

SUNIL HITECH IS ONE OF INDIA'S LEADING ENERGY TECHNOLOGY COMPANY INVOLVED IN BOP (BALANCE-OF-PLANT) & EPC (ENGINEERING-PROCUREMENT-CONSTRUCTION) SERVICES FOR POWER PLANTS. THE COMPANY POSSESSES ONE OF INDIA'S LARGEST COMMISSIONED POWER PLANT PORTFOLIOS OF 30,369 MW (AS ON 31ST MARCH 2013).

Shifting gears!



97, East High Court Road,
Ramdaspath, Nagpur - 440 010, Maharashtra
Website: www.sunilhitech.com

Sunil Hitech Engineers Limited
15th Annual Report 2012-13

Forward-looking statements

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 our 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.



Contents

Corporate identity 3-7 Our key numbers 8-11 Corporate statement from the Chairman 12-13

Our key accomplishments in 2012-13 14-15 Accelerating year-on-year capacities 16-17 Powering ahead 18-19

Shifting gears 22-27 Corporate drivers 28-29 Strengthening our financial sustainability 30-31

Joint Managing Director’s review 32-33 Risk management 34 Profile of our Board of Directors 35-37

Our project showcase 38-39 Management discussion and analysis 40-47 Directors’ report 48-54 Code of conduct 55

Report on Corporate Governance 56-66 Standalone financial statements 69-100 Consolidated financial statements 101-132

Corporate information

Board of Directors

- Mr. Ratnakar Manikrao Gutte – Chairman & Managing Director
- Mr. Sunil Ratnakar Gutte - Joint Managing Director
- Mrs. Sudhamati Ratnakar Gutte - Executive Director
- Mr. Mattathil Narayanan Mohanan - Director (Operations)
- Mr. Vijay Ratnakar Gutte - Director (Finance)
- Mr. Venkataramana Condoor- Executive Director
- Mr. Sonyabapu Shankar Waghmare – Independent Director
- Mr. Dilip Y. Ghanekar - Independent Director
- Mr. Devesh Nandan Garg - Independent Director
- Mr. Sajid Ali - Independent Director
- Mr. Parag Sakalikar - Independent Director
- Mr. Siddharth Ratilal Mehta- Independent Director

R & T Agents

M/s Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Saki Vihar Road, Salki, Naka, Andheri (E), Mumbai - 400 072

Depositories

National Securities Depositories Ltd, Central Depository Services (India) Ltd

Company Secretary

Mr. Sandeep Kumar Mishra
97, East High Court Road, Ramdaspath, Nagpur - 440 010

Auditors

Kapoor & Parekh Associates, Chartered Accountants
157, Princess Street, Mumbai – 400 002, Maharashtra.

Bankers

- UCO Bank
- Union Bank of India
- Oriental Bank of Commerce
- Punjab National Bank
- Bank of India
- IDBI Bank
- ICICI Bank
- HSBC Bank
- Axis Bank
- Kotak Mahindra Bank

Corporate office

97, East High Court Road, Ramdaspath, Nagpur - 440 010 Maharashtra
Phone: + 91 712 2562087 / 88 / 3045200
Fax: 2562091
Email: info@sunilhitech.com, cs@sunilhitech.com
Website: www.sunilhitech.com

Registered office

Ratnadeep, Jaynagar, Parli Vajjnath, (Distt. Beed) Pin - 431 520 (Maharashtra)



Sunil Hitech Engineers Limited contributed to the commissioning of 8,060 MW of power generating assets in India in 2012-13, positioning itself as among the largest players in the country.

The Company's rich experience spanning 28 years makes it possible to not only grow its core business but also diversify into synergistic sectors like power plant operations and maintenance, transmission and distribution, mining, renewable energy (solar) and road projects.

This extension will make it possible for Sunil Hitech to climb into the next orbit of growth.



At Sunil Hitech, our strategy...

...is to grow and diversify the business over the long-term.

We intend to achieve this...

...by being the first-choice integrator for all civil engineering works for the core sector, delivering mission critical assets to large customers.

In order to deliver consistently and successfully...

...so as to become the preferred partner of our customers, we are concentrating on growing our core business by undertaking larger and more complex projects and leveraging our civil engineering experience to diversify into other core sectors requiring this niche expertise.

About Sunil Hitech Engineers Limited

POSITIONING

- Sunil Hitech Engineers Limited, the flagship Company of the Sunil Hitech Group, is among India’s leading niche EPC service providers, providing solutions across power plant BOP and EPC spaces and ensuring India’s energy security.
- Sunil Hitech Group offers engineered and fabricated boiler components through Seam Industries Limited (a subsidiary company)
- The Group also manufactures sugar, power and distillery products through Gangakhed Sugar and Energy Limited (an associate company)

BACKGROUND

- SunilHitech provides design, fabrication, erection and commissioning services and carries out other related BOP (balance-of-plant) assignments for power plants. The Company’s expertise also includes fabrication, erection, testing and the commissioning of bunkers, electrostatic precipitators, boilers, turbines and generators in power plants

VISION

- To contribute to the development of power, steel and process industries as well as related infrastructure
- To meet quality, price and schedule benchmarks and consistently satisfy customers
- To provide opportunities for employees to contribute their best towards the development of the organisation as a whole
- To serve the society by developing infrastructure facilities for the poor section of society



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 network growth and build on the Company’s assets
- To be a market leader and highly dependable service provider
- To develop partnerships for growth and diversification
- To continuously strive to achieve greater customer satisfaction

LOCATION

- Sunil Hitech Engineers Limited has its registered office in Parli Vajinath (Maharashtra), headquartered in Nagpur (Maharashtra) and corporate office in Mumbai (Maharashtra)
- The Company manages projects across 34 locations in 10 Indian states

LISTING AND MARKET CAPITALISATION

- The Equity Shares of Sunil Hitech are listed on the BSE and NSE with the promoters holding 53.20 percent stake in its equity share capital
- The Company's market capitalisation (free float) stood at Rs 69.78 cr as on 31 March 2013



CLIENTELE

National Thermal Power Corporation Limited ■ Chhattisgarh State Power Generation Company Limited ■ Bharat Heavy Electricals Limited ■ Rajasthan Rajya Vidyut Utpadan Nigam Limited ■ TANGEDCO (TNEB Limited) ■ Bharat Aluminium Company Limited ■ Madhya Pradesh Power Generating Company Limited ■ Maharashtra State Transmission Company Limited ■ Shandong Electric Power Construction Corporation, China ■ Alstom Energy Corporation ■ Skoda Exports Company Limited ■ Gujarat State Electricity Corporation Limited ■ Reliance Infrastructure Limited (formerly Reliance Energy Limited) ■ Jindal Steel & Power Limited ■ Hindustan Steelwork Construction Limited ■ Damodar Valley Corporation Limited ■ Rashtriya Ispat Nigam Limited ■ Maharashtra State Power Generation Co. Limited ■ JSW Steel Limited ■ Jaypee Group ■ Larsen & Toubro Limited ■ Maharashtra State Electricity Distribution Company Limited ■ Punj Lloyd Limited ■ Tata Projects Limited ■ JSW Energy Limited ■ National Buildings Construction Corporation Limited ■ Haryana Vidyut Prasaran Nigam Limited ■ Adani Power Limited ■ GAIL ■ FLSmidth Group ■ KVK Energy & Infrastructure Private Limited ■ NCC Limited

Our key numbers

ORDER BOOK

- Sunil Hitech’s order book value stood at Rs 2,295 cr as on 31 March 2013, representing 33.20 percent of the order book value at the beginning of the year under report (1 April 2012)
- New projects bagged stood at Rs 1,661 cr during 2012-13
- The Company’s order book has grown at a 14.34 percent CAGR over the past five years (FY09-FY13)

REVENUE

- Sunil Hitech’s revenue crossed the Rs 1,000 cr-mark for the first time in its history (Rs 1,096.02 cr in 2012-13) on account of focused execution and strong receivables management despite a challenging economic environment
- Revenues grew by a healthy 28.10 percent during the year under review
- Revenues have grown at a 13.94 percent CAGR over the past five years (FY09-FY13)

OPERATING PROFIT

- Sunil Hitech’s operating profit grew by 8.40 percent to Rs 131.58 cr in 2012-13 on the back of robust cost management and value engineering practices
- Operating profit margin grew to 12.01 percent
- Operating profit has grown at a 7.75 percent CAGR over the past five years (FY09-FY13)

CASH PROFIT

- Sunil Hitech’s cash profit grew to Rs 73.26 cr in 2012-13

NET PROFIT

- Sunil Hitech’s net profit grew 16.54 percent to Rs 27.93 cr in 2012-13
- Net profit margin stood at 2.55 percent during the year under review

2012-13 financial highlights

1,096.02
Gross revenue (Rs. cr)

131.58
Operating profit (Rs. cr)

27.93
Post-tax profit (Rs. cr)

29.90
Return on capital employed, average (percent)

1.20
Dividend per share (Rs.)

227.57
Book value per share (Rs.)



Words on numbers

With our track record of contributing to the commissioning of

8,060 MW

of power-generating assets during the year 2012-13 across 34 operational sites in India, we are among the largest brands in the civil, BOP and EPC assignments for the core power sector...

...Commensurate to our size and status, our order book has accelerated at a 14.34 percent CAGR over the last five years (ending FY13), with an order book accretion amounting to a respectable

2,295 cr

during the year under review...

... Revenues crossed

1,000 cr

reporting a sizeable 28.10 percent growth over 2011-12 followed a focus on timely projects completion and order book liquidation, enhancing the corporate appetite to undertake larger and more complex projects...

... Robust cost management, investment in modern technology and efficient value engineering initiatives enhanced our EBITDA by

12.01 percent

in FY13 in the backdrop of a challenging business environment...

... With sustained focus on our core business and application of our civil engineering experience across other sectors, we expect a growth in turnover of

20%+

in 2013-14.

Corporate statement from the Chairman



WE REPORTED A ROBUST NET PROFIT GROWTH OF 16.54% IN FINANCIAL YEAR 2012-13

Ratnakar Gutte
Chairman and Managing Director

Dear shareholders,

At Sunil Hitech Engineers Limited, we play the role of a partner with thousands of individuals, families and businesses.

We built this Company around our competence in power plants, civil engineering and construction to catalyse the nation's progress and in doing so, we returned value to our shareholders a substantial Rs 8.10 cr was distributed/proposed as dividend over the decade (ending 2012-13).

At Sunil Hitech Engineers Limited, we are strengthening the sustainability of our business by enhancing our focus on the value proposition of our core business (BTG and EPC services for power plants) while extending our presence in other synergic sectors.

In line with this strategic direction, we rebuilt our brand, rejuvenated our human capital and readied to venture into other synergic sectors during a challenging 2012-13. The timing is just right: things should only get better riding on the long-term fundamentals of the sector.

Powering the future

The Planning Commission of India indicated that for the Indian economy to revert to 9 percent GDP growth, it would be imperative for the power sector to grow in excess of 8 percent per annum. Though India's rapid growth increased power demand, the demand from large national swathes is still unmet. The result: India's per capita power consumption of 779 kWh is way below the global average of over 2,782 kWh even as the government targeted 1,000 kWh per capita by end 2012. The message is clear: even as the Eleventh Five Year Plan was one of the most prolific ever (capacity addition of around 53,922 MW, more than two-and-a-half times what was achieved in the Tenth Plan), it was not enough.

Total investments in India's power sector (as projected by the Working Group on Power for the Twelfth Five Year Plan) was Rs 13,72,580 cr (USD 253.6 billion) and in line with power demand projections expected to grow at a 7.5 percent CAGR during the Plan period, whereas peak load requirement

AT SUNIL HITECH, WE PRIORITISE ON THE HEALTH AND SAFETY OF OUR EMPLOYEES, CONTRACTORS AND CUSTOMERS.

As a result, our four-pronged strategies comprise the following:

Rejuvenating the organisation for enhancing productivity	Reframing our categories and venturing into other core synergistic sectors	Exploiting our operational and value engineering capabilities	Tightening cost structures without compromising the quality of our products and services
--	--	---	--

is expected to grow at a 7.4 percent CAGR. Moreover, India's power sector is expected to offer more opportunities as power demand is expected to increase exponentially to 9,50,000 MW by 2030. It is estimated that 76 percent of the total expected investments of USD 1,250 billion in India's energy sector will go into power generation, distribution and transmission by the end of this period.

Company's performance

In 2012-13, we reinforced our planning and execution capabilities. We grew our topline by 28.10 percent despite a challenging environment to Rs 1,096 cr. We also reported a robust net profit growth of 16.54% in financial year 2012-13 and we believe that this is an achievement considering high resource costs and interest expenses that had to be absorbed in the face of a growing business.

The biggest challenge that we encountered in 2012-13 was an unprecedented increase in input costs (particularly cement, steel, sand and human resources) which could not be fully passed on to our customers.

We expect to counter this reality by being more aggressive with our pricing policies, leverage our civil execution capabilities for large and complex 660 MW projects, our operations and maintenance (O&M) support and our growing sectoral footprint.

Environment, health and safety

At Sunil Hitech, we prioritise on the health and safety of our employees, contractors and customers. Your Company maintains high standards in terms of safety, health and environment at all its operational locations.

Acknowledgement

I take this opportunity to thank and congratulate all employees of the Company for their unstinted efforts to ensure continued good results for the Company. I must also thank all shareholders for their continuous encouragement and support.

Sincerely,
Ratnakar Gutte
Chairman and Managing Director

Our key accomplishments in 2012-13

- Completed six TG (turbine-generator) deck projects of 660 MW each, strengthening our ability to bag similar such projects
- Bagged Rs. 1,661 cr worth of new orders in FY13 taking order book accretion to Rs 2,295 cr, a considerable achievement in a competitive marketplace
- Achieved structural fabrication of 63,936 MT, while structural boiler fabrication stood at 81,912 MT and boiler auxiliary and piping equipment installation at 55,757 MT
- Emerged as NTPC's partner in three of its top five national projects
- Bagged an 800 MW boiler equipment erection project for the first time (from Doosan)
- Bagged Rs 200 cr worth of power transmission and distribution (T&D) projects
- Received a prestigious three-year operations and maintenance (O&M) contract for the critical areas of coal handling from BALCO for its 540 MW power plant in Chhattisgarh
- Recruited specialised personnel for core managerial positions (including COO, CFO and Executive Director)
- Reinforced the business plan to enter synergic sectors through a prudent leverage of our rich civil engineering experience

