

JULY 25th, 2008

RATING B+

IPO NOTE

ISSUE DETAILS*

Price Band: Rs.170 to Rs.192

Issue Opens on July 29, 2008

Issue Closes on Aug. 01, 2008

*Price to be discovered through book-building route.

POST ISSUE SHAREHOLDING

Share Holder	%
Promoters & Promoters Group	42.42
Public*	57.58
TOTAL	100.0

* includes eligible employees.

BASIC OF ALLOTMENT

Allotment	%
Qualified Institutional Buyers	48.9
Non-Institutional Buyer	14.7
Retail Bidders	36.4

LISTING

The Bombay Stock Exchange
 The National Stock Exchange

LEAD MANAGER

SPA Merchant Bankers Ltd.
 India Infoline Ltd.

ANALYST

Saurabh Modi

saurabh.modi@sushilfinance.com

+91 22 4093 5048

SALES

Hemendra Shah/Haridas M.

hemendra.shah@sushilfinance.com

haridas.mooriyath@sushilfinance.com

+91 22 4093 4101

Public issue of 4,500,000 equity shares of Rs. 10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●]. The issue consists of a fresh issue of 3,500,000 equity shares & an offer to sale of 1,000,000 equity shares by Yamini Suppliers Pvt. Ltd. The issue comprises a net issue to the public of 4,400,000 equity shares of Rs.10 each & a reservation of 100,000 equity shares of Rs.10 each for eligible employees. The net issue will constitute 25.49% of the fully diluted post-issue paid-up capital.

COMPANY OVERVIEW

NU TEK India Ltd. (NIL) was incorporated in 1993, providing services across the telecom value chain i.e. to services providers, equipment manufacturers and infrastructure leasing companies. NIL is lead by qualified and experienced management team headed by Mr. Inder Sharma (Chairman & MD), a BE Electronics and Communication Engineer (from North Carolina State University, USA).

HIGHLIGHTS

- With a strong presence in North India, NIL has offices across seven cities in India and had executed projects in all the 23 telecom circles in India. NIL has a strong base of 1083 employees who have gained experience over the years.
- NIL covers entire telecom value chain providing full turnkey infrastructure roll out services, telecom equipment implementation & commissioning solutions, technical support services and operations & maintenance services to its niche clientele across the telecom industry.
- NIL is catering to the fast growing Indian telecom market. The Indian telecom wireless industry which is adding on an average around 8 mn subscribers every month for the past one year has a tele-density of close to 29% as of June 2008. As per TRAI, there are 326 mn telecom subscribers as of June 2008 comprising of 287 mn wireless subscribers and 39 mn wire line subscribers.
- NIL has a strong order book of Rs.1750 mn that includes a wide range of projects. The project cycle is generally between 5-6 months. However, due to longer project cycles, its debtors' days has been on a higher side at 180 days.
- The Company intends to use the proceeds of the issue, for capital expenditure which includes various testing equipments, laptops and transport vehicles (Rs. 236 mn), to fund the planned inorganic growth strategy by means of overseas acquisitions (Rs. 210 mn), to augment long term working capital resources (Rs. 440 mn) and towards general corporate purposes.
- NIL has reported strong financial growth over the past four year with Revenues, EBITDA and APAT growing at a remarkable CAGR of 42%, 70% and 59% respectively. NIL enjoys healthy EBITDA and APAT margins of 32.6% and 22.3% respectively for FY08.
- During FY08, it's Revenues, EBITDA and APAT stood at Rs.951.6 mn, Rs.310.2 mn and Rs.212.7 mn respectively. Based on FY08 EPS of Rs. 12.3 (on post issue fully diluted equity), at the upper-end (Rs.192) of the price band, the issue is priced at 15.6x & at the Lower-end (Rs. 170) of the price band, the issue is priced at 13.8x, which we believe is quite attractive and hence assign a "B+" Rating to the IPO.

PROFIT & LOSS STATEMENT

(Rs.mn)

Y/E March	FY08	FY07	FY06	FY05
Total Income	951.6	635.7	469.1	304.5
% Ch. YoY	49.7	35.5	54.0	31.7
Project Costs	481.7	281.5	249.8	116.4
% Ch. YoY	71.1	12.7	114.6	73.1
% STO	50.6	44.3	53.2	38.2
Employee Costs	131.3	125.7	92.3	82.9
% Ch. YoY	4.4	36.2	11.3	17.7
% STO	13.8	19.8	19.7	27.2
SG&A	28.5	20.3	35.5	48.2
% Ch. YoY	40.1	(42.7)	(26.4)	(14.7)
% STO	3.0	3.2	7.6	15.8
Total Expenditure	641.4	427.5	377.5	247.5
% Ch. YoY	50.0	13.3	52.5	27.5
% STO	67.4	67.3	80.5	81.3
EBITDA	310.2	208.2	91.6	57.0
% Ch. YoY	49.0	127.3	60.6	54.1
% Margin	32.6	32.7	19.5	18.7
Interest	13.9	4.2	3.6	1.9
% Ch. YoY	230.6	16.6	90.0	72.7
% of STO	1.5	0.7	0.8	0.6
EBDTA	296.3	204.0	88.0	55.1
% Ch. YoY	45.3	131.8	59.5	53.5
% Margin	31.1	32.1	18.8	18.1
Depreciation	8.8	6.4	4.1	2.9
% Ch. YoY	39.1	53.4	45.3	14.5
% of STO	0.9	1.0	0.9	0.9
PBT excl. OI	287.5	197.6	83.8	52.3
% Ch. YoY	45.5	135.7	60.3	56.4
% Margin	30.2	31.1	17.9	17.2
Other Income	15.4	2.3	16.6	12.3
% Ch. YoY	558.5	(85.9)	34.3	(1.0)
% Margin	1.6	0.4	3.5	4.0
PBT incl OI	302.9	199.9	100.4	64.6
% Ch. YoY	51.5	99.2	55.4	40.8
% Margin	31.8	31.5	21.4	21.2
Tax	90.2	84.1	49.5	10.0
% Ch. YoY	7.3	69.8	394.0	(20.6)
% of PBT	29.8	42.0	49.3	15.5
APAT	212.7	115.9	50.9	54.6
% Ch. YoY	83.5	127.7	(6.8)	64.1
% Margin	22.3	18.2	10.8	17.9

Source: RHP

BALANCE SHEET STATEMENT

(Rs.mn)

As on 31 st March	FY08	FY07	FY06	FY05
SOURCES OF FUNDS				
Share Capital	137.6	116.6	116.6	0.5
Reserves & Surplus	727.5	239.3	126.6	149.3
Shareholders Equity	865.1	355.9	243.2	149.8
Preference Share Cap.	-	56.0	-	-
Net Worth	865.1	411.9	243.2	149.8
Secured Loans	65.4	35.8	7.0	18.0
Unsecured Loans	30.0	30.0	45.0	-
Total Loan Funds	95.4	65.8	52.0	18.0
Capital Employed	960.4	477.7	295.2	167.8
APPLICATION OF FUNDS				
Gross Block	68.5	41.3	33.5	26.0
Less: Depreciation	28.7	20.1	14.6	11.0
Net Block	39.8	21.2	18.9	15.0
Fixed Assets	39.8	21.2	18.9	15.0
Investments	122.1	1.0	1.4	82.0
Sundry Debtors	471.7	115.3	97.0	125.4
Cash & Bank Balances	64.2	44.4	48.8	40.2
Project for customers	499.2	470.0	258.5	13.7
Loans & Advances	188.4	91.3	29.0	18.2
Curr Asst, Lns. & Adv	1,223.5	721.0	433.3	197.4
Curr Liabilities	335.3	179.5	119.8	115.5
Provisions	100.1	89.2	38.4	11.0
Curr Liab & Prov	435.4	268.7	158.2	126.5
Net Current Assets	788.1	452.3	275.1	70.9
Net Deferred Tax	10.4	3.2	(0.2)	(0.2)
Total Assets	960.4	477.7	295.2	167.8

Additional information with respect to any securities referred to herein will be available upon request.

This report has been prepared for information purposes only and is not a solicitation, or an offer, to buy or sell any security. It does not purport to be a complete description of the securities, markets or developments referred to in the material. The information on which the report is based has been obtained from various sources (including the draft prospectus, subject to change in the final prospectus). Which we believe to be reliable, but we have not independently verified such information and we do not guarantee that it is accurate or complete. All expressions of opinion are subject to change without notice.

Sushil Financial Services Private Limited, and its connected companies, and their respective directors, officers and employees (to be collectively known as SFSP), may, from time to time, have a long or short position in the securities mentioned and may sell or buy such securities. SFSP may act upon or make use of information contained herein prior to the publication thereof.

Rating Scale:	A+ Excellent	B+ Good	C+ Below Average
	A Very Good	B Average	C Avoid

Rating Interpretation:	B+ and aboveInvestment Grade
	B and belowNon-Investment Grade

This document is for information purpose only. The information and recommendation made herein are from reliable sources and to the best of our knowledge. The publication is not responsible for any error therein, or for any loss or damages, arising to anyone from the use of information provided.

Please go through the Memorandum containing the salient features of the Prospectus before applying.