

## FY2011

- Net revenues higher by 19.6% at Rs. 2,351.1 crore
- Operating profits at Rs. 663.1 crore; up 26.2%
  - EBIDTA Margins higher at 28.2%
- PAT advances to Rs. 306.4 crore; up 32.3%
- Board recommends a final dividend of 80%

**New Delhi, May 12, 2011:** Tulip Telecom Limited (Tulip), India's leading Enterprise Data Service provider, today announced its audited financial results for the fourth quarter and year ended March 31, 2011.

## Highlights

### **Fibre segment enables higher wallet share per customer through expanded product & service offerings**

- Robust demand for "last mile" intra-city fibre connectivity
  - Over 80% of new orders received are now on fibre in terms of revenue
  - The Company added many new customers during the quarter like Apex Bank Assam, MRF, GMR Group, HP India, Honeywell, Biocon
  - Density of fibre network in cities continues to rise as more and more buildings continue to get connected

### **Managed Services witnessing healthy traction**

- Won an order worth Rs. 21 crore under the Managed Service category from Apex Bank, Assam for implementation of Core Banking Solutions
- Won orders in Branch Outsourcing and IP Video Surveillance
- Managed VC orders - One of the significant order was worth Rs. 9.5 crore from a PSU Navratna
- Private Cloud offering

**Government orders to provide further impetus to performance**

- Won additional R-APDRP projects in Andhra Pradesh – project value Rs. 32 crore spread over 5 years
  - The Company is now the Network Bandwidth Service Provider for offering services in Punjab, Uttarakhand, Uttar Pradesh, Gujarat and Andhra Pradesh with a cumulative project value of Rs. 240 crore
- Secured Network Integration (NI) order to develop infrastructure for Punjab Panchayat Raj (Phase I)
  - A strategic move for further growth in the state of Punjab

**Strong foot forward in International Data Connectivity**

- Won orders for International Data and Voice connectivity from Bloomberg, Orange Business Services and other large organizations within one year of launch of services
- Upgraded the LIM capability to support layer 1 TDM services
- The Company entered into a Network-to-Network Interconnection and joint marketing arrangement with Hutchison Global Communication
  - Under this NNI agreement, the two companies will be able to access each other's network infrastructure in diverse locations and to jointly provide IP-VPN and VPLS (Virtual Private LAN Service) services to their customers across the world
  - The two companies will also jointly market each other's network
- Won order for 24x STM of internet bandwidth from a telecom player

**Emphasis on expanding Data Center – commitment to Domestic and Overseas customers to support their business needs**

- Acquired 9 lac sq. ft. Data Center in Whitefield Bengaluru for an effective cost of Rs. 230 crore through its Wholly owned subsidiary- Tulip Data Center Services Private Limited
  - To meet the rising customer requirements for Co-location, Managed Hosting & Data Storage and a suite of other complementary services

- including Managed Security Services and storage requirements for customers across the globe
- The Data Center once operational in August 2011 will be World's third largest and India's largest single site facility with revenue potential of around Rs. 1,000 crore per annum at peak level of operation in third-fourth year
  - At optimum utilization, can house up to 16,000 racks and would meet upto Tier 4 standard requirements of the customers
  - Total investment of Rs. 900 crore spread over a period of 3 years
  - Be a 'LEED' or equivalent certified "Green" Data Center
  - Appointed IBM and Schnabel as Partners to build Bengaluru Data Center
    - IBM to provide design consultancy services for overall Data Center space along with turnkey execution to build the first phase of the Data Center – to use its Enterprise Modular Data Center (EMDC) design to deliver a comprehensive set of capabilities
    - Schnabel appointed as peer review consultant to oversee design, build and certification of the Data Center
  - Shows funnel of over 75,000 sq. ft.
    - Undertaking aggressive sales and marketing activities to achieve targeted booking of 75,000 sq. ft. in the first year of operations - seeing strong demand for DC Space
  - Functional heads in place to realize the potential of DC venture
    - Mr. AS Rajgopal appointed as Chief Executive Officer – has over 20 years of experience in IT Telecom Companies in addition to his role as Sr. Vice President – Sales of Southern region
    - Mr. Kannan Venkat appointed as Chief Operating Officer – has over 23 years of experience. In his previous assignment he was a Vice President for Data Center operations in the South with R. Comm
    - Mr. Sujeet Deshpande assigned as Senior Vice President. Mr. Deshpande has over 20 years of experience and was earlier a part of Tata Communication as the Global DC & Managed Services head

- Appointed Mr. Satyamoorthy D as President Sales – over 24 years of experience. He was earlier employed with Sify Technologies as Executive Vice President and Head of Sales

#### **Visible shift from Enterprise Data Connectivity (EDC) to Enterprise Data Services (EDS) segment**

- The Company moving strongly in the process of creating one of the best integrated fibre “last mile” networks in the country. With over 300 cities already covered to provide high quality end-to-end data connectivity solution
- In line with the Company’s strategy to offer complete data solution package to the customers whilst significantly increasing addressable share
  - Continuing focus on connectivity solutions (Fibre & Wireless)
  - Emphasis on Data Center & Managed Services

#### **Establishing team of experienced and dynamic senior level professionals to drive future growth**

- Mr. Rajesh Duggal appointed as President, Government business. Prior to this, he was heading the Government Business for Reliance Communications and will be responsible for leading the Government, Defense and PSU businesses of the Company
- This is in addition to the appointment of Mr. Rahul Ahuja as the new Chief Financial Officer (CFO) and Mr. Jitendra Israni as the Chief Services Officer (CSO) during the year

#### **Affirmation to debt rating**

- Fitch affirms Tulip’s rating as 'F1+(ind)' for its commercial paper / short-term debt programme's National Short-term following the Bengaluru Data Center acquisition. The programme is carved out of the fund-based working capital banking lines
  - The affirmation reflects confidence in Tulip’s ability to increase stickiness of existing and potential customers considering long-term agreements (four to five years) on Data Centre Services

**Awards & Recognition**

- Emerged as a market leader in MPLS VPN space with 30.6% market share according to the report by Frost and Sullivan
  - Share in the overall Enterprise Data Service (EDS) market advances to 12.7% making it the third largest private overall Data services Company
  - Vision to become the largest Enterprise Data Service provider in the country over the next few years
- Awarded as the Top Indian Company under the 'Telecom Equipment & Support Services' sector by the prestigious Dun & Bradstreet-Rolta Awards 2010 for third time in a row

**Commenting on the Q4 & FY2011 results, Lt. Col. H. S. Bedi, Chairman & Managing Director of Tulip Telecom, said:**

*“Various initiatives undertaken during the last few years bring us closer to achieving our vision of migrating from an Enterprise Connectivity provider to an integrated Enterprise Data Service player. Our focus now is on consolidating the management team with a view to enhance operational efficiencies whilst increasing customer satisfaction by augmenting our service delivery processes and product offerings which we believe, should pave the path for future growth.”*

**Mr. Sanjay Jain, CEO of Tulip Telecom, further added on the operational and financial performance:**

*“We are glad to close the year on a robust note. Offering an end-to-end data solution to our customers, has not only enabled us to increase our share in the Enterprise Data Service market to 12.7% but also has facilitated us in achieving a higher wallet share of the customer which is reflected in improved top-line and bottom-line performance. Enhancing efficiencies whilst maximizing revenues per customer has facilitated a notable rise in our operating margins.”*

*Tulip’s last mile fibre connectivity continues to witness encouraging demand. Over 80% of the new orders in terms of revenue are now from fibre and we expect to maintain this momentum. We further won an R-APDRP project in Andhra Pradesh. We expect a reasonably higher return from these projects as the Company will optimize its existing infrastructure to execute these orders.”*

**Q4 FY2011 financial performance (compared with Q4 FY2010)**

- Net revenues increased to Rs. 637.9 crore; up 20.2% from Rs. 530.7 crore
- Operating profits (before Other Income) higher by 20.8% to Rs. 186.6 crore from Rs. 154.5 crore
  - Operating margins increased to 29.3% compared to 29.1%
- PAT improves by 25.7% to Rs. 82.7 crore as compared to Rs. 65.8 crore
- Diluted EPS at Rs. 5.09 as compared to Rs. 4.05

**FY2011 financial performance (compared with FY2010)**

- Net revenues higher by 19.6% at Rs. 2,351.1 crore from Rs. 1,966.4 crore
- Operating profits (before Other Income) at Rs. 663.1 crore; up by 26.2% from Rs. 525.5 crore
  - Operating margins increased to 28.2% compared to 26.7%
- PAT stood at Rs. 306.4 crore as compared to Rs. 231.6 crore
- Diluted EPS at Rs. 18.86 as compared to Rs. 14.26

**Break up of order Input in Q4 across Products and Services**

Particulars	% of total
Data Connectivity	68
Managed Services (including Data Center)	21
Network Integration	11

**New Order Input across Fiber & Wireless in connectivity in terms of revenue**

Particulars	Q3 FY2011	Q4 FY2011
Fiber	70%	80%
Wireless	30%	20%

**Capex as a percentage of Revenue & EBIDTA**

Particulars (Rs. crore)	2008-09	2009-10	2010-11
Revenue	1,608	1,965	2,351
EBIDTA	336	526	663
Capex	736	453	526
Capex as % of EBIDTA	219%	86%	79%
Capex as % of Revenue	46%	23%	22%

**Debt Profile**

Debt	2009-10	2010-11
Long Term Debt as a % of Total Debt	76	89
Short Term Debt as a % of Total Debt	24	11
Average Cost of Debt (%)	8.6	9.9

– 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 2,000 locations in India and partnerships to reach every part of the world. The Company has a global presence with over 3,354 employees and more than 2,200 customers. 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](http://www.tulip.net) or contact:**

**Rahul Ahuja / Richa Satija**

Tulip Telecom Ltd

Tel: +91 11 4157 8000

Fax: +91 11 4167 8002

E-mail: rahul.ahuja@tulip.net

richa.s@tulip.net

**Anoop Poojari / Ishan Selarka**

Citigate Dewe Rogerson

Tel.: +91 22 6645 1211 / 1232

Fax: +91 22 6645 1213

E-mail: anoop@cdr-india.com

ishan@cdr-india.com

*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 (Consolidated)**

(All figures in Rs. crore unless stated otherwise)

Particulars	Q4 FY2011	Q4 FY2010	% Shift	FY2011	FY2010	% Shift
Net Sales	637.9	530.7	20.2	2,351.1	1,966.4	19.6
Operating Profit	186.6	154.5	20.8	663.1	525.5	26.2
<b>Operating Margin (%)</b>	<b>29.3</b>	<b>29.1</b>	-	<b>28.2</b>	<b>26.7</b>	-
Depreciation	47.9	15.5	209	171.4	135.3	26.7
Interest	26.7	18.5	44	85.3	71.6	19.1
PBT (Operating)	112.1	120.5	(7.0)	406.4	318.6	27.6
Other Income*	(1.1)	(8.5)	-	0.1	3.0	(96.7)
PBT (Total)	111.0	112.5	(1.3)	406.5	321.6	26.4
Tax Expense	28.3	46.7	(39.4)	100.1	89.9	12.0
PAT	82.7	65.8	25.7	306.4	231.6	32.3
<b>PAT Margin (%)</b>	<b>13.0</b>	<b>12.4</b>	-	<b>13.0</b>	<b>11.8</b>	-
EPS – In Rs. (Diluted)	5.09	4.05	25.7	18.86	14.26	32.3

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

- **Net sales** increased during the quarter primarily on account of rise in order input from high bandwidth fiber services.
- **EBIDTA margins** improve during the quarter as a result of:
  - Improving contribution from fiber and managed services/DC business
  - Bulk purchase of bandwidth lowering cost per 64K
  - Adding new subscribers on the existing infrastructure resulting in lower cost per subscriber - enabling economies of scale
- **Interest expense** for the quarter increased by 19.1% at Rs. 85.3 crore
  - Overall cost of funds is about 9.9% - increase in interest rates in the last few months may result in higher finance costs
- **PAT** growth on the back of combination of higher operating margins and steady interest cost and depreciation charge
  - The Company is now in the second leg of 80 I (A) benefit post 5 years of operations
  - Effective tax rate at 25%

**Balance Sheet Snapshot (Consolidated)**

Particulars (Rs. crore)	March 31, 2011	March 31, 2010
Gross block/CWIP	2,310.8	1,571.0
Net worth	1,212.5	927.9
Total debt	1,776.9	1,219.1
<u>Break-up of total debt</u>		
- FCCB	439.0	437.0
- Others	1,337.9	782.1
Cash & Cash Equivalents	347.0	250.4
Total Debt to Equity (times)	1.47	1.32
Net Debt to Equity (times)	1.26	0.94
Total Debt to EBIDTA (times)	2.68	2.32
ROCE (%) Annualized*	18.7	18.1

\*excluding Qualcomm and SADA related investments

**Financial Snapshot of Tulip Data Center Services Pvt. Ltd.**

Particulars (Rs. crore)	2010-11
Operating Profit	(0.9)
Fixed Assets	91
Goodwill	124.4
Net Current Assets	(2.1)
P&L Debit balance / Misc. Expenses	1.3
Capital Employed	214.6
Shareholder's funds	214.6

– ENDS –