

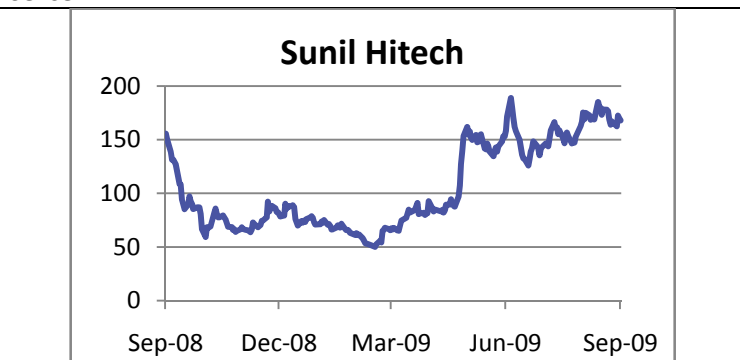
Initiating Coverage

Sunil Hitech Engineers Ltd.

Recommendation	BUY
CMP (30/09/2009)	Rs. 182
Sector	Power - Eng & Construction

Stock Details	
BSE Code	532711
NSE Code	SUNILHITECH
Bloomberg	SUHE IN
Market Cap (Rs. cr)	224
Free Float (%)	46.79
52- wk HI/Lo	196/49
Avg. volume BSE (Quarterly)	37500
Face Value	Rs.10.00
Dividend (FY09)	NIL
Shares o/s (No.)	1.23

Relative Performance	1Mth	3Mth	1Yr
Sunil Hitech	0.6%	6.0%	7.9%
Sensex	6.4%	16.4%	23.2%



Shareholding Pattern as of 30/06/2009	
Promoters Holding	53.21%
Institutional (Incl. FII)	16.93%
Corporate Bodies	4.01%
Public & others	25.86%
Sunil Jain	
Sr. Research Analyst (022)- 3027 2211	

CONSOLIDATED FINANCIAL (Rs.in Cr)	NET SALES	SALES GROWTH	EBITDA	EBITDA MARGIN	PAT	Adj. EPS	P/E	P/BV	ROE%
FY08A	317.6	114%	50.2	15.8%	23.2	18.1	10.0	1.4	21.0%
FY09A	611.8	93%	70.6	11.5%	10.3	19.7	9.2	1.3	14.3%
FY10E	838.9	37%	92.1	11.0%	32.3	26.0	7.0	1.1	16.8%
FY11E	1088.9	30%	117.5	10.8%	43.9	35.3	5.2	0.9	19.3%

Snapshot

Sunil Hitech is one of the few companies in India which is pre-qualified to undertake BOP package & erection, testing and commissioning of boilers and auxiliaries of up to 660 MW capacities. Its skill in pressure parts, critical piping, large diameter piping work apart from ability to fabricate and erect 100000 MT of structures in a year make it competitive player in thermal power plant construction space.

We believe the underperformance of share price of Sunil Hitech as compared to its peer was mainly on account of decline in order book position of company which is expected to improve in forthcoming quarters.

The favourable policy initiatives by government in the form of higher ROE for utility and capping the spot power rate at higher level of Rs.8 per unit will encourage investment in power generation capacities. We believe the market opportunity for Sunil Hitech for next five year is over Rs.50000cr.

Sunil Hitech Engg. & Mfg. Pvt. Ltd (SHEM), subsidiary of Sunil Hitech and manufacturer of Boiler pressure parts is expected to see high demand growth for its products in coming period.

We expect Sunil Hitech's revenue and PAT to grow at 33% & 35% CAGR respectively between FY09-FY11. The stock discounts FY09, FY10E and FY11E adjusted earnings of Rs.19.7, Rs.26.0 & Rs.35.3 at 9.2x, 7.0x and 5.2 respectively. The stock trades at 1.3x for FY09 and 1.1x FY10E to book value. The ROE for FY11E is expected at 19.3%.

We are positive on the growth prospects of the company and recommend BUY on the stock with a price target of Rs.283 over a 12-18 month horizon implying upside potential of 55%.

Date : 1st October 2009

Background

Sunil Hitech Engineering Ltd, a leading player in fabrication, erection & commissioning of power plants was established in 1998. The company provides services in Fabrication, Erection & Testing and Commissioning of coal handling plants, ash handling plants, turbine hall generator buildings, Bunkers, ESPs (Electro Static Precipitators), Boilers etc in the Power Plants.

Over a period Sunil Hitech has gained engineering, execution and technical expertise related to its services for thermal power plants including doing individual works under Balance of Plant (BoP). Sunil Hitech is one of the few companies in India which is pre- qualified to undertake BOP package & erection, testing and commissioning of boilers and auxiliaries of up to 660 MW capacities.

In addition to this, Sunil Hi Tech designs, supplies, transports and provides the commissioning of EHV (Extra High Voltage) lines of substations, CW (Cooling Water) pipelines, large diameter piping, bunker belts, steel flue can; transformers sub-stations and allied works, as well as the EPC (Engineering, Procurement & Construction) contract for fuel oil system.

Sunil HiTech has 100,000 tpa of steel fabrication capacity and specializes in building steel structures for thermal power plants and has also established 1,00,000 tpa of equipment installation capacity in power plants. Sunil Hitech has strong asset base with more than 215 cranes in the capacity from 8 Ton to 230 Ton and over 1550 welding equipments. Apart from the power sector Sunil Hitech also fabricates and erects structures for steel plants.

Sunil Hitech caters to a number of high profile clients like Mahagenco, Chattisgarh State Electricity Board, Gujarat State Electricity Corporation Ltd., Haryana Vidyut Prasaran Nigam Ltd, Madhya Pradesh Power Generating Co. Ltd, BHEL, NTPC, Balco, Hindalco, JSW, Punj Lloyd, Reliance Energy, Sterlite Industries, Jindal Steel & Power Ltd, etc.

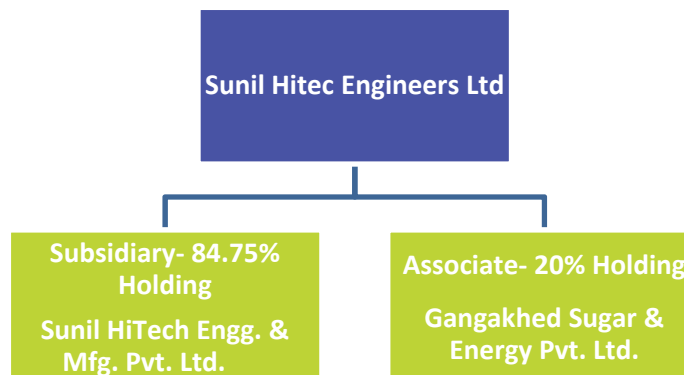
The order book of Sunil Hitech was Rs 1145 Crs at the end of 30th June 2009. Of this order book around 75% of the orders are from thermal power generation sector, 5-7% from steel sector, 3-4% from Hydro power sector, 10-12% from EPC contracts and around 5-7% from T & D segment.

Sunil Hitech is one of the few companies in India which is pre- qualified to undertake BOP package & erection, testing and commissioning of boilers and auxiliaries of up to 660 MW capacities.

Sunil Hitech has strong asset base with more than 215 cranes.

The order book of Sunil Hitech was Rs 1145 Crs at the end of 30th June 2009.

Date :1st October 2009



SHEM manufactures major pressure parts and High Pressure piping components needed for Boiler Rehab

Sunil Hi-Tech Engg. Mfg. Pvt. Ltd.(SHEM) is a subsidiary of Sunil Hitech. The company is located in Industrial Zone of MIDC Butibori near Nagpur, Maharashtra. The company was established as backward integration to help Sunil Hitech to augment and consolidate the Renovation & Modernization (R&M) expertise in the Power Sector. SHEM manufactures major pressure parts and High Pressure piping components needed for Boiler Rehab and R & M works with design engineering manufacturing and onsite installation capability.

Sunil Hitech has invested Rs 20 Crs in Gangakhed Sugar & Energy Pvt Ltd and has a holding of about 20%.

Gangakhed Sugar & Energy Pvt Ltd is an associate company of Sunil Hitech Engineers Limited. Sunil Hitech has invested Rs 20 Crs in the company and has a holding of about 20%. The project is being developed as an Integrated Cane Processing Plant (ICPP) with a Diversified Product Portfolio and a De-risked Business model, using the state of Art Technology. The Integrated Project is aimed at utilizing sugar cane to its full potential including all of its by-products such as bagasse, molasses, press mud and water. The project is located in the cane surplus Distt of Parbhani, Maharashtra. In addition to the sugar mill the company also has a cogeneration plant of 30 MW capacity and is proposed to run the power plant for 330 days in a year by utilizing the surplus bagasse from nearby sugar mills, bio mass, coal, agro waste etc. Sunil Hitech has done the entire EPC work for this plant. The sugar plant along with the power plant is expected to start operation from Dec 2009.

Gangakhed Sugar & Energy Pvt. Ltd. Plant Details

Plant	Capacity
Sugar	6000 TCD
Power	30 MW
Distillery	60 KLD

Date :1st October 2009

Initiating Coverage

Sunil Hitech Engineers Ltd.

Sunil Hitech has been selected as a highest bidder for coal mine in JV with Maharashtra State Mining Corporation

In Jan 2008 Sunil Hitech raised Rs 81 Crs through a QIP at Rs.360 per share.

Government has taken various initiatives to increase the investment in power generation capacity

Increased the ROE from 14% to 15.5%

Government has not shown any willingness to cap these spot rates

Sunil Hitech has been selected as a highest bidder for coal mine in JV with Maharashtra State Mining Corporation and deposited a sum of Rs.11.25 cr. The process of formation of JV is in progress and Sunil Hitech will be holding 49% shares in the company.

Sunil Hitech came out with an IPO of 34.75 lakhs shares at the price of Rs.100 per share in Feb 2006. In Jan 2008 Sunil Hitech successfully raised Rs 81 Crs through a QIP offering. The offering comprised of 2,250,000 equity shares of Rs. 10/- each for cash at a price of Rs. 360 per equity share. The money raised was utilized in purchase of equipments, expansion of the current business as well as investments.

Before QIP, in August 2007 Sunil Hitech issued 38 lakhs warrants to promoter group to be converted into shares at Rs.146 within 18 months. Since the share prices came down the promoter didn't subscribe to these warrants and the same got lapsed in April 2009.

Sunil Hitech made an investment of Rs 20 Crs in Equity Linked Mutual Funds out of the money received from QIP. The value of the investments diminished due to the fall in stock market. The value of the investments fell to Rs 6.6 Crs and the company had written off Rs 13.4 Crs during FY09. Now with the improvement in the stock market the value of the investment has already increased by around Rs 5 Crs.

Investment Rationale

- **Increasing Opportunities in Power Sector:**

Government has taken various initiatives to increase the investment in power generation capacity. One of the initiatives is that the government has increased the ROE from 14% to 15.5% for power producer who sales power on PPA or long term agreement. This will augment availability of capital for power generating utilities which can be used for further capital investment.

Apart from this the rate of electricity in spot market has encouraged private players to expand the power generation capacity more aggressively. Government has not shown any willingness to cap these spot rates at lower levels. Even the higher cap on rate recently imposed for 45 days by Central Electricity Regulatory Commission (CERC) was at Rs.8 per unit for power traded on power exchange or through bilateral agreement. This still offers huge margin to power producers considering their cost at around Rs.1.5 to 3.5. These higher spot rates are costing a lot to state power distribution companies but still to encourage higher investments in power sector, government has not shown any willingness to cap these rates at lower level.

Date :1st October 2009

Initiating Coverage

Sunil Hitech Engineers Ltd.

BHEL is expanding the production capacity from 10000MW PA to 15000MW PA which will be operational by Dec-09

BHEL had booked Rs.47167 cr order under power sector during FY09 as against Rs.41069cr order booked in FY08

With targeted thermal power generation capacity addition of 85% of 78682 MW in next 5 year, the market opportunity for Sunil Hi Tech is huge at Rs.50000cr.

BHEL which had supplied equipments for around 88000 MW of power generation capacities (Operational) out of total installed capacity in Indian of 138165 MW as of March -09, has planned to expand the production capacity from 10000MW PA to 15000MW PA. This will be operational by Dec-09. This increase in capacity will reduce the waiting cycle of utilities for expansion of capacities and will generate more orders for fabrication, erection, testing and commissioning of main power plant equipments and Balance of Plant work.

BHEL had booked Rs.47167 cr orders under power sector during FY09 as against Rs.41069cr orders booked in FY08 indicating higher demand even in recessionary conditions.

Order Booked by BHEL in Power Sector

Year	Rs.in Cr
2004-05	13475
2005-06	10862
2006-07	27730
2007-08	41069
2008-09	47167

Source: BHEL annual report

Normally order for Fabrication, Erection, Testing & Commissioning of BTG and BOP works are awarded around 9-12 months after the main plant orders are placed. This indicates the order inflow during the current year for work carried on by Sunil Hi Tech will continue to be growing.

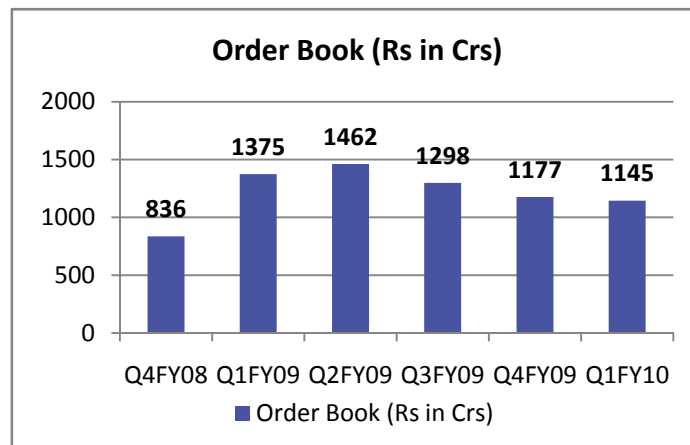
CRISIL has estimated total power generation capacity addition of 78682 MW in next five years, presenting an investment opportunity of Rs.7.5 trillion. Out of this Rs.4.8 trillion will be in generation and in that around 85% will be in thermal power plant, which is the target market for the company.

Sunil Hi Tech takes contract mainly without material for fabrication, erection, testing & commissioning of BTG and BOP work. The revenue generation capacity of these works is around Rs.0.75cr per MW. With targeted thermal power generation capacity addition of 85% of 78682 MW in next 5 year, the market opportunity for Sunil Hi Tech is huge at Rs.50000cr.

- **Order Book to start increasing again:**

The order book which reached to Rs 1462 Crs in Sep-08 declined in the subsequent 3 quarters.

Date :1st October 2009



The company has submitted bid for over Rs 4000 Crs order

Sunil Hitech is setting up a power plant of about 30 MW for its associate

plant Sunil Hitech will become eligible to execute complete EPC work of power plant of up to 100 MW

SHEM supplies Boiler pressure parts either directly or through Sunil Hi Tech to BHEL

Company expects revenue of around Rs 60 crs in FY 10 and expects to achieve Rs 200 crs revenue within the next 4 years.

The decline in order book was mainly driven by financial crisis & delay in the decision for new investment by various customers. Now the situation is improving and new orders have started coming in. The company has also submitted bid for over Rs 4000 Crs orders. We expect Sunil Hitech's order book will again start growing in coming quarters.

- **Qualified for setting up Power Plant:**

Sunil Hitech is setting up a power plant of about 30 MW for its associate company Gangakhed Sugar & Energy Pvt Ltd on EPC basis. The power plant along with the sugar plant will become operational from Dec 2009. Post the successful completion of the power plant Sunil Hitech will become eligible to execute complete EPC work of power plants of up to 100 MW. This will open up a new segment of opportunity for the company.

- **Growth in Subsidiary:**

Sunil Hitech Engg. & Mfg. Pvt. Ltd (SHEM), subsidiary of Sunil Hitech and manufacturer of Boiler pressure parts, recorded Turnover of Rs.26.74cr and PAT of Rs.1.20cr in FY09. The manufacturing operation was operational for 7-8 months during the last year on account of lower orders from its sole customer BHEL. But now with the growth in maintenance work of boiler and orders for new boilers the demand for the parts manufactured by SHEM is increasing. At present SHEM supplies Boiler pressure parts either directly or through Sunil Hitech to BHEL only. With upcoming boiler manufacturing capacity of L & T – Mitsubishi, demand for SHEM product will further increase. With the growth in order the company expects revenue of around Rs 60 crs in FY 10 and expects to achieve Rs 200 crs revenue within the next 4 years.

Date :1st October 2009

Risk Factors

Invested around 19.50cr in Ganagakhed Sugar & Energy Pvt. Ltd

Given deposit of Rs.11.25cr to Maharashtra State Mining Corporation for coal mining

- **Investment in non core business**
Sunil Hi Tech has invested around 19.50cr in Ganagakhed Sugar & Energy Pvt. Ltd an associate company setting up sugar and power plant. In turn company got EPC contract to set up the plant. Company has also given deposit of Rs.11.25cr to Maharashtra State Mining Corporation for coal mining JV and has been selected as highest bidder for coal mine. This JV may require further investment from Sunil Hi Tech. These noncore businesses have taken out operating cash from company's operation and will take time to generate return for company.
- **Delay in Project Execution:**
The resources compiled by company to execute a project remained underutilized if due to any reason from customer or equipment supplier the project gets delayed. Any delays in the project execution may lead to an escalation in the project cost. Also for majority of the projects the complete payment is linked to the fact that the project is completed on schedule. If for any reason the project is delayed the revenue earnings of Sunil Hitech from a certain project may get impacted negatively.
- **Rise in Raw Material Prices:**
The majority of the work in EPC contract & BOP contract done by Sunil Hitech are without material. But for those contracts which the company does with material will involve risk of material prices fluctuations. The major material involved is steel and prices of steel are volatile. Any extraordinary increase in prices of material not factored in initial order bidding process, will impact profitability of the company.
- **Delay in Payment:**
Sunil Hitech executes a number of contracts for SEBs and State Electricity Generating Companies such as Gujarat State Electricity Corporation Ltd., Haryana Vidyut Prasaran Nigam Ltd., Madhya Pradesh Power Generating Co. Ltd., Maharashtra State Transmission Co. Ltd., etc. Any delay in payment may impact the working capital cycle. It may also increase interest outgo.
- **Focus shifting from Hydro and T & D sector:**
Sunil Hitech has an order book of around Rs 1145 Crs as of 30th Jun 2009. Of this order book around 3-4% is from the Hydro Power sector and around 5-7% is from the T & D sector. Company had

Date :1st October 2009

Initiating Coverage

Sunil Hitech Engineers Ltd.

started taking these orders 2 year back but finding it less remunerative or facing delay in executions due to land acquisition problems faced by customer. The company is slowly trying to shift its focus from these areas. With the focus shifting from these areas Sunil Hitech is trying to consolidate its business in thermal power projects.

Result Analysis:

Rs. in crores	Q1FY10	Q1FY09	Var	FY09	FY08	Var
Net Sales including other operating Income	194.5	111.2	74.9%	611.8	317.6	92.7%
Operating Profit	22.2	16.2	36.8%	70.6	50.3	40.2%
Other Income	0.9	0.5	87.0%	4.7	2.3	107.1%
Depreciation	4.8	3.0	56.9%	17.4	8.6	103.6%
EBIT	18.3	13.6	34.0%	57.8	44.0	31.3%
Interest	5.4	3.9	40.2%	22.5	9.9	127.3%
PBT	12.8	9.8	31.6%	35.3	34.1	3.4%
Tax & Deferred Tax	4.4	3.4	29.3%	11.0	10.8	1.8%
Extra ordinary Items	0.0	0.4		-14.0	0.0	
PAT	8.5	6.8	24.4%	10.3	23.3	-55.9%
Adj. PAT	8.5	6.5	29.9%	24.3	23.3	4.2%
Equity shares Capital	12.3	12.3	0.0%	12.3	12.3	0.0%
EPS (Rs.)	6.9	5.5	24.4%	8.4	19.0	-55.7%
Adj. EPS	6.9	5.3	29.9%	19.8	19.0	4.2%
Ratios						
Operating profit margins (%)	11.39%	14.57%	-318	11.5%	15.9%	-432
NP Margin (%)	4.35%	5.87%	-151	4.0%	7.3%	-337

* Basis Points

- ◆ The Yearly Results are consolidated whereas quarterly results are standalone.
- ◆ The company reported Net Sales including other operating income of Rs 194.54 Crs in Q1 FY 10 as against Rs 111.21 Crs in Q1 FY 09 an increase of 74.9% on YoY basis whereas yearly sales in FY09 increased by 92.7% to Rs.611.8 Crs. The sales volume increase was mainly on account of higher outstanding order book.
- ◆ Though operating profit was up by 36.8% in Q1FY10 and 40.2% in yearly result but operating profit margin came down by 318 basis points in Q1FY10 and 432 basis points in FY09 over corresponding periods. The Operating margin declined in yearly results was on account of absorption of cost escalation in few projects by company and in Q1FY10 was on account of lower margin order

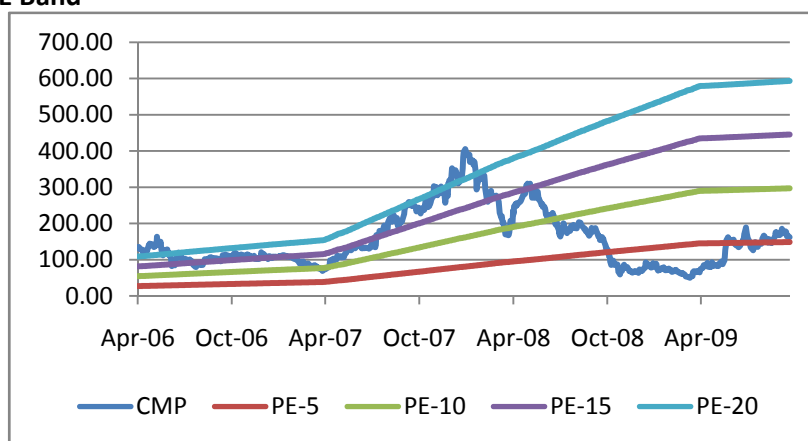
Date :1st October 2009

execution.

- ◆ The Interest was up by 40.2% on YoY basis in Q1FY10. The increase in interest cost in Q1 was lower compared to increase in revenue of 74.9%. Last year interest cost increased substantially on account of increase in interest rate, delay in payment and higher borrowing.
- ◆ The depreciation was up 56.9% in Q1 on account of higher investment in capital assets during last year. The Gross block increased by 56% during last year.
- ◆ The exceptional item in FY09 was on account of provision for diminution in value of investment in equity linked MF.
- ◆ The company reported Adj. PAT of Rs 8.5 Crs in Q1 FY 10 as against Rs 6.8 Crs in Q1 FY 09 an increase of 29.9% and Rs 24.3 Crs in FY 09 as against Rs 23.3 Crs in FY 08 an increase of 4.2%. The lower growth in PAT during FY09 was on account of cost escalation in few projects, high Interest & depreciation charges.
- ◆ The company reported Adj. EPS of Rs 6.90 for Q1 FY 10 as against Rs 5.3 in Q1 FY 09 an increase of 29.9% and Rs.19.8 for FY09 against Rs.19.0 in FY08 an increase of 4.2%.
- ◆ Company declared 10% dividend for FY09 but the same was cancelled by shareholders in AGM.
- ◆ The order book position as on 30th Jun 2009 was Rs 1145 Crs.

Valuation & Recommendation:

PE Band



Historically Sunil Hi-tech had never traded at such a low PE post its listing in Mar-06 as was seen in last 12 months

Historically Sunil Hi-tech had never been traded at such a low PE post its listing in Mar-06 as was seen in last 12 months. We feel the reasons for this may be decline in order book, exceptional loss on account of provisioning on equity related mutual fund investment, exit of few of the institutional investors and bearish trend in overall market.

Date :1st October 2009

Initiating Coverage

Sunil Hitech Engineers Ltd.

Increase in order book will trigger rerating of stock.

Since market is reviving, order book is also expected to improve and provisioning on equity related mutual fund is history, we expect price earning for Sunil Hitech should also improve. The main trigger for this will be improvement in order book position.

Peer Group Comparison

We have tried to compare Sunil Hitech with BGR Energy, which implements power projects on EPC basis and take contract for BOP work. And Petron Eng., which executes fabrication erection & commission job of power plant & fabrication and erection job for refinery, petrochemical, metal and cement plants.

Trailing 12 Mths	BGR	Petron	Sunil Hitech
Net Sales	1926.33	464.72	681.55
EBIDTA	219.13	21.13	74.21
EBIDTA Margin	11.4%	4.5%	10.9%
Adj. PAT	118.11	5.28	25.9
PAT Margin	6.1%	1.1%	3.8%
EPS	16.40	6.99	21.09
CMP	454	159	182.00
PE	27.68	22.74	8.63
ROE	22.9%	6.9%	14.9%
EV/Sales	2.06	0.37	0.61
EV/EBIDTA	18.15	8.20	5.62
Order book/ Sales	5.65	1.72	1.68

Trailing 12 months PE of Sunil Hitech is much lower than both the peers

The operating margin of Sunil Hi Tech is comparable to BGR Energy Whereas PAT margin is lower. The trailing 12 months PE is much lower to both the peers and on EV / EBITDA, Sunil Hitech is better placed.

- We expect Sunil Hitech's revenue and PAT to grow at 33% & 35% CAGR respectively between FY09-FY11.
- The stock discounts FY09, FY10E and FY11E adjusted earnings of Rs.19.7, Rs.26.0 & Rs.35.3 at 9.2x, 7.0x and 5.2 respectively.
- The stock trades at 1.3x for FY09 and 1.1x FY10E to book value. The ROE and ROCE for FY11E is 19.3% & 13.6% respectively.

We are positive on the growth prospects of the company and recommend BUY on the stock with a price target of Rs.283 over a 12-18 month horizon implying upside potential of 55%. We have derived our target price based on FY11E earning and Price earning multiple of 8.

Date :1st October 2009

Financials:

Consolidated Profitability (Rs. In Cr)	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Net Sales	148.3	317.6	611.8	838.9	1089.0
Expenditures					
Material Consumed	53.7	155.4	273.7	375.0	490.0
<i>Material to Sales</i>	<i>36%</i>	<i>49%</i>	<i>45%</i>	<i>45%</i>	<i>45%</i>
Staff Cost	7.8	17.5	23.8	32.7	41.4
Site & operational Exp.	63.4	83.2	228.8	319.9	416.3
Other Exp.	4.9	11.2	15.1	19.2	23.7
Total	129.9	267.3	541.3	746.8	971.5
EBIDTA	18.4	50.2	70.6	92.1	117.5
Interest(Net)	3.5	9.9	22.5	28.1	32.6
EBDT	14.9	40.3	48.0	64.0	84.9
Depreciation	4.5	8.5	17.4	20.1	23.4
PBT & Exceptions	10.4	31.8	30.6	44.0	61.5
Other Income	1.6	2.3	4.7	5.0	5.0
Exceptional	-0.2	0.0	-14.0	0.0	0.0
PBT	11.8	34.0	21.3	49.0	66.5
Tax	4.2	10.8	11.0	16.6	22.6
PAT	7.7	23.2	10.3	32.3	43.9
Minority Interest/ Associate Profit	0.0	0.1	0.1	0.4	0.5
PAT after Minority Interest	7.7	23.1	10.2	31.9	43.4
Adj. PAT	7.9	23.1	24.2	31.9	43.4
Dividend & Tax on Dividend	1.4	1.7	1.4	2.2	2.9
Profit Retained	6.3	21.3	8.8	29.7	40.5
Cash Profit	12.2	31.1	25.1	55.8	71.9

*Dividend cancelled by shareholders in AGM

Date :1st October 2009

Initiating Coverage
Sunil Hitech Engineers Ltd.

Consolidated Balance Sheet (Rs. In Cr)	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Share Capital	10.0	12.3	12.3	12.3	12.3
Equity Warrant	0.0	5.5	5.5	0.0	0.0
Reserve & surplus	46.4	145.7	156.7	192.0	232.5
Net Worth	56.5	163.5	174.5	204.3	244.8
Minority Interest	0.1	0.8	0.9	1.3	1.8
Secured Loan	40.2	102.6	200.8	222.1	265.4
Unsecured Loan	9.9	0.0	0.0	0.0	0.0
Total Loan	50.1	102.6	200.8	222.1	265.4
Deferred Tax Liability	0.2	-0.4	-3.0	0.4	5.0
Capital Employed	106.9	266.4	373.1	428.1	517.1
Gross Block	53.9	96.3	147.3	172.3	207.3
Less:- Depreciation	14.3	22.8	40.8	60.9	84.2
Net Fixed Assets	39.6	73.4	106.5	111.4	123.0
WIP	4.2	11.4	14.6	10.0	12.0
Net Fixed Assets	43.8	84.9	121.1	121.4	135.0
Investment	1.0	49.4	27.6	28.0	30.0
Current Assets					
Debtors	50.5	87.4	163.3	213.2	276.8
Inventories	18.1	54.4	54.1	74.5	96.8
Other Current Assets	1.2	0.9	52.0	62.3	84.2
Loans & advances	23.8	63.9	108.4	138.3	169.6
Cash & Bank	15.3	20.6	37.2	26.3	20.7
Total Current assets	108.8	227.2	415.0	514.6	648.0
Current Liabilities	42.2	86.9	192.4	236.1	294.3
Provisions	5.6	10.1	1.7	2.4	3.1
Total Current Liability & Provisions	47.7	97.1	194.1	238.4	297.5
Net Current Assets	61.1	130.1	220.9	276.2	350.5
Misc exp not w/off	1.1	2.0	3.5	2.5	1.5
Capital Deployed	106.9	266.4	373.1	428.1	517.1

 Date :1st October 2009

Initiating Coverage
Sunil Hitech Engineers Ltd.

Cash Flow Statement (Rs. in Cr)	FY 07	FY 08	FY 09	FY 10E	FY 11E
Operating					
Operating Income	18.4	50.2	70.6	92.1	117.5
Change in Working Cap	-25.3	-63.7	-74.2	-66.2	-79.9
Other Adjustment	-0.6	-0.1	0.7	0.0	0.0
Cash Flow from Operation	-7.5	-13.6	-2.9	25.9	37.6
Investment					
Capex	-29.6	-49.7	-54.2	-20.4	-37.0
Other Investment	4.2	-48.4	21.9	-0.4	-2.0
Cash Flow From Investment	-25.4	-98.1	-32.4	-20.8	-39.0
Financing					
Dividend Paid	-1.4	-1.7	-1.4	-2.2	-2.9
Share Capital	0.0	2.3	0.0	0.0	0.0
Equity Warrant	0.0	5.5	0.0	-5.5	0.0
Reserve / Share Premium	0.0	78.6	2.2	5.6	0.0
Borrowing	36.3	52.5	98.1	21.4	43.3
Misc Exp W/off	-0.1	-0.9	-1.5	1.0	1.0
Other Income	1.6	2.3	4.7	5.0	5.0
Net Extraordinary Income	0.0	0.0	-14.0	0.0	0.0
Interest	-3.5	-9.9	-22.5	-28.1	-32.6
Tax Paid	-4.2	-11.5	-13.6	-13.2	-18.0
Total Financing	28.8	117.1	51.9	-16.1	-4.2
Net Change in Cash	-4.1	5.3	16.6	-11.0	-5.6
Cash at beginning	19.4	15.3	20.6	37.2	26.3
Cash at end	15.3	20.6	37.2	26.3	20.7

 Date :1st October 2009

Ratios:

Growth Matrix	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Sales Growth	11.7%	114.1%	92.7%	37.1%	29.8%
EBITDA Growth	41.2%	172.3%	40.5%	30.5%	27.6%
Adj PAT Growth	41.0%	186.7%	8.7%	31.7%	35.9%
Adj EPS Growth	41.0%	134.2%	8.7%	31.7%	35.9%

Profitability Ratio	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
EBITDA Margin	12.4%	15.8%	11.5%	11.0%	10.8%
Adj PAT Margin	5.2%	7.0%	4.0%	3.8%	4.0%
ROE	14.7%	21.0%	14.3%	16.8%	19.3%
ROCE	11.2%	13.7%	11.4%	12.5%	13.6%

Per Share Data (Rs)	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Adj. EPS	7.8	18.1	19.7	26.0	35.3
Adj. Cash EPS	12.4	25.8	33.9	42.3	54.4
Book Value	55.3	131.6	139.3	164.4	198.2
DPS	1.0	1.2	1.0*	1.5	2.0

Valuation Ratios	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Price Earnings (x)	23.5	10.0	9.2	7.0	5.2
Price to Cash Earning (x)	14.7	7.1	5.4	4.3	3.3
Price / Book Value	3.3	1.4	1.3	1.1	0.9
EV / Sales	1.6	1.0	0.7	0.5	0.4
EV / EBIDTA	12.6	6.5	6.0	4.8	4.2

Financial Health Ratio	FY 07A	FY 08A	FY 09A	FY 10E	FY 11E
Debt Equity	0.9	0.6	1.2	1.1	1.1
Interest Cover	5.3	5.1	3.1	3.3	3.6

*Dividend cancelled by shareholders in AGM

Date :1st October 2009

NOTE

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