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CHAIRMAN'S MESSAGE

Dear Shareholders,

We take great pleasure in presenting our performance for FY 2009. Our dynamic and evolving business model has enabled us to report yet another successful year, financially as well as operationally. We have witnessed a strong growth in both, our top-line as well as our bottom-line and have taken significant steps to strengthen our infrastructure. As per Frost and Sullivan, Tulip has further consolidated its leadership position in the MPLS/IP VPN with a market share of 37.8% largely due to continued penetration and expansion in this segment. Subsequently, we have doubled our market share in the entire Enterprise Data Market to 12.7%. Growth in the coming years will be further driven by the optic-fiber roll out in key Central Business Districts (CBDs) across India which should enable us to significantly enhance our market share in the Enterprise Data Market, as well as help us become an end-to-end data connectivity provider.

During the year, we further expanded our last mile services in the wireless segment of MPLS/VPN. Our combination of a niche infrastructure in 1415 cities and high level of redundancy on all routes has helped us to achieve high uptimes, which has enabled us to consolidate our position as the country's largest wireless data network provider. We have witnessed a growth of 71.2% in the total number of connects which has increased to 200,641 as on 31 March 2009 from 117,176 connects as on 31 March 2008. Further, our customer base has also grown to 1,366. This has translated into buoyant financial performance during the year. In FY2009, revenues were higher by 32.4% at Rs. 16,144 million compared to Rs. 12,189.8 million last year. Our net profits also witnessed an increase of 33.8% at Rs. 2505.3 million from Rs. 1,872.7 million in



FY2008. Earnings per share were better at Rs. 75.47 from Rs. 56.41, implying a growth of 33.79%

Our performance in the Data Connectivity segment will provide impetus by the fiber roll-out in 10 key CBDs across India. This will enable us to address 100% of the Data Connectivity market which was earlier limited to VPN on wireless. We believe that

just by focusing on key CBDs, we will be able to service 90% of potential high revenue clients. Additionally, we will be able to provide services such as IPLC, DLC, Corporate Internet and VPN on fiber which would increase our addressable market by five fold. Not only does this initiative enhance our range of product offerings, but also leads us to significant cost savings. Our cost per unit of bandwidth leased in the cities has fallen considerably on account of bulk buying of bandwidth.

Tulip's aim is to fully engage its client by servicing their every data requirement. With this regard, we provide an entire gamut of products and services ranging from networking solutions, to data connectivity and other additional services such as data centers, remote infrastructure management (RIM) and other value added services. This provides Tulip with complete client accountability and allows all connectivity issues to be resolved within a short time frame. With this strategy and reach, we have been successful in acquiring clients from almost every industry vertical like banking, telecoms, retail, media, manufacturing, services, education, healthcare, utilities and government.

The fiscal year 2008-09 has seen Tulip's robust performance, primarily driven by the Enterprise Data Bandwidth segment. Growth in this segment was accompanied by addition of new clients as well as

continuing clients up scaling their bandwidth requirements.

This year has also seen the completion of first State Wide Area Network (SWAN) project. SWAN projects are based on government plans to create core common infrastructure to provide connectivity, National/State Data Centers for reliable and secured data and Common Service Centers for delivery of Services. Our project in Haryana and West Bengal are complete and inaugurated by the state government. SWAN project in Assam is close to completion, whilst Madhya Pradesh SWAN project is currently in the process of implementation. The potential from this sector is immense with regards to the data connectivity business by providing bandwidth to these projects. The Company is hopeful of acquiring the bandwidth business from such projects across India which will significantly add to our performance going forward.

During the year, Tulip expanded its Data Center services in Bangalore apart from its existing data centers and the managed services in Delhi and Mumbai. The Company was awarded the ISO 27001 certification for the Data Centers and Network Operation Centers demonstrating our commitment to provide secure and reliable services to our customers.

The combination of ever increasing demand for wireless connectivity and well implemented growth strategies, in terms of fibre roll-out, should assist us to maintain and improve performance going forward. We expect future growth to come through more focus in all geographies along with extending our reach to rural regions. The VPN segment, as reported by Frost Sullivan, is expected to grow at 43.2% CAGR and the Enterprise Data Market is expected to grow by 25.1% CAGR which we consider to be conservative given the rapid growth of the Indian economy and the increasing demand for connectivity. We believe the markets in which we operate will grow at a much faster rate.

Our endeavor is to continually adapt in line with technological changes and the changing demands of our clients and potential customers. In our quest to remain up-to-date and in-line with the latest technologies, we have already begun deploying WiMAX base stations with relative ease and minimal CAPEX. The replaced equipments continue to find its use in areas that require limited bandwidth at this stage, enabling greater utilization of physical assets.

Going forward, data connectivity will become increasingly important as the nation continues to grow at a rapid pace. With many companies looking for connectivity combined with various Central Government initiatives for rural development like National ID Card, NREG program etc., should provide adequate momentum to the Enterprise Data Market with Tulip as the prime beneficiary owing to its vast network connecting over 1415 cities, portfolio of product offerings and expertise in providing wireless network. This makes Tulip well poised to emerge as a major player in the Enterprise Data Market which should translate into strong earnings performance in the coming years.

Hereby, I take this opportunity, to thank all the share holders for their continued trust in the Board of Directors and the Management. I would also like to thank our customers and other business associates for their support and co-operation. The Company has been fortunate enough to have had focused leaders, committed and competent employees. I look forward to your continued support in the Company's exciting journey into the future.

Best Wishes

Lt. Col H.S. Bedi
Chairman and Managing Director

TESTIMONIALS

"We are happy and satisfied with the services we get from Tulip. Belonging to the media industry, our working is very critical all the times especially during the night hours. We always get prompt response from the team and within minimum lead time our problem has been resolved. I am much honored to say this, Tulip team is dedicated towards our support any and every time. Therefore, whenever we are in trouble, we always look upon Tulip."

NITIN TYAGI
MANAGER IT
AMAR UJALA PUBLICATIONS LTD.

★★★★★

"It is my pleasure to acknowledge Tulip about the services offered by them. I would like to take this opportunity to express my heartfelt thanks and appreciation to the team for their outstanding performance. The understanding of the problems and follow-ups to resolve each problem is noteworthy and the cooperation has proved to be outstanding. The support department has shown stability, despite intense pressure of complex cases. On behalf of my IT team, I sincerely appreciate Tulip's efforts and services from the past one and half years. The team has been managing the work very intelligently and I wish Tulip good future ahead."

NARENDER KUMAR
IT MANAGER, INFORMATION SYSTEMS
UCAL FUEL SYSTEMS

★★★★★

"I would like to state that, we are very satisfied with Tulip's services as well as the 24*7 NOC support offered. I am looking forward to the same support in the future too, so that we enhance our business productivity and responsiveness. In a nutshell, the services are good. We hope that Tulip will continue to work with the same zeal and enthusiasm in future also."

MANOJ MAURYA
AVP IT
ALVILINE CUMMINS LIMITED

★★★★★

"Punjab National Bank has achieved the milestone of 100% CBS. Despite all odds the bank achieved it before its corporate time schedule. The challenges were numerous in the state of Bihar on account of its vast, non homogenous terrain and non availability of requisite infrastructure. This achievement could be made only because of the whole hearted response from our support vendors. We would like to appreciate the contributions made by the team in Bihar. They understood bank's priorities, chalked out an action plan suitable for local conditions and rose to the occasion. Their responses have been truly appreciable, especially when we consider the unique infrastructural constraints. We look forward to get the best of support from them in future also. We wish them all the success in the years to come."

R RANJAN
GENERAL MANAGER
PUNJAB NATIONAL BANK

★★★★★

"I would like to take this opportunity to appreciate the services and coordination from Tulip's team, which is great & commendable. We hope that this would continue with extended support to satisfy the goals & objectives of the company."

MALAYA KUMAR BEHERA
MANAGED SERVICES OPERATION CENTER
RELIANCE COMMUNICATIONS LTD

★★★★★

"Tulip's services have been excellent; and the team has been very supportive; be day or night whenever we have had problems about internet & VPN, it was resolved within a short span. I would like to thank the team for their help and support in the VOIP, VPN and any network issues".

RAHUL TRIPATHI
IT PROJECTS
BHUSHAN STEELS

★★★★★

"Thanks a lot team, we are really grateful for your technical expertise and quick resolution. This is a great team effort and thank you for putting his best and delivering the desired result. Tulip team, we would like to bow down and say "THANK YOU SO MUCH" for good coordination and making it possible".

ANIL KUMAR. V
PROJECT MANAGER
WIPRO INFOTECH TOS MUMBAI

★★★★★

"We are really thankful to the the RF projects and the support team at the NOC for their 24*7 support. Every one gave us very good support to make the RF sites live and make the applications work fine".

VAIBHAV TULASKAR
KANSAI NEROLAC PAINTS LTD.(H.O.)

★★★★★

"We are genuinely and deeply appreciative of Tulip's 24*7 support, outstanding service provision and impressive diligence towards enabling our business plans. Thanks to the splendid and tireless efforts, we have been able to succeed in the year 2008-09 which was a time of great economic dynamism as well as turbulence. We were able to demonstrate exceptional resourcefulness, agility of response and technical finesse thanks to the unparalleled cooperation of our partners such as your organisation. We take pride in our partnership with your organisation. We invite you to collaborate, cooperate and co-create value along with us must focus to build together and to make our association mutually beneficial and synergistic".

TEAM CSO
SYNERGY, TATA COMMUNICATIONS

★★★★★

"I am happy with the implementation of internet at remote places in Pune and Nashik. I sincerely congratulate and thank Tulip teams for implementation of 2 Mbps (1:1) Internet bandwidth at our remote place in Nashik. Complete team worked with all enthusiasm and proper co-ordination to implement it at the given stipulated time. Once again I heartily congratulate and thank Tulip team".

LALIT BANSOD
IT MANAGER
COMSOLVE TECHNOLOGIES, PUNE

★★★★★

"We would like to thank Tulip for the support at the time of any crisis. More importantly, we are very glad to get the prompt response from your team. We have received regular updates and information from the Customer Relationship Team, which is very heartening. I would like to mention that Tulip's team as whole is doing a commendable job and have helped us sort out the critical issues faced by us. Thank you very much for all your support".

ABHIJIT DEY
MANAGER IT
ICI INDIA

★★★★★

"This is regarding the efforts Tulip's team has put forward together in solving the issues faced by us on a day to day basis. Your timely action has been very valuable and together with your coordination, our engineers could restore transmission with best possible time. I personally and also on behalf of Radio Mango, thank you and your team and appreciate your valuable efforts".

Wishing you all the best.

RENJIT SIMON
SENIOR MANAGER TECHNICAL
RADIO MANGO 91.9
MALAYALA MANORAMA

★★★★★

"This is our appreciation to Tulip's services. So far the services have been as desired, up to the mark and very prompt. Especially the projects people are very prompt in delivering the services and in an excellent manner. In nutshell Tulip services to us are very good and satisfactory so far".

SANJAY SHARMA
ASST. EXECUTIVE (IT)
AMTEK AUTO LTD

★★★★★

"We have good relationship with Tulip, Tulip is understanding the concern areas of Gati and accordingly providing the best-in-class solution. In the near future also, we can have many locations connected on Tulip's network, if the best solution is provided in a cost effective manner. I am getting good response and better feedback from Tulip's team related to RF connectivity, I hope Tulip would continue the same process to make the Gati network strong by their support".

LALIT KUMAR JHA
GATI

★★★★★

"We thank you for assigning a dedicated person for our support on a day to day basis. It is very tough job to book the call through the NOC number and tell the entire story again and again. Through the dedicated service it is easy way to solve our problem. This advance communication helps us to plan our down time and properly solve our the issues. We feel free to reach customer support team through direct numbers now. We hope same better services in future also. We are thankful to you for providing satisfactory service. There is one issue in NOC monitoring, We are satisfied with enterprise NOC service".

MANOJ ATTRI
JK PAPER

★★★★★

"Tulip is one of the best service providers, it is dedicated towards a good customer relationship programme. We are very much happy with the services and response received from NOC and I hope these commitments will continue".

SIRAJ-UL-HAQUE

HEAD IT

MIRZA INTERNATIONAL LIMITED, RED TAPE

★★★★★

"This is to appreciate the timely delivery of the 10 Mbps link and the subsequent configuration in our network as backup to international connectivity. The link has been implemented and is working fine. We are in the process of extending it for internet surfing access to India based users. Thanks for the support which came in timely. This will provide a very good backup for our connectivity requirements".

MAHESH DESHPANDE

SANDVIK ASIA LTD.

★★★★★

"We would like to thank you for your immediate implementation and follow-up actions. It is just because of your dedicated projects implementation team, that there has been no issue about our links, and they are working fine, up to our satisfaction. Also we are very much thankful to the entire projects team for their great and timely support. Expecting same support in future".

SUNIL SABLE

ZF INDIA LTD

★★★★★

MILESTONES

- **1992** Tulip was formed on 19th May, 1992 by the name of TULIP SOFTWARE PRIVATE LIMITED.
- **1994** Becomes a leading Software Products company in the country.
- **1995** Becomes a leading hardware equipment company of the country.
- **1997** Becomes a deemed public company by virtue of Section 43A of the Companies Act, 1956.
- **1999** Bags major Wide Area Networking Orders.
- **2002** Changes its name to TULIP IT SERVICES LIMITED.
- **2003** Changes its line of business and starts specializing in Wide Area Networking.
- **2004** Launches RURAL CONNECT under “Akshaya Project” at Mallapuram, Kerala.
- **2005**
 - Bags major orders for VPN connectivity for TulipConnect .
 - Tulip goes public through IPO raising Rs. 108 crores in December, 2005.
- **2006**
 - Gets listed at BSE & NSE with its share price touching all time high of Rs. 405/- in April, 2006.
 - Rolls out MPLS network in over 500 cities.
- **2007**
 - Bags first order for State Wide Area Network (SWAN) project of Haryana State.
 - Extended its MPLS/VPN network in over 800 cities.
- **2008**
 - Wins the State Wide Area Network (SWAN) projects of West Bengal and Assam.
 - Successfully places maiden FCCB issue of the company for USD 150 million.
 - Extended its MPLS/VPN network in over 1200cities.
 - First Tier III Data Centre of the company started its operation at New Delhi.
- **2009**
 - Data network reaches over 1415 locations in India.
 - National presence with over 2400 employees and over 1350 customers across India.
 - State Wide Area Network (SWAN) project in West Bengal close to completion. SWAN's in Assam & Madhya Pradesh under implementation.
 - In the process of completing its fourth Data Center in Bangalore. The other 3 data centers are in New Delhi, Mumbai and Navi Mumbai.
 - Awarded the ISO 27001 and ISO 20000:1 certifications for its Data Centres and Network Operations Centres.
 - The Company is in final stages of completion of its Fibre Network roll-out in Mumbai, Delhi, and 10 other Major cities and is currently in process of stabilizing fiber network operations by having complete ring networks in place.

CORPORATE PROFILE

BOARD OF DIRECTORS

Chairman & Managing Director

- ♣ Lt. Col. (Retd.) H. S. Bedi, VSM

Executive Directors

- ♣ Mrs. Maninder Bedi
- ♣ Mr. Deepinder Singh Bedi

Non - Executive Directors

- ♣ Ms. Sukhmani Bedi
- ♣ Mr. Chandrahas Kutty
- ♣ Mr. Rajesh Gulshan
- ♣ Lt. Gen. (Retd.) A.N.Sinha
- ♣ Col. Jasbinder Singh Rai
- ♣ Mr. Vinod Chander Sinha

BOARD COMMITTEES

Audit Committee

- | | | |
|----------------------------|---|-----------|
| ♣ Mr. Chandrahas Kutty | - | Chairman |
| ♣ Mr. Rajesh Gulshan | - | Member |
| ♣ Col. Jasbinder Singh Rai | - | Member |
| ♣ Mr. Vinod Chander Sinha | - | Member |
| ♣ Mr. Dinesh Kaushal | - | Secretary |

Shareholders / Investor Grievance Committee

- | | | |
|----------------------------|---|-----------|
| ♣ Mr. Chandrahas Kutty | - | Chairman |
| ♣ Mr. Rajesh Gulshan | - | Member |
| ♣ Col. Jasbinder Singh Rai | - | Member |
| ♣ Mr. Vinod Chander Sinha | - | Member |
| ♣ Mr. Dinesh Kaushal | - | Secretary |

Remuneration Committee

- | | | |
|----------------------------|---|-----------|
| ♣ Mr. Chandrahas Kutty | - | Chairman |
| ♣ Mr. Rajesh Gulshan | - | Member |
| ♣ Col. Jasbinder Singh Rai | - | Member |
| ♣ Mr. Vinod Chander Sinha | - | Member |
| ♣ Mr. Dinesh Kaushal | - | Secretary |

Compensation Committee

♣ Mr. Chandrahas Kutty	-	Chairman
♣ Lt. Col. H. S. Bedi, VSM	-	Member
♣ Mr. Rajesh Gulshan	-	Member
♣ Col. Jasbinder Singh Rai	-	Member
♣ Mr. Vinod Chander Sinha	-	Member
♣ Mr. Dinesh Kaushal	-	Secretary

CFO & Company Secretary

- ♣ Mr. Dinesh Kaushal

REGISTERED & CORPORATE OFFICE

- ♣ C-160, Okhla Industrial Area, Phase-I, New Delhi - 110020

REGIONAL OFFICES AT :-

- ♣ 224 AJC Bose Road, Krishna Building, Suite Nos., 1006-1009, Kolkatta – 700 068.
- ♣ Plot No. 32, Central Road, MIDC, Andheri (East), Mumbai – 400 093.
- ♣ No. 104, VTN Square, Arihant Building, G. N. Chetty Road, T. Nagar, Chennai – 600 017
- ♣ A-235, Okhla Industrial Area, Phase-I, New Delhi 110 020

DATA CENTRES AT :-

- ♣ D-176, Okhla Industrial Area, Phase-I, New Delhi 110 020
- ♣ Plot No. 32, Central Road, MIDC, Andheri (East), Mumbai – 400 093.
- ♣ A-408 TTC, MIDC, Mahape, Navi Mumbai 400 703
- ♣ Ground Floor, Gamma Tower, Sigma Soft-tech Park, #7, Whitefield Main Road, Bangalore-560066.

BRANCH OFFICES AT:

- 3/60, UIT Bhiwadi, Distt. Alwar, Rajasthan.
- 415/416, 4th Floor, SAKAR II, Opp. Town Hall, Near Ellis Bridge Police Station, Ashram Road, Ahmedabad – 380 006.
- Ground Floor, Gamma Tower, Sigma Soft-tech Park, #7, Whitefield Main Road, Bangalore-560066.
- SCO-49, Sector 20C, Chandigarh – 160 020.
- 2nd Floor, 32, Sarojini Devi Road, Secunderabad – 500 003, Andhra Pradesh.
- F-26, L.I.G. Colony, Behind Christain Eminent College, Indore-452001, Madhya Pradesh
- Plot No. 59, Shiv Puri Colony, New Sanganer Road, Sodala, Jaipur, Rajasthan.
- 60/157, Mullasri Canal Road, Cochin-682011.
- Atur Chambers, 2nd Floor, Molidena Road, Camp, Pune – 411 001, Maharashtra.
- Lane No.4, Phase-II, SIDCO Industrial Complex, Baribrahman, Jammu-181 133.
- 26-B/C, 1st Floor, Gandhi Nagar, Jammu – 181 133.
- Panchami, TC 16/530, EVRA 82, Easwara Vilasoan Road, Vazhuthacaud, Trivendrum – 695014, Kerala.
- 27/411, Near NMET School, Valiyattapadi, Melmuri, P.O. Malappuram, Kerala – 656 614.

14. MIG 47/3A, Saket Nagar Bus Stop, Bhopal-462016 (Madhya Pradesh)
15. 663, Wright Town, Jabalpur (M.P.).
16. 203, Chintal house, 16 Station Road, Near Hussainganj Crossing, Lucknow-226001, Uttar Pradesh
17. Old Post Office, G. S. Road, Jain Complex, GF, Guwahati – 16, Assam.
18. Mr. L. L. Nghaklianmawia Building, 4th Floor, Kulikawn, Aizawl – 796005, Mizoram.
19. Lokmat Bhawan ,Office No. 711, Flat B, Ramdaspath, Lokmat Chowk, Pandit Jawaharlal Nehru Road, Nagpur – 411012.
20. Shop No. 113, Harbans Market, Sector-27, Noida (U.P.).
21. SCF-34, Phase – 3, B@, Sector – 60, Mohali (Punjab).
22. 60/60, Old Connaught Place, Dehradun.
23. SCF-57,58, HUDA Market, Sector – 29, Faridabad, Haryana.
24. B-63, Sahid Nagar, Dist-Khurda, Bhubaneswar, Orissa.
25. Behind Charan Singh House, Mannu Chowk, Tikrapara, Bilaspur.
26. 907A, Sumati Palace, Boring Road, Patna, Bihar

SUBSIDIARIES

1. **Tulip IT Services Singapore Pte. Ltd.**
1, North Bridge road, # 19-04/05, High Street Centre, Singapore.
2. **Tulip SWAN IT Services Ltd.**
C-160, Okhla Industrial Area, Phase – 1, New Delhi - 110020.
3. **Tulip Telecom Inc.**
10702, Vandor Lane, Manassas, VA 20109.

AUDITORS

- **Statutory Auditors**
M/s. R. Chadha & Associates
Chartered Accountants
A-43, Naraina Industrial Area,
New Delhi - 110028
- **Internal Auditors**
M/s S. S. Kothari Mehta & Co.
146-149, Tribhuvan Complex,
Ishwar Nagar, Mathura Road,
New Delhi - 110065

BANKERS

Bank of India
Indian Overseas Bank
Canara Bank
Yes Bank Ltd.
DBS Ltd.
Axis Bank Ltd.
HDFC Bank Limited
ICICI Bank Limited
Standard Chartered Bank
HSBC Ltd.
Deutsche Bank

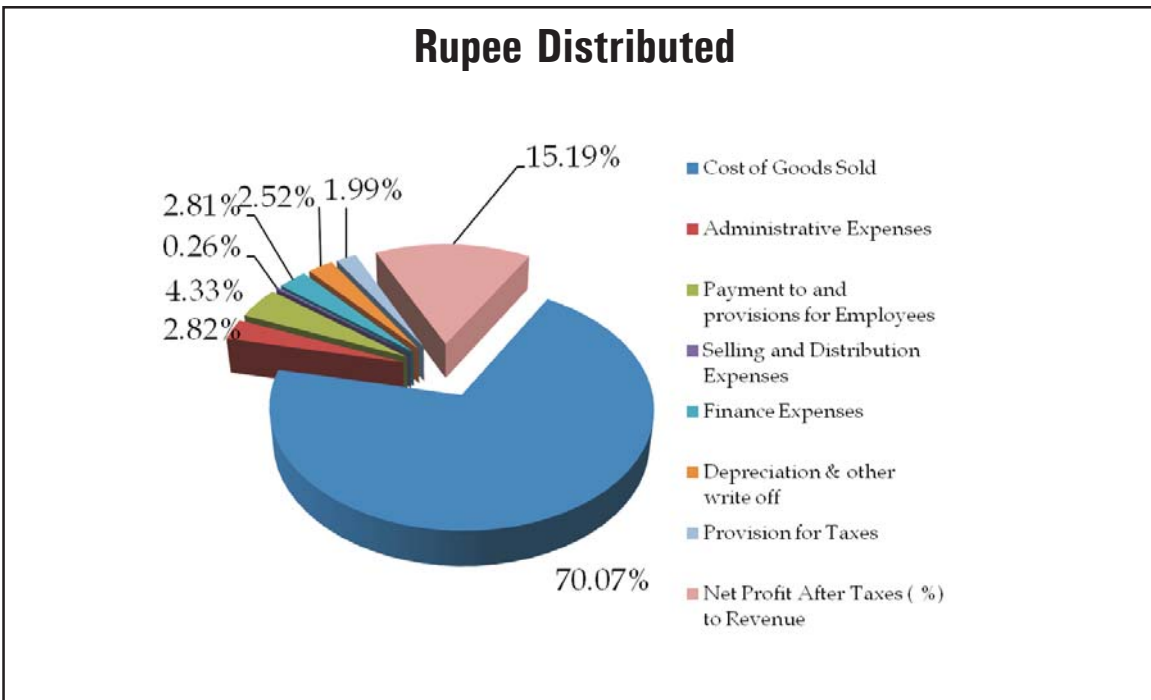
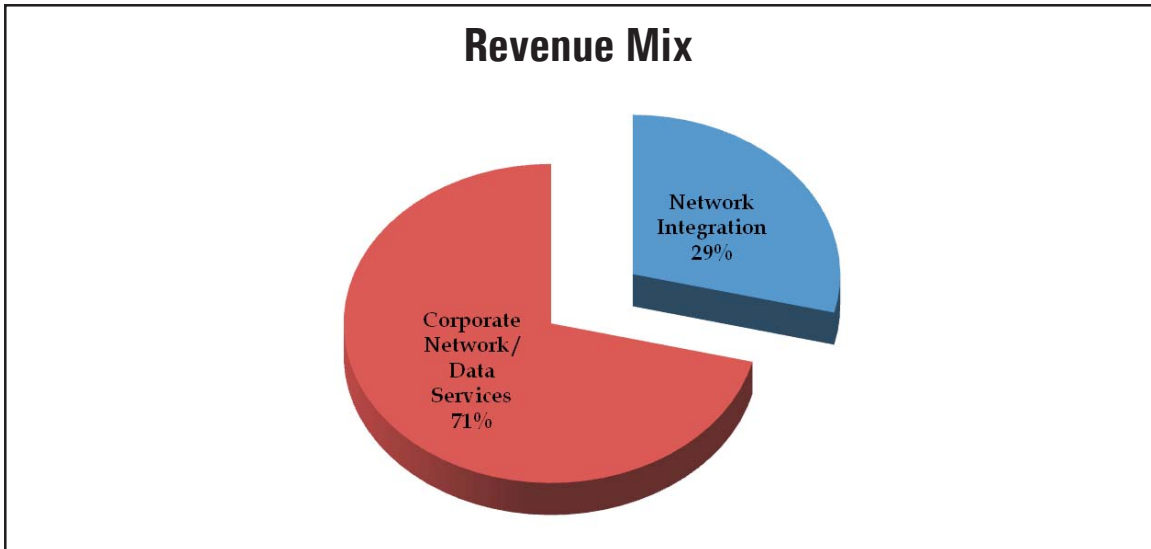
WEBSITE

www.tulip.net

HIGHLIGHTS OF 2008-09

Total Revenue	Rs.	164,273.22	Lacs
EBIDTA	Rs.	36,995.85	Lacs
PBT	Rs.	28,230.80	Lacs
PAT	Rs.	24,957.57	Lacs
EPS	Rs.	86.06	
NPR		15.19%	
Total Assets	Rs.	180,371.21	Lacs
Year to Year revenue increase by		32.53%	
Year to Year EBIDTA increase by		37.69%	
Year to Year PBT increase by		40.43%	
Year to Year PAT increase by		33.27%	
No. Cities Covered		1415	
No. of Connects		200,641	
No of POPs		3923	

YEAR AT A GLANCE : 2008-09



RATIO ANALYSIS

S. No.	Particulars	In	2008-09	2007-08	2006-07	2005-06	2004-05
A	Profitability						
	EBIDTA/Total Turnover	%	22.52%	21.68%	16.03%	13.24%	6.00%
	PBIT/Total Turnover	%	20.00%	18.30%	14.15%	12.39%	5.71%
	PBT/Total Turnover	%	17.19%	16.22%	12.60%	11.15%	4.68%
	Net Profit Ratio	%	15.19%	15.11%	11.50%	9.62%	3.91%
	Return on Net worth (Profit available for distribution/ Average Net worth)	%	12.80%	13.42%	10.16%	9.51%	4.06%
	PAT/Average Net worth	%	44.22%	51.65%	43.33%	41.89%	42.71%
	Sales to Average Net Working Capital	%	246.13%	286.90%	668.17%	616.45%	1549.09%
	Total Revenue to Average Total Assets	%	104.51%	140.72%	246.50%	306.88%	677.73%
	Fixed Assets/Turnover (Operational)	%	189.59%	322.46%	522.95%	1103.22%	2663.00%
B	Liquidity						
	Net Working Capital to Total Assets		0.33	0.56	0.28	0.51	0.44
	Average Collection Period	Days	71.49	58.64	60.51	104.39	64.05
	Current Ratio		3.10	6.14	2.02	2.37	1.50
C	Growth						
	Growth in total Revenue	%	32.53%	47.01%	65.53%	48.57%	24.74%
	Return on Capital Employed (Pre Tax) PBIT/Average CE	%	20.90%	25.76%	34.88%	38.03%	38.69%
	Return on Capital Employed (Post Tax) PBI/Average CE	%	18.77%	24.17%	33.34%	33.23%	34.48%
D	Leverage						
	Debt/Equity Ratio		1.65	2.01	0.51	0.41	0.48
	Total Assets/ Net worth		3.21	3.70	1.81	2.25	2.14
	Interest Coverage Ratio		8.01	10.40	10.34	10.62	5.82

FINANCIAL PERFORMANCE 5 YEARS SNAPSHOTS

Steady and Constant Growth year to year

(Rs. in Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Revenue						
Income from Operations	160,828.29	121,644.40	84,079.19	50,817.42	34,220.60	27,466.68
Other Income	3,444.92	2,304.48	235.34	117.70	63.21	17.52
Total Revenue	164,273.22	123,948.88	84,314.53	50,935.12	34,283.81	27,484.20
Expenditure						
EBIDTA	36,994.81	26,867.24	13,515.58	6,742.58	2,056.79	1,092.24
Finance Expenses	4,621.06	2,583.09	1,307.28	635.16	353.19	214.53
Depreciation	4,142.96	4,180.39	1,584.11	429.79	99.62	71.35
PBT	28,230.80	20,103.76	10,624.19	5,677.63	1,603.98	806.36
Provision for Taxation**	3273.23	1,376.52	927.40	796.96	212.81	145.10
PAT	24,957.57	18,727.24	9,696.79	4,880.67	1,391.17	661.26
Equity Dividend %	40.00%	20.00%	20.00%	10.00%	-	-
Dividend Payout***	1,357.14	678.57	678.57	330.67	-	-
EPS	86.06	64.58	33.43	28.44	7.45	4.56
Equity Share Capital	2900.00	2,900.00	2,900.00	2,900.00	1,200.00	1,200.00
Reserves & Surplus	56,825.86	33,300.66	15,267.36	5,976.24	2,061.41	670.42
Average Net worth	56,271.33	36,224.89	23,295.49	11,651.24	3,257.39	1,333.46
Average Total Assets	157,176.73	88,081.79	34,204.10	16,597.74	5,058.65	2,193.75
Average Net Working Capital	66,741.50	43,203.48	12,618.80	8,262.70	2,213.16	944.60
Gross Fixed Assets	94,274.00	44,466.17	27,264.22	8,002.12	2,266.95	822.01
Net Fixed Assets	121,385.56	51,904.18	24,973.40	7,272.25	1,961.61	613.22
Market Capitalization*	101,485.50	247,384.50	1,86,528.00	89,769.50	-	-
No of Employees	2,403	1,896	1530	836	485	435
No. of Shareholders****	13,068	12,586	17786	20577	8	7

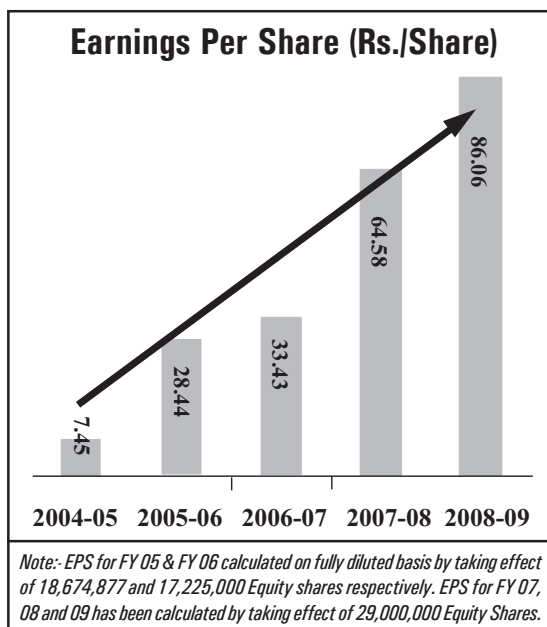
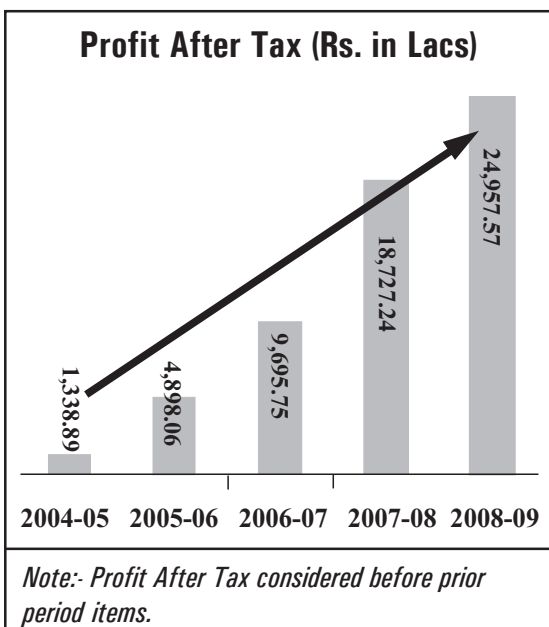
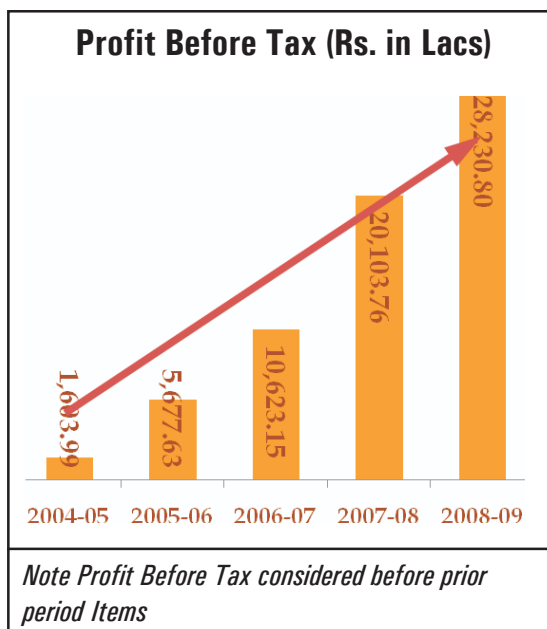
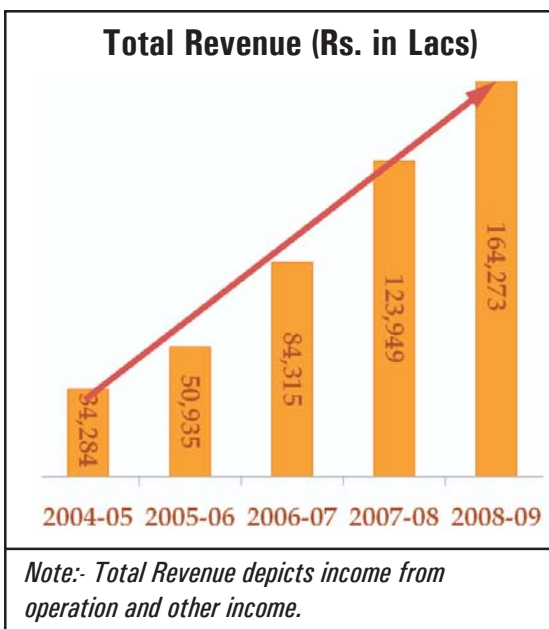
* Calculated on the basis of Closing Share price at end of the respective financial year at BSE

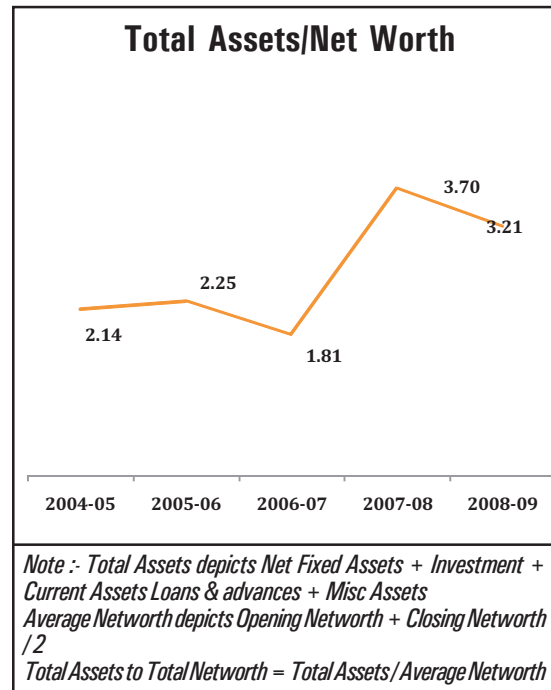
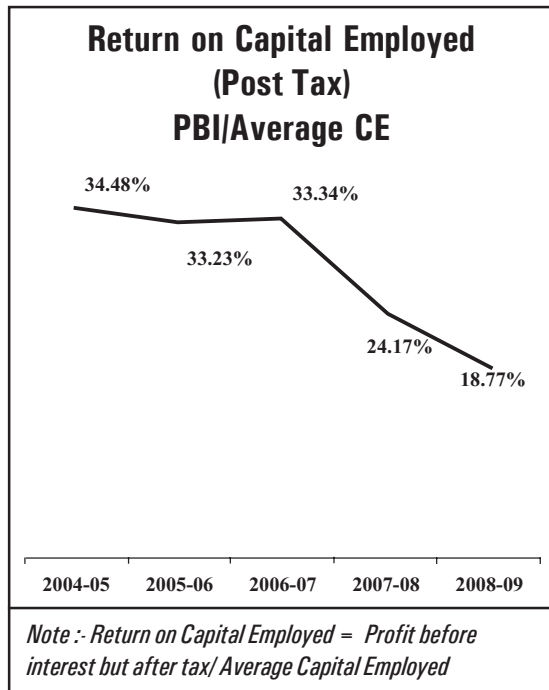
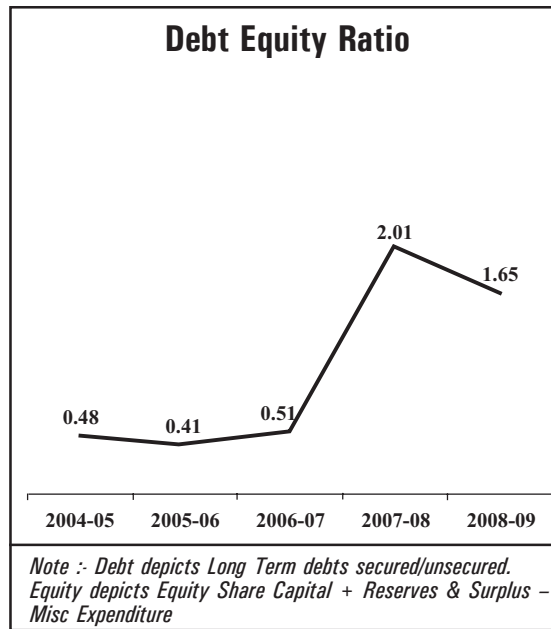
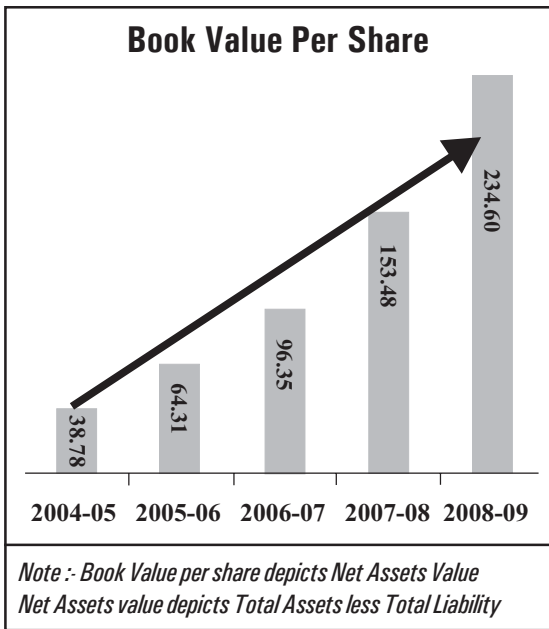
** Only Tax Provision has been considered..

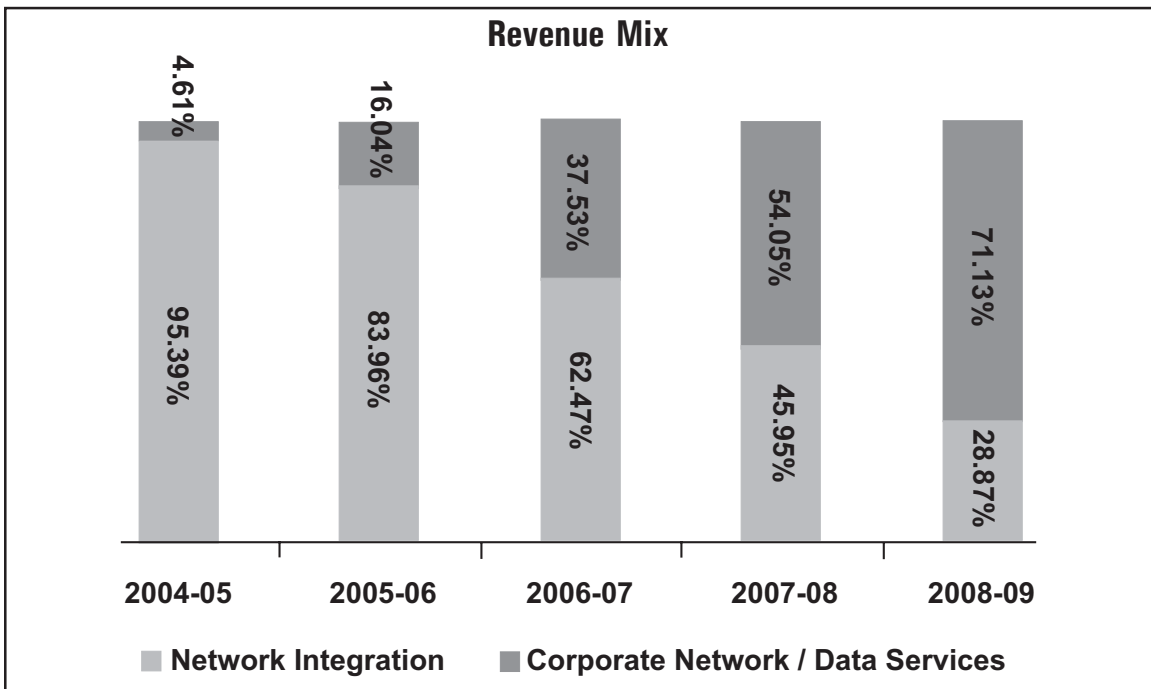
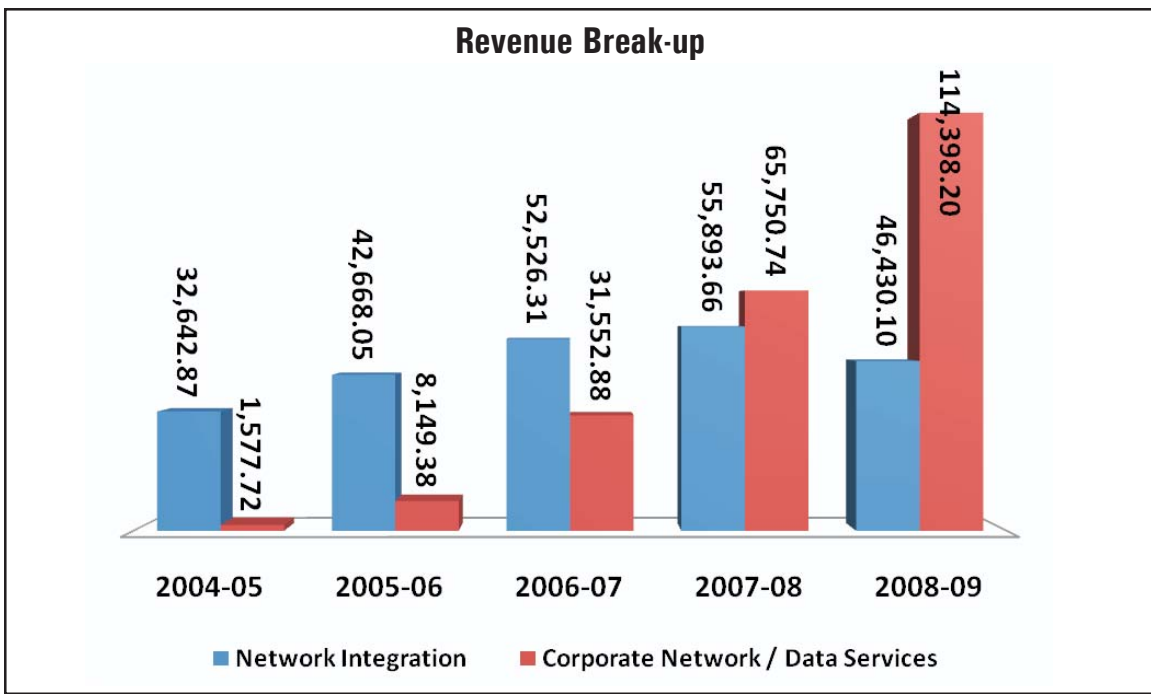
*** Dividend pay out is inclusive of Dividend Tax.

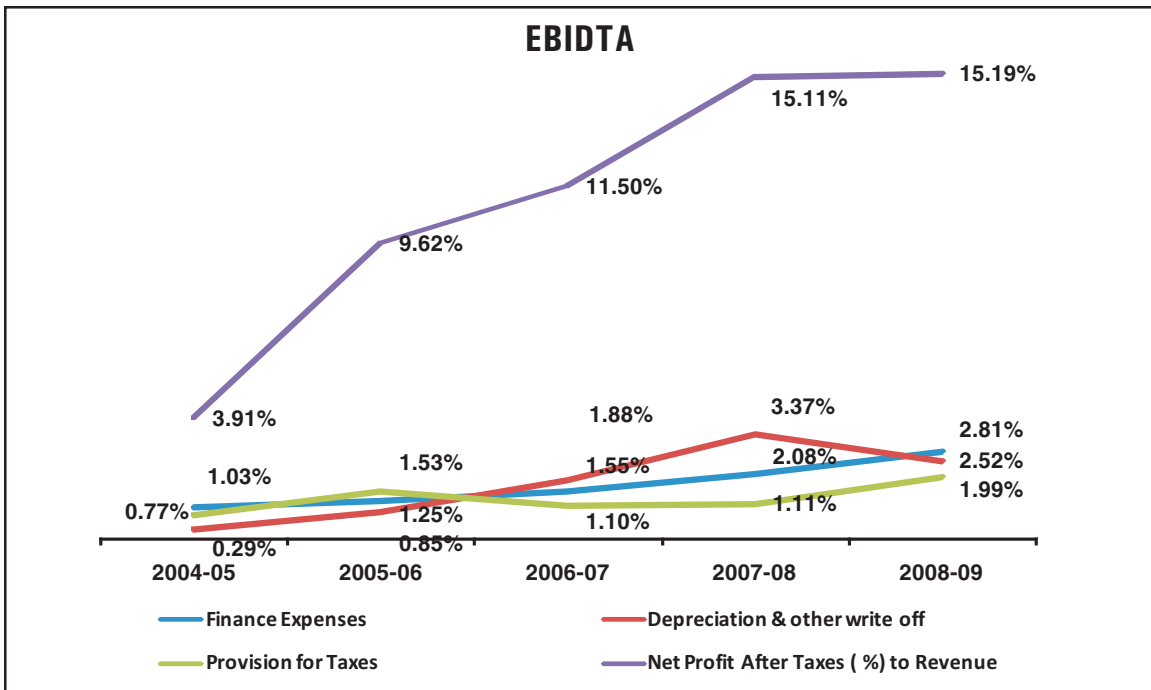
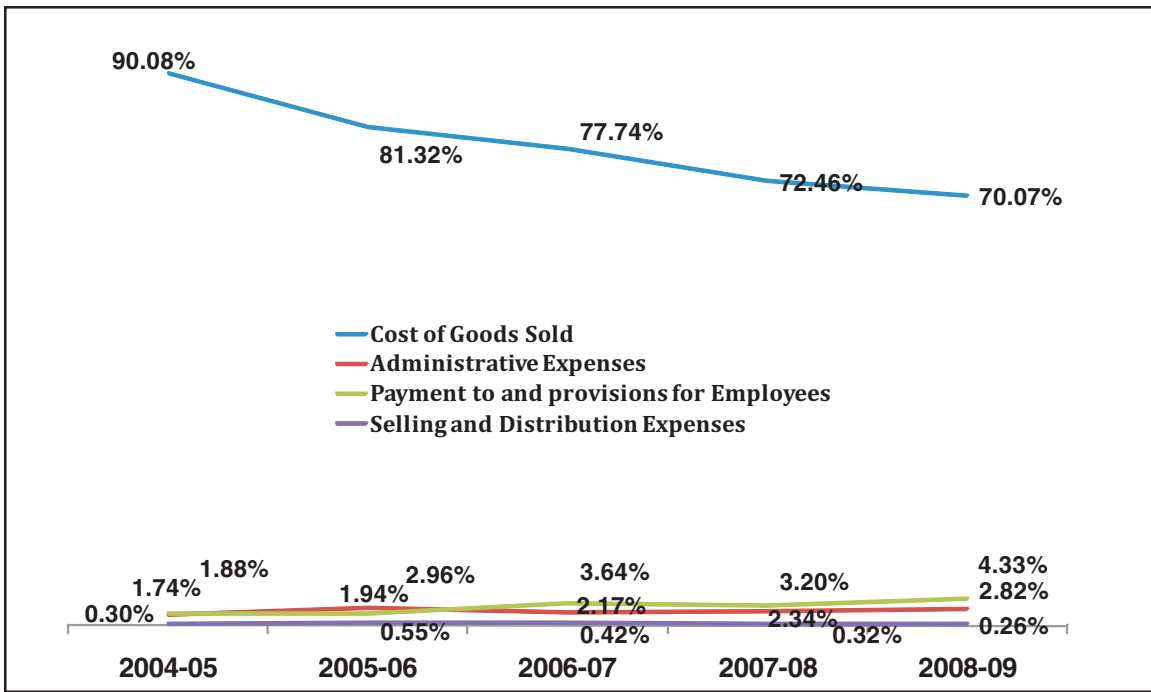
**** As per NSDL, CDSL and Registrars records dated 21st August, 2009.

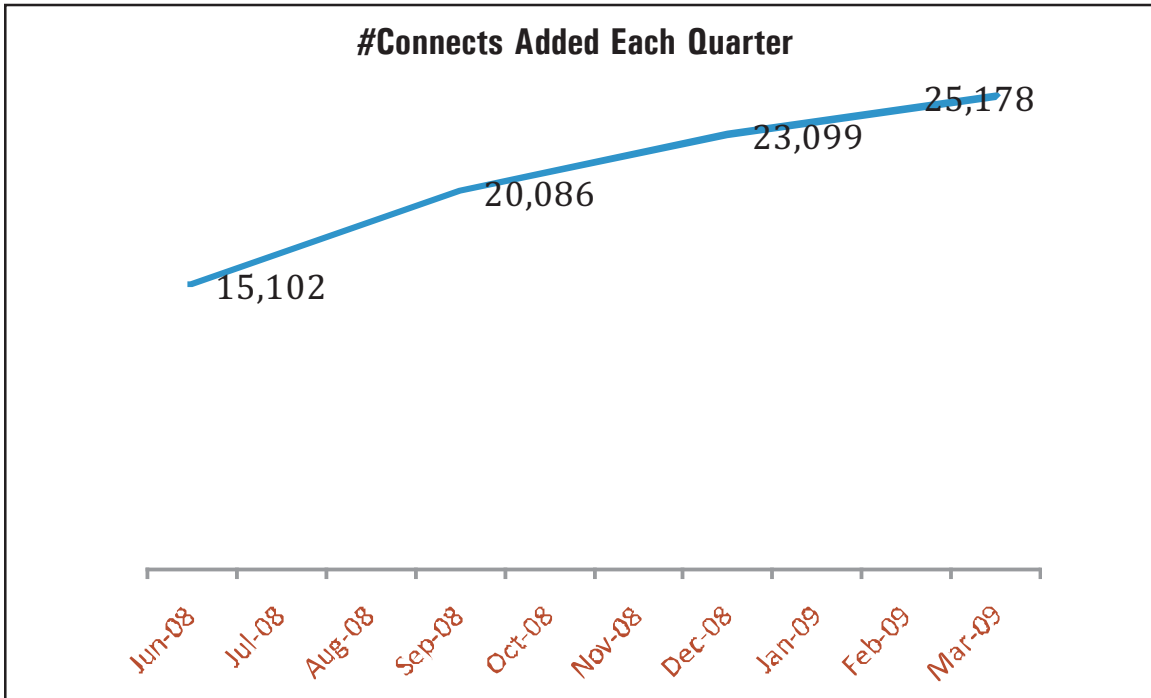
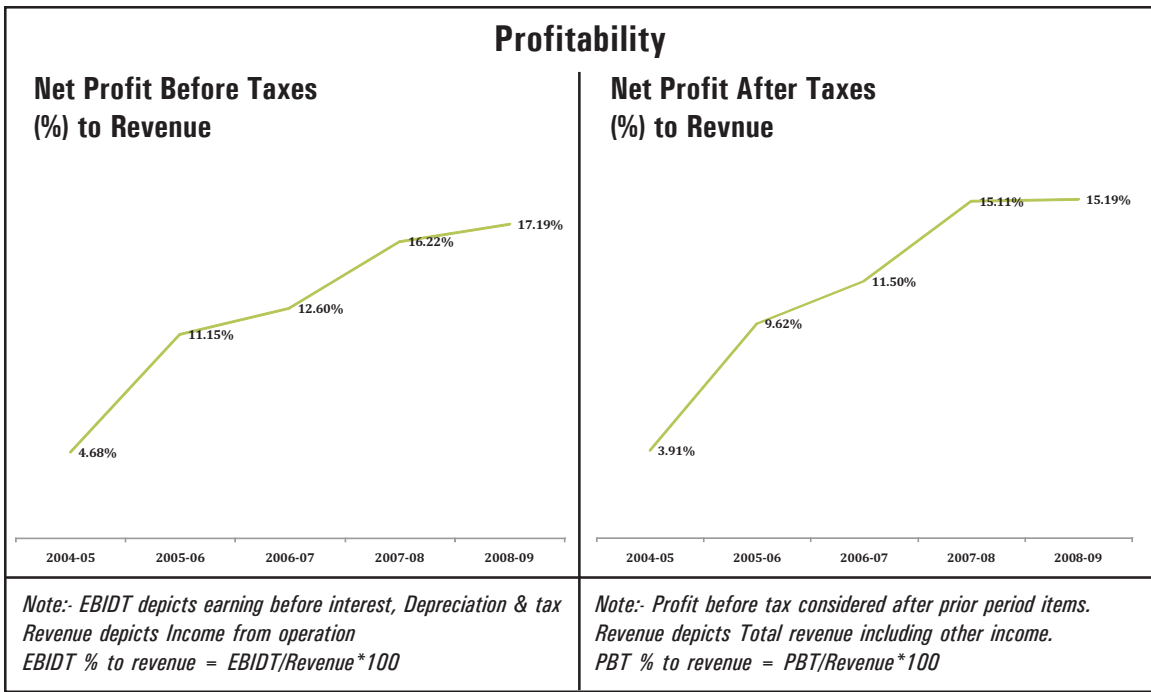
5 YEARS COMPARATIVE SNAPSHOTS











DIRECTORS' REPORT

Dear Shareholders,

Your Directors are delighted to present the 17th Annual Report on the business & operations of the company together with the Audited Financial Statements & Accounts for the year that ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	2008-09	2007-08
Total Revenue	164,273.22	123,948.88
Cost of Goods Sold	115,104.81	89,815.22
Administrative Expenses	4,634.51	2,903.56
Payment to and provisions for Employees	7,118.49	3,963.87
Selling and Distribution Expenses	419.55	397.95
Total Operating Expenditure	127,277.36	97,080.60
Profit/(Loss) before Interest, depreciation & write offs	36,995.86	26,868.28
Depreciation & other Write offs	4,144.00	4,181.43
Finance Expenses	4,621.06	2,583.09
Profit Before Tax	28,230.80	20,103.76
Provision for Income Tax:-		
Current Tax	3,198.55	1,300.46
Deferred Tax	-	12.00
Fringe Benefit Tax	74.68	64.06
Profit/(Loss) after Tax	24,957.57	18,727.24
Prior Period Income/(Expenses)	(68.04)	2.87
Income Tax paid for previous years	(7.17)	(18.24)
Distributable Profits	24,882.36	18,711.86
Proposed Dividend on Equity Shares	1,160.00	580.00
Tax on Dividend	197.14	98.57
Debenture Redemption Reserve	1,187.50	-
Transfer to General Reserve	2,495.76	1,404.54
Retained Profits	21,029.45	16,628.75
Cumulative Retained Profits	51,010.88	31,168.93

2. OPERATING RESULTS AND BUSINESS

Income

The strong operational performance of the Company continued during the year culminating into a robust financial performance.

The Financial Year 2008-09 was the third full financial year after the public issue of the company and roll-out of the VPN Services (Corporate Data Connectivity) business of the company. In the year 2008-09 gross revenue from this segment has gone up by 74 % (previous year 108.38%) over the previous year, the revenue from this segment has touched Rs. 1143.98 Crores from Rs. 657.51 Crores. The revenue from Network Integration segment of the company has declined by 16.93 % (Previous year increase by 6.41 %), it has gone down from Rs. 558.94 Crores to Rs. 464.30 Crores.

During this year, the company has achieved a total revenue of Rs. 164,273.22 lacs against previous year's total revenue of Rs. 123,948.88 lacs, increase by 32.53% over the previous year.

During the year, your company extended its network under "Tulip Connect" by covering more than 1400 cities.

EBITA, PBT and PAT

Your Directors are delighted to inform you that during the year 2008-09, the company was able to achieve Earnings before interest, depreciation, and write offs amounting to Rs. 36,995.85 lacs from 26,867.24 lacs which is 37.69% more than last year's corresponding figure.

The Profit Before Tax has also gone up by 40.43% over the previous year, i.e. raised to Rs. 28,230.79 lacs from Rs. 20,103.76 lacs.

The Profit After Tax has gone up by 33.27 % over the previous year and reached Rs. 24,957.56 lacs as against Rs. 18,727.23 lacs in the previous year.

3. APPROPRIATIONS

Dividend

In view of the Company's outstanding performance, the Directors are pleased to recommend for approval of the Members a Final Dividend of Rs. 4/- per share (as against Rs. 2/- in the previous year) on the 2,90,00,000 equity shares of the Company for the Financial Year 2008-09.

The Final Dividend, if declared as above, would involve an outflow of Rs. 1160 lacs towards dividend and Rs. 197 lacs towards dividend tax, resulting in a total outflow of Rs. 1357 lacs.

The register of members and share transfer books for the purpose of dividend will remain closed from 25th September 2009 to 29th September 2009, both days inclusive.

4. TRANSFER TO RESERVES

General Reserves

The Company proposes to transfer Rs. 2,495.76 lacs (Previous Year Rs. 1404.54 lacs) to the General Reserve out of the total amount available for appropriations and an amount of 21,029.45 lacs (Previous Year Rs. 16,628.28 lacs) is proposed to be retained in the Profit & Loss Account.

Debenture Redemption Reserve

The Company proposes to transfer Rs. 1187.50 lacs (Previous Year Nil) to the Debenture Redemption Reserve out of the total amount available for appropriations as per Section 117 C of the Companies Act, 1956 for the purpose of redemption of the NCDs.

5. AUTHORIZED SHARE CAPITAL

During the year under review, the Authorized Share Capital of the Company remains unchanged as Rs. 40,00,00,000 (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- (Rupees Ten) each.

6. AWARDS & RECOGNITIONS

The following are some of the recognitions that your Company won during the year 2008-09.

- ☛ **“Tulip achieves Gold Certification from Cisco in India”** - To earn Gold Certification, TULIP had to meet rigorous standards for networking competency, service, support and customer satisfaction set forth by Cisco. Recognition from Cisco for our technical ability to sell and support their products will help Tulip to ensure that it meets the high standards laid down by Cisco globally for high quality of support.
- ☛ **“Tulip bags Madhya Pradesh State Wide Area Network project”** - The network will be established on the Build Own Operate & Transfer (BOOT) model. Total value of the current component of the bid that has been awarded to Tulip is Rs. 95 Crores. Tulip will deploy, manage and operate the entire network for a period of five years as per the agreement signed between MP State Electronics Development Corporation Ltd and Tulip.
- ☛ **“Tulip marks its foray in the Dataquest - IDC IT Best Employers 2008”** - Tulip marked its entry in the coveted Dataquest Annual HR survey of the top 20 Indian technology companies in India. This is the first time that Tulip has made an inroad into the DQ Top 20. Tulip held its stead against industry stalwarts such as Microsoft India, Tata Consultancy Services, HCL Info systems and Sun Microsystems.
- ☛ **Tulip shines on Forbes “200 Best Under a Billion lists”** – Tulip has been chosen as one of the best companies in the list of 200 ‘Best Under a Billion’ companies for the Asia Pacific region by US magazine Forbes. Forbes qualified Tulip based on a combination of financial numbers and interviews

with the fund managers, analysts and entrepreneurs. To earn this applaud Tulip had to meet rigorous standards for networking competency, service, support and customer satisfaction.

- ☛ **“Tulip makes it to the Top 10 in Asia’s Hot Growth Companies list by Business Week”** - Tulip is ranked at No. 8 and is one of the only two Indian companies to feature on the report amongst Asia’s Top 10 fastest growing small companies (with annual revenues of \$1.5 billion or less). Tulip had been selected from an array of leading firms based on excellence in a combination of areas comprising sales growth, earnings growth and return on investment capital.
- ☛ **“Frost & Sullivan announces Tulip Telecom as the leader in the Indian MPLS / IP VPN market for Year 2008”** - Tulip was awarded the Frost & Sullivan Market Leadership Award 2008 for its exemplary MPLS / IP VPN Services for the second time in a row. According to the report compiled by Frost & Sullivan, Tulip Telecom witnessed a market share of 37.8 percent in the Indian MPLS/IP VPN segment, garnering an increase of over 8.4 percent from its market share of 29.4 percent last year. The IP VPN/MPLS segment contributes 33.8 percent to the overall data services market and was estimated at Rs 5154 crores in FY 2007-08.
- ☛ **“Tulip Telecom bags Dun & Bradstreet–Rolta Corporate Award 2008”** - Tulip Telecom has been awarded the Top Indian Company under the ‘Telecom Equipment & Support Services’ sector by the prestigious Dun & Bradstreet-Rolta Awards 2008. This award recognizes the twin virtues of size and growth in the top organizations of corporate India and felicitates the best organizations spread across various sectors. This award honour Tulip’s exemplary contribution towards the development of the telecom sector.

7. ISSUE OF NON CONVERTIBLE DEBENTURES (NCDs)

During the year, the company raised Rs. 200 crores by issuing 2000, 12.50% Secured Redeemable Non Convertible Debentures (NCDs) of Rs. 10,00,000/- each to the Life Insurance Corporation of India (LIC) by way of a private placement.

The said NCDs have a maturity period of 6 years and are listed on the WDM segment of the Bombay Stock Exchange Limited (BSE) with the scrip code no. 946002.

8. BUYBACK OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

Reserve Bank of India has issued a Circular no. A. P. (DIR Series) Circular No. 39 dated 8th December 2008 on *Buyback / Prepayment of Foreign Currency Convertible Bonds (FCCBs) through Automatic Route & Approval Route.*

Your Directors by following the Automatic Route have bought back / repurchased the FCCBs aggregating to US\$ 40.99 million at an approximate discount of 56.61% , as on the date of this report,

In addition to the funds lying overseas, your company has also raised an External Commercial Borrowings (ECBs) for USD 40 Million exclusively for the purpose of buyback of the said FCCBs.

As on the date of this report, the FCCBs worth US\$ 109.01 million are still outstanding and are forming part of the unsecured loans.

9. SUBSIDIARY COMPANIES

On 16th September, 2008, your company has incorporated a wholly owned subsidiary namely "Tulip Telecom Inc." in United States of America. The principal activity of Tulip Telecom Inc. is to carry on the business of Marketing of Remote Infrastructure Management Services (RIS) to US based Clients, to provide RIS in US for onsite services, to Outsource offsite services etc.

Therefore your company as on 31st March, 2009 has three, wholly owned subsidiary companies, namely;

1. Tulip IT Services Singapore Pte. Ltd.
2. Tulip Swan IT Services Limited.
3. Tulip Telecom Inc.

The company has applied to the Central Government under section 212(8) of the Companies Act, 1956, seeking an exemption from attaching a copy of the balance sheet, Profit & Loss Accounts, Director's Report and Auditors Report of the subsidiary companies and other documents required to be attached under section 212(1) of the Act to the Balance sheet of the Company and the said approval is expected shortly. Accordingly, the said documents are not being attached with the Balance sheet of the Company. A gist of the financial performance of the subsidiaries is contained in the report. The Annual Accounts of the subsidiary Companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member of the Company or its subsidiaries interested in obtaining the same.

10. GROUP COMPANIES

The names of the companies comprising the "group" as defined in the Monopolistic and Restrictive Trade Practices Act, 1969 have been disclosed here for the purpose of Regulation 3(1) (e) of the SEBI (Substantial Acquisition of shares and Takeovers) Regulation, 1997.

- Cedar Infonet Private Limited,
- Encore Technologies Private Limited,
- Sukhmani Technologies Private Limited,
- Sharad Enterprises Private Limited,
- Sukhmani Financial Advisors Private Limited.

11. DIRECTORS

During the period under review, there have been no changes in the Board of Directors of the company.

In accordance with the provisions of Sec – 255 & 256 of the Companies Act 1956, & Articles of Association of Company, Mr. Chandrahas Kutty and Mr. Rajesh Gulshan, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

A brief resume, nature of expertise, details of directorships held in other companies and shareholding in the Company as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to the notice convening the Annual General Meeting.

12. STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors of the Company have made necessary disclosures as required under various provisions of the Act and Clause 49 of the Listing Agreement.

13. EMPLOYEE STOCK OPTION SCHEME

During the period under review, no stock options were granted under the ESOS Scheme. However the disclosures as required under clause 12 of SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 are furnished as **Annexure A**, forming part of this Report.

A Certificate from M/s R. Chadha & Associates, Chartered Accountants, Statutory Auditors, with respect to the implementation of the Company's ESOS scheme, would be placed before the shareholders at the ensuing Annual General Meeting, and a copy of the same shall be available for inspection at the registered office of the Company.

14. HUMAN RESOURCES MANAGEMENT

Your Company has been recognized for its good human resources practices. This year Tulip marks its foray in the Dataquest - IDC IT Best Employers and bagged the 2nd position in employee Retention Rate.

Your company is an equal opportunity employer with total employee strength of 2403 as on 31st March, 2009 as compared to 1896 as on 31st March, 2008. The attrition rate of the Company stands lower in comparison to the industry.

Tulip believes that human resources play a pivotal role in the sustainability and growth of the Company. Your Directors thank all Tulipians for their hard work, unparalleled commitment, dedication and vision that empower us to reach new heights and set more ambitious goals for the Company.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors state that:

- (i) in preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures in the financial statements ;

- (ii) the accounting policies have been selected and applied and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the Profit or Loss of the Company for that period ;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) the annual accounts for the year ended 31st March 2009, have been prepared on a going concern basis.

16. LISTING WITH STOCK EXCHANGES

- The Equity Shares of the company are listed with Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Limited (NSE).
- Zero Coupon Convertible Bonds (FCCBs) are listed on Singapore Stock Exchange (SGX – ST).
- 12.5% Secured Redeemable Non Convertible Debentures (NCDs) are listed on WDM segment of Bombay Stock Exchange Ltd (BSE).

The annual listing fee for the year 2009-10 was paid within the scheduled time to BSE, NSE & SGX – ST respectively.

17. AUDITORS' REPORT

The Auditors' Report on the Accounts of the Company is attached. The Directors' observations on the Auditors' Report with reference to delays in payment of statutory dues made by the auditors in their report, your Directors are contemplating necessary steps to deposit the same at regular intervals.

The company has raised Rs. 200 crores by issuing NCDs secured by first charge on plant and machinery upto a maximum cover of 1.5 times and first charge on company's Mumbai property. As on date of this report, the creation of security for the same is pending. Your Directors are contemplating necessary steps to create the same at the earliest.

All the notes therein are self-explanatory.

18. AUDITORS

- **Statutory Auditors**
M/s R. Chadha & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They have furnished a Certificate to the effect that their re-appointment, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956.
Your Directors recommend their re-appointment.
- **Internal Auditors**
M/s S. S. Kothari Mehta & Co., Chartered Accountants, Internal cum Management Auditors.

19. AUDIT COMMITTEE RECOMMENDATION

During the year, there were no such recommendation of the Audit Committee which was not accepted by the Board. Hence there is no need for the disclosure of the same in this Report.

20. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

As per Clause 49 of the Listing Agreement, report of Corporate Governance together with Management Discussions and Analysis report and Certificate from Company's Statutory Auditor are annexed to this report.

21. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits under the provisions of Section 58A of the Companies Act, 1956, and Rules made there under.

22. PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

For the Company, being a service provider organization, most of the information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, as amended, is not applicable. However, the information as required has been given in **Annexure B** to this report.

23. RATINGS

During the year, the company has received recognition on various counts which are as follows:-

- PR 1 rating for short term debt / commercial paper from CARE.
- A+ rating for Banking facilities / NCDs from CARE.
- F1 (Ind.) rating for commercial paper from Fitch Ratings.
- A1 rating for commercial paper from ICRA Limited.

24. QUALITY INITIATIVES

Reinforcing its commitments to high standards of quality, the Company got its Quality Management system examined by Assessors of Intertek Systems Certification for:-

- ISO 9001 : 2000 for providing enterprise wide networking, computer facilities management and support services.
- ISO 27001 : 2005 for providing information security management system covering all information assets owned or managed by the company to provide Data Centre services and Network operation centre for delivery of managed services as per SOA version 1.0.

- ISO 20000 – 1 : 2005 for provision of network operations centre at Mumbai premises and data centre & network operations centre at New Delhi premises for delivery of managed services to its customers within the technical & organizational boundaries of the company.

25. PERSONNEL

The particulars as prescribed under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the **Annexure C** forming part of the Directors Report.

26. ACKNOWLEDGEMENTS

Your Directors would like to express their gratitude for the co-operation and support received from Shareholders, Bankers, Department of Telecommunications (DOT), Government of India, Regulatory Bodies, Customers and other business constituents during the period under review.

Your Directors place on record their deep appreciation for exemplary contribution of the employees at all levels. Their dedicated efforts and enthusiasm has been integral to your company's impressive growth.

For & on behalf of the Board of Directors

**New Delhi
June 27th, 2009**

**Sd/-
Lt. Col. (Retd.) H.S. Bedi
Chairman & Managing Director**

ANNEXURE – A TO THE DIRECTOR'S REPORT REGARDING ESOS SCHEME

Employee Stock Option Scheme – "TULIP ESOS -2007"

a.	Total number of shares covered under the scheme	1,00,000
b.	Options Granted	NIL
c.	Pricing Formula	-----
d.	Options Vested	NIL
e.	Options Exercised	NIL
f.	Total number of shares arising as a result of exercise of option	NIL
g.	Options Lapsed	NIL
h.	Variation in terms of options	NIL
i.	Money realized by exercise of options	NIL
j.	Total number of options in force at the end of year	NIL
k.	Employee wise details of options granted to (during the year)	
	(i) Senior managerial personnel	NIL
	(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	NIL
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options.	NIL
m.	In case, the employees compensation cost is calculated on the basis of intrinsic value of Stock Option, the difference between the employees compensation of the Stock Option cost based on intrinsic value of the Stock and the employees compensation of the Stock Option cost based fair value for the year ended March 31, 2009 and the impact of this difference on profits and on EPS of the Company.	NIL
n.	For options whose exercise price either equals or exceeds or is less than the market price of the stock the following are disclosed separately:	
	(a) Weighted average exercise price	
	(b) Weighted average fair value	N.A.
o.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	
	(i) risk free interest rate,	
	(ii) expected life,	
	(iii) expected volatility,	
	(iv) expected dividends,	
	(v) the price of the underlying share in market at the time of option Grant.	N.A.

Note : No stock options were granted under the plan during the year ended on March 31, 2009.

ANNEXURE – B TO THE DIRECTOR'S REPORT AS PER SECTION 217 (1) (e) OF COMPANIES ACT, 1956.

Information relating to conservation of energy, technology absorption, research and development and foreign exchange earning and outgo forming part of directors' report in terms of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 as follows:-

A. Conservation of Energy

Tulip being a telecommunications service provider requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

B. Technology absorption**Research and Development (R & D)****i) Specific areas in which R & D carried out by the company**

Due to the nature of business of the company, the company is not initiating any specific research. However to be acquainted with the latest technology available in the market or the future technologies, the company is taking all necessary steps, i.e. employee trainings, organizing workshops, participating in seminars, conferences and various technology forums.

ii) Benefits derived as a result of the above R&D

By virtue of the above initiatives, the Company is able to choose / adopt appropriate technology (ies)/ product(s) for rendering better services at competitive prices.

iii) Future plan of action

The Company continues to evaluate and adopt innovative and high quality products and technologies to meet the ever changing consumer needs and drive growth. Continuous focus on reducing costs to fund the growth and reduce the operating costs.

iv) Expenditure on R & D**a) Capital**

b) Recurring = = = = = N.A. = = = = =

c) Total**d) Total R & D expenditure as a percentage of total turnover**

Due to nature of the business of the Company, as the Company is not initiating any specific research, therefore, all the expenditures incurred for the activities mentioned in B(i) above, are charged to the respective expenditures accounts and cannot be separately identified.

The company has its own technically qualified staff in the field of computer software, hardware and networking. No imported technology is required by the company.

C. Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo during the year :-

FOB Value of Exports	Rs.	NIL
CIF Value of Imports	Rs.	417,872,851
Expenditure in Foreign Currency	Rs.	6,696,205
Foreign Exchange Earnings	Rs.	NIL

**ANNEXURE – C TO THE DIRECTOR'S REPORT REGARDING PARTICULARS OF EMPLOYEES AS PER SEC – 217 (2A)
OF THE COMPANIES ACT, 1956.**

A. Employed throughout the Financial Years

Sr. No.	Name	Age (Years)	Designation / Nature of Duties	Gross Remuneration (in Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment	% of Equity Shares held
1	Lt. Col. H. S. Bedi	56	Chairman & Managing Director (Overall management of affairs of the company)	3,23,26,284/-	NDA Graduate	36	15.10.94	Indian National Army	31.97
2	Maninder Bedi	58	Executive Director (Day to day management of affairs of the company)	3,09,04,044/-	B.Sc., M.Sc.	31	01.12.97	Don Bosco School	3.93
3	Deepinder Singh Bedi	30	Executive Director (Day to day management of affairs of the company)	1,31,70,180/-	B.E. (Electronics), M.B.A.	9	26.11.2001	E.M.C., Boston, U.S.A.	0.01
4	Sanjay Virnave	47	President - Sales	1,01,29,402/-	P.G. Eco. & MBA	23	01.01.2008	Acer India Pvt. Ltd.	NIL
5	R. P. Singh	35	Head-Strategic Sales	64,58,748/-	B.E., PGDBM	14	12.03.07	IBM	NIL
6	Vishwajeet Sinha	35	Sr. Vice President (West)	59,34,552/-	B.E., MBA (Marketing)	13	01.05.98	Infinte Software	NIL
7	Dinesh Kaushal	40	CFO & Company Secretary	59,24,856/-	F.C.A., F. C. S.	16	08.03.2000	Supreme Strips Ltd.	0.07
8	Reeta Jatta	40	Vice President - Commercial	43,77,633/-	B.Sc.	15	02.07.1993	----	NIL
9	R. Vasudev	40	Head – Strategic Solutions	35,98,130/-	BE (Electrical), MBA (Fm)	13	02.04.2007	IBM	NIL
10	N.E Kumaraswamy	45	Vice President Sales	29,86,131/-	B.E.	21	06.08.2007	Hughes Communications	NIL
11	Inderjit Sarkar	45	General Manger (East)	25,99,136/-	B. Arch. (Hons.)	20	07.04.2007	Xenitis	NIL

B. Employed for part of the Financial Years

Sr. No.	Name	Age (Years)	Designation / Nature of Duties	Gross Remuneration (in Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment	% of Equity Shares held
1	K. Selvam	41	Chief - ICT	66,55,997/-	B. Sc, M. Sc, PHD - IT	19	27.02.2008	Bharti Airtel Ltd.	NIL
2	Amit Tripathi	50	Sr. V.P. - Enterprise	47,56,111/-	B.E. (Elect.) M.B.A.	27	20.10.2008	Hughes Communications	NIL
3	S. V. Ramana	54	Chief Services Officer	44,35,484/-	B.E. (Mech.)	33	05.12.2008	Spanco Systems Ltd.	NIL
4	Bipin Deshpande	46	Sr. V. P. & Business Head (Managed Services)	44,21,371/-	B. Com, M.B.A.	23	07.04.2008	Orange Business Service	NIL
5	Diip Pahad Singh	38	V. P. (North)	29,77,995/-	B.E., Diploma in Export Mgt.	17	01.06.2007	GTL	NIL
6	Raj Shekhar Simma	30	A.V.P. - Network Operations	29,10,566/-	B. Tech.	14	05.05.2008	Microsoft Corp.	NIL
7	Atul Malhotra	47	V.P. - Data Centre & Governance	25,88,732/-	Diploma in Elect. Eng.	26	21.06.2008	IBM Global Services	NIL
8	S. Muruganadam	42	AVP - Sales	24,76,722/-	B.E.	24	09.05.2008	Bharti Airtel Ltd.	NIL
9	Amit Premi	39	A.V.P. - Sales	22,20,214/-	B.E., HDSE	17	07.01.2008	Spanco Tele-systems & Solutions Ltd.	NIL
10	Naga Kumar	46	General Manager (South)	18,55,319/-	B.E. (Elect.)	15	16.05.2008	Bharti Tele-ventures Ltd.	NIL
11	Digvijay Singh	32	A. V. P. - Sales	12,79,500/-	MBA (Marketing & HR)	10	16.04.2008	Aperto Networks	NIL
12	Sanjeev Sareen	45	Vice President - IT/ITES	16,58,561/-	B.E. (Elect.), M.B.A.	23	10.09.2008	Hughes Communications	NIL
13	Sudhir Bajpai	38	Vice President (services)	3,45,120/-	B. Tech	15	18.02.2009	Spanco Tele-systems & Solutions Ltd.	NIL

Notes:-

- Gross Remuneration comprises of Salary, Taxable Allowances & Perquisites and Company's contribution to Provident Fund.
- Mrs. Maninder Bedi & Mr. Deepinder Singh Bedi, Executive Directors, are wife & son of Lt. Col. H. S. Bedi, Chairman & Managing Director respectively. None of the other employees listed above is a relative of any director of the company.
- The employee would qualify for being included in Category (A) or (B) on the following basis:
 - For (A) if the aggregate remuneration drawn by him during the year was not less than Rs. 24, 00,000 p.a.
 - For (B) if the aggregate remuneration drawn by him during the part of year was not less than Rs. 2,00,000 p. m.
- The nature of the employment is permanent in all cases except Lt. Col. H.S.Bedi, CMD, Mr. Deepinder Singh Bedi and Mrs. Maninder Bedi, Executive Directors whose employment are contractual in nature.

**Declaration
Regarding Compliance
by
Members of the Board
and
Senior Management Personnel
with
The Company's Code of Conduct.**

This is to confirm that the Company has adopted a Code of Conduct for the Members of the Board and the Senior Management and the same is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2009, received from the senior management team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

**New Delhi
June 27th, 2009**

**Lt. Col. (Retd.) H.S. Bedi
Chairman & Managing Director**

CORPORATE GOVERNANCE REPORT

(as required under clause 49 of the Listing Agreement entered into with Stock Exchanges)

The Securities Exchange Board of India (SEBI) has introduced a code of conduct on Corporate Governance to be implemented by listed companies. Your company complies with all statutory provisions of the Corporate Governance.

Company's philosophy on corporate governance is explained below.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company is committed to the adoption of best governance practices and its adherence in its true spirit at all times. Our governance practices stem from an inherent desire to improve and innovate and reflect the culture of trusteeship that is deeply ingrained in our value system and form part of the strategic thought process.

Corporate Governance is an integral part of the philosophy of the company in its pursuit of excellence, growth and value creation. It rests upon the four pillars of: transparency, full disclosure, independent monitoring and fairness to all especially to minority shareholders.

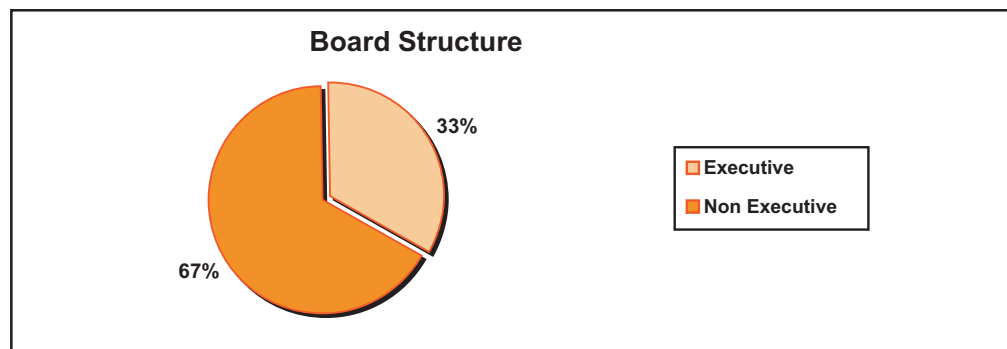
The Board has also evolved and adopted a code of conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The code is available on the website of the company www.tulip.net.

Your Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges.

2. BOARD OF DIRECTORS

➤ Composition

The Board of Directors of your company comprises an optimum combination of Executive and Non-Executive Directors with total of 9 members. The Board is headed by Lt. Col. H. S. Bedi, Chairman & Managing Director with Mrs. Maninder Bedi and Mr. Deepinder Singh Bedi as Executive Directors. One Director is Non-Executive Non-Independent and rests five are Non-Executive Independent Directors. The independence of a director is determined by the criteria stipulated under the revised Clause 49 of the Listing Agreement.



➤ Board Procedures

The effectiveness of the decision-making of the Board is buttressed by its structure and procedures. The Board of your Company meets at regular intervals, with sufficient notice of the issues and the Agenda to be discussed and backed by necessary information and material to enable the Directors to discharge their fiduciary responsibilities in an efficient manner. All the deliberations and the decisions occurring at every meeting of the Board of Directors are appropriately recorded and minuted. The Board has complete and unrestricted access to any information required by them to transact business and take decisions. All the relevant information is generally provided as part of the agenda papers of the board meeting and/or is placed at the table during the course of the meeting. The senior management staff are also invited to the board meetings to present reports on the Company's operations and internal control systems.

➤ Meetings

The Board meets regularly to review the operational and financial performance of the Company. The Company Secretary prepares the Agenda in consultation with Chairman & Managing Director and circulates it well in advance.

During the year 2008-09, five meetings were held on :

✍ 26.06.2008

✍ 30.07.2008

✍ 25.08.2008

✍ 25.10.2008

&

✍ 30.01.2009



The longest gap between two board meetings was for a period of 3 months and 4 days.

DIRECTOR'S ATTENDANCE RECORD AND DIRECTORSHIP / COMMITTEE MEMBERSHIPS

Sr. No.	Name of the Directors	Category	Board Meetings held during the year	Board Meetings attended	Whether attended last AGM	Directorships of other companies #	Membership in Committees# #of other companies
1.	Lt. Col. H.S. Bedi	Chairman & Managing Director	5	5	Yes	1	Nil
2.	Mrs. Maninder Bedi	ED	5	4	No	1	Nil
3.	Mr. Deepinder Singh Bedi	ED	5	5	No	1	Nil
4.	Ms. Sukhmani Bedi	NED	5	1	No	Nil	Nil
5.	Mr. Chandrahas Kutty	NED/Independent Director	5	4	No	1	Nil
6.	Mr. Rajesh Gulshan	NED/Independent Director	5	5	Yes	Nil	Nil
7.	Mr. Jasbinder S. Rai	NED/Independent Director	5	3	No	Nil	Nil
8	Lt. Gen. (Retd.) A.N.Sinha	NED/Independent Director	5	4	No	Nil	Nil
9.	Mr. Vinod Chander Sinha	NED/Independent Director	5	4	Yes	1	1

Excludes Directorships of Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Committee includes Shareholders' / Investors' Grievance Committee and Audit Committee.

Lt. Col Hardeep Singh Bedi (Retd.) S/o Late. Maj. K. S. Bedi, aged 56 years, National Defence Academy qualified, Commissioned in the 72 Armored Regiment of the Indian Army. Lt. Col. Bedi took early retirement from the Army to start his own company to utilize his entrepreneurship skills in the field of IT. During his 22 year experience in the Army, Col. Bedi worked as an instructor in the Army's Faculty of Computer Technology at MCTE, Mhow, worked with the Chief of Army Staff, and at the Army Headquarters to coordinate the Army's automation. He was awarded the 'Vishisht Seva Medal' (VSM) by the President of India for his role in the computerization of the Army. Today, he is a well-known figure in the IT industry and has vast experience in this field. Under his able guidance and strategic vision, the company has achieved enviable success in a short span of 15 years.

Mrs. Maninder Bedi w/o Lt Col H S Bedi aged 58, a Post Graduate in Chemistry, with diplomas in Computer Applications and Industrial Management from the Directorate of Small Scale Industries. She also has extensive experience in teaching, and is involved in the Company as head of the Administration and Human Resource functions.

Mr. Deepinder Singh Bedi S/o Lt. Col. H.S. Bedi, aged 30, a Graduate in Electronics and M.B.A. from Boston University, US, has been involved in the operations of the company and currently working as Executive Director of the Company.

Ms. Sukhmani Bedi D/o Lt. Col. H.S. Bedi, aged 27, a Graduate in Economics and M. B. A. from Cornell University, USA. Presently, she is involved in international operations of the Company.

Mr. Chandrahas Kutty aged 54 years, s/o of Late Bgd. K. S. Kutty is a Chartered Accountant with a Diploma in Computer Accounting from the University of Costa Rica, San Jose, Costa Rica. He has diverse experience in the field of Accounts, Finance, HR, IT and Logistics. He has held senior positions in many companies including Ranbaxy group, Shaw Wallace & Co. Ltd., Ballarpur Industries Ltd., Pharmacia Healthcare Limited, Escorts Group, Fulford (India) Ltd. etc.

Mr. Rajesh Gulshan aged 57 years, is an M.Tech (Computer Science) from IISC (Indian Institute of Science). He possesses rich and varied experience of over three decades in the field of new set-ups, business development, IT Infrastructure development and System implementation.

Mr. Jasbinder S. Rai, aged 54 years s/o Sh. Sohan S.Rai is an NDA Graduate and has served Indian Army for over 20 years. He possesses rich and varied experience in the field of Information Technology. After that he started his own business in the field of Construction and Real Estate.

Lt. Gen. (Retd.) A. N. Sinha aged 67 years, is a retired Engineer-in-Chief with Indian Army. He has served the Indian Army for 41 years and has been awarded "Ati Vishisht Seva Medal" and "Param Vishisht Seva Medal" by the President of India for rendering distinguished service of most exceptional order. He has a vast experience in the area of Infrastructure Development.

Mr. Vinod Chander Sinha aged 60 years s/o Sh. Bhup Kishore Sinha is a member of The Institute of Chartered Accountants of India and is a partner with M/s Bansal Sinha and Co., Chartered Accountants. He has a vast experience in the field of Taxation, Accountancy and Corporate Finance and has been involved in Central Statutory Audit of various banks such as State Bank of India and Oriental Bank of Commerce.

Brief Resume of the Directors to be re-appointed

Name	Mr. Chandrahas Kutty	Mr. Rajesh Gulshan
Age (years)	54	57
Date of Appointment	19.03.2005	19.03.2005
Qualification	Chartered Accountant & Diploma in Computer Accounting from University of Costa Rica, San Jose, Costa Rica.	M. Tech. (Computer Science)
Areas of Expertise	Accounts, Finance, HR, IT and Logistics	Business Development, IT Infrastructure development and System implementation.
Name and Number of other Companies in which Director	1 Company, namely:- i.) Organon India Ltd.	NIL
Number of Committees of which a member	4, Member of following Committees, namely :- i.) Audit Committee, ii.) Investor Grievances Committee, iii.) Remuneration Committee, iv) Compensation committee	4, Member of following Committees, namely :- i.) Audit Committee, ii.) Investor Grievances Committee, iii.) Remuneration Committee, iv) Compensation committee
Number of shares held in the Company	NIL	NIL
Inter -se relationship with other directors	NIL	NIL

3. DIRECTOR'S REMUNERATION

a) Pecuniary Relationships

None of the Non-Executive Directors of your Company have any pecuniary relationship or transactions with the Company except for sitting fees paid to them for attending Board meetings.

In compliance with the requirements of Accounting Standard 18 (AS-18) issued by ICAI, transactions with related parties have been furnished under Note No. 2 (O) (ii) of Schedule 20 of the Notes to the accounts of the financial statements.

- b) The remuneration of Executive Directors comprises salary and other perquisites. The Non-Executive Directors receive only sitting fees. The details of remuneration / sitting fees paid to Executive / Non-Executive directors during the year 2008-09 is as under :

(Amount in Rupees)

Sr. No	Name of the Directors	Gross Salary	Perquisites and other benefits	Sitting Fees	Stock Options
1	Lt. Col. H.S. Bedi	3,00,00,000	23,26,284	-	-
2	Mrs. Maninder Bedi	3,00,00,000	9,04,044	-	-
3	Mr. Deepinder Singh Bedi	1,20,00,000	11,70,180	-	-
4	Ms. Sukhmani Bedi	-	-	-	-
5	Mr. Chandahas Kutty	-	-	80,000	-
6	Mr. Rajesh Gulshan	-	-	80,000	-
7	Mr. Vinod Chander Sinha	-	-	80,000	-
8	Mr. Jasbinder S. Rai	-	-	40,000	-
9	Lt. Gen. (Retd.) A.N.Sinha	-	-	60,000	-

4. COMMITTEES OF THE BOARD

In compliance with the Listing Agreement and as per mandatory / non-mandatory requirements, the Board has formed the following committees:

- i) Audit Committee
- ii) Shareholder's / Investors Grievance Committee
- iii) Remuneration Committee
- iv) Committee of Directors
- v) Compensation Committee

i) Audit Committee

The Audit Committee deals in matters relating to financial reporting, internal control etc.

The terms of references of the Audit Committee includes the following:

- Oversight of the Company's financial reporting processes and systems.
- Recommending to the Board, the appointment, re- appointment and if required removal or replacement of statutory auditors, fixation of audit fees and related expenses.
- Reviewing the Company's financial and risk management policies, if any.

Our Remuneration Committee comprises of four independent directors. They are:

- (i) Mr. Chandradas Kuttu, *Chairman*
- (ii) Mr. Rajesh Gulshan, *Member*
- (iii) Mr. Jasbinder Singh Rai, *Member*
- (iv) Mr. Vinod Chander Sinha *Member*

Mr. Dinesh Kaushal, CFO & Company Secretary acts as the secretary to the Committee.

No meeting of the Committee was held during the year.

iv) Committee of Directors

Our Committee of Directors comprises of three directors. They are:

- (i) Lt. Col. H. S. Bedi, *Chairman*
- (ii) Mrs. Maninder Bedi, *Member*
- (iii) Mr. Deepinder Singh Bedi *Member*

Mr. Dinesh Kaushal, CFO & Company Secretary acts as the secretary to the Committee.

During the year Committee met twelve times on:-

28.04.2008, 17.05.2008, 26.06.2008, 30.07.2008,
22.08.2008, 07.10.2008, 31.10.2008, 02.12.2008,
08.12.2008, 01.01.2009, 20.01.2009 & 02.02.2009,

S. No.	Name of Directors	Meetings held during the tenure of the director	Meetings attended
1.	Lt. Col. H. S. Bedi	12	11
2.	Mrs. Maninder Bedi	12	12
3.	Mr. Deepinder Singh Bedi	12	11

v) Compensation Committee

At its Board meeting held on 29th December, 2007 the Board has constituted a "Compensation Committee" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, comprises of five members of whom four are independent and the Chairman is a non-executive independent director.

The key responsibilities of the Compensation Committee include the following:

- 1) To administer "TULIP ESOS 2007" scheme and all questions of interpretation of the TULIP ESOS 2007 or any Employee Stock Option shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the TULIP ESOS 2007 or such Employee Stock Option.
- 2) To determine in accordance with this Scheme and applicable laws, the detailed terms and conditions of the Employee Stock Options, including but not limited to:
 - (a) The quantum of Employee Stock Options to be granted under the TULIP ESOS 2007 per employee, subject to the ceiling as specified in Para 3.1 of the scheme;

- (b) The Eligibility Criteria;
- (c) The Schedule for Vesting of Employee Stock Options;
- (d) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- (e) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Compensation Committee:
 - (i) the number and / or the price of the Employee Stock Options shall be adjusted in a manner such that the total value of the TULIP ESOS 2007 remains the same before and after such corporate action;
 - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
 - (iii) the Vesting Period and the life of the Employee Stock Options shall be left unaltered as far as possible to protect the rights of the Option Grantee.
- (f) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of employees who are on long leave.
- (g) The procedure for cashless exercise of Employee Stock Options, if required.
- (h) Approve forms, writings and/or agreements for use in pursuance of the TULIP ESOS 2007.
- (i) Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any employee.
- (j) Frame any other byelaws, rules or procedures as it may deem fit for administering TULIP ESOS 2007.
- (k) Such other functions as may be delegated by the Board from time to time.

Our Compensation Committee comprises of five directors out of which four are independent. They are:

- (i) Mr. Chandrahas Kutty, *Chairman*
- (ii) Lt. Col. H. S. Bedi *Member*
- (iii) Mr. Rajesh Gulshan, *Member*
- (iv) Mr. Jasbinder Singh Rai, *Member*
- (v) Mr. Vinod Chander Sinha *Member*

Mr. Dinesh Kaushal, CFO & Company Secretary acts as the secretary to the Committee.

Till now, the Committee has not granted any options under the scheme, therefore no meeting of the committee was held during the year.

5. GENERAL BODY MEETINGS

The last three Annual general Meetings of the Company were held as under:

Financial Year	Location	Date	Time
2007-08	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003.	26 th September, 2008	3.30 P.M.
2006-07	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003.	29 th September, 2007	3.30 P.M.
2005-06	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003.	26 th September, 2006	09.30 A.M.

Special Resolutions passed at last 3 AGMs

- i) **2007-08** Annual General Meeting held on 26.09.2008
 - No Special Resolutions was passed thereat.
- ii) **2006-07** Annual General Meeting held on 29.09.2007
 - Special Resolution passed for Increase in Investment Limits of Foreign Institutional Investors.
- iii) **2005-06** Annual General Meeting held on 26.09.2006
 - Special Resolution passed for Alteration of Articles of Association.

➤ Postal Ballot

During the year under review, in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, we have conducted one postal ballot on 22.04.2008 for seeking approval of the shareholders.

Mr. Sanjay Grover of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi was appointed as Scrutinizer. The summary of the results was as follows:-

Resolution No.	Description	% of votes cast in favour of resolution	% of votes cast against resolution
1.	Special Resolution for changing the name of the Company as per the provisions of the Section -21 of the Companies Act, 1956	99.9983%	0.0017%
2.	Ordinary Resolution for appointing Mr. Deepinder Singh Bedi as a whole Time Director in accordance with Section -269 read with Schedule XIII of the Companies Act, 1956.	99.9914%	0.0086%

The result of the Postal Ballot was published in Business Standard on 23.04.2008. The Company has complied with the procedure for Postal Ballot in terms of the provision of Section 192A of the Companies Act, 1956 as well as Companies (Passing of Resolution by Postal Ballot) Rules 2001 and any amendments thereto.

6. DISCLOSURES**i) Disclosure on materially significant related party transactions.**

There were no transactions of material nature of the Company with Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large in the financial year.

The related party transactions with subsidiaries / group companies have been disclosed in the Annual Accounts.

ii) Details of non-compliance with regard to capital market.

There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

iii) Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in the preparation of Financial Statements.

iv) The Company has fulfilled the following Non-mandatory requirement as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with Stock Exchanges;

a) The Company has set up a Remuneration Committee. Please see the point 4 (iii) on Remuneration Committee for details.

v) Disclosure on Risk Management

The Company on 21st April, 2006 laid down and adopted a Risk Management Policy. The Company rolled out a Risk Management Framework across the organization to ensure mitigation of risks involved in key areas. The Company will ensure that this framework will be strengthened in future.

7. MEANS OF COMMUNICATION

The Company's un-audited / audited quarterly / annual financial results are sent to the Stock Exchanges within 15 minutes of the conclusion of the Board Meeting.

Thereafter the results are published in the leading newspaper as under:

SI No.	Quarter ended on	Name of News Papers	Date of Publication
1.	30 th June, 2008	Business Standard (Hindi & English)	31.07.2008
2.	30 th September, 2008	Business Standard (Hindi & English)	27.10.2008
3.	31 st December, 2008	Business Standard (Hindi & English)	31.01.2009
4.	31 st March, 2009	Business Standard (Hindi & English)	29.06.2009

Displayed on the website**www.tulip.net**

Whether it also displays official news releases and presentations made to institutional investors or to the analysts.

Yes

Management Discussion & Analysis (MDA) forms part of this Annual Report.

8. GENERAL SHAREHOLDER'S INFORMATION

- i) **The Annual General Meeting**
 Date : 29th September, 2009
 Time : 3.30 P.M.
 Venue : Sri Sathya Sai International Centre,
 Institutional Area, Pragati Vihar,
 Lodhi Road, New Delhi – 110 003
- ii) **Financial year of the Company**
 The financial year under review of the Company was of twelve months from 1st April, 2008 to 31st March, 2009.
- iii) **Book Closure Date** : 25th September, 2009
 to
 29th September, 2009
 (both days inclusive)
- iv) **FINANCIAL CALENDER (Tentative)**
- | | |
|---|-----------------------|
| Financial Reporting Quarter Ending 30 th June 2009 | End of July 2009 |
| Financial Reporting Quarter Ending 30 th September, 2009 | End of October, 2009 |
| Financial Reporting Quarter Ending 31 st December, 2009 | End of January, 2010 |
| Financial Reporting Quarter Ending 31 st March, 2010 | End of April 2010 |
| Annual General Meeting | End of September 2010 |
- v) The Board of Directors have recommended a final dividend of Rs. 4/- per share for the Financial Year 2008-2009 and will be paid after 29th September, 2009.
- vi) Listing on Stock Exchanges and Stock Code
- The Company's equity shares are listed on:
- i) Scrip Code 532691
Bombay Stock Exchange Limited, (BSE)
 PJ Towers, Dalal Street
 Fort, Mumbai – 400 001.
- ii) Symbol "TULIP"
National Stock Exchange of India Limited, (NSE)
 Exchange Plaza, Bandra Kurla Complex,
 Bandra (E), Mumbai – 400 051.
- The Company's FCCB (Bonds) are listed on:
- iii) Scrip Code XS0308083392
Singapore Exchange Securities Trading Limited, (SGX – ST)
 2 Shenton Way # 19-00 SGX Centre1,
 Singapore 068804

The Secured Non Convertible Debentures are listed on :

iv) Scrip Code 946002

Bombay Stock Exchange Limited, (BSE)

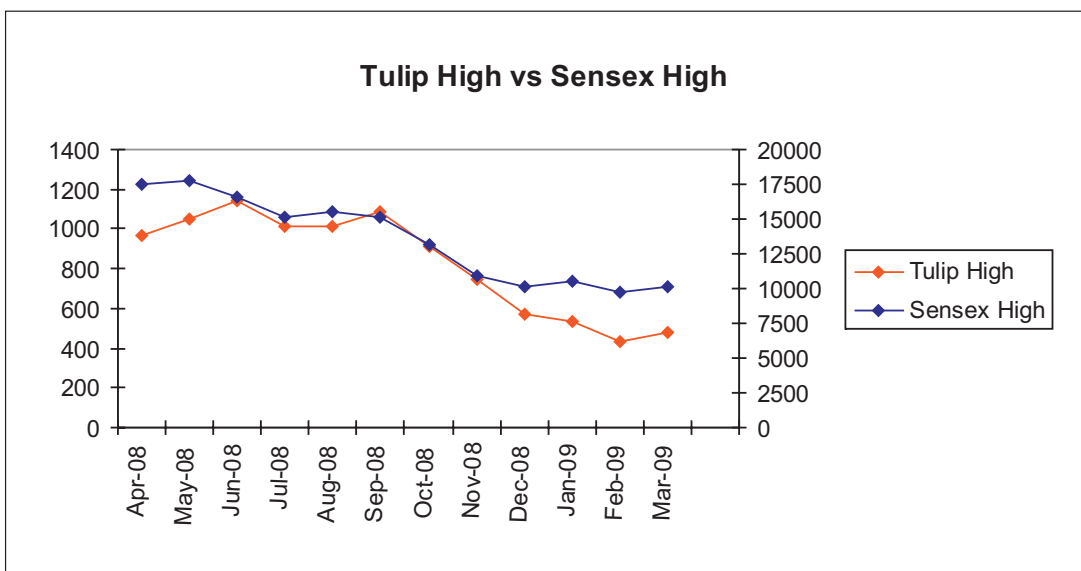
ISIN No. INE122H07016

Listing Fees payable to BSE and NSE & SGX-ST for the Financial Year 2009-2010 have been paid within the scheduled time.

vii) **Stock Market Data** for the period 1st April, 2008 to 31st March, 2009

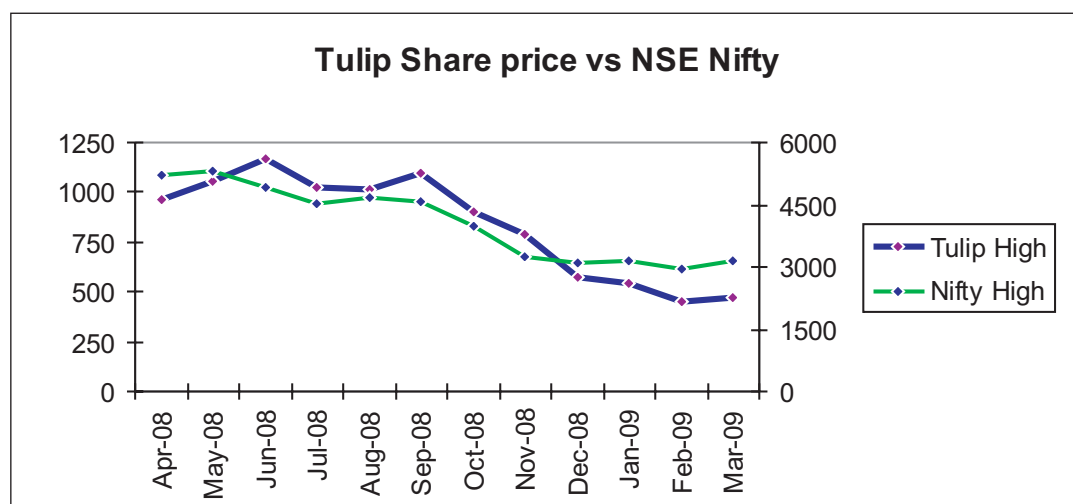
Share Price performance in comparison with BSE

Month	High (Rs.)	Low (Rs.)	Volume Traded (Rs. in Lacs)	BSE Sensex	
				(High)	(Low)
April	963.00	820.00	2037.42	17480.74	15297.96
May	1,054.00	870.15	2250.20	17735.70	16196.02
June	1,145.00	912.00	2904.33	16632.72	13405.54
July	1,016.00	840.05	1284.32	15130.09	12514.02
August	1,009.00	926.85	775.78	15579.78	14002.43
September	1,089.95	836.05	9073.93	15107.01	12153.55
October	909.00	480.35	358.96	13203.86	7697.39
November	745.00	400.00	2756.82	10945.41	8316.39
December	567.00	385.00	5811.06	10188.54	8467.43
January	531.00	384.00	348.58	10469.72	8631.60
February	435.00	293.00	527.62	9724.87	8619.22
March	475.00	258.05	19621.32	10127.09	8047.17



Share Price performance in Comparison with NSE Nifty:-

Month	High (Rs.)	Low (Rs.)	Volume Traded (Rs. in Lacs)	S&P CNX Nifty Index	
				(High)	(Low)
April	965.00	812.00	3458.92	5230.75	4628.75
May	1055	862.65	6553.89	5298.85	4801.9
June	1167	901	7612.14	4908.8	4021.7
July	1020	840	4075.1908	4539.45	3790.2
August	1019	931.1	3138.41	4649.85	4201.85
September	1092	803.1	3804.84	4558	3715.05
October	900	480	1712.81	4000.5	2252.75
November	789.95	398	2762.68	3240.55	2502.9
December	575	380	4746.13	3110.45	2570.7
January	539	361.7	1016.95	3147.2	2661.65
February	447	291	2151.53	2969.75	2677.55
March	475	258.5	36003.08	3123.35	2539.45



viii) **Registrar & Transfer Agent**

The share transfer work is handled by the Registrar & Transfer Agent (RTA) viz. M/s. Karvy Computershare Private Limited. Their complete address is as under:

Karvy Computershare Private Limited
46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad-500034.

ix) **Share Transfer System**

The shares of the Company are traded on the Stock Exchanges through Depository System with no involvement of the Company. The company's shares are compulsorily traded in dematerialization form.

The Equity shares of the Company are actively traded at BSE & NSE and have shown reasonable liquidity and have emerged as an actively traded stock on BSE & NSE.

The Demat ISIN at NSDL & CDSL is: INE122H01019

x) **Issue of Secured Non Convertible Debentures.**

During the year 2008-09, the Company issued 2000, 12.5% Secured Non Convertible Debentures to Life Insurance Corporation (LIC) on private placement basis. These Secured Non Convertible Debenture are listed on Bombay Stock Exchange under debt segment.

The scrip Code No. is 946002 & ISIN No. is INE122H07016

xi) **Outstanding GDRs/ ADRs / Warrants or Convertible Bonds.**

During the year 2007-08, the Company issued US\$ 150 Million Zero Coupon Convertible Bonds ("Bonds") due in 2012. These bonds are convertible at any time on or after 5th September 2007 upto 19th August 2012 into equity shares of Company at an initial conversion price of Rs. 1137.222.

The Reserve Bank of India (RBI) has come up with a circular no. A.P. (DIR Series) Circular No. 39 dated 8th December, 2008, wherein it has allowed the Companies to buy back its Bonds through Automatic / Approval route.

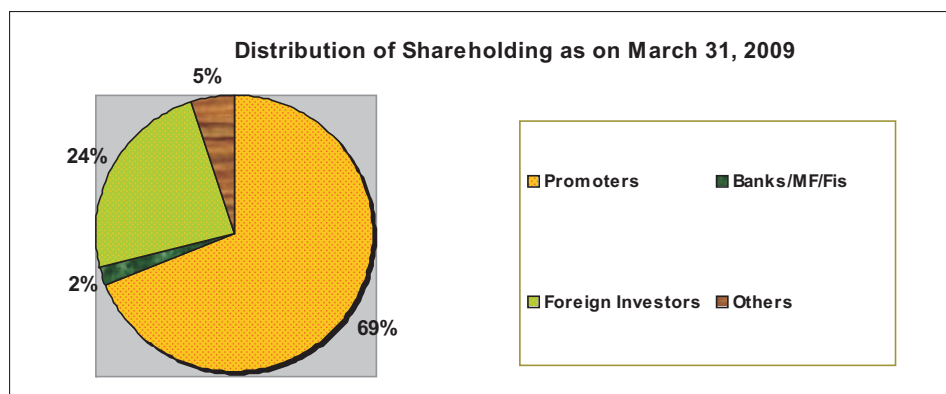
The Company, following the Automatic Route, through its funds lying overseas and fresh ECB raised for this purpose, had bought back Bonds worth US \$ 33.39 Million as on 31st March, 2009. On the basis of outstanding bonds i.e. US\$ 116.61 million, the Company is likely to issue 41,97,961 equity shares, assuming full conversion.

During the year under review, the Company has not received any notice from Bondholders for converting the bonds into equity shares of the Company.

xii) **Distribution of Shareholding by number of shares held as on 31st March, 2009.**

Sr. No.	No. of Equity shares held	No. of shareholders	% to total Number of shareholders	No. of equity shares of Rs. 10/-	% to total no of Equity Shares
1.	1-5000	15011	98.11	678805	2.34%
2.	5001-10000	109	0.71	83373	0.29%
3.	10001-20000	77	0.50	112274	0.39%
4.	20001-30000	26	0.17	65939	0.23%
5.	30001-40000	13	0.09	45600	0.16%
6.	40001-50000	2	0.01	8732	0.03%
7.	50001-100000	15	0.10	110505	0.38%
8.	100001 & above	47	0.31	27894772	96.18%
	Total	15,300	100	2,90,00,000	100.00%

xiii) Shareholding Pattern as on 31.03.2009:-



	Category	Total number of shares	Percentage of Shareholding
A	PROMOTER'S HOLDING		
1	Indian Individuals /Hindu Undivided Family Bodies Corporate	10,417,950 9,581,750	35.92 33.04
2	Foreign	-	-
	Sub Total	19,999,700	68.96
(B)	NON PROMOTERS HOLDING		
3	Institutional Investors		
(a)	Mutual Funds/ UTI	617,793	2.13
(b)	Financial Institutions / Banks Insurance Companies (central / State Gov. Institutions / Non-Government Institutions) / Venture Capital	50	0.00
(c)	FII's	6,961,726	24.01
	Sub-Total	7,595,202	26.14
4	OTHERS		
(a)	Bodies Corporate	449,050	1.55
(b)	Individuals		
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	800,690	2.76
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	60,000	0.21
(c)	Any Other (specify)		
(c-i)	Non Resident Indians	63,031	0.22
(c-ii)	Clearing Members	47,960	0.16
	Sub-Total	1,405,098	4.90
	TOTAL	29,000,000	100.00

xiv) **Investor's Correspondence may be addressed to:**

Mr. Dinesh Kaushal
 CFO & Company Secretary
 Tulip Telecom Limited
 C-160, Okhla Industrial Area, Phase -I, New Delhi- 110 020.
 Phone No. 91-11-41678001, Fax No. 91-11-41678002
 Email: dineshk@tulip.net
 Website: www.tulip.net

xv) **Plant locations**

The Company is engaged in the business of providing telecommunications services and as such has no plant.

9. COMPLIANCE CERTIFICATE FROM THE STATUTORY AUDITORS

A Certificate from the Statutory Auditors, M/s R. Chadha & Associates, Chartered Accountants, certifying the company's compliance with the provisions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to and forms part of this Report.

The certificate is also being forwarded to the Stock Exchanges in India where the Securities of the Company are listed.

10. CORPORATE POLICY TO PREVENT INSIDER TRADING

In compliance with SEBI Regulations and as a practice of good corporate governance the Company has framed and adopted a Code of Conduct to prevent Insider Trading whereby the Directors and Designated employees of the Company are prevented to deal in the security of the Company. The complete text of this code is available at the website of the Company.

11. CODE OF CONDUCT / CEO & CFO CERTIFICATION

The Board has laid down a Code of Conduct for all Directors and Senior Management of the Company which is also available on the website of the Company, www.tulip.net. All the Directors and Senior Management of the Company have affirmed their Compliance with the said Code. A declaration signed by the Chairman and Managing Director to this effect is appended at the end of Directors Report.

Also in compliance with Clause 49, the CMD and CFO has given to the Board of Directors a certificate on the financial statements of the Company, as per the format prescribed under the Listing Agreement and the same is enclosed at the end of this report.

CEO AND CFO CERTIFICATION

We, Lt. Col. H. S. Bedi, Chairman & Managing Director and Dinesh Kaushal, CFO & Company Secretary of Tulip Telecom Limited certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our 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 our 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) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we 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 we have taken or propose to take to rectify these deficiencies.
- (d) We 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.

During the financial year ended 31st March, 2009, there were no instances of the above nature.

Sd/-

Lt. Col. H.S. Bedi
(Chairman & Managing Director)

Sd/-

Dinesh Kaushal
(CFO & Company Secretary)

AUDITOR'S CERTIFICATE

ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

To the members of Tulip Telecom Limited

1. We have examined the implementation of Corporate Governance procedures by Tulip Telecom Limited (the Company) during the year ended March 31, 2009 with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance as approved by the Board of Directors.
2. The Compliance of the conditions of the Corporate Governance is the duty of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanation given to us, we certify that the conditions, as stipulated in Clause 49 of the listing agreement with Stock Exchanges, have been complied within all material respects by the Company.

For and on behalf of
R. Chadha & Associates
Chartered Accountants

(**RAKESH CHADHA**)
Partner
Membership No. 83135

Place : New Delhi
June 27, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile

Tulip Telecom Limited is a data telecom service provider that offers innovative IP based infrastructural solutions to its customers. Tulip is India's largest MPLS/IP VPN player and has been the front-runner in provisioning and managing multi location wide area networks for various industry verticals.

Tulip is a public limited company and is listed on the Bombay Stock Exchange and National Stock Exchange in India. With revenues in excess of Rs 1614.44 Crores (USD 322 mn) in the financial year ending 31st March, 2009, Tulip is one of the largest corporates in its domain.

Tulip Telecom Ltd. was incorporated in 1992 as Tulip Software Pvt. limited, a company into packaged software and PCs. Over a period of the time, the business of the company has witnessed a tremendous growth and it is now a leading player in the enterprise Data Communication services market. Tulip aims to be a one stop solution to meet all data communication related needs of the enterprise which comprises of:

- Enterprise Data connectivity
- Network integration i.e, designing, supplying and installation of networking equipments & professional services
- Managed services
- Corporate internet access
- Value added services
- Total outsourcing and consulting

Tulip Telecom has been ranked as the No.1 MPLS VPN Service Provider in India, 2nd time in a row, with a market share of 37.8% , as per Frost & Sullivan Survey for Enterprise Data Connectivity, Tulip Telecom witnessed a tremendous growth in the Indian MPLS/IP VPN segment, garnering an increase of over 8.4% from its market share of 29.4% last year.

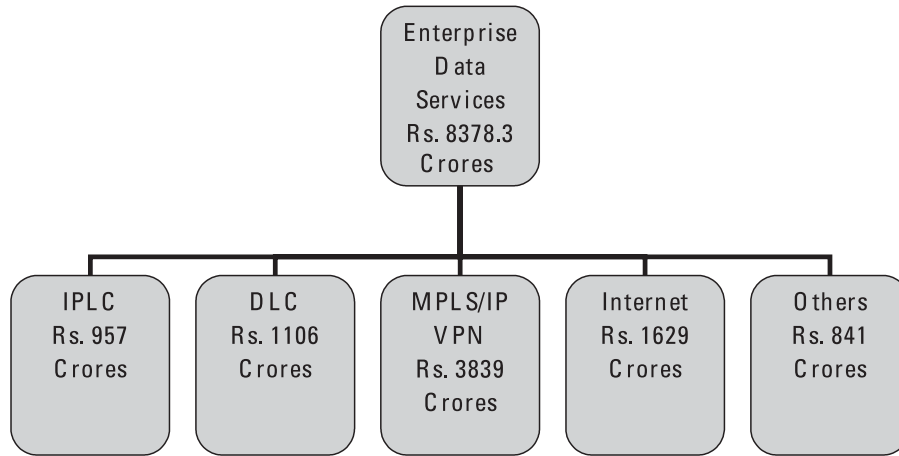
Tulip has innovatively deployed a countrywide network using fiber and wireless on the last mile. Tulip has further strengthened its leadership position by offering end-to-end fiber connectivity in all large metros of India.

The company also specializes in providing e-Governance infrastructure and has worked on numerous projects for the Government of India's National e-Governance Plan. Tulip, today, is the only service provider in its domain that provides customers with end-to-end connectivity services including network integration, bandwidth as well as managed services. This unique combination of services is what distinguishes Tulip from its competitors.

1. Industry Structure & Developments (Telecom Sector – Enterprise Data Services)

Fiscal year 2008-09 saw continuing growth of the Indian economy. Though the growth during the year was moderate, India continues to remain one of the fastest growing economies in the world. Telecom sector witnessed yet another year of robust growth while the expansion in the Enterprise Data Services segment was exponential. The year witnessed tremendous supply of services provided by companies thereby resulting in prompt services to subscribers

especially in the Enterprise Data Services market. According to Frost & Sullivan, the Indian Enterprise Data Services market is estimated to reach Rs. 15,423 Crore with a CAGR of 25.1% by 2012-13.



Source : Frost & Sullivan (FY09-10 estimates)

The overall Enterprise Data Services market includes International Private Leased Circuits (IPLC), Domestic Leased Circuits (DLC), MPLS/IP VPN, ATM/Frame Relay, VSAT and Internet services. However, legacy services like ATM, Frame Relay, and DLC have started to show muted growth, largely due to the mass migration to MPLS/IP VPN and other connectivity solutions as the combination of a niche infrastructure and redundancy on all its routes help in achieving higher uptakes. The growth of the Enterprise Data market is driven by MPLS/VPN segment which is expected to grow at a CAGR of nearly 43.2% up to 2012-2013.

Opportunities

The Enterprise Data Services Market is estimated to be around Rs. 8,378 crore in 2009-10, growing at a CAGR of 25%. Given the projected 7% plus growth in the Indian economy over the next 2 to 3 years, demand for data connectivity especially for IP VPN/MPLS, IPLC and Internet services are poised to grow at a far higher rate.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	CAGR
IPLC	560.0	678.0	810.3	956.6	1,119.2	1,299.5	1,500.3	17.9%
DLC	917.8	987.2	1,054.6	1,106.3	1,153.8	1,196.7	1,224.1	4.9%
ATM/Frame Relay	147.9	139.6	133.6	127.1	119.9	112.1	103.5	-5.8%
IPVPN/MPLS	1,044.2	1,706.2	2,633.9	3,838.9	5,259.6	6,971.6	8,993.4	43.2%
Internet	851.1	1,075.2	1,330.5	1,628.5	1,940.4	2,271.0	2,633.9	20.7%
VSAT	497.8	568.0	641.8	720.9	804.8	888.6	967.7	11.7%
Total	4,018.8	5,154.2	6,604.7	8,378.3	10,397.7	12,739.5	15,422.9	25.1%

Source : Frost & Sullivan

MPLS Services market is currently at a nascent stage and is expected to grow at a higher rate because of its inherent strengths like redundancy in the network, highly flexible and scalable network solution, strong security and higher uptimes on a reliable network. Enterprises are also turning towards MPLS, as the service offers connectivity between all offices at cost effective rates. On the other hand, the growth of IPLC services market in India has been contributed by the software industry boom coupled with the exponentially growing business process outsourcing (BPO) market.

Most companies are scaling up their businesses and adopting enterprise solutions to make the most of the existing opportunities. This makes it important for enterprises to connect all their offices in such a way that investments in solutions like Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Customer Relationship Management (CRM) and other applications can be fully leveraged. Organizations require 24x7 communications, efficiency and intelligent networking infrastructure which are now an absolute necessity for seamless integration of their operations across geographies thus providing scalability at a lower cost. All the networking infrastructure and communication have become an integral part of businesses as it also provides them with a competitive edge.

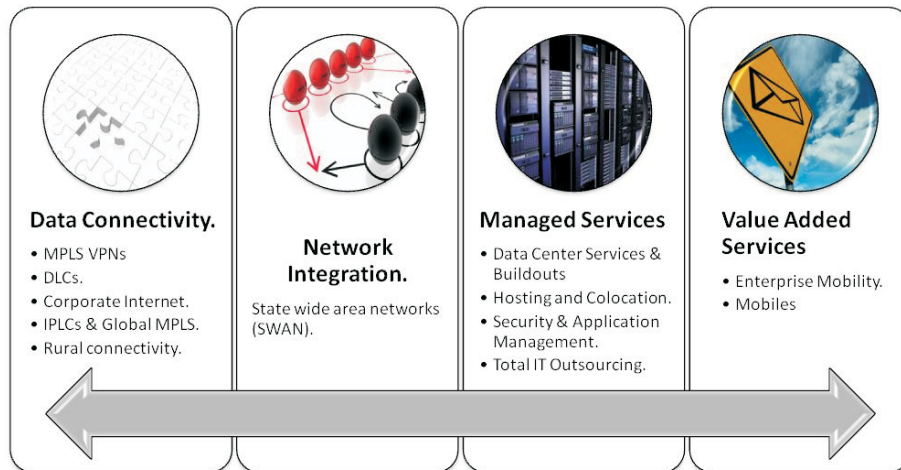
Business overview

Tulip has developed a unique business model in its core area of operation i.e. the Enterprise Data Connectivity segment. Tulip has engineered an exceptional meshed network infrastructure through wireless and optic fibre which delivers maximum uptimes to the customer by having alternate routes in place if any link fails. The Company also has, by far, the largest last mile data connectivity which allows Tulip to enjoy supreme customer control. With this unparalleled reach of over 1,400 cities in India, customer control and niche network, Tulip is well positioned to extend its service offerings in Enterprise Data Services to various enterprises.

The Enterprise Data segment is additionally complemented by the Network Integration and Managed Services divisions of the Company through which Tulip has created a one stop shop approach to service all connectivity requirements of the client by offering an array of services around Data Connectivity, Managed Services and Network Integration. In addition to further customer control, which is the key to this business, it also creates other revenue streams.

One Stop Shop Approach – 360 degree engagement	Data Connectivity (Fibre & Wireless), Managed Services (Data Centres, RIM, etc) and Network Integration
Vast Infrastructure	1,415 cities across almost every district in India
Total Customers	In excess of 1,350
Sales & Support	12 sales offices 160 support offices
Network Ops	3 NOC's supporting over 300 agents
Data Centres	3

Portfolio of Services



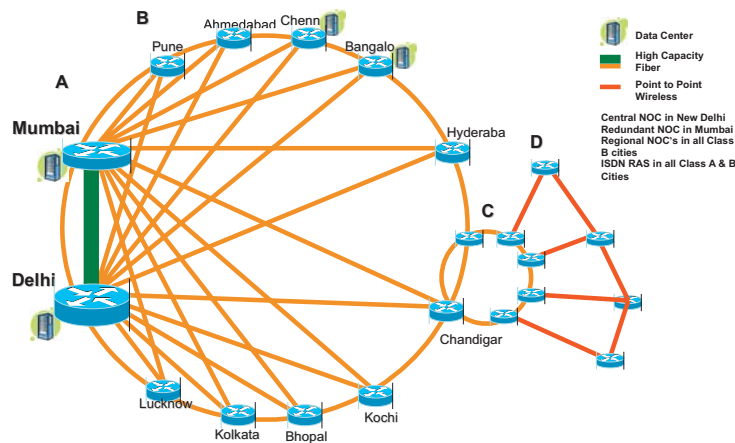
1. ENTERPRISE DATA CONNECTIVITY

Our **Data Connectivity Solutions** include MPLS/ IP VPN Networks, Rural Connectivity Solutions, 1:1 Symmetric Internet Provisioning, Global MPLS solutions, IPLC and carriage solutions and point to point or point to multi-point solutions.

1.1 MPLS/VPN connectivity

Tulip’s IP/MPLS VPN network is a carrier grade infrastructure built, using state-of-the-art networking equipment. It is the only network in the country offering MPLS VPN services to over 1415 locations in India. Tulip is geared to provide Bandwidth on demand, Video Conferencing, Voice Over IP (VoIP) and a host of other value added services that could revolutionize the way a corporate business works.

The entire network is connected over high-speed fiber backbone and offers multiple access technology options including wireless to the last mile. This unique approach allows customers to get connected quickly and easily with very short time lead, eliminating many of the hindrances encountered in traditional copper-based last mile connectivity provided by incumbent service providers. Tulip network infrastructure is created using multiple technologies enabling customized connectivity solutions for the customers.



Tulip Telecom's WAN Management portfolio includes remote management for all customer devices, links and processes on the network. Tulip can also provision an extended NOC for enterprise customers or create a dedicated helpdesk for user complaints.



1.2 Corporate Internet Access

Internet plays a vital role in businesses today. Tulip is a Class 'A' Internet Service Provider and specializes in providing high bandwidth connectivity to corporate customers. It offers dedicated, secure and managed internet access to enterprises with the highest service levels.

Tulip offers 1:1 Internet access on wireless as well as on fiber optic last mile in large cities and offers multiple bandwidth options to provide tailor made solutions to its customers. Tulip has egress points on multiple Internet gateways in India and the network offers peering with world class service providers at multiple PoPs to enable the best possible routing.

Tulip has a vast fiber network in major cities to provide last mile fiber connectivity. Customers located in key business districts will be able to enjoy very high bandwidth (up to gigabit speeds) using dedicated fiber connectivity. All the remote aggregation points are connected to the core network over redundant paths allowing connectivity to be maintained at 99.5% plus levels.

Key Features.

- 1:1 Symmetric Bandwidth.
- Last mile on fiber with scalability to Gbps levels.
- Last mile on wireless, across 1300 cities in India
- Redundancy in cable systems. (Atlantic & Pacific routes)
- Uptimes in excess of 99.5%
- Best in class quality parameters.

- SLA driven service delivery.
- 24*7*365 NOC support with proactive network management.
- Level 3+ data centers to power all hosting & Managed Services Requirements.

1.3 IPLC/ Global MPLS

Tulip offers international MPLS VPN connectivity through its strategic tie-ups with international service providers. Tulip can provide customers with high availability of WAN links from India to most international locations.

1.4 Rural connectivity

Tulip provides rural connectivity using multiple wireless technologies for access in the rural areas. Tulip's solutions are IP based using wireless technology with high bandwidth which delivers the highest quality of voice, data and video. With the largest wireless rollout infrastructure and the combination of the highest levels of networking skills, Tulip emerges as the most trusted partner for rural and beyond-the-metro connectivity.



2.0 NETWORK INTEGRATION

Tulip Telecom is a leading provider of integrated solutions for the design, upgrade and expansion of business networks. Tulip infrastructure solutions consolidate and optimize IT resources, improving clients' business productivity by providing high availability and high performance.

A strong network integration strategy often translates into an accelerated return on your technology investment. Based on a proven delivery model, Tulip Network Integration Services can help ensure your network's ability to provide the level of availability and performance your business requires.

Tulip Telecom is a leading provider of integrated solutions for the design, upgrade and expansion of business networks. Tulip infrastructure solutions consolidate and optimize IT resources, improving clients' business productivity by providing high availability and high performance.

Tulip is ranked as India's fourth largest Network Integrator by Voice & Data with a 7.8% market share. Tulip, today, has specialized skill sets in various technology solutions including:

- Advanced IP routing and switching
- IP telephony
- Network Management
- Voice over IP
- Video conferencing
- Tele-presence
- LAN and WAN connectivity (network cabling, wireless connectivity)
- Application installation and support

Tulip has strategic partnerships with most leading OEM's and offers various network integration services including network design and consultancy, implementation and end-to-end management. Tulip provides high-end solutions from leading OEM's.

State Wide Area Networks (SWANs) : Tulip has the financial and operational resources to provide the entire State Wide Area Network infrastructure based on industry standard technologies. The company has skill sets to design, deploy, operate, manage and maintain the entire network, connecting all State Head Quarters, District Head Quarters, Block/Tehsil Head Quarters and also all respective horizontal offices. Tulip can further extend the network to every Panchayat, Citizen Service Centers or kiosks that may be set up across the State. This connectivity is provided through Tulip's state of the art MPLS VPN network, which is the largest, such network in India. Tulip Telecom is rightly poised and has extended its expertise in rolling out projects across the government sector having successfully undertaken large E-Governance projects such as Haryana SWAN, West Bengal SWAN, Assam SWAN and MP SWAN.

3.0 MANAGED SERVICES

Tulip Managed Services model is designed to provide complete IT Infrastructure Management solution to our customers, helping them in the process to focus on core operations and exit the non core areas. The entire gamut of Tulip's IT infrastructure services can monitor and manage all desktops, network, messaging, servers, database and applications. Tulip has the skills and competencies, with services tailored to customer requirements and the flexibility to implement and manage key infrastructure as part of the ongoing operations.

Tulip IT Facility Management Services: Tulip's IT Facility Management Services involve an effective combination of people, process and tools to ensure that your IT infrastructure is always up and running. Catering to the 24x7 service demands of the customers' IT infrastructure, Tulip undertakes complete responsibility of ensuring availability and performance of the customer's IT Infrastructure as per SLA. Tulip's skilled professionals, powered by best-in-class practices and state-of-the-art technology, deliver on-site customized solutions for facility and infrastructure need of the customers.



Tulip's Managed Services cover the entire array of IT infrastructure services which include:

- Network Management
- Server Management
- Database Management
- Managed Messaging Services

3.1 Data center Co-location and Hosting



Tulip has the ability to provide services involving, server hosting, security, network device hosting, back-up and storage requirements of the customer; powered by tier III+ Data centers in Delhi and Mumbai. The state-of-art world-class Datacenter facilities are custom designed with raised floors, precision air-conditioning with accurate temperature and humidity control systems with separate cooling zones. We offer the widest range of physical security features, including smoke detection and fire suppression systems, motion sensors, and 24x7 secured access with biometric & proximity card readers, as well as video camera surveillance and security breach alarms. Tulip has a

deep understanding of mission critical environments which can be leveraged for providing a differentiated suite of service offerings, including co-location and data centre build solution, powered with high degree of reliability, stability and scalability.

3.2 Total IT outsourcing

With more than 17 years of practical experience in providing IT solutions, gives Tulip the solid foundation necessary to act as a trusted advisor to the IT/ITES companies to optimize their IT infrastructure. Tulip provides consulting in IP, LAN/ WAN, Data connectivity, VoIP, Video conferencing, VPN, co-location and managed services.



Business Performance

A) Enterprise Data Connectivity

Enterprise Data Connectivity segment is the key focus area of the Company as the potential opportunities it has to offer are immense. The demand for Data Connectivity in India is growing at a rapid pace given the expansion by enterprises across sectors, growth in small and medium enterprises, and various initiatives undertaken by the Central and State governments to extend connectivity to rural India. '

Tulip provides intra-city data connectivity specifically to corporate clients through the Company's own wireless and fibre network. On the other hand inter-city connectivity is provided through leased lines and fiber cables from multiple service providers. The Company has consolidated its leadership position with continued penetration in the MPLS/IP VPN segment. Tulip now offers its last mile services across sectors like banking, insurance, services, logistic, telecom, etc and clientele would include a very large proportion of the Economic Times 500 companies in India.

MPLS/IP VPN currently dominates the growth in the Enterprise Data Service market because of establishing redundancy in the network, providing end-to-end security, higher uptimes and offering highly flexible & scalable network solution thereby allowing it to deliver more bandwidth at the same price as other connectivity solutions.

MPLS VPN Market Share Analysis

Company	Share (%)		Change
	2007	2008	
Tulip Telecom	29.4	37.8	+8.4%
Sify	21.7	10.7	-11%
Reliance	21.0	18.9	-2.1%
Bharti	12.0	6.7	-5.30%
HCL	5.9	1.1	-4.80%
VSNL	5.2	6.4	+1.20%
BSNL	2.2	10.9	+8.70%
Others	2.6	7.5	+4.90%
Total	100.0	100	

Source : Frost & Sullivan

Enterprise Data Market Share

Company	Market Share
VSNL	21.79
BSNL	14.34
R Comm	13.95
Bharti Airtel	13.11
Tulip	12.74
(SIFY)	1.58
HCL Infinet	0.72
Hughes	3.74
MTNL	3.38
Others	14.65

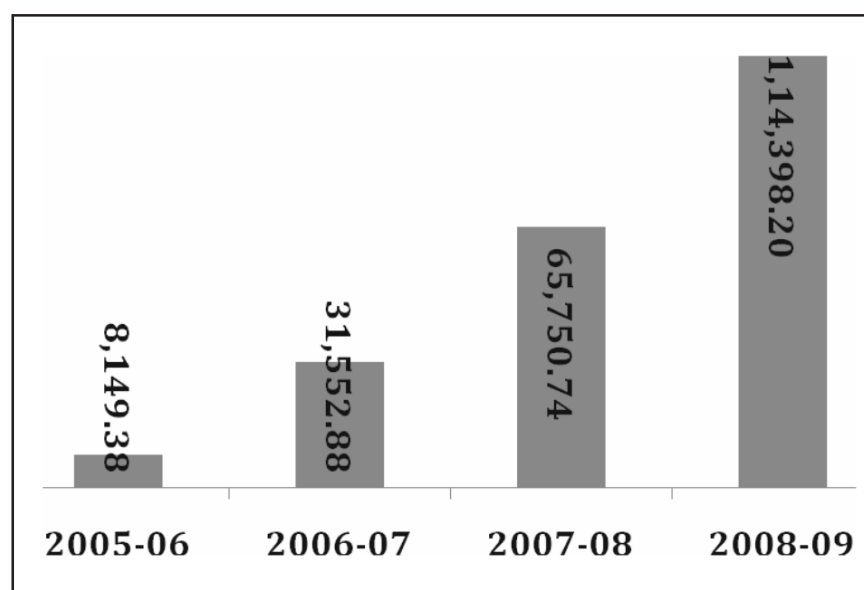
Source : Frost & Sullivan

With Tulip's market share increasing to 37.8% in the MPLS/IP VPN market through wireless connectivity, the Company's total market share in the overall Enterprise Data Services has doubled from 6.7% to 12.7%. Going forward, with the roll-out of Fibre, the Company aims to attain leadership position in the Enterprise Data Services Market in the next two years.

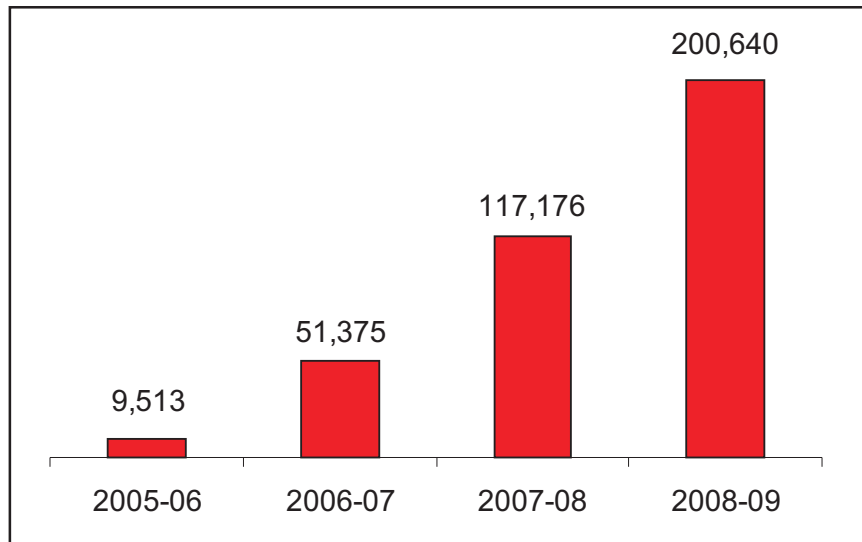
The Company, this year, launched a special drive to strengthen its network to meet the most demanding scenario where the bandwidths that are being delivered are much higher through fibre as well as ensuring the highest uptimes in the range of 99.9% to ensure customer experience with Tulip is of the highest order.

In FY2008-09, the VPN segment registered a revenue growth of 74% at Rs. 114,398 lacs from Rs. 65,670 lacs. Overall, this business segment has increased its share in total revenues from 54% to 71%.

(Rs. in Lacs)



Also, the number of connects has increased from 117,176 to 200,640. The list of satisfied customers has increased from 855 to 1,366. Clients from manufacturing, telecom, government and media sectors were the most recent addition.



Way forward

With more and more companies increasing their business and scaling up bandwidth requirement, the Company expects the Enterprise Data Connectivity segment to grow at a healthy rate going forward. In addition to this, Tulip sees various opportunities that will provide considerable impetus to the wireless data connectivity business in the future:

Bandwidth to State Wide Area Network (SWAN) projects

SWAN is a Data network covering the whole state, incorporating multiple sub- networks for providing data, voice and video services. The basic requirement of SWAN is to have an efficient and reliable network, reduced communication gaps, improved quality and speedy decision making and faster and better implementation of government schemes. Wireless becomes the ideal medium for delivering this connectivity.

Tulip has currently undertaken 4 SWAN projects in Haryana, West Bengal, Assam and Madhya Pradesh. Tulip by undertaking the SWAN is currently capitalizing on the opportunity to cater to the data transfer needs between government departments as well as for the government interface with public. Tulip believes that scope in providing bandwidth to such projects is immense as a large pool of customers can be tapped going forward including banks and private sector organizations looking for rural connectivity and government entities like police stations, state electricity boards, transport, etc.

Financial Inclusion

The Central Government is emphasizing on financial inclusion with strong focus on increasing the financial outreach to the underprivileged located in rural India. Rural areas provide a geographically sparse customer base and therefore it is not commercially viable for finance companies to open branches in these locations. An IT solution that is based on a movable framework, while providing banking applications is ideally suited for this problem. This can be provided over a wireless connectivity network.

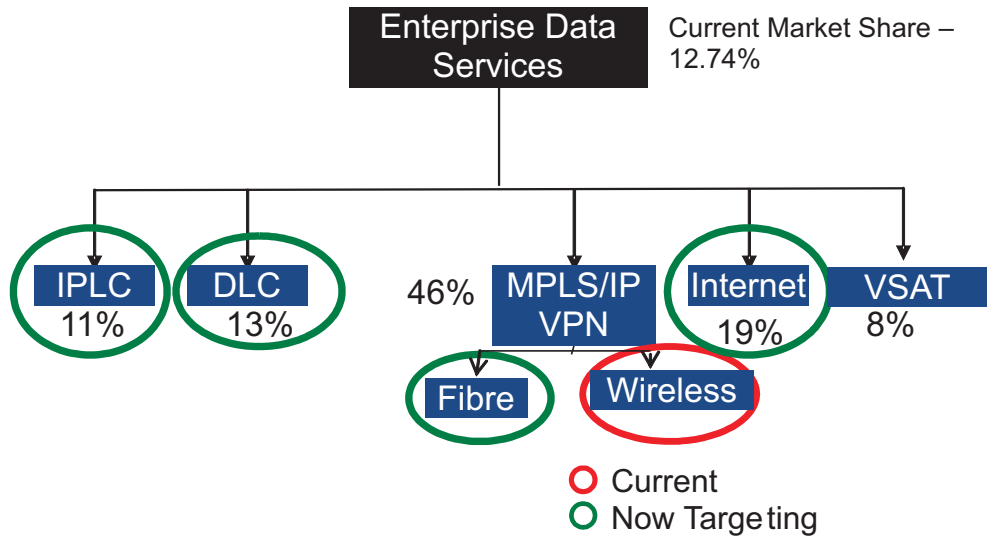
Accelerated Power Development and Reform Programme (APDRP)

Utilities/State Electricity Boards all over India have been found to be losing huge sums of money annually in transmission and distribution losses because of old and deteriorated lines, distribution transformers, etc. Besides this, theft of power, technical and commercial losses made all the State Electricity Boards (SEBS) and Electricity Departments run in tremendous losses. Hence the Ministry of Power, launched APDRP under the supervision of Ministry of Power, Government of India. The focus of the APDRP programme is on actual, demonstrable performance in terms of sustained loss reduction, establishment of reliable and automated systems for sustained

collection of accurate base line data, and the adoption of Information Technology in the areas of energy accounting. This initiative will require a connectivity backbone to support the IT solution.

Tulip feels that it is ideally positioned to cater the requirements of Financial Inclusion, large Government programs similar to APDRP, National Rural Employment Guarantee Act (NREGA), National Identity Card, etc with its expertise in providing data connectivity over a wireless network combined with an existing large wireless infrastructure located in over 1,300 cities.

Fibre roll-out – to address the entire Enterprise Data Market



Tulip is now extending its service offering in the Data Connectivity Business through the roll-out of optic- fibre in 10 key Commercial Business Districts (CBDs) across India which will enable it to address 100% of Enterprise Data Services Market which was earlier limited to MPLS/IP VPN – on wireless which is roughly 15-20% of the overall market. This will allow the Company to offer additional services like IPLC, DLC, Corporate Internet and VPN on fibre which will increase their addressable market five fold from Rs. 1,300 crore to over Rs. 7,500 crore.

The Company believes that most of the high bandwidth customers (between 2 mbps and 155 mbps) are located in CBDs across the country, and they would have to be serviced on fibre. Low bandwidth customers (between 64 kbps and 2 mbps) would generally be located in colonies and smaller towns which can be serviced on wireless. So by focusing the fibre roll-out in keys CBDs, the Company expects to service 90% of potential high revenue high bandwidth clients.

With regards to the status of fibre roll-out, the Company is close to completion in Delhi & Mumbai cities. Roll-out in other 8 CBDs is also progressing well. The Company expects that the combination of increasing demand for wireless connectivity as well as high bandwidth connectivity through fibre roll-out should help it deliver strong growth in the future.

B) Managed Services

Enterprises today face increased complexities due to changing needs and reduced budgets and it is often found that these challenges distract players from their core business strategies. Also, the dependency of business processes on infrastructure is increasing resultant to mission critical applications riding on corporate networks while increasing

their geographical boundaries. This makes network monitoring and management systems not only important for corporate but also critical for operations. Currently, Indian Banks have been the front runners in outsourcing network integration and management. Many others sectors like manufacturing, services, media are fast catching up.

IT infrastructure has been growing at a rapid pace. However the complexities related to networking and maintenance has outpaced this growth. This has resulted in a need to have a single owner for deploying and maintaining the new networking solutions. Tulip Managed Services model is designed to provide complete IT Infrastructure Management solutions to our customers thus helping them to focus on core operations and exit the non core areas.

The Company has the expertise and experience to manage the infrastructure and run the outsourced operations for customers smoothly. Also, Tulip's comprehensive set of managed services can effectively manage IT investments, improve operations performance and availability. With these services to offer, the Company can provide mission critical support with the highest level of expert consultation throughout the entire lifecycle of the hosted application.

Tulip capitalized on the managed and data center services through one data center in Delhi and two in Mumbai. The Company was awarded the ISO 27001 certification for data center and network operational centers demonstrating the Company's commitment to provide secure and reliable service to its clients.

C) Network Integration

Most of the companies are taking advantage of expanding their services to new geographies resultant to the growth in the service and manufacturing sectors. This has led to having multi location connectivity with Network Integration to thrive in competitive markets. Tulip, with strong presence in Network Integration is best placed to cater these business requirements. The Company limits its focus in this segment to projects that are coupled with data connectivity.

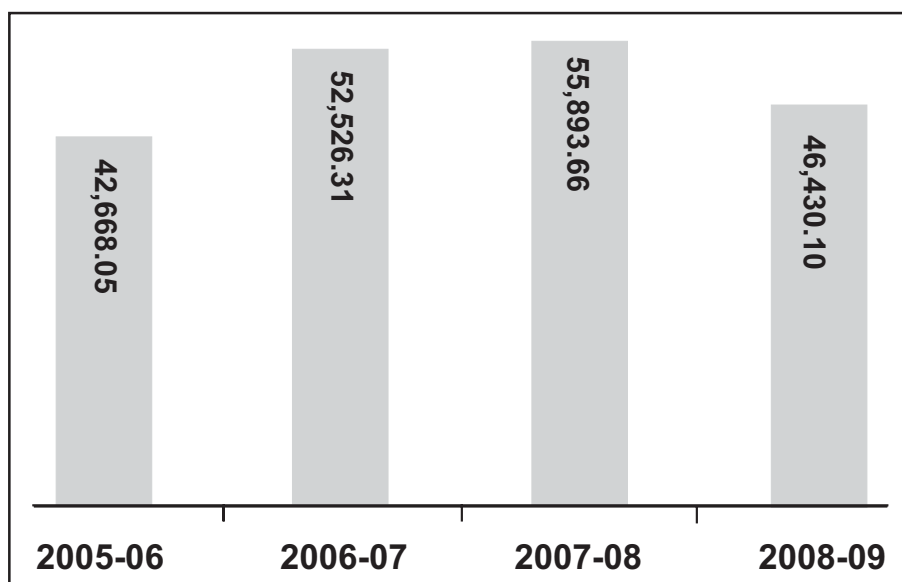
The service offerings in the network Integration business comprise designing and developing networks for its clients. In addition, supplementary services such as identifying and providing equipments for their network and integrating & implementing are also offered. Moreover, network roll-outs and post-implementation network management & maintenance services like facility management, network management and security services are provided. The services such as remote management through network operation centres are also delivered to create a single window for countrywide support. These facilities benefit the clients in terms of significant cost and space savings. Furthermore, the Company also offers a wide range of wireless applications such as point-to-point or point-to-multipoint.

The Government of India has allocated Rs. 3,334 crore to be spent over the next 5 years to create a core common infrastructure to provide internet/data connectivity, national/state data centres for reliable and secure data and common services centres for delivery of services in the rural areas through SWANs (State Wide Area Network). The Company during the year completed SWANs in Haryana and West Bengal which are being handed over to the state governments. SWAN in Assam is close to completion while SWAN in Madhya Pradesh is currently being implemented. Tulip's focus on SWAN is limited in terms of growing the Network Integration business. The Company believes there is immense potential from this business by providing bandwidth to these projects which are expected to add to the performance going forward.

During the financial year, the revenues from the Network Integration business were lower at Rs. 46,430 lacs over the previous year as the Company's focus on this segment is limited to the projects that have a strong potential for bandwidth connectivity which is the core focus area of the Company.

Resultant to limited focus and faster growth in the Corporate Data Connectivity business, the revenue share of Network Integration business reduced from 46% last year to 29%.

(Rs. in Lacs)



Threats

- License Conditions and Regulatory Risks

We conduct our business in a highly regulated business environment and are subject to conditions, restrictions and obligations under the Internet Service Provider License Agreement executed with the Department of Telecommunications under the Ministry of Communications and Information Technology, GOI. The legal and regulatory framework under which we operate is still evolving.

- Competition from existing private operators and potential new entrants including Government controlled enterprises

The telecom policy now offers a level playing field for all operators and no operator has any significant advantage vis-à-vis us in IP/VPN connectivity. New entrants may enter the IP/VPN sector, which would increase competition. Further there can be no assurance that the Government will continue to ensure a level playing field between the Government controlled enterprises and private network operators, such as us, which could affect our business.

- There are risks to our godowns from fire, riots, vandalism, terrorism and other law and order problems.

Outlook

Tulip believes that with its existing and developing infrastructure, expertise and reach, the Company is well positioned to take advantage of the immense opportunity in the Enterprise Data Market. The unique business model and diverse service offerings over wireless and fibre, allows the Company to have a 360 degree engagement with clients thus providing complete client ownership. With Tulip's various initiatives to scale up the business, the Company expects to deliver new services at considerably lower costs which in turn will result in healthy return ratios.

The Company feels it is well placed in the Enterprise Data Service market to benefit from the overall economic growth as well as from the potential for further growth in telecom services in the Indian market. Tulip's strong position is

based on its evolving business model, a rich talent pool, ability to maximize its network in remote areas and finally its unerring focus on building a strong business while enhancing customer experience.

The demand for Data Connectivity is becoming increasingly important to meet the requirements of expanding enterprises as well as multiple schemes by the State and Central Governments to reach to rural areas. Tulip has core competencies in delivering Data Connectivity over various platforms covering the entire nation on an unparalleled network. This combined with complete client ownership should enable the Company significantly grow its market share and attain leadership position in the Enterprise Data Services Market over the next two years.

RISKS & CONCERNS

Our inter-city network is leased from other service providers and is dependent on their quality and availability.

We have provided inter-city connectivity for our Wireless based IP/VPN business through lease arrangements rather than through capital investment in connectivity assets. Our Company's ability to offer high quality telecommunications service depends, to a large extent, on the quality of the networks maintained by other operators, and their continued availability, neither of which is under our control. In the event of any adverse movement of lease rentals, we may have to incur additional expenditure to maintain our network.

- Limited availability of frequency spectrum

The future growth of our wireless based IP/VPN business is dependent on our ability to expand our network capacity. A wireless network's capacity is limited by the amount of frequency spectrum available for this use. At present the Company has sufficient frequency spectrum to support its services. Wherever the bandwidth requirements are high, the company is migrating its customers to fibre.

INTERNAL CONTROL SYSTEMS

The Company has an effective system of accounting and administrative controls which ensures that all assets are safeguarded and protected against loss against unauthorized use or disposition. The Company has a well-defined organization structure with clear functional authority limits for approval of all transactions.

The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the Company is regularly reviewed by the Audit Committee as well as Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

The Company updates its internal control systems from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines.

REGULATORY FRAMEWORK

Key Industrial Regulation & Policies

The Telecommunications Regulatory Authority of India ("TRAI"), an autonomous body with quasi judicial powers to regulate the telecommunications services was established in early 1997. The Telecom Regulatory Authority Act, 1997 governing the establishment and role of TRAI was amended in 2000, pursuant to which TRAI's powers to adjudicate disputes were vested in the Telecom Disputes Settlement Appellate Tribunal ("TDSAT").

The regulatory functions of TRAI fall under two categories:

- *Recommendatory Functions:* The principal recommendatory functions include introduction of new service providers, terms and conditions of licenses to be awarded, measures to facilitate competition & promote efficiency and efficient management of available spectrum.
- *Regulatory Functions:* The regulatory & supervisory functions include fixing & regulation of tariffs, fixing the terms & conditions of interconnection arrangements between operators, ensuring technical compatibility between operators for inter-connection, ensuring compliance with licensing conditions, setting standards for & ensuring quality of services and laying measures for protecting the interest of the consumers.

Regulatory Bodies:-

- *Department of Telecommunications (DOT)*
- *Telecom Regulatory Authority of India (TRAI)*
- *Telecom Disputes Settlement Appellate Tribunal (TDSAT)*
- *Wireless Planning Cell (WPC)*

Licenses:-

- *Internet Service Provider (ISP)*
- *Virtual Private Network (VPN)*
- *National Long Distance (NLD)*
- *International Long Distance (ILD)*
- *IP-II & ISPs with IP-VPN Licenses*
- *Unified Access Service 55*

From time to time, TRAI issues regulations, orders, directives, etc. in performance of its regulatory functions. All customer tariffs and inter-connection agreements with other operators are required to be approved by TRAI. TRAI periodically monitors the performance of the Company and other operators against Quality of Service parameters and License Conditions. TDSAT has been granted powers to adjudicate any dispute between the licensor (the GOI) and a licensee service provider, between service providers, and between operators and a group of consumers. TDSAT also has the jurisdiction over appeals against any regulation, direction or order of TRAI. The orders of TDSAT can be challenged in the Supreme Court of India.

ISP License

The Department of Telecommunication issues licenses to respective companies for providing internet services. As per existing provisions for ISP license, there is no entry fee or revenue share for ISPs. However, there is a nominal license fee of One Rupee per annum. ISPs are also required to provide a performance bank guarantee of Rs. 2.00 crores for category 'A' Service Area, Rs. 20.00 lacs for category 'B' Service Area and Rs. 3.00 lacs for each category 'C' Service Area.

VPN License

As per guidelines issued by Department of Telecommunication, amending the ISP licensing condition to provide VPN services. The key features of the guidelines are:

- Tariff for providing VPN services shall be as prescribed by TRAI from time to time.
- One time non-refundable Entry Fee of Rs. 10 crores, Rs.2 crores and Rs.1 crore for Category A,B and C ISPs respectively.

- Annual license fee of 8% of Adjusted Gross Revenue generated under the license.
- Financial Bank Guarantee of an amount of Rs. 1 crore, Rs.20 lacs and Rs.10 lakh for Category A, B and C ISPs respectively.
- All required fees have been paid by us

NLD and ILD License

The Government of India vide its Press Note RM/AMA-101105 ILD dated November 10, 2005 has simplified the procedure for obtaining National Long Distance (NLD) and International Long Distance Licenses (ILD) to facilitate the growth of the IT and IT enabled services in the country. The various changes brought about are as follows:-

- a) *NLD Service License*
 - (i) With a view to promoting growth of ILD and NLD service and also to encourage competition, the Entry Fee for new NLD license has been reduced from the existing level of Rs. 100 crore to Rs. 2.5 crore. Likewise, the Annual license fee for NLD licenses is to be reduced from the existing level of 15% to 6% of AGR w.e.f. 1.1.2006.
 - (ii) Currently, the NLD licenses stipulate a mandatory provision of setting up of a point of presence in each long distance charging area. It has been decided that there shall not be any mandatory roll out obligations for future NLD license and existing licenses with immediate effect.
 - (iii) Currently, the Networth requirement for NLD licenses is Rs 2500 crore and Paid Up Capital of Rs 250 crore is required. In order to promote competition and induction of new players, it has been decided to reduce the Networth requirement and paid up capital requirement of the applicant Company to the level of Rs 2.5 crore.
 - (iv) Currently, NLD service providers cannot access the subscriber directly for provision of leased circuits/ closed user groups. In order to facilitate promotion of BPO/KPO industry, it has been decided that NLD service provider can access the subscribers directly for provision of leased circuits/closed user groups i.e. they can provide last mile connectivity.
- b) *ILD Service License*
 - (i) Entry Fee for ILD to be reduced from Rs. 25 crore to Rs. 2.5 crore.
 - (ii) Annual license fee for ILD licenses to be reduced from 15% to 6% of AGR w.e.f. 1.1.2006
 - (iii) No need to have mandatory roll out obligation for ILD service licensees except for having at least one switch in India.
 - (iv) ILD service providers can access the subscriber directly only for provision of leased circuits/closed user groups.
 - (v) Net worth and Paid Up Capital of the applicant Company for ILD service license shall be Rs. 2.5 crore.
- c) Requirement of experience in telecom sector for grant of licenses
 - (i) It has been decided that henceforth prior experience in telecom sector will not be a prerequisite for being granted telecom service licenses.
- d) Provision of Internet telephony, Internet Services and Broadband services by Access Providers
 - (i) So far, Internet telephony was not permitted in India. It has now been decided that Access service provider can provide Internet telephony, Internet services and Broadband services. If required, access service provider can use the network of NLD/ILD service licensee.
- e) IP-II & ISPs with IP-VPN Licenses
 - (i) The Government has decided to do away with IP II and IPVPN licenses. Existing IP-II/ IP-VPN licensees will be allowed to migrate to NLD/ILD service license.

- (ii) Provisional entry fee of IP-VPN on migration to NLD/ILD to be adjusted in entry fee and dues to the Government by way of license fee and spectrum charges / or refunded as per TDSAT order.
 - (iii) ISP with Internet telephony (Restricted) to be charged license fee at 6% of AGR w.e.f. 1.1.2006.
 - (iv) The access providers can provide broadband services including triple play i.e. voice, video & data. ISPs can provide as per terms and conditions of license only Internet Access/Internet Content Services whereby Internet has been defined as a global information system that is logically linked by a globally unique address based on IP or its subsequent enhancement/upgradation. ISPs cannot provide content services on a managed network (virtual/Real) not derived from Internet.
 - (v) IP-II licensees not interested in migrating to NLD/ILD shall not be permitted to provide National/International leased line/bandwidth to individual subscribers as per existing IP-II license guidelines.
 - (vi) IP-VPN licensees not interested in migrating to NLD/ILD shall not be permitted to carry voice traffic over VPN network.
- f) VSAT commercial
- (i) Annual License Fee be charged at 6% of AGR w.e.f. 1.1.2006.

WPC License

The Wireless Planning & Coordination (WPC) Wing of the Ministry of Communications, created in 1952, is the national radio regulatory authority responsible for frequency spectrum management, including licensing and caters to the needs of all wireless users (government and private) in the country. It exercises the statutory functions of the Central Government and issues licenses to establish, maintain and operate wireless stations.

REGULATORY CHANGES

- **Access Deficit Charge Regime**

The ADC regime is being gradually phased out with the curtain down on revenue - share ADC w. e. f. April 1st, 2008. ADC on incoming ILD calls has been reduced to Re. 0.50 per minute for a limited period between April 1st, 2008 to September 30th, 2008. Thereafter it will be discontinued. TRAI has recommended that a sum of Rs. 20 bn. per annum may be given to BSNL from the Universal Service Obligation (USO) Fund as subsidy for a period of 3 years from April 1st, 2008 on quarterly basis. This support shall be reviewed in the third year.

- *Ending access Deficit Charge Regime;*
- *Infrastructure Sharing;*
- *Domestic Leased Circuits and*
- *Defination of AGR*

- **Guidelines on infrastructure sharing**

On April 1st , 2008 the DoT issued guidelines allowing sharing of active infrastructure viz. Antenna, Feeder Cable, Node B, Radio Access Network and Transmission System. However, sharing of allocated spectrum is not permitted. Infrastructure providers (Category – I) are now allowed to seek SACFA sitting clearance for erecting towers with or without agreement with licensed service providers.

- **Domestic Leased Circuits (DLC) Regulation, 2007**

On September 14, 2007, TRAI published a regulation enabling service providers to obtain DLCs and its local lead from each other in a transparent manner. When a service provider receives a request for DLCs it is required to confirm

feasibility within 30 days. The provision of DLC or local lead shall be at rates specified by TRAI. In case it is not feasible, service provider has to indicate the reasons in writing and maintain record of such cases for a period of 1 year.

- **Hon'ble TDSAT Order on definition of AGR (Adjusted Gross Revenue)**

Vide judgment dated August 30, 2007, Hon'ble TDSAT identified items of revenue that may be included in the definition of AGR for License Fee calculation. Hon'ble TDSAT has largely accepted TRAI's recommendations. In some instances where TRAI had rejected the industry's contentions, Hon'ble TDSAT upheld the decision in the industry's favour.

FINANCIAL REVIEW

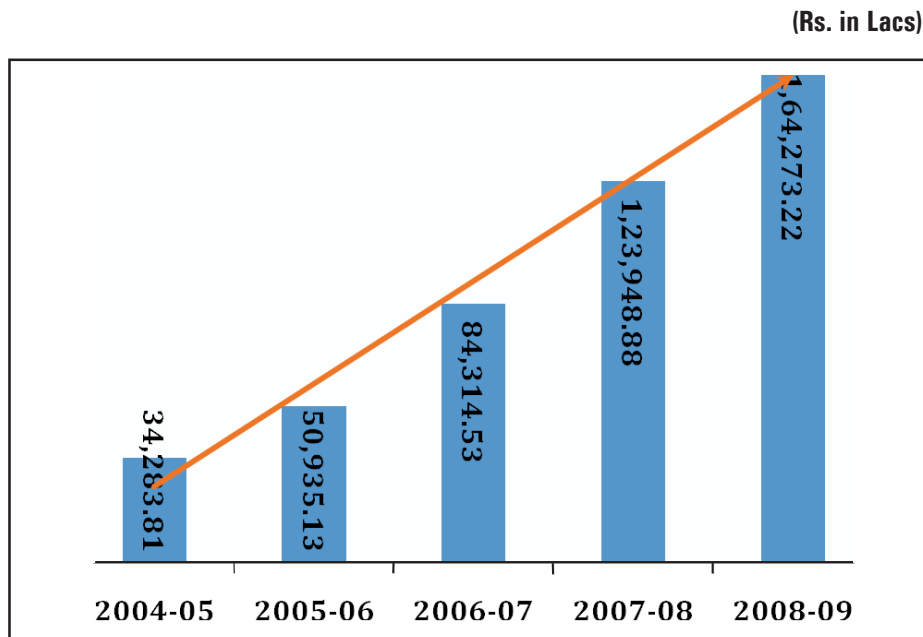
Snapshots of FY 2008-09	
Total Revenues	Rs. 1,64,273.22 lacs
Operating Profits (PBIT)	Rs. 36,995.85 lacs
Profit Before Tax	Rs. 28,230.80 lacs
Profit After Tax	Rs. 24,957.57 lacs
EPS (Basic)	Rs. 86.06
Book Value per Share	Rs. 234.60
Total Employee Strength	2403
No. of cities covered	1415
# of connects	200,641
# of POPs	3,923

RESULTS OF OPERATION

a) Income from Operations

We registered total revenue of Rs 1,64,273.22 Lacs during the financial year 2008-09, a 32.5% growth over the previous year. The growth in revenue was attributable to the following factors:-

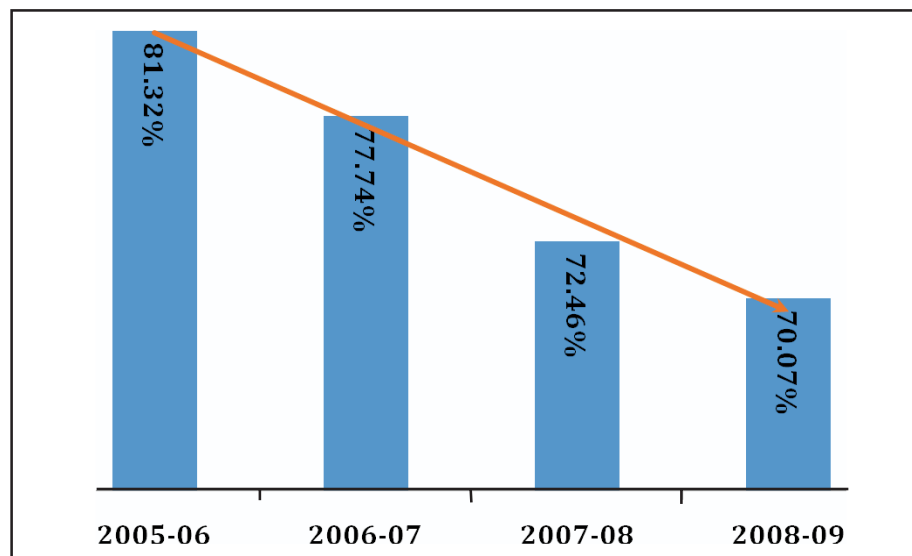
- Our Corporate Data Connectivity business revenue grew by 74% as we have increased our presence and aggressively marketed these services. It has increased its contribution to the Company's total revenue to 54% from 70%.
- Our network integration revenue was lower by 17% on account of the Company's limited focus on this segment that have a strong potential for bandwidth connectivity



Other Income in the financial year 2008-09 increased to Rs. 3,445 lacs as compared to Rs. 2,304 lacs in the year 2007-08, an increase of 49.5%. This was largely on account of saving of Rs. 7,300 lacs on account of repurchase and cancellation of FCCBs of face value USD 33.39 million. Also included in Other Income is the loss on account of foreign currency fluctuation amounting to Rs. 6,098 lacs.

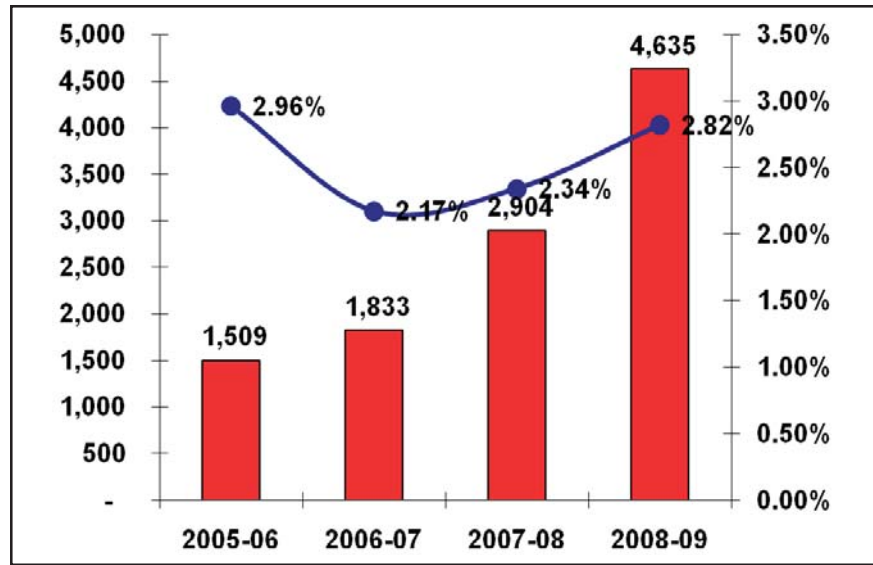
b) Cost of Goods Sold

During the financial year 2008-09 the cost of goods sold increased in line with the increase in the total revenue from Rs. 89,815.22 lacs to Rs. 1,15,104.81 lacs. Cost of goods sold as percentage to total revenue was stable at 73.1%. In addition, with our Network Integration business increasingly focusing on providing wireless solutions, we were able to achieve higher margins as compared to lower margins inherent with traditional wired solutions. However, it was expected to come down, with the increase in the share of Enterprise Data Services business, but due to adverse movement of INR/USD exchange rate the costs of goods sold has gone.



c) Administrative and Other Expenses

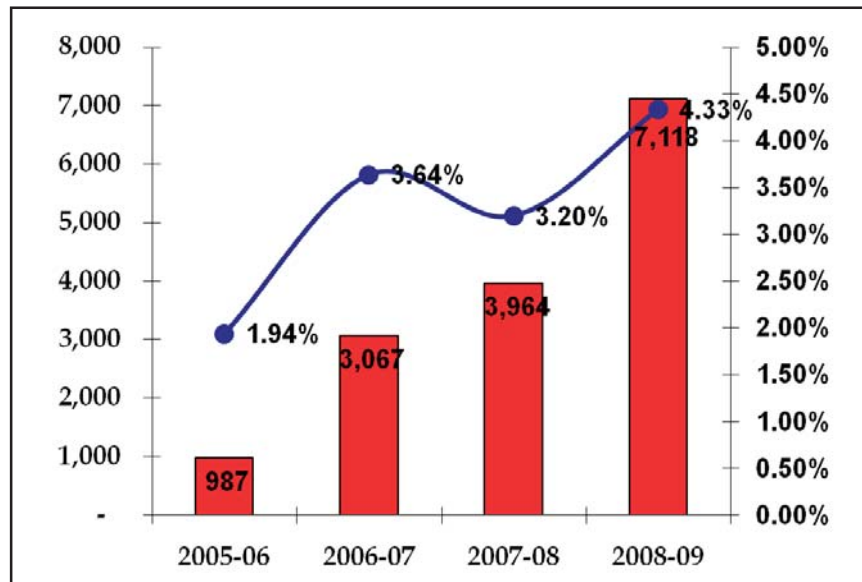
(Rs. in Lacs)



With the increase in presence of Company's Corporate Data Network administrative expenses on account of Rent, Communication and inter city connectivity Expenses, and Traveling and Conveyance has gone up from Rs. 2,904 lacs to Rs. 4,635 lacs but as percentage to total revenue it has gone up marginally from 2.34 % to 2.82%.

d) Staff Cost

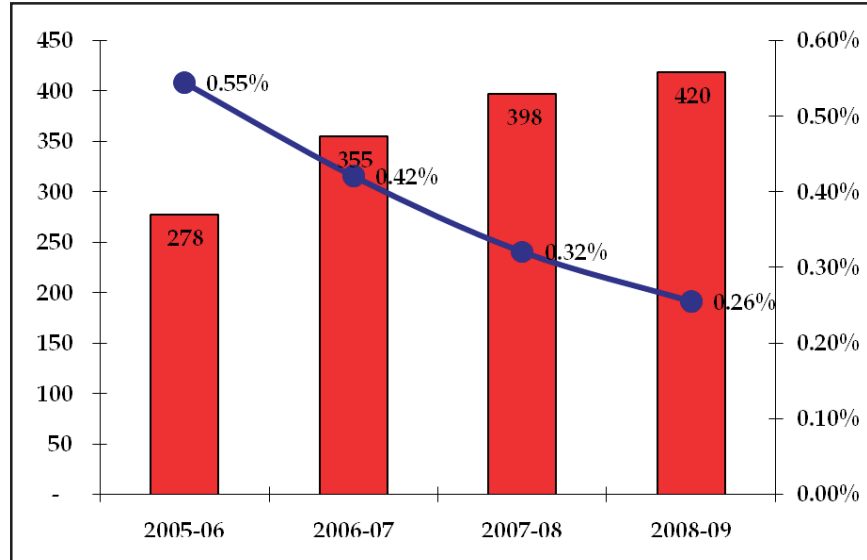
(Rs. in Lacs)



Staff cost increased by 79.6% from Rs. 3,964 lacs to Rs. 7,118 lacs. This was due to expansion in our service branches coupled with recruitment of additional manpower nationwide. The manpower has increased to 2403 from 1,896.

e) Selling and Distribution expenses

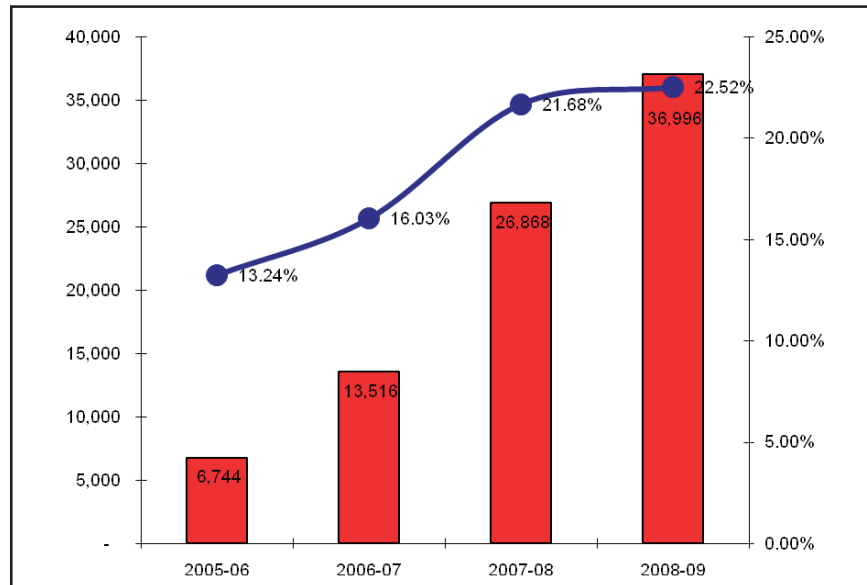
(Rs. in Lacs)



Selling and Distribution expenses have increased by 5.5% in the fiscal year 2008-09. However in percentage point to total revenue it has come down from 0.32% to 0.26%.

f) Earning Before Interest, Depreciation & Write Offs Taxes (EBIDTA)

(Rs. in Lacs)

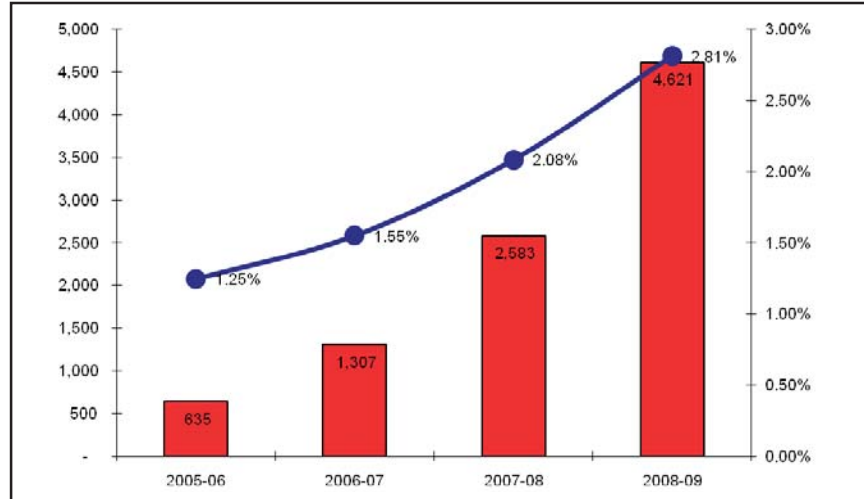


The operating profit (EBIDTA) has increased by 37.6% during the financial year 2008-09. The margin have improved from last year's 21.68% to 22.52%.

Company's operating profits has improved due to:

- Increase in the business in all segments
- Increase in contribution of the business from Corporate Network/Data Services to 71%
- Increase in overall operational efficiency

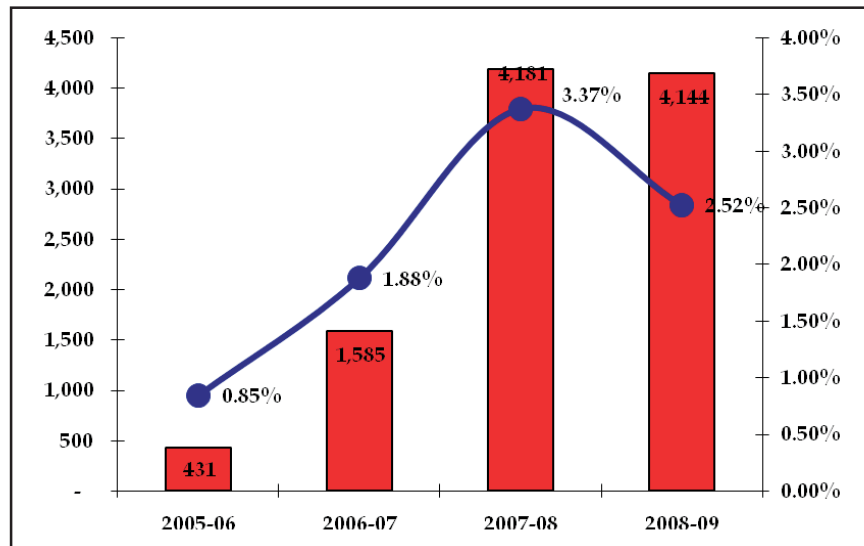
g) Finance Expenses



Finance charges increased significantly by 78.89% during the year 2008-09. The rise in financial charges was on account of higher working capital loans and the term loan raised by the Company to part finance capital cost on network. As a percentage to total revenue it has gone up from 2.08% to 2.81%. During the year, the Company has raised an additional debt of Rs. 22,862 Lacs to finance its capex plans.

h) Depreciation and Other Write-Offs

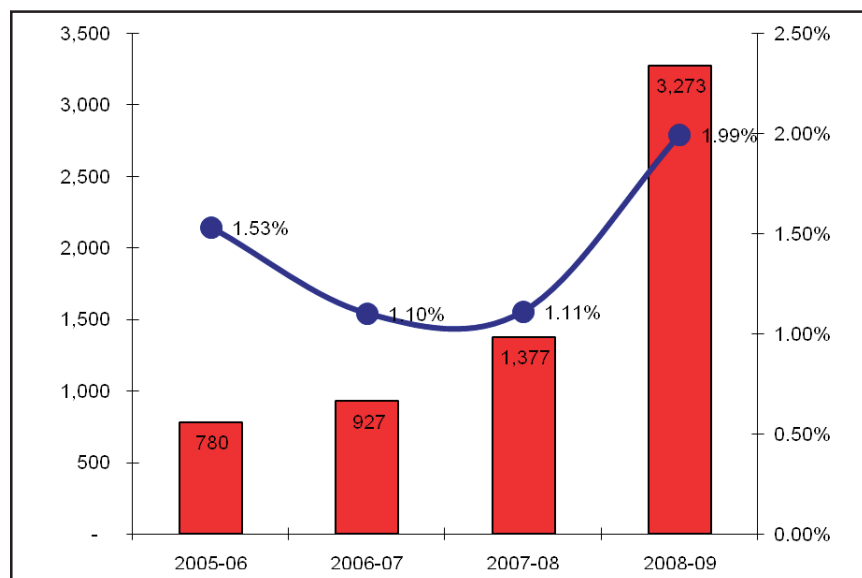
(Rs. in Lacs)



Most of the assets invested in were not put to use and were in Capital Work-in-Progress resulting in a stable depreciation over last year. Depreciation for the financial year 2008-09 stood at Rs. 4, 144 lacs against Rs. 4, 181.43 lacs in 2007-08.

i) **Income Tax**

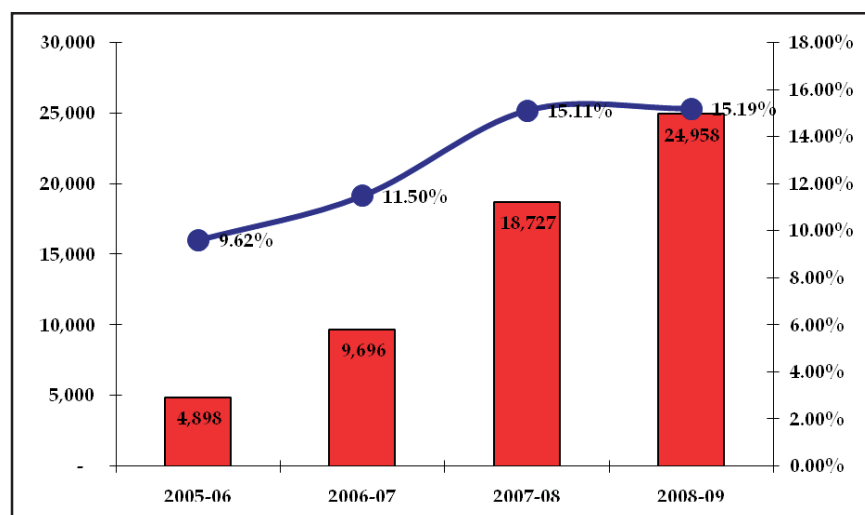
(Rs. in Lacs)



Since the Company has availed the tax benefit under section 80 IA and 80 IB of the Income Tax Act, 1961, henceforth, provision of tax is made of Rs.3,273.23 lacs in 2008-09 against Rs. 1,376.52 lacs in 2007-08. Overall cost to revenue has increased from 1.11% to 1.99%. The effective rate of Income Tax during the year 2008-09 was 11.59% as against the previous year of 6.85%. Under Section 80 IB of the Act, having an undertaking in the notified area of Jammu & Kashmir for manufacturing the product within a specified period enables the undertaking to claim tax benefit under the said section. In addition to this profits from Corporate Network and Data Services are also exempt from Income Tax U/s 80IA of the Income Tax Act.

j) **Profit After Tax (PAT)**

(Rs. in Lacs)



PAT for the financial year 2008-09 has increased by 33.27% to Rs. 24,957.57 lacs from Rs. 18,727 lacs in 2007-08. In percentage to total revenue it has increased to 15.19% in comparison to the last year's 15.11%.

FINANCIAL POSITION**a) Share Capital****i) Authorised Capital**

During the year, there has been no change in the Authorised Share Capital of the Company.

ii) Paid-up Capital

There was no change in the paid-up share capital of the Company.

b) Reserves and Surplus**Securities Premium Account**

The Securities Premium Account has balance of Rs. 8,312.78 lacs.

General Reserve

Since the Board of Directors of the Company proposed a Dividend of Rs. 4/- per share, therefore 10% of the profit is transferred to the General Reserves and aggregate amount of General Reserve stood at Rs. 4,627.48 lacs.

c) Profit and loss Account

Movement in Profit & Loss account during the year is as under:-

(Rs. in Lacs)

	2008-09	2007-08
Balance at the beginning of the year	31,168.92	14,540.18
Addition During the year	24,882.35	18,711.86
Less : Proposed Dividend	(1160.00)	(580.00)
Less : Tax on Proposed Dividend	(197.14)	(98.57)
Less : Amount Transfer to General Reserve	(2,495.75)	(1,404.54)
Less : Transfer to Debenture Redemption Reserve	(1,187.50)	-
Balance at the end of the year	51,010.89	31,168.93

The total shareholders fund increased from Rs. 44,508.21 lacs for the year ended 31st March, 2008 to Rs. 68,038.64 lacs for the year ended 31st March, 2009. The book value per share has also increased during the year from Rs. 153.48 per share to Rs. 234.60 per share.

d) Loan Funds

(Rs. in Lacs)

	2008-09	2007-08
Secured Loans		
From Banks		
Working Capital Loans/Temporary Overdrafts	3527.44	7421.68
Term Loans	3300.34	4505.13
Short Term Loans	4700.00	7500.00
ECB	1,98,86.00	-
NCD's	2,00,00.00	-
Total Secured Loans	5,14,13.78	19,426.81
Unsecured Loans (other than Banks)		
FCCB	60,830.74	59,955.00
NCD's	-	10,000.00
Total Unsecured Loans	60,830.74	69,955.00
Total Loan Funds	11,22,44.52	89,381.81

During the year additional Working capital, Short Term loans and Secured loan has been taken by the Company to finance its working capital needs and to fund capital expenditure of the Company. The working capital and short term loans include Rs. 2000 lacs as a temporary overdraft from the bank against the fixed deposits with the banks.

Foreign Currency Convertible Bonds (FCCB)

In financial year 2007-08, the Company issued at par 5 year, Zero Coupon Foreign Currency Convertible Bond (FCCB) at an Exercise Price of Rs. 1137.222 per share aggregating to US\$ 150 Million (Rs. 60,405 lacs as on the date of issue) for financing Capital Expenditures, Overseas Acquisitions and other expenditure as per RBI Regulation. As per the terms and conditions of the Offering Circular issued by the Company for FCCB, the bonds are convertible by holders of the Bond (the Bondholders) into fully paid equity shares of the Company with full voting rights with par value of Rs. 10/- per share of the Company (the shares) at any time on or after 5th September, 2007 (or such earlier date as is notified to the Bondholders by the Company) and prior to the Close of the business hours on 19th August, 2012 unless previously redeemed, converted or repurchased and cancelled.

The Bond may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the Company at any time on or after 26th August, 2010 and on and prior to 19th August, 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 144.506% of the principal amount on 26th August, 2012 unless previously converted, redeemed or purchased and cancelled.

The Company has incurred an expenditure of Rs. 1467.70 lacs towards issue expenses of these bonds. These expenses have been charged to the securities premium account as provided under section 78 of the Companies Act, 1956.

During the financial year 2008-09, the Company repurchased and cancelled FCCBs of the face value USD 33.39 Million, as per the RBI circular, at a discount. Consequent upon such repurchase and cancellation, the Company's obligation to convert the said FCCBs into shares, if so claimed by the FCCB Holders and/or to redeem the same in the foreign currency have come to an end vis-à-vis the cancelled FCCBs.

Non-convertible Debentures

The Company had issued on 3rd October, 2007, 1,00,00,000 NCDs of Rs. 100 each to LIC Mutual Funds at a coupon rate of MIBOR + 800 with floor 9.55% and cap 9.60% with a tenure of 364 days secured by Personal Guarantee of Managing Director of the Company. During the year, it was repaid on its maturity.

On 31st October, 2008, the company had issued 2000, 12.50% Secured NCDs of Rs. 10,00,000/- each aggregating to Rs. 200 crores. The NCDs have a maturity period of 6 years and are redeemable from the end of the third year onwards, in 4 equal annual installments. These NCDs are also listed on the WDM Segment of the BSE.

External Commercial Borrowings

The Company also raised USD 40 million by way of External Commercial Borrowing (ECB) and have recorded the same in books at a conversion price of Rs. 50 per US dollar. The purpose for raising the ECB was to repurchase / buy-back of Bonds issued by the Company in the year 2007. The said ECB is repayable from July 2010 onwards in eight equal semi-annual instalments of USD 5 million each.

e) Deferred Tax

The Company has recorded deferred tax liability of Nil for the year ended 31st March 2009, in comparison to the previous year's deferred tax liability of Rs. 12 lacs. Deferred tax assets/liabilities represent timing difference in the financial and tax books arising from depreciation on assets, provision for sundry debtors and provision for retirement benefits.

f) Fixed Assets

During the year 2008-09 the company has purchased fixed assets valuing Rs. 73,627.77 lacs against Rs. 31,111.17 lacs during the last financial year.

At the end of the financial year 2008-09 balance in capital work-in-progress account was Rs. 37,721.14 lacs as against Rs.13,909.23lacs at end of the financial year 2007-08.

The details of various additions during the financial year 2008-09 is as under:-

(Rs. in lacs)

Particulars	Gross Block			
	As at 31 March 2008	Addition During the period	Sales During the period	As at 31st March, 2009
Land**	285.71	-	-	285.71
Building	1,580.58	90.72	-	1,671.30
Plant & Machinery	1,517.52	270.65	-	1,788.16
Plant & Machinery (Division - EDICS)	61.38	-	-	61.38
Equipments - Tulip Connect	39,855.45	48,564.14	-	88,419.60
Office Equipment	229.87	400.08	-	629.95
Computer	414.48	190.98	-	605.45
Furniture	418.35	295.34	-	713.69
Cycle	0.02	-	.02	0.00
Vehicles	102.81	3.94	8.01	98.73
Capital Work in Progress	13,909.23	23,811.91	-	37,721.14
Total	58,375.40	73,627.77	8.03	131,995.14
Previous Year	27,264.22	31,111.18	-	58,375.40

g) Investments

The details of various investments made by the company during the year ended 31st March, 2009 is as under :

(Rs. in lacs)

Particulars	As on 31st March 2009		As on 31st March 2008	
	Face Value Nos.	Book Value	Face Value Nos.	Book Value
i) Government Securities	125,000	143,647	125,000	134,880
ii) Subsidiary Companies (Unquoted)				
a. Tulip IT Services Singapore Pte Ltd	1,002	98,000	1,002	98,000
b. Tulip SWAN IT Services Ltd.	50,000	500,000	50,000	500,000
c. Tulip Telecom Inc. (Considered to be of Strategic Importance)	10,000	14,203,500	-	-
iii) Others Companies (Quoted)				
Indian Overseas Bank Ltd.	4,512	112,800	4,512	112,800
Total		15,057,947		845,680
*Market Value of Quoted Shares		205,747		609,571

h) Inventories

The company is maintaining the inventory of the Networking equipments, routers switches, modems, radios etc. to be utilized in Network Integration business. It is also maintaining the inventory of the customer premises equipments required for Corporate Network/Data Services.

During the financial year 2008-09, the value of inventory has gone up to Rs. 9164.46 lacs from Rs. 7019.42 lacs in the previous year 2007-08. The value of inventory has gone up is in line with the increase in revenue of the company.

i) Book Debts

The debtor level has increased marginally from Rs. 19,914.60 lacs to Rs. 32,176.53 lacs for the year ended 31st March 2009.

However debtor days have gone up from 58.64 days to 71.49 days. An amount of Rs. 20.53 lacs represents the debtors against which the company has filed the recovery suits in the court and as per advice of our advocates we are having fair chances of getting the decision in our favour.

j) Cash & Bank Balances

Cash and bank Balance have reduced to Rs. 34,578.89 lacs for the year ended 31st March 2009 from Rs. 59,323.48 lacs for the year ended 31st March 2008 as funds raised through FCCB were deployed during the year. It includes the amount lying with the company in cash, in the current accounts with scheduled banks, FDR's and other securities kept with the banks as Margin Money for opening Letter of Credit and Bank Guarantees and FDR kept with the scheduled bank and unutilized amount of FCCB proceeds amounting Rs. 20,528.93 lacs kept with Bank of India, London-UK and Standard Chartered Bank-UK.

k) Loans and Advances

Amount of Loans and Advances has been increased to Rs. 10,889.14 lacs for the year ended 31st March, 2009 from Rs. 2,921.14 lacs for the year ended 31st March, 2008.

l) Current Liabilities & Provisions

Current Liabilities & Provisions has increased to Rs. 27,973.95 lacs as on 31st March 2009 from Rs. 7,109.04 lacs for the year ended 31st March, 2008.

m) Dividend

In continuation of company's policy to share the wealth with its shareholders, a dividend of Rs. 4/- per share has been proposed, subject to the approval of shareholders. The dividend payout will be Rs. 1357.14 lacs including tax on dividend.

n) Earning Per Share

Earning per share (EPS) on fully diluted basis as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was Rs. 75.18 as on 31st March 2009 against Rs. 56.41 as on 31st March 2008.

MATERIAL DEVELOPMENTS ON HR FRONT

Quality of work life is an imperative for an organisation like Tulip Telecom, as we have a workforce of dynamic and motivated individuals who take the organisation forward with their hard work and passion for excellence. It is consequently very important to develop their skills and competencies to provide the right environment for their personnel as well as organisational growth. In Tulip, the HR department plays a strategic role in this effort.

Organisational performance is the sum total of the performance of every individual in Tulip. Creating a work environment in which employees productivity is essential for the growth and development of Tulip as an organization. Employee productivity centres around two major areas of focus: personal motivation and the work environment.

Growth of the Tulip as a company has been driven by its employees and they are the pillars on which the company rests. It is consequently essential to enhance their productivity. Tulip plays a strategic role in improving the employee's productivity, it is sensitive to their requirements, proactive in understanding the issues that employees may face and address them at the earliest. It works towards providing an environment that is not only conducive to work in, but also clearly defines roles and responsibilities of each individual and relating his/her contribution to the bigger organisational picture.

Transformation of organisations and leadership hold the key to success. For this, role of HR to act as strategists, facilitators and catalysts is crucial. It is they who have developed a self sustaining culture of continuous learning, nurturing creativity and shared goals. Hence, Tulip has a strong HR department working for the healthy growth and success of the organisation.

It is only an 'engaged employee' who is intellectually and emotionally bound with the organisation, feels passionately about its goals and is committed towards its values. He goes the extra mile beyond the basic job responsibility and is associated with the actions that drive the business. An engaged employee gives his company his 100 percent. Taking this fact into consideration, Tulip believes in investing in its people by conducting effective training sessions, open discussions and various employee arrangement activities.

Employee engagement and development programmes in Tulip are a barometer that determines the association of employees with the organisation. An associated employee is, after all, a productive employee. The HR department in Tulip continually helps in creating the passion among employees to do things beyond what is expected of them. A highly engaged or satisfied employee will consistently deliver beyond expectations. In Tulip, our employee have a sense of belonging and a strong bond with the company and its brand which helps us create a ripple effect that results in a positively charged atmosphere in the organisation.

As at 31st March 2009, the total employees were 2403 against 1896 as at 31st March 2008.

Cautionary Statement:

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. over which the Company does not have any direct control.

AUDITORS REPORT

**The Members,
M/S TULIP TELECOM LIMITED
NEW DELHI.**

We have audited the attached Balance Sheet of **M/S TULIP TELECOM LIMITED** as at 31st March 2009 the Profit & Loss Account and also the Cash Flow Statement on the 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. 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.

1. As required by the Companies (Auditors Report) Order 2003 as amended by The Companies (Auditors Report) (Amendment) Order, 2004 issued by Central Government of the India in terms of section 227(4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate and according to information and explanation given to us and books and records examined by us in the normal course of audit, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of books of account of the Company.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with the report are in agreement with the books of account of the company.
 - (d) In our opinion the Balance Sheet, Profit & Loss account and Cash Flow statement complies with the Mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

- (e) On the basis of written representation received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the company, as on 31st March, 2009, under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009
 - (ii) In the case the Profit & Loss Account, of the Profit of the company for the year ended on that date and
 - (iii) In the case of Cash Flow Statement, for the cash flow of the company for year ended as on that date.

**For R.CHADHA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Place :- New Delhi
Date:- June 27, 2009**

**Rakesh Chadha
(PARTNER)
Membership No. 83135**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF
M/s TULIP TELECOM LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009.**

- 1) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on physical verification.
c) There was no substantial disposal of fixed assets during the year.
- 2) a) As informed to us by management, physical verification of inventory has been conducted at reasonable intervals during the year.
b) The procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the company and the nature of its business.
c) On the basis of our examination of records of inventory, the company is maintaining proper records of inventory. We are informed that there were no material discrepancies on physical verification.
- 3) a)
 - i) The company has not granted but has taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of Act.
 - ii) Clause 3 (b) , 3 (c) & 3 (d) of the order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sales of goods.
- 5) a) In our opinion and according to the information and explanations given to us the transactions that need to be entered in to the register maintained under section 301 of the companies Act, 1956, have been so entered.
b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangement entered into the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices , which are reasonable having regard to prevailing market price at relevant time.
- 6) The company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Act are not applicable.
- 7) In our opinion, the company has an Internal audit system commensurate with its size & nature of business.
- 8) The company has maintained the accounts and records as prescribed by the Central Government Under Section 209(1)(d) of Companies Act, 1956. We have not, however made a detailed examinations of records with a view to determine whether they are accurate or complete.

- 9) a) The company is generally regular in depositing undisputed statutory dues which are applicable to the company including Provident Fund, Employee's State Insurance, Income Tax, FBT, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues with the appropriate authorities except TDS, deducted from various payments during the year.
- b) According to the information and explanations given to us following amounts of undisputed statutory dues are outstanding as on 31st March, 2009 for a period exceeding six months :-

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which relate	Due date	Date when paid
----- N I L -----					

- c) According to the information and explanation given to us, the following are the disputed amount of Statutory dues outstanding as on 31st March, 2009 for a period exceeding six months:-

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which relate	Forum Where dispute is pending
The Customs Act, 1962.	Custom Duty	23,35,568/-	2004-05	CESTAT- Mumbai
Sales Tax	Central Sales Tax on regular assessment	11,36,509/-	1.04.2003 to 31.03.2004	Joint Commissioner - I, New Delhi
Sales Tax	Central Sales Tax on regular assessment	4,14,975/-	1.04.2004 to 31.03.2005	Joint Commissioner - I, New Delhi
DVAT Act 2004	VAT	95,75,610/-	1.04.2005 to 31.03.2006	Addl. Commissioner DVAT New Delhi
CST Act 1956	Sales Tax	3,09,164/-	1.04.2005 to 31.03.2006	Addl. Commissioner DVAT New Delhi

10. This clause of accumulated losses is not applicable.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted its repayment of dues to financial institutions, banks or debenture/bond holders as at the balance sheet date.
12. The company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities; hence this point of order is not applicable.
13. The provision of any special statute applicable to chit fund are not applicable to this company.
14. The company is not dealing in or trading in shares, securities, debenture & other investments.
15. The company has not given any guarantee for loan taken by others from bank or financial institution; hence this point of order is not applicable.

16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us on an overall examination of the balance sheet of the company, in our opinion , there are no funds raised on short term basis which have been used for long term investment and vice-versa.
18. According to the information and explanation given to us the company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
19. During the year, the company has issued Secured Non-convertible Debentures. The company is taking necessary steps to create the security.
20. The company has not raised any money by way of public issues during the year.
21. According to the information and explanation given to us and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the course of our audit.

**For R. CHADHA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE:- NEW DELHI
DATE:- June 27, 2009**

**RAKESH CHADHA
PARTNER
Membership No. 83135**

BALANCE SHEET AS ON MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	As on March 31, 2009		As On March 31, 2008	
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	290,000,000		290,000,000	
Reserves & Surplus	2	6,513,864,611	6,803,864,611	4,161,343,673	4,451,343,673
Loan Funds					
Secured Loans	3	5,141,378,641		1,942,681,164	
Unsecured Loans	4	6,083,074,170	11,224,452,811	6,995,500,000	8,938,181,164
Deferred Tax Liability (Net) (Refer Note 1(N) of Schedule 20)			9,223,000		9,223,000
			18,037,540,422		13,398,747,838
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	9,427,400,201		4,446,616,384	
Less:- Depreciation		1,060,958,599		647,121,178	
Net Block		8,366,441,602		3,799,495,206	
Capital Work In Progress		3,772,114,362	12,138,555,964	1,390,923,196	5,190,418,402
Investments (Refer to Note 1(E) and 2(O) Schedule 20)			15,057,948		845,681
Current Assets					
Inventories	6	916,446,074		701,942,044	
Book Debts	7	3,217,653,475		1,991,460,461	
Other Current Assets, Loans & Advances	8	1,088,913,742		292,113,908	
Cash & Bank Balances	9	3,457,889,573		5,932,348,355	
		8,680,902,864		8,917,864,769	
Less Current Liabilities & Provisions	10	2,797,395,766		710,904,173	
Net Current Assets			5,883,507,098		8,206,960,596
Miscellaneous Expenditure (To the extent not written off or adjusted)	11		419,412		523,159
			18,037,540,422		13,398,747,838
Statement of Significant Accounting Policies and Notes to the Financial Statement	20				

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Balance Sheet.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
INCOME			
Sales of Goods and Services	12	16,082,829,469	12,164,440,059
	A	16,082,829,469	12,164,440,059
EXPENDITURES			
Operating Expenditures			
Cost of Goods/Services Sold	13	11,510,481,051	8,981,522,212
Administrative Expenses	14	463,451,499	290,355,583
Payment to and provisions for Employees	15	711,848,797	396,387,361
Selling and Distribution Expenses	16	41,955,316	39,795,147
Total Operating Expenditures	B	12,727,736,663	9,708,060,303
Profit Before Other Income, Finance Expenses, Depreciation and Amortisation	(A-B)	3,355,092,806	2,456,379,756
Finance Expenses	17	462,105,857	258,309,010
Depreciation & Amortisation	18	414,399,788	418,143,137
Profit Before Other Income		2,478,587,161	1,779,927,609
Other Income	19	344,492,375	230,448,339
Profit Before Tax		2,823,079,536	2,010,375,948
Provision for Taxes (Refer to Note 1(N) of Schedules 20)			
Current Tax		319,855,000	130,046,000
Deferred Tax		-	1,200,000
Fringe Benefit Tax		7,467,945	6,406,440
Profit After Taxes		2,495,756,591	1,872,723,508
Add/(Less):- Prior period Incomes (Expenses)		(6,804,224)	286,852
Less:- Income Tax paid/ (Excess Provisions) for the previous years		(717,229)	(1,824,004)
Current year profit available to Carry over to next year and for Appropriation		2,488,235,138	1,871,186,356
Add:- Balance brought forward from previous years		3,116,892,912	1,454,017,919
Amount Available for Appropriation		5,605,128,051	3,325,204,275
Appropriations			
Proposed Final Dividend		116,000,000	58,000,000
Tax on Dividend		19,714,200	9,857,100
General Reserve		249,575,659	140,454,263
Debt Redemption Reserve		118,750,000	-
Balance Carried over to Balance Sheet		5,101,088,191	3,116,892,912
EPS (In rupees) (Basic)		86.06	64.58
EPS (In rupees) (Diluted) (Restated)		75.18	56.41
(Refer to Note 1(P) and 2(N) of Schedule 20)			
Statement of Significant Accounting Policies and Notes to the Financial Statement	20		

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Profit & Loss Account.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
(Refer note 1(l) of Schedule 20)			
A Cash flow from operating activities			
Net (loss)/profit before tax and exceptional/extraordinary items		2,942,520,605	1,994,656,909
Adjustments for:-			
Depreciation		414,296,041	418,039,390
Interest Expenses		462,105,857	258,309,010
Interest Income		(203,610,415)	(169,238,715)
Exchange (Profit)/Loss on Revaluation of FCCB		1,743,139,420	-
Write back or Repurchase of FCCB		(730,267,189)	-
Exchange (Profit)/Loss on Revaluation of Forex Assets		(1,133,340,654)	-
(Profit)/Loss on sale of Fixed Assets		204,657	-
Miscellaneous Expenditure written off		103,747	103,747
Provision for Gratuity & Leave Encashment		7,831,578	15,432,187
Provision for Tax		(327,322,945)	(136,452,440)
Prior Period Expenses/(Income) Net		(6,804,224)	286,852
Other Provisions			
Exceptional/Extraordinary items (Expenses)/Income		-	-
Any other non cash Item		-	-
Operating Profit before working capital changes		3,168,856,480	2,381,136,940
Adjustments for changes in working capital:-			
(INCREASE)/Decrease in Sundry Debtors		(1,226,193,013)	(593,610,646)
(INCREASE)/Decrease in Other Receivables		(796,799,834)	72,883,195
(INCREASE)/Decrease in Inventories		(214,504,030)	(496,717,182)
INCREASE/(DECREASE) in Trade and Other Payables		2,086,491,594	98,777,899
		3,017,851,196	1,462,470,206
Cash generated from operations			
Taxes (Paid)/Received (Net of TDS) for the previous years		(717,229)	(1,824,004)
Prior Period(Expenses)/Income (Net)		(6,804,224)	286,852
Extraordinary/Exceptional Item (Expenses)/Income		-	-
Net Cash from Operating Activities		3,010,329,743	1,460,933,054
B Cash flow from Investing Activities			
Purchase of fixed assets		(4,981,587,096)	(1,946,350,412)
Proceeds from sale of fixed assets		140,002	-
Capital Work in progress		(2,381,191,166)	(1,164,767,378)
Exchange (Profit)/Loss on Revaluation of Forex Assets		1,133,340,654	-
Purchase of Investments		-	(134,880)
Deposit with bank		2,216,548,902	(5,534,064,821)
Interest Received (Revenue)		203,610,415	169,238,715
Dividend Received		-	-
Amount paid on acquisition/Investment in Subsidiaries		(14,212,267)	(500,000)
Any other Items		-	-
Net cash used in Investing activities		(3,823,350,558)	(8,476,578,775)

CASH FLOW STATEMENT (Contd.....)

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
C Cash flow from Financing Activities			
Proceeds from fresh issue of Foreign Currency Convertible Bonds, (Net of issue expenses)		-	5,848,730,176
Decrease in FCCB Liability excluding Exchange Fluctuation		(1,655,565,250)	-
Proceeds from fresh issue of Non Convertible Debentures		2,000,000,000	-
Proceeds from fresh issue of External Commercial Borrowings		1,988,600,000	-
Advance against equity shares		-	-
Exchange (Profit)/Loss of Revaluation of FCCB		1,743,139,420	-
Unsecured Non-Convertible Debentures redeemed		(1,000,000,000)	-
Net Proceeds from long term borrowings		(120,479,392)	(64,916,482)
Net Proceeds from short terms borrowings		(280,000,000)	1,394,155,898
Proceeds from fixed deposits (NET)		-	-
Proceeds from Cash Credits (NET)		(389,423,131)	197,489,626
Interest Paid		(462,105,857)	(258,309,010)
Interest Paid-Capitalised		-	-
Dividend, including dividend tax		(135,714,200)	(67,857,100)
Net Cash used in financing Activities		1,688,451,589	7,049,293,108
Net Increase/(Decrease) in Cash & Cash Equivalents		875,430,774	33,647,387
Opening Cash and Cash Equivalents		58,267,994	24,620,607
Closing Cash and Cash Equivalents		933,698,768	58,267,994
Statement of Significant Accounting Policies and Notes to the Financial Statement	20		

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Cash Flow Statement.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SHARE CAPITAL		SCHEDULE - 1.
Authorised		
4,00,00,000 Equity Shares of Rs. 10 each (Previous year 4,00,00,000 Equity Shares of Rs. 10 each)	400,000,000	400,000,000
Issued Subscribed & Paid Up		
2,90,00,000 (Previous year 2,90,00,000) Equity Shares of Rs. 10 each Fully Paid-up in cash	290,000,000	290,000,000
	290,000,000	290,000,000

NOTES:-

- The Authorised Share Capital was increased from Rs. 30,00,00,000 to Rs. 40,00,00,000 divided into 4,00,00,000 equity shares of Rs. 10/- each pursuant to shareholders' resolution passed vide postal ballot held on 5th July 2007.
- The company has formulated and implemented an Employees Stock Option Scheme "TULIP ESOS" 2007, exercisable into not more than 1,00,000 options, these options are convertible into equivalent numbers of equity shares of Rs. 10/- each. However no stock options were granted during the year.
- During the Financial year 2007-08, the company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with an initial conversion price of Rs. 1137.222 per share with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 54,00,001 equity shares.
 - During the Financial year 2008-09, the company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 33.39 Millions, resulting in outstanding FCCB liability to USD 116.61 Million as on 31.03.2009. Therefore now upon conversion of bonds number of shares to be issued would get reduced to 41,97,961 equity shares.

RESERVES & SURPLUS**SCHEDULE - 2.**

Balance in Profit & Loss Account	5,101,088,191	3,116,892,912
	5,101,088,191	3,116,892,912
General Reserve		
Opening Balance	213,172,355	72,718,092
Transferred from Profit and Loss Account	249,575,659	140,454,263
Securities Premium Account (Refer note no. 2(B) of Schedule 20)		
Opening Balance	831,278,406	978,048,230
Less:- FCCB issue expenses	-	146,769,824
Debenture Redemption Reserve		
Transferred from Profit and Loss Account	118,750,000	-
	6,513,864,611	4,161,343,673

1 Debenture Redemption Reserve (DRR) :-

- Debenture Redemption Reserve is created by the company for the redemption of 2000 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, aggregating to Rs. 200Crores, at a coupon rate of 12.50% p.a. These NCDs are repayable in four equal annual instalments commencing from the end of third year. These NCDs are secured by first pari-passu charge on the Plant & Machinery of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property.
- The company for the purpose of redeeming the above mentioned NCDs has created a DRR in accordance with DCA circular No. 9/2002 dtd. April 18, 2002 and prevailing industry practices.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SECURED LOANS		SCHEDULE - 3.
From Banks		
Working Capital Loan/Temporary Overdraft	352,744,893	742,168,024
Long Term Loan		
Rupee Term Loan	330,033,748	450,513,140
(Due within one year Rs. 1204.79 Lacs (Previous year Rs 1173.05 Lacs)		
External Commercial Borrowings	1,988,600,000	-
Short Term Loan	470,000,000	750,000,000
Non-convertible Debentures	2,000,000,000	-
	5,141,378,641	1,942,681,164

NOTES:-

1 Working Capital Loans are secured by :-

- Hypothecation of Stocks, Book Debts and other current assets of the company,
- Equitable mortgage of the two properties of the Managing Director of the company and Company's Office Land & Building located at Delhi.
- Personal Guarantee of Four directors of the company

2 Temporary Overdraft is secured by the pledge of fixed deposits receipts.

3 Rupee Term Loans are secured by:-

- way of Equitable Mortgage of the office Land and Buildings located at Mumbai and 1st charge on Plant & Machinery of the company. This loan is repayable in 20 Equal quarterly instalment of Rs. 3 Crores each.

4 Short Term Loans are secured by:-

- way of subservient charge on Stocks, Book Debts and other current assets of the company, and Personal Guarantee of Four directors of the company.

5 Non-convertible Debentures

During the year the company has raised Rs 200 crores by issuing 2000 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a. These NCDs are repayable in four equal annual instalments commencing from the end of third year. These NCDs are secured by first pari-passu charge on the Plant and Machinery of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property. The creation of security is under process.

6 External Commercial Borrowings

The Company also raised USD 40 million by way of External Commercial Borrowing (ECB) and have recorded the same in books at a conversion price of Rs. 50 per US dollar. The purpose for raising the ECB was to repurchase / buy-back of Bonds issued by the Company in the year 2007. The said ECB is repayable from July 2010 onwards in eight equal semi-annual instalments of USD 5 million each.

UNSECURED LOANS

Other than Banks

(Refer note 2(B) of Schedule 20)

Foreign Currency Convertible Bonds (FCCB)

6,083,074,170

5,995,500,000

Non-convertible Debentures

-

1,000,000,000

6,083,074,170

6,995,500,000

1 Foreign Currency Convertible Bonds (FCCB)

- During the Financial year 2007-08, the company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with an initial conversion price of Rs. 1137.222 per share with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 54,00,001 equity shares.
- During the current year, the company has repurchased and cancelled Bonds aggregating to USD 33.39 Million under the Automatic Route, in accordance with the guidelines issued by the RBI. As on the balance sheet date the Company's liability with regard to FCCB has reduced to USD 116.61 million. The buy back of bonds has resulted in savings of Rs. 73.03 Crores which has been reflected as part of other income.

2 Non-convertible Debentures (NCDs)

The Company had issued on 3rd October, 2007, 1,00,00,000 NCDs of Rs. 100 each to LIC Mutual Funds at a coupon rate of MIBOR+800 with floor 9.55% and cap 9.60% with a tenure of 364 days secured by Personal Guarantee of Managing Director of the company. These NCDs were repaid during the financial year 2008-09 on its maturity.

FIXED ASSETS

(Refer Note 1(c) of Schedule 20)

SCHEDULE - 5.

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block		
	As At 31 March, 2008	Addition During the period	Sales During the period	As At 31 March, 2009	As At 31 March, 2008	For the period	As At 31 March, 2009	As At 31 March, 2008	As At 31 March, 2009
Land **	28,570,740	-	-	28,570,740	1,713,284	-	2,569,926	26,857,456	26,000,814
Building	158,057,856	9,072,327	-	167,130,183	4,277,006	-	6,944,739	153,780,850	160,185,444
Plant & Machinery	151,751,792	27,065,129	-	178,816,921	15,206,494	-	8,086,432	136,545,299	155,523,995
Plant & Machinery (Division- EDICS)	6,138,187	-	-	6,138,187	2,801,859	-	3,093,423	3,336,328	3,044,764
Equipments: Tulip Connect	3,985,545,355	4,856,414,724	-	8,841,960,079	572,690,799	-	388,491,304	3,412,854,556	7,880,777,976
Office Equipment	22,987,344	40,008,456	-	62,995,800	3,988,760	-	1,588,376	18,988,584	57,408,664
Computer	41,447,520	19,098,214	-	60,545,734	35,869,594	-	7,476,063	43,345,657	17,200,077
Furniture	41,835,089	29,534,185	-	71,369,275	5,632,093	-	3,741,650	36,202,997	61,995,532
Cycle	1,750	-	1,750	-	1,750	1,750	-	-	-
Vehicles	10,280,750	394,062	801,529	9,873,283	4,929,541	456,870	1,066,277	5,351,210	4,304,336
Total	4,446,616,384	4,981,587,096	803,279	9,427,400,201	647,121,178	458,620	1,060,958,599	3,799,495,206	8,366,441,603
Total (Previous Year)	2,726,421,790	3,111,117,790	-	4,446,616,384	229,081,788	-	647,121,178	2,497,340,002	3,799,495,206

** Includes the following lands leased in the name of the company by the lessor: -

Lessor	Amount Rs.	Residual Period (years)
Jammu & Kashmir State Industrial Development Corporation	125,520	83
Maharashtra State Industrial Development Corporation	19,227,720	58
Total	19,353,240	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
INVENTORIES		SCHEDULE - 6.
(Refer to Note 1(G) of Schedule - 20)		
(As per Inventories Taken, Valued and Certified by the Management)		
Stock in Trade	916,446,074	701,942,044
	<u>916,446,074</u>	<u>701,942,044</u>
BOOK DEBTS		SCHEDULE - 7.
(Refer to Note 2 (G), (H) & (O) (ii) of Schedule 20)		
Unsecured/Unconfirmed		
Outstanding for a period exceeding 6 months		
Considered good	11,031,744	8,825,395
Doubtful	2,053,234	2,053,234
Other debts		
Considered good	3,20,4,568,497	1,980,581,832
	<u>3,217,653,475</u>	<u>1,991,460,461</u>
OTHER CURRENT ASSETS, LOANS & ADVANCES		SCHEDULE - 8.
(Refer to Note 2 (G), (H) & (O) (ii) of Schedule 20)		
(Advances Recoverable in cash or kind or for value to be Received/ Unsecured/Unconfirmed/Considered Good)		
Advances for Capital Goods	750,146	422,812
Advances for Stocks	354,120,369	128,374,191
Security Deposits	105,010,472	44,334,705
Others	629,032,755	118,982,201
	<u>1,088,913,742</u>	<u>292,113,908</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
CASH & BANK BALANCES		SCHEDULE - 9.
Cash in Hand	3,160,347	1,855,480
Bank Balances		
- with Scheduled Indian Banks		
- Current Account	930,538,418	56,412,512
- FDR's (Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	471,297,462	381,625,009
- with Foreign Banks		
- Fixed Deposits with Bank of India London-UK and Standard Chartered Bank-UK (Maximum balance during the year Rs. 582.90 lacs, Previous year Rs. 586.39 Lacs)	2,052,893,344	5,492,455,353
	3,457,889,573	5,932,348,355
CURRENT LIABILITIES & PROVISIONS		SCHEDULE - 10.
Sundry Creditors for : (Refer Note 2 (O)(ii) of the Schedule 20)		-
Goods	638,259,918	325,286,132
Capital Goods	1,003,052,577	18,130,470
Expenses Payable	209,354,454	122,988,642
Statutory Liabilities	249,441,819	21,071,024
Proposed Dividend	116,000,000	58,000,000
Unpaid Dividend	112,458	79,045
Provision for Income Tax and Dividend Tax	339,569,200	139,903,100
Advance from Customers	241,605,340	25,445,760
	2,797,395,767	710,904,173
MISCELLANEOUS EXPENDITURE (Refer to Note 1 (F) of Schedule 20)		SCHEDULE - 11.
(To the extent not written off or adjusted)		
Preliminary Expenses	419,412	523,159
	419,412	523,159
SALES OF GOODS & SERVICES (Refer to Note 1(B) & 2 (O) (ii) of Schedule 20)		SCHEDULE - 12.
Sales of Goods & Services	16,082,829,469	12,164,440,059
	16,082,829,469	12,164,440,059

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
COST OF GOODS / SERVICES SOLD		SCHEDULE - 13.
(Refer to Note 2(I) & (O) (ii) of the Schedule 20)		
Increase or Decrease in the Stocks:-		
- Opening Stock	701,942,044	205,224,862
- Closing Stock	916,446,074	701,942,044
	<u>(214,504,030)</u>	<u>(496,717,182)</u>
 Purchase of Goods, Services & Network		
Operating Charges	11,724,357,040	9,473,643,793
Consumables Stores	628,041	4,595,602
	<u>11,510,481,051</u>	<u>8,981,522,212</u>
 ADMINISTRATIVE EXPENSES		SCHEDULE - 14.
(Refer to Note No. 1 (D), (K), (L) & 2 (O) (ii) of Schedule 20)		
Audit Fee	2,348,745	2,050,570
Insurance	9,963,209	8,198,439
Fee & Taxes	16,426,644	1,978,624
Legal and Professional charges	80,047,440	37,625,819
Miscellaneous Expenses	26,895,330	20,146,336
Postage, Telegram and Telephone Expenses	66,830,519	41,600,000
Electricity and Lighting Expenses	45,803,638	29,869,996
Printing & Stationery	6,197,263	5,064,896
Rent	103,808,483	62,745,786
Loss on Sale of Fixed Assets	204,657	-
Repair and Maintenance- Plant and Machinery	20,597,934	10,397,742
Travelling & Conveyance	84,327,636	70,677,376
[Director Traveling Rs. 14316436/- (Previous Year Rs. 13094469/-)]		
	<u>463,451,499</u>	<u>290,355,583</u>
 PAYMENT TO AND PROVISION FOR EMPLOYEES		SCHEDULE - 15.
(Refer to Note No. 1 (L),(M) & 2 (O) (ii) of Schedule 20)		
Salaries, Allowances, Incentives and Bonus	613,320,688	320,818,800
Director's Remuneration	72,340,000	60,000,000
Statutory Contributions	12,059,308	8,893,379
Staff & Labour Welfare	13,712,738	5,666,845
Recruitment, Training and Other expenses	416,063	1,008,337
	<u>711,848,797</u>	<u>396,387,361</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SELLING AND DISTRIBUTION EXPENSES		SCHEDULE - 16.
Advertisement Expenses	17,985,408	16,236,882
Bad Debts	132,906	162,523
Liquidated Damages	1,739,359	196,925
Sales Commission	3,851,408	7,467,166
Discount	817,900	136,897
Freight & Cartrages	12,636,445	2,695,566
Sales Promotion Expenses	4,343,855	12,647,497
Tender Fee	448,035	251,691
	41,955,316	39,795,147
FINANCE EXPENSES		SCHEDULE - 17.
(Refer to Note 1(O) of Schedule 20)		
Interest on :-		
Long Term and Short Term Loan	140,087,994	99,655,191
Working Capital Loans	187,246,294	71,432,536
Other Loans	-	41,471
Other Finance Charges	134,771,569	87,179,812
	462,105,857	258,309,010
DEPRECIATION & AMORTISATION		SCHEDULE - 18.
(Refer to Note 1 (C) & (F) of Schedule 20)		
Depreciation	414,296,041	418,039,390
Preliminary Expenses written off	103,747	103,747
	414,399,788	418,143,137
NON-OPERATING INCOME/(EXPENSES)		SCHEDULE - 19.
(Refer to Note 1 (J) & (K) of Schedule 20)		
Interest Income	203,610,415	169,238,715
Exchange Difference	(609,798,766)	26,581,316
Miscellaneous Income	20,413,538	34,628,308
Gain on FCCB Buy Back	730,267,189	-
	344,492,375	230,448,339

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SCHEDULE - 20.

1 SIGNIFICANT ACCOUNTING POLICIES

A Basis for preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All Income and expenditures having material bearing on the financial statements are recognised on accrual basis.

The preparation of financial statement 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, provisions for doubtful debts and the useful lives of fixed assets. Actual results could differ from those estimates

B Revenue Recognition

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis excepts in case of significant uncertainties. The principles of revenue recognition are given below: -

- I Revenue from sales is recognised upon the shipment of the products.
- II Income from annual maintenance and facilities management contracts is accounted for in the ratio of the period expired to the total period of contract and amount received from customers towards unexpired portion of annual maintenance contracts is shown as advances received from customers which is accounted as income in the following financial year(s).
- III Revenue from services rendered is recognized as and when the services are performed.
- IV Income from turnkey projects is recognised as percentage and proportion to work completion and balance would be included in the closing stock.

C Fixed Assets and Depreciation

I Fixed Assets

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. Cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Any gains or losses on account of exchange difference either on settlement or translation where they relate to the acquisition of fixed assets are adjusted to the carrying cost of such assets.

II Depreciation

The depreciation on fixed assets is provided using the straight line method as per Schedule-XIV of the Companies Act, 1956.

Leasehold improvement are amortised on straight line basis over the primary period of lease.

D. Leases

Lease rentals in respect of operating lease arrangements are recognised as an expense in the profit and loss account.

E Investments

Long-term investment are stated at cost less provision for other than temporary diminution in value. Short-term investments are carried at lower of cost and quoted value/fair value, computed category-wise.

F Miscellaneous Expenses (Preliminary Expenses)

Preliminary Expenses are amortised over a period of 10 years.

- G Inventories**
Inventories are valued at the lower of cost or net realisable value, after providing for obsolescence, if any. Cost of inventories comprises cost of purchase, freight and other expenses incurred in bringing the inventories to their present location and condition.
- H Provision, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- I Cash Flow Statement**
Cash flows are reported using the indirect method whereby net profits before tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows for the regular revenue generating, investing and financing activities are segregated.
- J Income from Investments**
Income from investments, where appropriate, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.
- K Foreign Currency Transactions**
- I Transaction denominated in foreign exchange are recorded at the exchange rate prevailing at the date of the transaction. Receivable and payables at the year end are translated at the exchange rate prevailing on the balance sheet and differences coming there on are recognised in profit and loss account.
 - II Monetary items denominated in foreign currencies at the year ended and not covered by forward exchange contracts are translated at year end exchange rates and in respect of those covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of contract.
 - III Any gain or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
 - IV Foreign currency assets and liabilities are translated at the year end rates and resultant gains/losses on foreign exchange transaction other than those relating to fixed assets are recognised in the profit and loss account.
 - V Non-monetary foreign currency items are carried at cost.
- L Research and Development**
Revenue expenditure on Research and Development is charged off to Profit and Loss Account in the year in which it is incurred.
Capital expenditure on Research and Development is shown under the relevant fixed assets and depreciation is provided as given in note no. 1 (c) (ii) above.
- M Employee Benefits**
- I **Short Term Employee Benefits**
Short-term employee Benefits are recognised in the period during which the services have been rendered.
 - II **Long Term Employees Benefits**
 - a. **Defined Contribution Plans**
Contribution to Provident Fund are deposited with the appropriate authorities and charged to the profit and loss account on Accrual basis.

b. Defined Benefit Plans**i Gratuity**

The company provides for the gratuity based on the Actuarial valuation as per the Projected Unit Credit Method in accordance with Accounting Standard - 15, (Revised), "Employee Benefits"

ii Leave encashment

The company has provided for the liability at the year end on account of unavailed Earned Leave as per the Actuarial valuation as per the Projected Unit Credit Method in accordance with Accounting Standard - 15, (Revised), "Employee Benefits"

N Provision for Tax

Tax expense for the year comprising current, differed and fringe benefit tax is included in determining the net profit for the year.

Provision is made for Current Tax on the basis of estimated taxable income for the current accounting year in accordance with the provision applicable under Income Tax Act- 1961 with respect to that accounting year.

Deferred tax liability on account of timing differences between the book profit and the taxable profits for the year is accounted for using the tax rates as applicable as on the balance sheet date.

Deferred tax assets arising on account of timing differences are recognised to the extent there is virtual certainty that these would be realized in the future.

Deferred Tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

O Borrowing Cost

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualified asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

P Earning Per Share

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity share holders after tax (and including post tax effect of any extra ordinary item) by the weighted average number of equity shares outstanding during the year, the weighted average number of equity shares outstanding during the period are adjusted for the events of number of shares to be issued against Foreign Currency Convertible Bonds issued by the company.

Q Modvat/Cenvat

Modvat/Cenvat claimed on capital assets is credited to assets/ capital work in progress account. Modvat/Cenvat on purchase of raw material and other materials and services are deducted for the cost of such material and services.

The policies not specifically mentioned above are in agreement with the Accounting Standards issued by the Institute of Chartered Accountants of India.

2 NOTES ON ACCOUNTS**Rs. In lacs**

		As On 31 March 2009	As On 31 March 2008
A	Contingent Liabilities not Provided for		
I	Guarantee issued by the Banks on Behalf of the company	8,088.17	7,212.06
II	Claims against the company not acknowledge as debt.	32.54	32.54
III	The Company has filed civil and criminal suit for the recovery of its debts against some Debtors, which as per the opinion of the advocate are not going to be decided against the company and accordingly no provision for the same has been made, however the same has been disclosed as doubtful debts.		
IV	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.28,371.90Lacs (Previous year Rs. 6900lacs)		

B Foreign Currency Convertible Bonds (FCCB)**USD \$150 Million Zero Coupon Foreign Currency Convertible Bonds**

During the year, the Company issued at par 5 year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an Exercise Price of Rs. 1137.222 per share aggregating to US\$ 150 Million (Rs. 60,405 lacs as on the date of issue) for financing Capital Expenditures, Overseas Acquisitions and other expenditure as per RBI Regulation. As per terms and conditions of the Offering Circular issued by the Company for FCCB, the bonds are convertible by holders of the Bond (the Bondholders) into fully paid equity shares of the Company with full voting rights with par value of Rs. 10/- per share of the Company (the shares) at any time on or after 5th September, 2007 (or such earlier date as is notified to the Bondholders by the Company) and prior to the Close of the business hours on 19th August, 2012 unless previously redeemed, converted or repurchased and cancelled.

The Bond may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the company at any time on or after 26th August, 2010 and on and prior to 19th August, 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 144.506% of the principal amount on 26th August, 2012 unless previously converted, redeemed or purchased and cancelled.

The company has incurred an expenditure of Rs. 1467.70 lacs towards issue expenses of these bonds. These expenses have been charged to the securities premium account as provided under section 78 of the Companies Act, 1956.

Out of the proceeds of the bond issue, Rs. 20,528.93 lacs (equivalent to US\$ 39.35 Millions) (Previous year Rs. 54,924.55 lacs (equivalent to US\$ 137.41 Millions) is lying in fixed deposits at March 31st, 2009 in foreign currency with Bank of India and Standard Chartered Bank, London.

During the year, the company has repurchased and cancelled Bonds aggregating to USD 33.39 Million under the Automatic Route, in accordance with the guidelines issued by the RBI. As on the balance sheet date, the Company's liability with regard to FCCB has reduced to USD 116.61 million, therefore now upon conversion of bonds number of shares to be issued are reduced to 41,97,961 equity shares. The buy back of bonds has resulted in savings of Rs. 73.03 Crores which has been reflected as part of other income.

C Employees Stock Option Scheme

Pursuant to shareholders resolution dated 2nd February, 2008, the company introduced Employees Stock Option Scheme, "TULIP ESOS- 2007" which provides for the issue of 1,00,000 equity shares to employees of the company. The option vesting period was for Five years from the date of award of option to employees at an exercise price approved by the ESOS Compensation committee. Till date No Stock options have been granted under this scheme.

D Derivative Instrument

The company has outstanding foreign exchange forward contract of US\$110 Millions (Previous year US\$110 Millions) as at 31st March 2009, for hedging its exposure in respect of highly probable forecast transaction relating to foreign currency convertible bonds(FCCB) Liability.

E Auditors Remuneration is as under: -**Amount in Rs.**

	As On 31 March 2009	As On 31 March 2008
For Services as Auditors, including quarterly audits	1,957,288	1,708,808
Tax Audit Fee	391,458	341,762
Total	2,348,745	2,050,570

F The Break-up of the Expenditures on Employees getting remuneration :-

	Current Year March 31, 2009		Previous Year March 31, 2008	
	No of Employees	Salary Paid Rs. In Lacs	No of Employees	Salary Paid Rs. In Lacs
Not less than Rs. 24.0 lacs p.a.	19	1,496.32	6	740.64
Not less than Rs.2.0lacs p.m.	5	73.59	6	274.46

- G** In the opinion of the management and to the best of their knowledge and belief the realisable value of current assets, loans and advances if realised in ordinary course of business would not be less than the amount at which they are stated in the balance sheet. The company has filed suits for recovery of debt against certain clients but relying on the opinion of the advocates these have been considered as fully realisable, however some has been classified as doubtful debt amounting Rs.20,53,234/-
- H** The company had no amounts payable to Micro, Small and Medium Enterprise Suppliers as defined under section 7 of the Micro, Small and Medium Enterprises Development Act, 2006. The identification of Micro, Small and Medium Enterprise Suppliers is based on management's knowledge of their status.
- I** **Additional information pursuant to the provision of paragraph 3(ii)(b)(d) of Part II of the Schedule VI to the Companies Act, 1956 is given below:-**

	Amount in Rs.			
	Opening Stock	Purchases	Sales	Closing Stock
Hardware & Networking Equipments	701,942,044	11,724,357,040	16,082,829,469	916,446,074
Total	701,942,044	11,724,357,040	16,082,829,469	916,446,074
Previous Year	205,224,862	9,011,825,223	12,164,440,059	701,942,044

Note :- It is not possible to furnish details of the quantities, due to heterogeneity of the items involved.

J Value of Imports of material on CIF basis		Amount in Rs.	
	As On 31 March 2009	As On 31 March 2008	
Capital goods	372,336,141	676,053,020	
Trading goods	45,536,710	150,286,586	
Total	417,872,851	826,339,606	
K Value of indigenous and imported spares consumed			
Spares Parts Indigenous	15,477,359	1,368,839	
Spares Parts Imported	-	-	
L Earning in Foreign Exchange	-	-	
M Expenditures in Foreign Currency	6,696,205	9,887,606	
N Earning Per Share (Basic and Diluted) (Refer to Note 1 (P) of Schedule 20)			
Opening No of Shares	29,000,000	29,000,000	
Closing No. of Shares	29,000,000	29,000,000	
Weighted Average number of shares outstanding	29,000,000	29,000,000	
Effect of Diluted Securities:-			
Foreign Currency Convertible Bonds Pending for Conversion into Equity Shares	4,197,961	4,197,961	
Weighted Average number of shares (Diluted)	33,197,961	33,197,961	
Profit After Tax (In Rupees)	2,495,756,591	1,872,723,508	
EPS (In rupees) (Basic)	86.06	64.58	
EPS (In rupees) (Diluted) (Restated)	75.18	56.41	

O Related party Disclosures:-

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in Accounting Standard are given as below:-

i) List of Related parties with whom transactions have taken place and their Relationships:-

Name of Related Party	Relationship
- Lt. Col. Hardeep Singh Bedi - Mrs. Maninder Bedi - Mr. Deepinder Singh Bedi - Ms Sukhmani Bedi	Key Managerial Personnel
- Sukhmani Financial Advisors Pvt. Ltd. - Cedar Infonet Pvt Ltd. - Encore Technologies Pvt Ltd. - Sukhmani Technologies Pvt Ltd. - Sharad Enterprises Pvt Ltd.	Associate Concerns
- Tulip IT Services Singapore Pte Ltd. - Tulip SWAN IT Services Ltd. - Tulip Telecom Inc.	Subsidiary Companies

ii) Transactions during the year with related parties:-

Previous year's figures are in "()"
(Amount in Rs.)

Sr no	Nature of Transactions	Key Managerial Personnel	Others	Associate Concerns	Subsidiary Company
a	Loans				
	Taken During the year	-	-	4,286,998	201,028
	Repaid During the year	-	-	3,087,000	3,105,638
	Balance as on 31.03.2009	-	-	-	-
b	Sundry Debtors 31.03.2009	-	-	-	9,641,452
c	Sundry Creditors 31.03.2009	-	-	(17,087,397)	(6,736,842)
d	Turnover	-	-	(71,354,115)	-
e	Purchases	-	-	(21,175,666)	-
f	Purchase of Fixed Assets	-	-	91,415,500	-
g	Expenditures	-	-	(137,054,701)	-
	- Payment to & Provisions for Directors	72,340,000	-	-	-
		(60,000,000)	-	-	-
	- Travelling Expenses	14,316,436	-	-	-
		(13,094,469)	-	-	-

P The company has identified two reportable segments viz. Network Integration and Corporate Data Connectivity. These segments were identified and reported, taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting:-

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relates to enterprises as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable"
- Segment assets and liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable"

c. Segment Information:-

Previous year's figures are in "()"

(i) Primary Segment Information:-

(Amount in Rs.)

Particulars	Network Integration	Corporate Data Connectivity	Unallocable	Total
1 Segment Revenue				
- External Turnover	4,643,009,612 (5,589,365,722)	11,439,819,857 (6,575,074,337)	-	16,082,829,469 (12,164,440,059)
- Intra Segment Turnover	-	-	-	-
- Inter Segment Turnover	-	-	-	-
Total Turnover	4,643,009,612 (5,589,365,722)	11,439,819,857 (6,575,074,337)	-	16,082,829,469 (12,164,440,059)
2 Segment Result before Interest, Extra ordinary items and Taxes			3,081,779,637 (2,099,446,243)	3,081,779,637 (2,099,446,243)
Less:- Interest Expense			462,105,857 (258,309,010)	462,105,857 (258,309,010)
Add:- Interest Income			203,610,415 (169,238,715)	203,610,415 (169,238,715)
Profit before Extra ordinary items and taxes			2,823,284,194 (2,010,375,948)	2,823,284,194 (2,010,375,948)
Extra ordinary Income/ (Loss)			(204,657)	(204,657)
Profit Before Tax			2,823,079,536 (2,010,375,948)	2,823,079,536 (2,010,375,948)
Current Tax			319,855,000 (130,046,000)	319,855,000 (130,046,000)
Deferred Tax			-	-
Fringe Benefit Tax			(1,200,000) 7,467,945 (6,406,440)	(1,200,000) 7,467,945 (6,406,440)
Net Profit After Tax			2,495,756,591 (1,872,723,508)	2,503,224,536 (1,872,723,508)
3 Other Information				
Segment Assets			20,834,936,187 (8,962,272,804)	20,834,936,187 (8,962,272,804)
Segment Liabilities			14,031,071,577 (3,662,808,337)	14,031,071,577 (3,662,808,337)
Capital Expenditures			12,138,555,964 (5,190,418,402)	12,138,555,964 (5,190,418,402)
Depreciation			414,296,041 (418,039,390)	414,296,041 (418,039,390)
Non Cash Expenses other than Depreciation			103,747 (103,747)	103,747 (103,747)

(ii) Secondary Segment Information:-

(Amount in Rs.)

Segment Revenue - External Turnover	Revenue	Segment Assets	Segment Liability	Capital Expenditure
- Within India	13,990,341,622 (10,573,098,192)	18,782,042,843 (8,962,272,804)	5,959,397,407 (3,662,808,337)	12,138,555,964 (5,190,418,402)
- Outside India	2,092,487,847 (1,591,341,867)	2,052,893,344 (5,147,379,205)	8,071,674,170 (5,995,500,000)	-
Total	16,082,829,469 (12,164,440,059)	20,834,936,187 (14,109,652,010)	14,031,071,577 (9,658,308,337)	(12,138,555,964) (5,190,418,402)

Q Details of Investments
- *Investment in other Companies*

Particulars	As on March 31 ,2009		As on March 31 ,2008	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
i) Government Securities	125,000	143,648	125,000	134,880
ii) Subsidiary Companies (Unquoted)				
a. Tulip IT Services Singapore Pte Ltd (Considered to be of Strategic Importance)	1,002	98,000	1,002	98,000
b. Tulip SWAN IT Services Ltd. (Considered to be of Strategic Importance)	50,000	500,000	50,000	500,000
c. Tulip Telecom Inc. (Considered to be of Strategic Importance)	10,000	14,203,500	-	-
iii) Other Companies (Quoted)				
Indian Overseas Bank Ltd.	4,512	112,800	4,512	112,800
Total		15,057,948		845,680
* Market Value of Quoted Shares		205,747		609,571

R Balances of Debtors and Creditors are subject to confirmation.

S The figures of the previous year are regrouped/reclassified wherever necessary to make them comparable with that of the current year.

T Figures in brackets relate to the previous year unless otherwise stated.

U The company is a multi-locational company. This Balance sheet is the consolidated Balance sheet of all the Branches of the company.

V The company continue to do the business as per earlier year of Providing Electronic Data Inter- Change Services (referred to in the above Balance Sheet and Profit & Loss Account as Division -EDICS) and the company is maintaining separate set of books of accounts for the same and accordingly a separate set of Balance Sheet and Profit & Loss Account has been prepared for Income Tax purposes, but all the figures have been merged with the above Balance Sheet and Profit & Loss Account. During the current financial year the company has not done any business in this segment

W During the year the company has continued the business of a manufacturing unit at Jammu for manufacturing the various Networking Equipments (referred to in the above Balance Sheet and Profit & Loss Account as Division -Jammu), the company is duly registered with Department of Industries & Commerce, Jammu and Central Excise Department, Jammu and the company is maintaining separate set of books of accounts for the same and accordingly a separate set of Balance Sheet and Profit & Loss Account has been prepared for Income Tax purposes, but all the figures have been merged with the above Balance Sheet and Profit & Loss Account.

X AMC Billed but not accrued at the closing of accounting year has been reduced from the Gross amount of Sundry Debtors due as on the date of Balance Sheet and Service Charges accrued but not billed has been added in the Gross amount of Sundry Debtors.

Y During the year the company has continued the business of Data Telecommunication (referred to in the above Balance Sheet and Profit & Loss Account as Tulip-Connect) and the company is maintaining separate set of books of accounts under section 80(IB) of Income Tax Act, for the same and accordingly a separate set of Balance Sheet and Profit & Loss Account has been prepared for Income Tax purposes, but all the figures have been merged with the above Balance Sheet and Profit & Loss Account.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	4 8 8 1 7	State Code	5 5
Balance Sheet Date	3 1 0 3 2 0 0 9		

II. Capital Raised during the period (Amount in Rs. Thousand)

Public Issue	N I L	Right Issue	N I L
Bonus issue	N I L	Private Placement	N I L

III. Posting to Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	1 8 0 3 7 5 4 0	Total Assets	1 8 0 3 7 5 4 0
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Source of Funds

Paid up Capital	2 9 0 0 0 0	Reserves & Surplus	6 5 1 3 8 6 4
Secured Loan	5 1 4 1 3 7 8	Unsecured Loan	6 0 8 3 0 7 4

Application of Funds

Net fixed Assets	1 2 1 3 8 5 5 5	Investments	1 5 0 5 7
Net Current Assets	5 8 8 3 5 0 7	Deferred Tax Assets/(Liabilities)	(9 2 2 3)
Accumulated Losses	N I L	Misc Expenditure	4 1 9

IV. Performance of the Company (Amount in Rs. Thousand)

Turnover	1 6 0 8 2 8 2 9	Total Expenditure	1 3 6 0 4 2 4 2
Profit/(Loss) before Tax	2 8 2 3 0 7 9	Profit/(Loss) after Tax	2 4 9 5 7 5 6
EPS Basic Rs.	8 6 - 0 6	Dividend Rate %	4 0 %
EPS diluted Rs.	7 5 - 1 8		

V. Generic names of principal products/services of the Company (As per monetary Terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	NETWORK INTEGRATION & IP VPN

As per our Report of even date

For R. Chadha & Associates
(Chartered Accountants)

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

For and on Behalf of the Board of Directors

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

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

Sr. No.	Name of the Subsidiary Company	Financial Year of subsidiaries ended on	Number of Equity shares held by Tulip Telecom Limited	Extent of interest of Tulip Telecom Ltd. in the capital of the subsidiaries	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Tulip Telecom Limited and is not dealt in the accounts of Tulip Telecom Limited			Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Tulip Telecom Limited dealt with or provided for in the accounts of Tulip Telecom Limited		
					For the F.Y. ended on 31.03.2009 (Rs. in Lacs)	For the F.Y. ended on 31.03.2008 (Rs. in Lacs)	For the F.Y. ended on 31.03.2009 (Rs. in Lacs)	For the F.Y. ended on 31.03.2008 (Rs. in Lacs)		
1.	Tulip IT Services Singapore Pte Ltd.	31 st March, 2009	1,002	100%	NIL	NIL	95.63	3.06	NIL	NIL
2.	Tulip Swani IT Services Ltd.	31 st March, 2009	50,000	100%	NIL	NIL	NIL	NIL	NIL	NIL
3.	Tulip Telecom Inc.	31 st March, 2009	10,000	100%	NIL	NIL	NIL	NIL	NIL	NIL

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

Sr. No.	Name of the Subsidiary Company	Issued and Subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/Loss before taxation	Provision for taxation	Profit/Loss after taxation	Proposed Dividend	Rs. in Lacs
1.	Tulip IT Services Singapore Pte. Ltd.	0.25	140.44	284.46	284.46	NIL	612	119.46	23.83	95.63	NIL	
2.	Tulip Swani IT Services Ltd	5.00	NIL	101.41	101.41	NIL	NIL	NIL	NIL	NIL	NIL	
3/	Tulip Telecom Inc.	142.08	14.43	156.51	156.51	NIL	NIL	NIL	NIL	NIL	NIL	

Converted into Indian Rupees at the Exchange Rate, 1USD = INR 50.95

For and on Behalf of the Board of Directors

Lt. Col. H.S. Bedi
Chairman & Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
CFO & Company Secretary

Place : New Delhi
Date : June 27, 2009

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF TULIP TELECOM LTD.

We have audited the attached Consolidated Balance Sheet of TULIP TELECOM LTD. ('the Company'), and its subsidiaries, namely; M/s Tulip IT Services Singapore Pte. Ltd., M/s Tulip SWAN IT Services Ltd. and M/s Tulip Telecom Inc. (collectively referred as 'the Tulip Group') as at March 31, 2009 and the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. The financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We did not audit the financial statements of
 - (i) M/s Tulip IT Services Singapore Pte Ltd. whose financial statements reflect total assets of Rs. 284.46 Lacs as at March 31, 2009, total revenues of Rs.612 Lacs and net cash outflows amounting to Rs. 37.81 Lacs for the year ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
 - (ii) M/s Tulip Telecom Inc. whose financial statement reflect total assets of Rs. 156.51 lacs as at March 31, 2009, total revenues of NIL and net cash inflows amounting to Rs. 101.61Lacs for the year ended on that date. These financial statements and other financial information has not been audited by any other auditors.
2. We have audited the financial statements of M/s Tulip SWAN IT Services Ltd. whose financial statements reflect total assets of Rs. 101.41 Lacs as at March 31, 2009, total revenues of Nil and net cash outflows amounting to Rs. 0.23 Lacs for the year ended on that date.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Tulip Group as at March 31, 2009;
 - (ii) in the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For R.CHADHA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Place :- New Delhi
Date:- June 27, 2009**

**Rakesh Chadha
(PARTNER)
Membership No. 83135**

CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	As on March 31, 2009		As On March 31, 2008	
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	290,000,000		290,000,000	
Reserves & Surplus	2	6,529,320,614	6,819,320,614	4,163,790,470	4,453,790,470
Loan Funds					
Secured Loans	3	5,141,378,641		1,942,681,164	
Unsecured Loans	4	6,083,074,170	11,224,452,811	6,995,500,000	8,938,181,164
Deferred Tax Liability (Net) (Refer Note 1(O) of Schedule 20)			9,223,000		9,223,000
			18,052,996,425		13,401,194,634
APPLICATION OF FUNDS					
Goodwill			73,372		73,372
Fixed Assets					
Gross Block	5	9,436,726,481		4,446,616,384	
Less:- Depreciation		1,060,958,599		647,121,178	
Net Block		8,375,767,882		3,799,495,206	
Capital Work In Progress		3,772,114,362	12,147,882,244	1,397,547,053	5,197,042,259
Investments (Refer to Note 1(F) and 2(Q) Schedule 20)			256,447		247,680
Current Assets					
Inventories	6	916,446,074		701,942,044	
Book Debts	7	3,242,462,749		2,005,869,686	
Other Current Assets, Loans & Advances	8	1,093,322,629		286,574,088	
Cash & Bank Balances	9	3,469,859,602		5,937,961,423	
		8,722,091,054		8,932,347,241	
Less Current Liabilities & Provisions	10	2,821,414,096		729,074,747	
Net Current Assets			5,900,676,958		8,203,272,494
Miscellaneous Expenditure (To the extent not written off or adjusted)	11		4,107,404		558,829
			18,052,996,425		13,401,194,634
Statement of Significant Accounting Policies and Notes to the Financial Statement	20				

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Balance Sheet.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Lt. Col.(Retd.) H.S. Bedi
Chairman & Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
INCOME			
Sales of Goods and Services	12	16,144,029,161	12,189,801,384
	A	16,144,029,161	12,189,801,384
EXPENDITURES			
Operating Expenditures			
Cost of Goods/Services Sold	13	11,559,340,733	9,006,084,896
Administrative Expenses	14	463,545,173	291,066,570
Payment to and provisions for Employees	15	712,148,951	396,422,095
Selling and Distribution Expenses	16	41,955,316	39,795,147
Total Operating Expenditures	B	12,776,990,173	9,733,368,707
Profit Before Other Income, Finance Expenses, Depreciation and Amortisation	(A-B)	3,367,038,987	2,456,432,676
Finance Expenses	17	462,135,072	258,321,801
Depreciation & Amortisation	18	414,399,788	418,143,137
Profit Before Other Income		2,490,504,127	1,779,967,739
Other Income	19	344,492,375	230,434,470
Profit Before Tax		2,834,996,503	2,010,402,208
Provision for Taxes (Refer to Note 1(O) of Schedule 20)			
Current Tax	322,238,047		130,065,385
Deferred Tax	-		1,200,000
Fringe Benefit Tax	7,467,945	329,705,992	6,406,440
Profit After Taxes		2,505,290,511	1,872,730,383
Add/(Less):- Prior period Incomes (Expenses)		(6,804,224)	286,852
Less:- Income Tax paid/ (Excess Provisions) for the previous years		(717,230)	(1,824,004)
Current year profit available to Carry over to next year and for Appropriation		2,497,769,057	1,871,193,231
Add:- Balance brought forward from previous years		3,119,501,918	1,456,620,050
Amount Available for Appropriation		5,617,270,975	3,327,813,281
Appropriations			
Proposed Final Dividend		116,000,000	58,000,000
Tax on Dividend		19,714,200	9,857,100
General Reserve		249,575,659	140,454,263
Debenture Redemption Reserve		118,750,000	-
Balance Carried over to Balance Sheet		5,113,231,116	3,119,501,918
EPS (In rupees) (Basic)		86.39	64.58
EPS (In rupees) (Diluted) (Restated) (Refer to Note 1(Q) and 2(N) of Schedule 20)		75.47	56.41
Statement of Significant Accounting Policies and Notes to the Financial Statement	20		

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Profit & Loss Account.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2009

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
(Refer note 1(J) of Schedule 20)			
A Cash flow from operating activities			
Net (loss)/profit before tax and exceptional/extraordinary items		2,954,437,572	1,994,970,021
Adjustments for:-			
Depreciation		414,296,041	418,039,390
Interest Expenses		462,135,072	258,321,801
Interest Income		(203,610,415)	(169,238,715)
Exchange (Profit)/Loss on Revaluation of FCCB		1,743,139,420	-
Write back or Repurchase of FCCB		(730,267,189)	-
Exchange (Profit)/Loss on Revaluation of Forex Assets		(1,133,340,654)	-
(Profit)/Loss on sale of Fixed Assets		204,657	-
Miscellaneous Expenditure written off		103,747	103,747
Provision for Gratuity & Leave Encashment		7,831,578	15,432,187
Provision for Tax		(329,705,992)	(136,471,825)
Prior Period Expenses/(Income) Net		(6,804,224)	-
Other Provisions			
Exceptional/Extraordinary items (Expenses)/Income		-	-
Any other non cash Item		-	-
Operating Profit before working capital changes		3,178,419,614	2,381,156,606
Adjustments for changes in working capital:-			
(INCREASE)/Decrease in Sundry Debtors		(1,236,593,063)	(607,071,178)
(INCREASE)/Decrease in Other Receivables		(806,748,541)	79,777,444
(INCREASE)/Decrease in Inventories		(214,504,030)	(496,717,182)
INCREASE/(DECREASE) in Trade and Other Payables		2,092,339,349	116,037,660
		3,012,913,329	1,473,183,350
Cash generated from operations			
Taxes (Paid)/Received (Net of TDS) for the previous years		(717,230)	(1,824,004)
Prior Period(Expenses)/Income (Net)		(6,804,224)	286,852
Extraordinary/Exceptional Item (Expenses)/Income		-	-
Net Cash from Operating Activities		3,005,391,875	1,471,646,198
B Cash flow from Investing Activities			
Purchase of fixed assets		(4,990,913,375)	(1,946,350,412)
Proceeds from sale of fixed assets		140,002	-
Capital Work in progress		(2,374,567,309)	(1,171,391,235)
Exchange (Profit)/Loss on Revaluation of Forex Assets		1,133,340,654	-
Proceeds from sale of investments		-	-
Purchase of Investments		(8,767)	(134,880)
Deposit with bank		2,216,548,902	(5,534,064,821)
Interest Received (Revenue)		(203,610,415)	169,238,715
Dividend Received		-	-
Any other Items		(177,035)	(258,400)
Net cash used in Investing activities		(3,812,026,514)	(8,482,961,032)

CONSOLIDATED CASH FLOW STATEMENT (Contd.....)

(Amount in Rs.)

Particulars	Schedule	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
C Cash flow from Financing Activities			
Proceeds from fresh issue of Foreign Currency Convertible Bonds, (Net of issue expenses)		-	5,848,730,176
Decrease in FCCB Liability excluding Exchange Fluctuation		(1,655,565,250)	-
Proceeds from fresh issue of Non Convertible Debentures		2,000,000,000	-
Proceeds from fresh issue of External Commercial Borrowing		1,988,600,000	-
Advance against equity shares		-	-
Exchange (Profit)/Loss of Revaluation of FCCB		1,743,139,420	-
Unsecured Non-Convertible Debentures redeemed		(1,000,000,000)	-
Net Proceeds from long term borrowings		(120,479,392)	(64,916,482)
Net Proceeds from short terms borrowings		(280,000,000)	1,394,155,898
Proceeds from fixed deposits (NET)		-	-
Proceeds from Cash Credits (NET)		(389,423,131)	197,489,626
Interest Paid		(462,135,072)	(258,321,801)
Interest Paid-Capitalised		-	-
Dividend, including dividend tax		(135,714,200)	(67,857,100)
Net Cash used in financing Activities		1,688,422,375	7,049,280,317
Net Increase/(Decrease) in Cash & Cash Equivalents		881,787,735	37,965,483
Opening Cash and Cash Equivalents		63,881,061	25,915,578
Closing Cash and Cash Equivalents		945,668,796	63,881,061
Statement of Significant Accounting Policies and Notes to the Financial Statement	20		

The Schedules referred to above and Notes to the Financial Statement forms an Integral Part of the Cash Flow Statement.

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : June 27, 2009

Lt. Col.(Retd.) H.S. Bedi
Chairman and Managing Director

Mrs. Maninder Bedi
Executive Director

Dinesh Kaushal
Chief Finance Officer-cum-Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SHARE CAPITAL		SCHEDULE - 1.
Authorised		
4,00,00,000 Equity Shares of Rs. 10 each (Previous year 4,00,00,000 Equity Shares of Rs. 10 each)	400,000,000	400,000,000
Issued Subscribed & Paid Up		
2,90,00,000 (Previous year 2,90,00,000) Equity Shares of Rs. 10 each Fully Paid-up in cash	290,000,000	290,000,000
	290,000,000	290,000,000

NOTES:-

- 1 The Authorised Share Capital was increased from Rs. 30,00,00,000 to Rs. 40,00,00,000 divided into 4,00,00,000 equity shares of Rs. 10/- each pursuant to shareholders' resolution passed vide postal ballot held on 5th July 2007.
- 2 The company has formulated and implemented an Employees Stock Option Scheme "TULIP ESOS" 2007, exercisable into not more than 1,00,000 options, these options are convertible into equivalent numbers of equity shares of Rs. 10/- each. However no stock options were granted during the year.
- 3
 - a. During the Financial year 2007-08, the company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with an initial conversion price of Rs. 1137.222 per share with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 54,00,001 equity shares.
 - b. During the Financial year 2008-09, the company had bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 33.39 Millions, resulting in outstanding FCCB liability to USD 116.61 millions as on 31.03.2009. Therefore now upon conversion of bonds number of shares to be issued are reduced to 41,97,961 equity shares.

RESERVES & SURPLUS

SCHEDULE - 2.

Balance in Profit & Loss Account	5,113,231,116		3,119,501,918
	5,113,231,116		3,119,501,918
General Reserve			
Opening Balance	213,172,355		72,718,092
Transferred from Profit and Loss Account	249,575,659	462,748,014	140,454,263
			213,172,355
Securities Premium Account (Refer note no. 2(B) of Schedule 20)			
Opening Balance	831,278,406		978,048,230
Less:- FCCB issue expenses	-	831,278,406	146,769,824
		3,313,078	831,278,406
Foreign Currency Translation Reserves			(162,209)
Debenture Redemption Reserve			
Transferred from Profit and Loss Account		118,750,000	-
		6,529,320,614	4,163,790,470

1 Debenture Redemption Reserve (DRR) :-

- a. Debenture Redemption Reserve is created by the company for the redemption of 2000 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, aggregating to Rs. 200Crores, at a coupon rate of 12.50% p.a. These NCDs are repayable in four equal annual instalments commencing from the end of third year. These NCDs are secured by first pari-passu charge on the Plant and Machinery of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property.
- b. The company for the purpose of redeeming the above mentioned NCDs has created a DRR in accordance with DCA circular No. 9/2002 dtd. April, 18, 2002 and prevailing industry practices.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SECURED LOANS		SCHEDULE - 3.
From Banks		
Working Capital Loan/Temporary Overdraft	352,744,893	742,168,024
Long Term Loan		
Rupee Term Loan	330,033,748	450,513,140
(Due within one year Rs. 1204.79 Lacs (Previous year Rs 1173.05 Llacs)		
External Commercial Borrowings	1,988,600,000	-
Short Term Loan	470,000,000	750,000,000
Non-convertible Debentures	2,000,000,000	-
From others	-	-
	5,141,378,641	1,942,681,164

NOTES:-

- Working Capital Loans are secured by :-**
 - Hypothecation of Stocks, Book Debts and other current assets of the company,
 - Equitable mortgage of the two properties of the Managing Director of the company and Company's Office Land & Building located at Delhi.
 - Personal Guarantee of Four directors of the company
- Temporary Overdraft** is secured by the pledge of fixed deposits receipts.
- Rupee Term Loans are secured by:-**
 - way of Equitable Mortgage of the office Land and Buildings located at Mumbai and 1st charge on Plant & Machinery of the company. This loan is repayable in 20 Equal quarterly instalment of Rs. 3Crores each.
- Short Term Loans are secured by:-**
 - way of subservient charge on Stocks, Book Debts and other current assets of the company, and Personal Guarantee of Four directors of the company.
- Non-convertible Debentures**
During the year, the company has raised Rs 200 crores by issuing 2000 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a. These NCDs are repayable in four equal annual instalments commencing from the end of third year .These NCDs are secured by first pari-passu charge on the Plant & Machinery of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property. The creation of security is under process.
- External Commercial Borrowings**
The Company also raised USD 40 million by way of External Commercial Borrowing (ECB) and have recorded the same in books at a conversion price of Rs. 50 per US dollar. The purpose for raising the ECB was to repurchase / buy-back of Bonds issued by the Company in the year 2007. The said ECB is repayable from July 2010 onwards in eight equal semi-annual instalments of USD 5 million each.

UNSECURED LOANS

SCHEDULE - 4.

Other than Banks (Refer note 2(B) of Schedule 20)		
Foreign Currency Convertible Bonds (FCCB)	6,083,074,170	5,995,500,000
Non-convertible Debentures	-	1,000,000,000
	6,083,074,170	6,995,500,000

- Foreign Currency Convertible Bonds (FCCB)**
 - During the Financial year 2007-08, the company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with an initial conversion price of Rs. 1137.222 per share with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 54,00,001 equity shares.
 - During the current year, the company has repurchased and cancelled Bonds aggregating to USD 33.39 Million under the Automatic Route, in accordance with the guidelines issued by the RBI. As on the balance sheet date, the Company's liability with regard to FCCB has reduced to USD 116.61 million. The buy back of bonds has resulted in savings of Rs. 73.03 Crores which has been reflected as part of other income.
- Non-convertible Debentures (NCDs)**
The Company had issued on 3rd October, 2007, 1,00,00,000 NCDs of Rs. 100 each to LIC Mutual Funds at a coupon rate of MIBOR+800 with floor 9.55% and cap 9.60% with a tenure of 364 days secured by Personal Guarantee of Managing Director of the company. These NCDs were repaid during the financial year 2008-09 on its maturity.

FIXED ASSETS

SCHEDULE - 5.

(Refer Note 1(d) of Schedule 20)

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block		
	As At 31 March, 2008	Addition During the period	Sales During the period	As At 31 March, 2009	As At 31 March, 2008	Adjustments During the period	For the period	As At 31 March, 2008	As At 31 March, 2009
Land **	28,570,740	-	-	28,570,740	1,713,284	-	856,642	26,857,456	26,000,814
Building	158,057,856	9,072,327	-	167,130,183	4,277,006	-	2,667,733	153,780,850	160,185,444
Plant & Machinery	151,751,792	27,065,129	-	178,816,921	15,206,494	-	8,086,432	136,545,299	155,523,995
Plant & Machinery (Division- EDICS)	6,138,187	-	-	6,138,187	2,801,859	-	291,564	3,093,423	3,044,764
Equipments- Tulip Connect	3,985,545,355	4,856,414,724	-	8,841,960,079	572,690,799	-	388,491,304	3,412,854,556	7,880,777,976
Office Equipment	22,987,344	40,911,610	-	63,898,955	3,988,760	-	1,588,376	18,988,584	58,311,818
Computer	41,447,520	27,521,339	-	68,968,859	35,869,594	-	7,476,063	43,345,657	25,623,202
Furniture	41,835,089	29,534,185	-	71,369,275	5,632,093	-	3,741,650	36,202,997	61,995,632
Cycle	1,750	-	1,750	-	1,750	1,750	-	-	-
Vehicles	10,280,750	394,062	801,529	9,873,283	4,929,541	456,870	1,086,277	5,351,210	4,304,336
Total	4,446,616,384	4,990,913,375	803,279	9,436,726,481	647,121,178	458,620	414,296,041	3,799,495,206	8,375,767,883
Previous Year	2,726,421,790	3,111,117,790	-	4,446,616,384	229,081,788	-	418,039,390	2,497,340,002	3,799,495,206

** Includes the following lands leased in the name of the company by the Lessor :-

Lessor	Amount Rs.	Residual Period (years)
Jammu & Kashmir State Industrial Development Corporation	125,520	83
Maharashtra State Industrial Development Corporation	19,227,720	58
Total	19,353,240	

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
INVENTORIES		SCHEDULE - 6.
(Refer to Note 1(H) of Schedule - 20) (As per Inventories Taken, Valued and Certified by the Management)		
Stock in Trade	916,446,074	701,942,044
	916,446,074	701,942,044
 BOOK DEBTS		 SCHEDULE - 7.
(Refer to Note 2 (G), (H) & (O) (ii) of Schedule 20)		
Unsecured/Unconfirmed Outstanding for a period exceeding 6 months		
Considered good	14,208,984	11,367,188
Doubtful	2,053,234	2,053,234
Other debts		
Considered good	3,226,200,531	1,992,449,265
	3,242,462,749	2,005,869,686
 OTHER CURRENT ASSETS, LOANS & ADVANCES		 SCHEDULE - 8.
(Refer to Note 2 (G), (H) & (O) (ii) of Schedule 20) (Advances Recoverable in cash or kind or for value to be Received/ Unsecured/Unconfirmed/Considered Good)		
Advances for Capital Goods	750,146	422,812
Advances for Stocks	358,529,256	122,834,371
Security Deposits	105,010,472	44,334,705
Others	629,032,755	118,982,201
	1,093,322,629	286,574,088

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
CASH & BANK BALANCES		SCHEDULE - 9.
Cash in Hand	3,210,347	1,855,480
Bank Balances		
- with Scheduled Indian Banks		
- Current Account	942,458,448	62,025,579
- FDR's (Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	471,297,462	381,625,009
- with Foreign Banks		
- Fixed Deposits with Bank of India London-UK Standard Chartered Bank-UK & HSBC-USA (Maximum balance during the year Rs. 582.90 lacs, Previous year Rs. 586.39 lacs)	2,052,893,344	5,492,455,353
	3,469,859,602	5,937,961,423
 CURRENT LIABILITIES & PROVISIONS		 SCHEDULE - 10.
Sundry Creditors for : (Refer Note 2 (O)(ii) of the Schedule 20)		
Goods	659,895,201	339,379,327
Capital Goods	1,003,052,577	18,130,470
Expenses Payable	209,354,454	123,093,312
Statutory Liabilities	249,441,819	21,552,754
Proposed Dividend	116,000,000	58,000,000
Unpaid Dividend	112,458	79,045
Provision for Income Tax and Dividend Tax	341,952,247	139,922,485
Advance from Customers	241,605,340	28,917,354
	2,821,414,096	729,074,747
 MISCELLANEOUS EXPENDITURE (Refer to Note 1 (G) of Schedule 20) (To the extent not written off or adjusted)		 SCHEDULE - 11.
Preliminary Expenses	4,107,404	558,829
	4,107,404	558,829
 SALES OF GOODS & SERVICES (Refer to Note 1(C) & 2 (O) (ii) of Schedule 20)		 SCHEDULE - 12.
Sales of Goods & Services	16,144,029,161	12,189,801,384
	16,144,029,161	12,189,801,384

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
COST OF GOODS / SERVICES SOLD		SCHEDULE - 13.
(Refer to Note 2(I) & (O) (ii) of the Schedule 20)		
Increase or Decrease in the Stocks:-		
- Opening Stock	701,942,044	205,224,862
- Closing Stock	916,446,074	701,942,044
	(214,504,030)	(496,717,182)
Purchase of Goods, Services & Network		
Operating Charges	11,773,181,052	9,498,206,477
Consumables Stores	663,711	4,595,602
	11,559,340,733	9,006,084,896
 ADMINISTRATIVE EXPENSES		 SCHEDULE - 14.
(Refer to Note No. 1 (E), (L), (M) & 2 (O) (ii) of Schedule 20)		
Audit Fee	2,398,504	2,097,015
Insurance	9,963,209	8,198,439
Fee & Taxes	16,459,816	1,978,624
Legal and Professional charges	80,047,440	38,240,797
Miscellaneous Expenses	26,906,073	20,194,180
Postage, Telegram and Telephone Expenses	66,830,519	41,601,718
Electricity and Lighting Expenses	45,803,638	29,869,996
Printing & Stationery	6,197,263	5,064,896
Rent	103,808,483	62,745,786
Loss on Sale of Fixed Assets	204,657	-
Repair and Maintenance- Plant and Machinery	20,597,934	10,397,742
Travelling & Conveyance	84,327,636	70,677,376
[Director Traveling Rs. 14316436. (Previous Year Rs. 13094469.)]		
	463,545,173	291,066,570
 PAYMENT TO AND PROVISION FOR EMPLOYEES		 SCHEDULE - 15.
(Refer to Note No. 1 (M),(N) & 2 (O) (ii) of Schedule 20)		
Salaries, Allowances, Incentives and Bonus	613,583,665	320,818,800
Director's Remuneration	72,377,178	60,003,473
Statutory Contributions	12,059,308	8,893,379
Staff & Labour Welfare	13,712,738	5,666,845
Recruitment, Training and Other expenses	416,063	1,008,337
	712,148,951	396,422,095

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.)

	For the Year Ended As At 31.03.2009	For the Year Ended As At 31.03.2008
SELLING AND DISTRIBUTION EXPENSES		SCHEDULE - 16.
Advertisement Expenses	17,985,408	16,236,882
Bad Debts	132,906	162,523
Liquidated Damages	1,739,359	196,925
Sales Commission	3,851,408	7,467,166
Discount	817,900	136,897
Freight & Cartages	12,636,445	2,695,566
Sales Promotion Expenses	4,343,855	12,647,497
Tender Fee	448,035	251,691
	41,955,316	39,795,147
FINANCE EXPENSES		SCHEDULE - 17.
(Refer to Note 1(P) of Schedule 20)		
Interest on :-		
Long Term and Short Term Loan	140,087,994	99,655,191
Working Capital Loans	187,246,294	71,432,536
Other Loans	-	41,471
Other Finance Charges	134,800,784	87,192,602
	462,135,072	258,321,801
DEPRECIATION & AMORTISATION		SCHEDULE - 18.
(Refer to Note 1 (D) & (G) of Schedule 20)		
Depreciation	414,296,041	418,039,390
Preliminary Expenses written off	103,747	103,747
	414,399,788	418,143,137
NON-OPERATING INCOME/(EXPENSES)		SCHEDULE - 19.
(Refer to Note 1 (K) & (L) of Schedule 20)		
Interest Income	203,610,415	169,238,715
Exchange Difference	(609,798,766)	26,567,447
Miscellaneous Income	20,413,538	34,628,308
Gain on FCCB Buy Back	730,267,189	-
	344,492,375	230,434,470

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SCHEDULE - 20

1 SIGNIFICANT ACCOUNTING POLICIES

A Basis for preparation of financial statements

The consolidated financial statements of Tulip Telecom Ltd and its subsidiaries (the Group) are prepared under the historical cost convention and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.

(i) The subsidiary considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% Voting Power Held
Tulip IT Services Singapore Pte Ltd.	Singapore	100%
Tulip SWAN IT Services Ltd.	India	100%
Tulip Telecom Inc.	USA	100%

B Principles of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the holding company.

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or loss have been fully eliminated.
- ii. The excess of cost to the Company of its investment in subsidiary company over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

C Revenue Recognition

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis excepts in case of significant uncertainties. The principles of revenue recognition are given below: -

- I Revenue from sales is recognised upon the shipment of the products.
- II Income from annual maintenance and facilities management contracts is accounted for in the ratio of the period expired to the total period of contract and amount received from customers towards unexpired portion of annual maintenance contracts is shown as advances received from customers which is accounted as income in the following financial year(s).
- III Revenue from services rendered is recognized as and when the services are performed.
- IV Income from turnkey projects is recognised as percentage and proportion to work completion and balance would be included in the closing stock.

D Fixed Assets and Depreciation

I Fixed Assets

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. Cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Any gains or losses on account of exchange difference either on settlement or translation where they relate to the acquisition of fixed assets are adjusted to the carrying cost of such assets.

II Depreciation

The depreciation on fixed assets is provided using the straight line method as per Schedule-XIV of the Companies Act, 1956.

Leasehold improvement are amortised on straight line basis over the primary period of lease.

- E Leases**
Lease rentals in respect of operating lease arrangements are recognised as an expense in the profit and loss account.
- F Investments**
Long-term investment are stated at cost less provision for other than temporary diminution in value. Short-term investments are carried at lower of cost and quoted value/fair value, computed category-wise.
- G Miscellaneous Expenses (Preliminary Expenses)**
Preliminary Expenses are amortised over a period of 10 years.
- H Inventories**
Inventories are valued at the lower of cost or net realisable value, after providing for obsolescence, if any. Cost of inventories comprises cost of purchase, freight and other expenses incurred in bringing the inventories to their present location and condition.
- I Provision, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- J Cash Flow Statement**
Cash flows are reported using the indirect method whereby net profits before tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows for the regular revenue generating, investing and financing activities are segregated.
- K Income from Investments**
Income from investments, where appropriates, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.
- L Foreign Currency Transactions**
- I Transaction denominated in foreign exchange are recorded at the exchange rate prevailing at the date of the transaction. Receivable and payables at the year end are translated at the exchange rate prevailing on the balance sheet and differences coming there on are recognised in profit and loss account.
 - II Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end exchange rates and in respect of those covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of contract.
 - III Any gain or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
 - IV Foreign currency assets and liabilities are translated at the year end rates and resultants gains/losses on foreign exchange transaction other than those relating to fixed assets are recognised in the profit and loss account.
 - V Non-monetary foreign currency items are carried at cost.
- M Research and Development**
Revenue expenditure on Research and Development is charged off to Profit and Loss Account in the year in which it is incurred.
Capital expenditure on Research and Development is shown under the relevant fixed assets and depreciation is provided as given in note no. 1 (D) (ii) above.
- N Employee Benefits**
- I **Short Term Employee Benefits**
Short-term employee Benefits are recognised in the period during which the services have been rendered.
 - II **Long Term Employees Benefits**
 - a. **Defined Contribution Plans**
Contribution to Provident Fund are deposited with the appropriate authorities and charged to the profit and loss account on Accrual basis.

b. Defined Benefit Plans**i Gratuity**

The company provides for the gratuity based on the Actuarial valuation as per the Projected Unit Credit Method in accordance with Accounting Standard - 15, (Revised), "Employee Benefits"

ii Leave encashment

The company has provided for the liability at the year end on account of unavailed Earned Leave as per the Actuarial valuation as per the Projected Unit Credit Method in accordance with Accounting Standard - 15, (Revised), "Employee Benefits"

O Provision for Tax

Tax expense for the year comprising current, deferred and fringe benefit tax is included in determining the net profit for the year.

Provision is made for Current Tax on the basis of estimated taxable income for the current accounting year in accordance with the provision applicable under Income Tax Act- 1961 with respect to that accounting year.

Deferred tax liability on account of timing differences between the book profit and the taxable profits for the year is accounted for using the tax rates as applicable as on the balance sheet date.

Deferred tax assets arising on account of timing differences are recognised to the extent there is virtual certainty that these would be realized in the future.

Deferred Tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

P Borrowing Cost

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualified asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

Q Earning Per Share

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity share holders after tax (and including post tax effect of any extra ordinary item) by the weighted average number of equity shares outstanding during the year, the weighted average number of equity shares outstanding during the period are adjusted for the events of number of shares to be issued against Foreign Currency Convertible Bonds issued by the company.

R Modvat/Cenvat

Modvat/Cenvat claimed on capital assets is credited to assets/ capital work in progress account. Modvat/Cenvat on purchase of raw material and other materials and services are deducted for the cost of such material and services.

The policies not specifically mentioned above are in agreement with the Accounting Standards issued by the Institute of Chartered Accountants of India.

2 NOTES ON ACCOUNTS

		Rs. In lacs	
		As On 31 March 2009	As On 31 March 2008
A	Contingent Liabilities not Provided for		
	I Guarantee issued by the Banks on Behalf of the company	8,088.17	7,212.06
	II Claims against the company not acknowledge as debt.	32.54	32.54
	III The Company has filed civil and criminal suit for the recovery of its debts against some Debtors, which as per the opinion of the advocate are not going to be decided against the company and accordingly no provision for the same has been made, however the same has been disclosed as doubtful debts.		
	IV Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.28,371.90Lacs (Previous year Rs. 6900lacs)		
B	Foreign Currency Convertible Bonds (FCCB)		
	USD \$150 Million Zero Coupon Foreign Currency Convertible Bonds		
	During the year, the Company issued at par 5 year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an Exercise Price of Rs. 1137.222 per share aggregating to US\$ 150 Million (Rs. 60,405 lacs as on the date of issue) for financing Capital Expenditures, Overseas Acquisitions and other expenditure as per RBI Regulation. As per terms and		

conditions of the Offering Circular issued by the Company for FCCB, the bonds are convertible by holders of the Bond (the Bondholders) into fully paid equity shares of the Company with full voting rights with par value of Rs. 10/- per share of the Company (the shares) at any time on or after 5th September, 2007 (or such earlier date as is notified to the Bondholders by the Company) and prior to the Close of the business hours on 19th August, 2012 unless previously redeemed, converted or repurchased and cancelled.

The Bond may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the company at any time on or after 26th August, 2010 and on and prior to 19th August, 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 144.506% of the principal amount on 26th August, 2012 unless previously converted, redeemed or purchased and cancelled.

The company has incurred an expenditure of Rs. 1467.70 lacs towards issue expenses of these bonds. These expenses have been charged to the securities premium account as provided under section 78 of the Companies Act, 1956.

Out of the proceeds of the bond issue, Rs. 20528.93 lacs (equivalent to US\$ 39.35 Millions)(Previous year Rs. 54,924.55 lacs(equivalent to US\$ 137.41 Millions) is lying in fixed deposits at March 31st, 2009 in foreign currency with Bank of India and Standard Chartered Bank, London.

During the year, the company has repurchased and cancelled Bonds aggregating to USD 33.39 Million under the Automatic Route, in accordance with the guidelines issued by the RBI. As on the balance sheet date the Company's liability with regard to FCCB has reduced to USD 116.61 million, therefore now upon conversion of bonds number of shares to be issued are reduced to 41,97,961 equity shares. The buy back of bonds has resulted in savings of Rs. 73.03 Crores which has been reflected as part of other income.

C Employees Stock Option Scheme

Pursuant to shareholders resolution dated 2nd February, 2008, the company introduced Employees Stock Option Scheme, "TULIP ESOS- 2007" which provides for the issue of 1,00,000 equity shares to employees of the company. The option vesting period was for Five years from the date of award of option to employees at an exercise price approved by the ESOS Compensation committee. Till date No Stock options have been granted under this scheme.

D Derivative Instrument

The company has outstanding foreign exchange forward contract of US\$ 110 Millions (Previous year US\$110 Millions) as at 31st March 2009, for hedging its exposure in respect of highly probable forecast transaction relating to foreign currency convertible bonds(FCCB),liability.

E Auditors Remuneration is as under: -

Amount in Rs.

	As On 31 March 2009	As On 31 March 2008
For Services as Auditors, including quarterly audits	1,998,753	1,747,513
Tax Audit Fee	399,751	349,503
Total	2,398,504	2,097,016

F The Break-up of the Expenditures on Employees getting remuneration :-

	Current Year March 31, 2009		Previous Year March 31, 2008	
	No of Employees	Salary Paid Rs. In Lacs	No of Employees	Salary Paid Rs. In Lacs
Not less than Rs. 24.0 lacs p.a.	19	1,496.32	6	740.64
Not less than Rs.2.0lacs p.m.	5	73.59	6	274.46

G In the opinion of the management and to the best of their knowledge and belief the realisable value of current assets, loans and advances if realised in ordinary course of business would not be less than the amount at which they are stated in the balance sheet. The company has filed suits for recovery of debt against certain clients but relying on the opinion of the advocates these have been considered as fully realisable, however some has been classified as doubtful debt amounting Rs.20,53,234/-

H The company had no amounts payable to Micro, Small and Medium Enterprise Suppliers as defined under section 7 of the Micro, Small and Medium Enterprises Development Act, 2006. The identification of Micro, Small and Medium Enterprise Suppliers is based on management's knowledge of their status.

I **Additional information pursuant to the provision of paragraph 3(ii)(b)(d) of Part II of the Schedule VI to the Companies Act, 1956 is given below:-**

Amount in Rs.

	Opening Stock	Purchases	Sales	Closing Stock
Hardware & Networking Equipments	701,942,044	11,773,181,052	16,144,029,161	916,446,074
Total	701,942,044	11,773,181,052	16,144,029,161	916,446,074
Previous Year	205,224,862	9,036,387,907	12,164,440,059	701,942,044

Note :- It is not possible to furnish details of the quantities, due to heterogeneity of the items involved.

J **Value of Imports of material on CIF basis**

Amount in Rs.

	As On 31 March 2009	As On 31 March 2008
Capital goods	372,336,141	676,053,020
Trading goods	45,536,710	150,286,586
Total	417,872,851	826,339,606
K Value of indigenous and imported spares consumed		
Spares Parts Indigenous	15,477,359	1,404,509
Spares Parts Imported	-	-
L Earning in Foreign Exchange	-	-
M Expenditure in Foreign Currency	6,696,205	9,887,606
N Earning Per Share (Basic and Diluted) (Refer to Note 1 (Q) of Schedule 20)		
Opening No of Shares	29,000,000	29,000,000
Closing No. of Shares	29,000,000	29,000,000
Weighted Average number of shares outstanding	29,000,000	29,000,000
Effect of Diluted Securities:-		
Foreign Currency Convertible Bonds Pending for Conversion into Equity Shares	4,197,961	4,197,961
Weighted Average number of shares (Diluted)	33,197,961	33,197,961
Profit After Tax (In Rupees)	2,505,290,511	1,872,730,383
EPS (In rupees) (Basic)	86.39	64.58
EPS (In rupees) (Diluted) (Restated)	75.47	56.41

O Related party Disclosures:-

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in Accounting Standard are given as below:-

i) List of Related parties with whom transactions have taken place and their Relationships:-

Name of Related Party	Relationship
- Lt. Col. Hardeep Singh Bedi - Mrs. Maninder Bedi - Mr. Deepinder Singh Bedi - Ms Sukhmani Bedi	Key Managerial Personnel
- Sukhmani Financial Advisors Pvt. Ltd. - Cedar Infonet Pvt Ltd. - Encore Technologies Pvt Ltd. - Sukhmani Technologies Pvt Ltd. - Sharad Enterprises Pvt Ltd.	Associate Concerns
- Tulip IT Services Singapore Pte Ltd. - Tulip SWAN IT Services Ltd. - Tulip Telecom Inc.	Subsidiary Companies

ii) Transactions during the year with related parties:-

Previous year's figures are in "()"
(Amount in Rs.)

Sr no	Nature of Transactions	Key Managerial Personnel	Others	Associate Concerns	Subsidiary Company
a	Loans				
	Taken During the year	-	-	4,286,998	201,028
		-	-	-	-
	Repaid During the year	-	-	3,087,000	3,105,638
		-	-	(1,199,998)	(2,904,610)
	Balance as on 31.03.2009	-	-	-	-
b	Sundry Debtors 31.03.2009	-	-	-	9,641,452
		-	-	(17,087,397)	(6,736,842)
c	Sundry Creditors 31.03.2009	-	-	-	-
		-	-	(71,354,115)	-
d	Turnover	-	-	-	-
		-	-	(21,175,666)	-
e	Purchases	-	-	91,415,500	-
		-	-	(137,054,701)	-
f	Purchase of Fixed Assets	-	-	-	-
		-	-	-	-
g	Expenditures	-	-	-	-
	- Payment to & Provisions for Directors	72,377,178	-	-	-
		(60,034,734)	-	-	-
	- Travelling Expenses	14,316,436	-	-	-
		(13,094,469)	-	-	-

P The company has identified two reportable segments viz. Network Integration and Corporate Data Connectivity. These segments were identified and reported, taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting:-

a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the

segment. Revenue and expenses which relates to enterprises as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable"

b. Segment assets and liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable"

c. **Segment Information:-**

(i) **Primary Segment Information:-**

Previous year's figures are in "()"

(Amount in Rs.)

Particulars	Network Integration	Corporate Data Connectivity	Unallocable	Total
1 Segment Revenue				
- External Turnover	4,704,209,304	11,439,819,857	-	16,144,029,161
	(5,614,727,046)	(6,575,074,337)	-	(12,189,801,384)
- Intra Segment Turnover	-	-	-	-
- Inter Segment Turnover	-	-	-	-
Total Turnover	4,704,209,304	11,439,819,857	-	16,144,029,161
	(5,614,727,046)	(6,575,074,337)	-	(12,189,801,384)
2 Segment Result before Interest, Extra ordinary items and Taxes			3,093,725,817	3,093,725,817
			(2,099,485,294)	(2,099,485,294)
Less:- Interest Expense			462,135,072	462,135,072
			(258,321,801)	(258,321,801)
Add:- Interest Income			203,610,415	203,610,415
			(169,238,715)	(169,238,715)
Profit before Extra ordinary items and taxes			2,835,201,160	2,835,201,160
			(2,010,402,208)	(2,010,402,208)
Extra ordinary Income/ (Loss)			-	-
Profit Before Tax			2,835,201,160	2,835,201,160
			(2,010,402,208)	(2,010,402,208)
Current Tax			322,238,047	322,238,047
			(130,065,385)	(130,065,385)
Deferred Tax			-	-
			(1,200,000)	(1,200,000)
Fringe Benefit Tax			7,467,945	7,467,945
			(6,406,440)	(6,406,440)
Net Profit After Tax			2,505,495,168	2,512,963,113
			(1,872,730,383)	(1,872,730,383)
3 Other Information				
Segment Assets			20,874,337,149	20,874,337,149
			(8,982,816,804)	(8,982,816,804)
Segment Liabilities			14,055,089,907	14,055,089,907
			(2,222,829,417)	(2,222,829,417)
Capital Expenditures			12,147,882,244	12,147,882,244
			(5,197,042,259)	(5,197,042,259)
Depreciation			414,296,041	414,296,041
			(418,039,390)	(418,039,390)
Non Cash Expenses other than Depreciation			103,747	103,747
			(103,747)	(103,747)

(ii) Secondary Segment Information:-

(Amount in Rs.)

Segment Revenue - External Turnover	Revenue	Segment Assets	Segment Liability	Capital Expenditure
- Within India	116,144,029,161 (112,189,801,384)	18,821,443,805 (8,982,816,804)	5,983,415,737 (2,222,829,417)	12,147,882,244 (5,197,042,259)
- Outside India	- -	2,052,893,344 (5,147,379,205)	8,071,674,170 (5,995,500,000)	- -
Total	16,144,029,161 (12,189,801,384)	20,874,337,149 (14,130,196,009)	14,055,089,907 (8,218,329,417)	12,147,882,244 (5,197,042,259)

Q Details of Investments- *Investment in other Companies*

(Amount in Rs.)

Particulars	As on March 31 ,2009		As on March 31 ,2008	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
i) Government Securities	125,000	143,647	125,000	134,880
ii) Other Companies (Quoted)				
Indian Overseas Bank Ltd.	4,512	112,800	4,512	112,800
Total		256,447		247,680
* Market Value of Quoted Shares		205,747	-	609,571

R Balances of Debtors and Creditors are subject to confirmation.**S** The figures of the previous year are regrouped/reclassified wherever necessary to make them comparable with that of the current year.**T** Figures in brackets relate to the previous year unless otherwise stated.**U** The company is a multi-locational company. This Balance sheet is the consolidated Balance sheet of all the Branches of the company.**V** AMC Billed but not accrued at the closing of accounting year has been reduced from the Gross amount of Sundry Debtors due as on the date of Balance Sheet and Service Charges accrued but not billed has been added in the Gross amount of Sundry Debtors.

As per our Report of even date

For and on Behalf of the Board of Directors

For **R. Chadha & Associates**
(Chartered Accountants)**Lt. Col.(Retd.) H.S. Bedi**
Chairman and Managing Director**Mrs. Maninder Bedi**
Executive Director**Rakesh Chadha**
(Partner)
Membership No. - 83135Place: New Delhi
Date : June 27, 2009**Dinesh Kaushal**
Chief Finance Officer-cum-Company Secretary