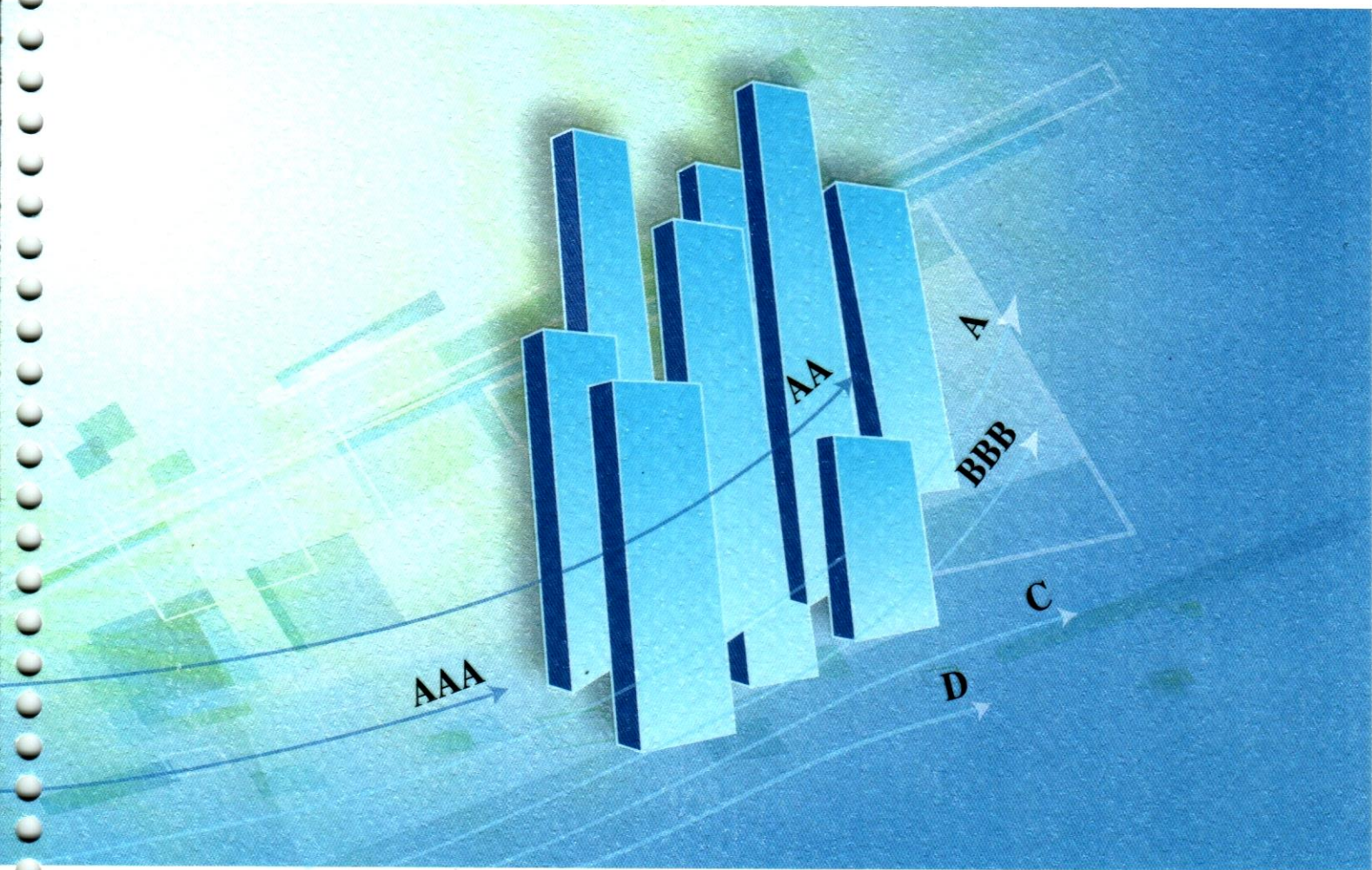


Credit Rating Report



# AlphaRating

JMI SYRINGES & MEDICAL  
DEVICES LIMITED

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

*(Corporate)*

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02 December, 2021

**Managing Director,  
JMI Syringes & Medical Devices Ltd  
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) has assigned the following rating to **JMI Syringes & Medical Devices Ltd.**

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
02 December, 2021	01 December, 2022	Surveillance	A+	ST-1	Stable

The Long-Term & Short-Term rating is valid up to the earlier of 01 December, 2022 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 analysts 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,

  
**Pranabesh Roy, FCCA**  
Chief Strategy Officer

**This letter forms an integral part of the credit rating report.**

**JMI Syringes & Medical Devices Limited** Rating Type *Surveillance* **A+** Long Term Rating **ST-1** Short Term Rating

**Stable** Outlook **Date of Declaration** 02 December, 2021 **Valid Till** 01 December, 2022

Business Risk Low	Operating Cash Flow Positive	Leverage Standard	Profitability Good	Industry Group Pharmaceuticals & Chemical	Sector Manufacturing
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### Previous Rating

Long Term Rating: **A+**  
Short Term Rating: **ST-1**  
Outlook: **Stable**  
Date of Declaration: **11 June, 2020**  
Valid Till: **10 June, 2021**

### Contact Analysts

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### Contents

<b>Rationale</b>	<b>2</b>
<b>Company Profile</b>	<b>3-4</b>
<b>Industry Analysis</b>	<b>5-8</b>
<b>Business Risk</b>	<b>9</b>
<b>Financial Risk</b>	<b>10-12</b>
<b>Bank Facilities &amp; Credit History</b>	<b>13</b>
<b>Management &amp; Other Qualitative Factors</b>	<b>14-17</b>

### Date of Incorporation:

5<sup>th</sup> April, 1999

### Chairman:

Mr. Md. Javed Iqbal Pathan

### Managing Director:

Mr. Md. Abdur Razzaq

**Authorized Capital:** BDT 1000.00 million

**Paid Up Capital:** BDT 221.00 million

### Total Asset:

BDT 3116.89 million (As on 30 June, 2021)

### Financial Institution:

Pubali Bank Limited  
(PBL)

### Total Loan Limit:

BDT 922.90 million


### Total Loan Outstanding:

BDT 516.60 Million (As on 31 October, 2021)

## Rationale

AlphaRating affirms long term rating of "A+" (pronounced as "A Plus") and short term rating of "ST-1" in favor of **JMI Syringes & Medical Devices Limited** (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, 2019 to 2021 and other qualitative information provided by the management. AlphaRating also considered the loan facilities availed by the company from Pubali Bank Limited, BB Avenue Branch, 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, increased revenue, increasing trend of net asset value, sufficient finance cost ability, sound liquidity position, availability of updated compliance documents and low dependency on external facility in current financial year that has supported the company to achieve stable outlook with revenue growth of 0.86%. In FY 2021.

  
Pranabesh Roy, FCCA  
Chief Strategy Officer  
Alpha Credit Rating Limited

### Key Performance Indicator (BDT Million)

FYE 30 June	2021	2020	2019
<b>Revenue</b>	1993.51	1976.5	1,778.49
<b>% Change</b>	0.86	11.13	25.12
<b>EBIT</b>	194.77	217.74	334.66
<b>% of Revenue</b>	9.77	11.02	18.82
<b>Net Profit Margin</b>	4.47	4.86	3.74
<b>Interest Coverage Ratio</b>	275.49	24.24	1.86
<b>Operating Cash Flow</b>	185.09	-32.73	400.16
<b>Current Ratio</b>	5.37	3.34	5.14
<b>Cash &amp; Cash Equivalent</b>	45.78	28.54	338.76
<b>Finance Expense</b>	12.09	5.76	179.64
<b>Debt to Equity</b>	0.02	0.1	0.05
<b>Bank Debt</b>	66.99	152.61	122.05

Data obtained from the audited financial statements of 2019 to 2021

In addition, strength of the rating has been resisted by decline profitability, poor working capital management of the company. In addition, the rating has also taken into account increased production cost, competitive market of related products and the prevailing JSMDL uncertainty associated with national macroeconomic environment.

The company has been enjoying financing facilities from Pubali Bank Limited, BB Avenue Branch. As per information provided by the banks, the company had no overdue liability. AlphaRating only considered the above mentioned financing facilities availed by the company.

## 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 25 November, 2021 total market capitalization of the company is BDT 7083.05 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. Corporate and registered office is situated at 72/C, Progoti Shoroni, Middle Badda, Dhaka-1212 and the factory of the company is located at Noapara, Chaudagram, Comilla, Bangladesh. The number of employees at the end of the year 1080.

## Major Products

Name of the Products	Name of the Products
0.05 ml Auto Disposable (AD) Syringe	3 ml Disposable Syringe (Slip Tip)
0.1 ml Auto Disposable (AD) Syringe	3ml Disposable Syringe(Lock Tip) Local
0.5 ml Auto Disposable (AD) Syringe	JMI 3ml Disposable Syringe (GP)
1 ml Auto Disposable (AD) Syringe	JMI 3ml Disposable Syringe (Lock Tip)
3 ml Auto Disposable (AD) Syringe	5 ml Disposable Syringe - (G P)
5 ml Auto Disposable (AD) Syringe	5 ml Disposable Syringe (Local)-BSMMU
10 ml Auto Disposable (AD) Syringe	5 ml Disposable Syringe (Slip Tip)
U100 Insulin Syringe 30G (Disposable, Ribbon Pack)	5ml Disposable Syringe(Lock Tip)-Local
U100 Insulin Syringe 31G (Disposable, Ribbon Pack)	JMI 5ml Disposable Syringe (GP)
U40 Insulin Syringe 30G (Disposable, Ribbon Pack)	JMI 5ml Disposable Syringe (Lock Tip)

1ml Disposable Syringe	10 ml Disposable Syringe (Local)-GP
3 ml Disposable Syringe -(G P)	10ml Disposable Syringe(Local)
JMI 10ml Disposable Syringe (Lock Tip)	3 ml Disposable Syringe with Dental Needle 30G x 1.25"
JMI 10ml Disposable Syringe (GP)	3 ml Disposable Syringe with Dental Needle 30G x 1.5"
20ml Disposable Syringe, Ribbon Pack	3 ml Disposable Syringe with Dental Needle 32G x 1"
50ml Disposable Syringe, Ribbon Pack	3 ml Disposable Syringe with Dental Needle 32G x 1.25"
50ml Disposable Syringe (Dialysis)	Needle 18G X 1 1/2
JMI Tommey Syringe (60 ml)	Needle 21G X 1 1/4
3 ml Disposable Syringe with Dental Needle 28G x 1"	Needle 23G X 1
3 ml Disposable Syringe with Dental Needle 28G x 1.25"	Needle 26G X 1 ½"
3 ml Disposable Syringe with Dental Needle 28G x 1.5"	Needle 26G X 1/2
3 ml Disposable Syringe with Dental Needle 30G x 1"	Needle 27G X 1/2
Suction Catheter, FG-18	JMI Wound Drain Tube, FG-06
Suction Catheter, FG-20	JMI Wound Drain Tube, FG-07
Suction Catheter, FG-22	JMI Wound Drain Tube, FG-08
Suction Catheter, FG-24	JMI Wound Drain Tube, FG-10
Infusion Set (Non-Air Vent Type with needle & without extra needle)	Infusion Set (Non-Air Vent Type with S.V.S & without extra needle)
Infusion Set (Non-Air Vent Type with S.V.S) G.P	Infusion Set (Non-Air Vent Type without S.V.S)
Infusion Set (Non-Air Vent Type without S.V.S)	Infusion Set (Non-Air Vent Type without S.V.S)

JMI 3 Way Stop Cock with Extension Tube, 100 cm	JMI 3 Way Stop Cock with Extension Tube, 150 cm
JMI 3 Way Stop Cock with Extension Tube, 200 cm	JMI 3 Way Stop Cock with Extension Tube, 25 cm
JMI 3 Way Stop Cock with Extension Tube, 50 cm	JMI 3 Way Stop Cock with Extension Tube, 500 cm
JMI Blood Lancet	JMI Disposable Feeding Tube, FG-04
JMI Disposable Feeding Tube, FG-05	JMI Disposable Feeding Tube, FG-06
JMI Disposable Feeding Tube, FG-07	JMI Disposable Feeding Tube, FG-08
JMI Disposable Feeding Tube, FG-10	JMI Disposable Feeding Tube, FG-12
JMI Disposable Feeding Tube, FG-14	JMI Disposable Stomach Tube, FG-16
JMI Disposable Feeding Tube, FG-16	JMI Disposable Stomach Tube, FG-18
JMI Disposable Feeding Tube, FG-18	JMI Disposable Stomach Tube, FG-20
JMI Disposable Feeding Tube, FG-20	JMI Disposable Stomach Tube, FG-22
JMI Disposable Feeding Tube, FG-22	JMI Disposable Stomach Tube, FG-24
JMI Disposable Feeding Tube, FG-24	JMI Disposable Stomach Tube, FG-25
JMI Disposable Feeding Tube, FG-25	Suction Catheter with Control Valve, FG-05
Suction Catheter with Control Valve, FG-08	Suction Catheter with Control Valve, FG-18
Suction Catheter with Control Valve, FG-10	Suction Catheter, FG-04
Suction Catheter with Control Valve, FG-12	Suction Catheter, FG-05
Suction Catheter with Control Valve, FG-14	Suction Catheter, FG-06
Suction Catheter with Control Valve, FG-16	Suction Catheter, FG-07
Suction Catheter, FG-10	Suction Catheter, FG-08
Suction Catheter, FG-12	Suction Catheter, FG-09
Suction Catheter, FG-14	JMI Wound Drain Tube, FG-04
Suction Catheter, FG-16	JMI Wound Drain Tube, FG-05

### Quality Assurance

The company has been accredited with ISO 13485: 2012, ISO 9001:2008, and EC Certification. The company has received Performance Quality Safety (PQS) certificate from World Health Organization (WHO).

### Strategic Change

In this year 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 22100000 and paid-up-capital is BDT 221000000 at the end of the year.

### Ownership Pattern:

<b>Particulars</b>	<b>No: of Shares Held</b>	<b>&amp; of Shares</b>
<i>Sponsor &amp; Directors (Local)</i>	17602650	79.65%
<i>Institution</i>	848640	3.84%
<i>General Public</i>	3648710	16.51%
<b>Total</b>	<b>22100000</b>	<b>100.00%</b>

# As on 31.10.2021

### 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



Company Profile

**Industry Outlook**

Business Risk Analysis

Financial Analysis

Bank Facilities

Management &amp; Other Qualitative Factor

## Industry Overview

### Introduction

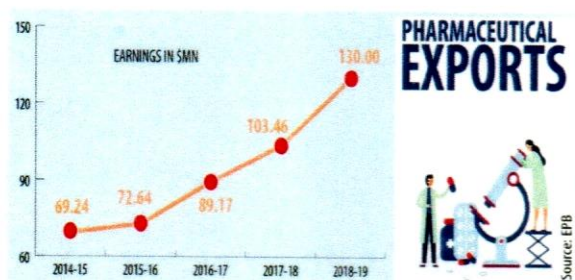
Pharmaceutical industry is one of the most important sector in Bangladesh. It is the only industry, which has its own strong manufacturing capabilities to produce the pharmaceuticals product. Pharmaceuticals companies face in Bangladesh. There are about 250 pharmaceuticals firms in Bangladesh. Among them some companies are the large size and more sophisticated. Some companies are small sizes and traditional qualities. A few companies dominate the whole medicine market. So they have to face severe competition in pharmaceuticals market. The pharmaceutical industry's growth slowed significantly last year in the aftermath of Covid-19 pandemic. The life-saving drug market expanded at 6.5 per cent in the third quarter of 2020 to September, down from the annual double-digit of 10-12 per cent. The healthcare system, centralized in urban areas, was virtually paralyzed from April to July. Out of fear of contracting new coronavirus, doctors, nurses and other healthcare workers almost stopped providing services to patients during the period.

Industry insiders said this has led to the sluggishness of one of the fastest-growing industries in the country. However, the big players, who dominate the country's market, found their sales volume less-affected. Sales of drugs manufacturers having over-the-counter products were not hampered, thus keeping their financial health almost stable. At the end of September, the total pharmaceutical market stood at around Tk 245000.00 million, according to IQVIA, a US-based pharma consultancy. This is the retail sales of generic drugs. It does not include homeopathy, traditional and other drugs.

### Export scenario

Bangladesh aspires to become a global player in pharmaceutical business; it has started exploring the overseas medicine markets and quite a few local manufacturers have already penetrated several of these markets. The local pharma executives have claimed to export medicines to more than one hundred countries. While Bangladesh made medicines have landed mostly in the low and middle income countries (LMIC), several highly regulated markets including the USA, the UK, Australia and Canada have been accessed as well- thanks to the high quality of locally produced medicines, determination and persistence of pharmaceutical professionals, and the ongoing and strong government policy support to groom this industry. According to Bangladesh Export Promotion Bureau's report (Commodity-wise Data of Countries for Period: July-June 2019-2020), Bangladesh exported pharmaceuticals to 118 countries. However, this number may disguise the facts that in 55 of these countries Bangladesh's export amounted to only 100,000 US\$ or less; only in 21 countries, export value exceeded one million US\$.

Industry critics may justifiably argue that the pharmaceutical export growth curve for Bangladesh should have been much steeper and the export volume is still too low to cause great optimism. Bangladesh is positioned nowhere close to even a mid-ranking medicine exporter in the world; rather the country is still bringing more medicines in than what it is sending out. In 2019, Bangladesh was ranked 71st on the list of 134 countries that export medicines whereas it was ranked 129 on the list of 213 countries that import.

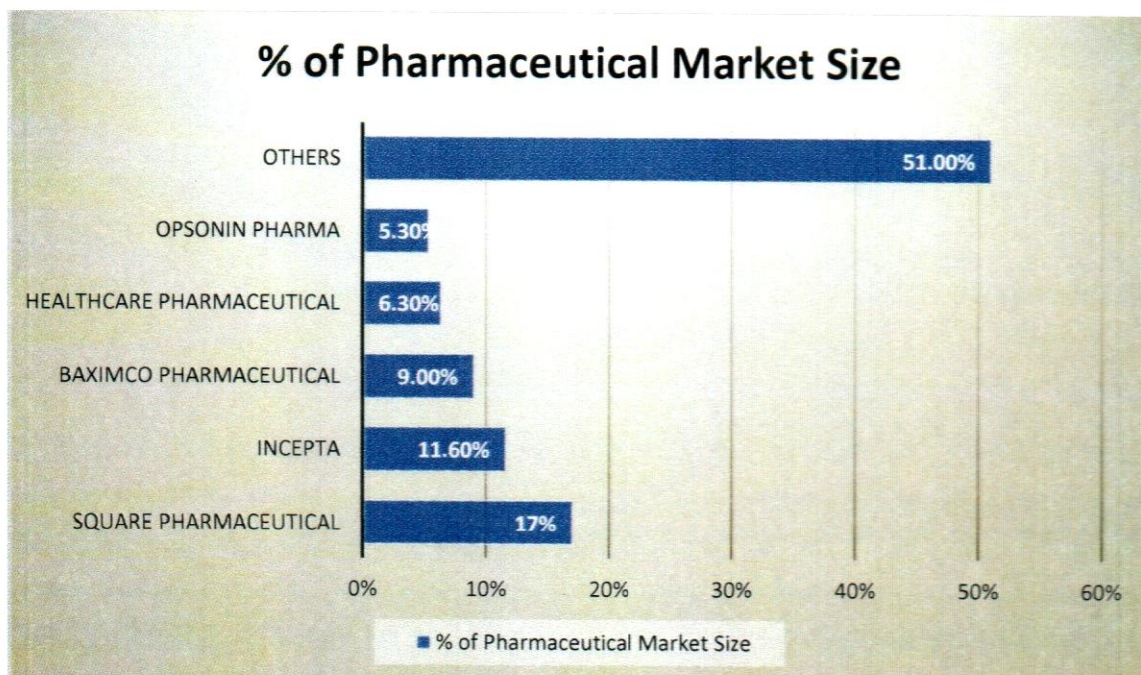


### Opportunities in Global Generic Drugs Market for Bangladesh

The pharmaceutical industry's growth slowed significantly last year in the aftermath of Covid-19 pandemic. The life-saving drug market expanded at 6.5 per cent in the third quarter of 2020 to September, down from the annual double-digit of 10-12 per cent. The healthcare system, centralized in urban areas, was virtually paralyzed from April to July. Out of fear of contracting new coronavirus, doctors, nurses and other healthcare workers almost stopped providing services to patients during the period. Industry insiders said this has led to the sluggishness of one of the fastest-growing industries in the country. They said a large number of urban people consumed some vitamins and antibiotics to build immunity, but these are cheaper drugs in the market, making it difficult for the industry to fill the vacuum created by the lethal virus. However, the big players, who dominate the country's market, found their sales volume less-affected. Sales of drugs manufacturers having over-the-counter products were not hampered, thus keeping their financial health almost stable. At the end of September, the total pharmaceutical market stood at around Tk 245 billion, according to IQVIA, a US-based pharma consultancy. This is the retail sales of generic drugs. It does not include homeopathy, traditional and other drugs. Square Pharmaceuticals, the largest drug maker of the country, retained its top position in the industry during the period.

### Market Position of Different Companies

Pharmaceutical companies in Bangladesh usually provide branded-generic products as a result of which established brands are able to charge premium price for its products. According to IMS Health Care Report 2020, top 5 companies hold 49.00% of Pharma market share. Companies that secured position ranging from 1st to 5 th on the basis of their relative market shares hold only 51.00% market share.



## 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 Ltd. 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. However, considering the sufficient money supply in the economy, AlphaRating is anticipating that the interest rate may not go up in next one year.

### 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 been observed that, revenue of the company has been increased by 0.86% in FY 2021 as the JSMDL grabbed more market share as import substitute. Further scrutiny revealed that total export sales represent 44.60 (USD 1 = BDT 85.67) million in 2021 which was 11.64 million in 2020. As the export sales was more than double in 2021 than 2020, 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 been increased at a higher rate of revenue growth in 2021. As a result, Gross Profit Margin of the company has been decreased in FY 2021. However, still now the Gross Profit Margin stands on above the satisfactory level that implies efficient direct costs management of the company. On the other hand, operating expense of the company consist of both administration & selling expense. However, due to COVID-19 the Company was unable to maintain positive growth in operating profit in FY 2021 as a result The Operating profit Margin has been decreased by 1.25 percentile points in FY 2021.

Scrutiny revealed that JSMDL mostly dependent on external investment in financing capital expenditure and working capital requirement which have given significant rise in finance cost. At the same time, other income has decreased by 13.16% in 2021. Due to impact of the inability the company to control its overall expenses has led to the deterioration of Net Profit Margin to 4.47% in FY 2021.

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

FYE 30 June	2021	2020	2019
<b>Revenue (BDT in Millions)</b>	1993.51	1976.50	1,778.49
<b>Revenue Growth (%)</b>	0.86	11.13	25.12
<b>COGS (BDT in Millions)</b>	1656.09	1588.86	1,266.22
<b>COGS Growth (%)</b>	4.23	25.48	25.43
<b>Operating Profit (BDT in Millions)</b>	194.77	217.74	334.66
<b>Profit After Tax (BDT in Millions)</b>	89.11	96.04	66.55
<b>Gross Profit Margin (%)</b>	16.93	19.61	28.80
<b>Operating Profit Margin (%)</b>	9.77	11.02	18.82
<b>Net Profit Margin (%)</b>	4.47	4.86	3.74
<b>ROA (%)</b>	6.05	6.84	13.97
<b>ROE (%)</b>	3.30	3.65	4.46

Data obtained from the audited financial statements of 2019 to 2021

The return on assets ratio measures how effectively a company can earn a return on its investment in assets whereas return on equity measures profitability as a percentage of the Company's total equity base. Despite 6.24% fall in total asset, the company has suffered lower Return on Asset (ROA) mainly due to 10.55% lower operating profit. In addition, Return on Equity (ROE) has been decreased slightly in this FY 2021. Though this fall in ROE, gives us negative impression about the profitability but the real fact of timing of injection of the share money deposit will justify the maximum portion this fall and the remaining portion is justified as because of fall in net profit in 2021.

### Liquidity Analysis

While analyzing the liquidity portion of the company, it is observed that current ratio has been increased significantly in current year just because of shrinkage of current portion of long-term loan due to time maturity and paying of the maximum portion of short term bank loan from the investment of NIPRO Corporation Japan. Current ratio represent that the company is enough capable to meet current obligation with liquid asset. On the other hand, Quick Assets Ratio of the company has been reported 2.07 times in FY 2021. This represents that the company has sound liquidity position to meet all kind of short-term liabilities by their most liquid assets. Even though, the amount inventories of the company has been increased by 16.45% compared to that of last year, It is important to mention that, pharmaceuticals inventories are temperature sensitive. So, holding inventories for long time or improper inventory management may cause serious loss of the company. Cash ratio indicates that the company has enough capability to pay-off its short term liability through available cash amount.

In FY 2021 Trade receivables days indicates that it takes about near 4 months to collect cash from JSMDL customer whereas it was about more than 3 months in the previous year. This also represents that JSMDL suffered inefficiency in credit collection process from that of the previous year. It also mentioned that, Inventory Turnover Period has increased slightly in FY 2021. Inventory Turnover Days was reported as 111 days which was 109 days in the previous year. However, product obsolesce risk should also be considered by JSMDL.

Cash Conversion Cycle has been increased due to the increase in inventory holding Days & trade receivable days.

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

FYE 30 June	2021	2020	2019
<b>Current Ratio (x)</b>	5.37	3.34	5.14
<b>Quick Ratio (x)</b>	2.07	1.52	3.78
Cash Ratio (x)	0.15	0.06	0.94
<b>Trade Receivable (days)</b>	121	105	74
Trade Payable (days)	67	72	55
<b>Inventory Turnover (days)</b>	111	109	142
Cash Conversion Cycle (days)	165	143	161

Data obtained from the audited financial statements of 2019 to 2021

### 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 2021, CFO of the company has been reported BDT 185.09 million due to high collection from customers and lower income tax payment.

CFO interest coverage ratio states the company has sufficient capability to pay off its short term obligations with its available cash from operating activities. On the other hand, CFO debt coverage ratio showed better result and current level of CFO suggests the company's short term bank loan paying capability is good.

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

FYE 30 June	2021	2020	2019
<b>CFO (BDT in millions)</b>	185.09	(32.73)	400.16
<b>CFO Interest Coverage Ratio (x)</b>	15.31	-	2.23
<b>CFO Debt Coverage Ratio (x)</b>	2.76	-	3.27

Data obtained from the audited financial statements of 2019 to 2021

### 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 been slightly decreased in FY 2021 and represent low gearing position the company. This improvement was reflecting company's very fundamental strategic decision of paying off all the bank liability by issuing new share capital to reduce the finance cost and to ensure better return for the shareholders. Interest coverage ratio has increased significantly in FY 2021 which indicates the company has sufficient operating profit to cover its finance cost. Net asset value (NAV) of the company is increasing over the years due to increasing of cumulative retained earnings.

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

FYE 30 June	2021	2020	2019
<b>Debt-to-Equity (x)</b>	0.02	0.10	0.05
<b>Net Asset Value (BDT in millions)</b>	2711.58	2688.77	2,575.57
<b>Interest coverage (x)</b>	275.49	24.24	1.86

Data obtained from the audited financial statements of 2019 to 2021

## Bank Facilities & Credit History

Exhibit 5: Bank Loan: JMI Syringes & Medical Devices Ltd.

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

It is noted that, purpose of loan is import of raw materials and spare parts, is 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. According to information provided by bank, the company has no overdue liability. AlphaRating only considered the above mentioned financing facilities availed by the company.

Bank	Mode	Limit	Outstanding	As on
		(BDT in Millions)		
Pubali Bank Limited	Term Loan	300.00	8.20	31.10.2021
	BG (Specific)	2.90	2.90	
	BG (Revolving)	200.00	134.80	
	L/C (Revolving)	300.00	278.70	
	LATR (Revolving)	120.00	92.00	
<b>Total</b>		<b>922.90</b>	<b>516.60</b>	

## 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.

### Collateral

JSMDL 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
<b>Total</b>	<b>83.40</b>

## 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 polices and business strategies. The company is headed by the Chairman, Mr. 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, Mr. 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

Audit committee consists of three directors as a sub-board committee. The committee is headed by Mr. Md. Abdul Haque. The committee carries out its responsibilities as per the provisions of law and submits its report to the board of directors. The committee ensures compliance requirement of BSEC and other agencies, co-ordinate with the internal & external auditors as and when required.

### 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)**

In line with Government's development plan as well as its own Corporate Responsibility (CR) philosophy, JMI engages itself in various types of Corporate Responsibility (CR) programs. Through its CR initiatives, JMI intends to contribute towards the development of socio economic and ecological condition of the country through enriching people's lives focusing on their primary needs as well as conserving the unique culture & Heritage of Bangladesh.

JMI supports global business community to uphold social issues in business operations and being convinced of the benefits which will accrue out of voluntary adherence to universally recognized social values in transaction of businesses.

The company considers the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations. This obligation is seen to extend beyond their statutory obligation to comply with legislation. JSMDL helps many NGO's in their effort to make available healthcare to the disadvantage population of the Country. It sponsors programs to build awareness on the healthcare need.

### **Software Facility**

The company use accounting software to maintain the accounting procedures. The company also maintains computerized system for all types of records as a working paper document. Various IT technologies are used by the head office to maintain a smooth connection with the factory such as mobile phone, land telephone, fax, etc.

### **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.

Company Profile Industry Outlook Business Risk Financial Analysis  
 Bank Facilities **Management & Other Qualitative Factor**

## Compliance Issues

Particulars	Validity Date
Trade License	2021-2022
VAT	Registered
Tax Clearance Certificate	2020-2021
Fire & Civil Defense	2021-2022
Insurance Certificate	30.09.2022
Factory License	30.06.2022
Environmental Certificate	11.01.2022
IRC	30.06.2022
ERC	30.06.2022
Bangladesh Association of Pharmaceutical Industries	31.12.2021
Dhaka Chamber of Commerce and Industry	31.12.2021
Bangladesh Association of Publicly Listed Companies	31.12.2021

**END OF REPORT**

**COMPANY INFORMATION:****Board of Director**

SL.	Name	Designation
1.	Md. Jabed 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.	Md. Abdul Hoque	Independent Director
6.	Hoi Kwan Kim	Director
7.	Mr. Tsuyoshi Yamazaki (Nominee Director of Nipro Corporation)	Nominee Director
8.	Takehito Yogo (Nominee Director of Nipro Corporation)	Nominee Director
9.	Mr. Koki Hatekeyama (Nominee Director of Nipro Corporation)	Nominee Director
10.	Seigo Tsuchaiya (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

**Company Address****Registered & Corporate Head Office:**

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

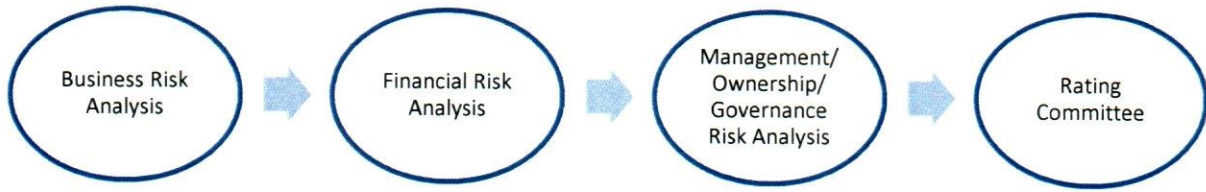
**Factory:**

Noapara, Chauddagam, Comilla, Bangladesh.

**Auditor Address****G. Kibria & Co.****Chartered Accountants**Sadharan Bima Sadan (5<sup>th</sup> Floor), 24-25, Dilkusha Commercial Area

Dhaka-1000 Dhaka, Bangladesh.

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:

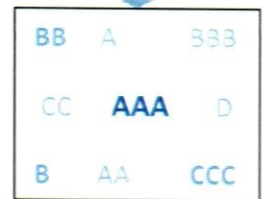
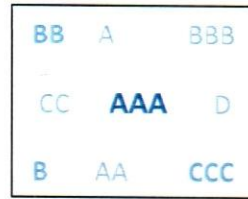
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

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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