



# **NU TEK INDIA LIMITED**

**ANNUAL REPORT  
2012-2013**

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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. Mahesh Khera, Director  
Mr. Amar Sarin, Director  
Mr. Rajiv Kumar, Additional Director

**GENERAL COUNSEL &  
COMPANY SECRETARY**

Mr. Sanjay Kumar Singh

**AUDITORS**

M/s Suman Jeet Agarwal & Co.  
Chartered Accountants  
516, Arunachal Building,  
19, Barakhamba Road,  
Connaught Place,  
New Delhi- 110001  
Telephone: 011-43549486  
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**REGISTRAR AND TRANSFER AGENTS**

AARTHI Consultants Private Limited  
1-2-285, Domalguda  
Hyderabad-500029  
Tel: +9140 4012 8274  
E-mail: [info@aarthiconsultant.com](mailto:info@aarthiconsultant.com)  
Website: [www.aarthiconsultant.com](http://www.aarthiconsultant.com)

**REGISTERED OFFICE**

A-213, Road no.-4, Gali no.-11,  
Mahipalpur, New Delhi-110037  
Tel: +9111 3269 4477

**CORPORATE OFFICE**

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

**BANKERS**

State Bank of India  
Commercial Branch, Palm Court  
Gurgaon-122002

Website: [www.nutek.in](http://www.nutek.in)

## DIRECTOR'S REPORT

Dear Shareholders.

We are happy to present on behalf of the Board of Directors, the Twentieth Annual Report on the business and operation of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2013.

### Financial Highlights

Particulars	For the year ended 31st March, 2013 Standalone	For the year ended 31st March, 2012 Standalone	For the year ended 31st March, 2013 Consolidated	For the year ended 31st March, 2012 Consolidated
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
Income from Operation	119.21	82.26	153.20	143.55
Other Income	1.56	6.73	1.57	6.75
<b>Total Income</b>	<b>120.78</b>	<b>88.99</b>	<b>154.77</b>	<b>150.3</b>
Total Expenses	113.57	83.15	144.20	142.55
<b>Profit before Tax and Depreciation</b>	<b>7.21</b>	<b>5.84</b>	<b>10.56</b>	<b>7.75</b>
Less, Depreciation	1.11	1.39	6.79	1.41
Profit before Tax	6.09	4.45	3.77	6.34
<b>Profit after Tax</b>	<b>3.94</b>	<b>3.14</b>	<b>2.29</b>	<b>4.97</b>
Profit after Tax available for appropriation	3.94	2.19	2.29	4.03
<b>Balance to the credit of Profit and loss account</b>	<b>3.94</b>	<b>2.19</b>	<b>2.29</b>	<b>4.03</b>

FY20012-13 was an encouraging year for the company, wherein the income from operations increased by around 45% to reach Rs.119.21crores as compared to Rs.82.26 crores during the last financial year. Project related expense for the year was Rs85.27crores compared to Rs59.1crores, a rise of 44.3% from the previous year. As a result, PBIT (profit from operations before other income and finance cost) was reported at Rs8.6crores as against Rs2.5crores for the previous year. Other income for the year was Rs1.6crores, compared to Rs6.7 crores in the previous year

### Transfer to Reserves

The Company has carried balance of Rs.3.94Crores to the Reserve & Surplus Account of the Balance Sheet as on 31st March 2013.

### Dividends

The Board has decided not to recommend any dividend for the year ended 31st March, 2013. The outstanding balance in the unpaid dividend account 2009 as on date is Rs.98,175

### Investments

The total investment as on date in 100% subsidiaries Rs.411.15Crores and investment in equity shares & mutual funds are Rs.13.97Crores. The interest free loan provided to 100% subsidiary was converted into equity on 1st June, 2012.

### 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 Europe sro and Ketun Energy Private Limited formerly known as Nu Tek Energy Private Limited 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 Corporate 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 also available on the Company's website [www.nutek.in](http://www.nutek.in)

### **Quality**

Your Company was ISO 9001:2008 and OHSAS18001: 2007 earlier. During the year the company has got environmental management system certification EMS: 14001:2004. 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 and to the customers preferred partner. 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. The Company is also conscious about the environment impact of the out of the operation of company and has got itself audited and certified under EMS as well.

### **SEBI Regulation & Listing Fees**

The shares of the company are listed at Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE) and the GDRs are listed at Luxembourg Stock Exchange. The annual listing fees for the year under review have been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

### **Corporate Governance**

Your company believes Corporate Governance is at the core of stakeholder's satisfaction. A report on Corporate Governance is attached elsewhere in this Annual Report along with the Certificate of CS. Ranjeet Pandey, 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.

### **Reappointment of Director**

During the year the Board of Directors comprises of 6 directors. Out of which two are executive and four are non-executive rotational directors. Out of four non-executive directors three are independent. Out of non-executive independent directors Mr. Sanjay Jain is retiring by rotation and has expressed his unwillingness to be reappointed as director as he has some other engagements. He has also tendered his resignation from the directorship of the company. The Board accepts his resignation as of today. The Board has appointed Mr. Rajiv Kumar as Additional Director on 14th August, 2013. His appointment will come to an end at the commencement of ensuing Annual General Meeting if it is not regularized by the shareholders at their meeting. Mr. Rajiv Kumar has declared that he is not disqualified to be appointed as director of the company. The Board recommends his regularization as director liable to retire by rotation. The appointment of Mr. Vineet Sirpaul has been expired during the year. The Board has approved his reappointment as Executive Director and CEO based on the recommendation of the remuneration committee of the Board. The Board also recommends his reappointment as Executive Director and CEO.

### Reappointment of Auditors

The Auditors of the Company M/s Sumanjeet 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 Sumanjeet Agarwal & Co., Chartered Accountants as Auditors of the Company.

### Explanation to Auditor's qualification

The Auditors has observed while reporting under CARO that the company has not deposited some statutory dues during the period under review. There was some liquidity problem due to which the company could not pay the dues on time however as on date all these dues has been duly paid and there is no outstanding.

### 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 equipment 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 Foreign exchange earnings Rs. 5,14,75,328 and the foreign exchange expenditure is NIL during the year.

### Management's Discussion & Analysis Report

The Management's Discussion & Analysis on the performance, industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are attached herewith.

### Director's Responsibility Statement

The Directors Confirm as required under Section 217(2AA) of the Companies Act, 1956

- 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 ongoing concern basis.

### Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the company. We also appreciate all employees of the company for their hard work and commitment. Their dedication and competence has ensured that the company continues to grow and achieve its objectives.

Place : New Delhi

Date : 27th August, 2013

**BY THE ORDER OF THE BOARD**

**Chairman & Managing Director**

## Annexure I

### ANNEXURE TO THE DIRECTORS' REPORT

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

As per MCA General Circular No. 23/2011 with effect from 1st April 2011, the particulars of employee(s) who had drawn salary in excess of Rs. 60,00,000/- during the financial year commencing from 1st April 2011 onwards should be disclosed in Director's Report.

It is confirmed that during the year ended on 31st March 2013 no one employee had received/paid salary in excess of Rs. 60,00,000/- per annum or more than Rs.5,00,000/- per month.

## Annexure II

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

1	Name of Subsidiary	NuTek (HK) Private Limited	NuTek Europe sro.	Ketun Energy Private Limited
2	Financial year ended	31st March, 2013	31st March, 2013	31st March, 2013
3	Holding Company's interest	100%	100%	100%
4	Shares held by the Holding Company in the Subsidiary	566,575,998 Shares	–	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,	(-1,64,42,581/-)	(-43,194/-)	(-21,435/-)
	b. not dealt with or provided for in the accounts of the Holding Company	N. A.	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.1,65,12,028/-	Rs.18,67,015/-	(-38628/-)
	b. not dealt with or provided for in the accounts of the Holding Company	N.A	N.A	N.A

## Management Discussion & Analysis

### OUR ECONOMY

Indian economy grew at 5% in FY 2012-13, compared to 6.2% in the previous year. The lower growth in FY 2012-13 was primarily owing to investment and external demand contraction, private consumption deceleration, global economic slowdown, domestic infrastructural challenges, and policy uncertainty. The consumption demand was lower owing to high inflation and higher interest rate.

Growth is likely to improve moderately in 2013-14, supported mainly by a pick-up in industry on the back of consumption demand and some improvement in investment. The moderation in core inflation and progress on fiscal consolidation have provided enough headroom to reduce interest rates and spur economic activity. The Government is also taking steps to control the fiscal deficit for the current year. Such measures would restore confidence in India's macro-economy policy. The IMF's growth forecast for India in 2013 is 5.7%. Upside risks persist with recent rupee depreciation and rise in crude prices amidst political uncertainties in the Middle East may keep the pace of recovery low.

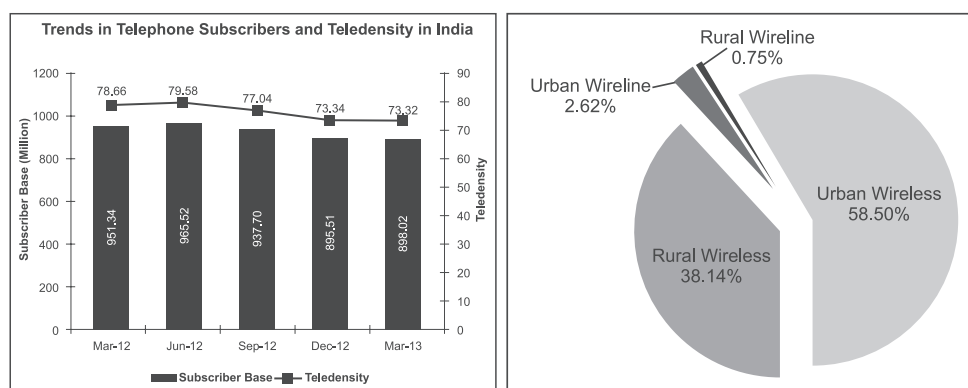
(Source: Macroeconomic and Monetary Developments by RBI; Central Statistical Organisation)

### INDIAN TELECOM INDUSTRY

#### CURRENT SCENARIO

As at 31-Mar'2013, India's telecom subscriber base was 898 million, down from 951 million on 31-Mar'2012. The subscriber base touched a high of 965.5 million in June 2012, and has been shrinking steadily thereafter.

Growth of Subscriber base



(Source: TRAI)

The Telecom Subscriber base growth during the financial year 2012-13 is given below:

(subscribers in Million)	As on 31.03.2013	As on 31.03.2012	% change
Wireless	867.8	919.17	(5.59)%
Wireline	30.21	32.17	(6.09)%
Total	898.02	951.34	(5.61)%

#### Growth in Tele-density

The overall tele-density reached 73.32% at the end of March 2013, as against 78.66% in March 2012. Clearly overall growth in Tele-Density has decreased due. Despite the impressive overall growth in the telecom sector in



previous years, the rural tele-density in India is quite low as compared to urban tele-density. The following table depicts the penetration of telecom services in rural & urban areas in the country:

Tele-density as of	Rural (%)	Urban (%)	Overall (%)
Mar-12	39.22	169.55	78.66
Mar-13	41.02	146.96	73.32

### Minutes of Usage (“MoU”)

GSM average MoU per subscriber per month has shown increase of 10.62% YoY (MoU in March 2013 was 383 minutes compared to 346 minutes in March 2012) after series of steady declines from a base of 496 minutes per month per subscriber for the quarter ended December 31, 2008 to 332 minutes per month per subscriber for the quarter ended December 31, 2011. Similarly, CDMA MoU increased to 275 minutes for March-2013 quarter compared to 230 minutes in December-2012 quarter. The table below indicates that MoU is onto an increasing path now after a series of decrease during the last few years.

Total MoU/subs./month (minutes)	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Mar-13
GSM	496	411	360	332	359	383
CDMA	371	318	270	226	230	275

Note: Quarterly data

Source: TRAI

### Average Revenue Per User (“ARPU”)

The ARPUs in the Indian wireless telecommunications sector, which had seen a declining trend over the last few years, has reversed that trend and has witnessed the increase over the last few quarters. March 2013 ARPU has witnessed an YoY growth of 7.84% for GSM and 26.51% for CDMA as compared to March 2012 numbers. Earlier, the blended GSM ARPU steadily declined from Rs 220 per month per subscriber for the quarter ended December 31, 2008 to Rs 105 per month per subscriber for the quarter ended December 31, 2010. However, the fall in ARPU for the next one year had been very nominal, and settled at Rs 96 per month per subscriber for the quarter ended December 31, 2011.

Likewise, CDMA ARPU declined from Rs 111 per subscriber per month to Rs 68 per subscriber per month from Dec'2008 to Dec'2010, whereas for the quarter ended Dec'2011, ARPU actually increased to Rs 73 per month per subscriber. Clearly, even ARPU has reversed its falling trend to follow growth path.

ARPU (Rs./subs./month)	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Mar-13
GSM	220	144	105	96	97.93	105.00
CDMA	111	82	68	73	79.95	95.25

Source: TRAI

### TELECOM INFRASTRUCTURE SERVICES

The Telecom infrastructure services are made up of three components:

#### 1. Passive infrastructure

Passive infrastructure includes 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 LTE, 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 fiber links
- Digital Subscriber Line (DSL)
- Ethernet

## **OUR BUSINESS**

We are a telecom infrastructure services company providing rollout solutions for wireless and fixed telecom networks. Our strength lies in the breadth of services we offer in the telecom infrastructure space. The business offerings include services in Turnkey Site Build, Active Equipment Implementations, Technical Support Services and Operations & Maintenance. We are also registered with Department of Telecommunication as Infrastructure Provider - Category I.

In Turnkey Site Build, we provide services right from the site identification and designing, to installation of towers and other ancillary passive equipments. This includes entire Project Planning and Management Services. In Active Equipment Implementations, we provide services like Installation, Commissioning and Integration of active telecom equipment for wireless, wire-line and optical technologies. In Technical Support Services, we provide services in high-end telecom engineering that includes Network planning, Transmission planning, Radio Network Optimization, Networks Benchmarking, and Network Auditing. We provide these services on activity/time basis. In Operations & Maintenance, we provide 24x7x365 maintenance services for passive telecom infrastructure (preventive and corrective maintenance on periodic contracts), and first-line maintenance of active infrastructure.

We are also involved in creation of In-building Networks for the Wireless and Data Applications. The CDMA network on the underground section of the Delhi Metro Rail Corridor is one such example.

The client list constitutes of all the prominent players in the telecom industry that includes Third Party Infrastructure Leasing Companies (like Indus Towers, Quippo, WTTIL), Telecom operators (like Airtel, Vodafone, Idea, Reliance Communications, Aircel), and Telecom Equipment Manufacturers (like Ericsson, Nokia Siemens Network, Huawei, ZTE, Motorola).

We have considerable expertise in rolling out projects in the most difficult of the terrains, both in India and Overseas. For our overseas clients, we provide services through Nu Tek India Ltd. and also through our subsidiary in Hong Kong, and cater to the growing needs of our clients in the Asia Pacific region and other Emerging Markets like Middle East and North Africa.

## **BUSINESS PERFORMANCE**

### **Comparison of FY2013 with FY2012**

FY2013 was a high growth year for the company, wherein the income from operations increased by 45% to reach Rs 119.2 crores. The key reason for the higher sales was 64.1% increase in revenue from Full Turnkey (FTK) business stream. Project related expense for the year was Rs 91.04 crores compared to Rs 63.25 crores, an increase of 43.9.7% from the previous year. Employee benefit expense for the year was Rs 18.5 crores compared to Rs 15.2 crores for the previous year, an increase of 22.1%. As a result, PBIT (profit from operations before other income