



NU TEK INDIA LIMITED

**ANNUAL REPORT
2009-2010**

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BOARD OF DIRECTORS

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. Sachin Mehra, Director

**COMPANY SECRETARY &
COMPLINACE OFFICER**

Mr. Sanjay Kumar Singh

AUDITORS

M/s Suman Jeet Agarwal & Co.
Chartered Accountants
304 Shri Ganesh Complex, E-35, Jawahar Park,
Laxmi Nagar, Delhi-110092
Telefax: 011-22468271
Email: sumanjeet68@yahoo.co.in

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

605 Siddarth Building,
96, 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 Seventeenth Annual Report on the business and operation of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2010

Financial Highlights

Particulars	For the year ended 31st March, 2010 Standalone Rs. in Crores	For the year ended 31st March, 2009 Standalone Rs. in Crores	For the year ended 31st March, 2010 Consolidated Rs. in Crores	For the year ended 31st March, 2009 Consolidated Rs. in Crores
Income from Operation	185.98	159.08	194.30	180.31
Other Income	3.17	10.38	3.22	10.67
Total Income	189.15	169.46	197.53	190.98
Total Expenses	164.88	144.19	170.94	160.85
Profit before Tax and Depreciation	24.27	26.39	26.59	30.13
Less, Depreciation	1.60	1.12	1.63	1.19
Profit before Tax	22.68	25.27	24.96	28.94
Profit after Tax	17.15	16.25	19.43	19.61
Profit after Tax available for appropriation	15.87	14.47	18.27	17.53
Proposed Dividend/Dividend on Preference share paid during the year		1.72		1.72
Dividend distribution Tax		0.29		0.29
Balance to the credit of Profit and loss account	15.87	12.45	18.27	15.52

Financial Year Y2010 was a healthy growth period for the company, wherein the income from operations increased by 16.9% to reach Rs 186.0 crores as compared to 159.08 for the last financial year. Further the Profit before tax & depreciation (PBDIT) is 24.27 Crores as compared to previous year's Rs. 26.39 Crores.

TRANSFER TO RESERVES

The Company has carried balance of Rs.15.87 Crores to the Reserve & Surplus Account of the Balance Sheet as on 31st March 2010.

DIVIDENDS

The Board has decided to not to recommend any dividend for the year ended 31st March, 2010. The outstanding balance in the unpaid dividend account 2009 as on date is Rs.98,250.

INVESTMENTS

During the year under review, the Company has extended interest free loan of 750,000USD to its wholly owned subsidiary Nu Tek (HK) Private Limited to funds its working capital requirements. The Company holds 100% equity in Nu Tek (HK) Private Limited. During the year the Company has disinvested its total holding in Nutek Danismanlik Mühendislik Ve Dis Ticaret San. Ltd. Sti, its subsidiary in Turkey and sold its holding to the local partner as the Board did not foresee good business opportunity in Turkey. The Company was holding 75% of the equity in the Turkish subsidiary. Also your Board of directors have decided to set up a subsidiary in Europe at Czech Republic and accorded its consent to invest upto Rs.20 Crores or its equivalent in the European subsidiary. The setting up of the said subsidiary is in process.

QUALITY

Your Company is an ISO 9001:2008 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. The Company is also in the process of getting certification under occupational health and safety.

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 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 and Nutek Telekomünikasyon Danismanlik Mühendislik Ve Dis Ticaret San. Ltd. Sti (till the date of disinvestment) 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.

BOARD OF DIRECTORS

The Board of Directors comprises of 6 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. Sandep Bedi and Mr. Vishal Jain and Mr. Sachin Mehra are Independent Directors. During the year Mr. Amit Nitin Rane has resigned from the directorship of the company.

Mrs. Sumati Sharma is retiring by rotation and is eligible to be reappointed as Director. The Board recommends the re-appointment of Mrs. Sumati Sharma in the Annual General Meeting.

AUDITORS

The Auditors of the Company M/s Suman Jeet Agarwal & Co., 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 Suman Jeet Agarwal & Co., 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. There is no Foreign exchange earnings and the foreign exchange expenditure is Rs.343,468 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 : 28th May, 2010

Chairman & Managing Director

Annexure I
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	25,13,079.00	-	0.309%
3.	Mr. K. P. Venugopal	COO	27,00,000.00	-	0.127%

No Employee who is getting salary more than Rs.24,00,000/- per annum or more than Rs.2,00,000/- per month is relative of any of the directors except Mr. Inder Sharma, Chairman and Managing Director of the Company and husband of Mrs. Sumati Sharma, Director.

Annexure II
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

1.	Name of Subsidiary	Nu Tek (HK) Private Limited	NuTek Telekomunikasyon, Turkey.
2.	Financial year ended	31st March, 2010	31st March, 2010
3.	Holding Company's interest	100%	75% till the date of disinvestment (23rd Dec,2009)
4.	Shares held by the Holding Company in the Subsidiary	10,000 Shares	
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.2,95,09,204.00	(-)Rs.72,25,722.00
	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	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

Annexure-III
Management Discussion & Analysis
OUR ECONOMY

India is one of the fastest growing economies in the world and has grown at an average rate of 7.6% per annum between 2007 and 2009. India had an estimated GDP of approximately USD 3.56 trillion in 2009, which makes it the fourth largest economy in the world after the United States of America, China and Japan, in purchasing power parity terms. The following table presents a comparison of India's real GDP growth rate with the growth rate of certain other countries:

Countries	2007*	2008*	2009*
Australia	4.0%	2.4%	0.8%
Brazil	6.1%	5.1%	0.1%
China	13.0%	9.0%	8.7%
Germany	2.5%	1.3%	(5.0%)
India	9.0%	7.4%	6.5%
Japan	2.3%	(0.7%)	(5.7%)
South Korea	5.1%	2.2%	(0.8%)
Malaysia	6.2%	4.6%	(2.8%)
Russia	8.1%	5.6%	(7.9%)
Thailand	4.9%	2.6%	(3.5%)
United Kingdom	2.6%	0.7%	(4.3%)
United States	2.1%	0.4%	(2.4%)

** Represents calendar year growth rates*

(Source: CIA World Factbook, website: <https://www.cia.gov/library/publications/the-world-factbook> accessed on April 10, 2010)

India's ability to recover from the global slowdown and its domestic liquidity crunch has been driven by the country's large domestic savings (including corporate retained earnings) and the private consumption. Further, the Fiscal policies of the Government and the Monetary policies of the Reserve Bank of India have played an important role in the revival of economic growth. In particular, the Government as part of its fiscal stimulus package took the following initiatives to promote consumption in the economy:

- Increased Government expenditure, especially on infrastructure; and
- Reduced taxes/ duties to spur consumption.

Investment in India has, remained relatively stable despite the global slowdown and has been growing at a rate higher than that of GDP. There has been upward trend in the growth of the private investment. The turnaround in the growth momentum was confirmed with the second quarter of 2009-10 estimates, when the economy recorded a GDP growth of 7.9% as against 7.5% in the corresponding quarter of 2008-09. The recovery was broad based with mining and quarrying, manufacturing, and electricity, gas and water supply recording impressive growth rates. (Source: Ministry of Finance: Economic Survey, 2009-10)

Domestic deceleration in demand and persistent uncertainty in the global conditions, however, operate as the major impediment to a quicker economic recovery. It is believed that strengthening consumer and investor confidence in India will be necessary in order to sustain growth over the long term (Source: Macroeconomic and Monetary Developments: First Quarter Review 2009-10). In order to target a GDP growth of more than 9%, significant investments by public and private sectors would be required for development of infrastructure in the country.

TELECOM INDUSTRY

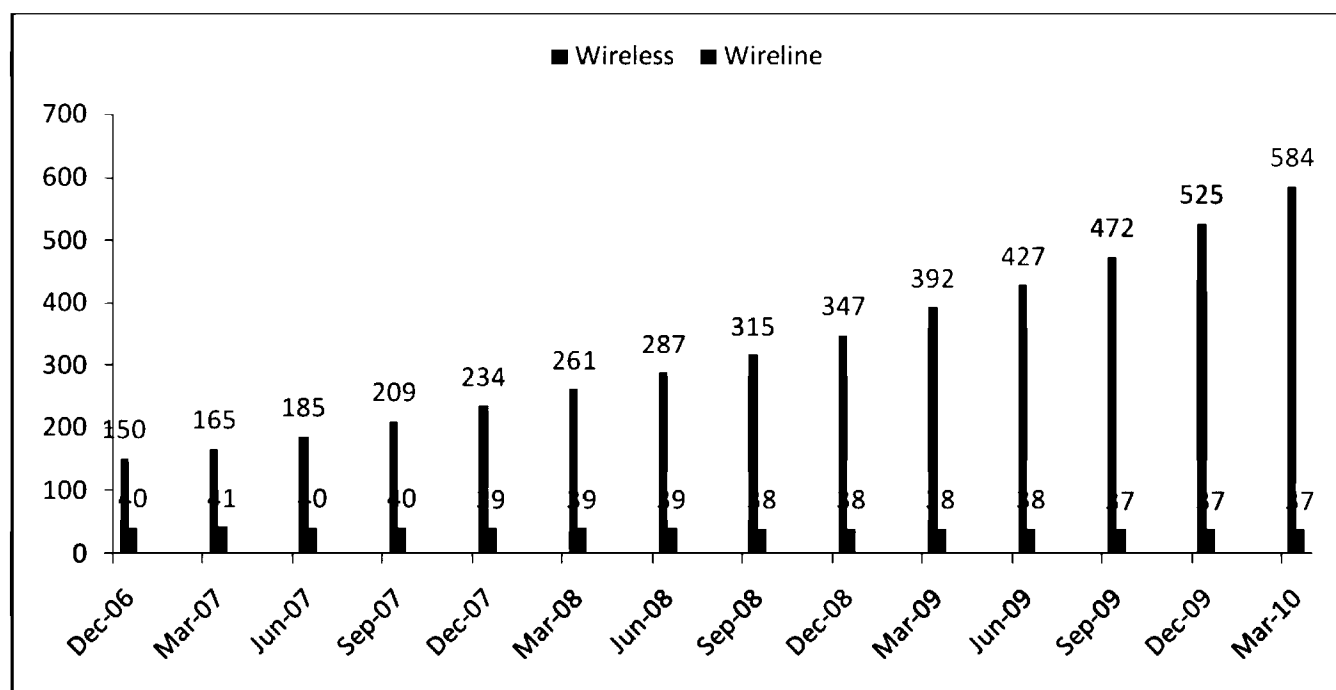
The development of world-class telecommunication infrastructure is the key to rapid economic growth and to bring social change into the country. Indian telecommunication sector has undergone a major process of transformation through signifi-

cant 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 for 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 192 million subscribers during 2009-10, an average monthly addition of around 16 million subscribers. During March 2010, a total of 20.3 million subscribers were added, taking the total number of telephone connections 621.3 million as at 31st March 2010. The growth in telecom sector is significantly contributing to the economic growth of the country. According to DoT estimates, the numbers of subscribers are expected to reach around 800 million by 2012.

Growth of Subscriber base



(Source: TRAI)

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

(subscribers in Milion)	As on 31.03.2010	As on 31.03.2009	% change
Wireless	584.32	391.76	49.15 %
Wireline	36.96	37.96	(2.63%)
Total	621.28	429.72	44.58 %

Growth in Tele-density

The overall tele-density reached 52.74% at the end of March 2010, as against 36.98% in March 2009 and 25.64% in March 2008. 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
Mar-09	14.93	89.44	36.98
Dec-09	21.16	110.96	47.88

Minutes of Usage ("MoU")

GSM average MoU per subscriber per month has shown steady decline since December 2008, from a base of 496 minutes per month per subscriber for the quarter ended December 31, 2008 to 411 minutes per month per subscriber for the quarter ended December 31, 2009. CDMA MoU has decreased from 371 minutes per month per subscriber to 318 minutes per month per subscriber over the same period.

Total MoU/subs./month (minutes)	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
GSM	496	484	454	423	411
CDMA	371	357	342	308	318

Note: Quarterly data

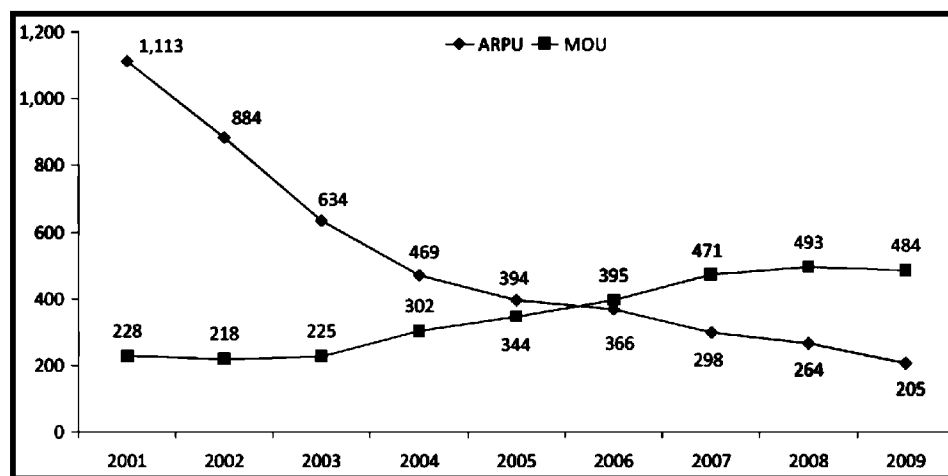
Source: TRAI, The Indian Telecom Services Performance Indicators October - December 2009

Average Revenue Per User ("ARPU")

The ARPUs in the Indian wireless telecommunications sector have seen a declining trend over the last few years. For example, the blended GSM ARPU has declined from Rs.220 per month per subscriber for the quarter ended December 31, 2008 to Rs.144 per month per subscriber for the quarter ended December 31, 2009. During the same period, CDMA ARPU has declined from Rs 111 per subscriber per month to Rs 82 per subscriber per month. The key reasons for such a decline are increased competition, deregulation, falling tariffs, etc.

ARPU (Rs./subs./month)	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
GSM	220	205	185	164	144
CDMA	111	99	92	89	82

Source: TRAI, The Indian Telecom Services Performance Indicators October - December 2009



Source: TRAI.

Note: ARPU & MOU numbers are for GSM.