

MORE WATTS PER WATT!

Sunil Hitech Engineers Limited • Annual report, 2010-11

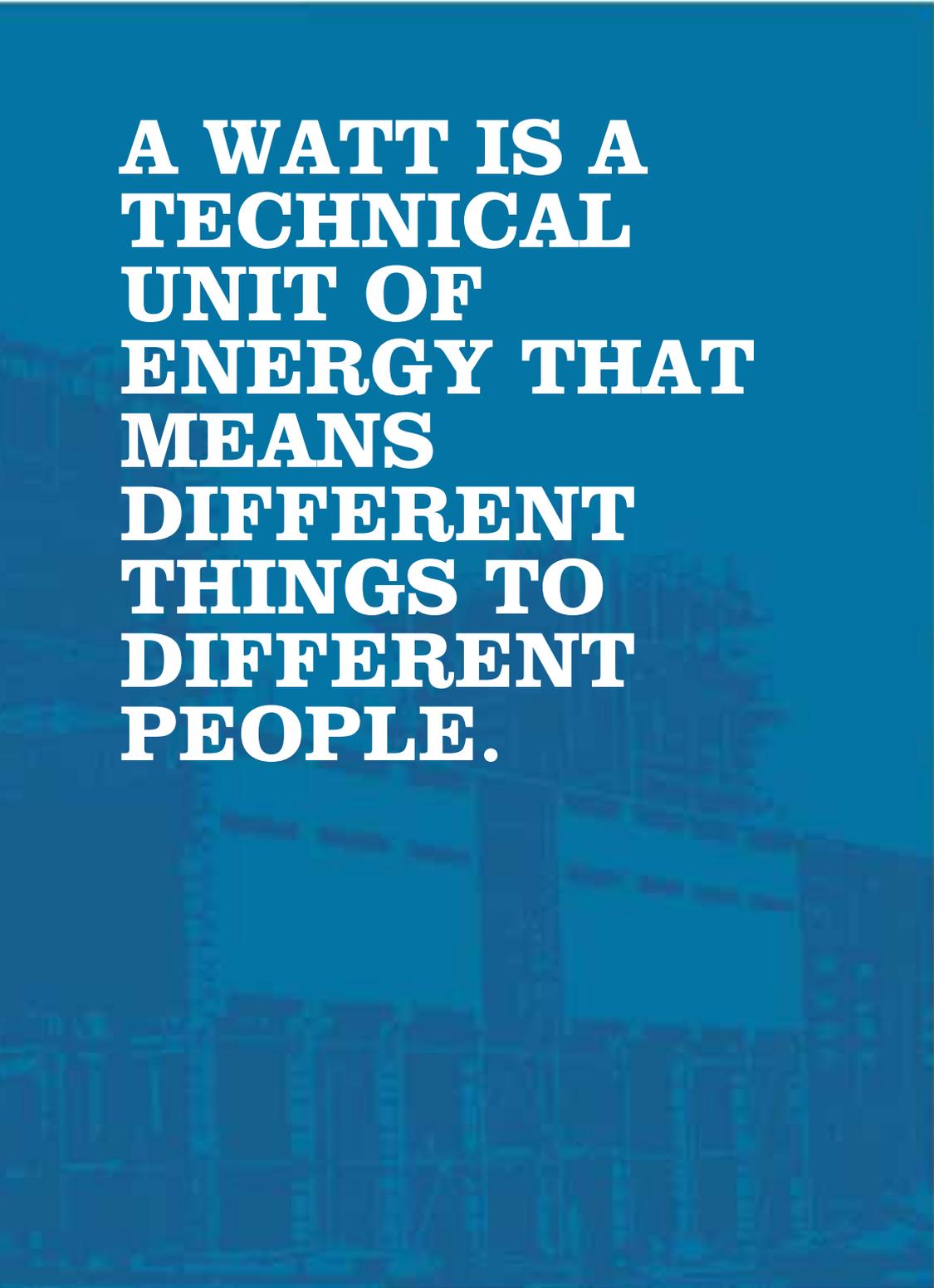


Forward-looking statement

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 Raja Vidut Utpadan Nigam Ltd



Maharashtra State Transmission Company Ltd



Dodson - Lindblom International Inc. (USA)



Gujarat Urja Vikas Nigam Ltd



Jindal Steel & Power Ltd



Hindustan Steelwork Construction Ltd



Rashtriya Ispat Nigam Ltd



Haryana Vidut 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, MSEDCL, Kalyan
- Transmission, Distribution of Line and Sub-Station on Turnkey Basis of APDRP, for MSEDCL, 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 Khaperkheda
- 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 MSEDCL, 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- HRSB, 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 HRSB, 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

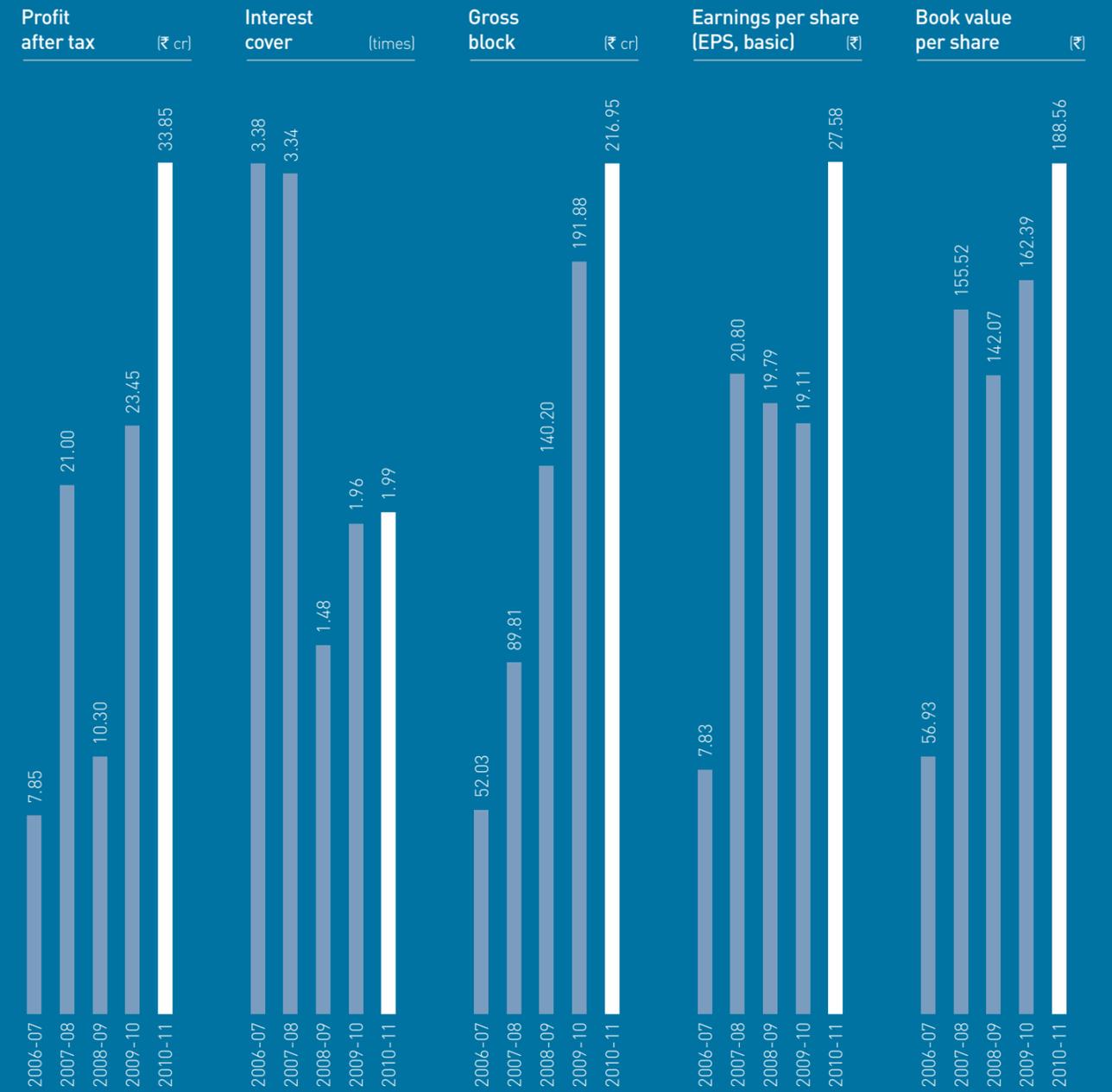
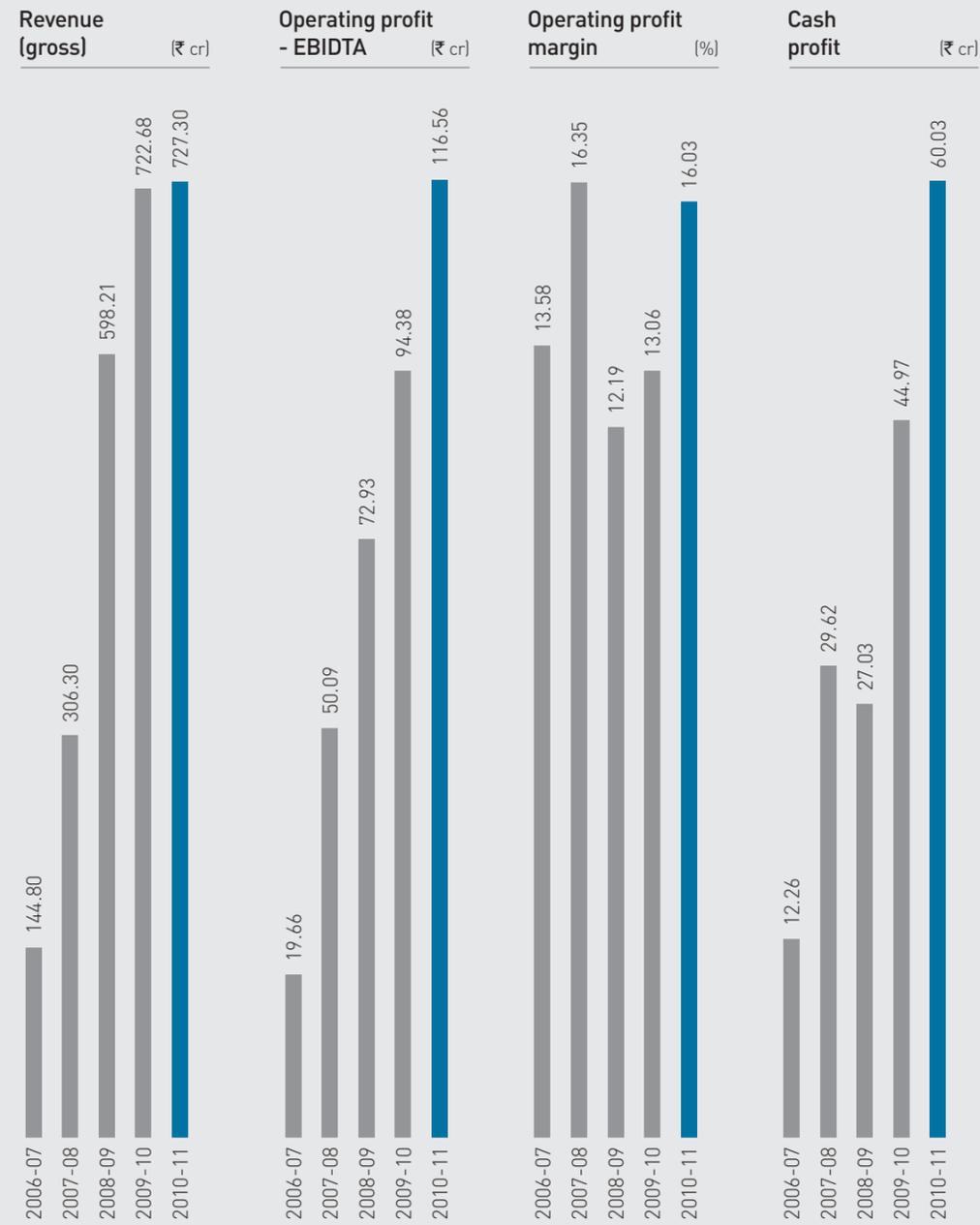
Chhattisgarh

- 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



Chairman's perspective

“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.

More faith per watt!

**BHORAI AMMA IN
MOFUSSIL CHHATTISGARH
DOESN'T THINK THE BULB
WILL EVER GLOW. BUT
ONE DAY IT DOES AND
SHE EXULTS:**

'BILLI!'

At Sunil Hitech, our order backlog worth ₹ 1,702 cr (as on 31 March 2011) provides dependable revenue visibility for two-and-a-half years

- We swiftly completed all our deliverables for the prestigious ₹ 500-cr BOP order from Mahagenco for its 250-MW thermal power plant in Parli (Maharashtra); this assignment, bagged in March 2010, is to be completed over 18-24 months
- We completed a 30-MW multi-fuel power plant for Gangakhed Sugar and Energy Limited on an engineering-procurement-construction (EPC) basis in a record 18 months, our first-ever EPC project
- The turnover of our subsidiary, Seam Industries doubled to ₹ 80 cr in 2010-11 on account of increased fabricated supply of critical power plant components to BHEL, its biggest customer

Result: Putting the faith back into Bhorai amma's life helped drive EBIDTA growth at a CAGR of 42.75% over the five years ending 2010-11.

More reliability per watt!

**RAMANUJAN IN CENTRAL
ANDHRA PRADESH
DISCARDED HIS CAPTIVE
ENERGY UNIT SINCE S.E.B.
SUPPLY TO HIS BRICK
KILN ACHIEVED 100%**

CERTAINTY.

Generally, power plant boilers must be replaced or upgraded after 15 years of continuous operation; other than a fresh demand for generation equipment, there is a growing opportunity for O&M services.

■ At Sunil Hitech, we are at the right time to bid for and bag O&M services for PSU power assets (with a direct involvement in some).

■ We expect to undertake BEE-certified audits in potential power plants, make detailed engineering-driven recommendations, guarantee PLF factors and implement findings.

■ Seam Industries Limited, our 84.75% subsidiary, provides critical boiler parts, enabling us to control cost and quality.

Result: The trust reposed in us by people like Ramanujan enabled us to drive cash profit growth at a CAGR of 37.39% over the five years ending 2010-11.

More growth per watt!

**SERAVANNI RAN AN
ERRATIC 3 MW POWER
PLANT UNTIL HE CALLED
SUNIL HITECH AND GOT
THE RIGHT SOLUTION TO
MAXIMISE**

UPTIME.

Sunil Hitech's engineering knowledge comprises a decade-and-a-half of industry experience

- Our knowledge capital is reflected in our service breadth and depth – complex engineering designs and robust quality services covering civil, mechanical and electrical engineering interventions
- In a significant initiative, we established the I-Com, Infrastructure Construction and Operations Management Institute in Nagpur; the state-of-the-art Institute will impart world-class industrial power plant training starting July 2011
- Our culture encourages performance-driven meritocracy comprising the Balanced Scorecard and Key Performance Indicators
- As on 31 March 2011, our organisation comprised 2,632 members.

Result: The confidence of customers like Seravanni enabled us to drive net profit growth at a CAGR of 33.95% over the five years ending 2010-11.

SUNIL HITECH.

**MORE
WATTS**

**TO SOME, WE ARE THE
GLORIOUS PAST. TO
OTHERS, WE ARE THE
GLOWING PRESENT.**

Our turnover touched a record ₹ 727.30 cr in 2010-11.

**TO SOME, WE ARE A
SECURE PRESENT. TO
OTHERS, WE ARE THE
KEY TO THE FUTURE.**

Our EBIDTA expanded 23.50% to ₹ 116.55 cr in 2010-11.

**PER
WATT.**

**TO SOME, WE ARE AN
ARCHITECT OF DREAMS.
TO OTHERS, WE ARE A
POWERHOUSE OF ACTION.**

Our EBIDTA margin strengthened 2.97 basis points to 16.03% in 2010-11.

**TO SOME, WE ARE A
PROMISE. TO OTHERS, WE
REPRESENT CREDIBLE
PERFORMANCE.**

Our net profit expanded 44.33% to ₹ 33.85 cr in 2010-11.

OUR FOCUS AREAS

EPC/turnkey projects

*Balance of Plant Package for up to 660 MW *Sugar plant with cogeneration of 30 MW *Storage Sheds * CHP Bunker Belt Extension *Raw Water/LP Piping System *Fuel Oil System with Tankers *Sub-Station up to 220 kV/400 kV *RAPDRP (Restructured Accelerated Power Development and Reforms Programme) projects

Civil

*Civil and Architectural Works up to 600 MW *Civil works of Hydro Power Plant *Staff Quarters, School Building, Rest house Building *Storage Sheds

Structural

*Fabrication and Erection of Heavy Structures up to 660 MW * Fabrication and Erection of Building and Technological Structures of various utilities for Steel Plants *Structural works of Sugar and Metal Industry *Structural works of process and Heavy Industry

Mechanical

*Erection of Boilers and Auxiliaries up to 600 MW *Erection of HRSG *Erection of TG and Auxiliaries up to 500 MW *Complete Installation of Sinter Plant *Hydro-Mechanical works of Hydro Power Plants * Fabrication and Erection of Raw Water Piping System *Fabrication and Erection of Chimney Flues up to 500 MW *Erection of HP/LP Piping System of up to 500 MW

Transmission

*EHV Transmission Lines up to 132 kV, 220 kV and 400 kV *EHV Sub-Station of up to 132 kV, 220 kV and 400 kV *Erection, Testing, Commissioning of Power Transformers up to 200 MVA *C&R panels *SCADA system *PLCC Equipment *HT Capacitors *Construction of Control Rooms for EHV *Construction of Heavy Consignment Roads for Carrying out Transformers and other Equipment of up to 250 MT *Earthing system for the Entire Sub-Station

Distribution

*Sub-Transmission Lines for 11 kV, 22 kV and 33 kV *Sub-Stations for 33/11 kV and 22/11 kV up to 10 MVA rating *Erection, Testing and Commissioning of Pole Mounted and Plinth Mounted Distribution Transformers up to 630 kVA rating *Distribution Network Including UG cable from 1.1 kV up to 33 kV

O&M

*Renovation of Boilers, TG and Auxiliaries *Repair, Modification and Rehabilitation for Utility Boilers up to 500 MW *Pressure Parts, Milling System, Rotating Parts and Ducting *HP/LP Piping works *Operations and Maintenance of CHP and AHP

Manufacturing

Design and Supply of:

*Super Heater and Re-heater Coils *Economiser and LTSH Coils * Water Wall Panels *High Pressure Parts Bend * Structure of TG, Bunkers and Boilers *Technological Structures for Power and Process Industry *Tanks and Vessels *Piping *Boiler Pressure Parts Tubes up to 500 MW *Collection and Emitting Electrodes of ESP *Air Register Assemblies

TWELVE CORPORATE PILLARS

01

Turnkey BOP services

Sunil Hitech provides the most comprehensive portfolio of balance of plant (BOP) services ranging from design and engineering to fabrication and commissioning. A one-stop customer convenience. The result is an experience of having commissioned 18,525 MW of thermal power capacity in India.

02

Assets that drive technology

Sunil Hitech possesses a state-of-the-art gross block comprising milling, vertical drilling, warpage removal, power hex-saw, cranes, fabrication equipment, lathes, and pipe cutting equipment, among others. This gross block facilitates quicker project turnaround and minimal asset idling.

07

Advanced training

Sunil Hitech proactively developed a unique technical training institute called ICOM (Infrastructure Construction & Operations Management Institute) supported by world-class study programmes for hands-on engineer training.

08

Project-specific financing

Sunil Hitech received debt funding approval for its projects from all major Indian banking institutions.

03

Adhering to timelines

Sunil Hitech deploys wide-ranging engineering capabilities to complete projects on schedule. Of the 18,525 MW projects executed, the Company delivered all either as per deadline/extended deadline.

04

Integrating the value chain

Sunil Hitech evolved its presence from a labour supplier and contractor to a solutions provider across the services portion of Balance of Plant (BOP) contracts for thermal power projects. The Company expects to emerge as a full-fledged BOP player executing projects as large as 660 MW; it is entering the power plant EPC space, enabling it to bid for large projects.

09

Robust BTG partnerships

Sunil Hitech entered into a tie-up with a Chinese company for providing boiler, turbine and generator equipment, making it possible to bid jointly for large EPC projects with power plant capacities ranging from 300 to 800 MW.

10

Rich customer portfolio

Sunil Hitech's esteemed customers comprise NTPC, BHEL, Shandong Electric, JSW Steel, BALCO, Chhattisgarh State Power Generation, Mahagenco, Jindal Steel & Power Ltd, L&T Power Ltd and Maharashtra State Electricity Transmission, among others.

05

Robust quality practices

Sunil Hitech is an ISO 9001:2008-certified company, meeting international quality benchmarks. The Company received the ISO certification for civil, mechanical, fabrication, erection, repair, maintenance and electrical works.

06

Comprehensive terrain management abilities

Sunil Hitech executed projects across 12 Indian states, each characterised by different and challenging terrains.

11

Trained professionals and experts

Sunil Hitech employs rich intellectual talent recruited from renowned Indian institutes and lateral industry hires.

12

Fabrication

Sunil Hitech invested substantially in enhancing fabrication capacity for steel structures, critical for making timely deliveries. Besides, Seam Industries (Group company) provides quality critical boiler equipment.

Answering shareholder questions

“SUNIL HITECH’S RESILIENCE IS REFLECTED IN ITS ORDER BOOK OF ₹ 1,702 CR, WHICH PROVIDES A CLEAR REVENUE VISIBILITY FOR TWO-AND-A-HALF YEARS.”

Sunil Gutte, Joint Managing Director, reviews the Company’s performance and prospects



Q. How would you rate the Company’s progress in 2010-11?

A. Sunil Hitech reported a credible performance given the general industry sluggishness. Though the topline reported a marginal growth of ₹ 727.30 cr, strong internal-driven cost control led to profits growing 44.33% to ₹ 33.85 cr during the period. Escalation clauses in almost 80% of our contracts enabled us to hedge increases in material and other costs during 2010-11. Our focus on delivering larger complex projects faster will help us grow our topline to a projected ₹ 850 cr in 2011-12.

Q. What is the rationale behind bidding for larger projects?

A. Larger projects enable us to squeeze more margins on account of a ‘complexity premium’. They also create urgency in project completion, leading to quicker revenue inflow. During the period under review, we bagged three such projects:

- The 2x600 MW Jhabhua project in Madhya Pradesh, assigned by Avantha Group
- The 2x600 MW DB Power project in Champa Chhattisgarh, assigned by L&T
- The 3x660 MW MSPGCL, Koradi project in Maharashtra, assigned by L&T

All these projects will catalyse our presence in the power plant civil BOP space.

Q. What is the definition of BOP and EPC?

A. The entire power plant is divided across two components – BOP (balance of plant) and BTG (boiler, turbine and generator). BOP deals with the entire design - civil, mechanical and electrical

engineering, fabrication, supervision; installation, implementation and commissioning the power plant (except the BTG part, which is generally provided by original equipment manufacturers). BOP also deals with services, which include civil and steel structures, building services like HVAC (heating, ventilation and air-conditioning), fire detection and fighting, overall utility and piping systems, water treatment plants, cranes and transport systems, construction management, erection and site management.

EPC translates into engineering, procurement and construction. In this segment, the supplier procures the material for the power plant (cement, steel and concrete, among others) in addition to providing engineering and construction services. A company is eligible for being an EPC services provider if it can provide BOP and BTG solutions.

We enjoy an entrenched presence in India’s BOP space and are moving into the EPC service space as well.

Q. What is the Company’s order book?

A. Our order backlog was ₹ 1,702 cr as on 31 March 2011, which will be

liquidated over two-and-a-half years. We received nearly ₹ 665 cr worth of orders over the course of 2010-11, which is a little on the lower side, reflecting industry sluggishness. Our sector was plagued by headwinds comprising land acquisition issues, high debt costs and challenging financial closure norms. Although the first, second and third quarters of the year under review witnessed stronger traction in order inflows, accounting for over 78% of our total order inflow for the year, the last quarter witnessed a relative slowdown. Over 2011-12, we will not only liquidate much of our order backlog but also bid for more projects.

Q. How does the Company strengthen customer value?

A. As a rule of thumb, the capital cost per MW of thermal power ranges from ₹ 4.5-5 cr. At Sunil Hitech, we deliver customer value by deploying our captive assets and outsourcing only non-core assignments to sub-contractors, making it possible to control costs and enhance quality. Additionally, our 100% subsidiary is engaged in the supply of critical fabricated power plant components, which optimises the cost structure for the customer’s benefit.

The result was showcased in our commissioning a 6,000-TCD cane crushing unit, a 30-MW multi-fuel power plant and 60,000 litres per day distillery in 18 months for only around ₹ 400 cr during 2010-11.

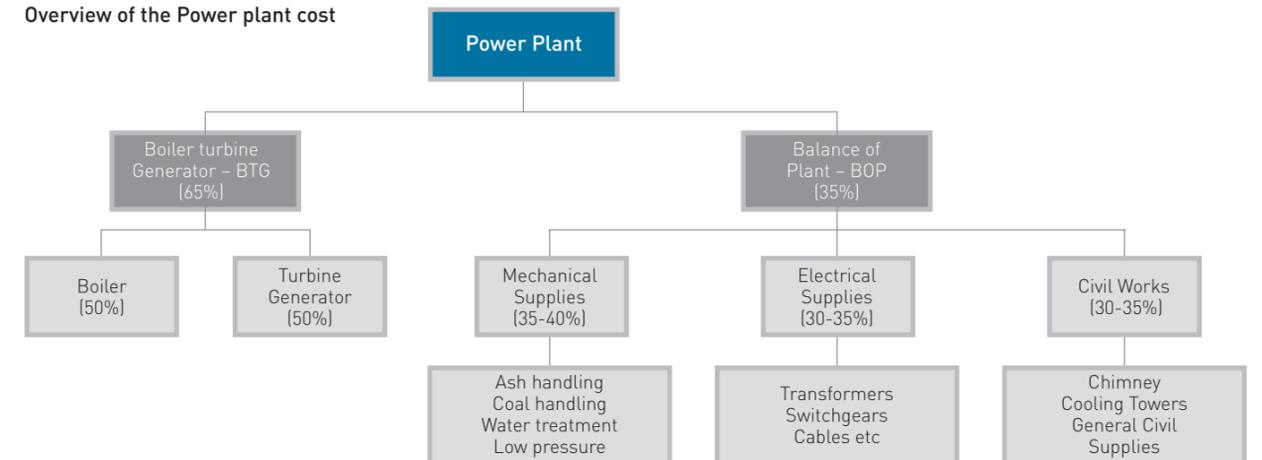
Q. What is the outlook for 2011-12?

A. We will bid for and bag larger projects and halve our project sites to around 30 in two-three years, which will help us optimise costs across a smaller number of stakeholders. This will free our internal capacities, help us take in a larger number of bigger projects, grow our order book size and strengthen turnover visibility. This has already yielded results: We bagged three large projects during the year under report in Koradi, Jabhua and Champa.

Q. How does the Company expect to strengthen shareholder value?

A. We expect to bid for large complex projects with attractive operating margins, enhance operational efficiency and control costs. In doing so, we expect to strengthen reasons for our shareholders to remain invested with us.

Overview of the Power plant cost



SEAPORTS, ROADS, HIGHWAYS, RESIDENTIAL AND COMMERCIAL BUILDINGS, DEDICATED FREIGHT CORRIDORS AND AIRPORTS HAVE ONE THING IN COMMON. A RAVENOUS ENERGY APPETITE.

Did you know that 734 KWH is the per capita electricity consumption in India?

Did you know that a total of 12,770 MW of fresh capacity is expected to be added in India during the current financial year?

Did you know that India's power generation capacity of 122 GW grew at a CAGR of 4.6% over the last four years?

Did you know that India has the fifth-largest electricity generation capacity in the world but a low per capita consumption at 606 units, less than half of China?

Did you know that India's power transmission and distribution network of 5.7 million circuit km is the third-largest in the world?

Did you know that only 56% of all Indian households have access to electricity?

Did you know that 44% of Indian rural households have access to electricity; 82% is the urban access to electricity, reflecting an opportunity for growing penetration?

Did you know that the low-income housing group segment (monthly

income of ₹ 7,000–25,000), is estimated at 21 million households and represents a USD 270 billion opportunity?

Did you know that the annual projected growth for passenger traffic is pegged at 12-15% and for cargo traffic at 15-18%?

Did you know that the Indian Railways has decided to build dedicated freight corridors in the western and eastern high-density routes for about ₹ 22,000 cr?

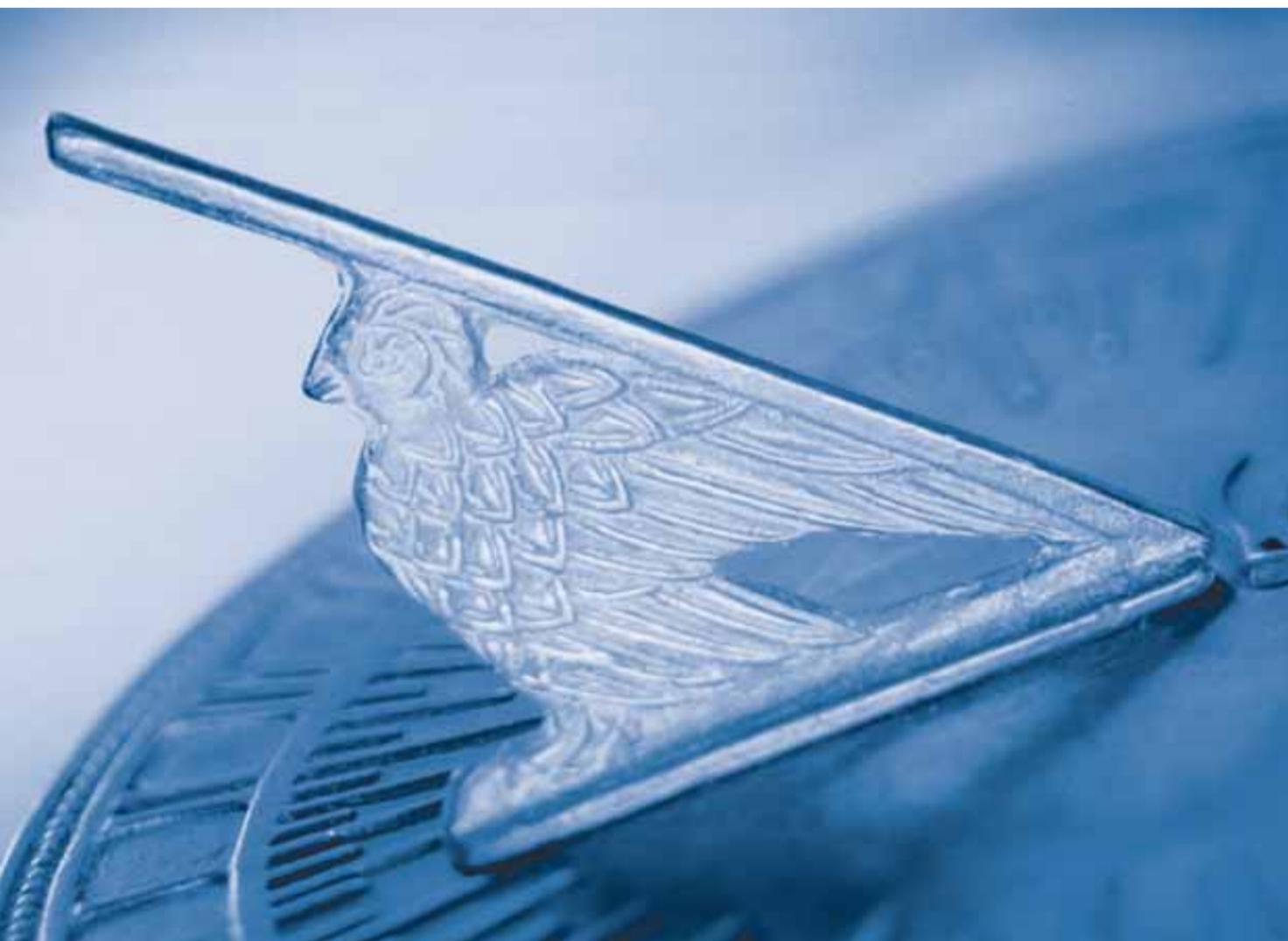
Did you know that the National Maritime Development Programme is expected to invest of a massive ₹ 50,000 cr in port infrastructure?

Did you know that the Indian GDP is expected to five-fold by 2030?

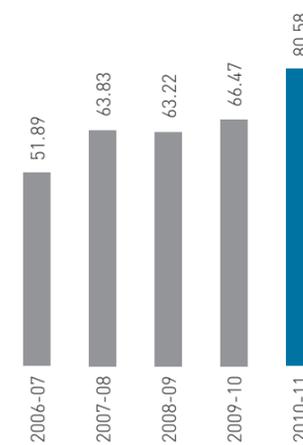
Did you know that 590 million people will live in Indian cities over the foreseeable future, which is almost twice the population of the United States today?

Did you know that 10% is the amount of non-conventional energy that SEBs (state electricity boards) must compulsorily source out of their total requirement?

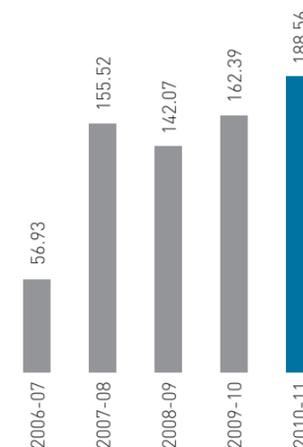
SIX FINANCIAL METRICS TO HELP YOU APPRAISE OUR COMPANY.



Return on gross block [%]



Book value per share [₹]



1 Gross turnover

Sunil Hitech's standalone gross turnover increased from ₹ 722.68 cr in 2009-10 to ₹ 727.30 cr in 2010-11. Strengthening project execution capabilities and faster order book liquidation resulted in quicker turnover growth, reflected in a 38.10% CAGR over the five years leading to 2010-11.

2 EBIDTA and EBIDTA margin

At Sunil Hitech, EBIDTA increased from ₹ 94.38 cr in 2009-10 to ₹ 116.55 cr in 2010-11, an increase of 23.50%. This is a crucial component for measuring overall profitability. EBIDTA margin increased from 13.06% in 2009-10 to 16.03% in 2010-11, indicating greater operational efficiency and an optimised cost structure.

3 PAT and PAT margin

PAT is the net income available for distribution to shareholders. At Sunil Hitech, PAT increased from ₹ 23.45 cr in 2009-10 to ₹ 33.85 cr in 2010-11; PAT margin increased from 3.25% in 2009-10 to 4.65% in 2010-11.

4 Return on gross block

A measure of asset efficiency, return on gross block is measured as a ratio of sales to total assets, a higher ratio indicating better asset utilisation. At Sunil Hitech, return on total assets increased from 66.31% in 2009-10 to 80.56% in 2010-11.

5 Debtors' collection period

Debtors' collection period is a measure of a firm's ability to recover dues from debtors, moderating working capital. A lower collection period signifies healthy and credible debtors' position. Debtors' collection period stood at 105 days in 2010-11.

6 Book value per share

Book value per share is the portion of equity available to a shareholder in case of liquidation. At Sunil Hitech, book value per share increased from ₹ 162.39 in 2009-10 to ₹ 188.56 in 2010-11.

MANAGING RISKS AT SUNIL HITECH.

At Sunil Hitech, 'risk' is viewed as either external or internal events that may at some point of time exploit the weaknesses in the Company's current processes, procedures and systems - impacting objectives and financials. Though informal in nature, Sunil Hitech follows a process of risk assessment comprising risk identification and analysis, followed by the designing of a suitable control environment covering control activities/procedures.

The Company employs a series of governance and activity level controls to ensure that the financial statements are free from material misstatements. At the enterprise level, the risk identification and mitigation procedures employed include the following:

Industry risks

Risk impact

Demand is dependent on general economic conditions. A downturn can adversely affect the Company's business and earnings.

Risk mitigation measures

Buoyant macroeconomic conditions in India have been sustaining economic reform and investments in infrastructure and construction industries (second-largest contributor to GDP growth). Additionally, a targeted double digit growth by the end of the Eleventh Plan period (2007-2012) only suggests an increased spending by the government on infrastructure, auguring well for the Company.

Risk impact

Staff attrition and non-availability of key personnel could affect the Company's operations. Volatility in critical raw materials could impact profitability.

Risk mitigation measures

The Company maintains a workforce based upon its current and anticipated workload. Temporary disturbances at project sites are addressed by relocating the available workforce. Attrition is managed by adopting healthy employee practices that promote and encourage a good work culture. This is coupled with performance-based promotion and rewards, conflict-resolution mechanisms, sound pay and incentive structures benchmarked with industry standards.

Sunil Hitech provides adequate training to its entire staff on operating procedures and policies, as well as on honing of project management skills. Additionally, employees are encouraged to upgrade their skill sets and adopt multi-tasking through job rotation.

The Company implemented adequate procurement procedures that include long-term contracts to reduce price volatilities, regular augmentation of storage facilities for stocking of materials and a careful review and monitoring of the carrying cost of raw materials.

The project contracts comprised a cost escalation clause to ensure that price volatility could be passed on to project owners. Projects are executed using standard quality-certified equipment and materials benchmarked against global standards.

Crisis management teams were established at all project sites to manage any eventuality. The project operating procedures institute the most effective accident- prevention measures across all stages of construction activity.

Operational risk

Competition risks

Risk impact

Increasing competition from domestic and international construction companies affect market share and profitability.

Risk mitigation measures

Sunil Hitech forges alliances with large domestic and international players while bidding for large national and international projects to meet the increasing competition. The Company shifted its business strategy from bidding for small projects with the risk of a larger reduction in price to larger ones, befitting the size and scale of Sunil Hitech.

Government policy risk

Risk impact

Uncertainties regarding government policies can significantly affect operations.

Risk mitigation measures

The government is prioritising infrastructure investments, limiting the inherent policy risk. The residual risk is managed by seeking opportunities to control costs to hedge from adverse policy changes.

Risk impact

A skewed business strategy could result in lost opportunities.

Risk mitigation measures

The long-term business strategy and the annual business plans are approved by the Board of Directors through discussion and analysis. Additionally, mid-term reviews of the business strategy and the annual plans ensure that the Company initiates a mid-course correction, should the situation warrant. The long-term business strategy comprises:

- Fortifying the Company's presence in select verticals
- Focusing on the Company's product quality
- Diversifying presence in different sectors and countries to reduce cyclical risk
- Expanding in international markets that comply with the Company's strategic vision
- Increasing focus on civil BOT and EPC projects

The above measures resulted in a topline CAGR of 37.10% over the five years ending 2010-11. Sunil Hitech also provides adequate training to its staff on operating procedures and policies, as well as the development of project management skills. Towards this extent, it recently established I-COM (Institution of Construction and Operations Management), which will impart quality practical training to power plant professionals in Nagpur. This 18-month certified course will provide ready placement assistance not only within the Sunil Hitech group but among other private and public participants as well.

Strategy risks

PROFILE OF OUR BOARD OF DIRECTORS

Mr. Ratnakar Manikrao Gutte: Chairman and Managing Director

Mr. Ratnakar Manikrao Gutte, Promoter, has enriched Sunil Hitech Engineers Limited with 30 years of experience in project execution – fabrication, erection, testing and commissioning of power plants and he helped transform the Company into one of the few BOP players in India.

Being a first generation entrepreneur, he possesses excellent on-the-job knowledge of engineering, the intricacies of civil construction, machinery installation, finance, banking, taxation, general management and commercial matters. His visionary abilities skillfully nurtured the Company since inception and established it as one of the leading companies specialised to undertake thermal power plant projects. His forte is liaison within the industry. In recognition of his services, he was honoured with two national awards: 'Life Time Udyog Achievement Award 2004' and 'Great Achiever in Industrial Excellence Award 2004' by EGSI and IOCI respectively. Recently, he was awarded NCCL Entrepreneur of the Year, 2007-08, by Nagpur Chamber of Commerce Limited. He was also honoured with the Bharat Vibhushan Samman Puraskar – 2009, which recognises outstanding achievement in business excellence and quality and Individual achievement for economic and social development, organised by the Indian Organisation for Commerce and Industry. During April 2011, He was honoured with the 'Marathwada Gaurav Award' by Shri Prithviraj Chavan the Hon'ble Chief Minister of Maharashtra in the presence of Hon'ble state as and central ministers, for his significant contribution in the field of industry as well as social services.

Mr. Sunil Ratnakar Gutte: Joint Managing Director

Sunil R. Gutte, a Mechanical Engineer from Pune, embodies organisational dynamism and is currently working in the capacity of Joint Managing Director.

By virtue of his strong inter-personal relations and ability to motivate members, he helped leverage the Company's human resource assets. He brought about infrastructural changes with technological advancements, bracing the Company for the future. He played a key role in broadening the Company's market. He pioneered pathbreaking changes in the management structure, reporting standards, structured decision making, HR policies and Corporate Governance practices. He played a key role in transforming the Company into among only a few BOP players in India among India's leading power project executors.

Recently he started an educational institution for imparting technical and management training to the incumbents eyeing to build carrier in the power sector. He is also managing the activities of subsidiaries and other group companies dealing in sugar and power sector. With strategic decision making, innovative ideas, team building, leadership and governance qualities, he has marked a strong presence in the Indian corporate sector within a very short span of time.

Mrs. Sudhamati Ratnakar Gutte: Whole Time Director

Mrs. Sudhamati Ratnakar Gutte has more than 15 years of hands-on experience in taking care of the Company's overall management and administration. She has been assisting the Managing Director since the Company's inception and contributed to the business through her key strengths like team building, motivation and managing administration and back-office functions. Additionally, she regularly participates in social activities to fulfill the Company's corporate social responsibility, contributing to large-scale societal development. She regularly interacts with the underprivileged section of society and has undertaken various initiatives for their welfare (providing medical facilities, establishment of hospitals and educational facilities, among others).

Mr. Mattathil Narayanan Mohanan: Whole Time Director (Operations)

Mr. M. N. Mohanan possesses a rich experience in project execution. He has wide experience in power sector projects and has been working with the Company for more than a decade, managing large volume projects concurrently. He plays the role of an Executor for the Company, and he under his leadership has executed various prestigious projects within the schedule and hence enhanced the Company's goodwill through timely project execution.

He possesses 30 years of core experience in the field of fabrication and erection of heavy steel structures, boilers and auxiliaries, electrostatic precipitators, equipment, power cycle piping and LP piping, among others. He has to his credit many key projects, which were completed ahead of schedule with various reputed customers of the Company. He played a key role in developing the Company as one of the few BOP players in India. His forte is able administration and he helped the Company become a leading power and civil project executor in India.

Mr. Vijay R. Gutte: Whole Time Director (Finance)

Mr. Vijay R. Gutte is an MBA specialising in marketing and finance. He brings up-to-date knowledge to this specialised field. His competence lies in understanding banking and finances, airline industry and taxation as he completed various projects in these fields. Since his induction in the Company in 2007, he transformed Sunil Hitech's finance capability into a powerful strategic weapon. He continuously monitors end-to-end processes and transaction quality to analyse defects and identify remedies. He was responsible for investing in web-enabled capabilities to connect with vendors, customers, employees and managers. He creates a sense of belongingness among employees. He believes in maintaining a timely schedule across each facet of life and is prompt in his commitments. His strengths

comprise leadership, dedication and maintaining a healthy professional environment in the Company.

With his innovative planning and futuristic outlook, he tries to add new venture, new business activities with the current activities of the company. In view of the growing prospects of civil and road sectors, with his continuous efforts and initiatives, Sunil Hitech is going to join hands with a big corporate house in the road construction sector, which is conducting ecological infrastructure projects in roads, an associated enterprise of the Israeli company (a global company that operates in the fields of soils stabilization and ecological road infrastructure).

Mr. S. K. Kodandaramaiah: Whole Time Director (Business Development) and CEO

Mr. S. K. Kodandaramaiah is a postgraduate in Mechanical Engineering with more than 33 years of experience in the power sector. He worked for 21 years in Bharat Heavy Electricals Ltd (BHEL) and also worked for five years as Executive Director (Commercial) in General Electric Power Services Ltd, (GE) Delhi. He was Advisor to Dhamwari Sunda Hydro Electric Co. in the development of a 70-MW hydro power project in Himachal Pradesh.

He has to his credit, attendance at a training programme at Oslo University, Norway, in 'Energy Planning and Environment'. He was part of the marketing team for exports and helped BHEL western region to implement a 120-MW turnkey job in Malaysia. He was involved in the execution of 4,000 MW power plants with wide exposure at BHEL, working in the various areas of project management, construction management, commercial, contracting and overseas marketing. He developed the ability of facing challenges among the employees and within a short span of time he created for the Company a high profile customer base. He is a man of dignity and his

inherent qualities were acknowledged at a seminar on 'Global Participation in India's Economic Development' held on 4th December 2010, at New Delhi, at which he was honoured with 'Bharat Jyoti Award' by Dr. Bhishma Narain Singh, former Governor of Tamil Nadu and Assam for his 'Meritorious Services, Outstanding Performance and Remarkable Role', which is matter of honour for the entire Sunil Hitech family.

Mr. Devesh Nandan Garg: Independent Director

Mr. Devesh N. Garg, who is a Graduate Engineer and MBA (Finance) possesses over 20 years of experience in high technology industrial and financial sectors. He also invested in, advised and managed companies across all sizes and stages of development from pre-revenue to worldwide operations.

He was General Manager of the Security Business Unit at Broadcom, where he was part of the pre-IPO team and established the office in Northern California. With executive management responsibilities for technical sales and field application engineering, he led his division to USD 450 million in revenues as the Company grew from a start-up to its current market capitalisation of around USD 20 billion.

Mr. Sajid Ali: Independent Director

Mr. Sajid Ali is a Graduate Engineer with 40 years of experience in erection and commissioning of equipment in coke oven plants, piping, boiler erection, turnkey projects. He possesses vast knowledge in the planning and execution of various projects and has handled large-volume projects. His forte is able administration. He was in-charge of the total construction management of the power sector for BHEL, Western Region, in 1994. He possesses rich experience in the field of boiler erection, piping and turnkey projects.

Mr. Dilip Y. Ghanekar: Independent Director

Mr. Dilip Y. Ghanekar completed his graduation in 1967 from V.R.C.E., Nagpur. He retired as Technical Director, MSEB. He possesses 36 years of work experience in the Maharashtra State Electricity Board for the operation, maintenance, construction, procurement and planning (at power stations up to a size of 500 MW) of equipment, encouraging non-conventional energy development, contracts for power purchase, among others.

He underwent customer training at the works of boiler manufacturer M/s. Combustion Engineering USA and in Australia conducted by United Nations for Coal Technology Environment. He possesses rich experience in the field of operations, maintenance, construction and planning for big power stations.

Mr. Parag A. Sakalikar: Independent Director

Mr. Parag Sakalikar is a young entrepreneur. He holds a B.E. degree in Mechanical Engineering from Nagpur in 1998. After graduation, he joined as a trainee in the auditor training programme in ISO 9001-2000 from TUV Asia Pvt. Ltd and advance training in Maruti servicing vehicle from Maruti Udyog Ltd.

He established his own authorised automobile service station, (an ISO 9001:2000- certified company from TUV) for the entire range of Maruti vehicles. His company was awarded good performing mass in Maharashtra from 2003-2007 including the entire western region (Maharashtra, Goa, Gujarat and Chhattisgarh) by Maruti Suzuki. He also set up an additional new Maruti authorised service station in Butibori MIDC with 'A' grade category. Mr. Parag A. Sakalikar possesses good financing, marketing and administration knowledge.

Management Discussion and Analysis Report

Global economy

The global economy expanded 4.8% in 2010 against (2.9%) in 2009. The recovery continued on two fronts:

- Advanced economies continued their moderate growth, owing to stronger-than-expected consumption in the US and Japan. Stimulus measures were also partly responsible for the strengthened upturn. More generally, private consumption – which fell sharply during the crisis – started gaining a foothold in major advanced economies.
- Growth in emerging and developing economies remained robust, buoyed by well-entrenched private demand, accommodative policy stances and resurgent capital inflows.

Global financial conditions broadly improved amid lingering vulnerabilities. Equity markets rose, risk spreads continued to tighten and bank lending conditions in major advanced economies became less tight, even for small and medium-sized firms. Pockets of vulnerability persisted and real estate markets and household income remained weak in some major advanced economies. Financial turbulence re-emerged in the periphery of the Euro area in the last quarter of 2010.

Indian economy

The Indian economy was one of the

fastest growing economies to recover from the crisis, registered a second year of accelerated growth. The Indian economy grew at a robust 8.6% in 2010-11 (8% in 2009-10).

The confidence in the Indian growth story was witnessed in the record FII inflows in the economy and the revival in domestic investor confidence which helped the Indian stock markets regain pre-crisis record levels. Foreign exchange reserves stood at USD 315.72 mn as on 1 July 2011.

Industry structure and developments

Power or electricity is one of the most critical components of infrastructure effecting economic growth and well being of nations. The power sector provides one of the most important inputs for the development of a country and availability of reliable and inexpensive power is critical for its sustainable economic development. To sustain GDP growth of around 8-9%, it is imperative that the power sector also grows at the same rate.

Even after the considerable growth in the power sector, infrastructure and the supply of electricity, many parts of the country continue to face severe power shortages as consumption by commercial and industrial consumers has been increasing at much faster rate than electricity supply.

Power is one area of infrastructure where India lags far behind even in comparison to other developing countries. The per capita annual consumption of electricity in India is one of the lowest in the world at approximately 734 KWH.

Electricity generation covers a long chain from the fuel source to the ultimate consumer of power. The diagram on page 39 illustrates the case in point.

Demand-supply situation

The Indian power sector has grown significantly since 1947 and India today is the third largest producer of power in Asia. The power generating capacity has increased from 1,362 MW in 1947 to 1,76,990.40 MW as on August, 2011. Despite significant growth in electricity generation over the years, the shortage of power continues to exist primarily on account of growth in demand for power outstripping the growth in generation and capacity additions in power generation.

Historically, India has experienced shortages in energy and peak power requirements. The average energy deficit was 9.1% and the average peak power deficit was 12.8% between 2003 and 2010. The gap between demand and supply has not decreased in the last few years, leading to persistent power shortages.

GDP growth

(%)

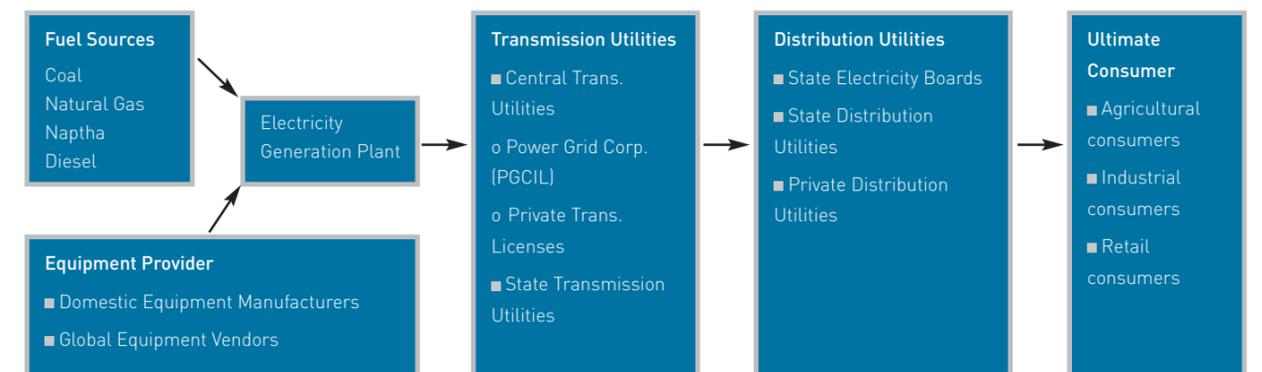
	2010	2009
Global	4.8	(2.9)
Advanced economies	2.7	(4.8)
Emerging economies	7.1	0.3
Size of the global economy (USD trillion)	62.0	57.8

Snapshot

(%)

	2010-11	2009-10
Agriculture, forestry and fishing	5.4	0.4
Mining and quarrying	6.2	6.9
Manufacturing	8.8	8.8
Electricity, gas and water supply	5.1	6.4
Construction	8.0	7.0
Trade, hotels, transport, communication	11.0	9.7
Financing, insurance, realty and business services	10.6	9.2
Community, social and personal services	5.7	11.8

(Source: Prime Minister's Economic Advisory Council, PMEAC)

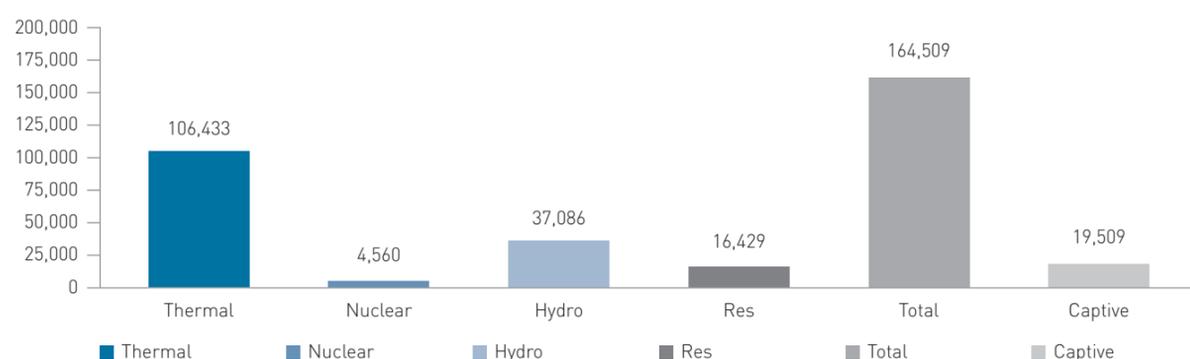


Power generation

India's power generation capacity increased from 1,362 MW in 1947 to 1,76,990.40 MW as on August, 2011. The country had an installed power capacity of over 165,000 MW, reflected in the table below:

Region	Coal	Gas	DSL	Total	Nuclear	Hydro	Rest of the renewable sources	Total
Northern	22575.00	3563.26	12.99	26151.25	1620.00	13430.75	2690.62	43892.62
Western	29155.50	8143.81	17.48	37316.79	1840.00	7774.50	4849.93	51454.22
Southern	19172.50	4690.78	939.32	24802.60	1100.00	11210.03	8329.67	45442.30
Eastern	16895.38	190.00	17.20	17102.58	-	3882.12	334.91	21319.61
Northeastern region	60.00	787.00	142.74	989.74	-	1116.00	218.19	2323.93
Islands	-	-	70.02	70.02	-	-	6.10	76.12
All-India	87858.38	17374.85	1199.75	106432.98	4560.00	37413.40	16429.42	164508.80

Power distribution by type



Source: CEA

Recent developments

There have been multiple reforms aimed at increasing participation and introducing competition in the sector. The government is keen to provide a level playing field for all participants and has hence introduced regulations providing opportunities in domains earlier not available to the private sector

and more clarity on various aspects. The government is also taking a long term view of how things ought to be shaped and has introduced regulations which will help in the long and sustainable growth of the sector. Some key regulatory changes have been introduced recently were as below:

Regulation on Renewable Energy Certificates (REC)

The REC regulation provides an opportunity for the Renewable Energy (RE) generators either to sell the renewable energy at preferential tariff fixed by the State Electricity Regulatory Commissions (SERC) or to sell the electricity generation and environmental

attributes associated with RE generation separately, which can be exchanged in the form of REC. Considering the scope of getting high returns, the new regulation is expected to stimulate extensive capacity addition in renewable energy.

Terms and Conditions For Tariff Determination From Renewable Energy Sources Regulations, 2009

The regulations provide normative capital costs for projects based on different renewable technologies. The normative Return on Equity shall be pre-tax 19% per annum for the first 10 years and Pre-tax 24% per annum 11th year onwards. The high returns will encourage more capacity addition in renewable energy segment.

Jawaharlal Nehru National Solar Mission

Launch of Jawaharlal Nehru National Solar Mission (JNNSM), which aims to ensure that solar energy technologies in the country achieve grid parity by 2022. It has plans for deployment of 20 GW of solar power by 2022. The programme is going to act as a propellant for growth and development of renewable energy in the Country.

Regulations on Transmission Pricing

The new regulation is a big improvisation over the existing methodology of sharing of transmission charges & losses. The new approach is distance and direction sensitive and addresses various lacunae in the existing model.

Power Market Regulations

Provisions of these regulations would govern transactions in various contracts related to electricity. These regulations shall apply to various types of inter-state contracts related to electricity whether these contracts are transacted directly, through electricity traders, on power exchanges or on other exchanges. The regulations are expected to boost the implementation of open access of power in the country and result in an efficient price discovery.

Opportunities and threats

Long-term demand for power

The Ministry of Power has set a goal encompassed in Mission 2012: POWER FOR ALL. Based on the 17th EPS estimates, the total energy requirement in India will increase to 968,659 GWH by fiscal year 2012, 1,392,066 GWH by fiscal year 2017 and to 1,914,508 GWH by fiscal

year 2022. This would lead to an annual electric peak-load of 152,746 MW in fiscal year 2012, 218,209 MW in fiscal year 2017 and 298,253 MW in fiscal year 2022. The northern region is expected to contribute 30.1% and the western region 28.4% of the overall annual electric peak-load in fiscal year 2022. The Government has estimated the total investment potential of the sector at ₹ 9,000 billion for a specified period up to fiscal year 2011. This represents a significant opportunity for capacity expansion and growth for power generation companies in the public and private sector

Challenges

However, even as macro economic numbers displayed a strong performance, they were marked by significant volatility. Headline inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months in 2010. Domestic supply side constraints coupled with the rising international prices of food grains pushed the prices of primary food articles, which eventually drove inflation in the manufacturing goods as well as service sectors.

Contribution by every Indian to its growth

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Per person contribution to India's GDP (₹)	29,634	33,363	38,235	43,849	48,354	55,983	66,273

As India witnessed robust growth, it was simultaneously challenged by rising prices – both domestic and internationally. This was mitigated by timely intervention of the government via fiscal prudence and a necessary push given to the infrastructure segment – boosting investment and growth.

Given the strong momentum, the outlook is encouraging. The government thrust on infrastructure projects and development is expected to witness sustained growth.

Segment-wise performance

The Company is operating under three business segments namely: Project,

Overhauling & Management and Supply or Trading.

Project Segment: This segment is engaged in the business of Fabrication, Erection and Commissioning of Boilers (Power Plant), Erection, Testing, Commission of ESP, Coal Handling Plant, Ash Handling, Entire Civil Structure Works of Plant, Chimney, Cooling Towers and Auxiliaries, EPC/BOP Contracts and Transmission & Distribution.

Overhauling & Maintenance: This segment is engaged in the Repair & Maintenance, Overhauling and Renovation of Boilers and Auxiliaries, Ash Handling Systems etc.

Supply or Trading Segment: This segment is engaged in supply of electrodes, Boiler Spare parts, Coal, Steel and other materials at various power plants.

The performance of each Segment of the Company was satisfactory for the financial year ended on 31.03.2011. The Project Segment remained steady during this financial year. The Overhauling & Management Segment registered more than 50% growth over its last years' performance and the Supply or Trading witnessed a remarkable performance by registering a significant growth (more than twice) over its last years' performance.

Outlook

The future holds a greater role for the private sector in power generation. The proposed capacity addition during the Eleventh Plan period (2007-12) recommends generation planning based on an estimated 9.5% growth in the required energy each year. As a result, a capacity addition of 78,577 MW is recommended in the Eleventh Plan as given below: (MW)

Sector	Hydro	Thermal	Nuclear	Total
Central	9685	26500	2658	39865 (50.7%)
State	3605	24347	-	27952 (35.6%)
Private	3263	7497	-	10760 (13.7%)
All-India	16553	58844	2658	78577 (100%)

Required capacity additions foreseen during the Twelfth Plan

The requirement of installed capacity and capacity addition to meet the power generation requirement during the Twelfth Plan period is given in table below.

Capacity addition required during Twelfth Plan (2012-17)

(MW)

GDP growth	GDP/ Electricity elasticity	Electricity generation required [BU]	Peak demand (MW)	Installed capacity (MW)	Capacity addition required during the 12th Plan
8%	0.8	1415	215700	280300	70800
	0.9	1470	224600	291700	82200
9%	0.8	1470	224600	291700	82200
	0.9	1532	233300	303800	94300
10%	0.8	1525	232300	302300	92800
	0.9	1597	244000	317000	107500

Source: Working Group on Power, Eleventh Plan (2007-12)

Under various growth scenarios, the capacity addition required during Twelfth Plan would be in the range of 70,800–107,500 MW, based on normative parameters. The Eleventh Plan Working Group recommends a capacity addition of 82,200 MW for the Twelfth Plan based on the scenario of 9% GDP growth rate and an elasticity of 0.8%.

Current outlook of generation capacity addition

In line with the aggressive targets set by the government, a comprehensive blueprint for the power sector development has been prepared encompassing an integrated strategy with following objectives:

- Sufficient power to achieve GDP growth rate of 8%
- Reliability of power
- Improved quality of power

- Optimum power cost to ensure availability at affordable prices and commercial viability of power industry to make it attractive for private sector participation

The Government, through the Ministry of Power, has laid out the following broad strategies to achieve the objectives:

- Power generation strategy: Focusing on low-cost generation, optimisation of capacity utilisation, controlling input costs, optimisation of fuel mix, technology upgrades and utilisation of non-conventional energy sources
- Transmission strategy: Focusing on developing the national grid including interstate connections, technology upgrades and optimisation of transmission costs
- Distribution strategy: Achieving distribution reforms by focusing on

system upgrades, loss reduction, theft control, consumer service orientation, quality power supply commercialisation, decentralized distributed and supply for rural areas

- Regulation strategy: Protecting consumer interests and making the sector commercially viable
- Financing strategy: To generate resources for required growth of the power sector
- Conservation strategy: To optimise the utilisation of electricity with a focus on demand-side management, load management and technology upgrades to provide energy efficient equipment
- Communication strategy: Forming political consensus with the media support to enhance public awareness

Coal supply position

More than 50% of India's generation capacity is coal-based. According to the Integrated Energy Policy, by FY31-32, India's requirement of this key resource will surge to 2,040 million tonnes for power generation, more than 5 times its current consumption levels. The shortage of coal is so acute that most of the power generation companies are looking at imported coal as a viable alternative to domestic coal.

Increasing importance of the private sector

India has emerged as one of the fastest growing economies in the world. Its current economic performance reflects a healthy trend based on increased consumption, investment and exports. Over the next five years, this growth is expected to continue. A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. It has embarked on an aggressive mission – POWER FOR ALL by 2012 and has undertaken multiple reforms to make the power sector more attractive to private sector investment. As such, sustainable opportunities continue to abound India's power sector, enabling companies like Sunil Hitech to comprehensively capitalise on this attractive business pie.

Key sectoral risks and concerns

The power sector is a highly capital-intensive business with long gestation periods, before commencement of revenue streams (construction periods of 4-5 years) and an even longer operating period (over 25 years). Since most of the projects have such a long timeframe there exist inherent risks in both the internal and external environment. We monitor the external environment and manage our internal environment to mitigate the concerns on a continuous basis.

Power sector optimism

Electricity is one of the most vital infrastructure inputs for economic development of a country. There is a strong demand for electricity in India and it is steadily growing with the country's economic progress and rising consumerism. The Indian electricity market today offers one of the highest growth potential for private players. Government reforms comprising the Distribution Network Reforms Program would be the key factor driving the power sector. Reforms such as The Electricity Act and The National Electricity Policy will give impetus to the Indian power sector.

According to a research report on the Indian Power Sector Analysis, there exists massive demand for power in some Indian states due to rapid urbanization and industrialization. Besides, opportunities for private players are increasing with high energy

shortages and government support in the form of incentives to set up power plants. The number of merchant power plants will increase in the years to come with state governments (Gujarat, Maharashtra and Andhra Pradesh, among others) inviting private players to invest in the power sector. Based on the study of the Indian power sector, it has been discovered that the total installed capacity will add around 45,000 MW by 2013-14.

However, the demand is much higher than supply with deficit projected to be in the range of 12-15% during the course of the next two-three years. Renewable energy creates huge opportunities for power generators as the commitment to generate clean energy and environmental obligations have become top priority for most of the nations around the world. The research report has also revealed that unconventional energy sources such as nuclear, wind and solar will fulfill a large chunk of India's energy need in coming years. Many states are formulating exclusive policies for renewable energies in order to promote and develop these energy sources. However, coal-based power will continue to remain the dominant source for energy in India with the largest chunk of new energy addition being in the form of thermal energy.

Internal control system and their adequacy

The Company has adequate Internal Control System commensurate with the

size and nature of the business. This system has designed to ensure that;

- a. All assets are acquired economically, used efficiently and protected against lost, destruction or unauthorized use.
- b. All resources viz human, materials, machines & money are used efficiently and effectively.
- c. Financial, Accounting and other Operational information are accurate, reliable and submitted timely to all concerned, and
- d. All applicable laws and internal policies are complied with in true spirit.

The Company has a separate Internal Auditor auditing all the operational aspects of the organisation and submitted its report to the management

on monthly basis and thus helpful in mitigating or avoiding the fraud or any other discrepancies in the day to day operational activities of the Company.

Internal control systems are periodically reviewed by the Audit Committee to keep it updated and consistent with the requirement of the organization.

Financial performance with respect to operational performance

The financial performance of the Company for the fiscal year ended on 31st March, 2011 was satisfactory. The profitability, reserves of the Company showed a growing trend as compared to the last years' figure. Earnings per share of the Company also registered a remarkable growth of 40% over the last years' figure. In order to improve the operational efficiency, the Company is

regularly monitoring the performance of employees and whenever needed the senior official / management personnel, counsel or guide the employees/staff to contribute their best towards organisational growth.

Material developments in Human Resources/Industrial Relations

The Company as well as the employees have maintained cordial relations throughout the year. Your Company has a balanced structure of technical as well as non technical, permanent as well as contractual personnel. The management is regularly appraising the performance of its employees, providing feedback wherever necessary to improve their performance and productivity.

Directors' Report

Dear members

Your Directors are pleased to present the Thirteenth Annual Report of the Company together with the Audited Financial Results for the year ended on 31st March, 2011.

Financial Results

The Financial Performance of the Company for the financial year ended on 31st March 2011 is summarized below: (₹ in Lacs)

Particulars	2010-2011	2009-2010
Net Sales / Income from Operations	72,990.29	72,843.51
Other Income	763.48	864.36
Total Income	73,753.77	73,707.87
Operating Profit	11,655.70	9,437.97
Interest & Financial Charges	3,416.53	2,418.67
Depreciation	2,617.96	2,151.22
Profit Before Tax	5,671.21	5,241.27
Taxation - Current	2,121.57	1,717.48
- Deferred Tax	(172.45)	(49.24)
- Income Tax for Prior Period	336.77	1,227.52
Profit after Taxation	3,385.31	2,345.51
Balance brought forward	5,944.63	3,690.06
Reversal of Proposed Dividend	-	143.61
Amount available for appropriations	9,329.94	6,179.18
Appropriations		
Proposed Dividend on equity shares	147.30	-
Tax on Proposed Dividend	23.90	-
Amount Transferred to General Reserve	338.08	234.55
Amount Transferred to Balance Sheet	8,820.67	5,944.63

Operational Review

Your Company has achieved turnover of ₹ 72,990.29 lacs in the financial year 2010-11 as against ₹ 72,843.51 lacs in the previous year. The operating profit of your Company for the financial year ended 31st March 2011 is ₹ 11,655.70 lacs, whereas it was ₹ 9,437.97 lacs during the last financial year, showing a growth of 23.50% on a year-to-year basis in spite of its steady turnover, which shows that your Company has controlled its operating expenses with proper planning and effective utilization of resources. The Profit before tax of the Company for the financial year 2010-11 is ₹ 5,671.21 lacs, whereas it was ₹ 5,241.27 lacs in the previous year showing a growth of 8.21% over the last years performance. The net profit of your Company for the financial year 2010-11 is ₹ 3,385.31 lacs as against ₹ 2,345.51 lacs in the previous year, registered a significant growth of around 44.33%. The overall performance of your Company is satisfactory and the bottom line growth shows its growth potential and its ability to control its operating expenses.

Dividend

In the light of profitability of the

Company, your Directors are pleased to recommend a dividend @ ₹ 1.20 per equity share of ₹ 10/- each (previous year nil) for the financial year ended 31st March, 2011.

Future Prospects

India is witnessing a robust growth in the Power as well as Infrastructure / Civil sector in recent years. The Government of India, in its 11th Five year plan, estimated a capacity addition of around 80,000 MW in Power Sector and according to National Electricity Plan of the Government of India, it is observed that by the end of 12th five year plan, an installed generation capacity of over 2,68,150 MW would be achieved through thermal, hydro and nuclear power generation.

The Ministry of Railways, Government of India has also announced various major power & civil projects in coming years.

It is certain that improved rail, road, port, electricity and telecommunication links are much needed for our country. The infrastructure sector in India holds significant growth potential. In view of the growing need of advancement and availability of sound infrastructure facilities, the Government of India is

making significant additional investments in infrastructure under the 12th five year plan.

In addition to the above, in view of growing business opportunities in power generation & distribution, mining / coal, water projects etc., your Company is planning to diversify its business opportunities in these sectors and for that your Board has already taken the shareholders approval by passing special resolution by way of postal ballot on 4th April 2011.

In the light of growing opportunities in power and infrastructure sectors, your Company expects better performance in coming years.

Public Deposits

During the year ended 31st March, 2011, your Company has not accepted any deposits from the public.

Directors

As per Article 150 of Articles of Association of the Company, Mr. Sajid Ali & Mr. Vijay R. Gutte, Directors of the Company are liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The

Board of Directors recommends their reappointment subject to the approval of shareholders in the ensuing annual general meeting.

Ms. Sarita Rathi, Independent Director, has resigned from Directorship with effect from 3rd April 2011. Mr. Kamlakar G. Holkar, Independent Director, has resigned from Directorship with effect from 3rd August 2011. The Board of Directors has revised, with effect from the month of April 2011, the remuneration of Whole Time Directors Mr. M. N. Mohanan and Mr. S. K. Kodandaramaiah and hence the basic salary per month of them are ₹ 2,12,500/- (Rupees Two lacs twelve thousand five hundred only) and ₹ 1,67,500/- (Rupees One lac sixty seven thousand five hundred only) respectively apart from other benefits allowances and perquisites payable to them.

The Board of Directors at its meeting held on 30.08.2011 has appointed Shri. Sonyabapu Shankar Waghmare as an Additional Director (Independent non executive) of the Company.

Directors Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- a) In the preparation of Annual Accounts of the Company, the applicable Accounting Standards

have been followed along with proper explanation to material departure from the same, if there any.

- b) They have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2011 and of the Profit of the Company for the year ended on that date.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) They have prepared the annual accounts of the Company on a going concern basis.

Auditors

M/s Kapoor & Parekh Associates, Chartered Accountants, (having ICAI FRN 104803W), shall hold office only up to the conclusion of ensuing annual general meeting and are eligible for reappointment. The Company has received letter from them that their reappointment shall be with in the prescribed limits under section 224(1B)

of the Companies Act, 1956, and that they are not disqualified for reappointment under the provisions of section 226 of the said Act.

The Notes to Accounts in the Auditors Report are self explanatory and do not call for any further comments.

The Board recommends the reappointment of M/s Kapoor & Parekh Associates, Chartered Accountants, subject to the approval of shareholders in the ensuing annual general meeting.

Management Discussion and Analysis

A detailed review of operational performance and future outlook of the Company is given under the Management Discussion and Analysis Report which forms part of this Report.

Corporate Governance Report

As required by the Clause 49 of the Listing Agreement with stock exchanges, Corporate Governance Report and a certificate confirming compliance with requirements of corporate governance forms part of this report.

Notes on Subsidiaries

For the financial year ended on 31st March, 2011, your Company has three subsidiaries namely 1) SEAM Industries Ltd., 2) Sunil Hitech Energy Pvt. Ltd., 3) SHEL Investments Consultancy Pvt. Ltd.

In accordance with the General Circular

no. 2/2011 dated 8th February 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance sheet, Profit & Loss Account and other documents of subsidiary Companies are not being attached with the Balance Sheet of the Company.

In continuation of the above, Your Board of Directors consents that annual accounts of the subsidiary companies and the related detailed information shall be made available to Shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding Company and of the subsidiary companies concerned and also the complete annual accounts of the subsidiaries shall be posted on the web site of the Company www.sunilhitech.com. Details of Financial Statement of Subsidiary Companies form part of this Annual Report.

Consolidated Accounts

As required under clause 32 of Listing Agreements with Stock Exchanges, Consolidated Financial Statement of the Company and its subsidiaries as aforesaid are attached.

Insurance

All the Assets of the Company are insured against risk and uncertainty.

Particulars of Employees

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 the names and other particulars of employees are set out in the annexure 1 to the Directors' Report and forms part of this report .

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the

Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed in annexure 2 and forms part of this report.

Acknowledgement

Your Directors express their gratitude for the valuable support extended by investors, customers, business associates, bankers and vendors. Your Directors place on record their appreciation for the significant contribution made by the employees at all levels towards the development of the Company. The employees' dedication towards the organisation is a source of strength for the Company. The Directors also thanks the various Government and Regulatory Authorities and last but not the least the Shareholders for their patronage, support and faith in the Company. With the whole hearted support of stakeholders, employees, bankers and our valuable customers, your Company will touch the new limits of success and growth.

By the order of the Board

sd/-

Place: Nagpur, Maharashtra
Date: 30.08.2011

(S. K. Kodandaramaiah)
Executive Director

sd/-

(Sunil R. Gutte)
Joint Managing Director

Annexure 1 to the Directors' Report

Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report of the year ended on 31st March, 2011 are as follows;

Sr. No.	Name	Designation	Date of Commencement of Employment	Qualification	Age (Years)	Experience	Gross Remuneration (₹)	Previous Employment
1	Mr. Ratnakar M. Gutte	Chairman & Managing Director	08.06.1998	Under Graduate	53 Years	30 Years	1,20,81,407/-	N. A.
2	Mr. Sunil R. Gutte	Joint Managing Director	01.06.2005	B.E. - Mech. Eng.	29 Years	7 Years	75,40,055/-	N. A.
3	Mr. Vijay R. Gutte	Director (Finance)	29.05.2007	MBA -Finance	28 Years	5 Years	60,88,000/-	N. A.

Note:

1. Nature of employment – Contractual.
2. The aforesaid Directors are related with each other and with Smt. Sudhamati R. Gutte (Whole Time Director) of the Company.
3. Shareholding of these Directors mentioned in the Report on Corporate Governance.

Annexure 2 to the Directors' Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

(A) Conservation of Energy

Energy is one of the most important sources for the living creatures. Your Company recognizes its importance and is very cautious in energy expenditure. Your Company is continuously taking initiatives to ensure the optimum utilization of energy available in day to day operations not only in offices but

also at different sites of execution of various projects. Your Company uses energy efficient lighting and plant & equipment which are environment and power friendly. These initiatives translate into a considerably lower environmental impact.

(B) Technology absorption

Your Company is doing its business by ensuring optimum utilization of its available resources. Your Company has not taken any research & development activity so far. It has been executing its

projects by using modern techniques, modern machineries and by ensuring the optimum utilization of its technical & non technical, professional and skilled manpower.

(c) Foreign Exchange Earnings and Outgo

The Company has incurred expenses worth ₹ 29.81 lacs in foreign currency as per 'Notes on Accounts' during the financial year 2010-2011. There is no any income in foreign currency.

By the order of the Board

sd/-

(S. K. Kodandaramaiah)
Executive Director

sd/-

(Sunil R. Gutte)
Joint Managing Director

Place: Nagpur, Maharashtra
Date: 30.08.2011

Code of Conduct

The concept of the Code of Conduct has been introduced vide Clause 49 of the Listing Agreement. This Code of Conduct is vital to the day-to-day working of the Company. Every listed Company must have its own Code of Conduct and every member of the Board and senior management officials follow the same in their day-to-day workings to maintain cordial professional relationships.

The Board of Directors, senior management personnel and all other employees of the Company are committed to establish and maintain the highest standard of ethical conduct & business ethics. This Code of Conduct (hereafter referred to as the "Code") reflects the business principles that support the senior managerial personnel to develop a sense of ownership amongst employees, the way to discharge their obligations and to create within the Organisation a corporate culture that reflects a cordial working environment. The Board of Directors is responsible for setting the Code and for updating it from time to time, as required, to reflect legal and regulatory developments. Every Director and senior management personnel of the Company must read and understand this Code and its application to the performance of their duties.

In addition to the above, the Company as a whole is committed to establish mutually beneficial relations with our suppliers, customers, bankers and all other persons associated with the

Company. In our business dealings we expect our partners to adhere to business principles consistent with our own.

Community involvement:

The Company as a whole strives to be a worthy corporate citizen and an integral part of society to fulfill its responsibilities to the communities in which it operates.

Public Activities:

The Company as a whole is encouraged to promote and defend their legitimate business interests. Sunil Hitech will cooperate with governments and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. Sunil Hitech neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party's interests.

Innovation:

In our quest for scientific innovation to meet consumer needs, we strive to respect the concerns of our consumers and of society at large. We will work on the basis of sound science, applying rigorous standards of product safety and also take care of the natural environment.

Competition:

The Company believes in vigorous yet fair competition and supports the development of appropriate Competition

laws. The Company will conduct its operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity Fairness & Transparency:

The Directors and senior management personnel discharge their duties and obligations in accordance with sound business policies and prudent commercial practices in the best interests of the Company and its stakeholders. They apply their best efforts and organize the resources towards the achievement of Company's mission, aspiration, & values. They are expected to act diligently, openly, honestly and in good faith. They must guide their subordinates to act diligently and collectively.

The Board of Directors and senior management personnel of the Company must maintain the confidentiality of all material non-public information entrusted to them by the Company. They shall not disclose any material fact to any outsider except as authorized by the Board and required under any applicable laws.

Sunil Hitech as a whole does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment or service which is, or may be construed as being, a bribe / illegal gratification. Any demand for, or offer of, a bribe must be rejected immediately

Report on Corporate Governance

and reported to management. Sunil Hitech accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests:

All employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities at Sunil Hitech. They must not seek gain for themselves or others through misuse of their professional positions.

Compliances Monitoring & Reporting:

Compliance with these principles is an essential element in our business success. The Board & senior management personnel are responsible for ensuring these principles are communicated to, and understood and

observed by, all employees. Day-to-day responsibility is delegated to the senior management of the Company. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs. Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Audit Committee of the Board. Any breaches of the Code must be reported in accordance with the procedures specified by the Secretary. The Board will not criticize management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions.

The Board of Directors and senior management personnel to whom such Code is applicable shall comply with this Code and develop a mechanism for the prompt and fair adjudication of alleged violations of this Code.

In addition to the above, the senior managerial personnel must abide by all laws, rules and regulations of the country applicable to the Company and Company's insider trading norms. The Board of Directors has designated the Company Secretary to secure compliance with the Laws, Rules and Regulations, applicable to the Company.

Compliance Officer

The Board has designated the Company Secretary to act as Compliance Officer to administer the Code. Directors and employees may make any report or complaint to the Compliance Officer for submission to the Board of Directors.

Amendment and Modification

This Code may be amended or modified by the Board when required, subject to the applicable laws, rules and regulations of the country.

1. Company' Corporate Governance Policy

The term Corporate Governance refers to the set of processes, standards, rules, or laws designed to manage an organisation ethically. Corporate governance is about a stated commitment to values and ethical business conduct and maintaining an appropriate balance of accountability between key players – corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders, creditors and other outsiders. Timely and accurate disclosure of information regarding the financial performance, ownership and governance of the Company improves understanding of the various policies and understanding of the organisation thereby enhancing the trust and

confidence of stakeholder, bankers, creditors and other outsiders.

Your Company constantly maintains good corporate governance practices by ensuring timely disclosure of all material facts, events and information, securing compliance with all applicable laws to secure the interest of the stakeholders, bankers, creditors, employees and other persons dealing with the Company.

Your Company continuously follows good corporate governance practices to maximize shareholders returns, to optimize the utilization of resources towards the corporate goal, to increase value of the firm, to strengthen its relationships with employees, shareholders, creditors and to install and maintain the highest degree of

professionalism and integrity within the organisation.

Board Composition

Size and composition of the Board

The Board has a balanced combination of Executive and Independent Non-Executive Directors as provided in the Listing Agreement to ensure independency and transparency in managerial decision making in Board Meetings to secure the interests of the Company, its employees, its stakeholders and creditors. As on 31st March 2011, the Board comprises twelve Directors having six Executive and six Independent Non-Executive Directors. The details of the composition of the Board of Directors, details of other directorships held by them are as per the below mentioned table.

Composition of the Board, Directorships held, attendance of Directors at Board Meetings and the last Annual General Meeting:

Name of the Director	Category of Directorship	No. of Board Meeting Attended	Whether Last AGM Attended	No of other Directorships #	Committee position held in other public companies	
					Chairman	Member
Mr. Ratnakar M. Gutte	P&ED	4	Yes	2	0	0
Mrs. Sudhamati R. Gutte	P&ED	3	No	1	0	1
Mr. Sunil R. Gutte	P&ED	7	No	2	0	1
Mr. Vijay R. Gutte	P&ED	5	Yes	1	0	0
Mr. S. K. Kodandaramaiah	ED	4	No	0	0	0
Mr. M. N. Mohanan	ED	6	Yes	0	0	0
Mr. Kamlakar G. Holkar**	I&NED	4	No	1	0	0
Mr. Dilip Y. Ghanekar	I&NED	4	No	0	0	0
Ms. Sarita Rathi*	I&NED	1	No	0	0	0
Mr. Sajid Ali	I&NED	5	No	0	0	0
Mr. Parag Sakalakar	I&NED	6	Yes	1	0	0
Mr. Devesh Garg	I&NED	2	No	0	0	0

* With effect from 03rd April 2011, Ms. Sarita Rathi, has resigned from Directorship.

** With Effect from 03rd August 2011, Mr. Kamlakar G. Holkar has resigned from Directorship.

excludes Private Limited Companies, Companies registered not for earning profit (Section 25 Companies) and Foreign Companies
P – Promoter, ED – Executive Director, I – Independent Director, NED – Non Executive Director

There is no Nominee Director in the Company.

Board Meetings held and the dates on which held

During the financial year 2010-2011, eight Board meetings were held. The Board meets at least once every quarter inter-alia to review the performance of the Company; the gap between the two Board meetings does not exceed a period of four months.

Sr. No.	Date	No. of Directors Present
1	29th April, 2010	9
2	30th May, 2010	6
3	10th June, 2010	4
4	23rd June, 2010	7
5	14th August, 2010	7
6	19th October, 2010	5
7	12th November, 2010	7
8	14th February, 2011	6

As per Article 150 of Articles of Association of the Company, Mr. Sajid Ali & Mr. Vijay R. Gutte, Directors of the Company are liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Board of Directors recommends their reappointment subject to the approval of shareholders in the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 30.08.2011 has appointed Shri. Sonyabapu Shankar Waghmare as an additional (Independent non executive) Director of the Company.

Profiles of Retiring Directors in the Annual General Meeting and of Shri Waghmare have been given hereunder;

Name of the Director	Sajid Ali	Vijay R. Gutte	Sonyabapu Shankar Waghmare
Date of Birth	14.08.1940	09.03.1983	01.08.1946
Date of Appointment on the Board	29.05.2007	29.05.2007	30.08.2011
Qualification	Bachelor of Science (Mechanical Engineering)	M. B. A. in Marketing & Finance	M.Sc.(Agri), L. L. B. & D. B. M. (Pune University)
Expertise in Specific Areas	Experience in Erection and Commissioning of Equipment in Coke Oven Plants, Piping, Boiler Erection, Turnkey Projects	Experience in Banking and Finances	Experience in Banking Financial and other related legal activities
List of other Companies in which Directorship held as on 31st March, 2011 (excluding Directorship in private, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.)	Nil	SEAM Industries Limited	Nil

Board Committees

Currently the Board has three committees, i.e. Audit Committee, Remuneration Committee and Investors' Grievance Committee. The quorum of the meetings is two members or one-third of total strength, whichever is higher.

2. Audit Committee

The Board has constituted the Audit Committee to meet the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The Audit Committee consists of five members and all members of the Audit Committee are financially literate. Two third members of the Committee consist of Independent Directors.

The Audit Committee is entrusted with the powers as well as the duties and responsibilities as mentioned in Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The main function of the Audit Committee includes oversight of the Company's reporting process as required under applicable laws, to ensure timely disclosure of all material facts, to review the quarterly as well as

annual financial statements before submission to the Board for approval, to monitor the internal audit system and recommend changes as deemed required, to review company management policies from time to time.

Details of the Audit Committee meetings held:-

During the financial year ended on 31st March, 2011, six meetings of the audit committee were held on 28th April, 2010; 30th May, 2010; 23rd June, 2010; 13th August, 2010; 12th November, 2010 and 14th February, 2011 the details of no. of meeting attended by the members are as follows:

Name of Members	Category	Meetings Attended
Mr. Parag Sakalikar	Chairman	6
Mr. Dilip Y. Ghanekar	Member	3
Mr. Vijay R. Gutte	Member	3
Mr. Ratnakar M. Gutte	Member	4
Mr. Sajid Ali	Member	6

3. Remuneration Committee

The Board of Directors has constituted the Remuneration Committee for the

Company, to recommend to the Board in respect of revisions and fixation of remuneration of the Executive/Non-Executive Directors of the Board and also to recommend to the Board matters related therewith or incidental thereto.

The Remuneration Committee while recommending revision in the remuneration, takes into account the profitability of the Company, applicable provisions of the Companies Act 1956, contribution of a particular Director towards the growth of the Company and other matters related therewith or incidental there to.

The Remuneration committee consists of four Independent Directors. During the financial year 2010-2011, one meeting of the Committee has been held on 20th April, 2010 – the details of meeting are as follows:

Name of Members	Designation	Meeting Attended
Mr. Parag Sakalikar	Chairman	1
Mr. Dilip Ghanekar	Member	-
Mr. K.G. Holkar	Member	1
Mr. Sajid Ali	Member	-

Details of remuneration of the Directors:

The aggregate value of salary and perquisites paid to the Chairman and Managing Director subject to the provisions of Schedule XIII of the Act, for the financial year ended 31st March, 2011 was as follows:

Name	Salary (₹)	Perquisites & Allowances (₹)	Total (₹)
Mr. Ratnakar M. Gutte, (Chairman & Managing Director)	84,00,000/-	36,81,407/-	1,20,81,407/-
Mrs. Sudhamati R. Gutte	48,00,000/-	3,77,060/-	51,77,060/-
Mr. Sunil R. Gutte	48,00,000/-	27,40,055/-	75,40,055/-
Mr. M. N. Mohanan	36,00,000/-	7,76,440/-	43,76,440/-
Mr. S.K. Kodandaramaiah	30,00,000/-	-	30,00,000/-
Mr. Vijay R. Gutte	48,00,000/-	12,88,000/-	60,88,000/-

The sitting fees paid to Non-Executive Directors is as follows:

Name of Non-Executive Directors	Sitting Fees (in ₹)
Mr. Kamlakar G. Holkar	20,000/-
Mr. Dilip Y. Ghanekar	20,000/-
Ms Sarita Rathi	5,000/-
Mr. Sajid Ali	25,000/-
Mr. Parag A. Sakalikar	30,000/-
Mr. Devesh Garg	10,000/-

The equity shareholding of the Directors as on 31st March, 2011 is as follows:

Name of Directors	Shareholding
Mr. Ratnakar M. Gutte	22,02,500
Mrs Sudhamati R. Gutte	19,68,750
Mr. Sunil R. Gutte	16,78,740
Mr. Vijay R. Gutte	6,75,000
Mr. M.N. Mohanan	1,005
Mr. S.K. Kodandaramaiah	1,005
Mr. Parag Sakalikar	110

4. Shareholders / Investors' Grievance Committee

The Shareholders / Investors' Grievance

Committee comprised of four Directors and three of them are Independent Directors. The Committee has been constituted to resolve the complaints and grievances of the investors. The meeting of this Committee has been held at 27th April, 2010; 29th July, 2010; 29th October, 2010 and 28th January, 2011 during the financial year 2010-11. Presently the Company Secretary looks after the Shareholders' Grievances. The name of the members of the Investors' Grievance Committee is as follows:

Name of Members	Category	Meetings Attended
Mr. Sajid Ali *	Chairman	3
Mr. K.G. Holkar **	Member	1
Mr. Dilip Y. Ghanekar	Member	1
Mr. Sunil R. Gutte	Member	4

* appointed as Member and Chairman w. e. f. 27th April 2010

** resigned as Chairman w.e.f. 27th April 2010

The Company Secretary acts as a Secretary to the Committee and also as the Compliance Officer. The Company has received 8 complaints during the year and all of them have been redressed /answered to the satisfactory of the Shareholders. No investor grievance remained unattended /pending for more than 30 days.

The classification of complaints based on their nature was as follows:

Sr. No.	Description	No. of Complaints
1	Non Receipt of Annual Report	1
2	Non Receipt of Dividend Warrant	6
3	SEBI	1

Name, Designation & address of the Compliance Officer has been mentioned at the end of this report.

5. General Body Meetings

Location and time of the last three AGMs:

Year	Location	Date & Time	Whether any special resolution passed
2007-2008	Ratnadeep, Jaynagar, Parli – Vajinath, Dist – Beed (Maharashtra), Pin – 431520.	18th September 2008 at 11.00 A. M.	No
2008-2009	Ratnadeep, Jaynagar, Parli – Vajinath, Dist – Beed (Maharashtra), Pin – 431520.	17th September 2009 at 11.00 A. M.	No
2009-2010	Ratnadeep, Jaynagar, Parli – Vajinath, Dist – Beed (Maharashtra), Pin – 431520.	30th September 2010 at 3.00 P.M	Yes

The following are the special resolutions passed at the Annual General Meeting held on 30th September 2010:

- Reappointment of Shri Ratnakar M. Gutte (Chairman & Managing Director)
- Reappointment of Smt. Sudhamati R. Gutte (Whole Time Director)
- Reappointment of Shri Sunil R. Gutte (Joint Managing Director)
- Reappointment of Shri Mattathil N. Mohanan (Whole Time Director)
- Reappointment of Shri S. K. Kodandaramaiah (Whole Time Director)

6. Disclosures

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have the potential conflict with the interest of the Company at large:

None of the transactions with any of the related parties was in conflict with the interests of the Company. The transactions with the related parties are disclosed in Note No. 16 of Schedule 23 containing Notes to Accounts.

- During the last 3 financial years, there were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/strictures imposed on the Company by the Stock Exchange or SEBI any statutory authority.

- The Company has not established a

'Whistle Blower Policy' so far. No person has been denied access to the audit committee.

- The Company has complied with the mandatory requirements of this Clause and submits on quarterly basis the quarterly compliance report to the stock exchanges concerned.
- All Directors and senior management personnel have affirmed compliance with the Code of Conduct and a declaration to that effect is attached with this report.

7. Means of Communication

Your Company publishes its quarterly / half yearly / annual financial results in the leading English daily and the leading local newspapers. The Annual Audited Financial Statements on standalone as well as on consolidated basis are also published in the leading English & local newspapers. These financial results are also posted in our official Web Site www.sunilhitech.com. Our means of communication is transparent and

timely. In addition to the financial results, we publish the other information too, as required to be published under the Companies Act, 1956 or the Listing Agreement or any other laws applicable or as may be required in the public interest. At the time of disclosing the material facts, we take care of interests of the person to whom the information is addressed so that each and every material fact should be disclosed to the extent possible.

Apart from disclosing information in Newspapers, we provide and update from time to time various information about our Company in our official web site www.sunilhitech.com related with investors, customers, etc. and all other person dealing with your Company. In addition to this, we also send 'Investors Presentation' on quarterly basis to research analysts and financial institutions like IDBI Capital Research, Kotak Securities, Sharekhan, Avendus India Equity Research etc.

8. General Shareholder Information

i Annual General Meeting Date, time and venue	: 29th September, 2011, Ratnadeep, Jaynagar, Parli Vajinath, Dist. Beed, Maharashtra
ii Financial Calendar (Tentative) Results for the Quarter ending 30th June 2011 30th September 2011 31st December 2011 31st March 2011	: : Upto 14th August 2011 : Upto 14th November 2011 : Upto 14th February 2012 : Upto 14th May 2012
iii Dates of Book Closure	: 24th September 2011 to 29th September 2011
iv Dividend Payment Date	: 7th October 2011
v Listing on Stock Exchanges	: Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 (Code: 532711) National Stock Exchange of India Ltd. "Exchange Plaza" Plot No. C/1, G – Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 (Code : SUNILHITEC)
vi ISIN Number for NSDL and CSDL	: INE305H01010

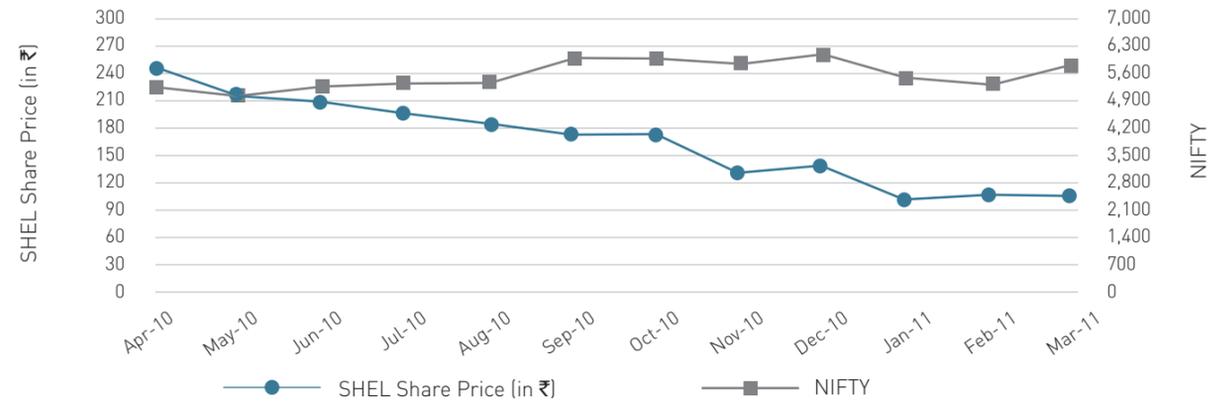
vii. Stock Market Data :

Monthly high & low quotes of Shares traded in NSE and BSE

Period	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-10	268.50	223.00	32,39,581	268.00	223.00	17,88,002
May-10	251.50	207.00	12,48,512	251.50	205.55	6,11,857
Jun-10	217.50	194.00	11,60,722	218.00	194.50	4,51,821
Jul-10	224.00	194.00	12,87,689	223.70	195.00	4,81,755
Aug-10	207.20	181.00	10,17,360	207.25	181.30	5,19,070
Sep-10	193.00	172.70	7,66,294	192.80	171.90	3,46,859
Oct-10	188.00	168.00	5,37,892	188.40	167.00	2,43,206
Nov-10	181.45	128.00	4,58,332	182.00	128.00	2,34,579
Dec-10	148.50	117.15	6,51,757	146.70	113.25	2,57,401
Jan-11	143.65	95.80	2,21,552	142.40	95.30	1,09,422
Feb-11	126.95	81.60	10,93,757	127.00	81.00	5,49,900
Mar-11	115.00	102.20	6,33,501	115.00	104.10	3,98,113

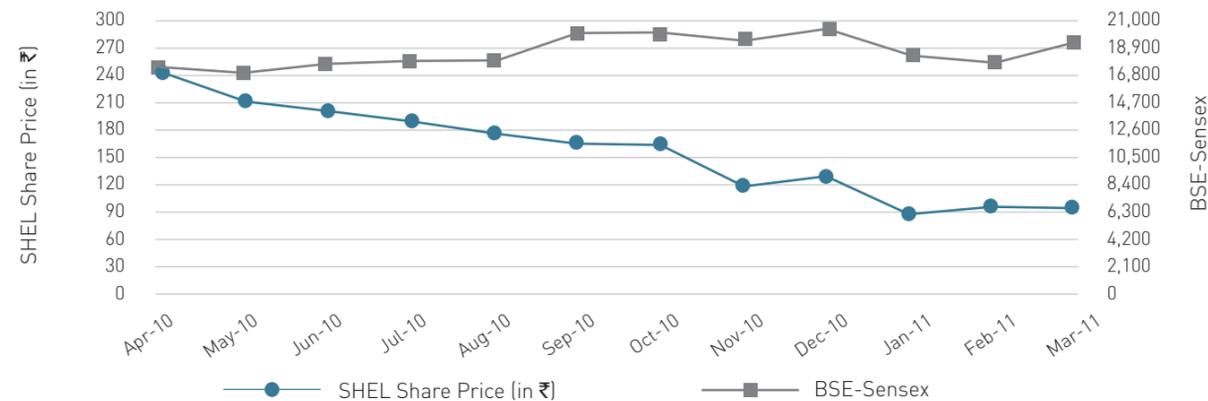
Stock Performance

SHEL (in ₹ - NSE) - NSE (Nifty)



Stock Performance

SHEL (in ₹ - BSE) - BSE (Sensex)



viii. Registrar and Transfer Agents :

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

Tel : 022-40430200

Email : info@bigshareonline.com

ix. Share Transfer System :

Share Transfers in physical form can be lodged with Bigshare Services Private Limited at the above mentioned address. The transfers are generally processed within 10-12 days from the date of receipt, if the documents are complete in all respects and thereafter informed to the concerned person.

x. Shareholding Pattern and Distribution of Equity Shareholding as on 31st March, 2011.

a) Shareholding Pattern :

Sr. No.	Category	No. of Shares	(%) Shareholding
1.	Promoter Holding		
	Indian Promoter	65,30,990	53.21
	Foreign Promoter	Nil	Nil
2.	Mutual Funds	1,15,660	0.94
3.	Financial Institutions & Banks	1,370	0.01
4.	Corporate Bodies	8,46,198	6.89
5.	NRI, Foreign National, OBCs & FIIS	13,08,780	10.66
6.	Individual Shareholders Holding Nominal Capital up to ₹ 1 Lac	28,82,569	23.49
	Individual Shareholders Holding Nominal Capital in excess of ₹ 1 Lac	5,62,645	4.58
7.	Clearing Member	26,895	0.22
8.	Trust	53	0.00
Total		1,22,75,160	100

b) Distribution of Shareholding

No. of Shares held	Shareholders		Shares	
	No.	%	No.	%
Upto 5000	16,423	93.17	1,65,74,490	13.50
5001-10000	647	3.67	52,40,940	4.27
10001-20000	307	1.74	47,03,970	3.83
20001-30000	88	0.50	22,38,770	1.82
30001-40000	46	0.26	16,64,730	1.36
40001-50000	33	0.19	15,85,120	1.30
50001-100000	45	0.26	32,08,360	2.61
100001 & above	38	0.21	8,75,35,220	71.31
Total	17,627	100.00	12,27,51,600	100.00

Secretarial Audit Report

The Board of Directors,
Sunil Hitech Engineers Limited,
97 East High Court Road,
Nagpur- 400 010
Maharashtra

I have examined the registers, records and documents of Sunil Hitech Engineers Limited ("the Company") for the financial year ended on 31st March, 2011 maintained under the provisions of:

■ The Companies Act, 1956 and the Rules made under that Act;

■ The Depositories Act, 1996 and the Regulations and the Byelaws framed under the Act;

■ The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

■ The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

■ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

■ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and

■ The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act; and

■ The Equity Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

1. I report that, based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, and Memorandum and Articles of Association of the Company, with regard to:

(a) Maintenance of statutory registers and documents and making in them necessary entries;

(b) Closure of Register of Members from 27-09-2010 to 30-09-2010;

(c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Ministry of Corporate Affairs, New Delhi;

(d) Service of documents by the Company on its Members, Auditors and Registrar of Companies;

(e) Notice of Board meetings and Committee meetings of Directors;

(f) The meetings of Directors and Committees of Directors;

(g) The 12th Annual General Meeting held on 30TH September, 2010;

(h) Minutes of proceedings of General Meetings and of Board and other meetings;

(i) Approvals of shareholders, the Board of Directors, the Committee of Directors and government authorities, wherever required;

(j) Constitution of the Board of Directors and appointment, retirement and re-appointment of Directors;

(k) Remuneration of Directors including the Managing Director and Whole-time Directors;

(l) Appointment and remuneration of Auditors;

(m) Transfers and transmissions of the Company's shares and issue and delivery of original and duplicate Certificates of shares;

(n) Form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;

(o) Borrowings and registration, modification and satisfaction of charges;

(p) Investment of the Company's funds

including inter corporate loans and investments;

(q) Giving guarantees in connection with loans taken by subsidiaries and associate companies;

(r) Contracts, common seal, registered office and publication of name of the Company; and

(s) Generally, all other applicable provisions of the Act and the Rules made under that Act.

2. I further report that:

(a) The Directors of the Company have obtained Director Identification Number as per Section 266A of the Act.

(b) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.

(c) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management personnel.

(d) The Company has obtained all necessary approvals of the Central

Government and / or other authorities, under the Act.

(e) There was no prosecution initiated against the company. The Company has applied for compounding of offence under the respective provisions of the Companies Act, 1956 and paid the fees for compounding of offences as directed by the prescribed authority under the Ministry of Corporate Affairs, New Delhi. However, no other fines or penalties were imposed on the Company under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

(f) The Board has applied for claiming exemption under Section 212(8) of the Companies Act, 1956 and the Central Government has granted exemption to the Company from attachment of Balance Sheet, Profit & Loss Account etc. of subsidiary companies of the Company as mentioned under the provisions of section 212 of the Act.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Regulations and the Byelaws framed there under with regard to dematerialisation / rematerialisation

of securities and reconciliation of records of de-materialised securities with all securities issued by the Company.

4. I further report that, the Company has complied with:

(a) The requirements under the Equity Listing Agreements entered into with Bombay Stock Exchange Limited, National Stock Exchange of India Limited.

(b) The provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with regard to the disclosures and maintenance of records required under the Regulations.

(c) The provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

Manish Pande

M/s Manish Pande & Co.
Practising Company Secretary
Membership No. FCS 5004
Certificate of Practice No. 3424

Place : Nagpur, Maharashtra
Dated: 30.08.2011

Auditors' Certificate on Corporate Governance

To the Members of
SUNIL HITECH ENGINEERS LIMITED

We have examined the compliance of conditions of Corporate Governance by SUNIL HITECH ENGINEERS LIMITED ("the Company") for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examinations has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above-mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kapoor & Parekh Associates

Chartered Accountants
[ICAI FRN 104803W]

N.M. Parekh

Partner
Membership No. 33528
Nagpur, 30th August, 2011

Auditor's Report

To the Members of
SUNIL HITECH ENGINEERS LIMITED

1. We have audited the attached Balance Sheet of SUNIL HITECH ENGINEERS LIMITED ("the Company") as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the Company for the year ended 31st March, 2010 were audited by other independent auditors, vide audit report dated 30th May, 2010. We have relied upon the balances of the assets and liabilities as at 31st March, 2010 being the opening balances as at 1st April, 2010 for the purposes of the financial statements for the year ended 31st March, 2011.
4. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the locations not visited by us;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give, a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Kapoor & Parekh Associates**
Chartered Accountants
[ICAI FRN 104803W]

N.M. Parekh

Partner
Nagpur, 30th August, 2011
Membership No. 33528

Annexure to the Auditor's Report

(Referred to in the paragraph 4 of our report of even date to the Members of SUNIL HITECH ENGINEERS LIMITED on the accounts for the year ended 31st March, 2011)

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except location wise details of some of the movable assets shifted / transferred amongst various sites.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year as per the phased programme which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there were no material discrepancies noticed on such verification.
 - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not affected.
2. In respect of inventories:
 - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3. In our opinion and according to the information and explanations given to us, the Company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. Total amount outstanding at the year end is ₹ 600.92 Lacs and maximum amount outstanding during the year is ₹ 700.93 Lacs. In our opinion the rate of interest, wherever charged, and the other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
The loans granted are re-payable on demand. The parties have repaid the principal amount on demand and have also been regular in the payment of interest to the Company.
The Company has not granted any loan, secured or unsecured, to the firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.

The Company has not taken any loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, hence the provision of clause 4(iii)(e), 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section and such transactions exceeding ₹ 5 Lacs in respect of each party have been made at prices which are prima facie, reasonable having regard to the prevailing market prices at the relevant time where such prices are available.
6. The Company has not accepted any deposit from public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of the cost records under Section 209(1) (d) of the Companies Act, 1956.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year except in some cases there has been delays.
 - b) According to the information and explanations given to

Annexure to the Auditor's Report

us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.

- c) On the basis of our examination of the documents and records of the Company and the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of a dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

Name of the statute	Nature of the Dues	Amount* (₹ in Lacs)	Period to which amounts relate (Assessment Year)	Forum where dispute is Pending
Finance Act, 1944 & Central Excise & Customs, Service Tax Cell	Service Tax (Basic)	47.02	2005-06 & 2006-07	Custom, Excise, Service Tax Appellate Tribunal
	Service Tax (Penalty u/s 78)	63.28		
	Service Tax (Basic)	25.11	2006-07	Custom, Excise, Service Tax Appellate Tribunal
	Service Tax (Penalty u/s 78)	25.11		

10. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
11. Based on our audit procedures, information and explanations given to us, in our opinion the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any outstanding debentures during the year.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from a banks or financial institutions are prima facie not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the cash flow statement and other records examined by us and on the basis of the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. According to the information and explanations given to us, the Company has neither outstanding debentures at the beginning of the year nor has issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Kapoor & Parekh Associates**
Chartered Accountants
[ICAI FRN 104803W]

N.M. Parekh
Partner

Nagpur, 30th August, 2011

Membership No. 33528

Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS			
Shareholders Fund			
Share Capital	1	1,227.52	1,227.52
Reserve and Surplus	2	21,918.83	18,705.74
		23,146.35	19,933.26
Loan Funds			
Secured Loans	3	27,081.09	26,809.54
Total		50,227.44	46,742.79
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	21,695.18	19,187.89
Less : Depreciation / Amortisation		8,585.03	6,084.86
Net Block		13,110.15	13,103.03
Add : Capital Work in Progress		1,357.55	1,130.45
		14,467.69	14,233.48
Investments	5	4,199.69	6,002.12
Deferred Tax Asset (Net)		532.38	359.93
Current Assets, Loans And Advances			
Inventories	6	4,212.68	4,034.23
Sundry Debtors	7	26,041.04	15,927.30
Cash and Bank Balances	8	4,669.78	5,855.49
Loans, Advances and Deposits	9	21,422.42	12,847.48
Other Current Assets	10	7,797.02	5,919.74
	A	64,142.94	44,584.24
Current Liabilities and Provisions			
Liabilities	11	32,627.79	17,920.94
Provisions	12	487.46	582.94
	B	33,115.25	18,503.88
Net Current Assets	(A-B)	31,027.69	26,080.36
Miscellaneous Expenditure	13	-	66.91
(To the extent not written off or adjusted)			
Total		50,227.44	46,742.79
Significant Accounting Policies	22		
Notes to Accounts	23		

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants
(ICAI FRN 104803W)N.M. Parekh
Partner
Membership No. 33528Place : Nagpur, Maharashtra
Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte
Joint Managing DirectorS. K. Kodandaramaiah
Executive DirectorM. N. Mohanan
Executive DirectorSandeep Mishra
Company Secretary

Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Turnover	14	72,730.31	72,267.57
Other Income	15	1,023.46	1,440.29
Total Income		73,753.77	73,707.87
EXPENDITURE			
Material Cost	16	27,775.87	34,819.06
Site and Operating Expenses	17	26,641.33	24,191.62
Personnel Cost	18	4,926.76	3,411.35
Administration & Other Expenses	19	2,754.10	1,847.87
Finance Cost	20	3,416.53	2,418.67
Depreciation		2,618.98	2,152.29
Less : Transferred from Revaluation Reserve		1.02	1.07
		2,617.96	2,151.22
Total Expenditure		68,132.56	68,839.79
Profit Before Tax and Exceptional Items		5,621.21	4,868.08
Add : Exceptional Items	21	-	520.69
Profit Before Tax and Extra-ordinary Item		5,621.21	5,388.77
Extra-ordinary Item [Income / (Expenses)] [Refer Note No. 11 of Schedule 23]		50.00	(147.50)
Profit Before Tax		5,671.21	5,241.27
Provision for Taxation			
- Current Tax		2,121.57	1,717.48
- Deferred Tax		(172.45)	(49.24)
- Income Tax for Earlier years		336.77	1,227.52
Profit After Tax		3,385.31	2,345.51
Balance Brought Forward from Previous Year		5,944.63	3,690.06
Add: Reversal of Proposed Dividend and Tax on it			143.61
Amount Available For Appropriations		9,329.94	6,179.18
Appropriations:			
Proposed Dividend		147.30	-
Provision for Tax on Proposed Dividend		23.90	-
Transferred to General Reserve		338.08	234.55
Balance Carried Forward		8,820.67	5,944.63
Total		9,329.94	6,179.18
Earnings per share (Face Value ₹ 10/-)			
Before Extra Ordinary Items		27.31	19.90
Basic and Fully Diluted (₹)			
After Extra Ordinary Items		27.58	19.11
Basic and Fully Diluted (₹)			
Significant Accounting Policies	22		
Notes to Accounts	23		

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants
(ICAI FRN 104803W)N.M. Parekh
Partner
Membership No. 33528Place : Nagpur, Maharashtra
Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte
Joint Managing DirectorS. K. Kodandaramaiah
Executive DirectorM. N. Mohanan
Executive DirectorSandeep Mishra
Company Secretary

Cash Flow Statement

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	5,621.21	4,868.08
Add Back Non Cash Transactions		
Depreciation	2,617.96	2,152.29
Loss on sale of Long investments	7.57	-
Bad Debts/ Advances Written off	92.37	11.06
Provision for Doubtful Debts / Advances	382.17	390.93
Loss on assets sold/ Discarded	10.13	-
Miscellaneous Expenditure Written off	66.90	57.97
Profit from sale of fixed assets	(24.29)	(21.65)
Profit on sale of current investment- Non Trade (Net)	(1.82)	(486.83)
Exchange differences	(97.34)	3.97
Amount written back	(209.95)	(54.91)
Dividend Income	-	(1.30)
Interest expenses	3,416.53	2,418.67
Operating profit before working capital changes	11,881.45	9,338.28
Adjustments for :		
Trade & Other Receivables	(20,602.18)	(3,468.69)
Inventories	(178.45)	857.16
Trade & other Payables	15,056.90	(158.01)
Cash generated from operations	6,157.72	6,568.74
Direct taxes paid (Net of Refunds)	(3,214.81)	(2,620.60)
Cash Flow before Extraordinary Items	2,942.91	3,948.14
Extra ordinary income/(loss)	50.00	(147.50)
Net Cash Generated from (Used in) Operating Activities	2,992.91	3,800.64
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,922.35)	(4,904.25)
Sale of fixed assets	83.31	71.03
Purchase of investments	(700.00)	(4,444.75)
Sale of investments	2,504.25	2,588.30
Dividend Income	-	1.30
Net Cash Generated from (Used in) Investing Activities	(1,034.79)	(6,688.37)

Cash Flow Statement

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase/ (Decrease) in Borrowings - Net	271.55	7,451.19
Interest Paid	(3,415.39)	(2,418.67)
Net Cash Generated from (Used in) Financing Activities	(3,143.83)	5,032.52
Net increase/(Decrease) in cash & cash equivalent	(1,185.71)	2,144.79
Cash and Cash Equivalent as at the Beginning of the year	5,855.49	3,710.70
Cash and Cash Equivalent as at the End of the year	4,669.78	5,855.49

Notes : 1) The Cash flow Statement has been prepared under the " indirect method" set out in the Accounting Standard -3 on cashflow prescribed in the Companies (Accounting Standards) Rules, 2006.

2) Previous year's figures are regrouped/ recasted where ever required.

3) Figures in brackets indicates outflow.

As per our report of even date attached

For Kapoor and Parekh Associates
Chartered Accountants
(ICAI FRN 104803W)

N.M. Parekh
Partner
Membership No. 33528

Place : Nagpur, Maharashtra
Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte
Joint Managing Director

S. K. Kodandaramaiah
Executive Director

M. N. Mohanan
Executive Director

Sandeep Mishra
Company Secretary

Schedules forming part of Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
2,50,00,000 Equity Shares of ₹ 10/- each	2,500.00	2,500.00
Issued and Subscribed and Paid-up		
1,22,75,160 Equity Shares of ₹ 10/- each Fully Paid up	1,227.52	1,227.52
	1,227.52	1,227.52

Note : Of the above paid up equity share capital :

- 98,000 equity shares have been allotted against consideration other than cash.
- 37,50,000 equity shares have been allotted as fully paid up Bonus Shares by capitalisation of General Reserve & Securities Premium Account.

SCHEDULE 2 RESERVE AND SURPLUS

Capital Reserve		
As per last Balance sheet	825.60	270.80
Add: Advance against Share Warrants Forfeited During the Year	-	554.80
	825.60	825.60
Revaluation Reserve		
As per last Balance sheet	59.61	60.68
Less: Transferred to Profit and Loss Account	1.02	1.07
	58.59	59.61
Securities Premium		
As per last Balance sheet	11,150.14	11,150.14
General Reserve		
As per last Balance sheet	725.76	491.21
Add: Transferred from Profit & Loss Account	338.08	234.55
	1,063.83	725.76
Profit and Loss Account		
	8,820.67	5,944.63
	21,918.83	18,705.74

SCHEDULE 3 SECURED LOANS

Rupee Term Loans From Banks & Institutions	8,355.38	5,299.49
Rupee Working Capital Loans From Banks & Institutions	18,725.71	21,510.05
	27,081.09	26,809.54

- Term loans are secured by a first pari-passu charge on immovable properties, hypothecation of respective assets and all fixed assets of the company, present and future, and a second pari-passu charge on entire current assets of the company, in addition to personal guarantee of some of the directors.
- Working capital loans are secured by a first pari-passu charge on all current assets of the company, present and future, and a second pari-passu charge on entire movable fixed assets of the company, present and future, and on entire immovable fixed assets of the company, in addition to charges on various properties of directors and personal guarantee of some of the directors

Schedules forming part of Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deduction/ Adjustments	As at 31.03.11	As at 01.04.2010	Additions	Deduction/ Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
A. Tangible Assets :										
Freehold Land	246.55	220.00	-	466.55	-	-	-	-	466.55	246.55
Leasehold Land	141.55	-	6.96	134.59	-	5.19	0.19	5.00	129.59	141.55
Building	2,387.17	86.39	-	2,473.56	259.68	123.01	-	382.69	2,090.87	2,127.49
Plant & Machinery	14,706.82	1,631.11	116.63	16,221.30	5,073.47	2,116.96	76.60	7,113.83	9,107.47	9,633.35
Computer & Printer	181.31	108.51	14.50	275.32	108.03	43.29	14.04	137.27	138.05	73.28
Furniture & Fixtures	301.10	68.08	9.10	360.09	117.27	38.62	6.26	149.63	210.45	183.83
Office Equipment	193.99	67.91	5.43	256.46	60.16	29.15	3.17	86.14	170.33	133.83
Vehicles	924.47	186.49	35.35	1,075.61	423.99	157.76	18.55	563.20	512.41	500.48
Temporary Office Construction	-	309.17	-	309.17	-	81.59	-	81.59	227.58	-
B. Intangible Assets :										
Computer Software	104.92	17.60	-	122.52	42.27	23.41	-	65.67	56.85	62.66
Total	19,187.89	2,695.26	187.97	21,695.18	6,084.86	2,618.98	118.81	8,585.03	13,110.15	13,103.03
Previous Year	14,020.59	5,238.26	70.97	19,187.88	3,949.15	2,152.29	16.58	6,084.86		
Capital Work in Progress									1,357.55	1,130.45
									14,467.69	14,233.48

Note: Charge against certain movable fixed assets like crawler and other cranes (Included in Plant & Machinery) and certain immovable properties situated at CBD Belapur, New Mumbai (Included in Building) have been created in favour of Tata Capital Ltd. in respect of the debenture issued by Gangakhed Sugar & Energy Ltd. to Tata Capital Ltd. amounting to ₹ 3,000 Lacs (Previous Year ₹ 3,000 Lacs), Debenture outstanding as at 31st March, 2011 is ₹ 3,000 Lacs (Previous Year ₹ 3,000 Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 5 INVESTMENTS		
(A) Long Term (Non Trade - Unquoted)		
i) In Subsidiary Companies		
SEAM Industries Ltd.		
35,00,000 Equity Shares of ₹ 10/- each fully paid up	350.00	350.00
Sunil Hitech Energy Pvt. Ltd.		
1,16,15,760 Equity Shares of ₹ 10/- each fully paid up	1,178.68	1,178.68
SHEL Investments Consultancy Pvt.Ltd.		
9,999 Equity Shares of ₹ 10/- each fully paid up	1.00	1.00
	1,529.68	1,529.68
ii) In Associate Company		
Gangakhed Sugar & Energy Ltd.*		
1,95,00,000 Equity Shares of ₹ 10/- each fully paid up	1,950.00	1,950.00
iii) Others		
Yogeshwari Sugar Industries Ltd		
Nil (Pr Yr 10,000) Equity Shares of ₹ 100/- each fully paid up	-	10.00
Pannageshwar Sugar Mills Ltd		
40,000 Equity Shares of ₹ 100/- each fully paid up	40.00	40.00
Sudama Mahavir Power Pvt. Ltd.		
100 Equity Shares of ₹ 10/- each fully paid up	0.01	0.01
	40.01	50.01
Less : Provision for dimunition in value of Long Term Investment	20.00	27.57
	20.01	22.44

Schedules forming part of Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010	
SCHEDULE 5 INVESTMENTS (Contd.)			
(B) Current Investment (Non Trade - Unquoted)			
Birla Sun Life Saving Fund-Institutional Growth	-	1,500.00	
Nil (Pr. Yr: 85,80,892.070) units of ₹ 10/- each			
Axis Treasury Advantage Fund-Institutional Growth	-	1,000.00	
Nil (Pr. Yr: 1,00,00,000) units of ₹ 10/- each			
Reliance Medium Term Fund- Daily Dividend Plan (40,94,548.985 unit of ₹ 10/- Each)	700.00	-	
	4,199.69	6,002.12	
Note:			
* Shares of Gangakhed Sugar & Energy Ltd. are pledged with Uco Bank against Term Loan of ₹ 304.31 Crores sanctioned to Gangakhed Sugar & Energy Ltd. and cannot be sold/transferred till the aforesaid loans is repaid			
AGGREGATE VALUE OF:			
i) Quoted Investments			
Cost	700.00	2,500.00	
Market Value	700.00	2,500.00	
Unquoted Investments			
Book Value	3,499.69	3,529.69	
Investments Purchased & Sold during the year			
Name	Face Value (₹)	No. of Equity Shares	Cost (₹ in Lacs)
MSMC Adkoli Natural Resources Ltd.	10	4,900.00	1.00

SCHEDULE 6 INVENTORIES

(As taken, valued and certified by the Management)

Particulars	As at 31st March 2011	As at 31st March 2010
Raw Material & Components	619.21	676.54
Stores, Spare Parts & Loose Tools	3,064.27	2,841.14
Steel and T&D Material	529.20	516.55
	4,212.68	4,034.23

SCHEDULE 7 SUNDRY DEBTORS (UNSECURED)

Particulars	As at 31st March 2011	As at 31st March 2010
Over Six Months		
Considered Good	4,262.18	4,285.19
Considered Doubtful	317.48	258.91
	4,579.66	4,544.09
Others- Considered Good	21,778.85	11,642.12
	26,358.52	16,186.21
Less : Provision for doubtful debts	317.48	258.91
	26,041.04	15,927.30

Schedules forming part of Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 8 CASH AND BANK BALANCES		
Cash on Hand	82.78	55.23
Balance With Scheduled Banks		
- in Current Accounts	612.47	1,643.28
- in Deposit Accounts (Under Lien With Banks)	3,974.53	4,156.98
	4,669.78	5,855.49

SCHEDULE 9 LOANS AND ADVANCES

(Unsecured Considered Good unless specified otherwise)

Particulars	As at 31st March 2011	As at 31st March 2010
Loan to Subsidiaries	600.92	-
Advances to Subsidiary Company	1,246.10	1,256.19
Advance recoverable in cash or in kind or for value to be received		
- Considered Good	5,169.17	4,154.75
- Considered Doubtful	16.35	87.94
	5,185.52	4,242.69
Less: Provision for Doubtful Advances	16.35	87.94
	5,169.17	4,154.75
Advance to others, pending allotment of equity shares	-	1.00
Deposits		
- Considered Good	13,326.21	7,158.89
- Considered Doubtful	360.37	173.84
	13,686.57	7,332.73
Less: Provision for Doubtful Deposit	360.37	173.84
	13,326.21	7,158.89
Taxes Paid (net of Provisions)	438.31	-
Balances with Customs, Port Trusts & Excise Authorities	641.71	276.65
	1,080.02	276.65
	21,422.42	12,847.48

SCHEDULE 10 OTHER CURRENT ASSETS

Particulars	As at 31st March 2011	As at 31st March 2010
Interest Accrued on Fixed Deposits	52.36	258.00
Contract revenue in excess of Billing revenue as per AS-7	7,744.65	5,661.74
	7,797.02	5,919.74

Schedules forming part of Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 11 CURRENT LIABILITIES		
Sundry Creditors		
- Micro, Small & Medium Enterprises	78.12	91.24
- Others	8,958.37	5,640.99
	9,036.49	5,732.23
Sub-Contractors		
- Amount Payable Against work	2,691.20	1,890.69
- Security Deposit	885.12	654.13
- Retention Money	1,078.20	705.76
	4,654.51	3,250.57
Due to Customers	6,822.71	1,798.18
(Billing is in excess of Contract Revenue as per AS-7)		
Advance from Customers		
- Gangakhed Sugar & Energy Ltd	-	1,601.80
- Others	8,201.89	3,193.05
	8,201.89	4,794.85
Advances from Subsidiary	582.88	-
Other Advances	500.00	500.00
Unpaid Dividend *	4.54	4.54
Interest Accrued but not due on loan	14.01	12.86
Other Liabilities	2,810.75	1,827.70
	32,627.79	17,920.94

* There are no amount due & outstanding to be credited to Investor Education & Protection Fund as on 31st March, 2011.

SCHEDULE 12 PROVISIONS

For Income Tax (Net of Payment)	-	323.70
For Wealth Tax	10.75	5.20
For Proposed Dividend	147.30	-
For Tax on Proposed Dividend	23.90	-
For Leave Encashment	170.54	25.00
For Gratuity	3.28	56.81
For Others	131.70	172.23
	487.46	582.94
	33,115.25	18,503.88

SCHEDULE 13 MISCELLANEOUS EXPENDITURE

(To the extent not Written off or adjusted)		
Issue Expenses	-	66.91
	-	66.91

Schedules forming part of Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 14 TURNOVER		
Revenue from Projects and Maintenance	67,915.81	71,013.54
Sales-Trading	4,778.50	1,254.04
	72,730.31	72,267.57

SCHEDULE 15 OTHER INCOME

Interest		
- From Bank deposits	238.13	255.04
[TDS ₹ 28.15 Lacs (Pr. Yr. ₹ 33.75 Lacs)]		
- From Others	53.46	20.39
[TDS ₹ 4.92 Lacs (Pr Yr. ₹ 5.68 Lacs)]		
Dividend from Current Investments - Non Trade (Tax Free)	-	1.30
Profit on Sale of current investment - Non Trade (Net)	1.82	486.83
Profit on sale of Fixed Assets (Net)	24.29	21.65
Handling Charges	251.17	430.83
Commission on Supply	8.82	15.10
Exchange Rate Difference	97.34	-
Amount Written Back	209.95	54.91
Miscellaneous Income	138.49	154.24
	1,023.46	1,440.29

SCHEDULE 16 MATERIAL COST

i) Steel		
Opening Stock	486.86	616.25
Add: Purchases	12,095.93	4,840.62
	12,582.79	5,456.87
Less : Closing Stock	517.50	486.86
	12,065.29	4,970.01
ii) Purchase of Traded Goods	4,531.60	1,182.11
iii) Others		
Opening Stock	3,547.37	4,275.14
Add: Purchases	11,326.78	27,939.18
	14,874.15	32,214.31
Less : Closing Stock	3,695.18	3,547.37
	11,178.97	28,666.95
	27,775.86	34,819.06

Schedules forming part of Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 17 SITE AND OPERATING EXPENSES		
Construction, Erection, Fabrication, Maintenance & Design	22,688.27	19,195.81
Excavation & Leveling	786.82	2,449.30
Hire Charges	764.83	500.73
Repair & Maintenance-Machinery	235.91	451.12
VAT / Works Contract / Service Tax	768.81	503.11
Transportation Expenses	240.66	274.41
Royalty	104.47	0.96
Others	1,051.56	816.19
	26,641.33	24,191.62

SCHEDULE 18 PERSONNEL COST

Salary, Wages & Allowances	3,995.96	2,722.17
Contribution to Provident, Superannuation & Other Funds	306.43	263.10
Staff Welfare Expenses	624.36	426.08
	4,926.76	3,411.35

SCHEDULE 19 ADMINISTRATION & OTHER EXPENSES

Travelling & Conveyance	409.14	282.48
Insurance Expenses	210.85	106.69
Communication	153.62	107.13
Repair & Maintenance		
- Building	80.79	48.56
- Others	183.87	167.48
Rate, Fees & Taxes	75.49	55.12
Rent	271.50	182.73
Provision for Doubtful Debt / WH / RM	382.17	302.96
Provision for Doubtful Advances	-	87.97
Loss on sale of Long Term Investments	7.57	-
Printing & Stationery	84.44	70.46
Donations	2.77	3.17
Electricity Charges	104.14	63.82
Miscellaneous Expenditure written off	66.90	57.97
Professional Charges	364.04	125.81
Bad debts / Advances written off	92.37	11.06
Commission & Brokerage	4.80	0.78
Assets Written off	10.13	-
Other Expenses	249.52	173.68
	2,754.10	1,847.87

Schedules forming part of Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 20 FINANCE COST		
Interest Paid to Bank	2,795.18	2,052.91
Other Interest	0.45	9.33
Bank Charges and Commission	620.90	485.50
	3,416.53	2,547.74
Less: Expenses Capitalised	-	129.07
	3,416.53	2,418.67

SCHEDULE 21 EXCEPTIONAL ITEMS [GAIN/ (LOSS)]

Reversal of Provision for diminution in value of Current Investment	-	1,340.11
Loss on Sale of Long Term Investment	-	(819.42)
	-	520.69

Schedules forming part of Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

The financial statements are prepared under the historical cost convention (except for certain fixed assets which are revalued) on accrual basis in accordance with generally accepted accounting principles in India and complies with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

b) Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported year. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the year in which results are known / materialized.

c) Fixed Assets:

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses incurred to bring the assets to its present location and condition. Less accumulated depreciation / amortization / impairment losses (if any) adjusted by revaluation of certain fixed assets.

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any.

Schedules forming part of Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

d) Depreciation/ Amortisation:

Depreciation is provided on written down value method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Fixed assets, excluding buildings and computers, individually costing upto ₹ 5,000/- are fully written off in the year of purchase.

Premium on the leasehold land is amortised over the period of lease.

Computer Software is amortised equally over a period of five years, from the year of Purchase.

e) Impairment of Assets:

The fixed assets are reviewed for impairment at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

f) Revenue Recognition:

Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of "percentage of completion method". The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each Contract. An expected loss on construction contract is recognized as an expense immediately. Price escalation, other claims and variation in the contract work are included in contract revenue at the time of acceptance / settlement by the customers due to uncertainties attached thereto.

Revenue from sale of goods is recognized when all significant risk and rewards of ownership of products are transferred to the buyers which are usually at the point of dispatch to customers. Sales are net of discounts, sales tax and returns.

Revenues from service related activities including hire charges are recognized in accordance with the terms of the agreement upon rendering of such services.

Commission income is recognized as per contracts/ receipt of credit notes.

Revenue is recognised when there is reasonable certainty of its realization.

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognised on time proportion basis.

g) Investments:

Long term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and net realizable value

h) Inventories:

Inventories are stated at lower of cost and net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition. Cost of inventories is ascertained on the FIFO basis. Tools are written off based on technical evaluation.

i) Foreign Currency Transaction:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions and / or restatements are dealt with in the Profit and Loss Accounts as income or expenses of the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account.

In respect of the Forward Exchange contracts with underlying transaction, the premium or discount arising at the inception of such contract as expenses or income over the life of contract.

Schedules forming part of Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

j) Employee Benefits:

Short-term Benefits

These are recognised as an expense at the undiscounted amount in the profit and loss account of the period in which the related services are rendered. Short term compensated absences are provided for based on actuarial valuation in accordance with Company rules.

Post Retirement Benefits

Company's contribution for the period paid/ payable to defined contribution retirement benefit schemes are charged to Profit & Loss Account.

Company's liability towards defined benefit plans viz. gratuity is determined using the Projected Unit Credit Method as per the valuation carried out at the balance sheet date.

k) Taxes on Income:

Current Tax on income is accounted on the basis of the provision of the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

l) Cenvat, Service Tax and VAT Credit :

Cenvat, Service Tax and VAT credits receivable/availed are treated as an asset with relevant expenses being accounted net of such credits, and the same are reduced to the extent of their utilisations.

m) Operating Leases :

Assets taken/given on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/income under operating leases are recognised as expenses/income on accrual basis in accordance with the respective lease agreements.

n) Custom Duties:

Custom duty payable on goods lying in custom bonded warehouse/under clearance are provided for and included in valuation of inventories.

o) Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the revenue.

p) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS

1. Contingent Liabilities: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
a) Counter Guarantees given to bank against guarantees given by them	37,484.01	27,567.62
b) Bank Letter of Credit outstanding at the year end	3,746.66	1,016.75
c) Sales Tax demand disputed, contested in appeal Amount paid there against and shown as Advances recoverable	Nil	374.31
d) Service Tax demand disputed, contested in appeal Amount paid there against and shown as Advances Recoverable	181.18	181.18
e) Corporate Guarantee given on behalf of :-		
i) SEAM Industries Limited, a subsidiary company Loans/ LC/ BG outstanding at the year end	3,842.00	2,492.00
ii) Others Loans outstanding at the year end	2,596.54	1,071.69
	5,000.00	5,000.00
	4,999.75	5,124.01
f) Claims against the Company not acknowledge as debts	11.53	Nil

2. Estimated amount of contracts remaining to be executed on capital account ₹ 619.17 Lacs (₹ 249.45 Lacs), net of advances of ₹ Nil (₹ 2.77 Lacs).

3. a) Managerial Remuneration : (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Salaries	294.00	150.00
Contribution to Provident Fund	7.92	3.78
Insurance	72.31	86.38
Monetary value of Perquisites	8.40	13.95
Total	382.63	254.11
Directors Sitting Fees	1.10	1.20

Note: Perquisites include amounts evaluated as per rules of Income-tax Act, 1961 in respect of certain items. As the future liability for gratuity and leave encashment is evaluated on an actuarial basis for the Company as a whole, the separate amounts pertaining to directors is not ascertainable and is therefore not include above.

b) Computation of Profit under Section 349 of the Companies Act, 1956: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Profit before Taxation	5,671.21	5,241.27
Add - Depreciation as per Accounts	2,617.96	2,151.22
Managerial remuneration	382.63	254.11
Directors Sitting Fees	1.10	1.20
Provision for Doubtful Debts / Withheld / Retention Money	382.17	302.96
Provision for Doubtful Advances	Nil	87.97
Loss on sale of investments	7.57	Nil
	9,062.64	8,038.73
Less - Depreciation	2,617.96	2,151.22
Profit on sale of Fixed Assets	24.29	21.65
Profit on sale of Investments	1.82	486.83
Excess provision for doubtful debts written back	209.95	24.13
Net profit as per Section 349 of the Companies Act, 1956.	6208.62	5,354.90

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS (Contd.)

4. Remuneration to Auditors: * (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Audit Fees	17.00	17.00
For Certification and Other Matters	4.00	3.00

* Excluding Service Tax

5. Provision for current tax includes provision for wealth tax ₹ 5.57 Lacs (₹ 5.20 Lacs)

6. Unamortised issue expenses at the beginning of the year amounting to ₹ 66.91 Lacs has been charged to the revenue.

7. Balances of some of the Sundry Debtors and Sundry Creditors are subject to confirmation / reconciliation and adjustments, if any.

8. a) CIF Value of Imports: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Raw Materials / Traded Goods [[including High seas purchases of ₹ 1,447.37 Lacs (₹ Nil Lacs)]]	1,685.23	433.22
Capital Goods	Nil	206.47
Components & Spare Parts	Nil	61.25

b) Expenditure in foreign currency on account of: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Interest	Nil	5.22
Travelling and Conveyance	20.62	Nil
Business Promotion	7.39	9.48
Others	1.80	Nil

9. Employee Benefits:

As required by Accounting Standards-15 'Employee Benefits' the disclosures are as under:

Defined Contribution Plans:

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers eligible workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the PF and the ESI Scheme, contributions into the EPS is made only by the Company. The contributions are normally based on a certain portion of the employee's salary.

During the year, the Company has recognised the following amounts in the Account: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Provident Fund, Employee's Pension Scheme and MLWF	216.95	148.54
Employees State Insurance	15.74	10.13
Total	232.69	158.67

Defined Benefit Plans:

Leave Encashment:

The Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company rules.

Upto previous year ended on 31st March 2010, liability of compensated absences was provided as per management's estimate. From this year the same is being provided based on report of independent actuary using the Projected Accrued Benefit Method which is same as the Projected Unit Credit Method in respect of past services. Accordingly, incremental liability for compensated absences upto last year as per actuarial valuation amounting to ₹ 105.14 Lacs and also liability for the year amounting to ₹ 49.61 Lacs have been charged to the revenue.

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

Gratuity:

The employees' gratuity fund scheme is a defined benefits plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for employees. The scheme provides for payment to employees as under:

- On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.
- On the death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan) based on actuarial reports as on 31st March, 2011.

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
i) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	115.98	91.19
Current service cost	34.75	32.82
Interest cost	11.78	8.50
Actuarial loss / (gain)	10.41	(15.47)
Liabilities settled on sale of business	Nil	Nil
Past Service Cost	21.59	Nil
Benefit (paid)	(4.77)	(1.06)
Closing defined benefit obligation	189.74	115.98
ii) Changes in Fair Value of Assets		
Opening fair value of plan assets	59.18	15.50
Expected return on plan assets	6.06	0.97
Actuarial gain / (loss)	2.75	1.70
Contributions of employer	123.25	42.07
Assets distributed on sale of business	Nil	Nil
Benefits (paid)	(4.77)	(1.06)
Closing fair value of plan assets	186.47	59.18
iii) Amount recognised in the Balance Sheet		
Present value of the obligations as at year end (Funded+ Non Funded)	189.74	115.98
Fair value of the plan assets as at year end	(186.46)	(59.17)
Amount not recognised as an asset	Nil	Nil
Net (asset) / liability recognised as at the year end	3.28	56.81
iv) Expenses recognised in the Profit and Loss Account		
Current service cost	34.75	32.82
Interest on defined benefit obligation	11.78	8.50
Expected return on plan assets	(6.06)	(0.97)
Net actuarial loss / (gain) recognized in the current year	7.66	(17.18)
Past Service Cost	21.58	Nil
Effect of the limit in Para 59(b) of the revised AS 15	Nil	Nil
Total expenses	69.71	23.17
v) Asset information (% Allocation)		
Government of India Securities	Nil	Nil
Corporate Bonds	Nil	Nil
Special Deposit Scheme	Nil	Nil
Insurer Managed Funds	100%	100%
Others	Nil	Nil

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan) based on actuarial reports as on 31st March, 2011 [Contd.]

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
vi) Principal actuarial assumptions used		
Discount rate (p.a.)	8.20%	8.00%
Expected rate of return on plan assets(p.a.)	7.50%	7.50%
Annual increase in salary cost (p.a.)	6.00%	6.00%

The estimate of future increase in compensation levels, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

- Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. Amount outstanding (not overdue) as on 31st March, 2011 to Micro, Small and Medium Enterprises on account of principal amount aggregate to ₹ 78.12 Lacs (₹ 91.24 Lacs) and interest payable thereon ₹ Nil (₹ Nil) and interest paid during the year ₹ Nil (₹ Nil).

- Due to natural calamity occurred at SECHI Site, the Company has incurred loss of ₹ 147.50 Lacs in FY 09-10 and same has been provided as extraordinary loss in the books of accounts for the period ended 31st March, 2010, The site and the assets thereon were sufficiently insured and claim of ₹ 50 Lacs received in current year has been accounted as extraordinary income.

12. Deferred Taxes:

The deferred tax assets (liabilities) arising out of timing differences comprise of the following components: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Depreciation	240.48	116.03
Provision for Doubtful Debts / Deposits / Advances	225.23	210.96
Disallowance under section 43B and other sections of the Income Tax Act, 1961	66.67	32.94
Deferred Tax Assets (Liabilities) – Net	532.38	359.92

13. Disclosure pursuant to Accounting Standard 7 (Revised):

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Contract revenue recognized for the year	65,138.54	69,183.62
Aggregate amount of contract costs incurred and recognized profits (Less recognized losses) up to the year end for all contracts in progress as at that date	153,824.39	1,42,912.01
Amount of customer advances received and outstanding for contracts in progress	8,201.89	4,794.86
Retention amount due from customers for contracts in progress	8,528.93	3,237.20
Gross amount due from Customers as at year end	7,744.65	5,661.74
Gross amount due to Customers as at year end	6,822.71	1,798.18

14. Earnings Per Share (EPS):

Particulars	31.03.2011	31.03.2010
Net Profit after tax before Extraordinary items- (₹ in Lacs)	3,352.31	2,442.87
Net Profit after tax after Extraordinary items - (₹ in Lacs)	3,385.31	2,345.51
Weighted Average Number of Equity Shares Outstanding during the year	1,22,75,160	1,22,75,160
Nominal Value of Equity Share (₹)	10	10
Basic and diluted EPS before Extraordinary items for the period(₹)	27.31	19.90
Basic and diluted EPS after Extraordinary items for the period (₹)	27.58	19.11

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

15. Disclosure for operating leases under Accounting Standard 19-“Accounting for Leases”:

The Company has taken various residential /office premises (including furniture and fittings, therein as applicable), under operating lease or leave and license agreements. These are generally cancellable and ranges from 5 months to 15 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments of ₹ 271.50 Lacs (₹ 182.73 Lacs) are recognised in the Profit and Loss Account under “Rent” under Schedule-19.

The future lease payments and payment profile of non cancellable operating leases are as under: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Not later than one year	318.03	167.02
Later than one year but not later than five years	1,162.97	626.16
Later than five years	664.53	666.81

16. Disclosure required by clause 32 of the listing agreement (as certified by the management) :

A. Interest-free loans and advances in the nature of loans to: Nil

B. Interest bearing Loans / Advances in the nature of Loans / Advances to: (₹ in Lacs)

Particulars	Outstanding as on 31.03.2011	Maximum balance outstanding during the period
Sunil Hitech Energy Pvt Ltd	290.16 (Nil)	290.16 (Nil)
SEAM Industries Ltd.	300.00 (Nil)	400.00 (550.00)
Shel Investments Consultancy Pvt. Ltd.	10.76 (Nil)	10.77 (Nil)

Notes:

- Above Loans / Advance are repayable on demand.
- Loans and Advances to employees / customers and investments by such employees / customers in the shares of the company if any are excluded from the above disclosure

C. Investment of loanee in the shares of: (₹ in Lacs)

Particulars	No of Shares	Amount
- the company	Nil (Nil)	Nil (Nil)
- its Subsidiary Company	71,04,240 (71,04,240)	1210.74 (1210.74)

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

17. Related Party Disclosure for the year as required by Accounting Standard 18 are given below:

Category I : Subsidiary Company
SEAM Industries Ltd.
Sunil Hitech Energy Pvt. Ltd.
SHEL Investments Consultancy Pvt. Ltd.

Category II: Associate Company:
Gangakhed Sugar & Energy Ltd.

Category III: Directors, Key Management Personnel and their Relatives:
Mr. R.M. Gutte
Mrs. S. R. Gutte
Mr. Sunil R. Gutte
Mr. Vijay R. Gutte
Mr. M. N. Mohanan
Mr. S. K. K. Ramaiah
Relatives of Key Management Personnel
Relative of Director: Mrs. Swati Phad

Category IV: Enterprise over which persons covered under Category III above are able to exercise significant control:
Trimurti Towers Pvt. Ltd.
Sadoday Laxmi Infrastructure Pvt. Ltd.
Shanti Laxmi Contractors Pvt. Ltd.
Purple Haze Motion Pictures Pvt. Ltd

A. Transactions with Related parties during the year are as under: (₹ in Lacs)

Particulars	I	II	III	IV	Total
1 Capital Advance received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (203.57)	Nil (203.57)
2 Purchase of Investments	Nil (1,914.38)	Nil (Nil)	Nil (1.75)	Nil (Nil)	Nil (1,916.13)
3 Application money Received back	5.00 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	5.00 (Nil)
4 Sale of Investment	1.00 (710.42)	Nil (Nil)	2.43 (Nil)	Nil (Nil)	3.43 (710.42)
5 Loans given	687.67 (550.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)	687.67 (550.00)
6 Repayment of Loans given	100.00 (550.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)	100.00 (550.00)
7 Advances Recd	582.88 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	582.88 (Nil)
8 Contract Revenue (Sales)	Nil (Nil)	8,772.22 (24,363.02)	Nil (Nil)	Nil (Nil)	8,772.22 (24,363.02)
9 Purchases & Services (Net)	189.62 (223.99)	106.17 (Nil)	Nil (Nil)	Nil (Nil)	295.79 (223.99)
10 Services Received	74.88 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	74.88 (Nil)
11 Remuneration to Directors	Nil (Nil)	Nil (Nil)	382.63 (258.76)	Nil (Nil)	382.63 (258.76)
12 Rent Paid	Nil (Nil)	Nil (Nil)	171.42 (172.02)	Nil (Nil)	171.42 (172.02)
13 Commission Income	6.24 (11.20)	Nil (Nil)	Nil (Nil)	Nil (Nil)	6.24 (11.20)
14 Interest Income	49.38 (19.56)	Nil (Nil)	Nil (Nil)	Nil (Nil)	49.38 (19.56)
15 Reimbursement by supplier	1.33 (Nil)	0.02 (Nil)	Nil (Nil)	Nil (Nil)	1.35 (Nil)

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

B. Out of the above items, transactions in excess of 10% of the total related party transactions are as under: (₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March 2011	Year ended 31st March 2010
1	Capital Advance Received Back : Sadoday Laxmi Infrastructure Pvt. Ltd.	Nil	203.57
2	Purchase of investments : Sunil Hitech Energy Pvt. Ltd. Mr. Ratnakar Gutte, Mrs. Sudhamati Gutte, Mr. Sunil Gutte and Mr. Vijay Gutte	Nil	1,898.58 1.75
3	Application Money Received Back : Sunil Hitech Energy Pvt. Ltd.	5.00	Nil
4	Sale of Investment : Sunil Hitech Energy Pvt. Ltd. Mr. Ratnakar M. Gutte	1.00 2.43	Nil Nil
5	Loans given : Sunil Hitech Energy Pvt. Ltd. SEAM Industries Ltd.	277.67 400.00	Nil 550.00
6	Repayment of Loans given: SEAM Industries Ltd.	100.00	550.00
7	Advances Received : SEAM Industries Ltd.	582.88	Nil
8	Contract Revenue (Net Sales) : Gangakhed Sugar & Energy Ltd.	8,772.22	24,363.02
9	Purchases & Services (Net) : SEAM Industries Ltd. Gangakhed Sugar & Energy Ltd.	189.62 106.17	223.99 Nil
10	Services Received : SEAM Industries Ltd.	74.88	Nil
11	Remuneration to Directors: Mr. Ratnakar M. Gutte Mrs. Sudhamati R. Gutte Mr. Sunil R. Gutte Mr. Vijay R. Gutte Mr. M. N. Mohanan	120.81 51.77 75.40 60.88 43.76	89.91 27.90 50.85 49.44 21.01
12	Rent Paid : Mr. Ratnakar M. Gutte Mrs. Sudhamati R. Gutte Mr. Sunil R. Gutte	80.82 56.22 17.94	81.42 56.22 17.94
13	Commission Income : SEAM Industries Ltd.	6.24	11.20
14	Interest Income : Sunil Hitech Energy Pvt. Ltd. SEAM Industries Ltd.	13.87 34.66	Nil 19.56
15	Reimbursement by Suppliers : SEAM Industries Ltd.	1.33	Nil

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

C. Balances due from/to the related parties: (₹ in Lacs)

Particulars	I	II	III	IV	Total
16 Investment	1,529.68 (1,529.68)	1,950.00 (1,950.00)	Nil (1.75)	Nil (Nil)	3,479.68 (3,481.43)
17 Sundry Debtors	Nil (3.56)	6,452.75 (Nil)	Nil (Nil)	Nil (Nil)	6,452.75 (3.56)
18 Loans Given	600.92 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	600.92 (Nil)
19 Advances Given	1,246.10 (1,251.10)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,246.10 (1,251.10)
20 Advances Received	582.88 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	582.88 (Nil)
21 Sundry Creditors	24.87 (5.09)	102.61 (Nil)	Nil (Nil)	Nil (Nil)	127.48 (5.09)
22 Financial Guarantees	3,842.00 (2,492.00)	5000.00 (5,000.00)	Nil (Nil)	Nil (Nil)	8,842.00 (7,492.00)

18. Disclosures required by AS 29 "Provisions, Contingent Liabilities and Contingent Assets". (₹ in Lacs)

Particulars	Balance as at 31.03.2010	Additional provision during the year	Provision used during the year	Provision reversed during the year	Balance as at 31.03.2011
Others	172.23	-	40.53	-	131.70

19. In terms of the requirements of the Accounting standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period by the management based on present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.

20. Segment Reporting:

a. Business Segments:

Business segments have been identified in line with Accounting Standards on Segment Reporting "AS 17".

The Company's businesses are classified into following three primary business segments.

- Project
- Overhauling & Maintenance (O & M)
- Supply

Project Segment: This segment is engaged in the business of fabrication, Erection & commissioning of Boilers (Power Plant) ESP, Rotating Machineries, Sugar Plant, Transmission & Distribution and EPC contract and Balance of Plant (BOP).

O & M Segment: This segment is engaged in the business of Repair & Maintenance, Overhauling, and Renovations of Boilers and auxiliaries, Ash Handling Systems etc.

Supply Segment: Supply of Electrodes, Boiler Spare Parts, Coal, Steel and other material at various Thermal Power Plants.

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

During the year Segment Reporting has been reconstituted in line with the revised reporting norms of the Company. Consequently, segment figures for the previous year have been regrouped. (₹ in Lacs)

Sr. No.	Particulars	31.03.2011		31.03.2010	
		Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)
1	Segment Revenue				
	(Net Sales/Income from each segment)				
a.	Project	65,196.86		69,183.62	
b.	Overhauling & Maintenance	2,754.64		1,827.97	
c.	Supply	4,778.81		1,255.98	
	Total	72,730.31		72,267.57	
	Less: Inter-segment Revenue				
	Net Sales /Income from Operations	72,730.31		72,267.57	
2	Segment Results				
	(Profit before tax and interest from each segment)				
a.	Project	11,238.84		8,501.73	
b.	Overhauling & Maintenance	1,009.50		492.27	
c.	Supply	164.93		70.74	
	Total	12,413.27		9,064.74	
	Less: i) Interest	3,419.23		2,441.74	
	ii) Other un-allocable expenditure net off un-allocable income	3,322.83		1,381.73	
	Total Profit Before Tax	5,671.21		5,241.27	
3	Capital employed				
	(Segment Assets – Segment liabilities)				
a.	Project	25,885.60		27,781.10	
b.	Overhauling & Maintenance	1,599.45		1,032.95	
c.	Supply	1,933.37		262.47	
	Total	29,418.42		29,076.52	
	i) [Other un-allocable Corporate Assets - Other un-allocable Corporate Liabilities]	[6,330.66]		[9,269.78]	
	Total Capital Employed	23,087.76		19,806.74	

b. **Geographical Segments:** Since company operates only in India, there are no geographical segments as defined in AS 17.

21. Sales of Trading Goods:

(₹ in Lacs)

Product	Unit	31.03.2011		31.03.2010	
		Qty.	Value (₹ In Lacs)	Qty.	Value (₹ In Lacs)
Steel	M.T.	-	-	363.95	133.31
Coal	M.T.	87,352.84	3,997.49	17,741.85	780.64
Others		-	781.01	-	340.09
Total			4,778.50		1,254.04

Schedules forming part of Accounts

SCHEDULE 23 NOTES TO ACCOUNTS [Contd.]

22. Purchase of Trading Goods:

(₹ in Lacs)

Product	Unit	31.03.2011		31.03.2010	
		Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)
Steel	M.T.	-	-	363.95	122.22
Coal	M.T.	87,352.84	3,884.13	18,000.00	740.27
Others		-	647.47	-	319.62
Total			4,531.60		1,182.11

23. Figures in brackets indicate previous year's figures.

24. Previous year's figures have been re-grouped / reclassified / rearranged wherever necessary to make them comparable to those for the current year.

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants

(ICAI FRN 104803W)

N.M. Parekh

Partner

Membership No. 33528

Place : Nagpur, Maharashtra

Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte

Joint Managing Director

S. K. Kodandaramaiah

Executive Director

M. N. Mohanan

Executive Director

Sandeep Mishra

Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Companies' Interest in Subsidiaries for the Financial Year 2010-11

Sl. No.	Particulars	SEAM Industries Limited	Sunil Hitech Energy Pvt. Ltd.	SHEL Investment Consultancy Pvt. Ltd
1	Date from which they became subsidiaries	28th May, 2005	15th February, 2010	15th March, 2010
2	The financial year of the subsidiary company ended on	31.03.2011	31.03.2011	31.03.2011
3	Number of shares in the subsidiary company held by Sunil Hitech Engineers Limited at the above date	35,00,000 Shares of ₹ 10/- Each	1,16,15,760 Shares of ₹ 10/- Each	9,999 Shares of ₹ 10/- Each
4	Extent of holding at the end of the financial year of The subsidiary company	84.75%	62.05%	99.99%
5	The net aggregate amounts of the subsidiary companies profit / (loss) so far as it concerns the members of holding company.			
	A. Not Dealt With Holding co. Accounts (₹ in lacs):			
	I. For the financial year ended 31st March, 2011	308.31	Nil	Nil
	II. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	393.82	nil	nil
	B. Dealt With In Holding Company's Accounts (₹ in lacs):			
	I. For the financial year ended 31st March, 2011	Nil	Nil	Nil
	II. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	Nil	Nil	Nil

Details of Subsidiary Companies As on 31st March, 2011

(₹ in Lacs)

Sl. No.	Particulars	Name of the Subsidiary Company		
		SEAM Industries Limited	Sunil Hitech Energy Pvt. Ltd.	SHEL Investment Consultancy Pvt. Ltd
1	Capital	413.00	1,872.00	1.00
2	Reserves	857.02	-	-
3	Liabilities	2,387.08	289.16	10.76
4	Total Assets	3,657.10	2,202.54	11.76
5	Total Liabilities	3,657.10	2,202.54	11.76
6	Investments	66.77	2,148.71	1,210.74
7	Turnover	8,086.73	-	-
8	Profit Before Taxation	538.14	(16.61)	(1.01)
9	Provision For Taxation	174.33	-	-
10	Profit After Taxation	363.79	(16.61)	(1.01)
11	Proposed Dividend	NIL	NIL	NIL

Balance Sheet Abstract and Company's General Business Profile

a) Registration Details:

Registration No.	L28920MH1998PLC115155	State Code	1 1
Balance sheet date	3 1 0 3 2 0 1 1		

b) Capital raised during the year (Amount in ₹ Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

c) Position of Mobilisation & Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	5 0 2 2 7 4 4	Total Assets	5 0 2 2 7 4 4
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Sources of Funds:

Paid-up Capital	1 2 2 7 5 2	Reserve & Surplus	2 1 9 1 8 8 3
Secured Loans	2 7 0 8 1 0 9	Unsecured Loans	N I L

Application of Funds

Net Fixed Assets	1 4 4 6 7 6 9	Investments	4 1 9 9 6 9
Net Current Assets	3 1 0 2 7 6 9	Misc. Expenditure	N I L
Accumulated Losses	N I L	Deferred Tax Asset	5 3 2 3 8

d) Performance of Company: (Amount in ₹ Thousands)

Turnover	7 3 7 5 3 7 7	Total Expenditure	6 8 1 3 2 5 6
Profit Before Tax	5 6 7 1 2 1	Profit After Tax	3 3 8 5 3 1
Earnings per Share (in ₹)	2 7 . 5 8		

e) Generic Names of Three Principal Products / Services of Company (As per monetary terms):

Product Description	Item Code
Civil Engineering & Construction	N A
Fabrication, Erection & Overhauling	N A

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants

(ICAI FRN 104803W)

N.M. Parekh

Partner

Membership No. 33528

Place : Nagpur, Maharashtra

Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte

Joint Managing Director

S. K. Kodandaramaiah

Executive Director

M. N. Mohanan

Executive Director

Sandeep Mishra

Company Secretary

Auditor's Report on Consolidated Accounts

To

The Board of Directors

SUNIL HITECH ENGINEERS LIMITED

- We have audited the attached Consolidated Balance Sheet of SUNIL HITECH ENGINEERS LIMITED ("the Company") and its subsidiaries and associate company (collectively referred to as "the Group"), as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. The Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
 - We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
 - We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 5,871.37 Lacs as at 31st March, 2011, total revenue of ₹ 8,099.52 Lacs and net cash out flows of ₹ 51.35 Lacs for the year ended on that date. We have also not audited accounts of the associate company whose financial statements include the Group's share of loss of ₹ 61.58 Lacs.
- These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the

amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.

- We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 (AS-21) "Consolidated Financial Statements" and Accounting Standard 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements", notified by Companies (Accounting Standards) Rules, 2006.
- Based on our audit as aforesaid and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and associate, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, read together with note nos. 1(b) and 1(c) of Schedule 23 and other notes, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011 ;
 - in the case of Consolidated Profit and Loss Account, of profit of the Group for the year ended on that date ; and
 - in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Kapoor & Parekh Associates

Chartered Accountants

[ICAI FRN 104803W]

N.M. Parekh

Partner

Nagpur, 30th August, 2011

Membership No. 33528

Consolidated Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS			
Shareholders Fund			
Share Capital	1	1,227.52	1,227.52
Share Application		3.00	0.17
Reserve and Surplus	2	22,290.00	18,572.35
Minority Interest		193.69	136.94
Loans Funds			
Secured Loans	3	29,168.16	27,881.23
Unsecured loans		-	-
Total		52,882.37	47,818.21
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	22,683.88	20,062.75
Less : Depreciation & Amortisation		8,887.36	6,291.01
Net Block		13,796.52	13,771.74
Add : Capital Work in Progress		1,595.36	1,209.78
Net block including CWIP		15,391.88	14,981.52
Goodwill on Consolidation		45.06	45.06
Investments	5	4,969.75	6,267.22
Deferred Tax Asset (Net)		558.61	380.78
Current Assets, Loans And Advances			
Inventories	6	4,627.49	5,246.10
Sundry Debtors	7	30,688.98	18,131.04
Cash and Bank Balance	8	4,762.45	5,999.52
Loans, Advances and Deposits	9	20,223.75	11,747.24
Other Current Asset	10	7,797.03	5,919.74
	A	68,099.70	47,043.64
Current Liabilities and Provisions			
Liabilities	11	35,287.15	20,396.44
Provisions	12	895.48	586.37
	B	36,182.63	20,982.81
Net Current Assets	(A-B)	31,917.07	26,060.82
Miscellaneous Expenditure	13	-	82.80
(To the extent not written off or adjusted)			
Total		52,882.37	47,818.21
Significant Accounting Policies	22		
Notes to Accounts	23		

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants

(ICAI FRN 104803W)

N.M. Parekh

Partner

Membership No. 33528

Place : Nagpur, Maharashtra

Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte

Joint Managing Director

S. K. Kodandaramaiah

Executive Director

M. N. Mohanan

Executive Director

Sandeep Mishra

Company Secretary

Consolidated Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Turnover	14	80,552.53	76,759.06
Other Income	15	980.65	989.95
Total		81,533.18	77,749.01
EXPENDITURE			
Material Cost	16	33,549.64	38,378.43
Site and Operating Expenses	17	27,384.24	24,860.16
Personnel Cost	18	5,095.74	2,992.78
Administration & Other Expenses	19	3,045.62	1,943.00
Finance Cost	20	3,585.15	2,540.31
Depreciation		2,715.16	2,225.93
Less : Transferred from Revaluation Reserve		1.02	1.07
		2,714.14	2,224.86
Total		75,374.54	72,939.53
Profit Before Tax and Exceptional Items		6,158.64	4,809.48
Add : Exceptional Items	21	-	520.69
Profit Before Tax and Extra-ordinary Item		6,158.64	5,330.17
Extra-ordinary Item [Income / (Expenses)]		50.00	(147.50)
Profit Before Tax		6,208.64	5,182.66
Provision for			
- Current Tax		2,301.30	1,863.74
- Deferred Tax		(177.84)	(76.06)
- Income Tax for Earlier years		336.77	1,214.97
- Short Provision for Tax for earlier Years		-	12.55
Profit After Tax		3,748.40	2,167.47
Less: Share in Loss of associate company		63.30	-
MINORITY INTEREST		55.48	49.31
Pre acquisition Loss		-	14.46
Net profit for the period		3,629.62	2,132.62
Balance Brought Forward from Previous Year		5,640.44	3,598.76
Add: Reversal of Proposed Dividend of Last Year and Tax thereon		-	143.61
Amount Available for Appropriations		9,270.06	5,874.99
Appropriations:			
Proposed Dividend		147.30	-
Provision for Tax on Proposed Dividend		23.90	-
General Reserve		338.08	234.55
Balance Carried Forward		8,760.79	5,640.44
		9,270.06	5,874.99
Earnings per share (Face Value ₹ 10/-)			
Before Extra Ordinary Items Basic and Fully Diluted (₹)		30.33	17.93
After Extra Ordinary Items Basic and Fully Diluted (₹)		29.57	17.37
Significant Accounting Policies	22		
Notes to Accounts	23		

As per our report of even date attached

For Kapoor and Parekh Associates

Chartered Accountants

(ICAI FRN 104803W)

N.M. Parekh

Partner

Membership No. 33528

Place : Nagpur, Maharashtra

Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte

Joint Managing Director

S. K. Kodandaramaiah

Executive Director

M. N. Mohanan

Executive Director

Sandeep Mishra

Company Secretary

Consolidated Cash Flow Statement

For the year ended 31st March, 2011
(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	6,158.64	5,295.86
Adjustments for :		
Depreciation	2,714.14	2225.93
Loss on Sale of Long Term Investments	7.57	-
Bad debts / Advances Written Off	92.37	-
Provision for Doubtful Debts & Advances	382.17	390.93
Loss on Assets Discarded	10.13	-
Miscellaneous Expenditure Written Off	82.82	60.26
Profit on Sale of Fixed Assets (Net)	(24.29)	(21.65)
Profit on Sale of Current Investment - Non Trade (Net)	(1.82)	(486.83)
Exchange Rate Difference	(97.34)	3.97
Amount Written Back	(209.95)	(54.91)
Interest Expenses	3,585.15	2559.72
Operating Profit before Working Capital Changes	12,699.60	9,695.80
Adjustments for :		
Trade & Other Receivables	(21,902.92)	(3,633.33)
Inventories	618.60	165.04
Trade & Other Payables	15,142.96	1406.36
Cash Generated from Operations	6,558.24	7,633.87
Direct Taxes Paid (Net of Refunds)	(3,377.81)	(2,710.60)
Cash Flow before Extraordinary items	3,180.43	4,923.27
Extraordinary Income(Loss)	50.00	(147.50)
Net Cash Generated from (Used in) Operating Activities	3,230.43	4,775.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,777.54)	(5,091.04)
Sale of Fixed Assets	83.31	71.03
Purchase of Investments	(982.27)	(4,399.83)
Sale of Investments	2,504.25	1380.58
Net Cash Generated from (Used in) Investing Activities	(2,172.25)	(7,761.78)

Consolidated Cash Flow Statement

For the year ended 31st March, 2011
(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Borrowings-Net	1,283.77	-
Interest Paid	(3,584.00)	(2,582.79)
Grants received	5.00	-
Net Cash Generated from(Used in) Financing Activities	(2,295.23)	5,226.52
Net Increase (Decrease) in Cash & Cash Equivalents	(1,237.06)	2,240.51
Cash and Cash Equivalents as at the Beginning of the Year	5,999.52	3,716.57
Cash and Cash Equivalents as at the End of the Year	4,762.45	5,957.08

Notes :

- 1) The Cash flow Statement has been prepared under the " indirect method" set out in the Accounting Standard -3 on cashflow prescribed in the Companies (Accounting Standards) Rules, 2006.
- 2) Previous year's figures are regrouped/ recasted where ever required.
- 3) Figures in brackets indicates outflow.

As per our report of even date attached

For Kapoor and Parekh Associates
Chartered Accountants
(ICAI FRN 104803W)

N.M. Parekh
Partner
Membership No. 33528

Place : Nagpur, Maharashtra
Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte
Joint Managing Director

S. K. Kodandaramaiah
Executive Director

M. N. Mohanan
Executive Director

Sandeep Mishra
Company Secretary

Schedules forming part of Consolidated Balance Sheet

As at 31st March, 2011 (₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
2,50,00,000 Equity Shares of ₹ 10/- each	2,500.00	2,500.00
Issued and Subscribed		
1,22,75,160 Equity Shares of ₹ 10/- each	1,227.52	1,227.52
Paid up		
1,22,75,160 Equity Shares of ₹ 10/- each fully Paid up	1,227.52	1,227.52
	1,227.52	1,227.52

Note : Of the above paid up equity share capital :

- 98,000 equity shares have been allotted against consideration other than cash.
- 37,50,000 equity shares have been allotted as fully paid up Bonus Shares by capitalisation of General Reserve & Securities Premium Account.

SCHEDULE 2 RESERVE AND SURPLUS

Capital Reserve		
As per last Balance sheet	840.60	280.80
Add:Capital Subsidy Received During the Year	1.95	559.80
	842.55	840.60
Revaluation Reserve		
As per last Balance sheet	59.61	60.68
Less: Transferred to Profit and Loss A/C	1.02	1.07
	58.59	59.61
Securities Premium		
As per last Balance sheet	11,150.14	11,150.14
Add.Share in securities premium of the associate	286.98	-
	11,437.12	11,150.14
General Reserve		
As per last Balance sheet	881.57	647.02
Add: Transferred from Profit & Loss A/c	338.08	234.55
Less: Adjustment of Earlier Years	28.68	
	1,190.96	881.57
Profit and Loss Account	8,760.78	5,640.44
	22,290.00	18,572.35

Schedules forming part of Consolidated Balance Sheet

As at 31st March, 2011 (₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 3 SECURED LOANS		
Rupee Term Loans From Banks & Institutions	8,898.90	5,403.97
Rupee Working Capital Loans From Banks & Institutions	20,269.26	22,477.25
	29,168.16	27,881.23

- Term loans are secured by a first pari-passu charge on immovable properties, hypothecation of respective assets and all fixed assets of the company, present and future, and a second pari-passu charge on entire current assets of the company, in addition to personal guarantee of some of the directors.
- Working capital loans are secured by a first pari-passu charge on all current assets of the company, present and future, and a second pari-passu charge on entire movable fixed assets of the company, present and future, and on entire immovable fixed assets of the company, in addition to charges on various properties of directors and personal guarantee of some of the directors.
- In respect of SEAM Industries Ltd (Subsidiary) the term loans from bank are secured by:-
 - First charge by way of Hypothecation on all Plant & Machinery
 - First charge by way of equitable mortgage of Factory Land and building situated at K-43/2, Five Star Industrial Zone, Butibori, MIDC, Nagpur
 - Personal Guarantees of Promoters
 - Corporate Guarantee:-
The above is also collaterally secured by way of corporate guarantee of M/s. Sunil Hitech Engineers Ltd. (Holding Co.)
 - Second charges by way of Hypothecation on all the current assets of the borrower company for securing their working capital facility.

SCHEDULE 4 FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2010	Addition during the year	Deduction/ Adjustments	As at 31.03.2011	As at 01.04.2010	Addition during the year	Deduction/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Tangible Assets :										
Freehold Land	246.55	220.00	-	466.55	-	-	-	-	466.55	246.55
Leasehold Land	236.98	35.48	40.58	231.88	-	7.98	0.19	7.79	224.09	236.98
Building	2,782.87	137.37		2,920.24	347.92	171.57	-	519.49	2,400.75	2,434.95
Plant & Machinery	15,012.58	1,653.85	116.63	16,549.80	5,169.68	2,136.62	76.60	7,229.70	9,320.10	9,842.90
Computer & Printer	181.31	108.51	14.50	275.32	112.86	38.46	14.04	137.28	138.05	68.45
Furniture & Fixtures	338.73	88.12	9.10	417.76	121.38	54.66	6.26	169.78	247.97	217.35
Office Equipment	200.92	72.77	5.43	268.25	61.85	30.12	3.17	88.80	179.46	139.07
Vehicles	948.22	196.43	35.35	1,109.30	435.05	163.43	18.55	579.93	529.37	513.17
Temporary Office Construction		309.17		309.17	-	81.59	-	81.59	227.58	-
B. Intangible Assets :										
Computer Software	114.58	21.02	-	135.60	42.27	30.73	-	73.00	62.61	72.31
Total	20,062.75	2,842.72	221.59	22,683.88	6,291.01	2,715.16	118.81	8,887.36	13,796.52	13,771.74
Previous Year	14,787.99	5,390.78	709.97	20,107.80	4,081.64	2,225.93	16.58	6,290.99		
Capital WIP									1595.36	1209.78
									15,391.88	14,981.52

Note:

Charge against certain moveable fixed assets like crawler and other cranes [Included in Plant & Machinery] and certain immovable properties situated at CBD Belapur, New Mumbai [Included in Building] have been created in favour of Tata Capital Ltd. in respect of the Debentures issued by Gangakhed Sugar and Energy Ltd. to Tata Capital Ltd. amounting to ₹ 3,000 Lacs (Pr. Yr. ₹ 3,000 Lacs), Debenture outstanding as at 31st March, 2011 is ₹ 3,000 Lacs (Pr. Yr. ₹ 3,000 Lacs).

Schedules forming part of Consolidated Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 5 INVESTMENTS		
(A) Long Term (Non Trade - Unquoted)		
i) In Associate Company		
Gangakhed Sugar & Energy Ltd.(Refer note 1 below)		
1,95,00,000 Equity Shares of ₹ 10/- each fully paid up	1,950.00	1,950.00
Less: Unrealised Profit in the respect of transaction with company and share in 08-09 year profit	73.65	73.65
Add: Share in securities premium of the associate	286.98	-
Less: Share in loss of the associate	61.58	-
Less: Unrealised Profits in the current year on transaction with the associate	1.72	-
Total value of the investment in the associate	2,100.03	1,876.35
Sweat Money to MSMC for Adkoli Mine	2,146.27	1,865.00
ii) Others		
Yogeshwari Sugar Industries Ltd		
Nil (Pr. Yr. 10,000) Equity Shares of ₹ 100/- each fully paid up	-	10.00
Pannageswar Sugar Mills Ltd		
40,000 Equity Shares of ₹ 100/- each fully paid up	40.00	40.00
Sudama Mahavir Power Pvt. Ltd.		
100 Equity Shares of ₹ 10/- each fully paid up	0.01	0.01
	40.01	50.01
Less : Provision for dimunition in value of Long Term Investment	20.00	27.57
	20.01	22.44
iii) Advance for Investment Pending Allotment		
Sunil Hitech Energy Pvt. Ltd.	-	-
MSMC Adkoli Natural Resources Limited	2.44	3.44
(B) Current Investment (Non Trade - Unquoted)		
BSL Savings Fund Collection	-	1500.00
Nil (Pr. Yr. 85,80,892) units of ₹ 10/- each		
Axis Treasury Advantage Fund	-	1000.00
Nil (Pr. Yr. 1,00,00,000) units of ₹ 10/- each		
MSMC Adkoli Natural Resources Limited	1.00	-
4,900 (Pr. Yr. Nil) Equity shares of ₹ 10/-each fully paid up		
Reliance Medium Term Fund	700.00	-
40,94,549 (Pr. Yr. Nil) units of ₹ 10/- Each		
	4,969.75	6,267.22
Notes:		
1 Shares of Gangakhed Sugar & Energy Ltd. are pledged with Uco Bank against Term Loan of ₹ 304.31 Crores sanctioned to Gangakhed Sugar & Energy Ltd. and cannot be sold/transferred till the aforesaid loan is repaid.		
2 Aggregate Value of:		
Quoted Investments :		
Cost	700.00	2,500.00
Market Value	700.00	2,500.00
Unquoted Investments :		
Book Value	4,269.75	3,767.22

Schedules forming part of Consolidated Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 6 INVENTORIES		
(As taken, valued and certified by the management)		
Raw Material & Components	952.90	676.54
Stores, Spare Parts & Loose Tools	3,129.90	2,841.14
Steel, T&D Material	529.20	516.55
Other	15.49	1,211.87
	4,627.49	5,246.10
SCHEDULE 7 SUNDRY DEBTORS (UNSECURED)		
Over Six Months		
Considered Good	4,436.04	4,285.19
Considered Doubtful	317.48	258.91
	4,753.52	4,544.10
Others- Considered Good	26,252.94	13,845.86
	31,006.46	18,389.95
Less : Provision for doubtful debts	317.48	258.91
	30,688.98	18,131.04
SCHEDULE 8 CASH AND BANK BALANCES		
Cash on Hand	95.40	57.55
Balance With Scheduled Banks		
- in Current Accounts	625.75	1,765.62
- in Deposit Accounts (Under Lien With Banks)	4,041.30	4,176.35
	4,762.45	5,999.52
SCHEDULE 9 LOANS AND ADVANCES		
(Unsecured Considered Good unless specified otherwise)		
Advance recoverable in cash or in kind or for value to be received		
- Considered Good	5,278.28	4,239.34
- Considered Doubtful	16.35	87.94
	5,294.63	4,327.28
Less: Provision for Doubtful Advances	16.35	87.94
	5,278.28	4,239.34
Deposits	13,373.76	7,199.04
- Considered Good	360.37	180.27
- Considered Doubtful	13,734.12	7,379.31
Less: Provision for Doubtful Deposit	360.37	180.27
	13,373.76	7,199.04
Taxes Paid (net of Provisions)	831.25	-
Balances with Customs, Port Trusts & Excise Authorities	740.46	308.86
	1,571.71	308.86
	20,223.75	11,747.24

Schedules forming part of Consolidated Balance Sheet

As at 31st March, 2011

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
SCHEDULE 10 OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits	52.36	258.00
Contract revenue in excess of Billing revenue as per AS-7	7,744.66	5,661.74
	7,797.03	5,919.74

SCHEDULE 11 CURRENT LIABILITIES

Sundry Creditors		
- Micro, Small & Medium Enterprises	78.12	91.24
- Others	12,114.01	7,305.01
	12,192.13	7,396.25
Sub-Contractors		
- Amount Payable Against work	2,691.20	1,890.69
- Security Deposit	885.12	654.13
- Retention Money	1,078.20	709.94
	4,654.51	3,254.75
Due to Customers	6,822.71	1,798.18
(Billing is in excess of Contract Revenue as per AS-7)		
Advance from Customers		
Gangakhed Sugar & Energy Ltd	-	1,601.80
Others	8,212.29	3,722.84
	8,212.29	5,324.64
Other Advances	500.00	500.00
Unpaid Dividend *	4.54	4.54
Interest Accrued but not due on loan	14.01	12.86
Other Liabilities	2,886.95	2,105.22
	35,287.14	20,396.44

* There are no amount due & outstanding to be credited to Investor Education & Protection Fund as on 31st March, 2011.

SCHEDULE 12 PROVISIONS

For Income Tax (Net of Payment)	395.84	352.13
For Wealth Tax	10.75	5.20
For Proposed Dividend	147.30	-
For Tax on Proposed Dividend	23.90	-
For Leave Encashment	170.54	-
For Gratuity	3.28	56.81
For others	143.88	172.23
	895.49	586.37

SCHEDULE 13 MISCELLANEOUS EXPENDITURE

(To the extent not Written off or adjusted)		
Issue Expenses	-	66.88
Pre-Operative Expenses	-	15.79
Other	-	0.13
	-	82.80

Schedules forming part of Consolidated Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 14 NET SALES		
Revenue from Project, Maintenance & Others	75,774.03	71,013.53
Sales-Trading	4,778.50	5,745.53
	80,552.53	76,759.06

SCHEDULE 15 OTHER INCOME

Interest		
- From Bank deposits	240.58	255.04
[TDS ₹ 28.15 Lacs (Pr. Yr. ₹ 33.75 Lacs)]		
- From Others	53.46	0.82
[TDS ₹ 4.92 Lacs (Pr Yr. ₹ 5.68 Lacs)]		
Dividend from Current Investments - Non Trade (Tax Free)	-	1.30
Profit from current investment- Non Trade (Net)	1.82	-
Profit on sale of Fixed Assets (Net)	24.29	21.65
Handling Charges	251.16	430.83
Commission on Supply	2.58	3.90
Exchange Rate Difference	97.34	-
Amount Written Back	209.95	54.91
Miscellaneous Income	99.46	221.49
	980.65	989.95

SCHEDULE 16 MATERIAL COST

Steel		
Opening Stock	486.86	616.25
Add: Purchases	12,031.08	4,840.62
	12,517.94	5,456.87
Less : Closing Stock	517.50	486.86
	12,000.44	4,970.01
Purchase of Traded Goods	4,406.83	958.12
Others		
Opening Stock	3,547.37	4,275.14
Add: Purchases	11,326.78	27,939.18
	14,874.15	32,214.31
Less : Closing Stock	3,695.18	3,547.37
	11,178.97	28,666.95
Cost of goods sold		
Opening Stock	1,211.87	519.75
Add: Raw Material Purchase	5,166.33	3,798.77
Add: Other Allied Purchases	-	85.72
	6,378.20	4,404.24
Less : Closing Stock	(414.81)	1,211.87
	5,963.39	3,192.37
Direct Expenses	-	590.98
	5,963.39	3,783.35
	33,549.64	38,378.43

Schedules forming part of Consolidated Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 17 SITE AND OPERATING EXPENSES		
Construction, Erection, Fabrication, Maintenance & Design	23,345.00	19,728.52
Excavation & Leveling	786.82	2,449.30
Hire Charges	771.30	500.73
Repair & Maintenance - Machinery	235.91	452.65
VAT/Works Contract/Service Tax	781.31	503.11
Transportation Expenses	338.38	408.71
Royalty	104.47	0.96
Others	1,021.05	816.19
	27,384.24	24,860.16

SCHEDULE 18 PERSONNEL COST

Salary, Wages & Allowances	4,119.35	2,268.87
Contribution to Provident, Superannuation & Other Funds	337.82	270.49
Staff Welfare Expenses	638.57	453.42
	5,095.74	2,992.78

SCHEDULE 19 ADMINISTRATION & OTHER EXPENSES

Travelling & Conveyance	429.06	294.58
Insurance Expenses	210.85	110.68
Communication	153.62	108.94
Repair & Maintenance		
- Building	80.79	48.56
- Others	183.87	180.66
Rate, Fees & Taxes	75.80	66.95
Rent	271.50	188.31
Provision for Doubtful Debt / WH / RM	382.17	302.96
Provision for Doubtful Advances	-	87.97
Loss on sale of Current Investments	7.57	-
Printing & Stationery	84.46	74.25
Donations	2.77	3.17
Electricity Charges	104.14	63.82
Miscellaneous Expenditure written off	82.82	58.75
Professional Charges	364.18	125.30
Bad debts / Advances written off	92.37	11.06
Commission & Brokerage	4.80	0.78
Loss on Assets Discarded	10.13	-
Other Expenses	504.72	216.70
	3,045.62	1,943.46

Schedules forming part of Consolidated Profit and Loss Account

For the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 20 FINANCE COST		
Interest Paid to Bank	2,950.19	2,028.83
Other Interest	5.35	9.31
Bank charges and commission	629.61	502.17
	3,585.15	2,540.31

SCHEDULE 21 EXCEPTIONAL ITEMS [GAIN/ (LOSS)]

Reversal of Provision for diminution in value of Current Investment	-	1,340.11
Loss on Sale of Investment	-	(819.42)
	-	520.69

Schedules forming part of Consolidated Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

- The financial statements of the subsidiaries and associates used in the consolidation are drawn up to the same reporting date as that of the Sunil Hitech Engineers Limited ("the Parent Company"), namely 31st March, 2011.
- The accompanying financial statements have been prepared under historical cost convention, except in respect of some assets which are revalued, and on accrual basis of accounting, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956, unless otherwise stated.

b) Principles of consolidation:

- The Financial statements of the Parent Company and its subsidiaries have been consolidated in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements", on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and unrealised profits/losses.
- The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- The excess of cost to the Parent Company of its investment in the subsidiaries, on the acquisition dates over and above the Parent Company's share of equity in the subsidiaries, is recognized in the financial statements as Goodwill on Consolidation and carried forward in the accounts. The said Goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.
- Minority Interests' share of the net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.
- Minority Interests' share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the shareholders of the Company.

Schedules forming part of Consolidated Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- vi. Investment in associate companies have been accounted for, by using equity method in accordance with Accounting Standard 23 (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements" whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the company's share of net assets of the associate. The carrying amount of the investment in the associate company is reduced to recognize any decline which is other than temporary in nature.
- c) Use of Estimates:**
Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported year. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the year in which results are known / materialized.
- d) Fixed Assets**
Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses incurred to bring the assets to their present location and condition, less accumulated depreciation / amortization / impairment losses (if any) adjusted by revaluation of certain fixed assets.
Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any.
- e) Depreciation/ Amortisation:**
Depreciation is provided on written down value method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956.
Premium on the leasehold land is amortised over the period of lease.
Computer Software is amortised equally over a period of five years, from the year of purchase.
In case of the Parent Company, Fixed assets, excluding buildings and computers, individually costing upto ₹ 5,000/- are fully written off in the year of purchase.
- f) Impairment of Assets:**
The fixed assets are reviewed for impairment at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.
- g) Revenue Recognition:**
Contract revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of "percentage of completion method". The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract. An expected loss on construction contract is recognized as an expense immediately. Price escalation, other claims and variation in the contract work are included in contract revenue at the time of acceptance / settlement by the customers due to uncertainties attached thereto.
Revenue from sale of goods is recognized when all significant risk and rewards of ownership of products are transferred to the buyers which are usually at the point of dispatch to customers. Sales are net of discounts, sales tax and returns.
Revenues from service related activities including hire charges are recognize accordance with the terms of the agreement upon rendering of such services.
Commission income is recognized as per contracts/ receipt of credit notes.
Revenue is recognised when there is reasonable certainty of its realization.
Dividend income is recognized when the right to receive dividend is established. Interest income is recognised on time proportion basis.
- h) Investments:**
Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and net realizable value.

Schedules forming part of Consolidated Accounts

SCHEDULE 22 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- i) Inventories:**
Inventories are stated at lower of cost and net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition. Cost of inventories is ascertained on the FIFO basis. Tools are written off based on technical evaluation.
- j) Foreign Currency Transaction:**
Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions and / or restatements are dealt with in the Profit and Loss Accounts as income or expenses of the period in which they arise.
Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account.
In respect of the Forward Exchange contracts with underlying transaction, the premium or discount arising at the inception of such contract as expenses or income over the life of contract.
- k) Employee Benefits:**
Short-term Benefits
These are recognised as an expense at the undiscounted amount in the profit and loss account of the period in which the related services are rendered. Short term compensated absences are provided for based on actuarial valuation in accordance with Company rules.
Post Retirement Benefits
Company's contribution for the period paid/ payable to defined contribution retirement benefit schemes are charged to Profit & Loss Account.
Company's liability towards defined benefit plans viz. gratuity is determined using the Projected Unit Credit Method as per the valuation carried out at the balance sheet date.
- l) Taxes on Income:**
Current Tax on income is accounted on the basis of the provisions of the Income Tax Act, 1961.
Deferred tax resulting from timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.
- m) Cenvat, Service Tax and VAT Credit :**
Cenvat, Service Tax and VAT credits receivable/availed are treated as an asset with relevant expenses being accounted net of such credits, and the same are reduced to the extent of their utilisations.
- n) Operating Leases :**
Assets taken/given on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/income under operating leases are recognised as expenses/income on accrual basis in accordance with the respective lease agreements.
- o) Custom Duties:**
Custom duty payable on goods lying in custom bonded warehouse/under clearance are provided for and included in valuation of inventories.
- p) Borrowing Cost:**
Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the revenue.
- q) Provisions, Contingent Liabilities and Contingent Assets:**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS

1. Basis of preparation:

Consolidated Financial Statements ("CFS") present the consolidated accounts of Sunil Hitech Engineers Limited ("the Parent Company"), the following Subsidiaries and Associates, (collectively referred as "the SHEL Group")

List of the Subsidiaries

(₹ in Lacs)

Name of the subsidiary company	Country of incorporation	Proportion of ownership interest and voting power as on 31/03/11	Proportion of ownership interest and voting power as on 31/03/10
SEAM Industries Limited	India	84.75%	84.75%
Sunil Hitech Energy Private Limited *	India	62.05%	62.05%
SHEL Investment Consultancy Private Limited	India	99.99%	99.99%

* Balance 37.95 % of shares are held by SHEL Investment Consultancy Private Limited

List of the Associates

(₹ in Lacs)

Name of the associate company	Country of incorporation	Proportion of ownership interest and voting power as on 31/03/11	Proportion of ownership interest and voting power as on 31/03/10
Gangakhed Sugar & Energy Limited	India	29.55%	30.03%

a) Accounts of the aforesaid subsidiary companies, SEAM Industries Limited, Sunil Hitech Energy Private Limited and SHEL Investment Consultancy Private Limited are for the year from 1st April, 2010 to 31st March, 2011 and have been audited by other auditors and are incorporated in the consolidated financial statements.

b) In respect of Gangakhed Sugar & Energy Limited, accounts for the period 1st April, 2009 to 31st December, 2009 and 1st January, 2010 to 31st March, 2011, have been audited by other auditors and are incorporated in the consolidated financial statements.

c) MSMC Adkoli Natural Resources Limited is an associate of Sunil Hitech Energy Private Limited one of the subsidiary of the Parent Company. Due to the non availability of audited accounts of M/s MSMC Adkoli Natural Resources Limited, the same are not considered and incorporated in CFS.

2. Contingent Liabilities:

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
a) Counter Guarantees given to bank against guarantees given by them	37,573.45	27,567.62
b) Bank Letter of Credit outstanding at the year end	3,746.66	1,016.75
c) Sales Tax demand disputed, contested in appeal	Nil	374.31
Amount paid there against and shown as Advances recoverable		
d) Service Tax demand disputed, contested in appeal	181.18	181.18
Amount paid there against and shown as Advances Recoverable		
e) Corporate Guarantee given on behalf of :-		
Gangakhed Sugar & Energy Limited	5,000.00	5,000.00
Loans outstanding at the year end	4,999.75	5,124.01
f) Claims against the Company not acknowledged as debts	11.53	Nil

3. Estimated amount of contracts remaining to be executed on capital account ₹ 619.17 Lacs (₹ 249.45 Lacs), net of advances of ₹ Nil (₹ 2.77 Lacs).

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

4. a) Managerial Remuneration :

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Salaries	304.02	159.40
Contribution to Provident Fund	7.92	3.78
Monetary value of Perquisites	8.40	13.95
Insurance	72.31	86.38
Total	392.65	263.51
Directors Sitting Fees	1.10	1.20

Note: Perquisites include amounts evaluated as per rules of Income-tax Act, 1961 in respect of certain items. As the future liability for gratuity and leave encashment is evaluated on an actuarial basis for the Company as a whole, the separate amounts pertaining to directors is not ascertainable and is therefore not include above.

5. Remuneration to Auditors: *

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Audit Fees	18.65	18.50
For Certification and Other Matters	4.00	3.00

* Excluding Service Tax

6. Provision for current tax includes provision for wealth tax ₹ 5.57 Lacs (₹ 5.20 Lacs), in respect of the parent company.

7. In respect of the Parent Company, unamortised issue expenses at the beginning of the year amounting to ₹ 66.91 Lacs has been charged to the revenue.

In respect of SEAM Industries Limited, miscellaneous expenditure of ₹ 15.79 Lacs outstanding at the beginning of the year is charged to profit & loss account.

8. Balances of some of the Sundry Debtors and Sundry Creditors are subject to confirmation / reconciliation and adjustments, if any.

9. Employee Benefits:

As required by Accounting Standards-15 'Employee Benefits' the disclosures are as under:

Defined Contribution Plans:

The Parent Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers eligible workers. Contributions are made to the Government's funds. While both the employees and the Parent Company pay predetermined contributions into the PF and the ESI Scheme, contributions into the EPS is made only by the Company. The contributions are normally based on a certain portion of the employee's salary.

During the year, the Parent Company has recognised the following amounts in the Account: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Provident Fund, Employee's Pension Scheme and MLWF	216.95	148.54
Employees State Insurance	15.74	10.13
Total	232.29	158.67

Defined Benefit Plans:

Leave Encashment:

The Parent Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company rules.

Upto previous year ended on 31st March 2010, liability of compensated absences was provided as per management's estimate. From this year the same is being provided based on report of independent actuary using the Projected Accrued Benefit Method which is same as the Projected Unit Credit Method in respect of past services. Accordingly, incremental liability for compensated absences upto last year as per actuarial valuation amounting to ₹ 105.14 Lacs and also liability for the year amounting to ₹ 49.61 Lacs have been charged to the revenue.

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Gratuity:

The employees' gratuity fund scheme is a defined benefits plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The Parent Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for employees. The scheme provides for payment to vested employees as under:

- On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.
- On the death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan) based on actuarial reports as on 31st March, 2011.

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
i) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	115.98	91.19
Current service cost	34.75	32.82
Interest cost	11.78	8.50
Actuarial loss / (gain)	10.41	(15.47)
Liabilities settled on sale of business	Nil	Nil
Past Service Cost	21.59	Nil
Benefit (paid)	(4.77)	(1.06)
Closing defined benefit obligation	189.74	115.98
ii) Changes in Fair Value of Assets		
Opening fair value of plan assets	59.18	15.50
Expected return on plan assets	6.06	0.97
Actuarial gain / (loss)	2.75	1.70
Contributions of employer	123.25	42.07
Assets distributed on sale of business	Nil	Nil
Benefits (paid)	(4.77)	(1.06)
Closing fair value of plan assets	186.47	59.18
iii) Amount recognised in the Balance Sheet		
Present value of the obligations as at year end (Funded+ Non Funded)	189.74	115.98
Fair value of the plan assets as at year end	(186.46)	(59.17)
Amount not recognised as an asset	Nil	Nil
Net (asset/liability) recognised as at the year end	3.28	56.81
iv) Expenses recognised in the Profit and Loss Account		
Current service cost	34.75	32.82
Interest on defined benefit obligation	11.78	8.50
Expected return on plan assets	(6.06)	(0.97)
Net actuarial loss / (gain) recognized in the current year	7.66	(17.18)
Past Service Cost	21.58	Nil
Effect of the limit in Para 59(b) of the revised AS 15	Nil	Nil
Total expenses	69.71	23.17
v) Asset information (% Allocation)		
Government of India Securities	Nil	Nil
Corporate Bonds	Nil	Nil
Special Deposit Scheme	Nil	Nil
Insurer Managed Funds	100%	100%
Others	Nil	Nil

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan) based on actuarial reports as on 31st March, 2011 (Contd.).

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
vi) Principal actuarial assumptions used		
Discount rate (p.a.)	8.20%	8.00%
Expected rate of return on plan assets(p.a.)	7.50%	7.50%
Annual increase in salary cost (p.a.)	6.00%	6.00%

The estimate of future increase in compensation levels, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

During the year, the SEAM Industries Limited has recognised ₹ 7.59 as Gratuity expenses and has provided ₹ 2 Lacs for Leave Encashment in the books of Account:

- Due to natural calamity occurred at SECHI Site, the Parent Company has incurred loss of ₹ 147.50 Lacs in FY 09-10 and same has been provided as extraordinary loss in the books of accounts for the period ended 31st March, 2010, The site and the assets thereon were sufficiently insured and claim of ₹ 50 Lacs received in current year has been accounted as extraordinary income.

11. Deferred Taxes:

The deferred tax assets (liabilities) arising out of timing differences comprise of the following components. (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Depreciation	260.74	134.98
Provision for Doubtful Debts / Deposits / Advances	225.89	210.96
Disallowance under section 43B and other sections of the Income Tax Act, 1961	71.99	34.84
Deferred Tax Assets (Liabilities) – Net	558.62	380.78

12. Disclosure pursuant to Accounting Standard 7 (Revised): (in case of the Parent Company).

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Contract revenue recognized for the year	65,138.54	69,183.62
Aggregate amount of contract costs incurred and recognized profits (Less recognized losses) up to the year end for all contracts in progress as at that date	153,824.39	1,42,912.01
Amount of customer advances received and outstanding for contracts in progress	8,201.89	4,794.86
Retention amount due from customers for contracts in progress	8,528.93	3,203.42
Gross amount due from Customers as at year end	7,744.65	5661.75
Gross amount due to Customers as at year end	6,822.71	1798.18

13. Earnings Per Share (EPS):

Particulars	31.03.2011	31.03.2010
Net Profit after tax before Extraordinary items - (₹ in Lacs)	3,723.05	2,167.47
Net Profit after tax after Extraordinary items - (₹ in Lacs)	3,629.62	2,132.62
Weighted Average Number of Equity Shares Outstanding during the year	1,22,75,160	1,22,75,160
Nominal Value of Equity Share (₹)	10	10
Basic and diluted EPS before Extraordinary items for the period (₹)	30.33	17.93
Basic and diluted EPS after Extraordinary items for the period (₹)	29.57	17.37

- Disclosure for operating leases under Accounting Standard 19- "Accounting for Leases": (in respect of the Parent Company)
The Parent Company has taken various residential /office premises (including furniture and fittings, therein as applicable), under operating lease or leave and license agreements. These are generally cancellable and ranges from 5 months to 15 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Parent Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments of ₹ 271.50 Lacs (₹ 182.73 Lacs) are recognised in the Profit and Loss Account under "Rent" under Schedule-19.

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

The future lease payments and payment profile of non cancellable operating leases are as under: (₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Not later than one year	318.03	167.02
Later than one year but not later than five years	1,162.97	626.16
Later than five years	664.53	666.81

15. Related Party Disclosure for the year as required by Accounting Standard 18 are given below:

Category I: Directors, Key Management Personnel and their Relatives:

Mr. R.M. Gutte
Mrs. S. R. Gutte
Mr. Sunil R. Gutte
Mr. Vijay R. Gutte
Mr. M. N. Mohanan
Mr. S. K. K. Ramaiah
Mrs. Swati R. Gutte
Relatives of Key Management Personnel

Category II: Associate Company:

Gangakhed Sugar & Energy Ltd.
MSMC Adkoli Natural Resources Ltd.

Category III: Enterprises over which persons covered under Category I above are able to exercise significant control:

Trimurti Towers Pvt. Ltd.
Sadoday Laxmi Infrastructure Pvt. Ltd.
Shanti Laxmi Contractors Pvt. Ltd.
Purple Haze Motion Pictures Pvt. Ltd

A. Transactions with the related parties during the year are as under: (₹ in Lacs)

Particulars	I	II	III	Total
1 Capital Advance received back	Nil (Nil)	Nil (Nil)	Nil (203.57)	Nil (203.57)
2 Purchase of Investments	Nil (1.75)	Nil (Nil)	Nil (Nil)	Nil (1.75)
3 Sale of Investment	2.43 (Nil)	Nil (Nil)	Nil (Nil)	2.43 (Nil)
4 Contract Revenue (Net Sales)	Nil (Nil)	8,772.22 (24,363.02)	Nil (Nil)	8,772.22 (24,363.02)
5 Purchases & Services	Nil (Nil)	106.17 (Nil)	Nil (Nil)	106.17 (Nil)
6 Remuneration to Directors	392.65 (263.51)	Nil (Nil)	Nil (Nil)	392.65 (263.51)
7 Rent Paid	171.42 (172.02)	Nil (Nil)	Nil (Nil)	171.42 (172.02)
8 Reimbursement by Suppliers	Nil (Nil)	0.02 (Nil)	Nil (Nil)	0.02 (Nil)

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

B. Out of the above items, transactions in excess of 10% of the total related party transactions are as under: (₹ in Lacs)

Sr. No.	Particulars	31.03.2011	31.03.2010
1	Capital Advance Received Back : Sadoday Laxmi Infrastructure Pvt. Ltd.	Nil	203.57
2	Purchase of Investments : Mr. Ratnakar Gutte, Mrs. Sudhamati Gutte, Mr.Sunil Gutte and Mr. Vijay Gutte	Nil	1.75
3	Sale of Investments : Mr. Ratnakar M. Gutte	2.43	Nil
4	Contract Revenue (Net Sales) : Gangakhed Sugar & Energy Ltd.	8,772.22	24,363.02
5	Purchases & Services (Net) : Gangakhed Sugar & Energy Ltd.	106.17	Nil
6	Remuneration to Directors: Mr. Ratnakar M. Gutte Mrs. Sudhamati R. Gutte Mr. Sunil R. Gutte Mr. Vijay R. Gutte Mr. M. N. Mohanan	120.81 51.77 75.40 60.88 43.76	89.91 27.90 50.85 49.44 21.01
7	Rent Paid : Mr. Ratnakar M. Gutte Mrs. Sudhamati R. Gutte Mr. Sunil R. Gutte	80.82 56.22 17.94	81.42 56.22 17.94
8	Reimbursement by Supplier : Gangakhed Sugar & Energy Ltd.	0.02	Nil

C. Balances due from / to the related parties: (₹ in Lacs)

Particulars	I	II	III	Total
1 Sundry Debtors	Nil (Nil)	6,452.75 (Nil)	Nil (Nil)	6,452.75 (Nil)
2 Loans Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3 Advances Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4 Advances Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5 Sundry Creditors	Nil (Nil)	102.61 (Nil)	Nil (Nil)	102.61 (Nil)
6 Financial Guarantees	Nil (Nil)	5,000.00 (5,000.00)	Nil (Nil)	5,000.00 (5,000.00)

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

16. Segment Reporting (in case of parent company) :

a. Business Segments:

Business segments have been identified in line with Accounting Standards on Segment Reporting "AS 17".

The Parent Company's businesses are classified into following three primary business segments.

- Project
- Overhauling & Maintenance (O & M)
- Supply

Project Segment: This segment is engaged in the business of Fabrication, Erection & Commissioning of Boilers (Power Plants), Erection, Testing, Commissioning of ESP, Transmission & Distribution and EPC Contract.

O & M Segment: This segment is engaged in the business of Repair & Maintenance, Overhauling, and Renovations of Boilers and auxiliaries, Ash Handling Systems etc.

Supply Segment: Supply of Electrodes, Boiler Spare Parts, Coal, Steel and other material at various Thermal Power Plants. During the year Segment Reporting has been reconstituted in line with the revised reporting norms of the Company. Consequently, segment figures for the previous year have been regrouped.

(₹ in Lacs)

Sr. No.	Particulars	31.03.2011	31.03.2010
1	Segment Revenue		
	(Net Sales/Income from each segment)		
	a. Project	65196.86	69,183.62
	b. Overhauling & Maintenance	2,754.64	1,827.97
	c. Supply	4,778.81	1,255.98
	Total	72,730.31	72,267.57
	Less: Inter-segment Revenue	-	-
	Net Sales /Income from Operations	72,730.31	72,267.57
2	Segment Results		
	(Profit before tax and interest from each segment)		
	a. Project	11,238.84	8,501.73
	b. Overhauling & Maintenance	1,009.50	492.27
	c. Supply	164.93	70.74
	Total	12,413.27	9,064.74
	Less: i) Interest	3,419.23	2,441.74
	ii) Other un-allocable expenditure net off un-allocable income	3,322.83	1,381.73
	Total Profit Before Tax	5,671.21	5,241.27
3	Capital employed		
	(Segment Assets – Segment liabilities)		
	a. Project	25,885.60	27,781.10
	b. Overhauling & Maintenance	1,599.45	1,032.95
	c. Supply	1,933.37	262.47
	Total	29,418.42	29,076.52
	i) (Other un-allocable Corporate Assets - Other un-allocable Corporate Liabilities)	(6,330.66)	(9,269.78)
	Total Capital Employed	23087.76	19806.74

Schedules forming part of Consolidated Accounts

SCHEDULE 23 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

17. In terms of the requirements of the Accounting standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period by the management based on present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.

18. Disclosures required by AS 29 "Provisions, Contingent Liabilities and Contingent Assets " in respect of Parent Company are as under:

(₹ in Lacs)

Particulars	Balance as at 31.03.2011	Additional provision during the year	Provision used during the year	Provision reversed during the year	Balance as at 31.03.2011
Others	172.23	-	40.53	-	131.70

19. Figures in brackets indicate previous year's figures.

20. Previous year's figures have been re-grouped / reclassified / rearranged wherever necessary to make them comparable to those for the current year.

Signature to Schedule 1 to 23

For Kapoor and Parekh Associates
Chartered Accountants
(ICAI FRN 104803W)

N.M. Parekh
Partner
Membership No. 33528

Place : Nagpur, Maharashtra
Date : 30.08.2011

For Sunil Hitech Engineers Ltd.

Sunil R. Gutte
Joint Managing Director

S. K. Kodandaramaiah
Executive Director

M. N. Mohanan
Executive Director

Sandeep Mishra
Company Secretary

Corporate information

Board of Directors

Mr. Ratnakar Manikrao Gutte – Chairman and Managing Director
Mr. Sunil Ratnakar Gutte – Joint Managing Director
Mrs. Sudhamati Ratnakar Gutte – Whole Time Director
Mr. Mattathil Narayanan Mohanan – Whole time Director (Operations)
Mr. S.K. Kodandaramaiah – Whole Time Director (Business Development) and CEO
Mr. Vijay Ratnakar Gutte – Whole Time Director (Finance)
Mr. Kamlakar G. Holkar – Independent Director
Mr. Dilip Y. Ghanekar – Independent Director
Mr. Devesh Nandan Garg – Independent Director
Mr. Sajid Ali – Independent Director
Mr. Parag Sakalika – Independent Director

Registrar & Transfer Agents

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

Depositories

National Securities Depositories Limited

Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 16th floor, Dalal Street, Mumbai 400 001

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 400002

Bankers

UCO Bank
Union Bank of India
IDBI Bank Ltd
ICICI Bank Ltd
State Bank of India
HSBC Bank Ltd
Oriental Bank of Commerce
Kotak Mahindra Bank Ltd
Axis Bank
Barclays 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, investor@sunilhitech.com
Website: www.sunilhitech.com

Registered office

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

“The real voyage of discovery consists not in seeing new lands but in seeing with new eyes.”
Marcel Proust

