



Date: 19/05/2017

To,  
The Manager,  
The Bombay Stock Exchange Ltd.  
Dept. of Corporate Service,  
PJ Tower, Dalal Street,  
Mumbai-40001

**Scrip code: 537253 (BSE)**

**Subject: Investor Release for FY 2016-17**

Dear Sir/Madam,

With reference to the above mentioned subject, Please find enclosed the Investor Release for FY 2016-17 of the Company for your reference and record.

Thanking you,

For Sunil Healthcare Ltd.,

A handwritten signature in blue ink, appearing to read "Pawan Rathi", written over a horizontal line.

Pawan Rathi

CFO

CC: Calcutta Stock Exchange Ltd.,  
7, Lyons Range  
Kolkatta-700001

**Sunil Healthcare Limited**

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CIN No. L24302DL1973PLC189662

**Sunil Healthcare – FY17 INVESTOR RELEASE**

**Revenue Growth at 24.91%; Revenue crosses Rs. 100cr for 1<sup>st</sup> time**

**EBITDA Growth at 13.06%**

**PAT Growth by 16.82%**

**Cash PAT increase by 15.42%**

**May 19<sup>th</sup>, 2017, New Delhi:** Sunil Healthcare Ltd, a leading manufacturer of Empty Hard Gelatin Capsules, has announced its Audited Financial Results for the Quarter and year ended 31<sup>st</sup> March 2017.

**Key Standalone Financial Highlights:**

Rs. In Millions	Q4FY17	Q4FY16	YoY %	FY17	FY16	YoY %
Net Revenue	291.50	236.16	23.43%	1,036.16	829.49	24.91%
EBITDA	41.12	39.07	5.23%	177.09	156.63	13.06%
EBITDA Margin	14.11%	16.54%	(243bps)	17.09%	18.88%	(179bps)
Profit Before Tax	18.49	18.34	0.80%	92.03	80.30	14.60%
PAT	11.80	12.29	(3.94%)	61.04	52.25	16.82%
PAT Margin	4.05%	5.20%	(115bps)	5.89%	6.30%	(41bps)
Cash PAT	22.71	23.51	(3.40%)	104.40	90.45	15.42%
Cash PAT Margin	7.79%	9.96%	(217bps)	10.08%	10.90%	(82bps)
EPS (Rs.)	1.15	1.20	(4.17%)	5.95	5.10	16.67%

Profitability in the quarter was supported by growth in the Capsule division despite price erosion and power cost increases. Revenue growth in the quarter was contributed by both divisions – Capsules and Foods.

Our debtors have shown an increase in the last quarter owing to substantial sales of our Foods division in this quarter which will be normalised in Q1FY18. Debtors outstanding in the capsule business remain range bound as per Industry standards.

**Commenting on the Standalone Results, Mr. D. Gnanasekaran (CEO) said,** “We are very pleased to report our best ever financial performance in one of the most challenging environments faced by our Industry in recent years. We have worked through multiple head winds and have shown resilience and nimbleness to outperform our Industry several times over. Our performance is therefore a testimony to the dedicated and tireless work put in by the team across disciplines over the year.

We have strengthened our position as India’s 2<sup>nd</sup> largest EHGC maker by reaching a capacity of 11Bn capsules p.a. in FY17. Increased capacity has helped us achieve economies of scale and achieve stable margins in a challenging operating environment. Our vast experience, strong relationships with pharma majors, high quality products and large manufacturing capacities is working to our advantage. We are focused to address the large opportunity as an organized player in the global EHGC market and will continue to make investments for future growth. We have enough levers in our business model and are confident of improving our Business going forward.”

**The Capsules division Standalone performance is as follows –**

Rs. In Millions	Q4FY17	Q4FY16	YoY %	FY17	FY16	YoY %
Net Revenue	211.48	183.43	15.29%	841.35	734.08	14.61%
EBITDA	40.05	31.77	26.07%	178.34	151.58	17.65%
EBITDA Margin	18.94%	17.32%	162bps	21.20%	20.65%	55bps
Profit Before Tax	17.42	11.04	57.84%	93.28	75.25	23.96%
PAT	11.09	7.40	49.88%	61.88	48.87	26.61%
PAT Margin	5.24%	4.03%	121bps	7.35%	6.66%	69bps
Cash PAT	22.00	18.63	18.13%	105.23	87.06	20.87%
Cash PAT Margin	10.40%	10.15%	25bps	12.51%	11.86%	64.73

We are pleased to report that we have achieved a Volume growth of 30% in the FY17 versus FY16. This increase coupled with sustained and focussed approach for cost optimizations and rationalizations in areas such as Raw Material, Power Consumption, Productivity per man, and Logistical efficiencies have enabled us to expand our Revenue and profitability substantially on a YoY basis.

Furthermore, our Foods division has also shown an impressive growth in the last fiscal. We are continually learning the nuances of the industry and aim to further our growth prospects in this segment going forward.

**Performance of Subsidiaries in USA and Mexico:**

In FY17, we took a calculated decision to expand our reach in international market and created a sales presence in USA and Mexico.

We are pleased to report that our decision to set up our own front end Sales in two of these high consuming Capsule markets has met with a favourable response from customers.

In FY17, we have completed our back-end work in creation of requisite infrastructure which will drive sales going forward. We have set up sales teams, complied with Regulatory formalities, and have also established our warehousing and logistic network in these geographies.

In our US subsidiary, we have sampled with a large number of customers in the major consuming areas of the East and West Coast. Responses received thus far have been encouraging with us getting on the scoreboard by commencing sales within a few months of incorporation itself which is noteworthy.

Going forward, we will continue to focus on achieving incremental growth in the USA where are confident to create value proposition for our customers by providing them with Just in time delivery, cost savings in procurement and Regulatory compliances. We remain hopeful for FY18.

Our Mexican subsidiary too is showing positive signs early on. Like in the US, the objective here as well will be customer acquisition through value creation. We have sampled with an array of customers who have responded favourably. With the back-end work being completed in a relatively short time, we are poised to take the next step in achieving Sales volumes. We remain optimistic of the prospects in this large and high volume market.

**Industry Snapshot:**

The Empty Hard Gelatine Capsule Industry in India and also Worldwide is going through probably its most challenging period in recent years. There has been an overcapacity built up in some market pockets due to macro-economic situations which remain outside the control of our Industry. Exports

have remained muted owing to large currency disruptions in the emerging markets and slowdown in the oil producing countries. Owing to this, the emerging markets which have traditionally been a focus market of our Industry have lagged behind in demand growth as was seen in the past few years. On the domestic market front, demand growth has remained subdued due to several factors like Drug Pricing Control and regulatory overhang on the continuance of FDC in the domestic markets.

Commensurately there has been a price reduction seen across our Industry which has led to margins coming under pressure.

We expect the current situation to remain for the better part of this year with the wheels of change moving in the right direction from next calendar year.

#### **Road Ahead for Us:**

We remain optimistic and confident on our Industry and in line with this we have decided to continue to invest and expand on capacities and on market development. In FY 2018 we aim to increase our installed capacity to approximately 13.00 – 13.50 billion capsules/annum which will be operational by the 3<sup>rd</sup> Quarter of the fiscal. Through this expansion, we further aim to achieve economies of scale which is vital in a Volume driven business. We remain positive on maintaining our existing utilization levels going forward on the increased capacities as well.

We have also/are also undertaking several projects for cost optimization which we believe will have a significant impact on our margins in the long run. We will continue our focus in these areas further to maximise the benefits.

Our objective is to make ourselves more resilient and impervious to market cycles by creating and investing in a solid base to tide over market challenges to the extent possible. The various projects shortlisted and the Capex so planned are in line with this vision of ours.

We hope to see this pan out in the desired manner in the next 2-3 years.

#### **About Sunil Healthcare Ltd**

Sunil Healthcare Ltd, is the second largest manufacturer of Empty Hard Gelatin Capsules in India. A GoI recognized Star Export House, ~50% of revenues are from exports. With four decades of experience, and a strong brand equity "Sunloc", the company is a preferred vendor for large pharmaceutical companies.

The company was the pioneer of Double lock and Triple lock technology in India. With a strong focus on R &D, the company is constantly innovating its product line to cater to the industry requirements.

For more information, please visit the company website [www.sunilhealthcare.com](http://www.sunilhealthcare.com)

### **Safe harbor statement**

*Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.*

### **For Further Details, Please Contact**

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