22,160,210	1,655,143	129,784
Deferred expenses	1,219,953	1,143,037	-	-	-	-
	<u>3,328,415,189</u>	<u>2,972,011,899</u>	<u>515,070,775</u>	<u>251,289,445</u>	<u>65,464,000</u>	<u>8,100,000</u>

B. The statement of operating results of the company is as follows:

The company has commenced commercial production on 1st April 2008 which is not covered under audit of financial statements for the period ended 31st March 2008.

C. Declaration of dividend

The company did not declare any dividend since its inception.

D. Subsidiary companies

The company had no subsidiary company as on the balance sheet date.

E. Proceeds of the issue of shares

No proceeds or part of the proceeds of the issue of shares would be applied directly by the company in the purchase of any business.

F. Preparation of accounts subsequent to 31st March 2008

The company did not prepare any statement of accounts for the period subsequent to 31st March 2008.

Dated, Chittagong
18th June 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

Auditors' certificate regarding calculation of Ratios for the period ended 31st March 2008 and for the year ended 31st December 2007,2006,2005,2004 and 2003

We have examined the calculation of following Ratios of BSRM Steels Limited for the period ended 31st March 2008 and for the year ended on 31st December 2007, 2006, 2005, 2004 and 2003 which have been calculated by the company's management., in order to confirm as to whether they have been properly calculated using acceptable principle and based on audited financial statements of the relevant periods.

Based on our review, we certify that the company's management has calculated the ratios using the acceptable principles and based on the audited financial statements for the period ended 31st March 2008 and for the ended on 31st December 2007, 2006, 2005,2004 and 2003.

<u>Ratios</u>	<u>Expressed in</u>	<u>31.03.08</u>	<u>31.12.07</u>	<u>31.12.06</u>	<u>31.12.05</u>	<u>31.12.04</u>	<u>31.12.03</u>
Liquidity Ratios:							
Current ratio	Ratio	0.65:1.00	0.43:1.00	3.39:1.00	4.91:1.00	71:1	10.29:1
Quick ratio	Ratio	0.21:1.00	0.33:1.00	3.39:1.00	4.02:1.00	69:1	10.29:1
Times interest earned ratio	Times	N/A	N/A	N/A	N/A	N/A	N/A
Debt to equity ratio	Ratio	2.30:1	3.04:1	N/A	0.47:1	N/A	N/A
Operating Ratios:							
Accounts receivables turnover ratio	Times	N/A	N/A	N/A	N/A	N/A	N/A
Inventory turnover ratio	Times	N/A	N/A	N/A	N/A	N/A	N/A
Asset turnover ratio	Times	N/A	N/A	N/A	N/A	N/A	N/A
Profitability Ratio:							
Gross margin ratio	%	N/A	N/A	N/A	N/A	N/A	N/A
Operating income ratio	%	N/A	N/A	N/A	N/A	N/A	N/A
Net income ratio	%	N/A	N/A	N/A	N/A	N/A	N/A
Return of assets ratio	%	N/A	N/A	N/A	N/A	N/A	N/A
Return on equity ratio	%	N/A	N/A	N/A	N/A	N/A	N/A
Earnings-per-share ratio(EPS)	Taka	N/A	N/A	N/A	N/A	N/A	N/A

Dated, Chittagong
18th June 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

Auditors' certificate regarding calculation of Net Assets Valuation

We have examined the calculation of Net Assets Value (NAV) Per Share of BSRM Steels Limited as of 31st March 2008 and as of 31st December 2007, 2006, 2005, 2004 and 2003 which have been calculated by the company's management. The calculation of Net Assets Value per share is the responsibility of company's management. Our responsibility is to review and certify them as to whether these are calculated using the acceptable principles and based on the audited financial statements of the relevant periods.

Based on our review, we certify that management has calculated the Net Assets Value per share of BSRM Steels Limited following the acceptable principles and based on the audited financial statements for the period ended 31st March 2008 and for the year ended on 31st December 2007, 2006, 2005, 2004 and 2003.

Details of these Net Assets Value are as follows:

<u>Particulars</u>	<u>31.03.08</u>	<u>31.12.07</u>	<u>31.12.06</u>	<u>31.12.05</u>	<u>31.12.04</u>	<u>31.12.03</u>
Net assets (In Taka)	901,715,000	568,125,000	450,000,000	150,000,000	65,464,000	8,100,000
Number of paid-up shares (Nos.)	9,017,150	5,681,250	4,500,000	1,500,000	654,640	81,000
Net assets per share (In Taka)	100.00	100.00	100.00	100.00	100.00	100.00
Face value per share (In Taka)	100	100	100	100	100	100

Dated, Chittagong
18th June 2008

Sd/-
Rahman Rahman Huq
Chartered Accountants

Additional disclosures as required by Securities and Exchange Commission

Further to our report dated May 8, 2008 on the Financial Statements of BSRM Steels Limited (hereinafter referred to as the company) for the three months period ended March 31, 2008 and in response to certain queries, we confirm having examined the relevant books, records and related documents maintained by the company as produced to us. We report as follows:

Cash Flow Statement in compliance with BAS-34:

**BSRM STEELS LIMITED
CASH FLOW STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH, 2008**

	<u>Amount</u> <u>31st March, 2008</u> <u>Tk</u>	<u>Amount</u> <u>31st March, 2007</u> <u>Tk</u>
(a) Operating Activities :		
Revenue expenditure paid	(33,993,613)	(9,188,282)
Other Advances made	(12,418,346)	(28,676,881)
Cash receipts from Customers	33,286,884	-
Cash paid to suppliers	(198,353,943)	-
Preliminary expenses	(111,718)	(59,000)
Security deposits	(4,713)	-
Income Tax/VAT paid	(580,589)	-
	(212,176,038)	(37,924,163)
(b) Investing Activities :		
Acquisition of Fixed Assets	(250,747,591)	(707,563)
Capital Work-in-progress	-	(33,963,052)
Paid for deferred expenses	-	(879,126)
Paid against letter of credit and Bank Margin	(68,858,383)	(241,168,875)
	(319,605,974)	(276,718,616)
(c) Financing Activities :		
Share Capital	-	70,000,000
Share Money Deposit	6,015,000	95,010,000
Syndicated Term Loan received during the period	370,995,000	217,746,795
Liability against import	169,597,618	-
Temporary loan repaid to Bangladesh Steel Re-Rolling Mills Ltd.	(20,351,071)	(65,501,488)
	526,256,547	317,255,307
	(5,525,465)	2,612,528
Opening cash and bank balances	8,111,569	158,258
Closing cash bank balances	2,586,104	2,770,786
	(5,525,465)	2,612,528

Additional disclosures as required by Securities and Exchange Commission

Statement of Changes in equity in compliance with BAS-34:

**BSRM STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH, 2008**

	Share Capital	Share Money Deposit	Total
	<u>Tk</u>	<u>Tk</u>	<u>Tk</u>
Balance as on 1 January, 2007	450,000,000	65,070,775	515,070,775
Share money deposit received during the period	-	165,010,000	165,010,000
Ordinary Shares issued during the period	70,000,000	(70,000,000)	-
Balance as at 31st March, 2007	<u>520,000,000</u>	<u>160,080,775</u>	<u>680,080,775</u>
Balance as on 1 January, 2008	568,125,000	675,860,000	1,243,985,000
Share money deposit received during the period	-	6,015,000	6,015,000
Ordinary Shares issued during the period	333,590,000	(333,590,000)	-
Balance as at 31st March, 2008	<u>901,715,000</u>	<u>348,285,000</u>	<u>1,250,000,000</u>

Disclosure of Trade Debtor in compliance with Companies Act 1994:

Note- 9:Trade Debtor

New sentence to be inserted after the existing note as under:
“All the debtors are good and recovered later on”

Land

It may be mentioned here that, out of total 25.5459 acres of land owned by the Company, mutation has been completed for 23.2383 acres as of 31 March 2008 and the mutation of 1.33 acres of land are under process as appeared from relevant records and opinion of the legal advisor of the company.

Mutation of a part of the factory land (0.5876 acres), which was taken under a lease agreement from Chittagong Development Authority (CDA), is yet to be completed. Balance land aggregating 0.39 acres has been purchased by BSRM Steels Limited, but documentation thereof could not be perfected as yet due to disputes with certain parties as appeared from relevant records and opinion of the legal advisor of the company.

After due verification, we confirm that the above facts and figures, being an integral part to the financial statements, are in agreement with books of accounts, documents and records maintained by BSRM Steels Limited as produced to us during the course of our verification carried out subsequently.

Sd/-

Dated, Chittagong
29th July 2008.

Rahman Rahman Huq
Chartered Accountants

CREDIT RATING REPORT ON BSRM Steels Limited

REPORT: RR/197/08

This is a Credit Rating Report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Long Term Rating is valid for one year and Short-Term Rating is valid for six months only. After the above period, these ratings will not carry any validity unless the company goes for rating surveillance.

Address:
 CRISL
 Nakshi Homes
 (4th Floor),
 6/1A, Segunbagicha,
 Dhaka-1000
 Tel: 7173700-1
 Fax: 88-02-9565783
 Email:
 crisl@bdonline.com

Rating	Long Term	Short Term
Entity Rating	A	ST-3
Date of Rating	June 22, 2008	

1.0 RATIONALE

CRISL has assigned A (pronounced as Single "A") rating in the long term and ST- 3 rating in the short term to BSRM Steels Limited (hereinafter referred as "BSRMS"). The above has been done on the basis of its good fundamentals such as sound equity base, pioneering role of its sponsors in the steel industry, operating as a subsidiary of the market Leader in Re-rolling industry (i.e. BSRM), experienced management team, State-Of-The-Art Plant, Quality products, sound infrastructural arrangement and sound debt servicing history of the Group. However, the above rating was moderated, to some extent, by its comparative low profit margin embodied in the sector, imported raw material dependence, profitability sensitivity to market forces, high volatility in the price of raw materials in the international market, etc.

Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations with earning prospect in the long run. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small. CRISL also perceives its 'positive' outlook due to its potential market exposures and supportive policy of the government.

Analysts:
 Sk. Md. Lutful Kabir
 kabir@crislbd.org

Khandakar Aminul
 Islam
 amin@crislbd.org

Entity Rating:
Long Term: A
Short Term: ST-3

*Rating : Based on
 Financials up to March
 2008*

**BSRM STEELS
 LIMITED**

**PRINCIPAL
 ACTIVITY**
 High grade steel
 manufacturing

INCORPORATED ON
 20 July 2002

Board Chairman
 Mr. Althussain Akberali

Managing Director
 Mr. Aameir Althussain

Equity
 Tk. 1250 million

2.0 COMPANY PROFILE

BSRM Steels Limited (hereinafter referred "BSRMS"), a high grade steel manufacturing company has been operating as a sister concern of BSRM Group of Companies, the most successful and highly regarded group in the steel sector of the country. The BSRM Group is known for its long exposures in all sub-sectors of steel industry since 1952 including ship breaking, scrap processing, billet manufacturing, manufacturing of MS Rod as well as in other ancillary operations. Bangladesh Steel Re-rolling Mills Limited ("BSRM"), the flagship company of BSRM Group was established in 1985 for automated steel re-rolling mill and has been operating successfully. In order to cater to the increased market demand, the group established BSRMS with a production capacity of 375,000 M.Ton per year in 2002. It is the first ever fully automated steel re-rolling plant in the country and also regarded as the largest plant in terms of capacity in the country. The product has come out under the brand name of "Xtreme 500w" round bars. Such rods are superior to Gragde-60 rods and dedicated to ensure at least 15% cost saving in this material requirement in construction. The project has been conceptualized by German Consultants "Badische Stahl Engineering (BSE)" and the complete plant & machineries have been supplied by Danieli Group, Italy – one of the three largest suppliers of equipments and plants in metal industry worldwide.

It was incorporated on 20 July 2002 under the Companies Act 1994 as a private limited company with an authorized and paid-up capital Tk. 150 million and Tk. 0.50 million respectively and converted into public limited company on 20 December 2006. Meanwhile, the authorized capital and paid-up capital of the company was increased to TK. 2,000 million and TK. 1250 million respectively. The commercial operation of the company started on 1 April 2008. The plant stands at Fouzderhat Industrial Estate on the main Dhaka – Chittagong highway road with Head Office at Ali Mansion, Sadarghat Road Chittagong.

CREDIT RATING REPORT ON BSRM Steels Limited

Subsidiary of BSRM

2.1 Ownership Pattern

BSRMS is a subsidiary company of Bangladesh Steel Re-Rolling Mills Ltd and also a sister concern of BSRM Group of Companies. In addition to the main sponsors, some local investors including officials of BSRM group as well as foreign investors are also in the ownership of the company. Bangladesh Steel Re-Rolling Mills holds 63.54 % of the shares while 12.46% shares are with the sponsors, 16.72% with the foreign investors and 7.28% are held by the local investors Group. No individual shareholder holds more than 4% stake of the company under individual capacity. The ownership will be further diversified on floatation of shares in the market

Management support from the group

2.2 Corporate Management Strategy

BSRMS is the second initiative of the Group in the same line of business as a subsidiary of BSRM. It is almost like an expansion of the capacity of the Group to handle increased demands with additional capacity under a subsidiary. Therefore, it is perceived that the Group is taking the advantage of their experience, marketing network and franchise value through this PLC and the Group acumen will assist them to cash the advantages without much additional efforts. The same group management will look after the operation of the company, which is expected to be cost effective for the company. The management also believes that the same management will bring strategic advantage for the company under the same brand recognition. The company also share the management cost of the group @ Tk 250 per ton of production or as agreed.

3.0 GROUP PROFILE

3.1 Background of the Group

Established in 1950

The BSRM group was established in 1950 in steel business under the splendid initiatives of five brothers (African Origin) of a single family. Later on, the business concerns under this group were run by the families of Late Mr. Taherali and Late Mr. Akberali. Since its inception, the Group is involved only in the steel sector. The family has been successfully running the group for the last 55 years and regarded as the best managed steel units in the country. The group is also the largest contributor to the national exchequer under the steel sector and also having the largest set up in the country considering its integration in all areas of steel industry.

3.2 Summary of the Group Concerns

The group has a good forward and backward integration of different steel business under its different sister concerns. A brief summary of the running group concerns other than the BSRM Steel Ltd. are delineated below:

Name of Concerns	Products/Area of Operation	Description
Bangladesh Steel Re-rolling Mills Ltd.	Manufacturing of MS Rod, Channel, Flat bars	One of the largest automatic steel mill in the country with 1,20,000 M. Ton capacity per annum.
Meghna Engineering Works Ltd.	Manufacturing of Billets, the basic raw materials of MS Rod	One of the largest steel billet manufacturing plant in the country with 1,00,000 M. Ton (apprx.) per annum, having a 41 MVA 132/33 KV sub station at Khulshi, Chittagong – the core power supply sub station of the group concerns under their own arrangements
Karnafully Engineering Works Ltd.	Scrap Ware House	Owners of a 3.26 acre scrap processing yard and covered buildings for storage at Nasirabad Industrial Area, Chittagong
BSRM Recycling Industries Ltd.	Scrap processing	Owners of a scrap processing unit at Nasirabad, Chittagong, with imported shears and cranes worth of Tk. 120 million – commissioned in January 2006.
BSRM Wires Ltd.	75 Grade MS Wire Rod	Recently set up a wire rod plant at Nasirabad, Chittagong with a production capacity of 5000 M. ton per annum (Approx.)

CREDIT RATING REPORT ON BSRM Steels Limited

BSRM Iron & Steel Company Ltd. (under implementation)	Manufacturing of Billet	Under process of acquiring plant and machinery. It will be the main supplier of the billet to the BSRM Steels Limited when it will start production in 2009 and also reduce the production cost of BSRMS.
H. Akberali & Co. Ltd.	Commercial Property	This Company owns two office buildings in Chittagong. One is at Taher Chamber, Agrabad, Chittagong and another one is at Ali Mansion, Sadarghat Road, Chittagong.

3.3 Exposures in the Steel Re-Rolling Business

Shifted to value added products

The BSRM is in steel re-rolling business since 1952 with four manual re-rolling mills. By 1985, business had progressed so fast that they had decided to switch automatic re-rolling technology to keep pace with the changed technology and also to tap increased demand. Keeping this in mind, late Mr. Akberali had taken initiative with active support of his family members to scrap all the old re-rolling mills and imported the presently running automatic mill from U.K in 1985 having rolling capacity of 60,000 M. Tons per annum on two shift basis. With effect from November 2005, this mill is now producing about 9,500 M. Ton per month (i.e. about 1,20,000 M.Ton per annum). Already the mill faced huge pressure to increase capacity due to increased market demand supported by its product quality. BSRM also prides on its quality and ensures that every product measures up to the highest international standards. In view of the above most quality conscious buyers and in particular most foreign construction firms working in Bangladesh prefers steel from BSRM. Among others, such projects include:

<ul style="list-style-type: none"> • Meghna Bridge • Dhaka City Storm Water Drainage Project • Shambhuganj Bridge Project • 210 MW Thermal Power Station at Rangunia • Jamuna Fertilizer Factory 	<ul style="list-style-type: none"> • Barapukuria Coal Mine Project • Various Embassies • KAFCO and CTG Urea Fertilizer Project • Army Heavy Workshop Complex • Meghna-gumti bridge Project
---	---

With the establishment of BSRMS (the new plant) exclusively for MS rod production in huge capacity, the BSRM is now designed to produce value added products where there is a wide scope of market exposures. This move will also free up the existing mill – BSRM – for MS rod production, over and above, concentrate only on value added products like spring steel flats, wire rods, channels and angles. These value added products also fetch higher prices than rods and also increase the profitability. Presently most of the quality value added steel products are imported from Japan and India, especially spring steel flats, which is used in trucks all over the country.

3.4 Exposures in Backward Linkage of Steel Re-Rolling

Expansion of backward linkage

As mentioned earlier, the group is involved in the manufacturing of Billet, the basic raw materials of MS rod production and also in scrap processing business. The billet manufacturing plant under the Meghna Engineering Works Ltd. ("MEW") established in the year 1953 as a Kodali plant and was also producing cast iron and pipes at that time. Eventually in 1994 this industry was closed and a new steel melting shop was established there. The production capacity of MEW has increased to about 10,000 M. Ton per month from 5,000 M. Ton per month earlier, which was enough to meet the demand of BSRM. The increased capacity was due to commissioning of the following two projects:

1. 132/33 KV 41 MW substation (the largest private sector sub station at Khulshi to feed bulk power to different projects of the group)
2. A 16 ton induction Furnace has been installed with the existing facility.

Again the company also planned to increase additional 3000 ton capacity per month by replacing its two 8 Ton capacity furnace into 16 ton furnace to meet the increased billet requirement of the group.

CREDIT RATING REPORT ON BSRM Steels Limited

Though, BSRMS presently imports the basic raw materials, however, the group is also implementing another billet manufacturing plant of 152,000 M. Ton capacity per annum by 2009, which will help for smooth delivery of billet for the group. The Group management has decided to setup the above modern billet manufacturing plant namely "BSRM Iron and Steel Co Ltd " of 1,52,000 M Ton capacity per annum with an estimated project cost of Tk. 2560 million. Accordingly 20% cost of the furnace cost, percentage of payments for Continuous Casting Machine, Ladle Refining Furnace, new 80mva Transformer etc has already been remitted through the Islami Bank Bangladesh Limited. This plant is estimated to be established by 2009.

3.5 Group Financials and Liability Status

The BSRM Group, has been managing seven sister concerns, among which, six companies are at present in operation. All the sister concerns of the Group are private limited companies with a net asset base of Tk 4316.34 million as per un-audited balance sheet at the YE 2007. Against the above net assets, the company has non-current liabilities of Tk 2377.41 million and resting an equity amount of Tk 1938.94 million. The above equity amount consists of share capital of Tk 806.09 million and reserve of Tk 1132.85 million. The group has also three losing concerns namely Karnafully Engineering Works Limited, BSRM re-cycling industries Ltd and BSRM Wires Limited. The above financial position represents 4.32 times leverage of the group based on un-audited financial statements. The group has outstanding bank liability of Tk. 3,039 million as term loan/project loan and Tk. 2,449 million as working capital loan from about 18 commercial bank and financial institutions. All the group liabilities are in unclassified status, as reported by the company.

Unclassified group liability

BSRM GROUP		2007 (Un audited)(Figure in Million TK.)					
Name of the Companies	Turn Over	Net Profit	Total Assets	Net Assets	Non Cur. Liabilities	Owners' Equity	Share Capital
Bangladesh Steel Re-Rolling Mills Limited	4,880.93	83.16	2,586.24	783.11	477.90	305.21	121.25
BSRM Steel Ltd.	-	-	3340.00	2858.48	1614.50	1243.99	568.13
Meghna Engineering Works Limited	3,257.79	150.15	2,089.76	493.39	213.54	279.85	23.76
Karnafully Engineering Works Limited	1.32	(1.23)	52.95	20.92	6.54	14.38	16.00
BSRM re-cycling industries Ltd.	95.54	(7.02)	194.49	60.33	56.62	3.71	10.50
BSRM Wires Limited	39.16	(5.75)	36.43	16.72	8.32	8.40	18.90
BSRM Iron and Steel Co Ltd.			46.86	46.85		46.85	46.85
H .Akberali & Co	6.67	4.42	39.94	36.55		36.55	0.70
Total	8,281.41	223.73	8,386.65	4,316.34	2377.41	1938.94	806.09

4.0 BUSINESS ANALYSIS

4.1 Infrastructural Set-up

The plant is a pioneering project in the steel industry of Bangladesh with the latest available State -Of-The-Art Technology. The main infrastructures includes - Factory Building and Shed, Re-Rolling Mills (furnace exit area, rolling stand, QTB, Cooling bed, binding and bundling area.), Furnace, EOT Crane, Sub-Station, Water Treatment Plant, Laboratory (Universal Testing Machine, Weighing Machine etc), Workshop, Compressor, Diesel Generator, Other

State -Of-The-Art Technology

CREDIT RATING REPORT ON BSRM Steels Limited

Electrical Installation, Administrative Office. It has own arrangement of electrical installation for about 5 KM from the nearest 33 KV substation to ensure the continuous power supply. The complete re-rolling mills with water treatment plant were supplied and commissioned by Danieli Group of Italy, one of the three largest suppliers in the metal industry worldwide. And the furnace was supplied by another Italian company namely "Bendotti". It is producing Xtreme branded Thermo Mechanically Treated (TMT) bars, a new generation bar with lower carbon content and greater welding ability than the standard 60 grade deformed bars, which are currently available in the local market.

4.2 Procurement Strategy

*High price volatility
of Billet*

The Company will procure its raw materials mainly from International market as well as from its sister concern "Meghna Engineering Works Limited". It adopted a policy to maintain inventory of "Billet – the basic raw materials", both in stock and on pipe line, for at least equivalent to three months production requirements, through alternative arrangement to reduce the single source dependency. Due to high price volatility of Billet in the international market, the company always faces a market force to adjust with its pricing of finished products. The existing high quality re-rolling mills are always facing severe competition in price adjusting with the international market especially due to availability of low quality products in the local market. On the above ground, the Group has decided to establish backward linkage industry to ensure large quantity of billet supply for BSRM Steels Limited.

4.3 Distribution Strategy

*Diversified
distribution network*

The group has well established distribution channel all over the country, subsequently the same channel will also be used for BSRMS products. It has three types of distribution network as : Factory – Dealer-End Users, Factory – Retailers – End Users, and Factory– End Users. Its countrywide 80 dealers are the key channel to reach to the consumers. In addition, the Company's own six sales depots at Dhaka, Comilla, Sylhet, Bogra, Khulna and Moulavi Bazar works as the market stimulating agent and works as a part of the channel. To cater the need of the growing demand, the company has a plan to increase its dealership outlet and already 80 dealer arrangement has been made.

4.4 Marketing Strategy

*Dynamic marketing
team*

The company is moving towards mass market with a comprehensive marketing plan under its dynamic marketing team. It has also appointed renowned professional marketing company namely Unitrend Limited to develop brand image. Its existing product line has already availed sound market image in view of its high quality with consistence efficiency. To further upgrade the corporate image as well as brand image, it reshaped its brand name as "BSRM Xtreme"- to substantiate its new quality as well as higher strength.

The entire marketing campaign entails complete 360 degree communications plan, embracing television, print media and bill boards throughout the length and breadth of the country. The media effort is further complemented by the Company's own arrangement of extensive workshops at the upazila headquarters level to educate customers on the benefit of using steel from reliable and proven source. It also arranges professional seminar for the engineering community, conducted by the top teaching faculty of the Country's leading engineering university, on the proper and safe use of its new generation products. The main feature of Xtreme Bars is that it will save 15% in steel costs as compared to Grade 60 deformed bars.

5.0 INDUSTRY OUTLOOK

Steel is a basic raw material for infrastructural development and multiple other uses. The demand for steel will inevitably grow in line with the country's economic and infrastructural development. Major buyers of mild steel and re-rolled products include individuals, government and institutional buyers (developers). The government's infrastructure building activities is an important sources of demand. The demand of MS rod in Bangladesh has been increasing day by day and expected to increase at the growth rate by 8% due to the economic and infrastructural development of the country, expansion of urbanization and booming construction of shopping mall, market, real estate and other construction for industrial

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*Increasing demand
of quality product*

purposes. Construction of bridge, culvert as well as public awareness and preference is increasing for quality building materials to ensuring safety and better building construction; more particularly, in recent time to save from earthquake. Due to growing consciousness among buyers and the generic nature of the products; new manufactures with efficient and high quality technology will dominate over the existing players using old technology, because of their quality and price advantage.

*Dependence on
scrap by
most steel re-
rolling mills*

There are approximately 300 re-rolling mills in Bangladesh. Except some, most of the projects use crude technology resulting in production of low – quality steel bar. The domestic consumption of rods / bars as a whole is met through local production fully. This steel re-rolling sector continues to be a predominantly fragmented one, with a few well-known established mills controlling about one third of the entire market and many more small scale manual operators controls the rest. As the larger producers expanding their capacities and take advantage of economies of scale – the smaller mills will find it harder to compete with the larger firms. Under the above scenario, smaller mills will have to face serious market competition in future. Currently, they are questioned only in terms of quality. As the larger mills consolidating their positions, the smaller mills, which are already high – cost players, will find it increasingly difficult to complete. Most steel re-rolling mills in Bangladesh depend on scrap, leading to lower quality rods used in the market. Very few re-rolling mills use billets as raw materials. The reasons for this is that scrap is generally available regularly locally.

*Billet price broke
past record*

However, the price of scrap and billets during FY 2008 broke the record of the past. Leaders of the steel and re-rolling industry urged the government to free the import of old scrap ships and vessels from the control of certain vested groups to reduce the cost of scraps and building materials. In comparison to the previous records of import, one must say that the steel industry of the country is passing through one of its worst times in history. Steel is a basic sector of any industrial economy. Except re-rolling of the scrap steel, Bangladesh lacks this very basic ingredient of heavy industry. And without heavy industry, the slogan of industrialization sounds hollow. The idea of developing a viable steel sector appears implausible seeing that Bangladesh has no iron ore as one of its mineral resources. But absence of ore does not disqualify a country from becoming a producer of steel and steel-based commodities.

6.0 CORPORATE GOVERNANCE

Corporate governance is the set of processes, customs, policies, laws and regulations affecting the way a corporate is directed, administered or controlled to perform efficiently and generates long term economic value for its shareholders while respecting the interest of its stakeholders and the society as a whole. In pursuit of the above, CRISL evaluates the corporate governance of BSRM in the following areas:

6.1 Board of Directors

*Having high
exposure in steel
business*

The Board of BSRM consists of five directors including the Managing Director. Mr. Alihussain Akberali, FCA, is the Chairman of the Board; who is also the Managing Director of BSRM and Meghna Engineering Works Limited. He contributed from the beginning in steel sectors. Mr. Aameir Alihussain, the Managing Director of the company is also the Director of BSRMS and other sister concerns of the group. He is an MBA from LUMS, Pakistan. The other Board members are eminent personalities having academic background from local and foreign universities. They are also involved in steel sector. The Board held 18 and 28 meetings in 2006 and 2007 respectively. The Board mainly deals with strategic areas of business operation and reviews the operational performance of the company like review of the project development work, review of the commercial operation etc. Mr. Alihussain also holds the position of the Director of Bangladesh Steel Re-Rolling Mills Limited and Meghna Engineering Works Limited and other concerns of the group. CRISL views that the best corporate practices suggest to have the Managing Director exclusive for a corporate as a full time executive of the company.

6.2 Corporate Management

The operation of BSRMS are being looked after by a long experienced management team having wide exposures in the Steel industry. Mr. Aameir Alihussain, the Managing Director of

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*Experienced
management team*

the company leads the team with the assistance of Mr. Abdul Mannan, Head of Operations; Mr. Tapan Sengupta, General Manager (Head Office); Mr. Shekhar Ranjan Kar FCA, Group Chief Accountant; Mr. Kazi Anwar Ahmed, General Manager (Marketing); Mr. K M Sufian, General Manager (Project), and Mr. A Gaffer, Asst. General Manager (HR & Admin), Mr. S.K.Das Head of Production, Mr. S.K. Saha, Production Manager, Mr. Mohammed Reazul Kabir ACA- Chief Financial Officer. The Managing Director has working experience in the foreign financial institution and also have vast experience in the steel sector due to his close involvement with different sister concerns of the group. The Head of Operation is a Mechanical Engineer from BUET as well as having long exposures in different important portfolio in Government sector and private sector. The Group Chief Accountant is a qualified Chartered Accountant and also Chairman of ICAB, Chittagong Region. The other high officials of the company are highly qualified and have wide experience in the steel business and other sectors also. CRISL views that the co-ordination among the different departments are praiseworthy and also in line with good corporate culture.

*Yet to implement
Structured Service
Rule*

6.3 Human Resources Management

BSRMS, being a new venture, will also follow the same human resources policy of the Group. The separate Human Resources Department of the Group looked after different HR related policies including recruitment, performance evaluation, promotion, firing etc. Though the group is yet to accumulate different policy issues in the service manual, however, the above are circulated to each sister concerns of the group. At present, the appointed executives for BSRMS stood at 12 executive and 172 non- executives as on 31st April 2008. The human resource turnover of the company has been found insignificant. In order to improve the human resources and their quality in line with the modern business need, BSRMS has established its policy for training of its employees. It arranges in-house training program to adjust the employees with modern operation.

*Automated IT
infrastructure*

6.4 IT Infrastructure and MIS

Application of information technology in every phase of the automated re-rolling steel industry is vital. Integrated software provides real time information to the management to take prudent decision. BSRMS as a new venture is enjoying full IT infrastructure support from the Group. The Group has well established IT Department and also in house developed disintegrated ERP software to disseminate information promptly regarding Sales, Delivery, Weighing scale, VAT Accounting, Store management, Accounts, Roll management, Tagging system and others. The IT professionals are developing separate module for BSRMS under the same software. The Department also have server based data back-up systems as well as disaster recovery system. However, both the server is in the same premise which should have been placed in different locations .

6.5 Internal Control System

Internal control procedure is an integral part of financial and business processes which acts as the safeguard of the assets, promotes operating efficiency, and ensures compliance with applicable policies and regulations and adherence to the prescribed managerial policies. In line with the above, the business and financial operations of the company have been conducted and exercised through an established internal control system. Mid and senior level management executives are assigned and authorized to verify and approve the transaction of the company based on the specific delegation of power. The well structured departmentation process as well as separation of responsibilities of each Department ensures their sound internal control system. BSRM Group has a 4 member independent internal audit department. The department verifies and follow-ups the activities of the internal control procedures and report directly to the Managing Director.

7.0 RISK MANAGEMENT

As a steel re-rolling company, BSRMS undertakes some risk by virtue of its nature. Management of the above risks is required to properly addressed for the long run sustainability and operating efficiency. Principally, the higher the risk management practice, the lower the risk and higher the protection for the stakeholders. CRISL has reviewed the risk aspects of the company as well as control measures adopted by the company are delineated

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below:

7.1 Operational Risk Management

CRISL reviewed the operational risk of BSRMS in the perspective of risk of loss resulting from operation or inadequate or failed internal processes, people and systems or from external events. Misappropriation of assets, tax evasion, bribery, theft of information, utility disruptions, software failures, hardware failures, data entry errors, accounting errors, failed mandatory reporting etc are the example of operational risk.

*Agreement with
PDB for power
supply*

The company has an agreement with Bangladesh Power Development Board for 132/33 kv power supply from the Khulshi substation and uninterrupted gas supply agreement with Bakhraabad Gas Systems Ltd. So the company has less utility disruption risk. Due to automation of operational activities, the company is required to introduce system audit under the internal control department to avoid operational risk.

7.2 Financial Risk Management

Companies that generally depends more on debt financing would have higher financial risk than the companies financed mostly by equity. BSRMS has huge outside borrowings and the leverage ratio stood at 3.11 times. CRISL views that if the company can not utilize its projected capacity of the plant in future, project will not have adequate cash flow to meet financial obligations duly. The company arranges debt financing in the floating rate @ 14%. It reveals also an interest rate risk due to high volatility of interest rates in the money market. The group has a good track record of payment of its long term liabilities in time.

7.3 Supply Risk

At present BSRMS is fully dependent on import for its raw material. There is a strong dearth of scrap as well as billets in the international market. During the Last one year, the billets international price was highly volatile and increased by 90% due to scarcity of scrap. To mitigate this type of risk, the group has already decided to set up a billet manufacturing plant "BSRM Iron and Steel Co Ltd.", which will go in to the commercial production by 2009 and then it would become the major supplier of the billet. However, the recent tax reduction proposed on the budget on import of billet will reduce the affect.

*Fully dependent on
imported raw
material*

7.4 Changes in government policy:

There is a risk that an investment's returns could suffer as a result of political changes or instability in the country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control. BSRMS may suffer from such loss in the case of tightened foreign exchange repatriation rules, or from increased credit risk if the government changes policies to make it difficult for the company to pay creditors. Government may change the import duty on billets which will affect not only BSRMS but also all other billets based mills.

*Government may
change the import
duty*

7.5 Market Risk

According to the steel Association, the installed production capacity in the country in last year was 1.50 million M. Ton Per annum, against the estimated demand of the country at about 2.00 million M. Ton, representing demand supply gap of 0.50 million M. Ton. As the country is fully dependent on local production, the market participants estimated that the above gap will be increased substantially in the forthcoming years with the development of the economy and it is assumed to be grow @8.00% per annum in the steel sector. However, to tap the above market opportunity, large private sector participants are forwarding with huge capacity expansion of about 1.50 Million M. Ton within a short time. CRISL views that the market will face tough competition in near future and the large players have to capture the market share of the small players of low grade products to reap the market benefits.

*Increasing
competition in near
future*

7.6 Threat of New Entrants

Due to huge market demand, many large and medium scale participants in the steel sector are going to implement new expansion projects. Among those, two are implementing shortly as KSRM (Kabir Steel Re-rolling mills limited) and Abul Khair Steel Re-Rolling Mills Ltd are in the process of entering in this market with same technology of BSRMS. They will produce same line of product as that of BSRMS and production capacity will be 375,000 M.T and

*Two companies in
the pipeline*

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800,000 M.T per annum respectively against 375,000 M.T capacity of BSRMS. There is an ardent chance that BSRMS may loose market share in this regard. However, CRISL believes that the BSRMS with its business acumen and franchise value and with the support of market growth has the capacity to face such competition.

8.0 PROJECT COST & FUNDING

*Project cost of Tk.
3540.48 million*

The project cost as on 31st March 2008 stood at Tk. 3540.48 million consisting of land & Land Development, plant & machinery, Factory building and others. The above cost was financed by two syndicate loan, sponsor's funding and a few amount of outside funding. The present capital structure of the company represents acceptable leverage ratio of 1.83 times (i.e. the debt to equity ratio of 65 : 35 respectively) as on 31st march 2008. The details of the cost and funding are delineated below:

Project Cost & Funding Pattern				
As on 31st March 2008 (In million Tk.)				
Project Cost Components	Tk.	Tk.	Proposed financing by:	Tk.
Land and Land Development	183.35			
Plant & Machinery	2,647.01		Syndicated Loan	2270.35
Motor Vehicles	5.81		Shareholders' Equity	1250.00
Furniture & Fixtures	3.93		Sub Total	3520.35
Office Equipments	13.50		Others Outside Source	22.38
Factory Building	687.24			
Total Fixed Asset at Cost		3,540.84		
Preliminary Expenses		0.66		
Deferred Expenses		1.22		
Project Cost as on 31st March 2008		3,542.73	Total Funding	3,542.73

However, the company estimated total project cost to be Tk 3,942.00 million i.e. an additional of Tk. 399.27 million to finance the additional capital expenditure requirements to run the project successfully. The company planned to arrange the fund through floating of Initial Public Offering (IPO) of Tk. 200 million and un-availed syndicate loan of Tk 221.65 million, which are appended below:

(in million Tk.)

Additional Estimated Cost	Tk.	Proposed Funding Through:	Tk.
Capital expenditure commitments	200.00	IPO	200.00
Working Capital	111.67	Un-availed syndicate loan	221.65
Payment to outsider	22.38		
IDCP to be Capitalized	87.60		
Total	421.65	Total	421.65

*Short term liquidity
gap*

Though the company has net negative working capital of Tk 214.31 million as on 31 March 2008, however the working capital finance from 15 banks is under process which will bring adequate liquidity to the company. Fifteen commercial banks sanctioned and agreed to finance working capital aggregating Tk 3,200 million against bilateral arrangements between BSRMS and respective bank, documentation of which is under process.

8.0 PROJECTED PERFORMANCE

Based on the market potentials and the business strategy to be adopted, the company

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estimated a five years financial and operational projection. The above projection is mainly supported by its business exposures in the same line for a long period. The projected capacity utilization, over and above, cost assumptions are delineated below:

Particulars	2008		2009		2010		2011		2012	
Estimated Capacity Utilization	50%		75%		85%		90%		90%	
Projected Financials:	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Sales Revenue	15.68	100	24.11	100	27.67	100	29.33	100	29.6	100
Material and other Manufacturing cost	14.52	92.6	22.31	92.5	25.6	92.5	27.15	92.6	27.39	92.5
Depreciation-Plant & Machineries	0.38	2.42	0.34	1.41	0.31	1.12	0.27	0.92	0.25	0.84
Cost of Good Sold	14.89	95	22.65	93.9	25.91	93.6	27.42	93.5	27.64	93.4
Administrative Expenses	0.04	0.26	0.06	0.25	0.06	0.22	0.06	0.2	0.06	0.2
Selling & Distribution Expenses	0.11	0.7	0.15	0.62	0.16	0.58	0.16	0.55	0.16	0.54
Financial Cost	0.51	3.25	0.68	2.82	0.65	2.35	0.6	2.05	0.52	1.76
Other Non-Operating Expenses	0.01	0.06	0.03	0.12	0.04	0.14	0.05	0.17	0.06	0.2
Income Tax	0	0	0.149	0.62	0.2348	0.85	0.285	0.97	0.318	1.07
Total Cost	15.56	99.2	23.72	98.4	27.05	97.8	28.58	97.4	28.76	97.2
Rest for Net Margin	0.12	0.77	0.39	1.62	0.62	2.22	0.75	2.57	0.84	2.84

* Revenue is estimated @ Tk. 88,000 per M. Ton

Optimistic in revenue component

Considering the operating assumptions towards forecasting the revenue and expenditures pattern of BSRMS, CRISL views that the company estimates are optimistic in revenue component and remained conservative on some cost components. CRISL also views that the above assumption may have fluctuations due to wide volatility of market price both of finished goods as well as for the basic raw materials. Besides, increasing promotional expenses may give pressure on selling expenses. After listing through IPO, the company may enjoy tax benefit, which will ultimately increase the after tax profitability of the company. Recent proposal of the Government to give tax holiday for billet based steel re-rolling plant effective from 1st July 2008 will also be a great opportunity for the company if it can avail the opportunity. CRISL also predicts that the new entrants with large capacity may be another force to affect its profitability.

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Based on the projected financial statement of the company, profitability indicators of its initial five years of commercial operation are summarized below :

Profitability Ratios	Operation year of BSRMS					
	1st	2nd	3rd	4th	5th	Avg
Return on Average Assets Before Tax %	2.29	8.49	12.61	14.68	16.04	10.82
Return on Average Assets After Tax %	2.29	6.16	9.14	10.64	11.63	7.97
Return on Average Equity Before Tax%	8.25	32.11	41.62	40.61	36.90	31.90
Return on Average Equity After Tax %	8.25	23.28	30.18	29.44	26.75	23.58
Return on Average Capital Employed %	3.36	15.45	24.75	29.92	33.17	21.33
Gross Profit Margin%	5.04	6.05	6.36	6.52	6.61	6.12
Operating Profit Margin%	4.05	5.17	5.58	5.77	5.85	5.28
Net Profit Margin%	0.74	1.63	2.24	2.57	2.83	2.00

Low profitability
margin in the industry

It is apparent from the above table that the profit margin as predicted by the entrepreneurs of BSRMS is appeared to be optimistic comparing with its similar companies. It is also evident that estimated profit margin of BSRMS is higher than the peer average. CRISL views that the above better performance is due to over expectation of capacity utilization and estimated higher cost efficiency than peer, which arises for uses of gas and internal arrangement of ensured power supply.

The average projected gross profit margin is estimated at 6.12% and average net operating profit margin is 5.28% which ultimately results a net profit margin of 2.00%. If other competitors come into market, it will face challenge to maintain this margin.

9.0 PROJECTED DEBT SERVICING CAPACITY

The outstanding bank loan of the company stood at Tk.2270.35 million of syndicated term loan and Tk. 169.60 million of working capital loan against import of raw materials. Besides the company has L/C liability of Tk 139.80 million toward different suppliers of machineries and equipment. The company availed the term loan with a participation of 19 commercial banks @6 months T-bills plus 6% for a period 5.5 years (66 months) excluding the moratorium period of 18 months. The first disbursement of Tk. 1987.00 million was made on 18 January 2007 and second disbursement of Tk. 505.00 million was made on 6 March 2008. Loan repayment will start from 18 August 2008 amounting monthly installment of TK. 54.35 million (approximately) and will mature on 2013. The loan amount consists of Tk 2082.54 million as principal and Tk 187.82 million as Interest During Construction Period (IDCP). It is notable here that the company availed the syndicate loan limit of Tk 2490.00 million.

Sound debt servicing
capacity

Projected Solvency Ratios	Operation year of BSRMS					
	1 st	2nd	3rd	4th	5th	Average
Debt Service Coverage Ratio (X)	1.43	1.53	1.74	1.81	1.85	1.67
Interest Coverage Ratio (X)	1.96	2.30	2.79	3.18	3.71	2.79
Operating Cash flow to Current Debt	-10.88	0.36	1.01	1.11	1.65	-1.35

The projected solvency related indicators of the company is estimated to be good and in line with the requirement. Interest coverage ratio is estimated on average 2.79 times. The above estimates cash flow would be sufficient enough to service interest burden in due time. Debt

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coverage ratio is estimated 1.67 times on average. The above estimation also represents that the forecasted cash flow would be sufficient to service principal amount of long term debt in due time until unfavorable market forces activated. However, the estimated operating cash flow to current debt ratio represents that the company will be able to service its debt burden duly through internally generated fund from its 3rd year of operation.

10.0 SENSITIVITY ANALYSIS

In analyzing the sensitivities of the projected cash generation capacity of BSRMS which is expected to happen; CRISL postulated the cash generation on the basis of three assumptions, to assess the expected profitability as well as the extent to which the future cash flows can service its debt burden.

First, assuming that only material price increased by around 3.00% per annum without adjusting it with the projected revenue and also considered operational expense to be remain unchanged. The subsequent result shows that the average gross profit margin still represents positive returns, however, it is not sufficient to generate positive net profit margin after tax adjustment. The above estimated cash flow supports interest payment but debt service position stands at marginal level.

*Profitability highly
sensitive to market*

Secondly, assuming again that material price is almost stable but sales revenue decreased by 5% and also considering other operational expenses to be remain unchanged. The consequent result is positive gross margin but the other indicators are showing less performance against the result of 1st assumptions.

Thirdly, assuming only capacity will be increased by 10% yearly every year with the industry trend i.e. 1st year 50%, 2nd year 60%, 3rd year 70%, 4th year 80% and 5th year 90% and other projected revenue and expense remaining unchanged, the average gross profit margin and net profit margin shows negative return. Similarly it shows that projected cash flow is not sufficient enough to service its debt duly.

On the above sensitivity analysis it reveals that the cost and revenue structure of BSRM is highly stiff towards the market force and changes in only one component will ultimately hamper the overall profitability and debt service capacity of the company.

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11.0 SUMMERY OBSERVATION

Comforts: <ul style="list-style-type: none"> <input type="checkbox"/> Sound Equity base <input type="checkbox"/> Pioneer in steel industry <input type="checkbox"/> Subsidiary of the market Leader in Re-rolling industry <input type="checkbox"/> Experienced management <input type="checkbox"/> State-Of-The-Art Plant <input type="checkbox"/> Huge market vacuum of quality products <input type="checkbox"/> Sound infrastructural arrangement <input type="checkbox"/> Sound debt servicing history of the group 	Concerns: <ul style="list-style-type: none"> <input type="checkbox"/> Low profit margin embodied in the sector <input type="checkbox"/> Full dependence on import for raw materials <input type="checkbox"/> Profitability highly sensitive to market forces <input type="checkbox"/> Huge initial fixed cost burden <input type="checkbox"/> Volatile price of raw materials
Prospects: <ul style="list-style-type: none"> <input type="checkbox"/> Huge market exposure <input type="checkbox"/> Expansion of forward and backward linkage <input type="checkbox"/> Expansion of product line <input type="checkbox"/> Capacity expansion <input type="checkbox"/> Supportive policy of the Government 	Challenges: <ul style="list-style-type: none"> <input type="checkbox"/> Increased competition in the industry <input type="checkbox"/> Acute Gas shortage at Chittagong zone <input type="checkbox"/> Change in Government policy <input type="checkbox"/> Enjoying tax holiday facility

12.0 PROSPECTS

The demand for steel is expected to continue to rise at a greater rate in the future in line with the country's economic development and requirement for infrastructure, despite a bit slow slowdown in recent months in the real estate sector. However, BSRMS continues to be a dominant player and market share remains above 10%. Above all under the leadership of Mr. Aameir Alihussain, the management team of BSRMS have been working to remove present shortcomings of the organization and wants to become the best steel re-rolling mill in Bangladesh in terms of providing quality product, adequate infrastructure facilities, sound equity base, sound management, good profitability and over all support from reputed group.

End of the Report

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11.0 CORPORATE INFORMATION

Date of Incorporation: 20 July 2002

Commencement of Commercial operation: 1 April 2008

Board of Directors:

Mr. Alihussain Akberali FCA
 Mr. Aameir Alihussain
 Mr. Zohair Taherali
 Mrs. Tehseen Zohair Taherali
 Mrs. Sabeen Aameir

Chairman
 Managing Director
 Director
 Director
 Director

Key Management of BSRM Steels Limited:

Serial No	Name of the Personnel	Designation
<u>1</u>	Kazi Abdul Mannan	Head of Operation
<u>2</u>	K.M. Sufian	General Manager (Project)
<u>3</u>	S.K. Das	Head of Production
<u>4</u>	S. K Sarker	AGM (Electrical & Electronic)
<u>5</u>	Sankar Roy	AGM (Technical & Development)
<u>6</u>	Mohammed Reazul Kabir ACA	Chief Financial Officer
<u>7</u>	S.K. Saha	Manager (Production)
<u>8</u>	Mahendra Giris Dixit	Manager (Electrical)
<u>9</u>	U. N Sarkar	Manager (Electrical)
<u>10</u>	Habibur Rahman	Manager (HR & Admn)

Auditor:

Rahman Rahman Haq, Chartered Accountants.

Capital History:

Year	Authorized Capital (M. Tk.)	Paid-up Capital (M. Tk.)
2003	150.00	8.10
2004	150.00	65.464
2005	750.00	150.00
2006	2000.00	450.00
2007	2000.00	568.125
2008	2000.00	1250.00

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12.0 FINANCIALS

A. Balance Sheet (as on year ended December)

(Figures in million Tk.)

	2008 March	2007	2006	2005	2004	2003
Non-Current Assets:						
Property, Plant & Equipt.	3,540.84	2,533.70	200.08	197.09	20.78	7.5
Capital work in progress	-	413.08	56.86	11.29		
Intangible Assets(net)	1.88	234.13	46.02	22.2	1.7	0.17
Total Non-Current Assets	3,542.72	3,180.91	302.96	230.58	22.48	7.67
Current Assets:						
Inventories	266.83	35.69		4.69	1.26	
Trade Debtors	8.61					
Adv. Deposits & Prepayments	121.2	115.28	300.89	21.16	2.72	0.08
Other Current Assets				0.06	0.03	
Cash & Bank Balances	2.59	8.11	0.16	0.1	39.59	0.39
Total Current Assets	399.22	159.08	301.05	26.01	43.6	0.47
Current Liabilities:	---	---				
Advance against sale	6.02					
Short Term Loan	169.6					
Long Term Loan-CP	191.94	103.15				
Trade Creditors	57.42				0.26	
Liabilities for Expenses	167.39	238.12	0.25	0.29	0.33	0
Other ST Liabilities	21.18	26.71	88.69	5.01	0.02	0.04
Total Current Liabilities	613.53	367.99	88.94	5.3	0.61	0.05
Net Current Assets	-214.31	-208.9	212.11	20.71	42.98	0.43
Net Assets	3,328.41	2,972.01	515.07	251.29	65.46	8.1
Non-Current Liabilities:	---	---				
Long Term Loan	2,078.42	1,728.03	-	71.29		
Other Non-Current Liab.						
Total Non-Current Liab.	2,078.42	1,728.03	-	71.29	-	-
Shareholders' Equity:						
Share Capital	901.72	568.13	450	150	65.46	8.1
Share Money Deposit	348.29	675.86	65.07	30		
Total Shareholder's Equity	1,250.00	1,243.99	515.07	180	65.46	8.1
Total Equity and LT Liab.	3,328.42	2,972.01	515.07	251.29	65.46	8.1
Total Assets	3,941.94	3,340.00	604.01	256.59	66.07	8.15

CREDIT RATING REPORT ON BSRM Steels Limited

CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF MANUFACTURING COMPANIES

RATING	DEFINITION
AAA Triple A (Highest Safety)	Investment Grade Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA- (Double A) (High Safety)	Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative Grade Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
CCC Triple C (Vulnerable)	Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
CC Double C (High Vulnerable)	Entities rated in this category are adjudged to be very highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
C (Extremely Speculative)	Entities rated in this category are adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

CREDIT RATING REPORT ON BSRM Steels Limited

SHORT-TERM RATINGS OF MANUFACTURING COMPANIES

ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Moderate Grade Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment/Speculative Grade Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

Application Forms

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager.

BSRM Steels Limited

Application form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

Warning: Please read the instructions at the back of this form: Incorrectly filled applications may be rejected.

Banker's Sl. No.

The Managing Director
 BSRM Steels Limited
 Ali Mansion
 1173/1207 Sadarghat Road
 Chittagong

I/we apply for and request you to allot me/us thenumber of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:-

- No. of Ordinary Shares..... of Tk.100.00 each per share.
- Amount of Tk(in figure),,Taka (in words).....only deposited vide Cash/Cheque/Draft/Pay Order No.....Dated..... onBank.....Branch.....
- Depository (B/O) Account Number
 (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
- I/we agree to fully abide by the instruction given herein.
- Particulars of Applicant(s).

a) Sole/First Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund warrant: Applicant's Bank A/C No.	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of 'BSRM Steels Limited', and have willingly subscribed forno of shares of Tk.100.00 per share on this form.

7. Specimen Signature(s):

(i) Name (in block letters)	Signature:
(ii) Name (in block letters)	Signature:

BANK'S ACKNOWLEDGMENT

Certified that this bank has received Tk.....(in word)..... only from Mr./Mrs./Ms.....being the Application Money fornos. Ordinary Shares of BSRM Steels Limited.

Banker's Sl. No.

Seal and Date

Authorized Signature
 (Name & Designation)

Instructions:

- As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
- All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
- Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- Application must not be for less than **50** ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
- Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"BSRM STEELS LIMITED"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.
- In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form and where any amount is refundable in whole or in part the same will be refunded by Account Payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the Prospectus.
- Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
- Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.
- An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
- In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
- Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
- Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
- The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
- The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

Bankers to the Issue

Dhaka Bank Limited	Khatungonj Br. Chittagong	Bashundhara Br., Dhaka	Islami Banking Br. Dhaka
Local Office Br. Dhaka	CDA Avenue Br. Chittagong	Sonargaon Road Br. Dhaka	Mouchak Br. Dhaka
Bangshal Br. Dhaka	Sylhet Br. Sylhet	Station Road Br. Chittagong	Johnson Road Br. Dhaka
Imamgonj Br. Dhaka	Khulna Br. Khulna	Khatungonj Br. Chittagong	Uttara Br. Dhaka
Islampur Br. Dhaka	Rajshahi Br. Rajshahi	Narayangonj Br., Narayangonj	Shaymoli Br. Dhaka
Banani Br. Dhaka	Jessore Br. Jessore	Khulna Br., Khulna	DSE Nikunja Br. Dhaka
Foreign Exchange Br. Dhaka	Trust Bank Limited	Agrabad Br. Chittagong	Tongi Br. Gazipur
Dhanmondi Br. Dhaka	Principal Branch, Dhaka	Rajshahi Br., Rajshahi	Tanbazar Br. Narayangonj
Kawranbazar Br. Dhaka	SKB Br. Dhaka	Bogra Br., Bogra	Comilla Br. Comilla
Uttara Br. Dhaka	Comilla Br. Comilla	AB Bank Limited	Jubilee Road Br. Chittagong
Amin Bazar Br. Dhaka	Chittagong Cantt. Br. Chittagong	Principal Br. Dilkusha Dhaka	Agrabad Br. Chittagong
Islami Banking Br. Dhaka	Rangpur Cantt. Br. Rangpur	Karwan Bazar Br. Dhaka	Khatungonj Br. Chittagong
Narayangonj Br. Narayangonj	Jessore Cantt. Br. Jessore	Kakrail Br. Dhaka	O.R. Nizam Road Br. Chittagong
Laldighipar Br. Sylhet	Agrabad Br. Chittagong	Mohakhali Br. Dhaka	Bandar Bazar Br. Sylhet
Agrabad Br. Chittagong	Dhanmondi Br. Dhaka	Gulshan Br. Dhaka	Zinda Bazar Br. Sylhet
Jubilee Road Br. Chittagong	Khatungonj Br. Chittagong	Dhanmondi Br. Dhaka	Bogra Br. Bogra
Khatungonj Br. Chittagong	Gulshan Corporate Br. Dhaka	New Elephant Road Br. Dhaka	Rajshahi Br. Rajshahi
Cox's Bazar Branch, Cox's Bazar	Dilkusha Corporate Br. Dhaka	Nawabpur Br. Dhaka	Barishal Br. Barishal
HSBC	CDA Avenue Br. Chittagong	Uttara Br. Dhaka	Khulna Br. Khulna
Motijheel Branch, Dhaka	Sylhet Corporate Br. Sylhet	Rokeya Sharani Br. Dhaka	ICB
Standard Bank Limited	Millenium Corporate Br. Dhaka	Khulna Br. Khulna	Head Office (NSC Tower), Dhaka
Principal Branch, Dhaka	Uttara Corporate Br. Dhaka	Modhuban Br. Sylhet	Chittagong Br. Agrabad, Chittagong
Foreign Exchange Br. Dhaka	Mirpur Br. Dhaka	Agrabad Br. Chittagong	Rajshahi Br. Rajshahi
Topkhana Road Br., Dhaka	Naval Base Br. Chittagong	The City Bank Limited	Khulna Br. Khulna
Imamgonj Br. Dhaka	Kawranbazar Br. Dhaka	Principal Office, Br. Dhaka	Barisal Br. Barisal
Gulshan Br. Dhaka	Narayangonj Br. Narayangonj	B.B. Avenue Br. Dhaka	Sylhet Br. Sylhet
Dhanmondi Br. Dhaka	Eastern Bank Limited	Dhanmondi Br. Dhaka	Bogra Br. Bogra
Uttara Br. Dhaka	Dhanmondi Br. Dhaka	New Market Br. Dhaka	Local Office Br. Dhaka
Gulshan-1 Br. Dhaka	Gulshan Br. Dhaka	Gulshan Br. Dhaka	
Panthapath Br. Dhaka	Mirpur Br. Dhaka	Kawran Bazar Br. Dhaka	
Banani Br. Dhaka	Motijheel Br. Motijheel, Dhaka	Foreign Ex. Br. Dhaka	
Narayangonj Br. Narayangonj	Principal Br., Dilkusha, Dhaka	Mirpur Br. Dhaka	
Munshikhola Br. Dhaka	Shantinagar Br. Dhaka	Dhaka Chamber Br. Motijheel, Dhaka	
Jubilee Road Br. Chittagong	Uttara Br. Dhaka	VIP Road Br. Dhaka	
Agrabad Br. Chittagong	Shyamoli Br., Dhaka	Imamganj Br. Dhaka	

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager.

BSRM Steels Limited
Application Form
APPLICATIN FOR SHARES BY NON-RESIDENT BANGALDESH(S)
(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATATE OFFICE)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or failing to company with any of the instructions there in, application may be rejected.

The Managing Director
BSRM Steels Limited
Ali Mansion
1173/1207 Sadarghat Road
Chittagong

I/we apply for and request you to allot me/us the following number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of.....Shares allotted to me/us pursuant to his application and credit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:-

1. No. of Shares..... of Tk.100 each per share.
2. Amount of Tk. (in figure). (in words).....only
Convertible into US Dollar 1.00 =Tk UK Pound Sterling 1.00 =Tk. and Euro 1.00 =Tk.....
3. Payment by cheque/draft no.....dated.....for US Dollar or UK Pound Sterling or Euro or Tk.....drawn on..... Bank..... Branch.
4. Depository Owner (B/O) Account Number.....
(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
5. I/we agree to fully abide by the instruction given herein.
6. Particulars of Applicant(s).

a) Sole/First Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Mailing address:	
Occupation:	Nationality:
Passport No.	Valid up to:
Date of Birth	
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund warrant: Applicant's Bank A/C No.	
Name of the Bank:	Branch

b) Second Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Mailing address:	
Occupation:	Nationality:
Passport No.	Valid up to:
Date of Birth:	

Nominee:

Name:	
Mailing Address:	

7. I/we hereby declare that I/we have read the Prospectus of "BSRM Steels Limited", and have willingly subscribed forno of shares of Tk.100.00 each per share on this form.

8. Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		
Nominee:		

Instructions:

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring “BSRM STEELS LIMITED” and crossed “Account Payee only”.
5. An application shall be sent by the applicant directly to the Company by 13/11/2008 so as to reach the Company by 22/11/2008 Applications sent after 13/11/2008 or received by the Company after 22/11/2008 will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank’s name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit share money by US\$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “**Account Payee only**”. So that the issuer’s collecting bank can clear the proceeds and deposit the same into issuer company’s account in time.
13. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
15. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).
16. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
18. **In the case of non-allotment of securities, if the applicants’ bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through “Account Payee” cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.**
19. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY’S DHAKA OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.