

Q1 FY2011

- Net revenues higher by 18.6% at Rs. 5,251.8 million
- Operating profits increase to Rs. 1417.7 million; up 30.5%
 - EBIDTA Margins higher at 27.1%
- PBT from Operations grew by 49.1%
- PAT at Rs. 641.8 million up by 8.6%

New Delhi, August 9, 2010: Tulip Telecom Limited (Tulip), one of India's largest Enterprise Data Service providers, today announced its unaudited financial results for the first quarter ended 30th June 2010.

Highlights

Tulip has built a strong position for itself in the Enterprise Data Service Market:

- In a short span of eighteen months, Tulip has created one of best integrated fibre "last mile" networks in the country which enables the Company to provide high quality end-to-end data connectivity solution
 - Intra-City fibre network now expands above 6,000 kms. There is comprehensive cover in more than 50 cities and customers existing in another 250 cities
 - Client base of over 600 customers on fibre- added several new customers while deepening engagement with existing (wireless) clients
- Product and service offering to be extended through International Long Distance (ILD) services
 - Tulip Telecom Inc. (wholly owned subsidiary of Tulip Telecom Limited) received Federal Communications Commission license (FCC) 214 in July 2010 enabling the Company to sell Data Connectivity Services in the US
 - Total of 6 POPs to be setup at a nominal capex of approximately 150 million – one each in West coast & East coast of USA, one in London, one in Singapore and two in India which will act as gateways

- Won R-APDRP (Restructured - Accelerated Power Development Reforms Program) projects in UP & Gujarat in August 2010 with a combined order value of Rs. 1,582.0 million spread over a period of 5 years
 - Preferred partner for bandwidth provisioning for most R-APDRP projects
 - Nominal capex required to roll-out network – Tulip will use a combination of existing and new infrastructure to execute this order
- Deeper penetration in the wireless segment through Maharashtra SWAN bandwidth provision
- Awarded an order in the Managed Services segment for Gujarat SWAN valued at Rs. 250 million to manage their network for a period of 3-5 years
 - This follows a win from a partner in Saudi Arabia for USD 13 million in Q4 FY2010
 - Tulip plans to use existing manpower and infrastructure to offer these services
- Plan to further augment both the Fibre and Wireless infrastructure in existing cities at a conservative capex, on a case-to-case basis depending upon real demand scenario
- Ranked 18 by DATAQUEST (DQ-leading IT/Telecom magazine) in its annual DQ Top 20 ranking.

Strategic partnership with Qualcomm for BWA venture

- In the recently concluded Broadband Wireless Access (BWA) auction, Qualcomm had won a slot of 20 MHz TDD spectrum in key telecom circles of Delhi, Mumbai, Haryana and Kerala
- Joint Venture will seek to bring in TD – LTE Technology as it matures over the next 15-18 months
- The Company's investment for 13% stake is approx. Rs. 1,400.0 million - expects reasonable Return on Investment going forward as the partnership includes high potential circles

Five-For-One Stock Split

- Following the approval from the Board of Directors and shareholders, the Company on July 7, 2010 sub-divided its equity shares of Rs. 10/- each to five equity shares of Rs. 2/- each

Commenting on the Q1 FY2011 results, Lt. Col. H.S. Bedi, Chairman & Managing Director of Tulip Telecom, said:

“We have begun the year on a healthy note. The projects undertaken during the last eighteen months have started to yield benefits. Our fibre now extends to over 6,000 kms, making us a key player in the country, and is enabling us to provide complete connectivity solutions to our customers thereby giving us total customer engagement and accountability. On the other hand, our wireless segment also continues to gain momentum as planned.

During the quarter we have had several order wins, license grant and a strategic tie-up which we believe will further augment our leadership position in the Enterprise Data Service Market.

Our current focus is on realigning the business model to enhance efficiency whilst maximizing revenues per customer. This has facilitated us in registering a notable improvement in our operating margins.

Going forward, we expect this pace to continue which gives us the confidence of delivering strong earnings performance in the future.”

Q1 FY2011 financial performance (compared with Q1 FY2010)

- Net revenues increased to Rs. 5251.8 million; up by 18.6% from Rs. 4,429.2 million
- Operating profits (before Other Income) higher by 30.5% at Rs. 1417.7 million from Rs. 1,086.2 million
 - Operating margins increased to 27.1% compared to 24.5% last year
- PAT stood at Rs. 641.8 million as compared to Rs. 591.2 million
- Diluted EPS at Rs. 3.95 (at Rs. 2 per share, post stock split)

– ENDS –

Attached: Financial overview and results table**About Tulip Telecom**

Tulip Telecom Ltd. (BSE: 532691/NSE: TULIP) is India's leading enterprise communications service provider. The Company's data network has the largest reach of over 1,700 locations in India. The Company has a national presence with over 2,600 employees and more than 1,600 customers across India. Tulip designs, implements and manages communication networks of large enterprises on long term contracts to include enterprise communications connectivity, network integration, managed and value added services.

For more information on the Company, please log on to www.tulip.net

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Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Tulip Telecom Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Financial Overview

(All rupee figures in Rs. million unless stated otherwise)

Particulars	Q1 FY2011	Q1 FY2010	% Shift
Net Sales	5,251.8	4,429.2	18.6
Operating Profit	1,417.7	1,086.2	30.5
Depreciation	375.0	352.7	6.3
Interest	184.8	158.1	16.9
PBT (Operating)	857.9	575.4	49.1
Other Income*	(13.4)	111.8	--
PBT (Total)	844.5	687.1	22.8
Tax Expense	202.7	95.9	111.4
PAT	641.8	591.2	8.6
EPS – In Rs (Diluted)**	3.95	3.64	8.5

* Reflected as Other Income in the statutory results table attached with this release

** EPS is calculated after considering stock split of 5:1

- **Net sales** for the quarter increased by 18.6%; primarily from growth registered in high bandwidth fiber services and conventional wireless business segment
- **EBIDTA margins** improve to 27.1% during the quarter as a result of:
 - Improving contribution from fibre business
 - Bulk purchase of bandwidth on account of fibre roll-out
 - Continuously enhancing economies of scale - as the numbers of subscribers keeps increasing on the existing infrastructure, the cost per subscriber keeps is reducing
- **Interest expense for** the quarter stood at Rs. 184.8 million
 - The Company's overall cost of funds is below 9%
- **Other income** for the quarter stood lower at Rs. (13.4) million as compared to gain of Rs. 111.8 Million primarily on account of last year's income including onetime gain on FCCB buy-back amounting to Rs. 144.6 million

- **PAT** growth during the quarter was muted due to:
 - Increase in Tax outflow consequent to completion of first leg of 80 I (A) benefit post 5 years of operations compared to last years tax provision being on MAT – Effective tax rate at 24.5%
 - Significant reduction in Other Income
- The Company has exercised the option available in notification issued by Ministry of Corporate Affairs vide GSR225 (E) dated 31st March, 2009 on Accounting Standard (AS) 11. Henceforth, as on 30th June 2010, the company has added Rs. 1,891.20 Lacs to fixed assets on account of fluctuation in the rate of foreign currency long term assets and liabilities by creating Rs. 752.47 lacs to General Reserve for foreign exchange loss pertaining to period from 7th December 2006 to 31st March 2010 and Rs. 1,138.72 lacs of foreign exchange loss pertaining to period 1st April 2010 to 30th June 2010, i.e current quarter. Had the option not been exercised, net profit of the quarter would have been less by Rs. 1,138.72 lacs. For the purpose of presenting comparative statement, Rs 1,595.11 lacs and Rs 4,384.08 lacs have been deducted from other income in the corresponding quarter of last year and full year 2009-10 respectively, which are related to gain on foreign exchange pertaining to aforementioned long term foreign currency assets and liabilities
 - Given the fluctuation in Rupee versus USD, (30.5% rupee decline in 2008-09, 13.7% rupee appreciation in 2009-10 and now again a rupee decline of 3.2% in Q1FY11) , it was decided to exercise this option

Balance Sheet Snapshot

Particulars (Rs. million)	30 June 2010	31 March 2010	30 June 2009
Gross block/CWIP	16,568.3	15,443.0	14,018.6
Net worth	9,984.2	9,275.9	7,554.6
Total debt	12,390.7	11,885.7	11,026.0
Break-up of total debt			
- FCCB	4506.7	4,365.1	5,301.8
- Others	7884.0	7,520.6	5,724.2
Cash & Cash Equivalent	2833.5	3,455.6	2,459.5
Debt to Equity (times)	1.24	1.29	1.46
Debt to EBIDTA (times)	2.19	2.26	2.54
ROCE (%) Annualized	18.6	18.4	15.8

Tulip Telecom Ltd.

Regd. Office : C-160, Okhla Industrial Area, Phase-I, New Delhi - 110 020

CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 June, 2010 (Rs. in Lacs)

PARTICULARS	UNAUDITED		AUDITED
	Quarter Ended		Year Ended
	30.06.2010	30.06.2009	31.03.2010
1 (a) Net Sales/Income from Operations	52,517.80	44,292.31	196,639.96
(b) Other Operating Income	-	-	-
Total Revenue	52,517.80	44,292.31	196,639.96
2 Expenditure			
a) Increase/(Decrease) in stock in Trade & WIP	1,030.97	(1,584.51)	(2,285.23)
b) Consumption of raw materials	-	-	-
c) Purchase of Traded Goods/Services	33,714.97	31,951.32	131813.32
d) Employees cost	2,149.49	1,853.68	8245.41
e) Depreciation	3,749.86	3,526.92	13529.64
f) Other expenditure	1,448.21	1,212.52	6318.56
g) Total Expenditure	42,093.50	36,959.92	157,621.69
3 Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	10,424.31	7,332.38	39,018.27
4 Other Income	(133.78)	1,117.58	297.90
5 Profit before Interest & Exceptional Items (3+4)	10,290.53	8,449.96	39,316.17
6 Interest	1,848.14	1,581.59	7159.06
7 Profit after Interest but before Exceptional Items (5-6)	8,442.39	6,868.37	32,157.11
8 Exceptional Items	-	-	-
9 Profit (+)/Loss (-) from Ordinary Activities before tax (7+8)	8,442.39	6,868.37	32,157.11
10 Tax expense	2,026.77	959.23	8,994.06
11 Net Profit (+)/Loss (-) from Ordinary Activities after tax (9-10)	6,415.62	5,909.14	23,163.05
12 Extraordinary Item	-	-	-
13 Net Profit (+)/Loss (-) for the period (11-12)	6,415.62	5,909.14	23,163.05
14 Paid up equity share capital (Face value of Rs. 10 each)	2,900.00	2,900.00	2,900.00
15 Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year	-	-	89,858.80
16 Debenture Redemption Reserve	-	-	7,520.83
17 Earning Per Share			
a) Before Extraordinary Items for the period			
i) Basic Earning Per Share (Rs.)	4.42	4.08	15.97
ii) Diluted Earning Per Share (Rs.)	3.95	3.64	14.26
b) After Extraordinary Items for the period			
i) Basic Earning Per Share (Rs.)	4.42	4.08	15.97
ii) Diluted Earning Per Share (Rs.)	3.95	3.64	14.26
18 Debt Equity Ratio	1.24	1.46	1.28
19 Interest Service Coverage Ratio	7.60	7.57	7.38
20 Public Shareholding			
- Number of shares	45,001,500	45,001,500	45,001,500
- Percentage of shareholding	31.04%	155.18%	31.04%
21 Promoters and Promoter Group Shareholding			
a) Pledged / Encumbered			
- Number of shares	16,850,000	27,583,125	16,600,000
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	16.85%	27.58%	16.60%
- Percentage of shares (as a % of the total share capital of the company)	11.62%	19.02%	11.45%
b) Non - encumbered			
- Number of shares	83,148,500	72,415,375	83,398,500
- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	83.15%	72.42%	83.40%
- Percentage of shares (as a % of the total share capital of the company)	57.34%	49.94%	57.52%

Notes:-

- 1 The above unaudited financial results were duly reviewed by the audit committee and were approved by the Board of Directors in their meeting held on 9th August, 2010 respectively.
- 2 The above unaudited financial results are subject to limited review by the statutory auditors.
- 3 Prior period/year figures have been regrouped/reclassified wherever necessary.
- 4 The subsidiaries considered in the consolidated financial statement as on 30th June, 2010 are wholly owned subsidiaries, namely M/s Tulip IT Services Singapore Pte Ltd., Tulip SWAN IT Services Ltd & Tulip Telecom Inc.
- 5 The stand alone Audited Financial Results can be viewed on the company's website i.e. www.tulip.net and can also be viewed on the website of NSE and BSE i.e. www.nseindia.com and www.bseindia.com respectively
- 6 The status of investors grievance for the quarter ended 30th June, 2010 pending as on 01.04.2010- nil, no of cases received during the quarter- 1 (Non receipt of Dividend warrant), No. of cases disposed off during the quarter- 1, pending cases as on 30.06.2010 - nil.
- 7 We have exercised the option available in notification issued by Ministry of Corporate Affairs vide GSR 225(E) dated 31st March, 2009 on Accounting Standard (AS) 11. Henceforth, as on 30th June, 2010, the company has added Rs. 1891.20 lacs to fixed assets on account of fluctuation in rate of foreign currency long term assets and liabilities by crediting Rs. 752.47 lacs to General Reserve for foreign exchange loss pertaining to period from 7th December, 2006 to 31st March, 2010 and Rs. 1138.72 lacs of foreign exchange loss pertaining to period 1st April, 2010 to 30th June, 2010. i.e. current quarter. Had the option not been exercised, net profit for the quarter would have been less by Rs. 1138.72 lacs. For the purpose of presenting comparative statement, Rs. 1595.11 lacs and Rs. 4384.08 have been deducted from other income in the corresponding quarter of last year and full year 2009-10 respectively, which are related to gain on foreign exchange pertaining to aforementioned long term foreign currency assets and liabilities.
- 8 The company operates in single segment i.e., 'Telecom' and therefore separate segment reporting is not applicable.
- 9 Consequent to splitting of shares from Rs. 10/- each to five equity shares of Rs. 2/- each, the paid up equity share capital of the company have been changed from Rs. 2.9 crores equity share of Rs. 10/- each to Rs. 14.5 crores equity share of Rs. 2/- each. Number of shares have been restated in corresponding quarter of the last year and previous full year as well for the purpose of presenting comparative statement.

Place : New Delhi
Date : 09-08-2010

On Behalf of the Board of Directors

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