



# **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@arthiconsultant.com](mailto:info@arthiconsultant.com)  
Website: [www.arthiconsultant.com](http://www.arthiconsultant.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](http://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 31<sup>st</sup> March 2009.

### **Financial Highlights**

<b>Particulars</b>	<b>For the year ended 31st March, 2009 Rs. in Crores</b>	<b>For the year ended 31st March, 2008 Rs. in Crores</b>
Income from Operation	159.08	95.16
Other Income	10.38	01.54
<b>Total Income</b>	<b>169.46</b>	<b>96.70</b>
Total Expenses	144.19	66.41
<b>Profit before Tax and Depreciation</b>	<b>26.39</b>	<b>31.17</b>
Less, Depreciation	1.12	00.88
Profit before Tax	25.27	30.28
<b>Profit after Tax</b>	<b>16.25</b>	<b>19.45</b>
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
<b>Balance to the credit of Profit and loss account</b>	<b>12.45</b>	<b>18.76</b>

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 31<sup>st</sup> March 2009.

### **DIVIDENDS**

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

### **INVESTMENTS**

During the year under review, the Company has invested 2,00,000USD in Nutek Telekomünikasyon Dani<sup>9</sup>manlik Mühendislik Ve Di<sup>9</sup> Ticaret San. Ltd. <sup>9</sup>ti, 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 26<sup>th</sup> of August, 2008 from Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE) and the shares of the Company are traded

since 27<sup>th</sup> 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](http://www.bseindia.com) & also on National Stock Exchange (NSE) [www.nseindia.com](http://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 Dani<sup>o</sup>manlik Mühendislik Ve Di<sup>o</sup> Ticaret San. Ltd. <sup>a</sup>ti 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](http://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 30<sup>th</sup> 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: 20<sup>th</sup> June, 2009

Chairman & Managing Director

**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 1<sup>st</sup> April 2008 to 31<sup>st</sup> 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 18<sup>th</sup> November, 2008 to 31<sup>st</sup> March, 2009.

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

1	Name of Subsidiary	<b>Nu Tek (HK) Private Limited Turkey.</b>	<b>NuTek Telekomunikasyon,</b>
2	Financial year ended	31 <sup>st</sup> March, 2009	31 <sup>st</sup> 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

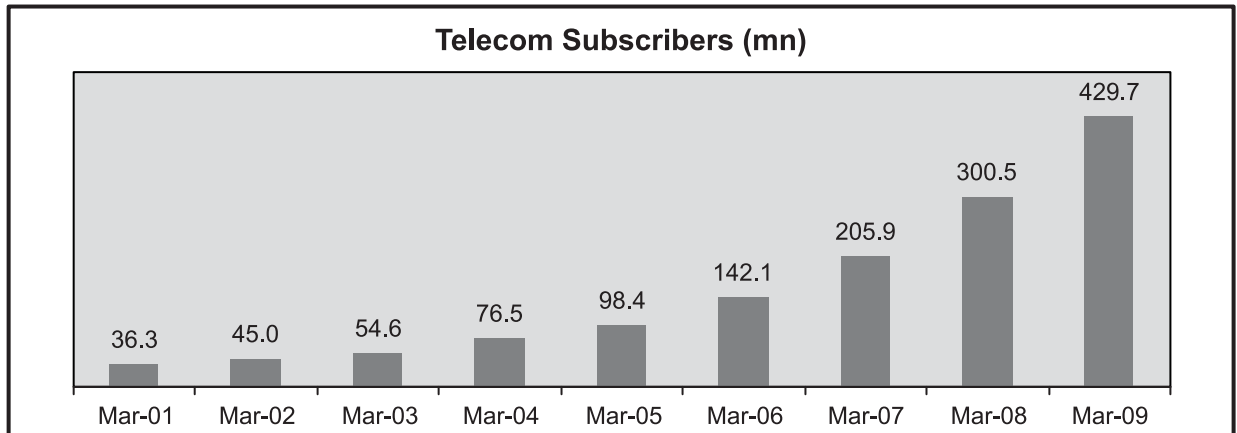
India is the second largest wireless network market in the world after China. Indian Telecom sector is witnessing a resurgent growth and has emerged as the fastest growing telecom market in the world with the addition of about 130 million subscribers during 2008-09, an average monthly addition of around 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:

	<i>(subscribers in Milion)</i>	<b>As on 31.03.2009</b>	<b>As on 31.03.2008</b>	<b>% change</b>
Wireless		391.76	261.09	50.04 %
Wireline		37.96	39.42	(3.70%)
Total		429.72	300.51	42.99 %





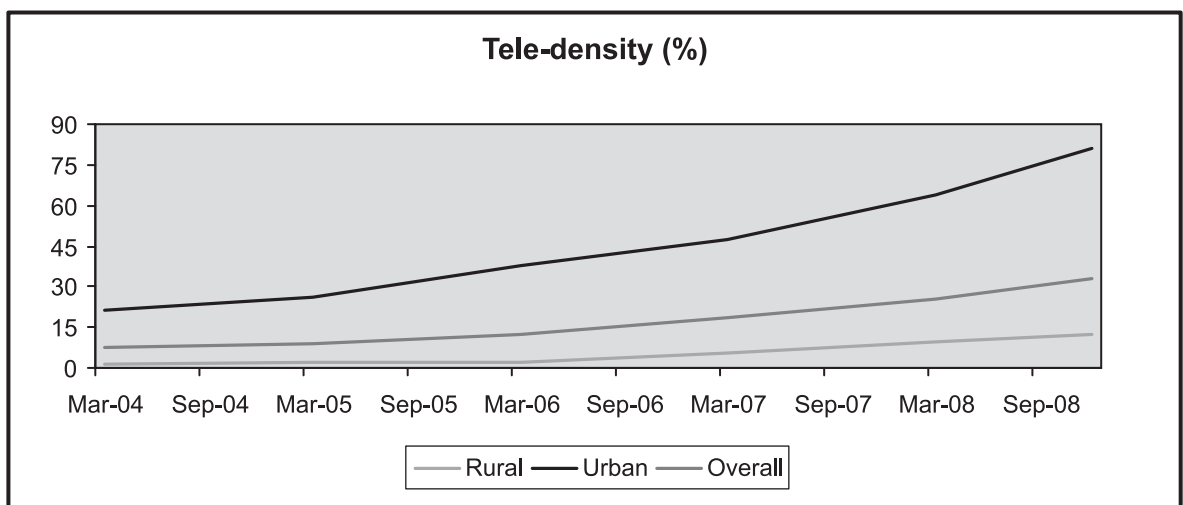
**Growth of Subscriber base**  
(Source: TRAI)

**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

sharing. A huge number of towers are expected/being built by the third party independent Tower companies like Indus, Quippo-WTTIL, ATC-Excel, GTL Infrastructure Limited, and Essar Telecom Infrastructure Pvt. Ltd. These shared sites generally have higher capital cost involved, which implies higher per unit revenue for telecom infrastructure services companies.

- **Introduction of new concepts like MNP and MVNO**

Mobile Number Portability (MNP) is expected to be implemented soon wherein the subscribers would be able to change the service providers while retaining their existing mobile numbers. Further, DoT has issued guidelines for Mobile Virtual Network Operator (MVNO) wherein the companies/players would offer mobile telecom services (similar to one being offered by mainstream telecom network operators) without actually owning telecom infrastructure and spectrum. The MVNO purchases the bulk airtime from network operators and focuses on marketing it through innovative means.

With MNP and MVNO in place, the existing Operators would be forced to improve the Quality of Service in order to retain existing subscribers. This will in turn lead to a greater demand for the towers to improve On-Road Coverage. The in-building coverage will also be required to be drastically improved, which again would require investments by the operators into Turnkey In-building coverage solutions.

- **Huge planned capex**

The high capex requirement to increase coverage to tap the growing subscriber base, together with the declining yield per minute has resulted in a huge demand for towers. While currently there are about 260,000 towers in the country, the requirement for number of towers is likely to increase to 450,000 by 2012 to provide connectivity to the growing subscriber base. While the geographical expansion to the rural and semi-urban areas would lead to a demand for towers, the increasing usage would require more towers in the existing areas to handle the growing traffic.

While the Indian Telecom industry is preparing itself for the 3G/BWA technology to enable high speed data transmissions and video conferencing over mobile phones, the implementation of the same would lead to an increased demand for the towers/telecom sites as the high speed data transfer requires higher and closer location of telecom sites.

## **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, wireline and optical technologies. **In Technical Support Services**, we provide services in high-end telecom engineering that includes Network planning, Transmission planning, Radio Network Optimisation, Networks Benchmarking, and Network Auditing. We provides these services on a 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, Idia, 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 our subsidiaries in Turkey and 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.

With site-offices and facilities located in major cities and having executed projects in all the 23 telecom circles, we have the wherewithal to undertake multi-site projects pan-India.

### **Business Performance**

#### ***Comparison of FY2009 with FY2008***

FY2009 was a high growth period for the company, wherein the income from operations increased by 67.2% to reach Rs 159.1 crores. Project related expense for the year was Rs 97.6 crores, an increase of 111.1% primarily on account of pass through of material supplied for the turnkey sites. The employees cost for the year was Rs 17.4 crores compared to 13.1 crores for the previous year, an increase of 32.9%. Other expenditure for the year was substantially higher at Rs 26.4 crores as against 4.8 crores for FY2008, mainly owing to write-off of unservicable projects under progress amounting to Rs 13.0 crores and bad debts of Rs 5.4 crores. As a result, PBIT (profit from operations before other income and interest) stood at Rs 16.5 crores as against Rs 30.1 crores for the previous year. Other income for the year was higher at Rs 10.4 crores, primarily on account of write-back of liabilities amounting to Rs 7.1 crores on account of unservicable projects under progress. The net profit from ordinary activities after tax was Rs 16.3 crores as compared to Rs 21.3 crores for FY2008.

Adjusting for net of write-offs, as mentioned above, PBIDT (profit before interest, depreciation and tax) for FY2009 grew 16.1% to Rs 36.0 crores compared to Rs 31.0 crores for the previous year.

During the year, the revenue contribution from different services witnessed a significant change and was skewed more towards Full Turnkey (FTK) services. Revenue share of FTK services were 74% as compared to 58% during the previous year. The contribution of Telecom Implementation (TI) services was stable at 14% (13% previous year). The contribution of Technical Support Services (TSS) and Operations & Maintenance (O&M) services were lower at 9% and 3%, respectively, compared to 16% and 12% in FY2008.

On a consolidated basis, income from operations during FY2009 stood at Rs 180.3 crores, wherein revenue of Rs 15.5 crores and Rs 5.8 crores were contributed by our subsidiaries in Turkey and Hong Kong, respectively. Profit from operations before interest was Rs 30.6 crores, to which the subsidiaries in Turkey and Hong Kong added Rs 1.5 crores and Rs 2.2 crores, respectively. The net profit from ordinary activities after tax stood at Rs 19.6 crores, which includes contribution of Rs 1.2 crores and Rs 2.2 crores from the two respective subsidiaries.

### **SWOT Analysis**

#### **Strength**

- Amongst the few players in the telecom infrastructure services industry
- Established strong market presence (pan-India) and experienced skilled work force of over 1,300
- Strong project management skills & execution capabilities
- Expanding customers base
- Overseas presence and planned acquisition(s) abroad

#### **Weakness**

- High working capital requirements

- Risk of customer concentration

**Opportunity**

- Large and growing domestic market. Huge capex lined-up by existing as well as new operators
- Increasing competition amongst network operators to result in better QoS and hence the incremental business opportunity for companies like Nu Tek
- Introduction of new technologies / concepts like 3G, BWA, MNP, MVNO, etc. to throw open new business opportunities

**Threat**

- Our revenues are closely aligned to the Telecom Industry. Any adverse impact on the industry would directly affect our business
- Increased competition may lead to pricing pressures
- With tower sharing gaining popularity, demand growth for incremental towers is likely to slowdown

## Corporate Governance Report

Corporate Governance is the set of policies, processes and practices by which a company conducts its affairs in pursuit of its business goals. It encompasses everyone connected or affected by the activities of the corporation – from the board room to senior management to employees to all other stake holders which includes shareholders, lenders, suppliers and customers. In fact good governance practices or their lack, can have an impact on even the environment and community at large.

Corporate Governance, though multi faceted, rests on the following main pillars:

1. Transparency
2. Accountability
3. Fair and equal treatment of all shareholders
4. Compliance with regulations
5. Sustainable value creation for all shareholders
6. Ethical practices

In this background the Board of Directors and the senior management have a special responsibility to ensure that the principles of Corporate Governance such as transparency, accountability, discharge of fiduciary duties, compliance requirements and above all, shareholder interest are always at the centre of the company's activities. Good Governance can be achieved only if it is embedded as part of corporate life in the DNA of the organization.

Given below are the company's corporate governance policies and practices for 2008-09as per laws and mandates of the Securities and Exchange Board of India (SEBI) and the stock exchanges through Clause 49 of their listing agreements. Transparency, fairness, disclosure and accountability have been central to the working of the company, its management and its board of directors. As will be seen, Nu Tek's corporate governance practices and disclosures go well beyond complying with the statutory and regulatory requirements.

Philosophy of the Company on Corporate Governance:

With these policies, the Company aims to attract best financial and human resources and to perform efficiently to create and maximize the wealth of the stakeholders. The Company is committed to uphold these concepts and practices.

### I. Board of directors

The Board of Directors of the Company ("the Board") consists of 7 Directors; amongst them 4 are Independent Directors, amongst non Independent Director, there is 1 is Non-Executive Director. Composition of the Board and category of Directors are as follows:

According to Clause 49, if the chairman is an executive, at least half of the board should consist of non-executive, independent directors. This provision has been adequately met at Nu Tek India Limited.

### Composition

The composition of Board of Directors as on 31.03.2009 is as follows:

- |    |                    |                                    |
|----|--------------------|------------------------------------|
| 1. | Mr. Inder Sharma   | Chairman & Managing Director       |
| 2. | Mr. Vineet Sirpaul | Executive Director                 |
| 3. | Mrs. Sumati Sharma | Non – Executive Director           |
| 4. | Mr. Sandeep Bedi   | Independent non-executive Director |
| 5. | Mr. Vishal Jain    | Independent non-executive Director |
| 6. | Mr. Ameet N. Rane  | Independent non-executive Director |
| 7. | Mr. Sachin Mehra   | Independent non-executive Director |

### Brief Profile of Directors

#### **Mr. Inder Sharma**

Mr. Inder Sharma is BE Electronics and Communication Engineering from North Carolina State University, USA. He has over 18 years of experience in the telecommunication industry. He has worked as MTS (Member Technical Staff) in AT&T on Electronic switching system (5ESS). He has experience in developing firmware for PCB maintenance

and involved in setting up of one of the initial GSM network alongwith Motorola India Ltd. He promoted Nu Tek India Private Limited in 1993. He is responsible for the overall management and supervision of the activities of our Company and for the development of strategies for our future growth. He is also director on the Board of Nu Tek Structures Private Limited, Nu Tek Cellulare Private Limited, Nu Tek Telesoft Private Limited and Oriental Stitch Private Limited.

**Mr. Vineet Sirpaul**

Mr. Vineet Sirpaul is graduate Electronics Engineer from Bombay University and has done PGDBM from “Institute for Integrated Learning in Management” (IILM), Delhi. He joined our company in July 1996 and has worked in various management positions. He became director of our company in May 2007 and is responsible for Business Development and client’s coordination. During his tenure in our company, he has contributed towards developing and putting into practice various policies to improve organizational performance including policies related with HR, Project Management Basics, Quality, Responsiveness and Organization Restructuring.

**Mrs. Sumati Sharma**

Mrs. Sumati Sharma is a post graduate and one of the Subscribers of Memorandum of the Company. She is Director in the Company since the date of incorporation of the Company. She is also Director in Nu Tek Structures Private Limited and Oriental Stitch Private Limited. She gives valuable advise to the company on HR matters.

**Mr. Sandeep Bedi**

Mr. Sandeep Bedi is B.E. in Computer Engineering from Pune University. He has 13 years of experience in Electronics and Telecom field. He started his career as System Analyst in TCS Ltd in April, 1994 and has worked in senior position with EDS, IBM, Keane India Ltd., Genpact Software and Agilent Technologies (as India Head -E Business Division). Presently he is working as Associate director of COLT Telecom responsible for transition, solutions, programme management and global delivery.

**Mr. Vishal Jain**

Mr. Vishal Jain, B.E. (Electronics & Communication), PGDBM (Finance), ICFAI. He was awarded Silver medal for being national top performer in ICFAI, Hyderabad. He completed his MBA from National University of Singapore and Columbia Business School together. He started his corporate life in the year 2000 with Apple Computers in Singapore as project team leader. He joined DSP Merrill Lynch in the advisory capacity in 2001. There he was handling projects on client asset investments of US \$350MM.

**Mr. Ameet Nitin Rane**

Mr. Ameet Rane is a graduate in Economics from University of Texas. He has 5 years of experience in investment management / investment banking. He started his career in 2002 with Merrill Lynch & Co. as an Investment Banking Analyst in the Global Industries Group. Later, he worked with Delaware Street Capital, L.P. and is presently working with BAM India Advisory as an Analyst. He joined the board of our company in November, 2007 as independent director. He represents Balyasny SI Limited – the strategic investor in our company having shareholding of 11.99%. He has been considered as an independent director in the absence of any shareholding in the individual capacity.

**Mr. Sachin Mehra**

Mr. Sachin Mehra is a Graduate in Computer Science from USA. He is having vast knowledge and experience in good corporate governance as he is director on the Board of listed as well as unlisted companies. He has been appointed as additional director by the Board on 30<sup>th</sup> October, 2008. His office as director is expiring with the commencement of the ensuing annual general meeting. However, the Board is recommending his appointment as regular director. He is Director on the Board of Mega Cabs Limited, Mega Holidays Limited and Mega Corporation Limited amongst others.

Board procedures

**A. Scheduling and Selection of Agenda Items for Board Meetings**

(i) Minimum four Board Meetings are held in each year, which are pre-scheduled. Apart from the four prescheduled Board Meetings, additional Board Meetings have been convened by giving appropriate notice to address the

specific needs of the Company.

(ii) The meetings are generally held at the Company's Corporate Office at B-27, Infocity, Sector-34, Gurgaon, Haryana. (iii) Information supplied to the board

The Board is presented with all the relevant information well in advance before each meeting on various matters affecting the working of the company, as well as those that require deliberation at the highest level.

In addition to items which are required to be placed before the board for its noting and/or approval under the statutes or regulations, information is also provided for the periodic review/information on various items, as may be applicable, such as:

- Changing the remuneration of directors
- Formation of Audit committee, Remuneration committee and Shareholder's Grievance committee
- Review of various projects
- Issue of securities
- Loan from banks
- Investments
- Financial performance
- Financial results
- Amendment of articles as required
- Initial Public Offer matters
- Opening offices at various locations
- Formation of Subsidiary
- Staff matters, including senior appointments and extensions
- Human resource issues
- Other significant matters

(v) The Chairman of the Board and the Company Secretary in consultation with other concerned team members of the senior management, finalise the agenda papers for the Board meetings.

#### **B. Board Material Distributed in Advance**

a. Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful and focused discussions at the meeting.

b. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive or highly confidential subject matters may be discussed at the meeting without written material being circulated in advance.

#### **C. Recording Minutes of Proceedings at Board and Committee Meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes Book as per the requirement of Companies Act, 1956.

#### **D. Compliance**

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued thereunder.



Attendance of Directors at Board meeting , last Annual General Meeting and number of other directorships / memberships / Chairmanships of each Directors in various companies

<b>Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>	<b>Last AGM attended (Y/N)</b>	<b>No. of memberships in other Public Companies</b>	<b>No. of Committee memberships in all Public Companies*</b>
Inder Sharma	9	9	Y	-	1
Sumati Sharma	9	9	Y	-	2
Vineet Sirpaul	9	9	Y	0	-
Vishal Jain	9	4	Y	1	1
Sandeep Bedi	9	2	N	0	1
Amit Nitin Rane	9	0	N	1	-
Sachin Mehra*	1	1	NA	3	-

\*Appointed on 30<sup>th</sup> October, 2008.

The last AGM was held on 27<sup>th</sup> September, 2008 at the registered office of the company, B-14A, Devika Towers, Nehru Place, New Delhi-19.

- The directors are not a member in more than 10 committees or are not acting as a Chairman of more than five committees across all companies in which they are director.
- Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the purpose of adhering to the limit of number of membership in committees.
- Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per the listing agreement.

Number of Board meetings held and the dates on which held:

Nine Board Meetings were held during the year. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the meeting are as under

<b>S. No.</b>	<b>Date</b>	<b>No. of Directors</b>	<b>Present at the meeting</b>	<b>Leave of Absence granted</b>
1	27 <sup>th</sup> June, 08	6	5	1
2	17 <sup>th</sup> July, 08	6	3	3
3	06 <sup>th</sup> August, 08	6	3	3
4	14 <sup>th</sup> August, 08	6	3	3
5	18 <sup>th</sup> August, 08	6	3	3
6	21 <sup>st</sup> August, 08	6	4	2
7	30 <sup>th</sup> October, 08	6	5	1
8	24 <sup>th</sup> December, 08	7	3	4
9	30 <sup>th</sup> January, 09	7	5	2

Pecuniary relationship or transactions of non-executive directors

1. All related party transactions have been disclosed to Audit Committee and appropriately disclosed in terms of the Accounting Standards in the Financial Statements.
2. The Register of Contracts maintained by the company according to the provisions of section 301 of the Companies Act, 1956, contains record of the related party transactions. The register is signed by all the directors present during the respective board meetings.

Non-Executive director's Compensation and Disclosure

There is no policy of the company to pay fees / Compensation to the Non-executive directors except for the sitting fee for attending the meetings.

## Code of Conduct

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Director has laid down a code of conduct for all Boards members and senior management personnel of the company in the meeting held on 6th of August, 2008. All Board members and senior management personnel have, , affirmed compliance with the code of conduct before 30<sup>th</sup> of April, 2009 as per the requirement of listing agreement. A declaration to that effect, duly signed by the Chairman & Managing Director has been received by the board. The same have been posted on the company's website also.

## II Committees

### **Audit Committee**

#### Constitution and composition

The Audit Committee was constituted by our directors vide their Board Meeting held on April 14, 2007 as per the requirements of Section 292A of the Companies Act, 1956 and was re-constituted as per the requirements under the Listing Agreement by our Directors at their Board meeting held on November 12, 2007.

The Audit Committee currently consists of:

Mr. Sandeep Bedi	Member (Independent Director)
Mrs. Sumati Sharma	Member (Non Executive Director)
Mr. Vishal Jain	Member (Independent Director)

Two Third members of the audit committee are independent, whereas all three members are non-executive directors and are "financially literate". Vishal Jain and Sandeep Bedi have a financial and accounting background and can be considered as having accounting or related financial management expertise.

#### Terms of reference

The members of the Committee shall elect one among themselves as Chairman of the Committee for presiding over the meeting unless otherwise decided by the Committee. Mr. Vishal Jain has been appointed as the Chairman of the Audit Committee during the year. Company secretary of the company, Mr. Sanjay Kumar Singh is the secretary to the committee.

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure processes, internal controls, tax policies, compliances and legal requirements and associated matters. The Committee meets at least four times in a year.

The terms of reference of the Audit Committee includes:

1. To oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. To approval the payment to statutory auditors for any other services rendered by the statutory auditors.
4. To review reports of Internal Auditor and recommend the same to the Board.
5. To meet with Statutory/Internal Auditors periodically and discuss their findings, suggestions and other related matters.
6. To review the auditor's report on the financial statements and to seek clarifications thereon if required from the auditors.
7. To stipulate and review weakness in internal control, if any, and make recommendations relating thereto to the Board in order to ensure compliances of internal control system.

8. To act as a link between Statutory Auditor, Internal Auditor and Board of Directors.
9. To select and establish Accounting Policies and to review and recommend changes thereto, if any to the Board.
10. To finalize the annual program and internal audit.
11. To review quarterly, half-yearly financial statements for henceforth submission to the Board along with their suggestions, recommendations thereof.
12. To investigate into any matter in relation to the items specified herein.
13. To review any matter referred to it by the Board of Directors from time to time.
14. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - 14.1 Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - 14.2 Changes in accounting policies and practices and reasons for the same.
  - 14.3 Major accounting entries involving estimates based on the exercise of judgment by management
  - 14.4 Significant adjustments made in the financial statements arising out of audit findings
  - 14.5 Compliance with legal requirements relating to financial statements
  - 14.6 Disclosure of any related party transactions
  - 14.7 Qualifications in the draft audit report.
15. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
17. Discussion with internal auditors any significant findings and follow up there on.
18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
21. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
23. To monitor the utilization of issue proceeds and make appropriate recommendations to the Board of Directors.

Attendance of each Member of Audit Committee at meetings held during the year

NAME OF MEMBERS OF AUDIT COMMITTEE	NO. OF MEETINGS ATTENDED
Mr. Vishal Jain	4
Mrs. Sumati Sharma	4
Mr. Sandeep Bedi	3
Mr. Inder Sharma (Invitee)	4
Mr. Vineet Sirpaul (Invitee)	4

Four Committee meetings were held during the year. The meetings were scheduled well in advance. In addition to the members of the audit committee, these meetings were attended by the heads of finance of the company and those executives of the company who were considered necessary for providing inputs to the committee.

The details of the meeting are as under:

S. No.	Date	No. of Directors	Present at the meeting	Leave of Absence granted
1	27th June, 08	3	2	1
2	16 <sup>th</sup> September, 08	3	3	-
3	30 <sup>th</sup> October, 08	3	3	-
4	30 <sup>th</sup> January, 09	3	3	-

#### Review of information by Audit Committee

The Audit Committee has been mandated to review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.

#### The Audit Committee shall have the following powers:

- Seek information from any employee
- Investigate any activity within its terms of reference
- Obtain legal or any external professional advice.
- Secure the attendance of outsiders with relevant expertise if it is considered necessary for decision making.
- Full access to information contained in the records of the company.

#### Shareholders' and investors' grievance committee

The Share Holders Grievances Redressal Committee was constituted by our Directors vide their Board Meeting held on November 12, 2007. This Committee is responsible for the smooth functioning of the share transfer process as well as redressal of shareholder grievances. The Share Holders grievances Redressal Committee consists of:

- |                      |                                   |
|----------------------|-----------------------------------|
| 1 Mrs. Sumati Sharma | Chairman (Non Executive Director) |
| 2 Mr. Inder Sharma   | Member (Managing Director)        |

NOTE: On 30<sup>th</sup> of April, 2009 the Board of Director of the Company has decided to appoint Mr. Sachin Mehra as the member of the Committee.

NAME OF MEMBERS OF COMMITTEE	NO. OF MEETINGS ATTENDED
Mr. Inder Sharma	5
Mrs. Sumati Sharma	5

Our Company Secretary is the secretary to the committee. The terms of reference are as follows:

- To approve share transfers and transmission.
- To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.
- Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.

- Matters relating to dematerialization of shares and securities.
- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipts of balance sheet etc in particular.

Meetings and attendance

S. No.	Date	No. of Directors	Present at the meeting	Leave of Absence granted
1	03rd September,08	2	2	-
2	14th October, 08	2	2	-
3	31st October, 08	2	2	-
4	30th January, 09	2	2	-
5	28th February, 09	2	2	-

The Company Secretary (who is the Compliance Officer for looking into shareholders' grievances on a day-to-day basis), were also present.

**Compliance Officer**

Mr. Sanjay Kumar Singh, Company Secretary is the Compliance Officer for complying with the requirements of the Listing Agreement with the Stock Exchanges in India and for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992.

**Remuneration committee**

Nu Tek constituted the remuneration committee of the board on 12<sup>th</sup> November 2007, and its composition remained unchanged during the year. The committee has not met till date. It consisted of the following non-executive independent directors.

The compensation committee currently consists of:

- |                       |                                 |
|-----------------------|---------------------------------|
| 1. Mr. Sandeep Bedi   | Chairman (Independent Director) |
| 2. Mrs. Sumati Sharma | Member (Non Executive Director) |
| 3. Mr. Vishal Jain    | Member (Independent Director)   |

The terms of reference of the Compensation committee is given below:

- To review the remuneration of whole time/ managing director, including annual increment and commissions, after reviewing their performance;
- Review the remuneration policy followed by the company, taking into consideration the performance of senior executives on certain parameters;
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

The meeting of the Committee was held on 30<sup>th</sup> October, 2008 to consider the increase in the remuneration of Mr. Vineet Sirpaul, whole Time Director. All the members of the Committee were present in the meeting. They recommended increase in remuneration of Mr. Vineet Sirpaul from Rs.16,00,000/- upto Rs.50,00,000/- Subject to approval of the Board and the Members in their meeting.

**III. Subsidiary Companies**

There is no non-listed Indian Subsidiary of Nu Tek India Limited.

The board of Nu Tek India Limited periodically reviews the minutes of Board meetings of unlisted subsidiary. The management periodically brings to the attention of the Board, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company ('Nutek Telekomunikasyon Danismanlik Muhendislin Ve Dis Ticaret Sanayi Limited Sirketi', an LLC incorporated in Turkey) and Nutek (HK) Private Limited a company incorporated in Hong Kong, SRA. The Company is holding 100% shares of Nutek (KH) Private Limited and 75% capital in 'Nutek Telekomunikasyon Danismanlik Muhendislin Ve Dis Ticaret Sanayi Limited Sirketi', an LLC

incorporated in Turkey).

#### IV. Disclosure

##### Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their relatives, or subsidiaries, etc. that may have potential conflict with the interests of the Company at large has been reviewed by the audit committee. None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts.(Schedule '13', forming part of the Annual Report).

None of these transactions have had any potential conflict with the interests of the company. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital markets, during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets since incorporation and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

##### Management discussion and analysis

This is given as a separate chapter in the annual report.

##### Risk Assessment Procedure

The company has formulated Risk assessment and minimization procedures. The procedure so laid down have been intimated to the board. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

##### Utilization of the Issue Proceeds

The Funds raised through IPO are being utilized as the object of issue. The statement for utilization of the funds have been published on quarterly basis in the newspapers and also submitted to the stock exchanges. As on 31<sup>st</sup> March, 2009 Rs.366,782,111 is lying with the Company as unutilized funds from IPO proceeds.

##### Shareholders

##### Disclosure regarding appointment and/or re-appointment of directors

In the AGM dated 27<sup>th</sup> September, 2008, Mrs. Sumati Sharma was re-appointed as Director and Mr. Mr. Amit Rane was regularized. Their brief profile has been mentioned above.

The Board has recommended reappointment of Mr. Sandeep Bedi and Mr. Vishal Jain and also for regularization of the appointment of Mr. Sachin Mehra. The Brief Profile of the Directors has been mentioned above.

##### Communication to shareholders

- Financial calendar 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009
- Listing on Stock Exchange Bombay Stock Exchange Limited, (BSE)  
Phrioze Jeejeebhoy Towers, Dalal Street,  
Mumbai 400 001  
National Stock Exchange of India Limited (NSE),  
"Exchange Plaza", Bandra-Kurla Complex, Bandra (E),  
Mumbai 400 051
- Stock Code 533015
- Trading Name NUTEK

- Demat ISIN Number ISIN No. INE318J01019
- Address for correspondence B-27, Infocity  
Sector – 34  
Gurgaon  
Haryana
- Registrar and Share transfer Agent Aarthi Consultants Pvt. Ltd.  
1 – 2 – 285  
Domulguda  
Hyderabad 500029  
Ph. 040-27638111, 276334445  
Fax: 040-27632184  
Website: [www.arthiconsultants.com](http://www.arthiconsultants.com)

First Quarterly Results	:	Before end of July
Second Quarterly Results	:	Before end of October
Third Quarterly Results	:	Before end of January
Audited yearly Results for the Year ended 31st March, 2009	:	Before end of June

#### MEANS OF COMMUNICATION:

Quarterly results of the company are disclosed by following means:

- a. The quarterly results are generally published in Financial Express (all India editions) and in Jansatta (Delhi edition) or Business Standard English (all India editions) and Business Standard Hindi (Delhi edition).
- b. The quarterly financial statements and all other information disseminated to analysts/institutional investors are posted on Company's website i.e. (<http://www.nutek.in>).

The Company has not made any presentation to Institutional investors/Analysts during the year under review.

#### GENERAL SHAREHOLDER INFORMATION:

- i. AGM : 16<sup>th</sup> Annual General Meeting  
Date: 9<sup>th</sup> day of September, 2009  
Day: Wednesday  
Time: 11.30 AM  
Venue: Paharpur Business Centre, Nehru Place, New Delhi- 110019
- ii. **Date of Book closure** is from 31<sup>st</sup> August, 2009 to 9<sup>th</sup> September, 2009 (Both days inclusive)
- iii. **High & low Prices of the Year 2008-09:** 52 weeks High & low Prices of the Company as per BSE is as follows: High: 225/-, Low: 23.85/-
- iv. **Share transfers:** share transfer received by the company would be registered within 15 days from the date of receipt, provided the documents are complete in all respects.  
  
Board of Directors of the Company has appointed Share Holder Grievance Redressal Committee to deal with the matters of shareholders.  
  
Any complaint received from shareholders is given to committee for easily & fast disposal with less cumbersome procedure.
- v. **Dematerialization of shares:** The share transfer work is handled by the registrar. The share transfer agent is AArthi Consultants Private limited, 1-2-285, Domalguda, Hyderabad-500 029 SEBI Reg. No.: INR 000000379.

### Information on general body meetings

The last three annual general meetings of the company were held at the registered office of the company at B-14A, Devika Towers, Nehru, Place, New Delhi- 110019 on the following dates and time:

#### GENERAL BODY MEETINGS:

Details of Previous 3 AGM & Special Resolution passed are as follows:

No. of AGM	Date	Time	Location	Special resolution Passed
15th	27.09.2008	11:30 A.M	Registered Office- B-14A, Devika Towers, Nehru Place, New Delhi-110019.	1
14th	28.09.2007	11:00 A.M.	Registered Office- B-14A, Devika Towers, Nehru Place, New Delhi-110019.	0
13th	30.09.2006	11:00 A.M.	7, Shikha Apartments, Plot No. 48, I.P. Extension, Patparganj, New Delhi-110092.	2

All special resolutions moved at last three Annual General Meetings were passed by show of hands by requisite majority of Members attending the meeting and none of these resolutions were required to be passed by postal ballot.

#### **Remuneration of our Directors**

##### **Mr. Inder Sharma, Chairman and Managing Director**

Mr. Inder Sharma was appointed as Managing Director of our company with effect from 1st April 2006 for a period of 5 years. His remuneration was revised in the Extra Ordinary General Meeting on 27th April 2007 and was increased to Rs 9,600,000 (Ninety Six Lacs) per annum, to be payable as follows for the whole of his term of appointment with effect from 1st April 2007.

Basic Salary	:	Rs 4,000,000 per annum
Ex-gratia	:	Rs 400,000 per annum
Other perquisites	:	Rs 5,000,000 per annum
Gratuity	:	As per Company Rule (Rs 200,000) per annum

Mr. Inder Sharma is entitled to get salary including the entire perquisite upto the maximum amount of Rs 9,600,000 (Ninety Six Lacs) per annum and in case of loss or inadequate profit of the company, he will be entitled to get maximum Rs 2,400,000 (Twenty Four Lacs) per annum as his salary.

##### **Mr. Vineet Sirpaul, Executive Director**

Mr. Vineet Sirpaul has been appointed as Executive Director of our company with effect from 17th May 2007 for a period of 5 years. His remuneration was confirmed in the extra ordinary general meeting of our company held on August 15, 2007 as per details given below.

Basic Salary	:	Rs 96,000 per annum
HRA	:	Rs 57,600 per annum
TA	:	Rs 9,600 per annum
Technical allowance	:	Rs 1,109,328 per annum
Other perquisites	:	Rs 288,000 per annum
Gratuity	:	As per Company Rule

Mr. Vineet Sirpaul is entitled to get salary including entire perquisite upto the maximum amount of Rs 1,600,000 (Sixteen Lakh) per annum in case of loss or inadequate profit of the Company, he will be entitled to get maximum Rs 1,200,000 (Twelve Lakh) per annum as his salary.

However the Board of Directors of the Company on the recommendation of the remuneration committee of the Company has approved the increase in the remuneration of Mr. Vineet Sirpaul as per the details given below, however the approval of the members is yet to be accorded.



**“RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with schedule XIII as amended and subject to the necessary approval of members in their meeting, the overall limit of the remuneration to be paid to Mr. Vineet Sirpaul be and is hereby increased from Rs.16,00,000/- to Rs.50,00,000/- per annum, which also includes the yearly increments to be given to him and Mr. Inder Sharma, Chairman and Managing be and is hereby authorized to fix any remuneration between Rs.16,00,000/- to Rs.50,00,000/- per annum. In case of loss Mr. Vineet Sirpaul will be entitled to get salary of Rs.20,00,000/- per annum. In no case he will get salary of more than 50,00,000/- without getting a fresh approval from the members in their meeting. The maximum permissible salary structure would be as follows:

Basic Salary	Rs.20,00,000/- per annum
Perquisites	Rs.20,00,00/-per annum
Others	Rs.10,00,000/-per annum

**V. CFO /CEO Certification**

That the board has obtained the certificate from CFO / CEO of the company stating that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company’s code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company’s internal control system

**VI. Report on corporate governance**

This chapter forms the report on corporate governance pursuant to the Clause 49 of Listing agreement.

**VII. Compliance**

Auditors’ certificate on corporate governance

The company has obtained the certificate from the Practicing Company Secretary, regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the listing agreement with the stock exchanges. This report is annexed to the directors’ report for the year 2008-09, and will be sent to the stock exchanges along with the annual report to be filed by the Company.

**FOR NU TEK INDIA LIMITED**

Inder Sharma  
Chairman &  
Managing Director

Vineet Sirpaul  
Director

Ashok Sinha  
VP Finance

Sanjay Kumar Singh  
Company Secretary &  
Compliance Officer

Place: Gurgaon  
Date: 20<sup>th</sup> June, 2009

**Certificate issued by the CFO/Chairman and Managing Director under clause 49  
of the Corporate Governance:**

(a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Ashok Sinha  
VP Finance

Inder Sharma  
Chairman & Managing Director

**Certificate from Chairman & MD about adherence of Code of conduct under - 49**

I, Inder Sharma, Chairman & Managing Director of Nu Tek India Limited, to the best of my knowledge and belief, hereby declare that all Board members and senior management personnel have affirmed compliance with the code of conduct for the year ended 31<sup>st</sup> March, 2009.

Date: 16<sup>th</sup> June, 2009  
Place: Gurgaon

Inder Sharma  
Chairman & Managing Director

**CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**Nu Tek India Limited**  
New Delhi

We have examined the compliance of conditions of Corporate Governance of **Nu Tek India Limited** for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31<sup>st</sup> March, 2009, no investor grievances are pending against the Company for the period exceeding one month as per the records maintained by the Company, which are presented to the shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For RANJEET PANDEY & ASSOCIATES**  
**COMPANY SECRETARIES**

**PLACE: NEW DELHI**  
**DATE: 12/06/2009**

**CS. RANJEET PANDEY**  
**C.P. No. 6087**

## Auditor's Report

### The Members of

#### NU TEK INDIA LIMITED

We have audited the attached Balance Sheet of **Nu Tek India Limited** as at 31st March 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, as amended by Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. The Annexure forms part of this report.

#### 3. Subject to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
4. Attention is drawn to the followings:

	<i>Rs.</i>
a) <i>Project under progress written off (Refer note no.8 of notes to accounts in schedule-12)</i>	12,97,42,738
b) <i>Sundry Debtors written off (Refer note no.9 of notes to accounts in schedule-12)</i>	5,37,41,242
c) <i>Liabilities written back (Refer note no.10 of notes to accounts in schedule-12)</i>	7,08,29,514
5. <i>The internal control and business processes in respect of trading operations, Project Under Progress, Monitoring and Recovery of Debtors and Creditors are required to be substantially strengthened.</i>	
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:	

- a. in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009;
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For VINOD KUMAR & ASSOCIATES**  
**Chartered Accountants**

**Vinod Jain**

Partner

M. No. 081263

Place: New Delhi

Date: 16<sup>th</sup> June, 2009

## **Annexure Referred to in Our Report of Even Date**

1.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The company is having a phased programme to conduct physical verification of Fixed Assets over a period of two years, which in our opinion is fair & reasonable considering the nature of its operation and size of the business. Pursuant to the programme, the management physically verified a portion of the fixed assets in the previous financial year 2007-08 and no significant discrepancies were noticed on such verification. No physical verification was carried out during the year.
  - (c) In our opinion and according to information and explanation given to us, no substantial part of the fixed assets has been disposed off during the year.
2.
  - (a) The company does not carry any inventory at the end of the year. During the year, the inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable. There is no system of physical verification of Project under Progress.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records during the year.
3.
  - (a) In our opinion and according to information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) Since, the company has not granted any loans as referred to in Para 3(a) above, provisions of clause 4 (iii)(b) to 4 (iii)(d) of the Order are not applicable to the Company.
  - (c) In our opinion and according to information and explanation given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (d) Since, the company has not taken any loans as referred to in Para 3(c) above, provisions of clause 4 (iii)(f) and 4 (iii)(g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services *except that in case of trading operations, Project Under Progress, monitoring and recovery of debtors and creditors, internal control system needs to be strengthened. The system of certification & approval of milestone from the customers in a timely manner is essential and require significant strengthening. The system of recording of material consumed and its allocation to specific project and project wise monitoring of cost need to be strengthened.*
5.
  - (a) The contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) In our opinion, and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanation given to us, the company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. In our opinion, and according to the information and explanation given to us, the company is not required to maintain the records pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.

9. (a) *The Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax. According to the information provided to us, there is no amount, which is required to be deposited in Investors Education and Protection Fund. To the best of our knowledge and belief and according to the information and explanations given to us, provisions pertaining to excise duty and customs duty are not applicable to the Company. The company is regular in paying other statutory dues as applicable to it.*

(b) According to the information and explanations given to us, following undisputed statutory dues payable in respect of Income-tax, Service tax, cess were in arrears, as at 31<sup>st</sup> March, 2009 for the period of more than six months from the date they become payable:

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.) (Excluding Interest)</b>	<b>Period to which dues relate</b>	<b>Current Status as on date of reporting</b>
<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	<i>9,35,00,000/-</i>	<i>Assessment Year 2008-09</i>	<i>Not Paid</i>
<i>Income Tax Act, 1961</i>	<i>Advance Income Tax</i>	<i>4,05,59,798/-</i>	<i>Quarter-I and Quarter-II of Assessment Year 2009-10</i>	<i>Not Paid</i>
<i>Income Tax Act, 1961</i>	<i>Advance Fringe Benefit Tax</i>	<i>21,09,802/-</i>	<i>Quarter-I and Quarter-II of Assessment Year 2009-10</i>	<i>Not Paid</i>
<i>Income Tax Act, 1961</i>	<i>Tax Deducted at Source</i>	<i>70,78,969/-</i>	<i>April 2008-September,2008</i>	<i>Paid</i>
<i>Finance Act</i>	<i>Service Tax</i>	<i>56,16,082/-</i>	<i>April 2008-September,2008</i>	<i>Paid</i>

*The above amounts do not include interest and other dues as may be payable on account of non-payment / delay in payments of statutory dues, which could not be quantified.*

(c) According to the information & explanations given to us and the records of the company examined by us, there are no dues of Income Tax/ Sales Tax/ Wealth Tax/ Service Tax/ Cess, which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year 31<sup>st</sup> March, 2009. The company has neither incurred cash losses during the current financial year nor in the immediately preceding financial year.

11. In our opinion, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. Accordingly, the provisions of clause 4 (xi) of the Order are not applicable.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.

13. According to information and explanation given to us, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.

14. (a) During the year the company has done dealing and trading in shares and has maintained proper records of the transactions and contracts.

- (b) According to information and explanations given to us, we are of the opinion that timely entries and updation have been made therein.
  - (c) The company has held shares, securities and other investments in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
  16. In our opinion, the term loans have been applied for the purpose for which they were raised.
  17. According to information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
  18. The company has not made preferential allotment of shares during the year, to parties and companies covered in the register to be maintained under section 301 of the Act.
  19. The Company has not issued any debentures during the year and accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
  20. The management has disclosed the end use of money raised by public issues (refer note 11 of notes to accounts of Schedule 12) and the same has been verified by us.
  21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.

**For VINOD KUMAR & ASSOCIATES**  
**Chartered Accountants**

**VNOD JAIN**  
Partner  
**M.No. 081263**

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009



**Balance Sheet as at 31st March 2009**

Particulars	Schedule No.	Year Ended 31st March 2009 Rs.	31st March 2008 Rs.
<b>SOURCES OF FUNDS :</b>			
<b><u>Shareholders Funds</u></b>			
a) Share Capital	1	172,593,000	137,593,000
b) Reserves and Surplus	2	1,418,244,820	727,463,069
<b><u>Loan Funds</u></b>			
a) Secured Loans	3	128,422,988	65,348,101
b) Unsecured Loans		-	30,000,000
		<b>1,719,260,808</b>	<b>960,404,170</b>
<b>APPLICATION OF FUNDS :</b>			
<b><u>Fixed Assets</u></b>			
Gross Block	4	81,990,590	68,521,279
Less : Depreciation		39,531,826	28,735,509
Net Block		42,458,764	39,785,770
Capital Work in Progress		28,502,290	-
<b>Total</b>		<b>70,961,054</b>	<b>39,785,770</b>
<b><u>Investments</u></b>			
	5	444,213,189	122,104,709
<b><u>Deferred Tax Asset</u></b>			
		15,028,856	10,404,493
<b><u>Current Assets, Loans &amp; Advances</u></b>			
a) Projects under Progress	6	533,870,380	499,193,208
b) Sundry Debtors		642,950,440	471,670,405
c) Cash & Bank Balances		102,002,551	64,234,486
d) Loans & Advances		544,603,576	188,423,042
		1,823,426,947	1,223,521,142
<b><u>Less : Current Liabilities &amp; Provisions</u></b>			
a) Current Liabilities	7	417,368,457	335,304,991
b) Provisions		217,000,781	100,106,953
Net Current Assets		1,189,057,709	788,109,198
		<b>1,719,260,808</b>	<b>960,404,170</b>
Significant Accounting Policies and Notes to Accounts	12		

The Schedule referred above form an integral part of the Balance Sheet  
As per our separate audit report of even date attached

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**VINOD JAIN**  
Partner  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Inder Sharma**  
Chairman & Managing director

**Ashok Sinha**  
Vice- President- Finance

**Vineet Sirpaul**  
Whole Time Director

**Sanjay Kumar Singh**  
Company Secretary

## Profit & Loss Account for the Year ended 31st March 2009

Particulars	Schedule No.	Year Ended 31st March 2009 Rs.	31st March 2008 Rs.
INCOME	8		
Income from Operations		1,590,863,470	951,629,655
Other Income		103,804,216	15,405,487
<b>Total</b>		<b>1,694,667,686</b>	<b>967,035,142</b>
EXPENDITURE			
Project Expenses	9	976,322,303	462,524,339
Operating & Administrative Expenses	10	438,322,298	179,341,509
Depreciation	4	11,212,099	8,831,993
Financial Expenses	11	16,049,753	13,920,667
<b>Total</b>		<b>1,441,906,453</b>	<b>664,618,508</b>
Profit/(Loss) before Tax		252,761,233	302,416,634
Provisions for Tax :			
Current Tax		90,132,884	93,500,000
Deferred Tax		(4,624,363)	(7,200,276)
Fringe Benefit Tax		4,688,449	3,458,962
Profit After Tax		162,564,263	212,657,948
Less: Prior Period adjustments		12,974	57,535
Less: Tax for earlier years		17,785,193	18,097,193
Profit/(Loss) available for appropriations		144,766,096	194,503,220
Appropriations:			
Dividend Paid on Optionally Convertible Preference Shares		-	5,854,000
Proposed Dividend on Equity Shares		17,259,300	-
Dividend Distribution Tax on Proposed dividend		2,933,219	994,888
Net Balance carried to Reserves & Surplus		124,573,577	187,654,332
Significant Accounting Policies and Notes to Accounts	12		
Basic Earnings Per Equity Share		9.11	15.25
Diluted Earnings Per Equity Share		9.11	15.16
Face Value per Equity Share		10.00	10.00

The Schedule referred above form an integral part of the Profit and Loss Account  
As per our separate audit report of even date attached

### FOR & ON BEHALF OF THE BOARD

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**Inder Sharma**  
*Chairman & Managing director*

**Vineet Sirpaul**  
*Whole Time Director*

**VINOD JAIN**  
*Partner*  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Ashok Sinha**  
*Vice- President- Finance*

**Sanjay Kumar Singh**  
*Company Secretary*

**Schedules to and forming part of the Balance Sheet & Profit and Loss Account**

<b>Particulars</b>	<b>Year Ended 31 st March 2009 Rs.</b>	<b>31st March 2008 Rs.</b>
<b><u>Schedule -1 : SHARE CAPITAL</u></b>		
<b><i>Authorised:</i></b>		
2,30,00,000 Equity Shares of Rs. 10/- each (Previous Year		
2,30,00,000 Equity Shares of Rs. 10/- each)	230,000,000	230,000,000
	<b>230,000,000</b>	<b>230,000,000</b>
<b><i>Issued, Subscribed &amp; Paid -up:</i></b>		
1,72,59,300 Equity Shares of Rs. 10/- each (Previous Year		
1,37,59,300 Equity Shares of Rs. 10/- each)	172,593,000	137,593,000
(During the year 35,00,000 equity shares of Rs 10/- each were allotted to the public by IPO at a premium of Rs 182 per share.)		
Of the above equity shares, 77,74,200 shares (Previous year 77,74,200 shares) were allotted as fully paid up by way of bonus shares by capitalisation of Accumulated Profits and Securities Premium Account)		
	<b>172,593,000</b>	<b>137,593,000</b>
<b><u>Schedule - 2 : RESERVES &amp; SURPLUS</u></b>		
Securities Premium	848,603,173	282,395,000
<b>Balance in Profit &amp; Loss Account :</b>		
Opening Balance	445,068,070	257,413,738
Add: Profit for the period	124,573,577	187,654,332
Closing balance of Profit & Loss Account	<b>569,641,647</b>	<b>445,068,069</b>
	<b>1,418,244,820</b>	<b>727,463,069</b>
<b><u>Schedule- 3 : LOAN FUNDS</u></b>		
<b>Secured Loans</b>		
<b>Loans And Advances from Banks</b>		
Term Loan from Banks, secured by way of hypothecation against the particular asset		
- Secured against hypothecation of Vehicles	6,075,912	1,588,632
- Secured against hypothecation of Office Equipments	-	76,863
Cash credit from Bank	119,868,979	41,781,869
(Cash Credit from Banks secured by hypothecation of Book Debts and other movable current assets of the company and Collateral security by way of first charge over all the fixed assets of the company (excluding those specifically charged in favour of others) and equitable mortgage of three properties owned by the directors of the company and by personal guarantee of the two directors and lien on Fixed Deposit of Rs 28,900,000 with SBI.)		

**Other Loans And Advances**

-Secured against hypothecation of Office Equipments	2,453,708	9,851,564
-Secured against Lien on shares	-	11,932,973
-Secured against hypothecation of Vehicle	24,389	116,199
	<b>128,422,988</b>	<b>65,348,101</b>

**Unsecured Loans**
**Other Loans & Advances**

-from Body Corporate	-	30,000,000
		<b>30,000,000</b>

**Schedule- 5 : Investments**
**Quoted**
**Short Term**

## Number of Units

**Mutual Funds (Non Trade)**

## Previous Year    Current Year

Birla Sun Life Income Plus Fund	NIL	4,381,350	51,263,277	-
Birla Sun Life Short Term Fund - Growth	NIL	11,747,521	122,597,125	-
HDFC Income Fund	NIL	6,295,952	126,057,558	-
HSBC Income Fund -STP Weekly Dividend	NIL	653,365	6,576,428	-
DSP Merrill Lynch Liquidity Fund - Div -Rev Option	NIL	30,293	319,536	-
Reliance Medium Term Fund - Growth	NIL	4,828,008	87,720,566	-
DSP Merrill Lynch liquid Plus Institutional Plan - Weekly Dividend	56259	NIL	-	56,337,234
			394,534,490	56,337,234
Less : Diminution in Value of Investments			2,262,700	-
<b>Total Short Term Quoted Investments (A)</b>			<b>392,271,790</b>	<b>56,337,234</b>

**Long Term**

## Number of Shares

**Mutual Funds (Non Trade)**

## Previous Year    Current Year

Reliance Diversified Power Sector Fund	356420	356,420	20,000,000	20,000,000
Reliance Growth Fund Retail Plan	272926	272,926	20,000,000	20,000,000
Franklin Templeton India Life Stage Fund of Funds- The 50's Plus	90348	90,348	903,476	903,476

**Equity Shares in Listed Companies**

Gulf Oil Corporation Limited (Face Value Rs 2/-per share)	10000	NIL	-	3,439,829
India Bulls Real Estate Ltd ( Face Value Rs 2/-per share)	5000	NIL	-	3,307,861
Jayaswal Neco Limited (Face Value Rs 10/- per share)	50000	22,249	1,746,050	3,421,226
Larsen & Toubro Limited ( Face value Rs 2/ per share)	2000	NIL	-	8,116,211
Noida Toll Bridge Ltd (Face Value Rs 10/- per share)	45000	NIL	-	2,353,660
Reliance Energy (BSES) Ltd ( Face value Rs 10/- per share)	2000	NIL	-	3,591,518
(Separate statement of Investment is Annexed forming part here of)				
<b>Total of Long Term Quoted Investments (B)</b>			<b>42,649,526</b>	<b>65,133,781</b>

**Unquoted**
**Long Term**
**Investment in Subsidiaries:**

'Nutek Telekomunikasyon Danismanlik Muhendislik Ve Dis Ticaret Sanayi Limited Sirketi', an LLC incorporated in Turkey.(Holding 75% of the capital)		9,227,975	633,694
Nutek HK Pvt Ltd (10,000 shares of HK\$1 each)		63,898	-
<b>Total of Unquoted Investments (C)</b>		<b>9,291,873</b>	<b>633,694</b>

<b>Net Investments (A+B+C)</b>	<b>444,213,189</b>	<b>122,104,709</b>
<b>Aggregate Market Value of Quoted Investments</b>	<b>410,812,091</b>	<b>101,649,243</b>
<b><u>Schedule- 6 : Current Assets, Loans &amp; Advances</u></b>		
<b>a) Project Under Progress</b>	<b>533,870,380</b>	<b>499,193,208</b>
<b>b) Sundry Debtors</b> (Unsecured considered good)		
- Debts outstanding for a period exceeding six months	186,114,036	108,216,360
- Others Debts	456,836,404	363,454,045
	<b>642,950,440</b>	<b>471,670,405</b>
<b>c) Cash &amp; Bank Balances</b>		
i) Cash Balance on hand	1,396,591	94,257
ii) Bank Balance with Scheduled Banks		
- in current accounts	15,128,038	28,049,361
- in Fixed Deposits ( Pledged with Banks against B.Gs, L.C.s and C.C. Accounts)	85,477,922	36,090,868
	<b>102,002,551</b>	<b>64,234,486</b>
<b>d) Loans &amp; Advances</b> (Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	544,603,576	188,423,042
	<b>544,603,576</b>	<b>188,423,042</b>
<b><u>Schedule- 7 : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><i>Current Liabilities</i></b>		
a) Sundry Creditors	198,944,927	184,942,188
b) Lease Liability	7,100,216	6,516,338
c) Advance payment from customers	33,878,505	56,531,706
d) Other Liabilities	177,444,809	87,314,759
	<b>417,368,457</b>	<b>335,304,991</b>
<b><i>Provisions</i></b>		
Provision for Taxation	188,321,333	96,958,962
Provision for Dividend	17,259,300	-
Provision for Dividend Distribution Tax	2,933,219	1,074,479
Other Provisions	8,486,929	2,073,512
	<b>217,000,781</b>	<b>100,106,953</b>
<b><u>Schedule- 8 : INCOME</u></b>		
<b><i>Income from Operations</i></b>		
Project Income	546,364,233	289,652,267
Income From sale of Telecom equipment / Softwares	269,082,760	294,489,964
Income from Project under Progress	775,416,477	367,487,424
	<b>1,590,863,470</b>	<b>951,629,655</b>
<b><i>Other Income</i></b>		
Training Charges	2,050,000	-
Dividend Income	18,547,549	5,916,471
Interest Income - Fixed Deposits	1,427,415	2,245,824
Capital Gains	-	1,173,083
Profit on Sale of Investments	-	2,215,848
Foreign Exchange Fluctuation Gain	1,779,479	-
Profit from Sale of Shares	-	1,762,491
Misc Receipts	8,986,402	2,091,770
Scrap Sale	179,610	-

Profit on sale of car	4,248	-
Liabilities Written back (Refer Note No.10 to Notes to Accounts)	70,829,515	-
	<b>103,804,216</b>	<b>15,405,487</b>

**Schedule - 9: PROJECT RELATED COSTS**
**Direct Expenses**

Equipment Hire Charges	13,343,176	12,400,118
Job Charges	201,664,579	75,663,931
Consumables	365,942,447	87,008,916
Purchase of Telecom Equipment for trading	268,524,060	220,554,140
Boarding & Lodging Allowance	17,867,496	15,307,247
Rent	2,297,689	7,819,391
Professional Fees	1,765,727	1,019,645
Freight & Cartage A/c	37,039,304	4,957,153
Tender Charges	-187,200	240,915 Site
Expenses	4,715,937	2,780,249
Tools	4,082,023	1,666,864

Total (A) **917,055,238 429,418,569**

**Indirect Expenses**

Legal Charges	425,855	-
Computer Repairs & Maintenance	325,971	55,134
Car Hire Charges	21,293,375	12,257,946
Conveyance Expenses	5,098,209	4,499,498
Telephone Expenses	3,871,151	2,320,157
Tour & Travelling Expenses	7,679,292	6,678,898
Repair & Maintenance	152,453	270,778
Security Charges	9,073,852	4,125,830
Service Charges	105,188	234,944
Computer Hire Charges	4,970	947,340
Car Running & Maintenance	290,481	409,254
Guest House Expenses	702,451	656,831
Rent	10,243,817	649,160

Total (B) **59,267,065 33,105,770**

**Total Project Related Costs (A)+(B) 976,322,303 462,524,339**

**Schedule- 10 : OPERATIVE & ADMINISTRATION EXPENSES**

Communication Expenses	3,989,004	3,298,199
Contribution to EPF and ESI	11,137,373	7,817,467
Salaries & Incentives	158,238,085	122,832,364
Office Maintenance	24,059,551	8,442,182
Auditor's Remuneration	2,519,110	1,042,698
Professional charges	10,685,558	21,882,607
Gratuity	1,100,776	269,871
Leave Encashment	3,441,402	-
Director Fees	140,000	60,000
Staff Welfare Expenses	441,298	275,159
Rates and Taxes	1,293,235	1,219,643
Repair and Maintenance	4,109,333	3,444,208
Travelling Expenses	4,606,061	3,259,145
Vehicle Maintenance	1,592,223	1,201,523
Foreign Exchange Fluctuation Loss	-	1,422,852
Business Promotion	1,759,448	2,418,718
Advertisement Expenses	7,404,280	-

Conference Expenses	47,725	-
Bad Debts Written off (Refer Note No.9 to Notes to Accounts)	53,741,242	-
Unservicable Project under Progress Written off (Refer Note No.8 to Notes to Accounts)	129,742,738	
Short Term capital Loss on sale of Mutual Funds	3,842,094	-
Unreliased Loss on Mutual Funds	2,287,828	-
Interest on Service Tax and TDS	1,967,586	454,874
Loss on Sale of Shares	10,061,590	-
Misc Exp	114,758	-
	<b>438,322,298</b>	<b>179,341,509</b>

**Schedule- 11: FINANCIAL CHARGES**

Interest to Bank	6,490,973	6,279,916
Interest to others	2,104,031	2,215,780
Bank Charges	7,454,749	5,424,972
	<b>16,049,753</b>	<b>13,920,667</b>

**Schedule - 4 : FIXED ASSETS**

Particulars	Rate %	Gross Block		Transfers/ Sale	As On		Depreciation For the Year	Adjustments during the Year	Net Block		
		Additions	As on 1/4/2008		31/03/2009	1/4/2008			31/03/2009	As on 31/03/2009	As on 31/3/2008
Car	25.89%	7,673,663	13,939,051	459,534	9,880,487	21,153,180	2,503,691	415,782	11,968,396	9,184,784	4,058,564
Computer	40.00%	680,633	5,057,502	-	4,094,137	5,738,135	517,355	-	4,611,492	1,126,643	963,365
Office Equipment	18.10%	-	5,316,801	-	2,089,114	5,316,801	584,211	-	2,673,325	2,643,476	3,227,687
Furniture & Fixture	18.10%	785,520	8,305,269	-	2,592,116	9,090,789	1,099,717	-	3,691,832	5,398,957	5,713,153
Laptop	40.00%	4,622,540	15,133,076	-	7,469,391	19,755,616	3,971,634	-	11,441,025	8,314,591	7,663,685
Other Office Equipment	13.91%	166,490	3,220,476	-	1,270,132	3,386,966	279,496	-	1,549,628	1,837,338	1,950,344
Scooter	25.89%	-	28,576	-	17,489	28,576	2,870	-	20,360	8,216	11,087
Plant & Machinery	13.91%	-	689,847	-	393,531	689,847	41,218	-	434,749	255,099	296,316
TEMS	13.91%	-	14,725,000	-	735,029	14,725,000	1,946,005	-	2,681,034	12,043,966	13,989,971
Genset	13.91%	-	2,105,681	-	194,082	2,105,681	265,903	-	459,985	1,645,695	1,911,599
<b>TOTAL</b>		<b>13,928,846</b>	<b>68,521,279</b>	<b>459,534</b>	<b>28,735,509</b>	<b>81,990,590</b>	<b>11,212,100</b>	<b>415,782</b>	<b>39,531,826</b>	<b>42,458,764</b>	<b>39,785,770</b>
<b>Previous Year</b>		27,497,439	41,258,740	234,900	20,111,585	68,521,279	8,831,993	208,070	28,735,509	<b>39,785,770</b>	21,147,155



**Cash Flow Statement for the year ended 31st March, 2009**

Particulars	AMOUNT (Rs.) 2008-09	AMOUNT (Rs.) 2007-08
<b>A. Cash Flow from operating activities:</b>		
<b>Net Profit before extra ordinary items and Taxation</b>	<b>252,748,259</b>	<b>302,813,972</b>
Adjustment for:		
Depreciation	11,212,099	8,831,993
Loss/(Profit) on Sale of Investment	16,191,512	(3,388,931)
Profit on Sale of Fixed Assets	(4,248)	(1,170)
Dividend Income	(18,547,549)	(5,916,471)
Interest Income from FDR	(1,427,415)	(2,245,824)
Interest Paid	8,595,004	8,495,696
	16,019,404	5,775,293
Operating Profit before working capital changes	268,767,663	308,589,265
Adjustment for:		
Trade and other receivables	(562,137,741)	(473,403,742)
Trade payables	82,860,224	156,188,677
Other Payables	4,542,180	269,871
Cash generated from operations	(205,967,674)	(8,355,929)
Direct taxes paid	21,244,155	97,051,100
Cash flow before extraordinary items	(227,211,829)	(105,407,029)
Extraordinary items:	-	-
<b>Net Cash from/ (used in) operating activities</b>	<b>(227,211,829)</b>	<b>(105,407,029)</b>
<b>B. Cash Flow from investing activities:</b>		
Sale/ (Purchase) of Investment	(338,299,992)	(118,896,484)
Purchase of Fixed Assets	(42,431,136)	(42,324,355)
Interest Income	1,427,415	2,245,824
Dividend Income	18,547,549	5,916,471
Sale of Fixed Assets	48,000	16,028,000
<b>Net cash from/(used in) investing activities</b>	<b>(360,708,164)</b>	<b>(137,030,544)</b>
<b>C. Cash Flow from financing activities:</b>		
Proceeds from Share Capital (Including of Securities Premium)	601,208,173	303,375,000
Redemption of Preference Shares	-	(56,000,000)
Proceeds from borrowings (Net of repayments)	33,074,887	29,570,408
Interest paid	8,595,004	(8,495,696)
Dividend Paid	-	(5,854,000)
<b>Net cash from financing activities</b>	<b>625,688,056</b>	<b>262,595,712</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>37,768,063</b>	<b>20,158,139</b>
Cash and Cash equivalents as at 1st April, 2008 (Opening Balance)	64,234,487	44,076,349
<b>Cash and Cash equivalents as at 31st March, 2009(Closing Balance)</b>	<b>102,002,550</b>	<b>64,234,488</b>

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**VINOD JAIN**  
Partner  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Inder Sharma**  
Chairman & Managing director

**Ashok Sinha**  
Vice- President- Finance

**Vineet Sirpaul**  
Whole Time Director

**Sanjay Kumar Singh**  
Company Secretary

## **Schedule – 12: Notes to the Accounts & Significant Accounting Policies**

### **(A) Significant Accounting Policies**

#### **1. Basis of Accounting**

The company maintains its accounts on going concern basis following the historical cost convention as per the generally accepted accounting principles prevalent in India and on accrual method of accounting.

#### **2. Basis for preparation of financial statements**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards notified by the Central Government and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include estimates of contract completion costs, provision for doubtful debts, useful lives of fixed assets etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### **3. Revenue Recognition**

Revenue from Sales/Services is accounted for as net of taxes and the principles of revenue recognition are given below:-

- Revenue from services rendered is recognized as the service is performed.
- Income from turnkey projects is recognized as a percentage and in proportion to work completion. However in cases of contracts where consideration is separately defined / identified for supply of goods/materials whose distinct identity remains even after project completion, revenue is recognized based on delivery at site to the customers.
- In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts.
- Revenue from sales is recognized upon passing of title/ shipment/Installation of the products and on transfer of significant risk and rewards of ownership.
- Dividend income is recognized when the right to receive dividend is established.
- Interest is recognized on time proportion basis.

#### **4. Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and expenses incidental to acquisition and installation till its present location.

#### **5. Depreciation**

Depreciation on Fixed Assets has been provided on Written down Value Method as per rates prescribed by Schedule-XIV to the Companies Act, 1956.

#### **6. Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition or construction of Fixed Assets, which take substantial period of time to get ready for its intended use, are capitalized until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other borrowing costs are recognized as an expense in the year in which they are incurred.

#### **7. Impairment**

Accounting for impairment of Fixed Assets is done in accordance with the Accounting Standard 28 – “Impairment of Assets”. Accordingly, the carrying values of assets are reviewed at each reporting date to

determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

#### **8. Employee Benefits**

- All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits in terms of Accounting Standard 15 (Revised)–“Employee Benefits”. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.
- Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

- Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account

- The company is contributing to the Employee Provident Fund maintained under the Employees Provident Fund Scheme by the Central Government.

#### **9. Finance Lease**

Accounting for Financial Lease is done in accordance with Accounting Standard 19 – “Leases”. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under leases liability. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Depreciation on Assets held under finance leases has been provided on Written down Value Method as per rates prescribed by Schedule-XIV to the Companies Act, 1956.

#### **10. Accounting for Investments**

Investments are accounted for in accordance with the Accounting Standard 13 – “Accounting for Investments”. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other Investments are classified as long term investments. Accordingly,

- The Long Term Investments are recorded at cost except where there is permanent diminution in its value.

- The Short Term Investments are recorded at Cost or Market Price whichever is lower. Unrealized loss arising due to the fall in market price is provided for in the accounts and any gain thereof is ignored.

#### 11. Foreign Currency Transactions

Foreign Currency transactions are being recorded in accordance with Accounting Standard 11 “The Effects of changes in Foreign Exchange Rates”. Accordingly,

- Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account.
- Non-Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

#### 12. Taxes on Income

##### **Deferred Tax:**

Deferred Tax Liability is provided pursuant to Accounting Standard – 22, “Accounting for Taxes on Income”. Deferred Tax Assets and Deferred Tax Liability are calculated by applying tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred Tax Liability arising mainly on account of excess depreciation allowed under Income tax laws.

Deferred Tax Assets due to expenses disallowed under section 40(a) under tax laws and on account of other timing differences are recognized only to the extent there is reasonable certainty of its realization.

Deferred Tax Assets due to unabsorbed depreciation or carry forward of losses under tax laws is recognizes only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

##### **Current Tax:**

The provision for Taxation is based on estimated assessable total income of the company as determined under the Income Tax Act 1961.

#### 13. Provisions, Contingencies and Contingent Assets

Provisions, Contingencies and Contingent Assets are accounted for in accordance with Accounting Standard 29 – “Provisions, Contingent Liabilities & Contingent Assets”. Accordingly,

- A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Contingent Assets are neither recognized, nor disclosed

#### (B) Notes to the Accounts

##### 1. Contingent Liabilities

Bank Guarantees have been given to the extent of Rs.10,11,75,534/- (Previous Year: Rs 6,41,39,523/-) to various parties in the ordinary course of business.

##### 2. Value of Current Assets, Loans and Advances

In the opinion of the management, the “Current Assets, Loans and Advances” have a value on realization

in the ordinary course of business at least equal to the amount at which they are stated in Balance Sheet .However, balance of sundry debtors, loans and advances are subject to confirmation. The company has sent letter for confirmation of balances and responses received are awaited.

**3. Managerial Remuneration paid/payable to Whole-time Directors**

	(Figure in Rupees)	
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Inder Sharma	93,33,360	82,64,400
Vineet Sirpaul	21,11,593	14,72,528
<b>Total</b>	<b>1,14,44,953</b>	<b>97,36,928</b>

**4. Value of Imports on CIF Basis is NIL (Previous Year: Nil).**

**5. Expenditure incurred in foreign currency:**

	(Figure in Rupees)	
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Equipment Rental	60,841	Nil
Professional Charges	4,58,142	Nil
<b>Total</b>	<b>5,18,983</b>	<b>Nil</b>

**6. Earning in Foreign Exchange:**

	(Figure in Rupees)	
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Export of Service.	6,45,68,257	14,29,632
<b>Total</b>	<b>6,45,68,257</b>	<b>14,29,632</b>

**7. Auditors Remuneration**

	(Figure in Rupees)	
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Audit Fee	16,54,500	6,17,980
Tax Audit Fee	3,30,900	1,68,540
Other Fees	5,33,710	3,42,698
<b>Total</b>	<b>25,19,110</b>	<b>11,29,218</b>

**\*Inclusive of Service Tax**

8. The company has been recognizing value of projects under progress (inventory for the company) on the basis of milestone achieved at project sites. The management has identified specific projects which are not been approved by the client due to malfunctioning (defects in design) amounting Rs 12,97,42,738/- (Rupees Twelve crore Ninety Seven lakh forty two thousand Seven hundred thirty eight rupees only). The management has done all their efforts to make these sites operational and has decided to derecognize this revenue since it is non realizable, although earlier considered in revenue the same has now been written off.

9. The sundry debtors included a sum of Rs 5,14,00,000/- (Rupees five crore fourteen lakh only) as receivable from one of the major customers of the company. This amount is considered as non realizable inspite of all efforts made by the company and the amount has been written off as bad debts.

In addition, a further sum of Rs 23,41,242/- (Rupees Twenty three Lakhs Forty One thousand two hundred forty two only) has been written off from the other debtors as they are considered bad for recovery.

10. An amount of Rs.7,08,29,514/- (Rupees seven crore eight lakhs twenty nine thousand five hundred fourteen only) has been written back in the books on account of renegotiation with the vendors in relation to material purchased and professional charges. The same are no longer required to be paid and have been written back.

11. Pursuant to the approval of the shareholders of the Company in an EGM held on 14th May 2007, the

Company has issued and allotted through Initial Public Offer (IPO) 35 lakhs fresh equity shares of Rs. 10 each at a premium of Rs. 182 per share along with an offer for sale of Rs 10 lakh shares of Rs 10 each to one of the existing shareholders, viz Yamini Supplier (P) Ltd at the same price. The issue has been made in accordance with the Company's Red Herring Prospectus dated 17th July, 2008.

The Proceeds raised from the issue and its utilization up to March 31, 2009 are given below:

<b>Particulars</b>	<b>Amount in Rupees</b>
<b>Total fund raised through IPO</b>	
Equity	3,50,00,000
Security Premium	63,70,00,000
<b>Total</b>	<b>67,20,00,000</b>
<b>A. Actual Utilization:-</b>	
1. Capital Expenditure	2,75,00,000
2. Overseas Acquisition	-
3. Long Term Working Capital	20,69,26,062
4. Expenses relating to IPO	7,07,91,827
<b>Total</b>	<b>30,52,17,889</b>
<b>B.FUNDS UNUTILISED</b>	<b>36,67,82,111</b>
<b>( Invested in Liquid / Liquid plus funds in Mutual Funds)</b>	
<b>Total (A +B)</b>	<b>67,20,00,000</b>

#### 12. Micro, Small and Medium Enterprises as per MSMED Act,2006

There is no Micro, small and Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2009. This information is disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties have been identified on the basis of information called for by the Company.

#### 13. Employee benefits

Disclosure in respect of employee benefits under Accounting Standard (AS) - 15 (Revised)"Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

#### A. Principal actuarial assumptions at the balance sheet date are as follows:

##### Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

1. Discount rate as at 31 March 2009	7.00%
2. Salary growth rate	5.00%

##### Demographic Assumption

1. Retirement Age		60 Years
2. Mortality table	LIC (1994-96) ultimate	
3. Withdrawal Rates	Ages	Withdrawal Rate (%)
	Upto 30 Years	3.00
	Upto 44 Years	2.00
	Above 44 Years	1.00

#### B. General description of gratuity plan (Defined benefit plan) :

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days basic salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vests

after five years of continuous service. The Company has set a limit of Rs. 350,000 per employee.

**C. Policy for Leave Encashment**

During the year, the company has adopted a policy for awarding for Leave Encashment to its employees. The provision is made on the basis of actuarial valuation. The company was not providing for the same in earlier years and has adopted the policy for the first time during the current year. Hence, the entire provision has been accounted for during the current year.

**14. Transaction with related parties pursuant to Accounting Standard-18**

(Figure in Rupees)

S.No.	Name	Nature of Relationship	Nature of Transaction	Amount of Transaction		Amount o/s as on	
				2008-09	2007-08	31 <sup>st</sup> March 09	31 <sup>st</sup> March 08
1	Nu Tek HK Private Limited	Wholly Owned Subsidiary	Sale of Goods	8,73,490	NIL	8,73,490	NIL
2	Nu Tek HK Private Limited	Wholly Owned Subsidiary	Equity Subscription	63,898	NIL	63,898	NIL
3	Nu Tek Telekomunikasyon Danismanlik Muhendislik Ve Dis Ticaret Sanayi Limited Sirketi	Subsidiary	Equity Subscription	85,94,281	6,33,694	92,27,975	6,33,694
4	Oriental Stitch Pvt. Ltd.	Company Owned by Director	Rent Security deposit for property	42,00,000 NIL	42,00,000 21,00,000	34,57,800 21,00,000	1,24,600 21,00,000
5	Nu Tek Structures (P) Ltd.	Company Owned by Director and his relative	Sale of Land Salary	NIL 93,33,360	1,60,00,000 82,64,400	NIL 7,77,780	NIL 6,88,700
6	Inder Sharma	Key Management Personnel	Rent Security deposit for property	23,00,000 7,50,000	18,00,000 NIL	Nil 7,50,000	NIL NIL
7	Vineet Sirpaul	Key Management Personnel	Salary	21,11,593	14,72,528	133,333	1,56,044

**15. Disclosure pursuant to Accounting Standard 19 'Leases' :**

Asset acquired under Financial Lease	:	Laptops
Net Carrying Amount of Laptops as at 31st March , 2009	:	Rs 67,07,528/-
		( Previous Year Rs.52,67,099/-)

(Figures in Rupees)

Particulars	Minimum Lease Payments (MLP)	Value of Minimum Lease Payments	Minimum Lease Payments (MLP)	Present Value of Minimum Lease Payments
	At 31.03.2009	At 31.03.2009	At 31.03.2008	At 31.03.2008
At the Balance Sheet date	75,64,517	60,90,843	67,93,629	54,83,003
Less than one year	45,88,652	37,65,616	34,84,452	29,46,779
One to five years	29,75,865	23,25,227	33,09,177	25,36,224
Greater than five years	NIL	NIL	NIL	NIL



**16. Disclosure pursuant to Accounting Standard 20 'Earnings Per Share':**

The Company calculates the Basic Earnings per share as required by Accounting Standard 20. For the financial year ending 31st March 2009, the company does not have any Potential Equity shares.

**Computation of Basic Earnings per Share**

<b>Particulars</b>	<b>(Figures in Rupees)</b>	
	<b>2008-09</b>	<b>2007-08</b>
Basic Earnings available to Equity Share holders <b>(A)</b>	14,47,66,096	19,23,63,942
Weighted Average Number of Equity Shares Outstanding during the period <b>(B)</b>	1,58,97,656	1,26,10,284
<b>Basic Earnings per Share (A) / (B)</b>	<b>9.11</b>	<b>15.25</b>

**Computation of Diluted Earning Per Share**

<b>Particulars</b>	<b>(Figures in Rupees)</b>	
	<b>2008-09</b>	<b>2007-08</b>
Diluted Earnings available to Equity Share holders <b>(A)</b>	14,47,66,096	19,45,60,755
Weighted Average Number of Equity Shares outstanding during the period <b>(B)</b>	1,58,97,656	1,28,30,611
<b>Basic Earnings per Share (A) / (B)</b>	<b>9.11</b>	<b>15.16</b>

**17. Deferred Tax**

Deferred tax has been calculated in accordance with the provisions of Accounting Standard - 22, Accounting for Taxes on Income, prescribed by the Companies (Accounting Standards) Rules, 2006. The details of which are as under:

<b>Particulars</b>	<b>As at 31st Mar 09</b>	<b>As at 31st Mar 08</b>
<b>Deferred Tax Liability on account of:</b>		
(a) Depreciation	-	2,989
<b>Sub Total: (A)</b>	-	<b>2,989</b>
<b>Deferred Tax Asset on account of:</b>		
(a) Depreciation	3,57,104	-
(b) Timing difference due to expenses disallowed in current year u/s 40(a) & 43B and Leased Assets	1,46,71,752	1,04,07,482
<b>Sub Total: (B)</b>	<b>1,50,28,856</b>	<b>1,04,07,482</b>
<b>Net deferred Tax Asset (B)-(A)</b>	<b>1,50,28,856</b>	<b>1,04,04,493</b>

**18. Disclosure pursuant to Accounting Standard 29 'Provisions, Contingent Liabilities and Contingent Assets':**

<b>Particulars</b>	<b>(Figures in Rupees)</b>	
	<b>Provision for Interest on Service Tax</b>	<b>Provision for Interest on TDS</b>
Opening Balance	NIL (Prev Year- Nil)	96,349 (Prev Year- Nil)
Add: Provision made during the year	10,21,363 (Prev Year- NIL)	9,46,223 (Prev Year- 4,54,874)
Less: Payment made during the year	NIL (Prev Year-NIL)	96,349 (Prev Year-3,58,525)
Closing Balance	10,21,363 (Prev Year-NIL)	9,46,223 (Prev Year- 96349)



**19. Statement of Investments in Fully paid up equity Shares ,forming part of the Balance Sheet as on 31st March,2009**

Security Name	Opening Quantity	Bought Quantity	Sold Quantity	Closing Quantity
BHEL EQ	-	2,000	2,000	-
DLF LIMITED	-	5,000	5,000	-
GTL EQ	-	10,000	10,000	-
GULF OIL CORP FV2	10,000	-	10,000	-
I F C I	-	100,000	100,000	-
IDBI BANK LIMITED	-	25,200	25,200	-
INDIABULLS REAL EST	5,000	7,400	12,400	-
JAYASWAL NECO INDUST	50,000	-	27,751	22,249
LARSEN AND TOUBRO	2,000	-	2,000	-
NOIDA TOLL BRIDGE C	45,000	-	45,000	-
ORBIT CORPORATION LT	-	3,000	3,000	-
RELIANCE INDUSTRIES	-	1,000	1,000	-
RELIANCE Energy BSES	2,000	4,000	6,000	-
RELIANCE POWER LTD	-	23,039	23,039	-
SPICE COMMUNICATION	-	275,000	275,000	-
STATE BANK OF INDIA	-	2,000	2,000	-
<b>TOTAL</b>	<b>114,000</b>	<b>457,639</b>	<b>549,390</b>	<b>22,249</b>

**20. Details of Trading Goods pursuant to the provisions of paragraph 3 of part-II of schedule-VI of the Companies Act, 1956.**

Particulars	2008-09		2007-08	
	Quantity (No.)	Value (In Rs.)	Quantity (No.)	Value (In Rs.)
Telecom equipment				
Opening stock	NIL	NIL	NIL	NIL
Purchases	79,800	26,85,24,060	91,416	22,05,54,140
Sales	79,800	26,90,82,760	91,416	22,22,89,964
Closing Stock	NIL	NIL	NIL	NIL

21. Some of the additional information as required by Part II of Schedule VI are not applicable, as the Company is not manufacturing any goods.
22. Nu Tek India Limited has been carrying on operations from site/branch offices at Mumbai, Gurgaon and Jammu & Kashmir. The site office expenses have been incorporated in the books of head office at Gurgaon.
23. Previous year figures have been regrouped/ recast / restated wherever considered necessary to make them comparable with those of the current year.
24. Consolidated financial statements forming part of the accounts with the Auditors report thereon are attached herewith.

As per our separate report of even date attached

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**Inder Sharma**  
*Chairman & Managing director*

**Vineet Sirpaul**  
*Whole Time Director*

**VINOD JAIN**

*Partner*

*M.No: 081263*

*Place : New Delhi*

*Date : 16<sup>th</sup> June, 2009*

**Ashok Sinha**  
*Vice- President- Finance*

**Sanjay Kumar Singh**  
*Company Secretary*

**Auditor's Report to the Board of Directors of Nu Tek India Limited on the Consolidated Financial Statements of Nu Tek India Limited and Its Subsidiaries**

We have audited the attached Consolidated Balance Sheet of **Nu Tek India Limited** and its subsidiaries (together referred to as '**the Group**') as at March 31, 2009 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended annexed to thereto. These Financial Statements are the responsibilities of the Group's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the Financial Statements of foreign subsidiaries in Turkey and Hongkong included in the attached Consolidated Financial Statements, whose Financial Statements, prepared in accordance with generally accepted accounting principles and policies prevalent in such countries, reflect total assets of Rs. 92,093,974 /- as at March 31, 2009 and total revenues of Rs. 229,984,093 /- for the year then ended. These Financial Statements have been audited by other auditors, authorized to conduct audit of subsidiaries in terms of laws and regulations of respective countries, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, subject to para 2 above on the basis of the separate audited Financial Statements of **Nu Tek India Limited** and its subsidiaries included in the Consolidated Financial Statements.
4. *Without qualifying our report, attention is drawn to the followings:*

	<i>Rs.</i>
a) <i>Project under progress written off</i> <i>(Refer note no.8 of notes to accounts to schedule-12)</i>	<i>12,97,42,738</i>
b) <i>Sundry Debtors written off</i> <i>(Refer note no.9 of notes to accounts to schedule-12)</i>	<i>5,37,41,242</i>
c) <i>Liabilities written back</i> <i>(Refer note no.10 of notes to accounts to schedule-12)</i>	<i>7,08,29,514</i>
5. *The internal control and business processes in respect of trading operations, Project Under Progress, Monitoring and Recovery of Debtors and Creditors are required to be substantially strengthened.*
6. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited Financial Statements of **Nu Tek India Limited** and its aforesaid subsidiaries, we are of the opinion that, in conformity with the accounting principles generally accepted in India:
  - (i) The Consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of the Group as at March 31, 2009;

- (ii) The Consolidated Profit and Loss Account gives a true and fair view of the Consolidated results of operations of the Group for the year ended ; and
- (iii) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of the Group for the year then ended.

**For VINOD KUMAR & ASSOCIATES**  
Chartered Accountants

**VINOD JAIN**  
Partner  
M.No. 081263

Place: New Delhi  
Date: 16<sup>th</sup> June 2009

## Consolidated Balance Sheet as on 31st March 2009

Particulars	Schedule No.	Amount in Rupees As at 31st March 2009
<b>SOURCES OF FUNDS :</b>		
Shareholders Funds		
a) Share Capital	1	172,593,000
b) Reserves and Surplus	2	1,449,711,132
c) Minority Interest		7,093,476
Loan Funds		
a) Secured Loans	3	128,423,013
b) Unsecured Loans		4,304,380
		<b>1,762,125,001</b>
<b>APPLICATION OF FUNDS :</b>		
Fixed Assets	4	
Gross Block		84,707,525
Less : Depreciation		40,228,282
Net Block		44,479,243
Capital Work in Progress		28,502,290
<b>Total</b>		<b>72,981,533</b>
Investments	5	434,921,316
Deferred Tax Asset		15,028,856
Current Assets, Loans & Advances	6	
a) Projects under Progress		564,878,283
b) Sundry Debtors		667,092,838
c) Cash & Bank Balances		122,522,830
d) Loans & Advances		559,006,491
		<b>1,913,500,442</b>
Less : Current Liabilities & Provisions	7	
a) Current Liabilities		453,602,045
b) Provisions		220,705,102
Net Current Assets		1,239,193,295
		<b>1,762,125,001</b>
Significant Accounting Policies and Notes to Accounts	12	

The Schedule referred above form an integral part of the Balance Sheet  
As per our separate audit report of even date attached

### FOR & ON BEHALF OF THE BOARD

**For Vinod Kumar & Associates**

**Chartered Accountants**

**VINOD JAIN**

Partner

M.No: 081263

Place : New Delhi

Date : 16<sup>th</sup> June, 2009

**Inder Sharma**

Chairman & Managing director

**Vineet Sirpaul**

Whole Time Director

**Ashok Sinha**

Vice- President- Finance

**Sanjay Kumar Singh**

Company Secretary

**Consolidated Profit & Loss Account for the Year ended 31st March 2009**

Particulars	Schedule No.	Amount in Rupees Year ended 31st March 2009
<b>INCOME</b>		
Income from Operations	8	1,803,075,579
Other Income		106,732,463
<b>Total</b>		<b>1,909,808,042</b>
<b>EXPENDITURE</b>		
Project Expenses	9	1,127,315,017
Operating & Administrative Expenses	10	465,098,234
Depreciation	4	11,929,305
Financial Expenses	11	16,078,722
<b>Total</b>		<b>1,620,421,278</b>
Profit/(Loss) before Tax and Minority Interest		289,386,764
<b>Provisions for Tax :</b>		
Current Tax		93,246,268
Deferred Tax		(4,624,362)
Fringe Benefit Tax		4,688,449
Profit After Tax and before Minority Interest		196,076,409
Less: Prior Period adjustments		12,974
Less: Tax for earlier years		17,785,193
Less: Minority Interest		2,997,803
<b>Profit/(Loss) available for appropriations</b>		<b>175,280,440</b>
Appropriations:		
Proposed Dividend on Equity Shares		17,259,300
Dividend Distribution Tax		2,933,219
<b>Net Balance carried to Reserves &amp; Surplus</b>		<b>155,087,921</b>
Significant Accounting Policies and Notes to Accounts	12	
Basic Earnings Per Equity Share	11	
Diluted Earnings Per Equity Share	11	
Face Value per Equity Share	10	

The Schedule referred above form an integral part of the Profit and Loss Account  
As per our separate audit report of even date attached

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**VINOD JAIN**  
Partner  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Inder Sharma**  
Chairman & Managing director

**Ashok Sinha**  
Vice- President- Finance

**Vineet Sirpaul**  
Whole Time Director

**Sanjay Kumar Singh**  
Company Secretary

## Schedules to and forming part of the Balance Sheet & Profit and Loss Account

Particulars	Amount in Rupees Year ended 31st March 2009
<b>Schedule -1 : SHARE CAPITAL</b>	
Authorised:	
2,30,00,000 Equity Shares of Rs. 10/- each (Previous Year	
2,30,00,000 Equity Shares of Rs. 10/- each)	230,000,000
	230,000,000
Issued, Subscribed & Paid -up:	
1,72,59,300 Equity Shares of Rs. 10/- each	172,593,000
(Previous year 1,37,59,300 Equity Shares of Rs. 10/- each)	
(During the year 35,00,000 equity shares of Rs 10/- each were allotted to the public by IPO at a premium of Rs 182 per share.)	
Of the above equity shares, 77,74,200 shares (Previous year - 77,74,200 shares) were allotted as fully paid up by way of bonus shares by capitalisation of Accumulated Profits and Securities Premium Account)	172,593,000
<b>Schedule - 2 : RESERVES &amp; SURPLUS</b>	
Securities Premium	848,603,173
Balance in Profit & Loss Account :	
Opening Balance	446,787,682
Add: Profit for the period	155,087,921
Closing balance of Profit & Loss Account	601,875,603
Foreign Currency Translation Reserves	(767,644)
	<b>1,449,711,132</b>
<b>Schedule- 3 : LOAN FUNDS</b>	
Secured Loans	
Loans And Advances from Banks	
Term Loan from Banks, secured by way of hypothecation against the particular asset - Secured against hypothecation of Vehicles	6,075,913
Cash credit from Bank	119,869,003
(Cash Credit from Banks secured by hypothecation of Book Debts and other current assets of the company and also secured against first charges over all the fixed assets of the company (excluding those specifically charged in favour of others) and equitable mortgage of three properties owned by the directors of the company and by personal guarantee of the two directors and Lien on Fixed Deposits of Rs 2,89,00,000 with SBI)	
<b>Other Loans And Advances</b>	
-Secured against hypothecation of Office Equipments	2,453,708
-Secured against hypothecation of Vehicle	24,389
	<b>128,423,013</b>
Unsecured Loans	
<b>Other Loans &amp; Advances</b>	
-from Director	4,304,380
	<b>4,304,380</b>

**Schedule- 5 : INVESTMENTS**

**Quoted**

	Number of Units	Current Year
Short Term		
Mutual Funds (Non Trade)		
Birla Sun Life Income Plus Fund	4,381,350	51,263,277
Birla Sun Life Short Term Fund - Growth	11,747,521	122,597,125
HDFC Income Fund	6,295,952	126,057,558
HSBC Income Fund -STP Weekly Dividend	653,365	6,576,428
DSP Merrill Lynch Liquidity Fund - Div -Rev Option	30,293	319,536
Reliance Medium Term Fund - Growth	4,828,008	87,720,566
		394,534,490
Less : Diminution in Value of Investments		2,262,700
		<b>392,271,790</b>
<b>Total Short Term Quoted Investments (A)</b>		<b>392,271,790</b>

	Number of Shares	Current Year
Long Term		
Mutual Funds (Non Trade)		
Reliance Diversified Power Sector Fund	356,420	20,000,000
Reliance Growth Fund Retail Plan	272,926	20,000,000
Franklin Templeton India Life Stage Fund of Funds- The 50's Plus	90,348	903,476
Equity Shares in Listed Companies (Non Trade)		
Jayaswal Neco Limited (Face Value Rs 10/- per share)	22,249	1,746,050
Total of Long Term Quoted Investments (B)		42,649,526
<b>Net Investments (A+B)</b>		<b>434,921,316</b>
Aggregate Market Value of Quoted Investments		410,812,091

**Schedule- 6 : CURRENT ASSETS, LOANS & ADVANCES**

<b>a) Project Under Progress</b>	<b>564,878,283</b>
<b>b) Sundry Debtors</b>	
(Unsecured considered good)	
- Debts outstanding for a period exceeding six months	186,114,036
- Others Debts	480,978,802
	667,092,838
<b>c) Cash &amp; Bank Balances</b>	
i) Cash Balance on hand	1,432,837
ii) Bank Balance with Scheduled Banks	
- current accounts	15,128,038
iii) Bank Balance with Non Scheduled Banks	
- current accounts	
Gauranty Bank- Turkey	9,807,407
Merill Lynch	10,676,626
iv) With Scheduled Banks in Fixed Deposits ( Pledged with Banks against B.Gs, L.C.s and C.C. Accounts)	85,477,922
	122,522,830
<b>d) Loans &amp; Advances</b>	
(Unsecured considered good)	
Advances recoverable in cash or in kind or for value to be received	559,006,491
	559,006,491

NU TEK INDIA LTD.  
Financial Year 2008-09

**Schedule - 4 : FIXED ASSETS**

Particulars	As on 1/4/2008	Additions	Gross Block Transfers/ Sale	As On 31/03/2009	As on 1/4/2008	Depreciation For the Year	Adjustments during the Year	As on 31/03/2009	Net Block As on 31/03/2009
Car	13,939,051	7,673,663	459,534	21,153,180	9,880,487	2,503,691	415,782	11,968,396	9,184,784
Computer	5,057,502	680,633	-	5,738,135	4,094,137	517,355	-	4,611,492	1,126,643
Office Equipment	5,316,801	-	-	5,316,801	2,089,114	584,211	-	2,673,325	2,643,476
Furniture & Fixture	8,680,820	2,346,306	-	11,027,126	2,623,105	1,596,921	-	4,220,026	6,807,100
Laptop	15,133,076	4,622,540	-	19,755,616	7,469,391	3,971,634	-	11,441,025	8,314,591
Other Office Equipment	3,220,476	166,490	-	3,386,966	1,270,132	279,496	-	1,549,628	1,837,338
Scooter	28,576	-	-	28,576	17,489	2,870	-	20,360	8,216
Plant & Machinery	689,847	-	-	689,847	393,531	41,218	-	434,749	255,099
TEMS	14,725,000	-	-	14,725,000	735,029	1,946,005	-	2,681,034	12,043,966
Genset	2,105,681	-	-	2,105,681	194,082	265,903	-	459,985	1,645,695
Lease Hold Improvements	-	388,252	-	388,252	-	97,063	-	97,063	291,189
Other Intangible Assets	-	392,345	-	392,345	-	71,199	-	71,199	321,146
<b>TOTAL</b>	<b>68,896,830</b>	<b>16,270,229</b>	<b>459,534</b>	<b>84,707,525</b>	<b>28,766,498</b>	<b>11,877,566</b>	<b>415,782</b>	<b>40,228,282</b>	<b>44,479,243</b>



**Consolidated Cash Flow Statement for the year ended 31st March, 2009**

Particulars	AMOUNT (Rs.) 2008-09
<b>A. Cash Flow from operating activities:</b>	
<b>Net Profit before extra ordinary items and Taxation</b>	<b>289,373,788</b>
Adjustment for:	
Depreciation	11,879,952
Loss/(Profit) on Sale of Investment	16,191,512
Profit on Sale of Fixed Assets	(4,248)
Dividend Income	(18,573,603)
Interest Income from FDR	(1,439,137)
Interest Paid	8,595,004
	16,649,481
Operating Profit before working capital changes	306,023,269
Adjustment for:	
Trade and other receivables	(621,672,877)
Trade payables	108,699,160
Other Payables	4,626,953
Cash generated from operations	(202,323,495)
Direct taxes paid	21,399,165
Cash flow before extraordinary items	(223,722,660)
Extraordinary items:	-
Foreign Currency Translation Reserves	(1,280,981)
	(1,280,981)
<b>Net Cash from/ (used in) operating activities</b>	<b>(225,003,641)</b>
<b>B. Cash Flow from investing activities:</b>	
Sale/ (Purchase) of Investment	(329,641,811)
Purchase of Fixed Assets	(44,805,194)
Interest Income	1,439,137
Dividend Income	18,573,603
Sale of Fixed Assets	48,000
<b>Net cash from /(used in) investing activities</b>	<b>(354,386,265)</b>
<b>C. Cash Flow from financing activities:</b>	
Proceeds from Share Capital (Including of Securities Premium)	605,032,748
Redemption of Preference Shares	-
Proceeds from borrowings (Net of repayments)	37,379,292
Interest paid	8,595,004
Dividend Paid	-
<b>Net cash from financing activities</b>	<b>633,817,037</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>54,427,130</b>
Cash and Cash equivalents as at 1st April, 2008 (Opening Balance)	68,095,700
<b>Cash and Cash equivalents as at 31st March, 2009(Closing Balance)</b>	<b>122,522,830</b>

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**VINOD JAIN**  
Partner  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Inder Sharma**  
Chairman & Managing director

**Ashok Sinha**  
Vice- President- Finance

**Vineet Sirpaul**  
Whole Time Director

**Sanjay Kumar Singh**  
Company Secretary

## **Schedule – 12: Notes to the Accounts & Significant Accounting Policies**

### **(A) Significant Accounting Polices**

#### **1. Basis of Accounting**

The company maintains its accounts on going concern basis following the historical cost convention as per the generally accepted accounting principles prevalent in India and on accrual method of accounting.

#### **2. Basis for preparation of financial statements**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards notified by the Central Government and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include estimates of contract completion costs, provision for doubtful debts, useful lives of fixed assets etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### **3. Basis of Consolidation:**

The consolidated financial statements relate to Nu Tek India Limited (the Parent Company) and its subsidiary companies have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" notified by the Central Government of India. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Parent and its subsidiary companies (together the "group") have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.
- The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended March 31, 2009.
- The subsidiaries considered in the consolidated financial statements are:

S.No.	Name of the Subsidiaries	Date of Acquisition / Incorporation	Proportion (%) of Shareholding as on 31 <sup>st</sup> March, 2009	Country of incorporation
1	NuTek Telekomunikasyon Danismanlik Muhendislik Ve Dis Ticaret Sanayi Limited Sirketi	14 <sup>th</sup> December, 2007	75%	Turkey
2	NuTek (HK) Private Limited	8 <sup>th</sup> August, 2008	100%	Hong Kong

#### **4. Revenue Recognition**

Revenue from Sales/Services is accounted for as net of taxes and the principles of revenue recognition are given below:-

- Revenue from services rendered is recognized as the service is performed.
- Income from turnkey projects is recognized as a percentage and in proportion to work completion. However in cases of contracts where consideration is separately defined / identified for supply of goods/materials whose distinct identity remains even after project completion, revenue is recognized based on delivery at site to the customers.

- In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts.
- Revenue from sales is recognized upon passing of title/ shipment/Installation of the products and on transfer of significant risk and rewards of ownership.
- Dividend income is recognized when the right to receive dividend is established.
- Interest is recognized on time proportion basis.

**5. Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and expenses incidental to acquisition and installation till its present location.

**6. Depreciation**

Depreciation on Fixed Assets has been provided on Written down Value Method as per rates prescribed by Schedule-XIV to the Companies Act, 1956.

**7. Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition or construction of Fixed Assets, which take substantial period of time to get ready for its intended use, are capitalized until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other borrowing costs are recognized as an expense in the year in which they are incurred.

**8. Impairment**

Accounting for impairment of Fixed Assets is done in accordance with the Accounting Standard 28 – “Impairment of Assets”. Accordingly, the carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets’ recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

**9. Employee Benefits**

- All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits in terms of Accounting Standard 15 (Revised)– “Employee Benefits”. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.
- Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

- Benefits under the Company’s leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement

and measure each unit separately to build up the final obligation.

- The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account

- The company is contributing to the Employee Provident Fund maintained under the Employees Provident Fund Scheme by the Central Government.

#### 10. Finance Lease

Accounting for Financial Lease is done in accordance with Accounting Standard 19 – “Leases”. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under leases liability. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Depreciation on Assets held under finance leases has been provided on Written down Value Method as per rates prescribed by Schedule-XIV to the Companies Act, 1956.

#### 11. Accounting for Investments

Investments are accounted for in accordance with the Accounting Standard 13 – “Accounting for Investments”. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other Investments are classified as long term investments. Accordingly,

- The Long Term Investments are recorded at cost except where there is permanent diminution in its value.
- The Short Term Investments are recorded at Cost or Market Price whichever is lower. Unrealized loss arising due to the fall in market price is provided for in the accounts and any gain thereof is ignored.

#### 12. Foreign Currency Transactions

Foreign Currency transactions are being recorded in accordance with Accounting Standard 11 “The Effects of changes in Foreign Exchange Rates”. Accordingly,

- Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account.
- Non-Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

#### 13. Foreign Currency Translation

In respect of non-integral foreign operations, the translation to Indian Rupee for the purpose of consolidation is performed for Balance Sheet Accounts using the closing exchange rates in effect at the Balance Sheet date and for revenues and expense accounts average exchange rates for the respective periods. The gains or losses resulting from such translations are reported as a separate component of Reserves and Surplus under the head “Foreign Currency Translation Reserves”.

#### 14. Taxes on Income

##### **Deferred Tax:**

Deferred Tax Liability is provided pursuant to Accounting Standard – 22, “Accounting for Taxes on Income”. Deferred Tax Assets and Deferred Tax Liability are calculated by applying tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred Tax Liability arising mainly on account of excess depreciation allowed under Income tax laws.

Deferred Tax Assets due to expenses disallowed under section 40(a) under tax laws and on account of other timing differences are recognized only to the extent there is reasonable certainty of its realization.

Deferred Tax Assets due to unabsorbed depreciation or carry forward of losses under tax laws is recognizes only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**Current Tax:**

The provision for Taxation is based on estimated assessable total income of the company as determined under the Income Tax Act 1961.

**15. Provisions, Contingencies and Contingent Assets**

Provisions, Contingencies and Contingent Assets are accounted for in accordance with Accounting Standard 29 – “Provisions, Contingent Liabilities & Contingent Assets”. Accordingly,

- A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Contingent Assets are neither recognized, nor disclosed

**(B) Notes to the Accounts**

**1. Contingent Liabilities**

Bank Guarantees have been given to the extent of Rs.10,11,75,534/- to various parties in the ordinary course of business.

**2. Value of Current Assets, Loans and Advances**

In the opinion of the management, the “Current Assets, Loans and Advances” have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in Balance Sheet .However, balance of sundry debtors, loans and advances are subject to confirmation. The company has sent letter for confirmation of balances and responses received are awaited.

**3. Managerial Remuneration paid/payable to Whole-time Directors**

	<b>(Figure in Rupees)</b>
Particulars	<b>2008-09</b>
Inder Sharma	93,33,360
Vineet Sirpaul	21,11,593
<b>Total</b>	<b>1,14,44,953</b>

**4. Value of Imports on CIF Basis is NIL**

**5. Expenditure incurred in foreign currency:**

	<b>(Figure in Rupees)</b>
<b>Particulars</b>	<b>2008-09</b>
Equipment Rental	60,841
Professional Charges	4,58,142
<b>Total</b>	<b>5,18,983</b>

**6. Earning in Foreign Exchange:**

	<b>(Figure in Rupees)</b>
<b>Particulars</b>	<b>2008-09</b>
Export of Service.	6,45,68,257
<b>Total</b>	<b>6,45,68,257</b>

**7. Auditors Remuneration\***
**(Figure in Rupees)**

<b>Particulars</b>	<b>2008-09</b>
Audit Fee	17,39,275
Tax Audit Fee	3,30,900
Other Fees	5,33,710
<b>*Total</b>	<b>26,03,885</b>

\*Inclusive of Service Tax

8. The company has been recognizing value of projects under progress (inventory for the company) on the basis of milestone achieved at project sites. The management has identified specific projects which are not been approved by the client due to malfunctioning (defects in design) amounting Rs 12,97,42,738/- (Rupees Twelve crore Ninety Seven lakh forty two thousand Seven hundred thirty eight rupees only). The management has done all their efforts to make these sites operational and has decided to derecognize this revenue since it is non realizable, although earlier considered in revenue the same has now been written off.
9. The sundry debtors included a sum of Rs 5,14,00,000/- (Rupees five crore fourteen lakh only) as receivable from one of the major customers of the company. This amount is considered as non realizable inspite of all efforts made by the company and the amount has been written off as bad debts.
- In addition, a further sum of Rs 23,41,242/- (Rupees Twenty three Lakhs Forty One thousand two hundred forty two only) has been written off from the other debtors as they are considered bad for recovery.
10. An amount of Rs.7,08,29,514/- (Rupees seven crore eight lakhs twenty nine thousand five hundred fourteen only) has been written back in the books on account of renegotiation with the vendors in relation to material purchased and professional charges. The same are no longer required to be paid and have been written back.
11. Pursuant to the approval of the shareholders of the Company in an EGM held on 14<sup>th</sup> May 2007, the Company has issued and allotted through Initial Public Offer (IPO) 35 lakhs fresh equity shares of Rs. 10 each at a premium of Rs. 182 per share along with an offer for sale of Rs 10 lakh shares of Rs 10 each to one of the existing shareholders, viz Yamini supplier (P) Ltd at the same price. The issue has been made in accordance with the Company's Red Herring Prospectus dated 17<sup>th</sup> July, 2008.

The Proceeds raised from the issue and its utilization up to March 31, 2009 are given below:

<b>Particulars</b>	<b>Amount in Rupees</b>
<b>Total fund raised through IPO</b>	
Equity	35,000,000
Security Premium	637,000,000
<b>Total</b>	<b>672,000,000</b>
<b>A. Actual Utilization:-</b>	
1. Capital Expenditure	27,500,000
2. Overseas Acquisition	-
3. Long Term Working Capital	206,926,062
4. Expenses relating to IPO	70,791,827
<b>Total</b>	<b>30,52,17,889</b>
<b>B. FUNDS UNUTILISED</b>	
(Invested in Liquid / Liquid plus funds in Mutual Funds)	366,782,111
<b>Total (A +B)</b>	<b>672,000,000</b>

**12. Micro, Small and Medium Enterprises as per MSMED Act,2006**

There is no Micro, small and Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2009. This information is disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties have been identified on the basis of information called for by the Company.

**13. Employee benefits**

Disclosure in respect of employee benefits under Accounting Standard (AS) - 15 (Revised) "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

**A. Principal actuarial assumptions at the balance sheet date are as follows:**

**Economic Assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

1. Discount rate as at 31 March 2009	7.00%
2. Salary growth rate	5.00%

**Demographic Assumption**

1. Retirement Age		60 Years
2. Mortality table	LIC (1994-96) ultimate	
3. Withdrawal Rates	Ages	Withdrawal Rate (%)
	Upto 30 Years	3.00
	Upto 44 Years	2.00
	Above 44 Years	1.00

**B. General description of gratuity plan (Defined benefit plan) :**

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days basic salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vests after five years of continuous service. The Company has set a limit of Rs. 350,000 per employee.

**C. Policy for Leave Encashment**

During the year, the company has adopted a policy for awarding for Leave Encashment to its employees. The provision is made on the basis of actuarial valuation. The company was not providing for the same in earlier years and has adopted the policy for the first time during the current year. Hence, the entire provision has been accounted for during the current year.

**14. Transaction with related parties pursuant to Accounting Standard-18**

S.No.	Name	Nature of Relationship	Nature of Transaction	(Figure in Rupees)	
				Amount of Transaction	Amount o/s as on 31/03/2009
1	Oriental Stitch Ltd.	Company Owned by Director	Rent	42,00,000	34,57,800
2	Inder Sharma	Key Management Personnel	Salary Rent Security deposit for property	93,33,360 23,00,000 7,50,000	7,77,780 Nil 7,50,000
3	Vineet Sirpaul	Key Management Personnel	Salary	21,11,593	133,333

**15. Disclosure pursuant to Accounting Standard 19 'Leases' :**

Asset acquired under Financial Lease Laptops  
 Net Carrying Amount of Laptops as at 31st March 2009 - Rs 67,07,528/-

<b>(Figures in Rupees)</b>		
Particulars	Minimum Lease Payments (MLP)	Present Value of Minimum Lease Payments
At the Balance Sheet date	75,64,517	60,90,843
Less than one year	45,88,652	37,65,616
One to five years	29,75,865	23,25,227
Greater than five years	NIL	NIL

**16. Disclosure pursuant to Accounting Standard 20 'Earnings Per Share':**

The Company calculates the Basic Earnings per share as required by Accounting Standard 20. For the financial year ending 31st March 2009, the company does not have any Potential Equity shares.

Computation of Basic Earnings per Share

<b>(Figures in Rupees)</b>	
<b>Particulars</b>	<b>2008-09</b>
Basic Earnings available to Equity Share holders (A)	17,52,80,440
Weighted Average Number of Equity Shares outstanding during the period (B)	1,58,97,656
<b>Basic Earnings per Share (A) / (B)</b>	<b>11.03</b>

<b>(Figures in Rupees)</b>	
<b>Computation of Diluted Earning Per Share</b>	
<b>Particulars</b>	<b>2008-09</b>
Diluted Earnings available to Equity Share holders (A)	17,52,80,440
Weighted Average Number of Equity Shares outstanding during the period (B)	1,58,97,656
<b>Basic Earnings per Share (A) / (B)</b>	<b>11.03</b>

**17. Deferred Tax**

Deferred tax has been calculated in accordance with the provisions of Accounting Standard - 22, Accounting for Taxes on Income, prescribed by the Companies (Accounting Standards) Rules, 2006. The details of which are as under:

<b>Particulars</b>	<b>As at 31st Mar 09</b>
<b>Deferred Tax Liability on account of:</b>	
(a) Depreciation	-
<b>Sub Total: (A)</b>	<b>-</b>
<b>Deferred Tax Asset on account of:</b>	
(a) Depreciation	3,57,104
(b) Timing difference due to expenses disallowed in current year u/s 40(a) & 43B and Leased Assets	1,46,71,752
<b>Sub Total: (B)</b>	<b>1,50,28,856</b>
<b>Net deferred Tax Asset (B)-(A)</b>	<b>1,50,28,856</b>

**18. Disclosure pursuant to Accounting Standard 29 'Provisions, Contingent Liabilities and Contingent Assets':**

**(Figures in Rupees)**

Particulars	Provision for Interest	Provision for on Service Tax
Interest on TDS		
Opening Balance	NIL	96,349
Add: Provision made during the year	10,21,363	9,46,223



Less: Payment made during the year	NIL	96,349
Closing Balance	10,21,363	9,46,223

19. **Statement of Investments in Fully paid up equity Shares ,forming part of the Balance Sheet as on 31st March,2009**

Security Name	Opening Quantity	Bought Quantity	Sold Quantity	Closing Quantity
BHEL EQ	-	2,000	2,000	-
DLF LIMITED	-	5,000	5,000	-
GTL EQ	-	10,000	10,000	-
GULF OIL CORP FV2	10,000	-	10,000	-
I F C I	-	100,000	100,000	-
IDBI BANK LIMITED	-	25,200	25,200	-
INDIABULLS REAL EST	5,000	7,400	12,400	-
JAYASWAL NECO INDUST	50,000	-	27,751	22,249
LARSEN AND TOUBRO	2,000	-	2,000	-
NOIDA TOLL BRIDGE C	45,000	-	45,000	-
ORBIT CORPORATION LT	-	3,000	3,000	-
RELIANCE INDUSTRIES	-	1,000	1,000	-
RELIANCE Energy BSES	2,000	4,000	6,000	-
RELIANCE POWER LTD	-	23,039	23,039	-
SPICE COMMUNICATION	-	275,000	275,000	-
STATE BANK OF INDIA	-	2,000	2,000	-
<b>TOTAL</b>	<b>114,000</b>	<b>457,639</b>	<b>549,390</b>	<b>22,249</b>

20. Some of the additional information as required by Part II of Schedule VI are not applicable, as the Company is not manufacturing any goods.
21. Nu Tek India Limited has been carrying on operations from site/branch offices at Mumbai, Gurgaon and Jammu & Kashmir. The site office expenses have been incorporated in the books of head office at Gurgaon.
22. Previous year figures have been regrouped/ recast / restated wherever considered necessary to make them comparable with those of the current year.
23. Consolidated financial statements forming part of the accounts with the Auditors report thereon are attached herewith.
24. The consolidated financial statements are being prepared for the first time by the company as the company has been listed on stock exchanges during the year, Therefore, in terms of Accounting Standard - 21, Consolidated Financial Statement, Transitional Provision, no comparative figures for the previous year have been presented,

As per our separate report of even date attached

**FOR & ON BEHALF OF THE BOARD**

**For Vinod Kumar & Associates**  
**Chartered Accountants**

**VINOD JAIN**  
Partner  
M.No: 081263

Place : New Delhi  
Date : 16<sup>th</sup> June, 2009

**Inder Sharma**  
Chairman & Managing director

**Vineet Sirpaul**  
Whole Time Director

**Ashok Sinha**  
Vice- President- Finance

**Sanjay Kumar Singh**  
Company Secretary

# NUTEK TELEKOMINİKASYON DANISMANLIK MUHENDISLIK VE DIS TİCARET SAN. LTD.STL

## Director's Report

To,  
The Shareholders,  
Your Directors have the pleasure in presenting the Fifteen 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:

<b>Particulars</b>	<b>For the year ended 31st March, 2009 Am. In Turkish Lira</b>	<b>For the year ended 31st March, 2008 Am. In Turkish Lira</b>
Income from Operation	4.648.959,46	267.392,71
Other Income	87.220,72	00
<b>Total Income</b>	<b>4.736.180,18</b>	<b>267.392,71</b>
Total Expenses	4.280.394,70	180.613,66
<b>Profit before tax and depreciation</b>	<b>455.785,48</b>	<b>86.779,05</b>
Less, Depreciation	17.177,48	00
<b>Profit before Tax</b>	<b>438.607,92</b>	<b>86.779,05</b>
Tax	93.947,24	17.592,64
<b>Profit after Tax</b>	<b>344.660,68</b>	<b>69.186,41</b>
Balance transferred to Reserve	344.660,68	69.186,41

The company was established as a limited liability company under laws of Turkey on 14 December, 2007 by NU TEK INDIA LIMITED as 75% equity participant and Huseyin Bah Girgin a Turkish National and commenced its business since January, 2008. This report is the First Board Report of the Company. The Company has done business of Turkish Lira (TL) is 4.648.959,46 for the financial year 2008-2009.

### TRANSFER TO RESERVES:

YTL 344.660,68 has been transferred in the Reserve & Surplus Account of the Balance Sheet as on 31st March 2009.

### DIVIDENDS:

The Board of Directors of the Company has decided to not to recommend and declare any dividend for the Financial year ended 31st March, 2009.

### AUDITOR QUALIFICATION IN THEIR REPORT:

The Report of the Auditors of the Company Yeminii Mali Musavirlik Ltd. Sti. Chartered Accountants has been received and it does not contain any Qualification and adverse remarks.

### BOARD OF DIRECTORS:

The Board of Directors comprises of 2 directors namely Mr. Samil Senocak & Mr. Ayub Y. Younes.

### AUDITORS:

Yeminii Mali Musavirlik Ltd. Sti., Chartered Accountants are the appointed Auditors of the Company and the Board intends to continue the said Chartered Accountant firm as auditors of the Company for the financial year 2009-10.

**Directors Responsibility**

The financial statement for the year ended 31<sup>st</sup> March has been prepared in accordance with principles in the Turkish Commercial Code (the TCC) and the tax legislation. The Board is responsible for designing, implementing and maintaining the internal control relevant to the preparation and presentation of the financial statement that they are free from all material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**ACKNOWLEDGEMENTS:**

The Directors wish to thank and deeply acknowledge the co-operation extended by the various Government Departments and the Company Bankers and all other who have been associated with the Company and have extended their co-operation towards the growth of the Company and in the last but not least the Directors wish to acknowledge the sincere efforts made by the employees of the Company towards the achievement of the objective of the Company.

Place: Intanbul, Turkey

BY THE ORDER OF THE BOARD

Date: 27th April, 2009

Managing Director

## **Special- Purpose Chartered Accountant Report** **Report on the Financial Statements**

We have audited the accompanying **financial statements of NUTEK TELEKOMUNIKASYON DANISMANLIK MUHENDISLIK VE DIŞ TICARET SAN. LTD. STL**, For the period ended 31.3.2009. Those financial statements comprise the statements of financial position as at 31 March 2009 and statements of comprehensive income, statements of cash flows and statements of changes in stockholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with in accounting principles in the Turkish Commercial Code (the "TCC") and tax legislation. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our limited audit. We conducted our audit in accordance with laws and regulations applicable in Turkey and Turkey Standards on Auditing, issued by the Turkish Commercial Code (the "TCC") and tax legislation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

This audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the presented audit evidence and documents we have obtained is sufficient and financial regularity appropriate to provide a basis for our audit opinion.

### **Opinion**

Our audit did not give to any abjections rise between financial statement & records. Based on the results of our audit in our opinion the financial statements present fairly, in all material respects, the financial position of the company as of 31 March, 2009 and of its financial performance and its cash flows for the year then ended in accordance with laws and regulations applicable in Turkey and Turkish Standards on Auditing, issued by the Turkish Commercial Code (the "TCC") and tax legislation.

Istanbul, 27th April 2009

Ergin Ulgen  
Chartered Accountant

Registration number : 34101545

### Balance Sheet

AS ON 31.3.2009 (Note 2) (Amounts expressed in Turkish Lira (TL) unless otherwise stated)

	<b>Note</b>	<b>As on 31st March 2009</b>	<b>As on 31st March 2008</b>
<b>CURRENT ASSETS</b>		1.766.116,97	494.243,53
Cash and banks	4	320.129,22	137.538,40
Trade receivables	5	399.575,00	322.037,02
Other receivables	6	29.163,36	2.004,31
Other current assets	7	1.017.249,39	32.663,80
<b>LONG-TERMASSETS</b>		262.816,75	11.349,83
Tangible assets	8	45.794,88	11.205,61
Intangible assets	9	19.913,88	0
Future Years Related Expense -Income Accruals	10	197.107,99	144,22
<b>TOTALASSETS</b>		<b>2.028.933,72</b>	<b>505.593,36</b>
<b>CURRENT LIABILITIES</b>		1.199.819,06	411.406,94
Short-term bank borrowings		0,77	0
Trade payables	11	550.511,56	25.636,64
Other payables	12	618.560,73	344.626,33
Taxes and funds payable, current corporate tax	13	30.746,00	41.143,97
<b>LONG TERM LIABILITIES</b>			
Long term bank borrowings		0	0
Retirement pay provision		0	0
Deferred tax liabilities		0	0
Other payables and long term liabilities		0	0
<b>SHAREHOLDERS' EQUITY</b>		<b>829.114,66</b>	<b>94.186,42</b>
Capital(Paid)		398.090,08	25.000,00
Legal reserves		0	0
Accumulated profits		69.186,42	0
Net Profit for the year		361.838,16	69.186,42
<b>TOTAL LIABILITIES AND SHAREHOLDERS* EQUITY</b>		<b>2.028.933,72</b>	<b>505.59336</b>

### Profit & Loss Account

	<b>Note</b>	<b>As on 31st March 2009</b>	<b>As on 31st March 2008</b>
Net sales	15	4.648.959,46	267.392,71
Cost of sales	16	(3.486.959,46)	(106.861,63)
<b>Gross Profit</b>		<b>1.161.999,92</b>	<b>160.531,08</b>
Operating Expenses	17	(793.435,24)	(72.635,00)
<b>Operating profit / (loss)</b>		<b>368.564,68</b>	<b>87.896,08</b>
Other income / (expense)	18	87.220,72	(1.117,03)
<b>Profit / (loss) before taxation, finance, and monetary gain / (loss)</b>		<b>455.785,40</b>	<b>86.779,06</b>
Finance income / (expense),		(0)	0
<b>Profit / (loss) before taxation and monetary gain / (loss)</b>		<b>455.785,40</b>	<b>86.779,05</b>
Current corporate tax	13	(93.947,24)	(17.592,64)
<b>Profit after taxation, before monetary gain / (loss)</b>		<b>361.838,16</b>	<b>69.186,42</b>
<b>Net profit</b>		<b>361.838,16</b>	<b>69.186,42</b>

**Notes to the Financial statement for the year ended 31.03.09 (Amounts expressed in Turkish Lira (TL), unless otherwise stated)**

**1. Organization and operations of Nutek**

NUTEK TELEKOMİNİKASYON DANISMANLIK MUHENDİSLİK VE DİS TİCARET SAN. LTD.STL (NUTEK ) incorporated in Istanbul, Turkey in 2007. NUTEK

Line of activity to provide and construct all various communications as telephone works, intercoms, telephone towers, base stations all kind of adds accordingly as radio, walky-talky with the accessories and other thing noticed on the companies main contract.

Companies initial capital, TL 25.000.-, declared on Trade Registry Gazette date 07.04.2008 than increased in liquidit TL 500.000.-more and has become to TL 525.000.-.the registered capital's TL 398.090,08.- has been paid.

Partnership structure of NUTEK is as follows;

Name / Title	(TL)Shares
Nutek India Limited	393.750,00.-
Samil Senocak	131.250,00.-

The headquarters of NUTEK is located at the following address;  
Address: Sehit Murat Akgiil Sk. No.2 Kat.I Kavacik - Beykoz/ Istanbul- Tiirkiye  
Tel: +90-216-6804470 Fax: + 90- 216- 6804472

The total number of employees working for NUTEK as at 31.03.2009 is 11.

**2. Basis of presentation of the financial statements**

NUTEK, maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (the "TCC") and tax legislation.

The basis of the financial statements used in the preparation of the accompanying financial statements is set out below and in Note 3.

**Inflation accounting**

No inflation accounting applications cause of no inflation adjustment criteria for Turkish Tax Legislation.

**The Currency End -of- Period**

As at 31.3.2009, the exchange rate announced by the Turkish Central Bank (which is a market rate) was TL 2,2258 = EUR 1, TL 1,6880= \$.

## Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the accompanying financial statements are as follows:

**a. Related parties**

In the accompanying financial statements, shareholders of firms, other companies owned by the shareholders, their directors and key management personnel and any companies to which they are known to be related, are considered and referred to as related parties.

**Former Shareholders:**

Name of the related parties	Nature of relation	Amount	Nature of transaction
Nutek India Limited	Majority Shareholders	393.750,00 TL	Capital Infusion
Huseyin Baris Girgin	Majority Shareholders	131.250, 00 TL	Managing Director

Mr.Huseyin Bans Girgin has assign shares related on 24.12.2008 and registered.

New Shareholders as on 24.12.2008 and registered:

Name of the related parties	Nature of relation	Amount	Nature of transaction
Nutek India Limited	Majority Shareholders	393.750,00 TL	Capital Infusion
Samil Senocak	Majority Shareholders	131.250, 00 TL	Managing Director

**b. Trade receivables**

Trade receivables are carried at anticipated realizable value that is the net of trade receivables and allowance for doubtful receivables.

**c. Inventory valuation**

None

**d. Tangible assets and intangible assets**

Accordingly to Turkish Tax Structure tangible and intangible assets and depreciation depletion allowance applications.

Tangible assets and Intangible assets;

Recording to the notification of changes repeated on article 315.Tax Procedure Law(T.P.L) after the date 01.01.2004 about buying or producing depreciations of the economic assets has(specified ratio)depreciations noticed T.P.L. reserved depreciations has reserving during the period of Inflation Adjustments.

The depreciations can be reserved or normal procedure or declining balance depreciations(accelerated)so the accelerated declining user can apply this under accordingly to the T.P.L. then the double ratios never cross up over than 50%,unfortunately if the normal procedure can not give up to use this system. On the other hand declining balance user can choose and turn to normal procedure during this period of applications if there is no depreciate so it will be depreciated charged against income. Equity the property expenses as buying equipments, repairs etc. will be charged against income too.

Machinery and equipment	2-15	years
Motor Vehicles	4-15	years
Furniture and fittings	5	years
Leasehold improvements	5	years
Rights	3	years

**Intangible assets;**

Accordingly TMSUGT (Turkish accounting practices of general declaration) intangible assets represent assets which are intangible and represent activated costs or special costs, which might be in full use or limited use and represent rights, goodwill or special costs etc.

**The recognition of special costs;**

The recognition of special costs is a permanently increasing expenses total of the routed real-estates which are kept by an economics firms.

The recognition of special costs has been arranged as per clause 272. Tax Procedure Law.

For the real-estate expenses, the taxpayer has to separate adding costs if made for repairs and appreciation in value.

Real estate transfer costs (same appreciations in value) are special cost. These must be depreciated the rent-period of time is shown and the special cost for this period is applied. For example, you may rent the real estate for 5 years and if you have same expenses into 3.rd year that you have to amortize it in 3 years period.

**Rights;**

The companies has to activate in summary account and depreciable asset belong intangible assets purchase computer programmers cost.

Depreciation practices has been arranged in article 5024 tax procedure haw 01.01.2004 based as (tangible assets) economical values beneficiary has continued.

**e. Taxation and deferred income taxes**

Provision is made in the financial statements for firms estimated liability to Turkish Corporation Tax on its results for the year. The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed.

Taxes on income for the year comprise of current tax and the change in deferred taxes. Firms accounts for current and deferred taxation on the results for the period, in accordance with IAS 12 (Revised) ("Income Taxes").

Deferred tax assets and liabilities are recognized using the liability method in respect of material temporary differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are realized for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the statement of income. Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred income tax assets and liabilities are also offset.

No deferred tax applications cause of no correction for IFRS.

**f. Retirement pay provision**

Under Turkish Law and Union agreements, lump sum payments are made to employees retiring or involuntarily leaving firms.

The total provision represents the vested benefit obligation if all employees of firms are laid off as at the balance sheet date and relevant International Accounting Standard No. 19 (Revised) "Employee Benefits" ("IAS 19") not applied in the accompanying financial statements. Future retirement payments are discounted



to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate.

No reserved provision for termination indemnities.

**g. Foreign Currency Transactions**

In the statutory accounts of NUTEK, transactions in foreign currencies (currencies other than Turkish Lira) are translated into Turkish Lira at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

**h. Revenue Recognition**

Revenue is recognized on an accrual basis at the time of delivery dated invoice. Net sales represents the invoiced value of services rendered or goods delivered less any sales returns and discounts, all restated in equivalent purchasing power as of 31.03.2009.

**i. Cash and Banks**

**Fair value** is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Market value is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

Cash and banks include cash on hand and deposits with banks.

**Cash and Bank Balances:** Cash and bank balances denominated in foreign currencies are translated at period-end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

**Trade Receivables and Trade Payables:** Book values of the trade receivables along with the related allowances for uncollectibility and trade payables balances are estimated to be their fair values.

**Due to/from Related Parties:** The carrying value of the due to and due from related parties are estimated to be their fair values.

**Borrowings:** Borrowings maybe a subject to fluctuations on an entry value basis in accordance with prevailing interest rates in the market. Interest-bearing bank loans are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

**j. Reconciliation:**

The reconciliation study was made concerning the commercial transactions on the financial statements of NUTEK for the period ended 31.03.2009. NUTEK 's accounting records and documents were taken as a basis for the companies reconciliation process continues.

**ACCOUNTS (31.3.2009) (Note 3)**

**4. CASH AND BANKS**

	2009	2008
Cash on hand Bank deposits	1.178,77	6.850,30
<b>Total</b>	<b>318.950,45</b>	<b>130.688,10</b>
	<b>320.129,22</b>	<b>137.538,40</b>

**5. TRADE RECEIVABLES**

	2009	2008
Trade receivables	399.245,00	322.037,02
Notes receivables	0	0

Deposits and guarantees given	330,00	0
<b>Total</b>	<b>399.575,00</b>	<b>322.037,02</b>

All trade receivables are less than 6 months, unsecured and considered good.

## 6. OTHER RECEIVABLES

	<b>2009</b>	<b>2008</b>
Other trade receivables	29.163,36	2.004,31
<b>Total</b>	<b>29.163,36</b>	<b>2.004,31</b>

All other receivables are less than 6 months, unsecured and considered good.

## 7. OTHER CURRENT ASSETS

	<b>2009</b>	<b>2008</b>
Permanent Projects		
Non- invoiced expenses totals	1.008.419,90	32.014,81
Next Months expenses	8.829,49	648,99
<b>Total</b>	<b>1.017.249,39</b>	<b>32.663,80</b>

### Nutek to be Invoiced project and total amount:

Customer	Project	Total USD
Motorola	First Line Maintenance Project	1,972.95
Motorola	Full Turnkey Project	79,754.43
Motorola	Tower Improvement and Lite-Line Project	60,293.25
	<b>Motorola Total</b>	<b>172,020.64</b>

Customer	Project	Total USD
Huawei	Swap Project	257,626.00
Huawei	Optimization Project	192,705.80
	<b>Huawei Total</b>	<b>450,331.80</b>

Customer	Project	Total USD
Turkkule	Tower Project	74,362.20
	<b>Turkkule Total</b>	<b>74,362.20</b>

**Grand Total** **696,714.64**

Grand total 1.176.054,31 TL //(Exchange:TL 1,6880= \$1.) ended 31.3.2009.

## 8. PROPERTY, PLANT AND EQUIPMENTS 2009

Opening	Additions	Transfer	Disposals	Period end	
Plant and Machinery	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
Fixtures and Fittings	12.213,44	50.758,92	0	0	62.972,36
	12.213,44	50.758,92	0	0	62.972,36
<b>Accumulated Depreciation</b>					
Plant and Machinery	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
Fixtures and Fittings	1.007,83	16.169,65	0	0	17.177,48
	<b>1.007,83</b>	<b>16.169,65</b>	<b>0</b>	<b>0</b>	<b>17.177,48</b>
<b>Net Total Tangible Assets</b>	<b>11.205,64</b>	<b>66.928,57</b>			<b>45.794,88</b>

## 9. INTANGIBLE ASSETS 2009

Opening	Additions	Transfer	Disposals	Period end	
Leasehold improvements	0	12.626,50	0	0	12.626,50

Other intangible assets	0	12.759,60	0	0	12.759,60
		25.386,10			25.386,10
<b>Accumulated Amortization</b>					
Leasehold improvements	0	3.156,62	0	0	3.156,62
Other intangible assets	0	2.315,60	0	0	2.315,60
		5.472,22			5.472,22
<b>Net Total Intangible Assets</b>					<b>19.913,88</b>

#### 10. NEXT YEARS PROFITS AND LOSS

Company has completed the Project and delivered but (Motorola Company- Customer kept the non-invoiced payment as security deposit) did not invoice yet than decelerated as income. The work done has been measured using proportionate method system and includes profits. This has been shown as accrued income in the statement.

	<b>2009</b>	<b>2008</b>
Expense Accruals	0	144,22
Income Accruals	197.107,99	0
<b>Total</b>	<b>197.107,99</b>	<b>144,22</b>

#### 11. TRADE PAYABLES

	<b>2009</b>	<b>2008</b>
Trade payables	550.511,56	25.636,64
<b>Total</b>	<b>550.511,56</b>	<b>25.636,64</b>

Less than 6 months 277.526,00 TL and more than 6 months 272.985,56.-TL for year 2009.

#### 12. OTHER PAYABLES

	<b>2009</b>	<b>2008</b>
Due to Shareholders	330.362,09	19.450,50
Due to Personnel	19.882,60	6.071,25
Other liabilities	268.316,04	319.104,58
<b>Total</b>	<b>618.560,73</b>	<b>344.626,33</b>

All other payables are less than 6 months.

#### 13. TAXES AND FUNDS PAYABLE, CURRENT CORPORATE TAX

	<b>2009</b>	<b>2008</b>
Taxes and funds payable	23.765,44	23.551,33
Current corporate tax	93.947,24	17.592,64
Prepaid taxes and funds (-)	(86.966,68)	0
<b>Total</b>	<b>30.746,00</b>	<b>41.143,97</b>

#### TAXATION ON INCOME

##### **Corporate Tax**

NUTEK is subject to Turkish corporation taxes. Corporation tax is applied on taxable corporate income which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 01.01.2006. Corporation tax rate of the fiscal year 2009 is 20%. Corporation tax is payable at a rate of 20% on the total income of NUTEK after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance,

etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8 % on the investment incentive allowance utilized within the scope of the Income Tax Law Transitional Article 61).

<b>Current Tax Payable:</b>	<b>2009</b>	<b>2008</b>
Current corporate tax	93.947,24	17.592,64
Less: Prepaid taxes and funds	(86.966,68)	0
	<b>6.980,56</b>	<b>17.592,64</b>

Corporations calculate advance corporate income tax quarterly at the effective corporate income tax rate on their corporate income and declare it until the 10th day and pay it on the 17th day by the second month following each calendar quarter end. Advance corporate income tax rate is 20% for the year 2009. Advance corporate income tax paid within the current year offset against corporate income tax calculated over the year-end corporate income and relevant tax return is filed in the following year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns regarding the previous fiscal period from the beginning to the 25th of April every year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

#### ***Income withholding tax***

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid to real person or legal entities are subject to income withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The rate of income withholding tax was applied as 10% starting from 24 April 2003 until 23 July 2006. The rate of income withholding tax was increased to 15% to be in effect as of 23 July 2006 by the Council of Ministers Decision No. 2006/10731 imprinted in the Official Gazette on 23 July 2006, amending Article 94Ih of the Income Tax Code.

#### ***Deferred Tax***

Firms recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purpose.

Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (The rate is 30% for the companies using the investment allowance as deduction from the corporate tax base after 1 January 2006).

In the previous years, difference between net book values of indexed fixed assets and statutory fixed assets were treated as the temporary timing difference base and deferred taxes is calculate on this base.

Tangible assets, intangible assets, rediscount and retirement pay items use to calculate deferred taxes. Deferred tax base consists of the differences arising between the Ministry of Finance's application and IFRS's calculation principles relating to these items.

No deferred tax applications cause of no correction for IFRS.

#### **RETIREMENT PAY PROVISION**

Under Turkish law, firms required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age. The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the balance sheet date, subject to a maximum of TL 2.260,05 as of 01.01.2009-30.06.009. For the year 1999, IAS 19 (Revised) became applicable for the first time. Although not changing the fundamental principles involved, the revised standard made clearer the obligation to consider the issues related to accounting for a future benefit:

- An expected inflation rate and an appropriate discount rate should both be determined, the net of these being the real discount rate. This real discount rate should be used to discount future retirement payments to their present value at the balance sheet date.
- The anticipated rate of forfeitures should be considered.

The liability is not funded, as there is no funding requirement and there is no legality.

#### 14. SHAREHOLDERS' EQUITY AND LEGAL RESERVES

	<b>2009</b>	<b>2008</b>
Historical capital	525.000,00	525.000,00
Unpaid Capital (-)	-126.909,92	-500.000,00
Inflation adjustment	0	0
Restated capital	398.090,08	25.000,00
Capital reserves	0	0
Profit / Loss for the period	361.838,16	69.186,42
Previous years' losses/profits	69.186,42	0
<b>SHAREHOLDERS' EQUITY</b>	<b>829.114,66</b>	<b>94.186,42</b>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Company has no legal reserves.

#### 15. NET SALES

	<b>2009</b>	<b>2008</b>
Domestic sales	4.174.190,03	266.992,71
Export sales	491.583,45	0
Other revenues	2.600,00	400
Sales returns, Sales discounts (-)	(19.414,02)	0
<b>Total</b>	<b>4.648.959,46</b>	<b>267.392,71</b>

#### 16. COST OF SALES

	<b>2009</b>	<b>2008</b>
Cost of goods sold (Trade) (-)	(162.683,42)	0
Cost of services rendered (-)	(3.324.276,12)	(106.861,63)
<b>Total</b>	<b>(3.486.959,54)</b>	<b>(106.861,63)</b>

#### 17. OPERATING EXPENSES

	<b>2009</b>	<b>2008</b>
Marketing, sales and distributing expenses(-)	(348.501,45)	(5.174,16)
General Administrative Expenses (-)	(444.933,79)	(67.460,84)
<b>Total</b>	<b>(793.435,24)</b>	<b>(72.635,00)</b>

**18. OTHER INCOME / (EXPENSE)**

	<b>2009</b>	<b>2008</b>
Rediscount Interest gain	0	0
Exchange gain	518.042,64	19.521,57
Exchange losses	(447.913,96)	(20.638,60)
Other income and profits	17.092,04	0,01
<b>Total</b>	<b>87.220,72</b>	<b>-1.117,02</b>

**19. FOREIGN CURRENCY POSITION 2009**

<b>USD</b>	<b>EURO</b>	<b>TL</b>	Liquid Assets (*)
187.862,05	0	318.649,74	Trade receivables
215.590,88	0	363.917,41	
<b>Total</b>	<b>404.364,43</b>		<b>682.567,15</b>
Financial Liabilities	0	0	0
Trade Liabilities	158.955,00	0	268.316,04
<b>Total</b>	<b>158.955,00</b>	<b>0</b>	<b>268.316,04</b>
<b>Net foreign currency position</b>	<b>245.409,43</b>	<b>0</b>	<b>414.251,11</b>

(\*)Rate of Exchange ratio has been wrong taken TL 1.69619 = \$1,. actual rate of Exchange TL 1,6880=\$1 ended 31.3.2009.

## NUTEK (HK) PRIVATE LIMITED

( formerly known as “ TIMES TREASURE TECHNOLOGY LIMITED”)

### Director’s Report

The directors have pleasure in submitting their first report together with the audited financial statements for the period from 8<sup>th</sup> August 2008 ( date of incorporation) to 31<sup>st</sup> March 2009

#### **Principal Activities**

The Principal activities of the company are that of exports and imports.

#### **Change of the Company’s Name**

By Special Resolution passed at extraordinary general meeting on 23<sup>rd</sup> October, 2008 , the Company changed its name from Times Treasure Technology Limited to Nu Tek (HK) Private Limited

#### **Results and Appropriation**

The results of the company for the period from 8<sup>th</sup> August 2008 (date of incorporation) to 31<sup>st</sup> March 2009 and the state of the company’s affairs at that date are set out in the annexed financial statements.

The directors do not recommend any payment of dividend for the period.

#### **Reserves**

No transfer to reserve has been made or proposed for the period.

#### **Share Capital**

Details of share capital of the company are set out in note 13 to the financial statements.

#### **Directors**

The Directors who held office during the period and up to date of this report were:

Sharma Inder	(Appointed on 29 <sup>th</sup> September 2008 )
Sirpaul Vineet	(Appointed on 29 <sup>th</sup> September 2008 )

There being no provision in the company’s Articles of Association for rotation, all directors shall continue in office.

#### **Directors Interest in Contracts**

As more fully described in notes 11 and 12 to the financial statements, the company made advances to and from related parties.

Apart from above, no contracts of significance in relation to the company’s business to which the company or its holding company was a party, and in which any director had a material interest, whether directly or indirectly subsisted at the end of the period or at any time during the period.

At no time during the period was the company or its holding company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares, in, or debentures of, the company or any other body corporate.

#### **Management Contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existing during the period.

#### **Auditors**

The financial statements have been audited by Messrs. Chui Lai & Co., Certified Public Accountants who retire and being eligible , offer themselves for re-appointment.

On behalf of the Board

Chairman

*Hone Kong, 15<sup>th</sup> June 2009*

## **Independent Auditor's Report**

We have audited the financial statements of Nu Tek (HK) Private Limited set out on pages 5 to 14, which comprise the balance sheet as at 31st March 2009 then ended, and a summary of significant accounting policies and other explanatory notes.

### **Director's responsibility for the financial statements.**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit, and to report our report solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true for fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2009 and of its profit and cash flows for the period from 8th August 2008 (date of incorporation) to 31st March 2009 then ended in accordance with Hong Kong Financial Reporting Standard and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

CHUI, LAL & CO  
Certified Public Accountants (Practising)  
Hong Kong, 15th June 2009



**Balance Sheet**  
**as at 31st March 2009**

	Note	HK\$
<b>Current assets</b>		
Trade receivables	8	1,894,274
Trade deposits paid	8	667,559
Cash and cash equivalents	9	1,587,539
		4,149,372
<b>Current Liabilities</b>		
Trade payables	10	3,010
Accrued expenses	10	45,698
Amount due to ultimate holding company	11	136,270
Amount due to director	12	640,031
		825,009
<b>NET ASSETS</b>		<b>3,324,363</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	13	10,000
Retained profits		3,314,363
<b>TOTAL EQUITY</b>		<b>3,324,363</b>
Director	Director	

**Income Statement**

**For the Period from 8th August 2008 (Date of Incorporation) to 31st March 2009**

	Note	HK\$
Turnover	4	8,854,707
Cost of sales		(5,330,384)
Gross profit		3,534,323
Other revenue	4	5,817
Administrative expenses		(215,777)
Profit before taxation	5	3,314,363
Taxation	7	-
Profit for the period		3,314,363

**Statement of Changes in Equity**

**For the Period from 8th August 2008 (Date of Incorporation) to 31st March 2009**

	Note	Share capital HK\$	Retained profits HK\$	Total HK\$
Issue of shares	13	10,000	-	10,000
Profit for the period		-	3,314,363	3,314,363
At 31 March 2009		10,000	3,314,363	3,324,363

### **Cash Flow Statement**

**For the Period from 8th August 2008 (Date of Incorporation) to 31st March 2009**

	HK\$
CASH FLOW FROM OPERATING ACTIVITIES	
<b>Profit before taxation</b>	3,314,363
Adjustments for:	
Interest income	(1,805)
Operating profit before changes in working capital	3,312,558
<b>Changes in working capital :</b>	
Trade receivables	(1,894,274)
Trade deposits paid	(667,559)
Trade deposits received	3,010
Amount due to holding company	136,270
Accrued expenses	45,698
Amount due to a director	640,031
CASH GENERATED FROM OPERATIONS	1,575,734
Interest received	1,805
NET CASH INFLOW FROM OPETATING ACTIVITIES	1,577,539
FINANCING ACTIVITIES	
Issue of shares	10,000
NET CASH INFLOW FROM FINANCING ACTIVITIES	10,000
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CARRIED FORWARD	1,587,539
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	

Cash and bank balances

The notes on pages 9 to 14 form an integral part of these financial statements.

## **Notes to the Financial Statements**

### **For the Period from 8th August 2008 (Date of Incorporation) to 31st March 2009**

#### **1. Reporting Entity**

Nu Tek (HK) Private Limited is a company incorporated in Hong Kong with limited liability. The company's registered office is located T, 1st Floor, Mau Lam Commercial Building, 16-18 Mau Lam Street, Jordan, Kowloon. Hong Kong.

#### **2. Basis Of Preparation**

The financial statements of the company have been prepared in accordance with all applicable Hong Kong Accounting Standards (HKASs) and Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute Certified Public Accounts (HKICPS), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention and are presented in H. K. dollars.

The presentation of financial statements in conformity with HKFRSs require management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets liabilities, income and expenses. judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in next year are discussed in note 15.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the period and which have been adopted in these financial statements.

HKAS 1 (Revised) Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009)

The directors anticipate that the application of these standards will have no material impact on the results and the financial position of the Company.

#### **3. Principal accounting policies**

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements.

##### **a. Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables, The amount of the allowances is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

##### **b. Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents represent cash and bank balances, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents.

##### **c. Impairment of assets**

At each balance sheet date, the company reviews internal and external of information to determine the carrying amounts of its property, plant and equipment have suffered an impairment loss or impairment

loss previously recognized no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognized in prior years. Reversal of impairment loss is recognized as income immediately.

d. Payable and accruals

Payables and accruals are recognized initially at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case stated at cost.

e. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:-

- (i) Sales of goods are recognized when the goods are delivered and the title has been passed to customers.
- (ii) Interest income is recognized on a time proportion basis taking into account the principal outstanding and at the interest are applicable.

f. Taxation

Income tax comprises current and deferred tax: Income tax is recognized in the income statement or in equity if it relates to times that are recognized in the same or a different period, directly in equity.

Current tax is the excepted tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Differed tax is provided, using the liabilities method, on all temporary difference at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. Tax rates enacted or subsequently enacted by the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are provided in full on all temporary differences while deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

g. Foreign currency transaction

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong dollars using exchange rates applicable at the balance sheet date. Gains and losses on foreign exchange are recognized in the income statement.

h. Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of

economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

i. **Related parties**

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4. **Turnover and Revenue**

Turnover represents the total invoiced value of goods supplied to customers less return and discounts.

An analysis of the company's revenue is as follows:

	HK\$
Sales	8,410,200
Other Revenue	
Consultancy Income	444,507
Interest Income	1,805
Dividend Income	450,324
	<b>8,860,524</b>

5. **Profit Before Taxation**

Profit before taxation is stated after charging & (crediting) the followings:

	HK\$
Cost of Inventories sold	5,330,384
Audit Fee	12,000
Interest Income	1,805
Dividend Income	4,012

6. **Director Emoluments**

Directors' emoluments disclosed pursuant to Section 161 of the Companies Ordinance are as follows:

	HK \$
Fees	-
Other emoluments	-
	-

7. **Taxation**

- a. No provision for Hong Kong profits tax has been made in the financial statements as the Directors consider that all the company's operation activities are performed outside Hong Kong. Accordingly the company's profit is not subject to Hong Kong profits tax for the period.

There were no unprovided deferred tax liabilities at the balance sheet date.

- b. Reconciliation between tax expense and accounting profit at applicable tax rate

	HK\$
Profit before taxation	3,314,363
Normal tax at a tax rate of 16.5%	546,870
Profit not subject to taxation	(546,870)
Actual Tax Expenses	-

8. **Receivables and Deposits**

The company's receivables and deposits are non-interest bearing and their carrying amounts approximate to their fair values.

9. **Cash and Cash Equivalents and Pledged Bank Balances**

	HKS
Cash and Bank balances in the balance sheet	1,587,539
Cash and cash equivalents in the cash flow statements	<b>1,587,539</b>

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.

10. **Payables, Accruals and Other Liabilities**

The company's payables, accruals and other liabilities are non-interest bearing and their carrying amounts approximate to their fair values.

11. **Amount Due to Ultimate Holding Company**

The amount due to ultimate holding company is unsecured, interest free and has no fixed repayment terms and its carrying amount approximates to its fair value.

12. **Amount Due to a Director**

The amount due to a director is unsecured interest free and has no fixed repayment terms and its carrying amount approximates to its fair value

13. **Share Capital**

Authorised issued and fully paid	HKS
10,000 ordinary shares of HK\$1 each	10,000

The company was incorporated with an authorized share capital of HK\$ 10,000 divided into 10,000 ordinary shares of HK\$1 each. 1 ordinary shares of HK\$ 1.00 was issued to the subscriber at par for the incorporation of the company.

By an ordinary resolution passed on 29th September 2008, the company allotted 9,999 ordinary shares of HK\$1.00 each at par making up the total issued capital of the Company to HK\$10,000 for the purpose of providing working capital. These shares rank pari passu with the existing shares.

14. **Financial Risk Management**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

a. Foreign currency risk

The company has minimal exposure to foreign currency risk as the majority of sales and particulars are denominated in U.S. Dollars which are linked up with Hong Kong Dollars.

b. Credit risk

The company trades only with credit worthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the company's exposure to bad debts is not significant.

The credit risk of the company's other financial assets, which comprise cash and cash equivalents, other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

c. Liquidity risk

Taking into account of the fact that the company is operating profitable and the holding company will continue financial support to the company as and when required, there is no liquidity risk exposure>

The company will consistently maintain a prudent financing policy and ensure that it sufficient cash and credit lines to meet its liquidity requirements.

d. Interest rate risk

The Company's cash flow interest rate risk is the impact of rate changes on interest bearing financial assets. Interest Bearing financial assets are mainly balances with banks which are all short term in nature. Also the company has no other significant interest -bearing liabilities. The company's income and operating cash flows are substantially independent of changes in market interest rates.

e. Fair values

For value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The fair value of receivables, payables and accruals with no specific maturity is assumed to be the amount repayable on demand at the balance sheet date.

The carrying amounts of significant current financial assets and liabilities in the balance sheet approximate to their respective fair value as at 31st March 2009 due to the nature or short-term maturity of these instruments.

15. **Accounting Judgement and Estimates**

There are no significant effects on amounts recognized in the financial statements arising from the judgement or estimates used by the company.

There is no significant risk of a key assumption concerning the future and other key sources of estimation at the balance sheet date which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

16. **Capital Management**

The Company's equity capital management objectives are to safeguard the company's ability to continue as a going concern and to keep the total amount of capital and reserves at a low level relative to the company's operation. To meet these objectives, the company manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, and raising or repayment/debts as appropriate.

The company's equity management strategy was to maintain a low level of capital and reserves.

17. **Related Party Transactions**

In addition in the transactions and balances detailed elsewhere in these financial statements, the company had the following transactions with related parties

	US \$
Goods purchased from holding company	17,565

18. **Ultimate Holding Company**

The directors consider the ultimate holding company is Nu Tek India Limited a company incorporated in India.

19. **Approval of Financial Statements**

These financial statements were authorized to be issued by the Company Board of Directors on 15th June 2009.

**NU TEK INDIA LIMITED****Notice**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of NU TEK INDIA LIMITED will be held at Paharpur Business House, Nehru Place, New Delhi- 110019 on Wednesday, the 9<sup>th</sup> day of September, 2009 at 11.30 A.M. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date along with the Annexure thereto and the reports of Auditors and Directors thereon.
2. To consider and if thought fit declare final dividend on the equity shares for the years ended on 31<sup>st</sup> March, 2009.
3. To appoint auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Vinod Kumar & Associates, Chartered Accountants, the retiring auditors are eligible for reappointment.
4. To appoint a Director in place of Mr. Sandeep Bedi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Vishal Jain, who retires by rotation and being eligible offers himself for reappointment.

**SPECIAL BUSINESS**

1. To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

“RESOLVED THAT Mr. Sachin Mehra, who was appointed as additional director by the Board of Directors pursuant to the Section 260 of the Companies Act, 1956 read with the Articles of the Article of Association of the Company, whose term as director is expiring at the commencement of annual general meeting be and is hereby appointed as director of the Company, liable to retire by rotation in accordance with provisions of Section 257 of the Companies Act, 1956 and all other applicable provisions.”

2. To consider and if though fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with schedule XIII as amended the overall limit of the remuneration to be paid to Mr. Vineet Sirpaul be and is hereby increased from Rs.16,00,000/- to Rs.50,00,000/- per annum with effect from 1<sup>st</sup> April, 2008, which also includes the yearly increments to be given to him and Mr. Inder Sharma, Chairman and Managing be and is hereby authorized to fix any remuneration between Rs.16,00,000/- to Rs.50,00,000/- per annum. In case of loss Mr. Vineet Sirpaul will be entitled to get salary of Rs.20,00,000/- per annum. In no case he will get salary of more than Rs.50,00,000/- without getting a fresh approval from the members in their meeting. The maximum permissible salary structure would be as follows:

Basic Salary	Rs.20,00,000/- per annum
Perquisites	Rs.20,00,00/-per annum
Others	Rs.10,00,000/-per annum

BY THE ORDER OF THE BOARD  
FOR NU TEK INDIA LIMITED

DATE: 20<sup>th</sup> June, 2009  
PLACE- NEW DELHI

COMPANY SECRETARY &  
COMPLIANCE OFFICER



**NOTES: -**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be valid and effective must be delivered at the registered office of the company not later than forty-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Book will remain closed from 31<sup>st</sup> August, 2009 till 9<sup>th</sup> of September, 2009 (both days inclusive) in the terms of provisions of Section 154 of the Companies Act, 1956 and clause 16 of the Listing Agreement with Stock Exchanges.
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members having shares in physical form are requested to notify change in their address to the Company's Registrar and Share Transfer Agent M/s Aarathi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad- 500029. Ph. 040-27638111, 27634445, 27642217. Members holding shares in electronic form are requested to notify changes in their address to their depository participant.
5. Since the Company's share are in compulsory demat trading, to ensure better services and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.
6. To avail the facility of Nomination, the members may write to the Company for obtaining the nomination form.
7. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting is annexed herewith and forms part of the notice.

BY THE ORDER OF THE BOARD  
FOR NU TEK INDIA LIMITED

DATE: 20<sup>th</sup> June, 2009  
PLACE - NEW DELHI

COMPANY SECRETARY &  
COMPLIANCE OFFICER

**Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956**

**Special Business:-**

**ITEM NO. 1**

Mr. Sachin Mehra who was appointed as Additional Director of the Company by the Board at its meeting held on 30<sup>th</sup> October, 2008. He is a Bachelor in Computer Science. He is having vast knowledge and experience as he is holding Directorship in Listed as well as unlisted Companies. His term of office as director is being expired at the commencement of ensuing annual general meeting. The Board recommends his appointment as regular director of the company, liable to retire by rotation, to get benefit of his experience in exploring the vistas of the company business.

None of the Directors except Mr. Sachin Mehra is interested anyway in the proposed resolution.

**ITEM No. 2**

Mr. Vineet Sirpaul is the Whole Time Director of the Company. He was appointed at said position with effect from the 17<sup>th</sup> May, 2006 by the Board and the members approved the same at their meeting held on 16<sup>th</sup> August, 2006. Keeping in mind, the performance of Mr. Vineet Sirpaul as Whole Time Director of the Company, the Board on the recommendation of the Remuneration Committee has approved on 30<sup>th</sup> October, 2008, the aforesaid increase in his remuneration. The resolution if passed would empower Mr. Inder Sharma, the Chairman and Managing Director to fix the remuneration of Mr. Vineet Sirpaul, anything between Rs.16,00,000/- to Rs.50,00,000/- per annum and also to fix the annual increment between the aforesaid limit. However in no case Mr. Vineet Sirpaul would be eligible for getting anything above Rs.50,00,000/- without a fresh approval of the members.

None of the Directors except Mr. Vineet Sirpaul is deemed to be interested in the resolution.

**Details of the directors seeking appointment/reappointment in forth coming Annual General Meeting:**

<b>Name of the Director</b>	Mr. Sandeep Bedi	Mr. Vishal Jain	Mr. Sachin Mehra
<b>Date of Birth</b>	29 <sup>th</sup> April, 1973	14 <sup>th</sup> June, 1973	12 <sup>th</sup> May, 1972
<b>Qualification</b>	B.E. in Computer Engineering	B.E Electronics & Communication, PGDBM (finance)	Bachelor in Computer Science
<b>Expertise</b>	He has 13 years of experience in Electronics and Telecom field. He started his career as System Analyst in TCS Ltd in April, 1994 and has worked in senior position with EDS, IBM, Keane India Ltd., Genpact Software and Agilent Technologies (as India Head -E Business Division). Presently he is working as Associate director of COLT Telecom responsible for transition, solutions, program management and global delivery.	Experience in investment management and investment banking having good knowledge of corporate governance and expert of finance. He was awarded Silver medal for being national top performer in ICFAI, Hyderabad. He completed his MBA from National University of Singapore and Columbia Business School together. He started his corporate life in the year 2000 with Apple Computers in Singapore as project team leader. He joined DSP Merrill Lynch in the advisory capacity in 2001. There he was handling projects on client asset investments of US \$350MM.	He is having vast knowledge and experience in good corporate governance as he is director on the Board of listed as well as unlisted companies. He has been appointed as additional director by the Board on 30 <sup>th</sup> October, 2008.
<b>List of other Directorship</b>	NIL	CINESPRITE INDIA LIMITED	1. CRAYONS INTERACTIVE MEDIA PVT. LTD., 2. INVENTUM TECHNOLOGIES PVT. LTD. 3. ENABLIIEER BACK OFFICE TECHNOLOGIES PVT. LTD. 4. DIGITAL I N T E R A C T I O N SOFTEKAXE LIMITED 5. MEGA INFOTEL PVT. LTD. 6. MEGA CABS LTD. 7. MEGA HOLIDAYS LTD. 8. MEGA CORPORATION LTD.
<b>Chairman/member of the Committees of the Board of the Company</b>	Audit Committee and Remuneration Committee	Audit Committee and Remuneration Committee	Shareholder Grievances Redressal Committee
<b>Number of share held</b>	-	-	-

None of the Directors except Mr. Sandeep Bedi, Mr. Vishal Jain and Mr. Sachin Mehra are interested any way in the proposed resolution.

BY THE ORDER OF THE BOARD  
FOR NUTEK INDIA LIMITED

DATE: 20<sup>th</sup> June, 2009  
PLACE- NEW DELHI

COMPANY SECRETARY &  
COMPLIANCE OFFICER



**NU TEK INDIA LIMITED**  
**Regd. Off.:- B-14A, Devika Tower, Nehru Place, New Delhi-110019**

**PROXY FORM**

(Pursuant to the provisions of Section 176 (6) of the Companies Act, 1956)

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member / members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our proxy to vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on 9<sup>th</sup> day of September 2009 and at any adjournment thereof.

Affix 1 Rs/- Stamp
--------------------------

Signed this ..... Day of ..... 2009

Name of Member/ Members: \_\_\_\_\_  
 Folio No :- \_\_\_\_\_  
 Nos of Share held : \_\_\_\_\_ ( from \_\_\_\_\_ to \_\_\_\_\_ )

\_\_\_\_\_  
 The 16<sup>th</sup> Annual General Meeting  
 NU TEK INDIA LIMITED  
 B-14A, Devika Towers,  
 Nehru Place, New Delhi- 110019

I/We \_\_\_\_\_ resident of \_\_\_\_\_ dist \_\_\_\_\_  
 \_\_\_\_\_ having \_\_\_\_\_ number of shares  
 of Rs.10 each folio number \_\_\_\_\_ /DP ID number \_\_\_\_\_ Client  
 ID number \_\_\_\_\_ record my presence in the 16<sup>th</sup> Annual General Meeting of

Company NU TEK INDIA LIMITED, held at Paharpur Business Centre, Nehru Place, New Delhi- 110019 on 09<sup>th</sup> September, 2009 at 11.30 A.M.

Signature of Member/Proxy  
 Name of the Member/Proxy



# BOOK POST



*If undelivered please return to:*

**NU TEK INDIA LIMITED**

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