



NU TEK INDIA LIMITED

ANNUAL REPORT
2008-2009

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Executive Summary

Mr. Inder Sharma, Chairman cum Managing Director
Mr. Vineet Sirpaul, Whole Time Director
Mrs. Sumati Sharma, Director
Mr. Sandeep Bedi, Director
Mr. Vishal Jain, Director
Mr. Amit Nitin Rane, Director
Mr. Sachin Mehra, Additional Director

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mr. Sanjay Kumar Singh

AUDITORS

M/s Vinod Kumar & Associates
504, Chiranjiv Towers, Nehru Place,
New Delhi- 110019
Tel: +9111 2622 6933

REGISTRAR AND TRANSFER AGENTS

AARTHI Consultants Private Limited
1-2-285, Domalguda
Hyderabad-500029
Tel: +9140 4012 8274
E-mail: info@aarthiconsultant.com
Website: www.aarthiconsultant.com

REGISTERED OFFICE

B-14A, Devika Tower, Nehru Place
New Delhi-110019
Tel: +9111 3269 4477

CORPORATE OFFICE

B-27, Infocity, Sector-34
Gurgaon- 122001 (Haryana)
Tel: +91124 305 4600

BANKERS

State Bank of India
Overseas Branch, Cuffe Parade
Mumbai-400005

WEBSITE

www.nutek.in



Director's Report

To,

The Shareholders

Your Directors have the pleasure in presenting the Sixteenth Annual Report on the business and operation of the Company together with the Audited Statements of Accounts for the year ended 31st March 2009.

Financial Highlights

Particulars	For the year ended 31st March, 2009 Rs. in Crores	For the year ended 31st March, 2008 Rs. in Crores
Income from Operation	159.08	95.16
Other Income	10.38	01.54
Total Income	169.46	96.70
Total Expenses	144.19	66.41
Profit before Tax and Depreciation	26.39	31.17
Less, Depreciation	1.12	00.88
Profit before Tax	25.27	30.28
Profit after Tax	16.25	19.45
Profit after Tax available for appropriation	14.47	19.45
Proposed Dividend/ Dividend on preference share paid during the year	1.72	0.585
Dividend distribution Tax	0.29	0.099
Balance to the credit of Profit and loss account	12.45	18.76

During the year under review (2008-2009) the turnover of the company has kept pace with the past trends and shown increase of about 67% during the financial year. In absolute terms the turnover is Rs. 169.46 Crores for the financial year 2008-09 as

compared to Rs.96.70 Crores for financial year 2007-08. Further the Profit before tax & depreciation (PBDIT) is 26.39 Crores as compared to previous year's Rs. 20.63 Crores.

TRANSFER TO RESERVES

The Company has carried balance of Rs.12.45 Crores to the Reserve & Surplus Account of the Balance Sheet as on 31st March 2009.

DIVIDENDS

The Board has decided to recommend dividend @Rs.1 per Equity Share for the year ended 31st march 2009.

INVESTMENTS

During the year under review, the Company has invested 2,00,000USD in Nutek Telekomünikasyon Dani²manlık Mühendislik Ve Di² Ticaret San. Ltd. ²ti, its subsidiary in Turkey to infuse more equity capital. The Company holds 75% of the equity shares of the said subsidiary. In addition to that your Company invested 10,000 HK Dollars (Hong Kong Dollars) in Nu Tek (HK) Private Limited, wholly owned subsidiary of the Company to acquire 10,000 shares of face value 1 HK Dollar each.

QUALITY

Your Company is an ISO 9001:2000 certified Company. Our target for quality is to maintain and to improve the quality of products and service, in order to meet consistently customer requirements and internal needs. Our management is committed to the safety of the company's operations and in particular to the health and safety of employees, customers and the public in general. Under observance of the aforementioned customer satisfaction is the company's main priority: we want to be our customers' preferred supplier.

SEBI REGULATION & LISTING FEES

After successful completion of the IPO, the Company got listing permission on 26th of August, 2008 from Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE) and the shares of the Company are traded

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since 27th of August, 2008. Your Company's Annual Report, Corporate Governance Report, Shareholding Pattern, etc., can also be accessed at the website of Bombay Stock Exchange (BSE) www.bseindia.com & also on National Stock Exchange (NSE) www.nseindia.com

The Annual listing fees for the year under review have been paid to Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), where your Company's shares are listed.

SUBSIDIARY COMPANIES

The statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 in respect of subsidiaries is attached. The Consolidated Accounts of your Company and its subsidiaries viz., Nu Tek (HK) Private Limited, Nutek Telekomünikasyon Dani⁹manlik Mühendislik Ve Di⁹ Ticaret San. Ltd. ⁹ti are presented as part of this Report in accordance with Accounting Standard 21.

The audited accounts of overseas subsidiaries are also kept for inspection by any investor at the Company's Registered Office and copies will be made available on request to the investors of the holding and subsidiary companies at any point of time.

However, they are available on the Company's website www.nutek.in

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with Stock Exchanges, a Report on Corporate Governance is provided else where in this Annual Report along with the Certificate of Practicing Company Secretary on the compliance thereof.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

PERSONNEL

Information required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is attached to this Report.

IPO

Your company offered 35,00,000 fresh equity shares of Rs. 10 each at premium of Rs.182 per share through the IPO during the year along with offer for sale of 10,00,000 equity shares of Rs.10 each at the same price by one of existing shareholders, which was successfully subscribed by the public.

BOARD OF DIRECTORS

The Board of Directors comprises of 7 directors Mr. Inder Sharma is Chairman & Managing Director, who has promoted this company along with Sumati Sharma who is also Promoter Non-executive Director. Mr. Vineet Sirpaul is an Executive Director (whole Time Director). Mr. Amit Nitin Rane, Mr. Sandep Bedi and Mr. Vishal Jain are Independent Directors. Mr. Sachin Mehra has been appointed as an Additional Director by the Board as on 30th October, 2008 and is considered as Independent Director.

During the year no Director resigned from the Board. Mr. Sandeep Bedi and Mr. Vishal Jain are retiring by rotation and are eligible to be reappointed as Director. The terms of the office of Mr. Sachin Mehra is expiring with the commencement of ensuing Annual General Meeting. He is eligible for appointment as regular director. The Board recommends the re-appointment of Mr. Sandeep Bedi and Mr. Vishal Jain and appointment of Mr. Sachin Mehra by the Members in the Annual General Meeting.

AUDITORS

The Auditors of the Company M/s Vinod Kumar & Associates, Chartered Accountants are retiring at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends re-appointment of M/s Vinod Kumar & Associates, Chartered Accountants as Auditors of the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

The information under Rule 2 of the Companies (Discloser of Particulars in the report of the Directors) Rules, 1988



relating to the conservation of the energy and technology is not given as the company is not engaged in the manufacturing activities. Though the Company does not have energy intensive operations, it continues to adopt energy conservation measures. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipments with the latest technologies, which would help in conservation of energy. As the cost of energy consumed by the Company forms a very small portion of the total costs, the financial impact of these measures is not material. The Foreign exchange earning is Rs.6.46 Crores and out go of the foreign exchange is Rs.51.89 Lakhs during the year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is attached.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors Confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departure;
- That they have selected such accounting policies and applied them consistently and judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the affairs of the company at the end of the financial year and profit and loss of the company for that period;
- That they have taken proper and sufficient care for the maintenance of the adequate accounting records, in accordance with the provision of the Companies Acts, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That they prepare the annual accounts on going concern basis.

ACKNOWLEDGEMENTS:

Your Directors wish to place on the record their gratitude for all the co-operation and guidance received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulators and the various government departments. Your Directors take this opportunity to thank all its investors and stakeholders for their supports and contribution and in the last but not least Your Directors wish to acknowledge the sincere efforts made by the employees of the Company towards the achievement of the objective of the Company.

Place: Delhi.

BY THE ORDER OF THE BOARD

Date: 20th June, 2009

Chairman & Managing Director

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Annexure to the Directors' Report

PARTICULARS OF EMPLOYEE(S) AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

The particulars of employee(s) who had drawn salary in excess of Rs. 24,00,000/- during the financial year commencing from 1st April 2008 to 31st March 2009 are as follows:-

Sl. No.	Name of Employee	Designation	Salary (P.A.) Inclusive of perquisites and allowances	Salary per month inclusive of perquisites and allowances	% of Shareholding in the Company.
1.	Mr. Inder Sharma	Managing Director	96,00,000.00	-	42.42%
2.	Mr. Vineet Sirpaul	Whole Time Director	16,00,000.00	-	0.309%
3.	Mr. Raghavendra Kulkarni*	CEO	-	5,00,000.00	-
4.	Mr. K. P. Venugopal	COO	27,00,000.00	-	0.127%

*employed for the part of the year from 18th November, 2008 to 31st March, 2009.

Statement Pursuant to Section 212 of the Companies Act, 1956
Relating to Subsidiary Companies:

1	Name of Subsidiary	Nu Tek (HK) Private Limited Turkey.	NuTek Telekomunikasyon,
2	Financial year ended	31 st March, 2009	31 st March, 2009
3	Holding Company's interest	100%	75%
4	Shares held by the Holding Company in the Subsidiary	10,000 Shares	3,93,750 YTL (NuTek Turkey is LLC, it has no equity shares as such.)
5	The net aggregate of profits or losses for the above financial year of the Subsidiary so far as it concerns the members of the Holding company		
	a. dealt with or provided for in the accounts of the Holding Company,	Rs.2,15,20,935.00	Rs.1,19,91,211.00
	b. not dealt with or provided for in the accounts of the Holding Company	N.A.	N.A.
6	The net aggregate of profits or losses for the previous financial year of the Subsidiary so far as it concerns the members of the Holding company		
	a. dealt with or provided for in the accounts of the Holding Company	N.A.	N.A.
	b. not dealt with or provided for in the accounts of the Holding Company	N.A.	Rs.22,92,818.00



Management Discussion & Analysis

OUR ECONOMY

The Indian economy, which was on a robust growth path up to 2007-08, averaging at 8.9 per cent during the period 2003-04 to 2007-08, witnessed moderation in 2008-09, with the deceleration turning out to be somewhat sharper in the third quarter. While the growth deceleration was primarily driven by the knock on effects of the global economic crisis, it also reflected to some extent the slowdown associated with cyclical factors. Industrial growth experienced a significant downturn and the loss of growth momentum was evident in all categories, viz., the basic, capital, intermediate and consumer goods. A hitherto key growth driver, services sector, witnessed some moderation, notwithstanding a counter-cyclical rise in the growth of community, social and personal services on the back of implementation of the Sixth Pay Commission recommendations. Although agriculture also recorded a deceleration in growth, the agricultural outlook remains satisfactory, with the sowing in the rabi season being higher than that in the previous year.

The slowdown in the Indian economy during 2008-09 has been associated with a deceleration in investment demand, which had been an important driver of growth in recent years. The adverse conditions for access to external capital, and the depressing effects of the global crisis on domestic business confidence contributed to the moderation in investment demand. The deceleration in private consumption expenditure was partly offset by a sharp increase in Government consumption expenditure during the third quarter emanating from the discretionary fiscal stimulus measures and committed expenditures.

India also experienced the knock-on effects of adverse international developments in conjunction with domestic factors affecting liquidity conditions. Simultaneously capital flow reversals took place, which impacted the equity markets as well as the foreign exchange market. The equity markets, which had remained subdued throughout 2008-09, began to pick-up in the last week of March, in line with the international developments.

TELECOM INDUSTRY

The development of world-class telecommunication infrastructure is the key to rapid economic growth and to bring social change of the country. Indian telecommunication sector has undergone a major process of transformation through significant policy reforms, particularly beginning with the announcement of National Telecom Policy (NTP) 1994 and was subsequently re-emphasized and carried forward under NTP 1999. Government has aggressively increased plan allocations to the Communication sector, which has helped develop and expand the telecom infrastructure, improving the tele-density in the country. Driven by various policy initiatives, including gradual opening up of the telecom sector to competitive forces, the Indian telecom sector witnessed a complete transformation in the last decade. It has achieved a phenomenal growth during the last few years and is poised to take a big leap in the future too.

CURRENT SCENARIO

India is the second largest wireless network market in the world after China. Indian Telecom sector is witnessing a resurgent growth and has emerged as the fastest growing telecom market in the world with the addition of about 130 million subscribers during 2008-09, an average monthly addition of around 11 million subscribers. During March 2009, a total of 15.9 million subscribers were added as compared to 10.4 million additions during March 2008. The growth in this sector is also contributing significantly in the economic growth of the country.

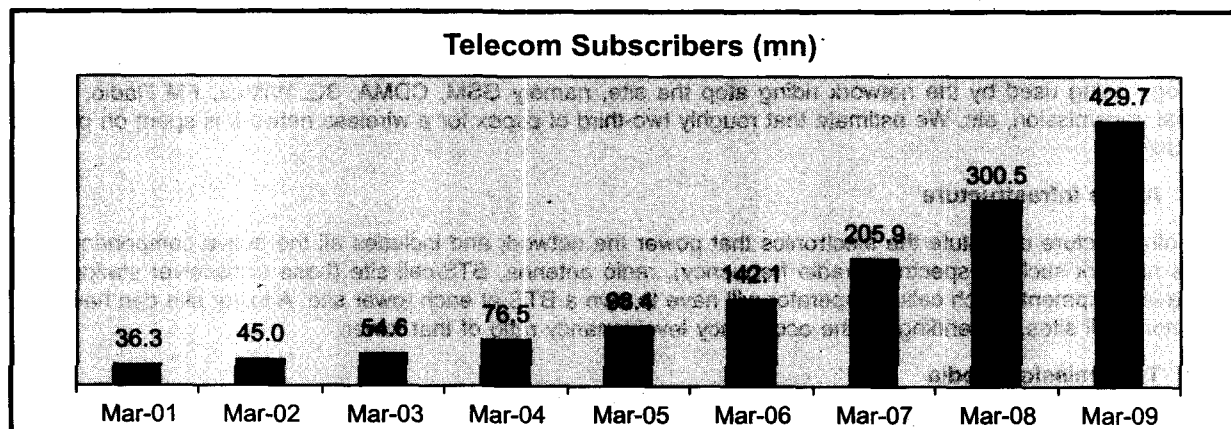
The total number of telephone connections reached 429.72 million at the end of March 2009 as compared to 300.51 million in March 2008. The overall tele-density reached to 36.98% at the end of March, 2009 as against 26.22% in March 2008. According to DoT estimates, the numbers of subscribers are expected to reach around 800 million by 2012.

The Telecom Subscriber base growth during the financial year 2008-09 is given below:

	(subscribers in Million)	As on 31.03.2009	As on 31.03.2008	% change
Wireless		391.76	261.09	50.04 %
Wireline		37.96	39.42	(3.70%)
Total		429.72	300.51	42.99 %

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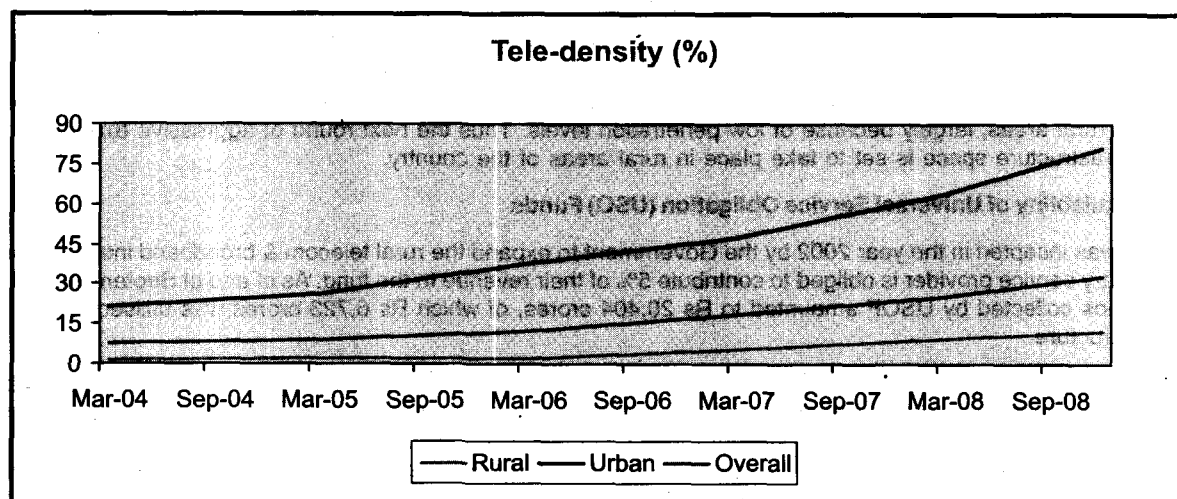
Growth of Subscriber base
(Source: TRAI)

Growth in Tele-density

The overall tele-density reached 33.23% in December 2009, as against 25.64% in March 2008 and 18.22% in March 2007. Despite the impressive growth in the telecom sector, the overall tele-density in India is low as compared to other countries, mainly owing to low tele-density in rural India. The following table depicts the penetration of telecom services in rural & urban areas in the country:

Tele-density as of	Rural (%)	Urban (%)	Overall (%)
Mar-04	1.70	21.30	7.58
Mar-05	1.74	26.20	9.08
Mar-06	1.86	37.99	12.70
Mar-07	5.78	47.24	18.22
Mar-08	9.34	63.67	25.64
Dec-08	12.59	81.38	33.23

Widening of Rural and Urban Tele-density gap
(Source: TRAI)



TELECOM INFRASTRUCTURE SERVICES

The Telecom infrastructure services are made up of three components:

1. **Passive infrastructure**



Passive infrastructure includes of all the passive components of the network: steel tower/antenna mounting structures, BTS room/shelter, power supply, battery bank, invertors, DG set for power backup, air conditioner, fire extinguisher, security cabin, among others. These components are not dependent on the type of communication technology being used by the network riding atop the site, namely GSM, CDMA, 3G, WiMax, FM Radio, digital terrestrial transmission, etc. We estimate that roughly two-third of capex for a wireless network is spent on passive infrastructure.

2. **Active infrastructure**

Active infrastructure constitute the electronics that power the network and includes all the active components of a wireless network such as spectrum (radio frequency), radio antenna, BTS/cell site (base transceiver station) and microwave equipment. Each cellular operator will have to own a BTS at each tower site. A tower site can have 1/2/ 3/4 or more cell sites, depending on the occupancy level/tenancy ratio of that tower.

3. **Transmission Media**

Transmission Media is the network that connects the BTS/cell site to a base station controller (BSC) that controls tens or scores of BTS in a particular area. A transmission network may work on:

- Point-to-point microwave radio transmission
- Point-to-multipoint microwave access technologies like LMDS, WiFi or WiMax;
- Optical fibre links
- Digital Subscriber Line (DSL)
- Ethernet

EMERGING TREND & GROWTH FACTORS

The continued growth in the number of cellular subscribers and service provider alongwith stabilising minutes of usage per subscriber would require telecom operators to add additional equipments and investment on cell sites to maintain optimum performance of their networks. Today, the cellular operators have to continuously increase their foot-print by offering services to areas where there is no coverage. In order to meet the growing demand of new subscribers and the market conditions, the telecom operators are resorting more and more to outsourcing their network roll out components. The activities like operation and maintenance are now being routinely outsourced by all major telecom operators. Alongwith Operations and maintenance, several outsourcing deals like Network Management and Managed Services are being structured. At Nu Tek, we offer all outsourced services related to design, installation, construction, operation and maintenance of telecom networks.

• **Focus on untapped Rural Telecom Infrastructure Space**

In rural India, as of end of December 2008 the tele-density was low at 12.6% compared to urban teledensity of about 81.4%. There is a big market lying untapped in rural areas. Most of the telecom companies despite the fall in average revenue per user (ARPU) due to declining tariffs are making profits and are ready to expand their networks in rural areas, largely because of low penetration levels. Thus the next round of aggressive expansion in Telecom Infrastructure space is set to take place in rural areas of the country.

• **Availability of Universal Service Obligation (USO) Funds**

USO Fund was incepted in the year 2002 by the Government to expand the rural telecom & broadband infrastructure whereby every service provider is obliged to contribute 5% of their revenue to the fund. As of end of September 2008, the total funds collected by USOF amounted to Rs 20,404 crores, of which Rs 6,723 crores was utilised to create rural infrastructure.

In recent times there has been a rise in the number of initiatives to expand rural telecom infrastructure funded by the USO funds. In phase-I of the scheme for Mobile Infrastructure, the total number of telecom towers which were awarded to six different telecom service providers was 7,871. Till 31st October, 2008 only 1,934 towers have been installed thus the physical progress is 24.7 per cent. The USOF Administrator has announced the second phase for an additional 11,049 sites for the installation of towers at identified places.

• **Tower Sharing & Emergence of Third party tower companies**

The separation of the tower business by the leading operators has created separate entities focused on tower