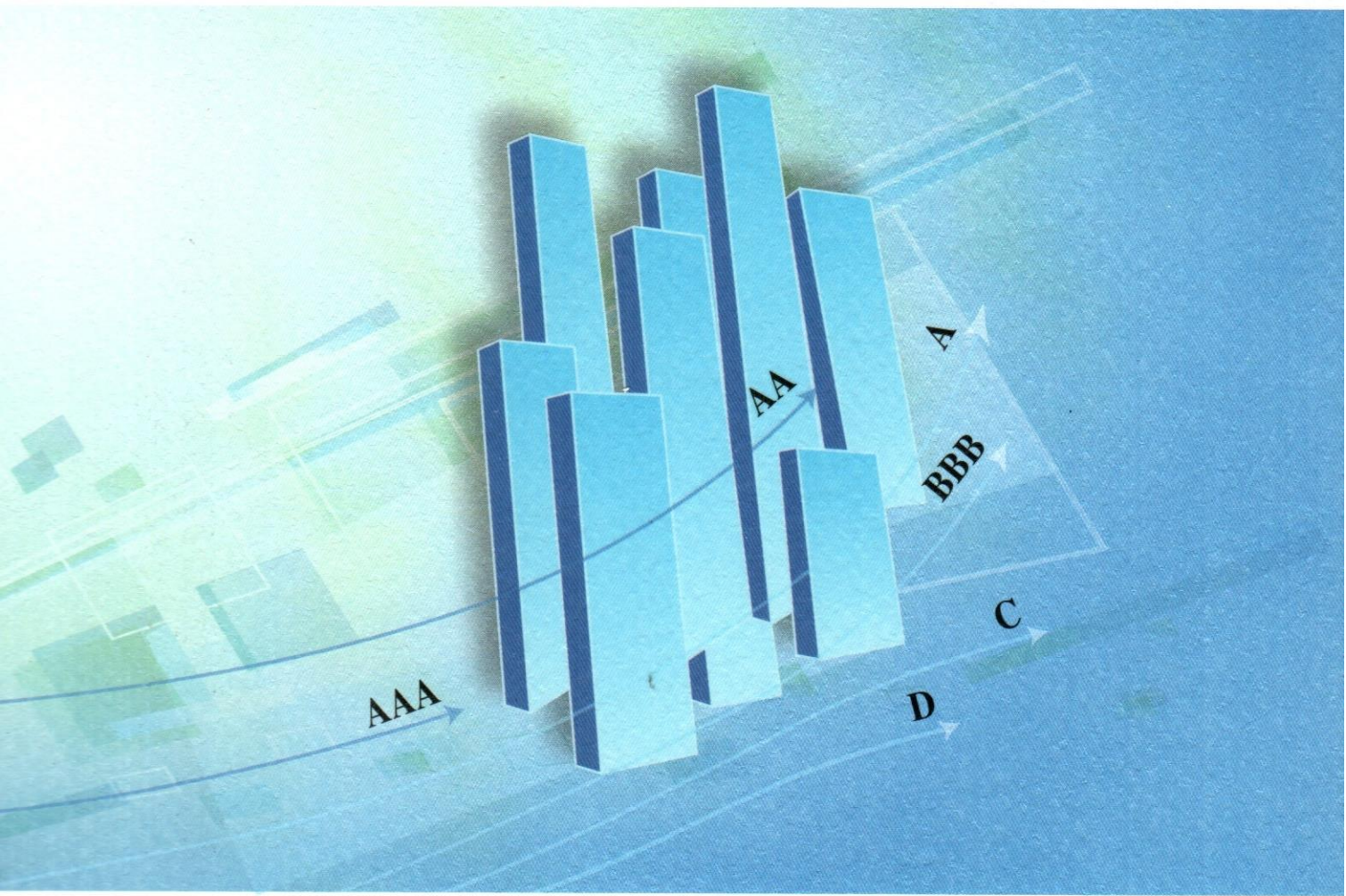


AlphaRating

Credit Rating Report



Alpha Credit Rating Limited

AlphaRating

JMI SYRINGES & MEDICAL DEVICES Ltd.

(GA-72/C, Progoti Shoroni, Middle Badda, Dhaka-1212)

(Corporate)

Disclaimer: Information used herein was obtained from sources believed to be accurate and reliable. However, Alpha Credit Rating Limited does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project. All rights of this report are observed by Alpha Credit Rating Limited. The contents may be used by the news media and researchers with due acknowledgement. Under no circumstances Alpha Credit Rating Limited will or its affiliates will be liable for any special, indirect, incidental or consequential damages of any kind, including, but not limited to, compensation, reimbursement or damages on account of the loss of present or prospective profits, expenditures, loans or commitments, whether made in the establishment, development or maintenance of company reputation or goodwill, cost of substitute materials, products, services or information, cost of capital, and the claims of any third party, or for any other reason whatsoever.

14 March, 2024

Managing Director
JMI Syringes & Medical Devices Ltd.
GA-72/C, Progoti Shoroni, Middle Badda, Dhaka-1212.

Subject: Credit Rating of JMI Syringes & Medical Devices Ltd.

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 684, has assigned the following rating to **JMI Syringes & Medical Devices Ltd.**

Date of Declaration	Valid From	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
14 March, 2024	02 December, 2023	01 December, 2024	7 th Surveillance	AA-	ST-1	Stable

The long term and short-term rating is valid up to the earlier of 01 December, 2024 or the limit expiry date of respective credit facility. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **JMI Syringes & Medical Devices Ltd.**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analyst of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With kind regards,



Abdul Mannan
Chief Executive Officer

This letter is integral part of the credit rating report

JMI Syringes & Medical Devices Ltd.

AA- Long Term Rating

ST-1 Short Term Rating

Rating Action 7th Surveillance

Stable Outlook

Date of Declaration 14 March, 2024

Valid From 02 December, 2023

Valid Till 01 December, 2024

Business Risk
LowOperating Cash Flow
PositiveLeverage
StandardProfitability
GoodIndustry Group
Pharmaceuticals & ChemicalSector
Manufacturing

Previous Rating

Long Term Rating: AA-

Short Term Rating: ST-1

Outlook: Stable

Date of Declaration: 06 December, 2022

Valid From: 02 December, 2022

Valid Till: 01 December, 2023

Contact Analysts

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Date of Incorporation:

05 April, 1999

Chairman:

Md. Javed Iqbal Pathan

Managing Director:

Md. Abdur Razzaq

Authorized Capital: BDT 1,000.00 million

Paid Up Capital: BDT 300.56 million

Total Asset:

BDT 2,998.68 million (As on 30 June, 2023)

Financial Institution:

Pubali Bank PLC

Total Loan Limit:

BDT 1,053.15 million

Total Loan Outstanding:

BDT 202.30 Million

(As on 31 December 2023)

Rationale

Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 684, affirms long term rating to "AA-" (pronounced as "Double A Minus") and short term rating to "ST-1" in favor of JMI Syringes & Medical Devices Ltd. (Hereinafter referred to as "the company or JSMDL"). AlphaRating considered financial performance, scale of the business, quality of financial statements & data presentation, relationship with different parties or stakeholders of the business with management and comparative strength of the company while assigning the rating. The above rating is based on the audited financial statements of year ended 30 June, FY 2021-2023 and other qualitative information provided by the management. AlphaRating also considered the loan facilities availed by the company from Pubali Bank PLC, Bangabandhu Avenue Corporate Branch, Dhaka, while assigning the rating.

The assigned rating reflects the exposure of the company to all financial and other risk, industry nature, long term experience of the management team, government policy, and future prospects of Medical Device industry in Bangladesh. The rating has also taken into consideration some favorable issues like positive CFO, adequate finance cost ability, good liquidity position, availability of updated compliance documents and low dependency on external facility in current financial year.

In addition, strength of the rating has resisted by decreased revenue, net loss, decreased net asset value, increased cash conversion cycle etc. In addition, the rating has also taken into account competitive market of related products and the prevailing JSMDL uncertainty associated with national macroeconomic environment.

Key Performance Indicator (BDT Million)

FYE 30 June	2023	2022	2021
Revenue	1,755.17	2,438.21	1,993.51
% Change	(28.01)	33.43	0.86
EBIT	74.47	222.73	194.77
% of Revenue	4.24	9.13	9.77
Net Profit/ (Loss)	(8.54)	4.13	4.47
Margin (%)			
Interest Coverage Ratio (x)	5.45	13.31	16.11
Operating Cash Flow	65.72	40.78	185.09
Current Ratio (x)	5.12	3.36	5.53
Cash & Cash Equivalent	51.71	91.72	45.78
Finance Expense	13.67	16.73	12.09
Debt to Equity (x)	0.05	0.08	0.02
Bank Debt	132.84	218.35	66.99

Data obtained from audited financial statements of 2021-2023

The company has been enjoying external facilities from Pubali Bank PLC, Bangabandhu Avenue Corporate Branch, Dhaka. According to information provided by bank, the company has no overdue. AlphaRating only considered the above-mentioned financing facilities availed by the company.



Abdul Mannan
Chief Executive Officer
Alpha Credit Rating Limited

Company Profile

Industry Outlook

Business Risk Analysis

Financial Analysis

Bank Facilities

Management & Other Qualitative Factor

Company Profile

JMI Syringes & Medical Devices Limited is a joint venture company with Republic of South Korea. The company was incorporated on 05 April, 1999 and commenced its commercial production on 26 January, 2002. The company gets listed in Dhaka Stock Exchange (DSE) on 2013 and Chittagong Stock Exchange (CSE) on 2003. As on 14 January, 2024. Total market capitalization of the company is BDT 7,679.308 million. The company is involved in manufacturing of Disposable Syringes, Auto Disable Syringes, Needle (blister pack), Infusion set, Scalp Vein Set, Urine Drainage Bag and medical devices in Bangladesh serving the health care community both here and across the borders. JMI Syringes & Medical Devices Limited is a pioneer manufacturer of some medical devices in Bangladesh (i.e. Auto Disable (AD) Syringes). During the year 2021-2022, amid the Covid-19 pandemic, JSMDL have made maximum efforts to maintain the quality of our products and increased production and sales have also increased significantly. JSMDL have provided Auto Disable (AD) Syringes to the Ministry of Health, Government of the People's Republic of Bangladesh to prevent against Covid-19. The company has made the vaccination program 100% successful in Bangladesh. JMI Syringes & Medical Devices Limited is a proud partner with the Government of Bangladesh in the preclude against Covid-19.

Corporate office is situated at Unique Heights, Level-11, 117, Kazi Nazrul Islam Avenue, Ramna, Dhaka-1217, Registered Office is situated at GA-72/C, Progoti Shoroni, Middle Badda, Dhaka-1212 and the Factory is situated at Noapara, Rajendrapur, Chauddagam, Comilla, Bangladesh.

Major Products

Name of the Products	Name of the Products
JMI Bandage-25 & 100 Pcs	JMI Disposable Nelaton Catheter, FG-14
Suction Catheter, FG-04	JMI Disposable Nelaton Catheter, FG-16
Suction Catheter, FG-05	JMI Disposable Nelaton Catheter, FG-18
Suction Catheter, FG-06	JMI Disposable Nelaton Catheter, FG-12
Suction Catheter, FG-07	JMI Disposable Nelaton Catheter, FG-20
Suction Catheter, FG-08	JMI Disposable Nelaton Catheter, FG-22
Suction Catheter, FG-09	JMI Disposable Nelaton Catheter, FG-24
Suction Catheter, FG-10	JMI Disposable Nelaton Catheter, FG-25
Suction Catheter, FG-12	Scalp Vein Set (19G)
Suction Catheter, FG-14	Scalp Vein Set (21G)
Suction Catheter, FG-16	Scalp Vein Set (22G)
Suction Catheter, FG-18	Scalp Vein Set (23G)
Suction Catheter, FG-20	Scalp Vein Set (25G)
Suction Catheter, FG-22	Scalp Vein Set (27G)
Suction Catheter, FG-24	Scalp Vein Set 27G H/B 1/2 inch
Suction Catheter with Control Valve, FG-05	Infusion Set (Air Vent Type with S.V.S)
Suction Catheter with Control Valve, FG-06	Infusion Set (Non-Air Vent Type with S.V.S) G.P
Suction Catheter with Control Valve, FG-08	Infusion Set (Non-Air Vent Type without S.V.S)
Suction Catheter with Control Valve, FG-10	Infusion Set (Air Vent Type without S.V.S)
Suction Catheter with Control Valve, FG-12	Infusion Set (Air Vent Type, Y Injection Port with SVS)
Suction Catheter with Control Valve, FG-14	Infusion Set (Non-Air Vent Type, Y Injection Port with SVS)
Suction Catheter with Control Valve, FG-16	Infusion Set (Non-Air Vent Type, Y Injection Port without SVS)
Suction Catheter with Control Valve, FG-18	Infusion Set (Air Vent Type, Y Injection Port without SVS)
JMI Disposable Nelaton Catheter, FG-04	Infusion Set (Non-Air Vent Type with S.V.S & without extra needle)
JMI Disposable Nelaton Catheter, FG-05	Infusion Set (Non-Air Vent Type with needle & without extra needle)
JMI Disposable Nelaton Catheter, FG-06	Infusion Set (Y Injection Port with Luer Lock Type)
JMI Disposable Nelaton Catheter, FG-07	JMI Disposable Nelaton Catheter, FG-10
JMI Disposable Nelaton Catheter, FG-08	IV Infusion Set, Non Vent with Scalp Vein Set without Extra Needle

Company Profile

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Name of the Products	Name of the Products	Name of the Products	Name of the Products
IV Infusion Set with Precision Filter	JMI 3 Way Stop Cock with Extension Tube, 150 cm	20ml Disposable Syringe, Ribbon Pack	JMI Disposable Feeding Tube, FG-18
IV Cannula 18G	JMI 3 Way Stop Cock with Extension Tube, 200 cm	20ml Disposable Syringe (Dialysis)	JMI Disposable Feeding Tube, FG-20
IV Cannula 20G	JMI 3 Way Stop Cock with Extension Tube, 500 cm	30ml Disposable Syringe	JMI Disposable Feeding Tube, FG-22
IV Cannula 22G	0.05ml Auto Disable Syringe with Hypodermic Needle-27Gx1/2"	50ml Disposable Syringe, Ribbon Pack	JMI Disposable Feeding Tube, FG-24
IV Cannula 24G	0.1ml Auto Disable Syringe with Hypodermic Needle-27Gx1/2"	50ml Disposable Syringe (Dialysis)	JMI Disposable Feeding Tube, FG-25
IV Cannula 24G (Neonate)	0.5ml Auto Disable Syringe with Hypodermic Needle-23Gx1"	U100 Insulin Syringe 30G	JMI Disposable Stomach Tube, FG-04
IV Cannula 26G (Neonate)	0.5ml Auto Disable Syringe with Hypodermic Needle-23Gx1" (Unibody)	U100 Insulin Syringe 31G (Disposable, Ribbon Pack)	JMI Disposable Stomach Tube, FG-05
Needle 18G X 1 1/2"	1ml Auto Disable Syringe with Hypodermic Needle-22Gx1"	U40 Insulin Syringe 30G (Disposable, Ribbon Pack)	JMI Disposable Stomach Tube, FG-06
Needle 21G X 1 1/4"	3ml Auto Disable Syringe with Hypodermic Needle-23Gx1"	U40 Insulin Syringe 31G (Disposable, Ribbon Pack)	JMI Disposable Stomach Tube, FG-07
Needle 23G X 1"	5ml Auto Disable Syringe with Hypodermic Needle-23Gx1"	3 ml Disposable Syringe with Dental Needle 28G x 1"	JMI Disposable Stomach Tube, FG-08
Disposable Needle 23G X 1.5"	10ml Auto Disable Syringe with Hypodermic Needle-21Gx1.25"	3 ml Disposable Syringe with Dental Needle 28G x 1.25"	JMI Disposable Stomach Tube, FG-10
Needle 26G X 1/2"	1ml Disposable Syringe	3 ml Disposable Syringe with Dental Needle 28G x 1.5"	JMI Disposable Stomach Tube, FG-12
Needle 26G X 1 1/4"	3ml Disposable Syringe (Slip Tip)	3 ml Disposable Syringe with Dental Needle 30G x 1"	JMI Disposable Stomach Tube, FG-14
Needle 27G X 1/2"	3ml Disposable Syringe (Lock Tip) Local	3 ml Disposable Syringe with Dental Needle 30G x 1.25"	JMI Disposable Stomach Tube, FG-16
Hypodermic Needle - 23 G X 2"	3ml Disposable Syringe (GP)	3 ml Disposable Syringe with Dental Needle 30G x 1.5"	JMI Disposable Stomach Tube, FG-18
Hypodermic Needle - 23 G X 3.5"	JMI 3ml Disposable Syringe (Lock Tip)	3 ml Disposable Syringe with Dental Needle 32G x 1"	JMI Disposable Stomach Tube, FG-20
JMI Safety Box	JMI 3ml Disposable Syringe (GP)	Blood Transfusion Set	JMI Disposable Stomach Tube, FG-22
JMI 3 Way Stop Cock	5ml Disposable Syringe (Slip Tip) t	JMI Disposable Feeding Tube, FG-04	JMI Disposable Stomach Tube, FG-24
JMI 3 Way Stop Cock with Extension Tube, 10 cm	5ml Disposable Syringe (Lock Tip) Local	JMI Disposable Feeding Tube, FG-05	JMI Disposable Stomach Tube, FG-25
JMI 3 Way Stop Cock with Extension Tube, 25 cm	5ml Disposable Syringe (Local) BSMMU	JMI Disposable Feeding Tube, FG-06	Umbilical Cord Clamp
JMI 3 Way Stop Cock with Extension Tube, 50 cm	5ml Disposable Syringe (GP)	JMI Disposable Feeding Tube, FG-07	Urine Drainage Bag (T-Shape)
JMI 3 Way Stop Cock with Extension Tube, 100 cm	JMI 5ml Disposable Syringe (Lock Tip)	JMI Disposable Feeding Tube, FG-08	JMI Wound Drain Tube, FG-04
JMI 10ml Disposable Syringe (Lock Tip)	JMI 5ml Disposable Syringe (GP)	JMI Disposable Feeding Tube, FG-10	JMI Wound Drain Tube, FG-05
JMI 10ml Disposable Syringe (GP)	10ml Disposable Syringe (Local)	JMI Disposable Feeding Tube, FG-12	JMI Wound Drain Tube, FG-06
JMI 10mm Disposable Syringe (with double ring/2R10DSN)	10ml Disposable Syringe (Local) BSMMU	JMI Disposable Feeding Tube, FG-14	JMI Wound Drain Tube, FG-07
JMI Toomey Syringe (60 ml)	10ml Disposable Syringe (Local) GP	JMI Disposable Feeding Tube, FG-16	JMI Wound Drain Tube, FG-08

Quality Assurance

The company has been accredited with ISO 13485: 2016, ISO 9001:2015, ISO 14001:2015, MTIC & GMP Certification. The company has received Performance Quality Safety (PQS) E008 certificate from World Health Organization (WHO).

Strategic Change

NIPRO Corporation, Osaka, Japan joint with JSMDL as an equity partner/strategic investor. NIPRO Corporation, Osaka based publicly listed a Japanese multinational Company, established in the year 1954. The Company engages globally in the development, manufacture, marketing and distribution of Surgical & Medical Devices and Pharmaceuticals products including medical equipment for injection infusion & dialysis treatment and products related to diabetes and cell cultures as well as the sale of artificial organ-related products and generic drugs. NIPRO Corporation has 91 business entities and conducts its operation in 57 Countries all over the World.

NIPRO is a research oriented innovative company and develop products considering users' viewpoints and its basic policy is to continue providing users with high-quality competitive products that meets their needs. NIPRO & JSMDL believes its current and future responsibility to the society, is to develop innovative, value added products and technologies that improve patient outcome and healthcare worldwide. As such, it has set its goal is to become a truly global comprehensive healthcare company that able to respond to a wide variety of medical needs.

The Company has raised paid-up capital as per Consent Letter accorded by Bangladesh Securities and Exchange Commission, against issuing 1,11,00,000 Ordinary Share @ BDT 164.10 per share including premium BDT 154.10 per share to NIPRO Corporation, Osaka, Japan. All amount against the above has been received from NIPRO Corporation and presenting in Statement of Financial Position and paid-up share is 22,100,000 and paid-up-capital is BDT 221,000,000 at the end of the year.

Ownership Pattern:

Particulars	% of Shares
Sponsor/Director	79.65%
Institute	3.23%
Public	17.12%
Total	100.00%

Source: DSE as on 31.12.2023

Production Capacity

SL No.	Name of Items	Unit	Annual Production Capacity	Actual Production	Capacity Utilization (%)
1	0.05ml Auto Disable Syringe	Pcs	15000000	9536226	63.57
2	0.1ml Auto Disable Syringe	Pcs	20000000	17551501	87.76
3	0.5ml Auto Disable Syringe	Pcs	90000000	84011400	93.35
4	1ml Auto Disable Syringe	Pcs	50000000	31941300	63.88
5	3ml Auto Disable Syringe	Pcs	10000000	5214412	52.14
6	5ml Auto Disable Syringe	Pcs	5000000	1325978	26.52
7	10ml Auto Disable Syringe	Pcs	500000	50000	10.00
8	1cc Disposable Syringe	Pcs	15000000	6098618	40.66
9	3cc Disposable Syringe	Pcs	80000000	72925872	91.16
10	5cc Disposable Syringe	Pcs	100000000	95155067	95.16
11	10cc Disposable Syringe	Pcs	70000000	60838436	86.91
12	20cc Disposable Syringe	Pcs	25000000	21808584	87.23
13	30cc Disposable Syringe	Pcs	2000000	100000	5.00
14	50cc Disposable Syringe	Pcs	3000000	1219618	40.65
15	60cc Disposable Syringe	Pcs	500000	50000	10.00
16	Alcohol Prep Pads	Pcs	35000000	33927306	96.94
17	Blood Lancet	Pcs	500000	100000	20.00
18	Blood Line Set (Arterial & Venous)	Pcs	500000	50000	10.00
19	Blood Transfusion Set	Pcs	3000000	2466119	82.20
20	Blood Tubing Set (BTS)	Pcs	200000	30000	15.00
21	Nelaton Catheter	Pcs	200000	148900	74.45
22	Suction Catheter	Pcs	50000	36812	73.62
23	Disposable Needle	Pcs	25000000	15927482	63.71
24	Eye Gel Set 22G	Pcs	1200000	945000	78.75
25	Feeding Tube	Pcs	300000	188050	62.68
26	Stomach Tube	Pcs	100000	10000	10.00
27	Wound Drain Tube	Pcs	100000	55350	55.35
28	Hand Gloves (Latex) Examination	Pcs	300000	164792	54.93
29	IV Cannula	Pcs	35000000	33545400	95.84
30	IV Infusion Set	Pcs	40000000	34878660	87.20
31	JMI First AID Bandage	Pcs	100000000	89733346	89.73
32	Safety Box	Pcs	500000	161674	32.33
33	Scalp Vein Set	Pcs	55000000	51596104	93.81
34	Sononed Set	Pcs	100000	10000	10.00
35	Three Way Stop Cock	Pcs	100000	46570	46.57
36	U-100 Insuline Syringe	Pcs	6000000	5318281	88.64
37	U-40 Insuline Syringe	Pcs	1000000	859212	85.92
38	Umbilical Cord Clamp	Pcs	800000	768600	96.08
39	Urine Drainage Bag	Pcs	1500000	1309890	87.33
40	Combipack	Pcs	35000000	31301192	89.43
Total			827450000	711405752	85.98

Industry Overview

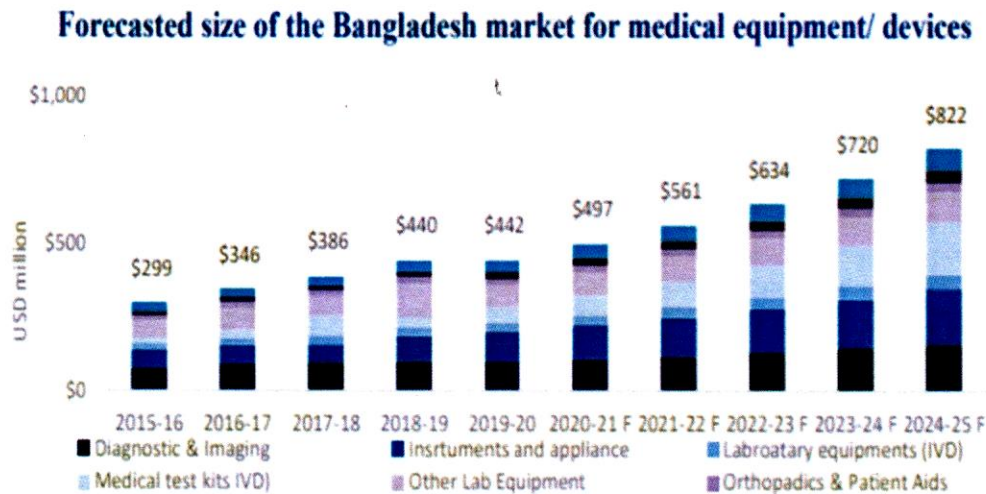
An Industry Outlook & Possible Future Developments:

Bangladesh medical device market size is estimated at around \$ 442 million and it is flourishing at an annual growth rate 13 percent. There are more than four (4) thousand categories of medical devices including 400 types of high-end devices and surgical items used by caregivers such as syringe, infusion set, catheter, surgical mask, pulse oximeter and glucometer. More than 2,600 medical devices are registered with the DGDA of Govt. of Bangladesh. Almost 90 percent of these required items need to be imported every year. There are 10 manufacturers of medical devices and accessories including JMI Syringes, Getwell, Opso Saline, Techno Drugs, Incepta Pharmaceuticals, Bi=beat and Promixco. Local manufacturing began in 90s with operation of Opso Salaine, followed by JMI Syringes and others. All the manufacturers small and large have so far invested approximately BDT 100.00 billion in the last two and half decades.

JMI Group has so far invested around BDT 20.00 billion in the sector including BDT 8.00 billion of foreign investment from Japan and South Korea. The sector could become a crucial one for the country's economy if provided with required support by the Government. Though growing amid various limitations, local players are now exporting items to nearly 40 countries. The export trend is a testimony for the quality of locally manufactured goods. The need for updating the guideline for the sector, developing human resources and curbing uneven completion to strengthen the foothold in the sector.

The market currently is dominated by the instruments/ appliances segment and diagnostic imaging equipment in terms of value, which are expected to grow steadily. At present, over 4,000 medical devices and equipment are in use in the country, about 5-7% of which are manufactured in the country. Among the locally produced items, majority are consumables/disposable with an estimated market size of USD 55-60 million. Aside from consumables, Bangladesh also produces orthopedic products, surgical sterilizers, hospital furniture, home care devices, electrocardiogram and other small instruments, albeit at a small scale. The demand for IVD device/ kit is expected to be the fastest growing segment, followed by cardio logical devices, consumables and diagnostic imaging equipment. The COVID outbreak has enhanced local production of personal protection equipment (PPE) including protective masks/ clothing, respirator, hospital gowns.

Forecast of medical equipment/ devices market expansion



Source: Bangladesh Bank import data and industries' estimate

Challenges faced by the industry

According to interview with selected local manufacturers (including joint-ventures with foreign investors) and importers (including agents) of medical equipment/ devices operating in Bangladesh, the following issues have been observed as outlined below. These issues have been the major factors inhibiting the growth of medical equipment/ devices manufacturing in Bangladesh as well as deterring foreign investment in the sector.

Regulatory aspect

Administration of product registration process: The overall product registration process frequently takes more than a year and subsequently creates backlog for both importers and manufacturers. Even after the product is registered, importers have to obtain indent approval from DGDA on the quantity of items to be imported. Furthermore, to make things even more complicated, the applied quantity is not always approved. (According to some interviews with importers in particular). This practice has increased the cost associated with importation (shipments).

Product inspection before registration:

In order to obtain registration of manufactured devices, a manufacturer has to set up a production line from where the devices has to be randomly picked-up and then sent for testing and approval by DGDA. Such a practice of "before-registration" inspection (while acknowledging the necessity of such an inspection to administratively ensure the quality and minimize the risk associated with the equipment/ devices) necessitates manufacturers to invest their capital in setting-up the production line before the product is approved increasing the risk of capital loss and deterring smaller manufacturers.

Pricing regulation (MRP: Maximum Retail Prices):

DGDA sets the maximum retail prices (MRP) on about 117 medical devices for a few specific group of locally manufactured medical equipment/ devices and provides indicative prices for all other categories of products after bargaining with manufacturers. Although manufacturers request DGDA to revise the MRP periodically, DGDA seems static on this matter. Existence of MRP causes difficulty for manufacturers, especially when the prices of raw materials (such as polypropylene = PP, polyvinyl chloride = PVC, polyethylene = PE) increases in the global market, since local manufacturers cannot instantly pass on such cost-up of materials due to the MRP. Since there are no such restrictions on the retail prices of imported devices, manufacturers recognize further difficulty in competing with imported devices.

"Local preference" in government procurement:

Although according to DGDA guidelines, local manufacturers are supposed to get preference during public procurement in reality the product specifications are usually prepared in such a manner that it inhibits local manufacturers from participating in the tender process. In fact, for certain groups of devices, MOHFW and CMSD require products to have US-FDA approval even after manufacturers obtain DGDA (that is actually equivalent to US-FDA) approval, and approvals from Institute of Epidemiology, Disease Control & Research (IEDCR); getting US-FDA approval is not cost effective for manufacturers. Moreover, public procuring authorities' locks out local manufacturers by specifying the 'country of origin' during the procurement tendering processing and do not place preference to local manufacturers. As a result, public procurement has been rather dominated by imported devices.

Taxation aspect

Existing tax structure is deemed unfavorable for local manufacturers, where the VAT applicable for locally manufactured equipment/ devices is set higher than that of imported ones in some cases. Lower VAT is charged on some imported devices such as syringe drivers, needles, catheters, balloons, stents, electro-cardiographs and etc. There is also advanced income tax (AIT) of 5% during import of raw materials and 7% (previously 5%) during sales. Manufacturers hardly have access to rebate for this AIT, and as a result the effective tax rate becomes much higher than that applicable for importers. The following table illustrates the list of locally manufactured products which has to compete with imported products of the lower total tax incidence (TTI);

SWOT analysis**Strength:**

- Population Country.
- Cost-effectiveness.
- Low clinical and research and labor cost.
- Growing private & Govt. hospital.

Weakness:

- Low R&D investment.
- No market presentation.
- More reliance on foreign products.
- Less promotional policy of government.
- Less excellence view towards products.

Opportunities:

- Increasing incidence of life style diseases.
- Only 5.00% penetration of local products.
- Increasing healthcare expenditure.
- MNCs investing in Bangladesh.
- Increasing trend of merger and acquisition.

Threats:

- Lack of inclusive regulation and policies.
- Complex direct & indirect taxation.
- Lack of specification lending to spurious products.
- Competition from foreign market.

Business Risk Analysis

Standardization & Regulatory Concern

The quality and risk management regarding the topic for regulatory purposes is convened by ISO. ISO is applicable to all providers and manufacturers of medical devices, components, contract services and distributors of medical devices. The standard is the basis for regulatory compliance in local markets, and most export markets.

JSMDL has achieved the ISO, CE, PQS & GMP certification and strictly adhering to CGMP. The company is rigorously complies the rules & regulations of these compliance bodies, which is also ensured by regular compliance audit.

Foreign Exchange Risk

JMI has already started exporting its products in Singapore, Thailand, Myanmar, Spain and Portugal. Significant progress is in existence for expansion of export to different countries of Asia, Latin America and Europe. The payments for this product are made in foreign currency. So the business bears all the risks due to changes in currency exchange rates. So to minimize this risk the company can use forward contract, hedge and derivatives.

The exchange rate of US Dollar against BDT in the country has traditionally witnessed upward trends, which makes ample opportunity for increasing revenue from exports. On the other hand, appreciation of local currency against US Dollar will reduce the import cost of the company. Therefore, change in exchange rate in both ways offsets the risk of deflating profitability.

Technology Obsolescence Risks

As the technology is improving rapidly with the change of the customer's test, all companies operating in this industry are exposed to obsolesce risk. Keeping updated with the latest processes and methods of production is essential to maintain market share. It is a big challenge for the company to cope up with the new technology to produce required volume to meet the market demand.

Interest Rate Risk

Interest rate risk can be measured on the change of the loan interest rate and the Govt. Treasury bill interest rate. Change of the monetary policy of the Govt. may directly influence the interest rate of the financial institutions. JSMDL depends on Pubali Bank PLC for its external financing for which significant amount of finance expense has to be paid. If the interest rate increases the profitability will be affected directly.

Packaging standards

Medical device packaging is highly regulated. Often medical devices and products are sterilized in the package. Sterilization must be maintained throughout distribution to allow immediate use by physicians. A series of special packaging tests measure the ability of the package to maintain sterility. JSMDL follows and stringently complies with the guidelines for packaging standards. The company also ensures this by regular checking.

Market Risk

The company has set its focus on the export market. The management is trying to sell through direct contacts with the existing customers in selected regions by understanding their needs. On the other hand, strong marketing and brand management also helping the company increase their customer base.

Changes in Global or National Policies

The performance of the Company may be affected due to policies imposed & unavoidable circumstances both in Bangladesh and worldwide.

However, unless any adverse policies are made, which may materially affect the industry as a whole; it can be expected that the business of the company will not be affected. Government emphasises on the growth of Pharmaceuticals Industry to boost the export of medical products.

Operational Risk

JSMDL is primarily engaged in business of manufacturing and marketing of medical products. The company certainly has low exposure to operational risk, as the management of the company is well experienced. However, the company has minimized any operation risk as it has well equipped structured facilities for manicuring, proper quality control, structured HR and proper provisions regarding health & safety.

Health & Safety Risk

A number of Laws and Regulations exist to ensure the safety and quality of medical products. Moreover, in recent years different mobile courts are working to ensure this health & safety regulation. So breaching of any act at any point may impair its reputation as well as resulted in damages.

Financial Risk Analysis

AlphaRating performs financial analysis by dividing the financial portion into different categories which are Profitability Analysis, Cash Flow, Liquidity Analysis and Capital Structure. Detailed analysis is presented below:

Profitability

JSMDL is engaged in export oriented manufacturing and marketing of disposable syringe, auto disable syringe, needle, infusion set, scalp vein set, urine drainage bag, insulin syringe, first aid bandage, eye gel set, riles tube feeding tube blood lancets etc. In Bangladesh the demand of surgical device has been increasing day by day.

It has observed that, revenue of the company has decreased by 28.01% in FY 2023. According to the audit report, total export earning was USD 1.44 million in FY 2023 and USD 0.51 million in FY 2022, which has increased compared to previous year, indicates that JSMDL is not only grabbing local market share but also putting their feet gradually in the international market as well.

On the other hand, costs of goods sold has decreased at a lower rate than revenue growth in FY 2023. As a result, Gross Profit Margin of the company has decreased in FY 2023. However, still now the Gross Profit Margin stands on above the satisfactory level. However, Operating Profit Margin of the company has decreased in FY 2023 as total operating expenses (administrative, marketing, selling & distribution expenses) as percentage of revenue has increased to 8.41% in FY 2023 compared to 6.86% in FY 2022.

Scrutiny revealed that JSMDL is also dependent on external funds in financing capital expenditure and working capital requirement. Though finance expenses has decreased during the year but decrease of foreign exchange unrealized gain and significant increase of income tax expenses have resulted Net Profit Loss Margin of 8.54% in FY 2023.

Exhibit 1: Selected Indicator: JMI Syringes & Medical Devices Ltd.

FYE 30 June	2023	2022	2021
Revenue (BDT in Millions)	1,755.17	2,438.21	1,993.51
Revenue Growth (%)	(28.01)	33.43	0.86
COGS (BDT in Millions)	1,533.04	2,048.24	1,656.09
COGS Growth (%)	(25.15)	34.92	4.23
Operating Profit (BDT in Millions)	74.47	222.73	194.77
Profit After Tax (BDT in Millions)	(149.96)	100.60	89.11
Gross Profit/ (Loss) Margin (%)	12.66	15.99	16.93
Operating Profit/ (Loss) Margin (%)	4.24	9.13	9.77
Net Profit/ (Loss) Margin (%)	(8.54)	4.13	4.47
ROA (%)	(4.67)	3.13	2.73
ROE (%)	(5.78)	3.66	3.30

Data obtained from the audited financial statements of 2021-2023

The Return on Asset (ROA) measures, how efficiently and effectively company is utilizing assets to generate economic benefit for the company whereas Return on Equity (ROE) measures profitability as a percentage of the company's net asset base. It has observed that, ROA has been decreased in FY 2023. This fall was due to net loss of the company. At the same time, ROE has decreased noticeably in FY 2023 due to net loss of the company.

Liquidity Analysis

While analyzing the liquidity portion of the company, it is observed that though current ratio has increased during the year and reported more than 1 times. Current ratio represent that the company is enough capable to meet current obligation with liquid asset. On the other hand, quick ratio of the company has increased and reported to 2.35 times in FY 2023 from 2.10 times in FY 2022. This improve of quick ratio was due to decrease current liability. Cash ratio indicates that the company can pay-off 17.11% of its short term liability through available cash amount.

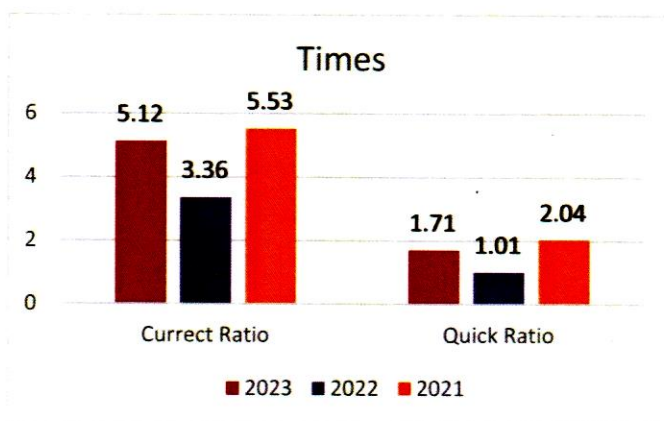
In FY 2023, trade receivable days takes more than 03 months to collect cash from customer, whereas it was less than 03 months in the previous year. This represents that JSMDL deteriorated efficiency in credit collection process from that of the previous year. It also mentioned that, inventory turnover period has increased and reported 186 days in FY 2023, which was 113 days in the previous year. However, product obsolesce risk should also be considered by JSMDL.

Cash Conversion Cycle of JSMDL has deteriorated due to increase of trade receivable as well as inventory turnover days.

Exhibit 2: Selected Indicator: JMI Syringes & Medical Devices Ltd.

FYE 30 June	2023	2022	2021
Current Ratio (x)	5.12	3.36	5.53
Quick Ratio (x)	2.35	2.10	3.72
Cash Ratio (x)	0.17	0.16	0.15
Trade Receivable (days)	100	79	121
Trade Payable (days)	50	31	51
Inventory Turnover (days)	186	113	111
Cash Conversion Cycle (days)	236	161	181

Data obtained from audited financial statements of 2021-2023



Cash Flow Analysis

Operating cash flow (CFO) is a measure of the cash generated or used by a company in a given period solely related to core operation. Operating cash flow is important because it provides the analyst insight into the health of the core business or operations of the company. Without a positive cash flow from operations a company cannot remain solvent in the long run. In FY 2023, CFO of the company has reported BDT 65.72 million, which has increased by BDT 24.94 million. This was due to lower cash paid to suppliers & others and lower tax payment.

CFO interest coverage ratio states the company has sufficient capability to pay off its finance expenses with its available cash from operating activities. On the other hand, CFO debt coverage ratio showed that the company is partially able to pay off its debt from generated CFO.

Exhibit 3: Selected Indicator: JMI Syringes & Medical Devices Ltd.

FYE 30 June	2023	2022	2021
CFO (BDT in millions)	65.72	40.78	185.09
CFO Interest Coverage Ratio (x)	4.81	2.44	15.31
CFO Debt Coverage Ratio (x)	0.49	0.19	2.76

Data obtained from audited financial statements of 2021-2023

Leverage & Capital Structure

The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The debt-to-equity ratio of JSMDL is demonstrating that dependency on external financing has decreased in FY 2023 from previous year and represents low gearing position of the company. Interest coverage ratio shows that the company has sufficient operating profit to cover its finance cost. Net asset value (NAV) of the company has decreased by BDT 149.96 million due to decreasing of cumulative retained earnings.

Exhibit 4: Selected Indicator: JMI Syringes & Medical Devices Ltd.

FYE 30 June	2023	2022	2021
Debt-to-Equity (x)	0.05	0.08	0.02
Net Asset Value (BDT in millions)	2,595.91	2,745.87	2,711.58
Interest coverage (x)	5.45	13.31	16.11

Data obtained from audited financial statements of 2021-2023

Bank Facilities & Credit History

JMI Syringes & Medical Devices Ltd. has been enjoying financing facility from Pubali Bank PLC, Bangabandhu Avenue Corporate Branch, Dhaka.

It is noted that, purpose of loan is to import of raw materials and spare parts, to mitigate working capital requirement for existing business, for retirement of L/C documents and for participation in tenders floated by Govt/Semi Govt/Autonomous bodies and to purchase Toyota Hiace Super. According to information provided by bank, the company has no overdue. AlphaRating only considered the above-mentioned financing facilities availed by the company.

Exhibit 5: Bank Loan: JMI Syringes & Medical Devices Ltd. (As on 31.12.2023)

Bank	Mode	Limit	Outstanding
		(BDT in Millions)	
Pubali Bank PLC	Term Loan (Transport)	300.00	0.40
	BG (Revolving)	250.00	64.90
	L/C (Revolving)	300.00	42.80
	LATR (Revolving)	200.00	87.50
	Lease (Transport)	3.15	4.50
Total		1,053.15	202.30

Security/Mortgages

Pubali Bank Ltd

- Hypothecation of stock.
- Personal guarantee of all the directors of the concern.
- One postdated MICR cheque covering full sanction limit.
- Corporate guarantee of JMI Hospital Requisite Manufacturing Ltd.
- One Toyota Hiace Super.

Collateral

JSM DL has offered registered mortgage of the following property:

Particulars	Market Value
3.30 decimal land with construction located at Gulshan, Mohakhali, Dhaka.	11.80
19.50 decimal land located at Fatulla, Narayangonj.	21.60
Total 4802 sft office space and parking at New Circular Road, Siddheshwari, Dhaka.	50.00
Total	83.40

Management & Other Qualitative Factors

Management & Board

JSMDL is run by esteem number of individual who comes from diverse backgrounds and holds many years of experience under their belt. The management team assures an exceptional depth and breadth of expertise. The board consists of 13 members with skills and experience enabling them to execute their views and judgments that facilitates in formulating corporate policies and business strategies. The company is headed by the Chairman, Md. Javed Iqbal Pathan. The boards of directors are responsible for adequate accounting records to ensure transparency of the company.

There are thirteen experienced members in the board including the Managing Director, Md. Abdur Razzaq. He is also responsible for the day to day affairs of the company in collaboration with the other directors. He has extensive experience in the field of medical device manufacturing and export business. All of the directors seemed to be very energetic and enthusiastic persons and well experienced in this sector. There is also 7 nominee director from Nipro Corporation whom are shown on company information.

Audit Committee

For ensuring good governance in the Company, the company has an audit Committee. The audit committee composed of four (4) members of the Board of Directors including Company Secretary and Chairperson of the Audit Committee is Independent Director of the Company. Mr. Muhammod Mustafizur Rahman is the Chairmah of this committee. The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

Quality Issue

The company is always committed to assure the best quality medical devices and best services to the customers. Bearing this in mind, their technical experts, skilled and trained staffs always try to leave no stone unturned in their works by following the guidelines & instructions of the regulatory body of Bangladesh to ensure the production of quality medical devices. By virtue of the highest quality of medical device, the company has already obtained the confidence and trust of customers all over Bangladesh and overseas.

Safety

Safety is the first priority for JSMDL from the moment a compound is clear for clinical trials, to its approval by regulators for marketing, through its manufacture and distribution, and for as long as it is for sale in anywhere in the world. It has been emerged that all of JSMDLs colleagues in specialized groups devoted to safety, risk management, quality assurance, data collection and analysis, medical communication and regulatory compliance focus intently on the safe, effective and appropriate use of their products.

Internal Control

The Board has the ultimate responsibility for the company's system of internal control and for reviewing its effectiveness. It has been designed to manage the risk of failure to achieve the objectives of the company and to provide reasonable assurance that the company's assets are safeguarded against unauthorized use of material loss and that transactions are properly authorized and recorded.

Corporate Social Responsibility (CSR)

JMI Group is committed to protecting the health of the people of Bangladesh and the World by producing international quality medical devices. This is their social responsibility. Apart from this, through JMI Group, constantly working to establish happiness, peace and dignity in people's lives. In continuation of this, every year JMI Group celebrates the World Day of Peace on September 21 declared by the United Nations and also celebrate the International Women's day. Through JMI Group, 6 dialysis centers have been opened across the country to provide low cost kidney dialysis for poor kidney patients. World class dialysis services are being offered there at low cost. Apart from this, a ready-made garment factory has been set up for the social establishment of third gender people.

Safety for Factory Operation

Execute international recognized health and safety measures have always unfolded new heights of success for JMI Syringes & Medical Devices Limited. Its ongoing practice towards ensuring Environment Health and Safety for its employees and factory workers has been a symbol of good governance over the year.

Environmental Awareness

JSMDL is fully aware of their particular responsibility towards the environment. They take this into account when choosing their materials, processes, analysis methods and when disposing of their waste. JSMDL activities are always based on the responsibility handling of energies and raw material.

IT Infrastructure

The company is developing its own ERP system to ensure the overall internal control and end-to-end seamless flow of information across the functional activities. There will be an integration throughout the modules of Sales & Distribution (SD), Material Management (MM), Financial Accounting & Controlling (FICO), Production Planning (PP), Human Resource Management (HRM), Document Management System (DMS) and System Administration (ADM). Link between these modules will help to gather data automatically from both internal and external sources and centralizing it within a unified database. Workflows are streamlined; manual, redundant data-entry will be eliminated; ensure more accuracy and the relevant personnel can find the data as and when they required.

ERP also ensures better data and cloud security, i.e. dedicated security resources, avoid installing malicious software, data distributed across multiple servers. Multiple security layer has been established in the network to ensure the safety. Here, the latest version of Laravel & Vue.js used for front-end platform and for database used Oracle 19c. Connecting devices are firewall protected to the cloud service.

SD module already is in on air, other modules will be implemented phase by phase by the year 2023. Thus, company will be benefited as below:

- Better reporting tools with real-time information.
- A single source of truth – one integrated database for all business processes.
- Better access to customer information.
- Ensure order accuracy and on-time delivery.
- Only carry as much inventory as needed, avoid these common issues.
- Too much inventory, and higher overhead costs.
- Too little inventory, and longer customer fulfillment times.
- Better invoicing and better collections tools to bring cash in faster.
- Ensure proper inventory planning and better procurement management.
- Better customer service and improved vendor relationship management.
- Automate manual or routine tasks and implement smarter workflows.
- Gain efficiency and effective demand forecasting and lean inventory.
- Reduce production bottlenecks.
- Transparency through the business.

Compliance Issues

Particulars	Validity Date
Trade License	2023-2024
VAT	Registered
Tax Clearance Certificate	2023-2024
Fire & Civil Defense	2023-2024
Factory License	16.12.2024
Environmental Certificate	11.01.2024
IRC	30.06.2028
ERC	30.06.2028
Bangladesh Association of Pharmaceutical Industries	31.12.2023
Dhaka Chamber of Commerce and Industry	31.12.2023
Bangladesh Association of Publicly Listed Companies	31.12.2024

Assurance Certificates

Particulars	Validity Date
ISO 9001:2015	22.10.2024
ISO 13485:2016	22.10.2024
ISO 14001:2015	23.11.2025
Performance Quality Safety E008 Certificate	May, 2024
MTIC Certificate	27.05.2024
GMP Certificate	12.10.2024

END OF REPORT

COMPANY INFORMATION:**Board of Director**

SL.	Name	Designation
1.	Md. Javed Iqbal Pathan	Chairman
2.	Md. Abdur Razzaq	Managing Director
3.	Muhammod Mustafizur Rahman	Independent Director
4.	Katsuhiko Fujii (Nominee Director of Nipro Corporation)	Nominee Director
5.	Hemayet Hossain	Independent Director
6.	Hoi Kwan Kim	Director
7.	Tsuyoshi Yamazaki (Nominee Director of Nipro Corporation)	Nominee Director
8.	Takehito Yogo (Nominee Director of Nipro Corporation)	Nominee Director
9.	Koki Hatekeyama (Nominee Director of Nipro Corporation)	Nominee Director
10.	Seigo Tsuchiya (Nominee Director of Nipro Corporation)	Nominee Director
11.	Hisao Nakamori (Nominee Director of Nipro Corporation)	Nominee Director
12.	A.T.M Serajus Salekin Chowdhury	Independent Director
13.	Kyoetsu Kobayashi (Nominee Director of Nipro Corporation)	Nominee Director

Ownership Pattern:

Particulars	% of Shares
Sponsor/Director	79.65%
Institute	3.23%
Public	17.12%
Total	100.00%

Source: DSE as on 31.12.2023

Company Address**Corporate Office:**

Unique Heights, Level-11, 117, Kazi Nazrul Islam Avenue, Ramna, Dhaka-1217.

Registered Office:

GA-72/C, Progoti Shoroni, Middle Badda, Dhaka-1212.

Factory:

Noapara, Rajendrapur, Chauddagam, Comilla, Bangladesh.

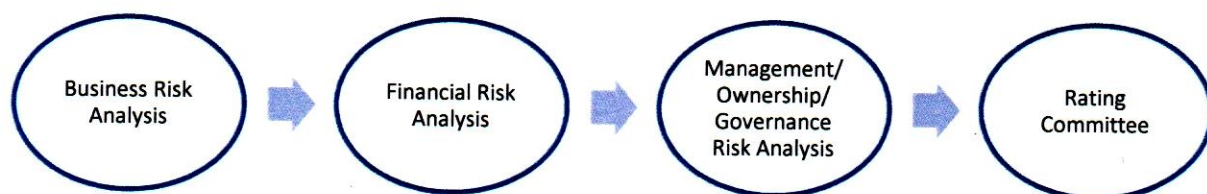
Auditor Address**G. Kibria & Co.****Chartered Accountants**Sadharan Bima Sadan (5th Floor)

24-25, Dilkusha Commercial Area

Dhaka-1000, Bangladesh

Phone: 223388071

AlphaRating's Research Methodology for Determining Corporate Credit Rating



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

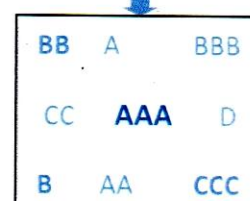
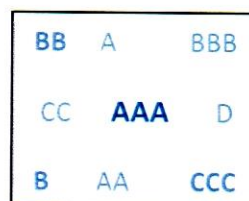
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook



POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	Rating may be raised, Lowered or remain unchanged.

ST-1	Strongest ability to meet Short term financial commitments
ST-2	Above average ability to meet short term financial commitments
ST-3	Average ability to meet Short term financial commitments
ST-4	Below Average ability to meet short term financial commitments
ST-5	Well below average ability to meet short term financial commitments
ST-6	Failed to meet short term financial commitments

AAA	Strongest Credit Quality
AA	Very Strong Credit Quality
A	Above Average Credit Quality
BBB	Average Credit Quality
BB	Slightly Average Credit Quality
B	Weak Credit Quality
CCC	Very Weak Credit Quality
CC & C	Extremely Weak Credit Quality
D	Failed to Meet Rated Financial Commitment On Time or When Due

Note: Long term rating from AA to B may be modified by the inclusion of a plus (+) or minus (-) sign to indicate relative strength within the rating category.

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