

BUZZING

STOCK

# Sunil Hitech Engineers Ltd.

CMP – Rs.102

**Analyst**

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**Key Stock Data**

Sensex	13181
Nifty	3765
Sector	Eng-Turnkey Services
Bloomberg	NA
Reuters	SUHT.BO
No. Of shares (m)	10
Market Cap (Rs m)	1,022
Market Cap (US\$ m)	23
52-week H/L	Rs.176/76

**Shareholding Pattern (%)**

Promoters	65.27
Mutual Funds	1.37
FII's	0.27
Corporate Bodies	7.35
Pubic & Others	25.3

**Overview:** Sunil Hitech Engineers Limited (SHEL) is an engineering turnkey service providing company with firm focus on the power sector. Generally the company receives the orders for the construction of thermal power plants. It has specialization in Fabrication, Erection, Testing and Commissioning of Thermal Power Plants with high precision, quality and timeliness. It is also engaged in Overhauling and Maintenance of the thermal plants.

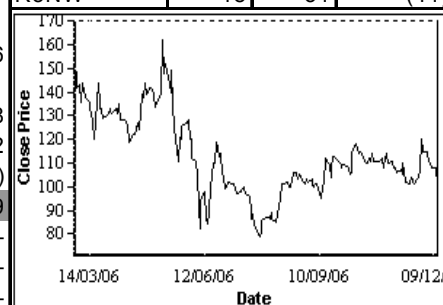
**Diversifying into Transmission Towers:** Recently SHEL has forayed into manufacturing of Transmission Towers with an initial investment of Rs.100m. For this purpose the company is setting up a galvanizing plant at Butibori, Nagpur that would get operational before end of FY07. This galvanizing plant has been set in 20 acres of land and will be a fully automated German technology plant with an annual production of 20,000MT capacities, and provisions for 40,000MT capacity would be facilitated through this. This would enable the company to offer new product line to its existing and prospective clients in the power sector. It should be noted that Reliance Energy has been allotted by MIDC for setting up a 130MW coal based power plant at Butibori and the same has recently been awarded Rs.20bn contract from Power Grid Corporation for improving the Western Grid Transmission Network. We expect these projects will add to the improving order book of the company through this new business of transmission towers.

**Continuation of order flow:** Since August the company has bagged orders worth Rs 1.88bn, from various power utilities and steel companies. We expect after the finalization of the UMPP projects a good volume of subcontracting orders would come to the company.

**Valuation:** In the first half of FY07 the company had reported 6.5% rise in sales to Rs. 626.2m and 21% rise in Net Profit to Rs. 27.6m. The share price of the company is currently trading at 11x to its own-guided FY07E EPS of Rs. 9.3.

## Financial Snapshot

Sunil Hitech Engineers Ltd.				Rs.m			Ratios (%)			
	Q2 FY07	Q2 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
<b>Financial Year End: March</b>										
Net Sales	326	356	(8)	1327	679	95	Debt -Equity	0.5	2	(70)
Other Income	4	3	29	4	7	(32)	PBIDTM	10	11	(9)
Total Income	330	359	(8)	1332	686	94	PBDBTM	8	9	(7)
Total Expenditure	293	326	(10)	1197	612	96	RoCE	24	29	(18)
PBIDT	36	34	8	135	74	81	RoNW	18	31	(41)
Interest	5	6	(17)	24	15	61				
PBDT	31	27	14	111	60	86				
Depreciation	10	7	55	29	21	41				
Tax	7	7	7	28	15	88				
Reported Profit After Tax	13	14	(8)	56	23	142				
Extra -ordinary Items	(1)	0	0	0	1	(117)				
Adj. Profit After Extra-ordinary item	14	14	(1)	56	23	149				
No. of shares (m)	10	7	-	10	7	-				
EPS (annualised.) (Rs.)	5.2	8.7	-	5.6	3.5	-				
P/E	19.9	11.9	-	18.5	29.5	-				



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