

September 15, 2010

**CARE ASSIGNS 'PR1' RATING TO THE CP ISSUE OF
SUNIL HI TECH ENGINEERS LIMITED**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Commercial Paper*	100.00	'PR1 [PR One]'	Assigned
Total Facilities	100.00		

** carved out of sanctioned fund based working capital limits*

Rating Rationale

The rating derives strength from SHEL's established track record in fabrication, civil and structural works for power plants, reputed clientele, significant growth in revenues and operating profits in FY10, moderate debt-protection indicators and high revenue visibility seen in the strong order book position. The rating also factors in SHEL's prequalification for Balance of Plant (BOP) packages upto 250 MW and favourable demand outlook for the power sector.

The rating is however constrained by relatively low margins in the Engineering, Procurement and Construction (EPC) of BOP packages, high working capital finance required to fund the operations and the relatively large contingent liability in terms of corporate guarantees given for the debt availed by group companies/subsidiaries.

The ability to successfully execute various BOP orders in a timely manner and manage its working capital financing efficiently are the key rating sensitivities.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

Company Profile

Sunil Hi Tech Engineers Limited (started as M/s. Sunil Engineering Works in 1984) commenced its business with civil contract work in power plants and then moved into the erection and commissioning of equipments in power plants. Furthermore, in FY10, the company secured the entire BOP package on an EPC basis (order value of Rs.487 crore) for the first time, for a 250 MW power plant from Maharashtra State Power Generation Company Limited (MSPGCL) for the thermal power plant at Parli, Maharashtra. Now the company is prequalified for BOP packages of upto 250 MW. The company made a net profit of Rs.23.42 crore on the net sales of Rs.718 crore in FY10. As on March 31, 2010, SHEL had an outstanding order book of Rs.1,935 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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