

COMPANY INSIGHT		COMPANY BACKGROUND
Market Price	27.8	Registered Office: Tower 117, 117/A, Tejgaon Industrial Area, Dhaka
52 Wk Price Range	21.50 - 36.20	Malek Spinning Mills PLC (MSML) is one of Bangladesh's largest and most modern spinning mills, incorporated in 1989 with commercial operations commencing January 1991. It was converted to a Public Limited Company in September 2008 and subsequently listed on DSE. MSML is a flagship concern of the New Asia Group.
Market Cap (BDT mn)	5,401.44	With approximately 64,000 spindles and a daily capacity of 30,000-33,000 kg, MSML produces ring-spun carded and combed yarn (combed: 20Ne-40Ne; carded: 18Ne-50Ne) using 100% US cotton. MSML was among the first Uster-certified spinning mills in Bangladesh, reflecting its commitment to quality excellence.
Category	A	As a deemed exporter, 100% of MSML's yarn is supplied to local knit garment manufacturers who export to world-renowned apparel retailers. The company operates three subsidiaries: Salek Textile Limited, Newasia Synthetics, and JM Fabrics Limited. The mill employs approximately 1,400 people and is equipped with Ring Frames from Laksmi, Autoconers from Schlafhorst, and utilises an Oracle ERP system.
Sector	Textile	
Year End	June	
Paid Up Capital (mn)	1,936.00	
Reserve & Surplus (mn)	8,302	
EPS	5.67	
Company P/E	4.90	
Sector Median P/E	2.46	
NAV	64.15	
Free Float %	52.04%	
Free Float Share	100.75	
Shareholding (%)		
Sponsor/Director	47.34%	
Government	0%	
Institutions	15.48%	
Foreign	0.00%	
Public	36.56%	

INDUSTRY OVERVIEW

Bangladesh's spinning industry is the critical backward linkage of the RMG sector, which contributes approximately 85% of the country's total export earnings. With approximately 500 spinning mills nationally, local mills satisfy ~85% of knit fabric demand and ~40% of woven fabric demand.

Bangladesh currently utilises ~8.5 million bales of raw cotton annually out of a total capacity of 15 million bales. Approximately 80% of yarn produced is cotton-based, with the remaining 20% being mixed yarn. Yarn imports have been rising sharply – cotton yarn imports surged 39% in CY2024 to a record \$2.28 billion, with India supplying 82% of imports, aided by government export incentives and proximity advantages.

The Bangladesh textile manufacturing market is expanding. Synthetic fibers lead with a 36.99% share as of 2025, with polyester yarn projected to grow at a 6.85% CAGR to 2031. Cotton yarn prices have firmed – 100% cotton combed yarn (40/1 counts) reached ~\$4.55/kg in March 2025. Dhaka retains 52.42% of total production capacity, making it the dominant hub for spinning operations including MSML's Gazipur facility.

RECENT QUARTER PERFORMANCE

Particulars	Q3 FY25-26	Q3 FY24-25
Turnover (BDT mn)	5,071	4,577
Operating Profit (BDT mn)	330	467
Net Profit (BDT mn)	95	276
EPS	0.50	1.43
NAV	64.15	53.74

5-YEAR PERFORMANCE HIGHLIGHT

Particulars	FY24-25	FY23-24	FY22-23	FY21-22	FY20-21
Turnover (BDT mn)	22,867	22,212	17,422	16,756	13,054
<i>Growth (%)</i>	2.95%	27.49%	3.97%	-18.40%	
Gross Profit	2,669	2,668	581	1,648	1,316
<i>Growth (%)</i>	0.05%	359.50%	-64.76%	-78.90%	
Operating Profit	2,389	2,406	659	1,359	1,087
<i>Growth (%)</i>	-0.71%	265.30%	-51.54%	-71.91%	
Net Profit (BDT mn)	1439	1432	-228	721	652
EPS	7.41	7.38	(1.14)	3.72	3.36
NAV	60.63	53.74	46.77	48.91	46.27
Current Ratio	1.1	1.3	1.2	1.2	1.5
ROA	5.27%	5.37%	-1.00%	3.17%	
ROE	12.20%	13.70%	-2.50%	7.57%	
Dividend per Share	1	1	1	1	1

FINANCIAL PERFORMANCE

Particulars	Q3 FY25-26	FY24-25	FY23-24	FY22-23	FY21-22
INCOME STATEMENT					
Turnover	5,071	22,867	22,212	17,422	16,756
COGS	4,662	- 20,198	- 19,544	16,841	15,109
Gross Profit	403	2,669	2,668	581	1,648
Operating Profit	330	2,389	2,406	659	1,359
Financial Expence	215	- 804	- 774	483	- 346
Net Profit	95	1,439	1,432	228	721
EPS	0.5	7.41	7.38	-1.14	3.72
BALANCE SHEET					
Property, Plant & Equip.	12,381	11,763	11,278	10,469	10,431
Inventories	7,025	7,700	6,626	5,922	5,567
Trade Receivables	3,550	3,337	4,549	3,952	4,120
Cash	961	1,123	1,854	682	940
Current Asset	12,427	12,865	14,223	12,002	12,172
Total Asset	27,316	27,301	26,679	22,759	22,736
Paid Up Capital	1,936	1,936	1,936	1,936	1,936
Retained Earnings	5,776	5,068	3,704	2,240	2,400
Shareholders' Equity	12,475	11,792	10,455	9,103	9,525
Long Term Loan	3,716	3,592	4,405	3,497	2,576
Short Term Loan	1,360	4,789	4,421	3,361	4,000
Interest Bearing Debt	5,076	8,381	8,827	6,858	6,576
Current Liabilities	10,638	11,373	11,275	9,627	10,132
Total Liabilities	14,844	15,509	16,224	13,656	13,211
NAV	64.15	60.63	53.74	47	49
Dividend	-	1	1	1	1
RATIOS					
Turnover Growth (YoY)	10.79%	2.95%	27.49%	3.97%	
Gross Profit Margin	7.95%	11.67%	12.01%	3.33%	9.83%
Operating Profit Margin	6.50%	10.45%	10.83%	3.78%	8.11%
Net Profit Margin	1.87%	6.29%	6.45%	-1.31%	4.30%
Return on Asset	0.35%	5.27%	5.37%	-1.00%	3.17%
Return on Equity	0.76%	12.20%	13.70%	-2.50%	7.57%
Current Ratio	1.17	1.13	1.26	1.25	1.20
Dividend Payout Ratio		13%	14%	-88%	27%

INVESTMENT INSIGHTS

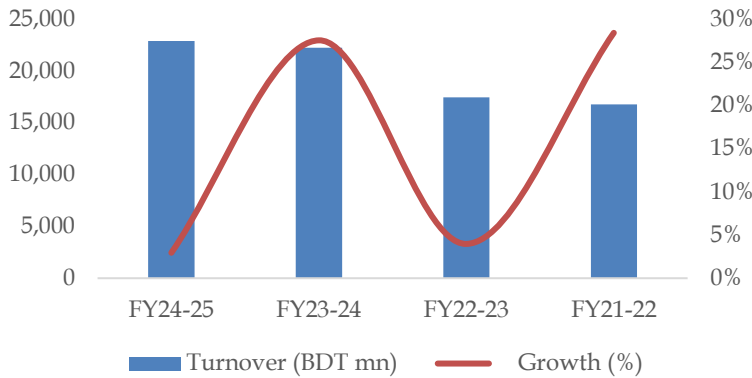
INVESTMENT POSITIVES

- 1. Consistent Revenue Momentum:** Turnover has grown from BDT 13,054 mn in FY20-21 to BDT 22,867 mn in FY24-25 (~75% over 4 years), with Q3 FY25-26 showing a robust 10.79% YoY uptick, demonstrating secular demand from the RMG sector.
- 2. Strong Earnings Recovery:** After a loss-making FY22-23 (EPS: -1.14), MSML delivered EPS of 7.38 in FY23-24 and 7.41 in FY24-25, reflecting strong operational resilience and management capability to navigate commodity cycle downturns.
- 3. Sustained NAV Growth:** NAV per share has risen from BDT 46.27 in FY20-21 to BDT 64.15 in Q3 FY25-26, reflecting consistent book value creation. The stock trades at a significant ~57% discount to NAV (price BDT 27.8 vs. NAV 64.15), indicating potential undervaluation.
- 4. Significant Deleveraging:** Interest-bearing debt declined sharply from BDT 8,827 mn in FY23-24 to BDT 5,076 mn in Q3 FY25-26, reducing financial leverage and interest cost burden, improving balance sheet quality.
- 5. Scale & Quality Advantage:** With ~64,000 spindles and one of the earliest Uster certifications in Bangladesh, MSML benefits from economies of scale, superior quality positioning, and established relationships with premium RMG exporters.

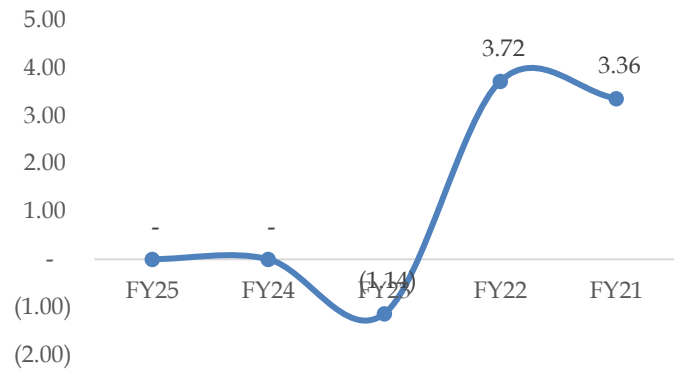
INVESTMENT NEGATIVES

- Near-Term Margin Compression:** Q3 FY25-26 net profit margin fell sharply to 1.87% (vs. 6.03% in Q3 FY24-25), with net profit declining 65.6% YoY to BDT 95 mn. Operating profit margin contracted from 10.21% to 6.50%, signalling significant cost pressures in the current fiscal year.
- Intense Import Competition:** Bangladesh's cotton yarn imports surged 39% in CY2024 to a record \$2.28 billion, predominantly from India, which benefits from government export subsidies and lower logistics costs. This structural price competition directly erodes domestic spinner margins.
- Raw Material & FX Risk:** MSML sources 100% of its cotton from the USA, exposing it to global cotton price volatility and USD/BDT exchange rate movements. Input cost fluctuations are a primary driver of the company's wide earnings swings, as evidenced by gross margin ranging from 3.33% (FY22-23) to 12.01% (FY23-24).
- Customer Concentration Risk:** As a deemed exporter supplying 100% of output to domestic knit garment manufacturers, MSML has no direct export diversification. Any slowdown in global apparel demand, buyer destocking, or trade disruptions affecting the RMG sector directly impacts MSML's order volume.
- Tightening Liquidity Position:** Current ratio has declined from 1.5x in FY20-21 to 1.13x in FY24-25, indicating a narrowing working capital buffer. Short-term loans remain elevated at BDT 4,789 mn in FY24-25, heightening refinancing risk in a high-interest-rate environment.
- Stagnant Dividend Policy:** Despite improving profitability, dividend per share has been fixed at BDT 1.00 for five consecutive years (FY20-21 to FY24-25). The payout ratio of 13% in FY24-25 is low, offering minimal income returns for shareholders at current market price.

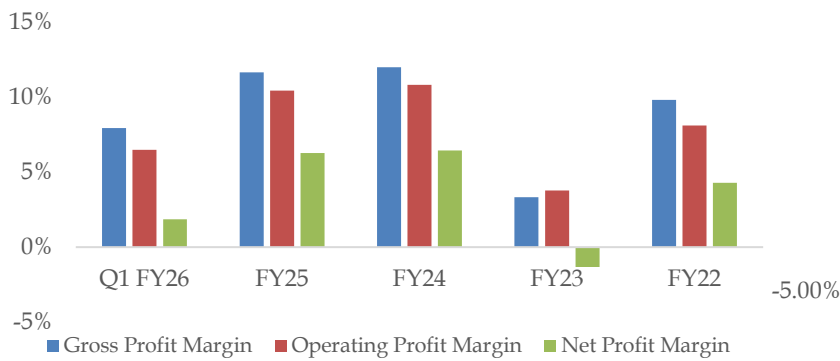
Revenue Performance



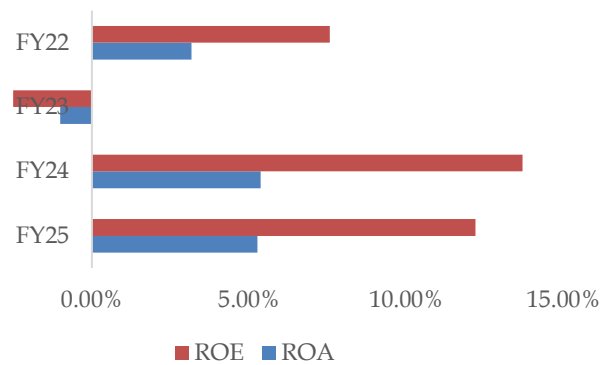
EPS



Margin Performance



ROE & ROA



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