

Sunil Healthcare Limited

October 05, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	38.85	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	RBI	18.85	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Sunil Healthcare Limited (SHL) to monitor rating(s) vide email communications/ letters dated June 10, 2026, July 02, 2026, July 16, 2026, July 31, 2026, August 05, 2026, August 31, 2026, September 02, 2026, among others, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed ratings on the basis of the best available information, which however; in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. SHL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. Ratings on SHL's bank facilities and will now be denoted as CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using rating(s).

Ratings assigned to bank facilities of SHL have been revised, considering non-availability of requisite information due to non-cooperation by SHL with CareEdge Ratings efforts to undertake a review of ratings outstanding. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk. Ratings continue to factor the company's stagnant scale of operations, losses reported in FY26 and stretched liquidity position owing to significant portion of receivables outstanding for over 180 days. Ratings continue to remain constrained by profit margins susceptible to raw material price volatility, foreign currency fluctuations risk, and highly fragmented and competitive industry with regulatory risks.

However, ratings continue to derive strength from experienced promoters and long track record of operations in the industry and its established brand name. Ratings also derive comfort from established relations with customers and moderate capital structure of the company.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers

At the time of last rating on July 09, 2025, following were rating strengths and weaknesses (updated from the information available from stock exchange).

Key weaknesses

Small scale of operations

SHL's scale of operations is in a declining trend for four years ending FY26. It remains small at ₹88.27 crore in FY26, compared to ₹83.63 crore in preceding financial year. As the scale remains small, it limits the company's financial flexibility in times of stress and deprives it of scale benefits. Due to this, the company booked negative gross cash accruals (GCA) of -₹1.03 crore in FY26.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Elongated operating cycle with high receivables in FY26

SHL's operating cycle reduced in FY26 against FY25 and stood at 231 days (PY: 252 days). Moderation in the operating cycle was mainly due to reduction in collection period. In FY26, receivables reduced with outstanding debtors totalling ₹43.69 crore as on March 31, 2026, compared to ₹48.50 crore at FY25-end. Of overall receivables, ₹15.54 crore were outstanding for over 180 days, which includes ~₹8.46 crore pertaining to related parties. These are pending for 1–3 years and the company is trying to recover the same on a best effort basis. In March 2025, SHL procured additional inventory of around two months to mitigate delay import transit time or custom clearance amid existing global geo-political unrest. The company extends a payment cycle of 120–150 days to its domestic and export customers. However, this period tends to increase towards the financial year-end.

Highly fragmented and competitive industry with regulatory risks

SHL is engaged in manufacturing capsule shells, which is a raw material (excipient category) for pharmaceutical and food supplement industry. The industry is characterised by a high level of competition having presence of multiple small and few big players. Pharmaceutical industry is a closely monitored and regulated industry, and as such there are inherent risks and liabilities associated with products and their manufacturing. Issues such as price control of essential medicines by the Government of India through the Drug (Prices Control) Order, 2013, pose regulatory risk for the pharmaceutical industry. Although, empty capsules shells are of excipient category in Drug (Prices Control) Order, 2013, but majority final products manufactured using these capsules are highly regulated. The company's ability to manage competition and pressure on selling prices will remain monitorable from the credit rating perspective.

Exposure to raw material price volatility and foreign currency fluctuations risk

Raw materials, primarily gelatine, colour, and chemical compounds, are obtained from domestic and foreign suppliers. Due to competitive industry, the company is not always able to pass on increase input costs to its customers, thus, profitability margins are exposed to adverse fluctuation in raw material prices. The company has identified certain new source of raw material procurement at a cheaper cost, to mitigate the impact of decline in selling prices, however; the saving on raw material procurement is not sufficient to completely absorb the declining realisation per capsule. Therefore, going forward adverse movement in raw material prices, would have a major impact on the company profitability and liquidity position. SHL's foreign currency exposure is naturally hedged to some extent as the company is engaged in import of raw material and exports of its products. The company also enters derivative contacts to hedge some part of its unhedged portion. Therefore, the remaining portion remains unhedged exposing profitability margins to adverse fluctuations in foreign exchange rates. However, the company has reported foreign currency fluctuation gains in last three years.

Key strengths

Experienced promoters and long track record of operations

SHL is promoted by Anil Khaitan (chairman and managing director), who has nearly four decades' industry experience and is involved in the company's overall business operations. The company's directors are assisted by a team of professionals, who are highly experienced in their respective domains. In case of exigency, promoters are committed to infuse funds to support business operations as reflected from their past trend by infusing unsecured loans and preference shares, among others. SHL is one of the established empty hard gelatin capsule (EHGC) shell manufacturer in the domestic market, and the company sells its products under the brand name, 'Sunloc', which enjoys decent credibility in domestic and foreign markets.

Comfortable profit margin and moderate capital structure

In FY26, the company has reported improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to 16.40% against 14.43% in FY25. Though reported net loss of ₹5.30 crore in FY26, respectively, against profit after taxation (PAT) of ₹0.21 crore due to provisioning of ₹9.47 crore against outstanding balances from its foreign subsidiaries and damage of ₹0.12 crore arising from fire incident at Alwar manufacturing plant. The company's capital structure improved slightly in FY26, as reflected by debt-to-equity ratio and overall gearing ratio of 0.30x and 1.08x, as on March 31, 2026 (PY: 0.46x and 1.21x). The company's debt profile majorly pertains to working capital limits and term loans. The company's capital structure is expected to improve gradually with stable profit margins, and scheduled repayment of term debt obligations.

Established relationship with diversified and reputed clientele despite customer concentration risk

Over the period, SHL has established a reputed customer base in domestic and export markets, which include reputed active pharmaceutical ingredients (APIs) and pharma manufacturers. In FY25, ~38.78% total income of SHL was derived from top five buyers, which remained at a similar level in FY24, of ~38%, leading to customer concentration risk to some extent. However, the company attempts to retain customers for long-term relationship, which helps it in getting regular orders from these buyers.

Liquidity: Stretched

The company is envisaged to generate GCA of ~₹8.0-9.0 crore against scheduled repayment obligations of ~₹7.0 crore in FY26, and routine capex of ~₹2.0 crore, reflecting GCA tightly matching with repayment obligations. The company's working capital cycle improved to 231 days in FY26 against 252 days in FY25, owing to improvement in receivables days. Receivables also includes ~₹8.46 crore of debtors from related parties, which the company is trying to recover on a best effort basis. With reduction in sanctioned working capital limits, average utilisation of this is expected to remain higher in FY26, which was ~85% for 12 months ending April 30, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Equipment & Supplies	Medical Equipment & Supplies

SHL was incorporated in 1973 by late S N Khaitan, father of Anil Khaitan, who is the present chairman and managing director of the company. SHL was originally constituted as a closely held public limited company by the name of Sunil Synchem Limited. However; this was changed in June 2005 to its current name. SHL is mainly engaged in manufacturing EHGC shells and hydroxypropyl methylcellulose (HPMC) at its sole unit at Alwar, Rajasthan. The company was earlier also engaged in trading (including merchant trading) agro-based commodities since 2013, under brand "Sunloc foods". However, this has been discontinued in FY20 (since July 01, 2019).

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	83.63	88.27
PBILDT	12.07	14.47
Profit after tax (PAT)	0.21	-5.30
Overall gearing (times)	1.21	1.08
Interest coverage (times)	1.90	2.36

A: Audited; UA: Unaudited; Note: These are latest available financial results.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	25.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-10-2028	13.85	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	18.25	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Forward Contract	RBI	Simple	-	-	-	-	0.60	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Cash Credit	LT	25.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (09-Jul-25)	1)CARE BBB-; Negative (08-Jul-24) 2)CARE BBB-; Negative (06-Jun-24)	1)CARE BBB-; Stable (23-Aug-23) 2)CARE BBB; Negative (27-Jun-23)
2	Non-fund-based - ST-BG/LC	ST	18.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (09-Jul-25)	1)CARE A3 (08-Jul-24) 2)CARE A3 (06-Jun-24)	1)CARE A3 (23-Aug-23) 2)CARE A3 (27-Jun-23)
3	Non-fund-based - ST-Forward Contract	ST	0.60	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (09-Jul-25)	1)CARE A3 (08-Jul-24) 2)CARE A3 (06-Jun-24)	1)CARE A3 (23-Aug-23) 2)CARE A3 (27-Jun-23)
4	Fund-based - LT-Term Loan	LT	13.85	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (09-Jul-25)	1)CARE BBB-; Negative (08-Jul-24) 2)CARE BBB-; Negative (06-Jun-24)	1)CARE BBB-; Stable (23-Aug-23) 2)CARE BBB; Negative (27-Jun-23)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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