

MORE WATTS PER WATT!

Sunil Hitech Engineers Limited • Annual report, 2010-11



Forward-looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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A WATT IS A TECHNICAL UNIT OF ENERGY THAT MEANS DIFFERENT THINGS TO DIFFERENT PEOPLE.

For some, it represents hope. For many, it represents well-being.

As a niche energy technology company that helps generate watts, Sunil Hitech also means different things to people.

Among India's largest niche energy technology providers to some. A company that makes it possible to climb life's value chain to many.

The watt may refine existence, but our ability to provide more watts per watt defines our identity.

SUNIL HITECH IS A LEADING NICHE ENERGY TECHNOLOGY BUSINESS...

...involved in BOP (Balance-of-Plant) and EPC (Engineering-Procurement-Construction) services for power plants.

We possess one of India's largest commissioned power plant portfolios of 18,525 MW (as on 31 March 2011).

We aim to operate as a seamless organisation that maximises the benefits arising out of standard and shared approaches across every activity.

WE ARE DIVERSIFIED AND YET INTEGRATED...

...offering engineered and fabricated boiler components through our 84.75% subsidiary, SEAM Industries Limited.

Besides, we supply sugar, ethanol and power through Gangakhed Sugar and Energy Limited, our associate company.



WE PROMOTE HEALTH, SAFETY AND SUSTAINABLE DEVELOPMENT...

...wherever we operate. The health and safety of our employees and sustainable societal development are our key priorities. We work as closely as possible with host local communities, respecting their customs and ensuring equitable benefits for all.

OUR OBJECTIVE IS TO MAXIMISE VALUE...

... by strengthening India's energy security. We invest in capacities and capabilities, leading to sustainable benefits.

WE STAND TALL DUE TO OUR VALUES

Vision

■ To contribute to the development of the power, steel and process industries as well as related infrastructure

■ To meet quality, price and schedule benchmarks and consistently satisfy customers

Mission

■ To develop, implement and innovate construction and onsite implementation methods to meet the best industrial standards

■ To continuously improve on cycle-time reduction, enhancement of construction methods applicable for the power, process and infrastructure industries and augment safety standards

Philosophy

■ To bring in a high level of project management, execution skills, meet customer benchmarks related to timely execution of projects meeting quality standards

■ To improve on existing quality systems in operations

■ To achieve greater productivity and safety standards

■ To develop human resources and improve employee attitudes

■ To maintain good net worth growth and build on the Company's assets

■ To be a market leader and a highly dependable service provider

■ To develop partnerships for growth and diversification

■ To continuously strive to achieve greater customer satisfaction

WE COME FROM A POSITION OF STRENGTH

■ Commissioned in 1984, Sunil Engineering Works was renamed Sunil Hitech Engineers Limited in 2005

■ The Company provides Design, Fabrication, Erection and Commissioning-related BOP (Balance-Of-Plant, excluding the Boiler, Turbine, Generator) assignments for power plants

■ Its integrated expertise spans fabrication, erection, testing and the commissioning of bunkers, electrostatic precipitators, boilers and TG sets in power plants

WE ARE DISPERSED, YET CLOSE TO CUSTOMERS

■ Headquartered in Nagpur (Maharashtra)

■ Our operational sites span 34 locations in 10 Indian states

WE TAKE PRIDE IN OUR ROBUST BRAINS TRUST

■ An employee team of 2,632 members

■ 36% of our employees are graduate and diploma engineers; around 4% are MBAs while the rest are CAs, CS and other graduates

WE ARE A LEADING LISTED ENTERPRISE

■ Our Company's equity shares are listed on the Bombay and National stock exchanges

■ Our promoters hold a 53.20% stake in the Company's equity share capital

WE ARE DRIVEN BY CUSTOMER COMMITMENTS



National Thermal Power Corporation Ltd



Bharat Heavy Electricals Ltd



Tamil Nadu Electricity Board



Madhya Pradesh Power Generating Co. Ltd



Shandong Electric Power Construction Corp., China



Skoda Exports Co. Ltd



Reliance Infrastructure Ltd



Maharashtra State Electricity Distribution Company Limited



Hindalco Industries Ltd



Maharashtra State Power Generation Co. Ltd



Jaypee Group



JSW Energy Ltd



JSW Steel Ltd



National Buildings Construction Corporation Ltd



Adani Power Ltd



Chhattisgarh State Power Generation Co. Ltd



Rajasthan Rajya Vidyut Utpadan Nigam Ltd



Maharashtra State Transmission Company Ltd

Dodson - Lindblom International Inc.

Dodson - Lindblom International Inc. (USA)



Gujarat Urja Vikas Nigam Ltd



Jindal Steel & Power Ltd



Hindustan Steelwork Construction Ltd



Rashtriya Ispat Nigam Ltd



Haryana Vidyut Prasaran Nigam Ltd



Punj Lloyd Ltd



Tata Projects Ltd



L&T



Bharat Aluminium Co. Ltd



Gujarat State Electricity Corporation Ltd



Avantha Group

OUR ACHIEVEMENTS

KEY FINANCIAL HIGHLIGHTS

Operating income
₹ 727.30 cr
2009-10: ₹ 722.68 cr
2010-11: ₹ 727.30 cr

Total assets
₹ 502.27 cr
2009-10: ₹ 467.43 cr
2010-11: ₹ 502.27 cr

Return on equity
14.63%
2009-10: 11.77%
2010-11: 14.63%

Profit before taxation
₹ 56.71 cr
2009-10: 52.41 cr
2010-11: 56.71 cr

Earnings per share (basic)
₹ 27.58
2009-10: ₹ 19.11
2010-11: ₹ 27.58

Employees with over 10 years
of relevant experience
726
2009-10: 580
2010-11: 726

A SHOWCASE OF OUR PRIDE-ENHANCING PROJECTS

- Maharashtra
- 500 MW-TG Structure, Boiler and Auxiliaries, Chandrapur
 - 2x210 MW- Boiler and Main Plant Structure, Khaparkheda
 - 250 MW- SG & TG Structure, CHP and Boiler Auxiliaries, Parli
 - 250 MW- SG & TG Structure and Fuel Oil Handling System, Paras
 - 210 MW- ESP Erection and Retrofitting, Koradi
 - 22 kV Lines and Sub-Station of APDRP, MSSEDCL, Kalyan
 - Transmission, Distribution of Line and Sub-Station on Turnkey Basis of APDRP, for MSSEDCL, Chandrapur
 - 250 MW Main Plant Structure, Boiler & Auxiliaries, STG, Bunker Belt, LD Piping, MS Pipeline, Chimney Steel Flue and Staff Quarters MSPGCL Parli U-2
 - 250 MW Main Plant Structure, Boiler & Auxiliaries, MS Pipeline and Chimney Steel Flue MSPGCL Paras U-2
 - 500 MW Boiler and Auxiliaries, MSPGCL Khaparkheda
 - 30 MW EPC, Co-Gen Plant, 60,000 TCD Sugar Plant and 60 KLPD Distillery Plant, Gangakhed
 - 220/22k, Magarpatta, 220/33 kV, Wathar and 132/33 kV Bambawade Sub-Station for MSETCL Transmission, Distribution of Line and Sub-Station on Turnkey Basis for MSSEDCL, Aurangabad
- Uttar Pradesh
- 2 x500 MW, Boilers Auxiliaries,

- Miscellaneous Structures and 250 Mtr. RCC chimney steel flues, Rihand
- 210 MW, Boilers and Auxiliaries, Unchahar
 - 2x80 MW, TPH- HRSG, Gail pata
 - 2x210 MW Boilers, Auxiliaries, Main Plant structures, Parichha
 - 2x490 MW, ESP and Auxiliaries Erection NTPC, Dadri

- Madhya Pradesh
- 4x500 MW, Stage II and III main Plant Structure and CW Piping Work, NTPC, Vindhyachal
 - 210 MW, Main Plant Structure and CW Piping Work, MPPGCL, Amarkantak

- Haryana
- 125 TPH HRSG, 2x250 MW TG and Mill Bunker Structure, Boiler and Auxiliaries, Panipat
 - 66 kV and 132 kV Sub-Station, Halluwas, Dahina and Gurgaon
 - 2x300 MW Main Plant Structure, Non-Pressure Parts and ESP, Yamunanagar
 - 2x600 MW Main Plant Structure, Hissar

- Tamil Nadu
- 2x210 MW Structural works, Neyveli
 - Renovation of Boiler Structure, Ennore

- Punjab
- 2x250 MW Bunker Structure, Bhatinda

- Rajasthan
- 3x250 MW Main Plant Structure, Boiler

- and Auxiliaries, Suratgarh
- 2x125 MW Main Plant Structure, Giral
 - 195 MW Main Plant Structure, Kota
 - 2x250 MW Main Plant Structure, Chhabra
 - 2x125 MW Boiler, Piping, Auxiliaries and AHP, Barsingsar

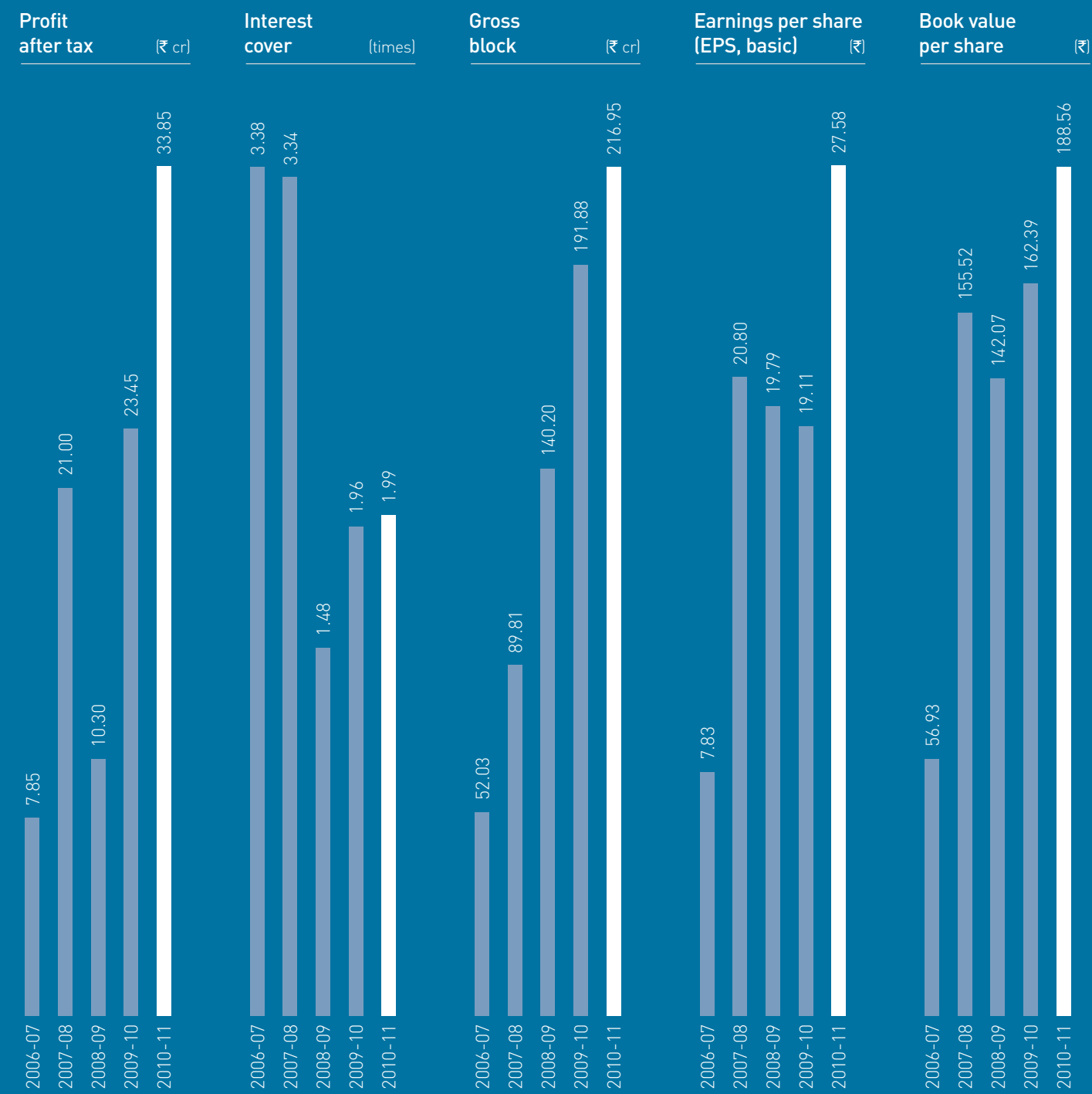
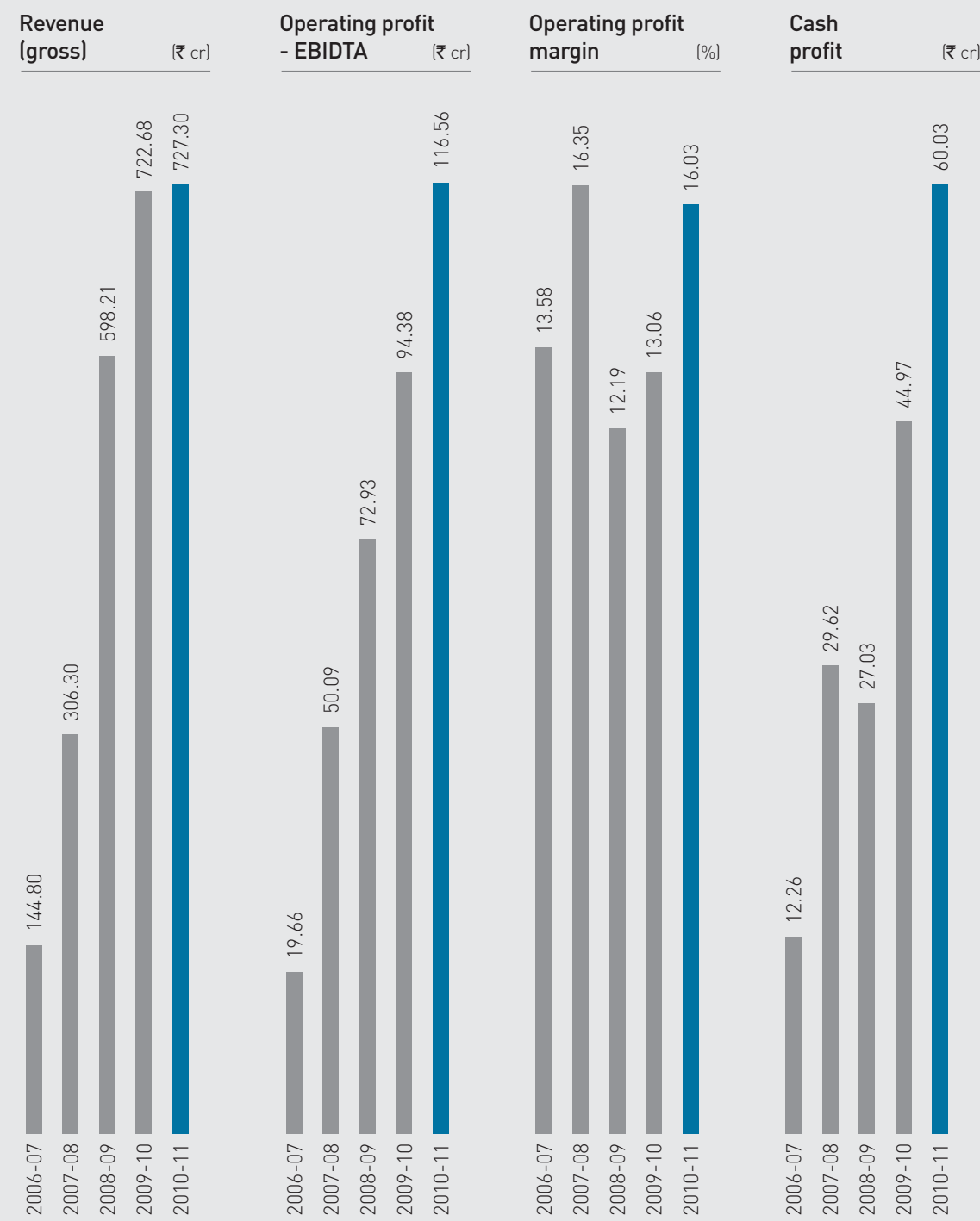
- Orissa
- 4x500 MW, SG and TG Area Civil Package, Structure and Ash Piping, NTPC, Talcher

- Gujarat
- Fabrication and Erection of Structure and IBR Piping work, Hindalco, Dahej
 - 2x125 MW, Main Plant Structure, CW Piping, Boiler and Auxiliaries and Storage Shed, GIPCL, Mangrol

- Chhattisgarh
- 1x275 TPH Boiler, 2x135 MW Boiler and Auxiliaries for BALCO at Korba
 - 250 MW Boiler and Auxiliaries, Bhilai
 - 2x500 MW SG and TG Area Civil Works Package, NTPC Sipat
 - 4x250 MW Main Plant Structure and ESP, JSPL Raigarh

- Karnataka
- JSW Steel Ltd, Bellary, Structure Steel Work for 7 MTPA Sinter Plant
 - JSW Vijaynagar Energy Ltd, Bellary, 2x300 M, General Structure Steel Work
 - 1x300 MW, JSW Steel Ltd, Structural Steel Work, Bellary

ADDING MEGAWATTS IS PROFITABLE



“WE ARE MAKING
SIGNIFICANT PROGRESS
TOWARDS NATIONAL
SECTORAL LEADERSHIP.”

Dear Shareholders,

SUNIL HITECH HAD A CREDITABLE
2010-11.

WE CONCENTRATED ON OPERATIONAL
EXCELLENCE TO CAPITALISE ON A
FAVOURABLE INDUSTRY
ENVIRONMENT, LEADING TO RECORD
RESULTS FOR 2010-11.

- OUR ORDER BOOK TOUCHED ₹ 1,702 CR AS ON 31 MARCH 2011
- WE TOUCHED AN ALL-TIME HIGH IN GROSS INCOME AT ₹ 727.30 CR IN 2010-11
- OUR EBIDTA AND CASH PROFIT INCREASED BY 23.50% AND 33.50% RESPECTIVELY IN 2010-11
- OUR NET PROFIT GREW 44.33% TO ₹ 33.85 CR

An exemplary performance by our people was core to our success during the year under report. They enabled us to commission assets in record time and operate these at or above nameplate capacities, while improving our safety performance. The result was that in 2010-11, we handed over a record 1,675-MW of power plants.

We remained committed to efficient capital management. It is our belief that the long-term creation of shareholder value requires a balanced approach to investing in growth and returning excess capital to shareholders, while maintaining a strong balance sheet.

Improving economic scenario

The world’s developed economies stabilised in 2010-11, following government fiscal and monetary stimulus packages, enabling them to focus on renewed gross capital formation. The energy sector continued to invest across the value-chain (from mining to power generation to transmission and distribution).

The Indian power sector added a significant 15,795 MW in 2010-11, the terminal year of the Eleventh Five-Year Plan. To renew India’s energy security,

nearly 107,500 MW is likely to be added during the Twelfth Five-Year Plan.

Sunil Hitech is attractively positioned to capitalise on the unfolding opportunities. The company possesses a strong balance sheet (net worth of ₹ 231.46 cr and working capital credit limit of ₹ 187.26 cr) and invested ₹ 26.95 cr in its gross block to widen services in 2011-12.

Governance and risk

At Sunil Hitech, we believe we are adequately prepared for the industry’s opportunities and challenges. We invested to overcome the skill shortages of a growing economy. We looked beyond cyclical peaks and troughs to expand in a sustainable way. We expect to maintain the highest governance standards in the pursuit of sectoral leadership.

Based upon our agreed strategic framework, our Board supports and oversees the Group’s management. The Board recognises that risk is an integral part of business; risk carries threats but also offers opportunities. Our process for effective risk management is embedded and essential to sustain our competitive advantage (discussed later in this report).

As a responsible employer, neighbour, partner and citizen, we are strengthening our position to continuously access people, capital and resources. Besides, our reputation helps us forge robust alliances that make sustainable development a reality.

Sustainable development

As India becomes increasingly energy-reliant, we need to find more efficient ways of servicing customers and sharing sustainable benefits with society. Sunil Hitech’s commitment to sustainable development permeates its business, integral to daily operations, legacy and future. As a responsible employer, neighbour, partner and citizen, we are strengthening our position to continuously access people, capital and resources. Besides, our reputation helps us forge robust alliances that make sustainable development a reality.

Our people’s commitment

It is inspiring to see the way our people collaborate, leading to remarkable results. On behalf of the Board, I would like to thank our people for their commitment; we express our gratitude to our shareholders for their support.

Outlook

Urbanisation and industrialisation will catalyse energy demand (renewable or non-renewable). The long-term outlook is favourable as India expects to invest aggressively in its core sector to propel GDP growth to 10% during this decade. In line with this sectoral opportunity, we expect to attain a turnover of ₹ 850 cr in 2011-12, thereby extending our success to all those who work with us, invest in us and depend on us.

Sincerely,

Ratnakar M. Gutte
Chairman and Managing Director

Continuing to add megawatts – capacities commissioned year-on-year

Year	Megawatts commissioned
2001-02	250
2002-03	250
2003-04	-
2004-05	1,500
2005-06	2,900
2006-07	1,585
2007-08	250
2008-09	3,435
2009-10	4090
2010-11	1,675

More smiles per watt!

**RAJI IN BACKWARD
MAHARASHTRA
RUNS TO CONSULT
HER TEACHER.
SHE IS CONFUSED
WITH TWO WORDS.**

LOAD SHEDDING.

At Sunil Hitech (order book of ₹ 1,702 cr as on 31 March 2011), we are extensively engaged in facilitating 23,664 MW projects across India

- During 2010-11, we bagged three prestigious projects involving the supply of civil BOP services for power plants with capacities of 660 MW, the largest such assets in India
- Our capital assets represent a competitive edge that catalyses timely project completion and also creates a growing appetite to consume larger work quantities; our cutting-edge assets and equipment comprise over 240 cranes (capacity 8 tons to 230 tons) and over 2,500 welding equipment
- Our engineering competence is reflected in the use of cutting-edge drawing software (Structure CAD of ACE CAD Software System) and a dedicated team

Result: Putting a smile on thousands of little Rajis helped grow our turnover at a CAGR of 38.10% over the five years ending 2010-11.