



NU TEK INDIA LIMITED



ANNUAL REPORT 2013-14

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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
Fax: 011-43549487
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

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 612 4600

BANKERS

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

CIN: L74899DL1993PLC054313
Website: www.nutek.in

DIRECTOR'S REPORT

Dear Shareholders.

We are happy to present on behalf of the Board of Directors, the Twenty First Annual Report on the business and operation of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2014.

Financial Highlights:

Particulars	For the year ended 31st March, 2014 Standalone	For the year ended 31st March, 2013 Standalone	For the year ended 31st March, 2014 Consolidated	For the year ended 31st March, 2013 Consolidated
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
Income from Operation	139.23	119.21	156.54	153.20
Other Income	1.56	1.56	1.56	1.57
Total Income	140.79	120.78	158.10	154.77
Operational Expenses	137.98	112.83	149.74	141.34
Exceptional Items	29.85	0.74	31.75	2.86
Total Expenses	167.83	113.57	181.49	144.20
Profit before Tax and Depreciation	(27.04)	7.21	(23.39)	10.56
Less, Depreciation	1.06	1.11	7.24	6.79
Profit before Tax	(28.10)	6.09	(30.63)	3.77
Profit after Tax	(28.04)	3.94	(30.33)	2.29
Profit after Tax available for appropriation	(28.04)	3.94	(30.33)	2.29
Balance to the credit of Profit and loss account	(28.04)	3.94	(30.33)	2.29

FY2013-14 was a challenging year for the company, wherein the income from operations increased by around 16.80% to reach Rs.139.23 crores as compared to Rs.119.21crores during the last financial year. Other income for the year was stable at Rs1.6crores, compared to Rs1.6 crores in the previous year. Operational expenses for the year were Rs.137.98crores as compared to Rs.112.83crores in previous year. Exceptional items were Rs.29.85crores as against Rs.0.74 crores in previous year due to liquidity damages of Rs.15.03crores and Unserviceable projects under progress of Rs.14.82crores were written off during the year. As a result, PBDT (Profit before Tax and Depreciation) was (Rs.27.04)crores as against Rs7.21crores for the previous year. Consequently, PAT (Profit after Tax) was reported at (RS.28.04)crores as compared to Rs.3.94crores in last year.

Transfer to Reserves

The Company has carried balance of (Rs.28.04) Crores to the Reserve & Surplus Account of the Balance Sheet as on 31st March 2014.

Dividends

The Board has decided not to recommend any dividend for the year ended 31st March, 2014. 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.348.62 Crores and investment in equity shares & mutual funds are Rs.13.88 Crores.

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, Nu Tek 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 at the Company's Corporate Office for inspection by any investor and the copies of these audited accounts will be made available on request of the investors at any point of time. Further, the same can also be viewed on the Company's website www.nutek.in.

Quality

Earlier, the Company was certified by ISO 9001:2008 and OHSAS18001: 2007. The Company has also got environmental management system certification EMS: 14001:2004 during last year. 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 out of the operations of the 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. Adequate steps have taken to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is attached elsewhere in this Annual Report along with the Certificate of CS. Sukesh Saini, 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

The Board of Directors comprises of 6 directors. Out of which two are executive and four are non-executive rotational directors. Out of two executive Directors, Mr. Vineet Sirpaul has resigned from the directorship of the company by tendering his resignation on Board due to some personal reasons, which has accepted by the Board w.e.f 31st August, 2014. Out of four non- executive directors three are independent. Out of three non-executive independent directors, Mr. Mahesh Khera 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 has accepted his resignation w.e.f 13th August, 2014. The remaining two non executive independent directors have expressed their willingness to be reappointed as independent director not liable to retire by rotation w.e.f 29th September, 2014 for next 5 years. They have confirmed that they are not disqualified to be appointed as independent director in terms of Companies Act, 2013 and the Board also confirms that in their opinion the said directors are independent. The Board has appointed Mr. Ayub Yaegaung Younes as Additional Director on 30th August, 2014. 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. Ayub Yaegaung Younes 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.

Reappointment of Auditors

The Auditors of the Company M/s Sumanjeet Agarwal & Co., Chartered Accountants are retiring at the ensuing Annual General Meeting. They were appointed as Auditors of the Company at the Annual General Meeting held on 9th September, 2010 and are associated with the company from past 4 Years. As per the requirement of Section 139 reads with Rule 6 and all other applicable provisions of Companies Act, 2013, M/s Sumanjeet Agarwal & Co., Chartered Accountants are eligible to be appointed as Auditors of the Company for next 6 years after reducing the existing period of 4 years out of two consecutive terms of Five years. The Auditors of the Company M/s Sumanjeet Agarwal & Co., Chartered Accountants being eligible, have offered themselves for reappointment until the conclusion of next Annual General Meeting and thereafter they will be appointed as Auditors of the Company for their second consecutive term of five years (subject to ratification of their appointment at every AGM and fulfillment of all other prescribed conditions). 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. Since the Company suffered liquidity damages of Rs.15.03Crores and also it has to write off unserviceable projects under progress for Rs.14.82Crores causing liquidity problem for the Company. However the Company has paid P.F, TDS and Rs1.09crores towards Service Tax as on the date of signing of the Board Report and is in the process to make payment of rest of the amount at the earliest.

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 of Rs.18.37 Crores and the foreign exchange expenditure of Rs.16.62 Crores 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 judgments 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

BY THE ORDER OF THE BOARD

Date : 30th August, 2014

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, 2014, none of the 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	31 st March, 2014	31 st March, 2014	31 st March, 2014
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,	(-2,31,19,740/-)	Nil	2,15,186/-
	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	(-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

Management Discussion & Analysis Report

OUR ECONOMY

Indian economy GDP growth at factor cost picked up marginally to average 4.7% in 2013-14 after slowing to 4.5% in fiscal year 2012-13. India's economy has been dragged down by slumping industry. Industrial production shrank a provisional 0.1 percent in the fiscal year ended in March, 2014, keeping overall economic growth below 5 percent for a second straight year.

The economic outlook is challenging, but there are signs that the worst is over. Downside risks will persist, reflecting structural bottlenecks. The World Bank has projected an economic growth rate of 5.7 per cent in FY 2014-15 for India, due to a more competitive exchange rate and several significant investments going forward.

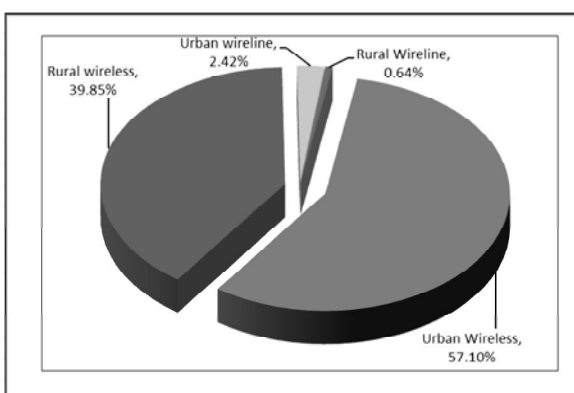
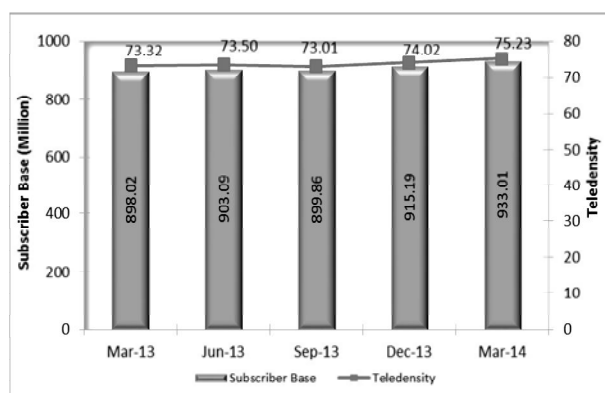
(Source: RBI)

INDIAN TELECOM INDUSTRY

CURRENT SCENARIO

As at 31-Mar'2014, India's telecom subscriber base was 933 million, which has clearly shown 3.89% up from 898 million on 31-Mar'2013. The subscriber base has been broadening after a steadily shrinking from June, 2012 to March, 2013.

Growth of Subscriber base



(Source: TRAI)

The Telecom Subscriber base growth during the financial year 2013-14 is given below:

(subscribers in Millions)	As on 31.03.2014	As on 31.03.2013	% change
Wireless	904.51	867.8	4.23%
Wireline	28.49	30.21	(5.69)%
Total	933.00	898.02	3.89%

Growth in Tele-density

The overall tele- density reached 75.23% at the end of March 2014, as against 73.32% in March 2013. Clearly overall growth in Tele-Density has increased. 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-13	41.02	146.96	73.32
Mar-14	43.96	145.78	75.23

Minutes of Usage (“MoU”)

GSM average MoU per subscriber per month has shown an increase of 1.54% YoY (MoU in Mar.-2014 was 389 minutes compared to 383 minutes in March-2013) after series of steady decline from a base of Rs. 360 Minutes per month per subscriber for the quarter ended December 31st, 2010. Similarly, CDMA MoU has remained stable with some nominal fluctuations on 275 minutes for Mar.-2014 quarter compared to 275 minutes in March-2013 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-10	Dec-11	Dec-12	Mar-13	Dec-13	Mar-14
GSM	360	332	359	383	379	389
CDMA	270	226	230	275	272	275

Note: Quarterly data

Source: TRAI

Average Revenue Per User (“ARPU”)

The ARPU 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. Mar.-2014 ARPU has witnessed a growth of 6.70% YoY (ARPU in Mar.-2014 was Rs. 113.44 compared to Rs.105 in March-2013) for GSM. Earlier, the blended GSM ARPU steadily declined from Rs 105 per month per subscriber for the quarter ended December 31, 2010 to Rs 97.93 per month per subscriber for the quarter ended December 31, 2012. However, the fall in ARPU for the next one year had been very nominal, and settled at Rs 105 per month per subscriber for the quarter ended March 31, 2013.

CDMA ARPU declined from Rs 82 per subscriber per month to Rs 73 per subscriber per month from Dec’2009 to Dec’2011. Whereas for the quarter ended Dec.2011, ARPU actually increased to Rs. 73 per subscriber per month and thereafter with a constant increase reached to Rs.104.98 per subscriber per month in March-2014. Clearly even ARPU has reversed its trend to follow growth path.

ARPU (Rs./subs./month)	Dec-10	Dec-11	Dec-12	Mar-13	Dec-13	Mar-14
GSM	105	96	97.93	105.00	111.94	113.44
CDMA	68	73	79.95	95.25	103.60	104.98

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 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.