



TULIP TELECOM LIMITED

Regd. Office: C-160, Okhla Industrial Area, Phase-1, New Delhi-110 020

Tel. No. : +91- 11- 40578000; Fax No.: +91- 11- 41678002

e-mail id: investorrelations@tulip.net

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of Tulip Telecom Limited will be held on Monday, September 30, 2013 at 4.30 P.M. at Sri SathyaSai International Centre, Institutional Area, PragatiVihar, Lodhi Road, New Delhi-110 003 to transact the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the Six months financial year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. ChandrasKutty, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Gulshan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
To appoint **M/s. T. R Chadha & Co., Chartered Accountants** (Firm Registration No. 006711N) as the Statutory Auditors of the Company who have given their consent to act as Auditors, and to appoint M/s. R. Chadha & Associates, Chartered Accountants (Firm Registration No. 004046N), the retiring auditors of the company, to act as joint auditors of the company, who have also given their consent to act as joint auditor jointly with M/s. T. R Chadha & Co., Chartered Accountants, from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration in manner thereof.

SPECIAL BUSINESS

To consider, and if thought fit, to pass, with or without modification(s), the following resolutions:

As Ordinary Resolutions:

5. **Appointment of Mr. Anuj Bhargava as the Nominee Director**

"RESOLVED THAT Pursuant to Master Restructuring Agreement entered into between the Bank and Company & Letter of ICICI bank, Mr. Anuj Bhargava, Additional Director of the Company be and is hereby appointed as the Nominee Director of the Company, whose period of office is liable to retire by rotation, subject to the provision of Section 268 of the Companies Act, 1956 ("the Act") and application filed with Central Government under Section 268 of the Act.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required to give effect to this resolution."

6. **Appointment of Mr. P.C. Bandivadekar as the Nominee Director**

"RESOLVED THAT Pursuant to Master Restructuring Agreement entered into between the Bank and Company & Letter of TATA Capital Financial Services Ltd, Mr. P.C. Bandivadekar, Additional Director of the Company be and is hereby appointed as the Nominee Director of the Company whose period of office is liable to retire by rotation subject to the provision of Section 268 of the Companies Act, 1956 ("the Act") and application filed with Central Government under Section 268 of the Act.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required to give effect to this resolution."



As Special Resolutions:

7. **To seek the approval of Central Government for waiver of excess remuneration paid to Lt. Col. (Retd.) H.S.Bedi, Chairman & Managing Director of the Company.**

“RESOLVED THAT pursuant to the provisions of Section 309(5B) read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval by the Central Government, consent of the members of the Company be and is hereby accorded to waive the excess remuneration of Rs.2.76 Crores for the period from 1st October, 2012 to 31st March, 2013 paid to Lt.Col. (Retd.) H.S. Bedi, Chairman & Managing Director of the Company over and above the limits prescribed under Section 309 read with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard including authorizing any other person to represent before the Central Government.”

8. **To seek the approval of Central Government for Payment of Remuneration to Lt. Col. (Retd.) H.S.Bedi, Chairman & Managing Director of the Company for the remaining tenure:**

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval by the Central Government, the consent of the members of the Company be and is hereby accorded to the payment of remuneration to Lt. Col. (Retd.) H.S.Bedi, Chairman & Managing Director of the Company on the existing terms of remuneration as set out in the explanatory statement annexed herewith, for the remaining term of appointment.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard including authorizing any other person to represent before the Central Government.”

9. **To approve the payment of excess remuneration paid to Mr. Deepinder Singh Bedi, Whole-Time Director of the Company:**

“RESOLVED THAT pursuant to the provisions of Section 309(5B) read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval by the Central Government consent of the members of the Company be and is hereby accorded to waive the excess remuneration paid to Mr.Deepinder Singh Bedi, Whole-time Director, over and above the limits prescribed under Section 309 read with Schedule XIII of the Companies Act, 1956, as set out in the explanatory statement, for the financial year ended on 31st March, 2013.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard including authorizing any other person to represent before the Central Government.”

10. **To appoint and Payment of remuneration to Mr. Dinesh Kaushal, Whole-Time Director of the Company**

“RESOLVED THAT pursuant to the provisions of Section Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) consent of the members of the Company be and is hereby accorded for payment of remuneration of Rs. 48,00,000/- (Rupees Forty eight Lac) to Mr. Dinesh Kaushal, Whole-Time Director of the Company for the period from 1st October, 2012 to 31st March, 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in



force), the consent of the members of the Company be and is hereby accorded for payment of remuneration to Mr. Dinesh Kaushal, Whole-Time Director of the Company on the existing terms of remuneration as set out in the explanatory statement annexed herewith, for the remaining term of appointment till 13th August, 2017.

RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard to give effect to this resolution."

**By Order of the Board of Directors
Tulip Telecom Limited**

Sd/-

Sumit Chandhok
(Company Secretary)

Place : New Delhi
Date : August 30, 2013

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting is attached hereto.
2. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.***
3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from **Wednesday, September 25, 2013 to Monday, September 30, 2013 (both days inclusive).**
4. Brief resume of Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships (Excluding Directorship in Private Limited Companies, Foreign Companies and Government bodies) and membership/chairmanships of Board Committees (includes only Audit & Shareholders'/Investor' Grievance Committees), Shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement, are provided in the "Annexure A" to the Notice.
5. Members/ Proxy holders are requested to bring their attendance slip along with their copy of annual report to the Meeting.
6. All statutory registers of the Company maintained under the Companies Act, 1956 will be open for inspection at the registered office of the Company till the date of Annual General Meeting.
7. Guidelines for attending the ensuing Annual General Meeting of the Company:
 - a. Entry to the Auditorium will be strictly against entry coupon available at the counters at the venue and against the exchange of duly filled in, signed and valid attendance slip.
 - b. Any briefcase / bags / eatables are not allowed inside the Auditorium.
 - c. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing such representative to attend and vote on their behalf at the Meeting.
8. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 (seven) years is to be compulsorily transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government. Consequent to such transfer, member(s) would not be able to claim any amount of dividend so transferred to the IEPF. Member(s) who have not yet encashed his/her/its dividend warrant(s) is/are requested, in his/her/its own interest, to immediately write to the Registrar & Share Transfer Agent of the Company i.e. M/s Karvy Computershare Private



Limited for claiming their outstanding dividend declared by the Company during the years 2005-06 and onwards. The dividend for the aforesaid years shall be paid only on receipt of the request in this regard and the satisfactory compliance of the requisite procedure, as prescribed by the Company.

9. Queries on accounts and operations of the Company, if any, may be sent to the Secretarial Department, seven days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
10. Relevant Documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the Company on all working days except Saturdays between 11.a.m and 1.00 p.m. up to the date of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

The Company is in the process of Corporate Debt Restructuring (CDR). The CDR - Cell has appointed ICICI Bank as the Monitoring Institution for the process of CDR. As per the recommendations of the Monitoring Institution, the company proposes to appoint M/s. T. R Chadha & Co., Chartered Accountants (Firm Registration No. 006711N) as the Statutory Auditors of the Company. Further, Board has decided to appoint M/s R. Chadha & Associates, Chartered Accountants (Firm Registration No. 004046N), the retiring auditors of the company as joint auditors of the company, jointly with M/s T. R Chadha & Co., Chartered Accountants after taking into consideration the contribution, made by M/s R. Chadha & Associates, Chartered Accountants, in the taxation matters being handled by them.

Item No. 5 & 6

Pursuant to the covenants of the Master Restructuring Agreement entered into between the Banks & the Company, ICICI Bank & TATA Capital Financial Services Ltd have designated their Nominees to act as the Nominee Director on the Board of the Company. In lieu of the Debt Restructuring Agreement Mr. AnujBhargava, the Nominee of ICICI Bank Ltd & Mr. P.C.Bandivadekar, Nominee of TATA Capital Financial Services Ltd. has been appointed as the Nominee Directors of the Company.

The broad base of the Board will immensely benefit the Company through the experience & expertise of the nominee directors.

The Board recommends the Resolution as set out at the Item No. 5 & 6 of the Notice for approval by the Members. None of the Directors of the Company are interested or concerned in the said resolution.

Item No. 7, 8 & 9

As a result of the current economic slowdown, many enterprises have started cutting down their IT and telecom spending, impacting the revenue growth of Tulip. In order to retain customers, the Company had to resort to pricing discounts that had impacted the profitability, particularly in the past 3-4 quarters. In lieu of the losses faced by the Company the remuneration paid to the Whole-Time Directors were in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. The Company requires consent of the members & Central Government for payment of the remuneration to the following directors:

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

Lt. Col. (Retd.) H. S. Bedi, Chairman & Managing Director aged 60 years was appointed as the Chairman cum Managing Director of the Company on, with effect from 1st April, 2011 for a period of 3 years, as approved by the members of the Company at their meeting held on Tuesday August 30, 2011 on a remuneration as mentioned hereunder:

Remuneration	
Basic Salary	Rs. 30,00,000/- per month
Perquisites	
Leave Travel	For self & family once a year incurred in accordance with the rules of the Company, subject to a maximum of Rs. 1,00,000/- per month
Medical	Rs. 1250/-per month
Conveyance	Company maintained car with chauffer for personal & official purpose, subject to a maximum of Rs. 30,000/-per month
Special Allowance	Rs. 2,68,750/- per month
House Rent Allowance	Rs. 16,00,000/- per month



Statement pursuant to the provisions of Schedule XIII to the Companies Act, 1956 is given below:

I. GENERAL INFORMATION:

- a) **Nature of Industry:** Tulip Telecom Limited is India's largest MPLS VPN player and provides complete infrastructural IT solutions to mission critical industries. Tulip Telecom Limited is a data telecom service and IT solutions provider that offers innovative IP based infrastructural solutions. We are India's largest MPLS VPN player and have been the front-runner in provisioning and managing multi location wide area networks for various industry verticals. Tulip provides largest real time networks in India, enabling industries to integrate and interact with other businesses, and to access the data and applications they need over secure and managed domestic as well as global communication platforms. We provide largest real time networks in India, enabling industries to integrate and interact with other businesses, and to access the data and applications they need over secure and managed domestic as well as global communication platforms.
- b) **Date or expected date of commencement of commercial production:** The Company was incorporated on 19th May, 1992.
- c) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** N.A.
- d) **Financial performance based on given indicators as per Audited Financial Results for the year ended March 31, 2013:**

Particulars	For the year ended 31 st March, 2013 (Rs. In Crores)	For the year ended 30th September, 2012 (Rs. In Crores)
Turnover and Other Income	935.54	4062.50
Net Profit/ (Loss) as per Statement of Profit & Loss	(-)742.00	433.06

- e) **Export performance and net foreign exchange collaborations:**

Particulars	For the year ended 31 st March, 2013 (Rs. In Crores)	For the year ended 30th September, 2012 (Rs. In Crores)
Earnings in Foreign Exchange	NIL	Nil
Expenditure in Foreign Currency	6.40	15.73

- f) **Foreign investments or collaborators:** The Company has two foreign wholly owned subsidiaries namely Tulip Telecom Inc., USA & Tulip IT Services Singapore Pte. Ltd.

II. INFORMATION ABOUT THE APPOINTEE:

- a) **Background Details:** After serving the Indian Army for 22 years, Lt Col. (Retd.) H.S.Bedi decided to leave the Indian Army to start his own company. Lt Col. (Retd.) H.S. Bedi was awarded the 'Vishisht Seva Medal' (VSM) by the President of India for his role in the computerization of the Indian Army. Lt.Col. (Retd) H.S.Bedi recognized his entrepreneurial skills in the field of Information Technology. He had been the key man since inception. His leadership and vision has enabled the company not only to constantly grow into more profitable business segments but also to attain the leadership position in every segment that it has functioned in. Under his guidance, Tulip Telecom Services has established itself as one of the strongest network connectivity players in the industry. Tulip has achieved enviable success in a short span and has experienced exponential growth with a turnover. The company has been successful in creating immense value for all its stake holders.
- b) **Past Remuneration:** Lt Col.(Retd.) H.S.Bedihad drawn a remuneration of Rs. 3,00,00,000/- during the financial year 2012-13 as the Chairman & Managing Director of the Company. The remuneration is inclusive of basic salary, perquisites, allowances & other benefits.



- c) **Job Profile and Suitability of the Appointee:** Under his leadership the Company has achieved a tremendous growth in a very short span of time. A high standard of professionalism, integrity and corporate ethics is what he always strived for in the organization. Besides his qualifications, he is a person of outstanding caliber and possesses vast experience and capabilities for managing the increasing business activities of the Company. Accordingly, Col.Bedi, with his qualifications & experiences is best suited to the said position.
- d) **Remuneration:** As approved by the shareholders in their meeting held on August 30, 2011.
- e) **Comparative remuneration profile with respect to the industry, size of the Company, profile of the position and person:** The proposed remuneration payable to Lt Col.(Retd.) H.S. Bedi is justified compared to remuneration paid in the telecom industry and the size of the Company.
- f) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Mr.Deepinder Singh Bedi, the Whole-time Director of the Company is son of Col Bedi. Further Lt. Col. (Retd.) H.S.Bedi holds 1,81,54,850 shares of the Company in his name.

III. OTHER INFORMATION:

Effects of Macro Economic Conditions on the Company: As a result of the current economic slowdown, many enterprises have started cutting down their IT and telecom spending, impacting the revenue growth of the Company. In order to retain customers, the Company had to resort to pricing discounts that may impact the profitability. However considering the past position of Company & strong customer base the Company hopes to overcome the current slowdown.

IV. Disclosure:

The Proposed remuneration package of Lt Col. (Retd.) H.S. Bedi. is as follows:

Remuneration	
Basic Salary	Rs. 30,00,000/- per month
Perquisites	
Leave Travel	For self & family once a year incurred in accordance with the rules of the Company, subject to a maximum of Rs. 1,00,000/- per month
Medical	Rs. 1250/-per month
Conveyance	Company maintained car with chauffer for personal & official purpose, subject to a maximum of Rs. 30,000/-per month
Special Allowance	Rs. 2,68,750/- per month
House Rent Allowance	Rs. 16,00,000/- per month

Due to current financial turmoil & downturn in profitability, the company has recorded losses during the previous Six months financial year ended March 31, 2013. Pursuant to the provisions of Section 309(5B) of the Companies Act, 1956 read with Schedule XIII, the Company is required to seek approval of Shareholders & the Central Government for waiver of remuneration paid in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956.

Period	Remuneration paid	Eligible Remuneration as per Schedule XIII to the Companies Act, 1956	Excess Remuneration
1 st October 2012 to 31 st March 2013.	Rs. 3 Crores	Rs24 Lakhs	Rs. 2.76Crores

In this regard the Company is in the process of filing an application with the Central Government for waiver of recovery of excess remuneration paid u/s 309(5A) and 309(5B) for the period commencing from 1st October, 2012 to 31st March,2013.

Further the term of appointment of Lt.Col (Retd.)H.S.Bedi, lasts upto March 31, 2014. In order to continue the payment of aforesaid remuneration to the executive director it is necessary to take further approval of the Shareholders and the Central Government respectively. The Remuneration Committee in its meeting dated August 12,2013, had considered and recommended the waiver of excess remuneration & continuing with the current remuneration for the remaining term of Col.Bedi, subject to approval of the members & Central Government and in accordance with Schedule XIII of the Act. Therefore the Board recommends passing of item no. 7 & 8 by way of **Special Resolution**.



Lt. Col.(Retd.) H.S.Bedi & Mr. Deepinder Singh Bedi are relatives. None of the other Directors of the Company are interested/concerned in the said resolution(s).

B. Deepinder Singh Bedi, Whole-Time Director

The members of the Company at their meeting held on Tuesday August 30, 2011 had increased the remuneration to be paid to Mr. Deepinder Singh Bedi for his term of appointment which is as follows:

Remuneration	
Basic Salary	Rs. 12,50,000/- per month
Perquisites	
Leave Travel	For Self and family once a year incurred in accordance with the rules of the Company, subject to a maximum of Rs. 75,000/- per month
Medical	Rs. 1250/- per month
Conveyance	Company maintained car with chauffeur for personal & official purpose, subject to maximum of Rs. 20,000/- per month
Special Allowance	Rs. 4,53,750/- per month
House Rent Allowance	Rs. 7,00,000/- per month.

Further, the members on June 14, 2013 had re-appointed him as the whole-time director of the Company on the aforesaid remuneration for a term of 3(three) years commencing from April 1, 2013.

Mr. Deepinder Singh Bedi had been paid remuneration of Rs. 1,50,00,000 (One Crores Fifty Lacs) during the period commencing from 1st October, 2012 to 31st March, 2013. Pursuant to the provisions of Section 309(5B) of the Companies Act, 1956 read with Schedule XIII, the Company is required to seek approval of Shareholders & the Central Government for waiver of remuneration paid in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956.

Period	Remuneration paid	Eligible Remuneration as per Schedule XIII to the Companies Act, 1956	Excess Remuneration
1 st October 2012 to 31 st March 2013	Rs. 1.5 Crores	Rs 24 Lakhs	Rs. 1.26 Crores

Mr. Deepinder Singh Bedi is a B.E. from Nagpur University and M.B.A. from Boston University, USA and possesses rich and varied knowledge in the field of Sales and Marketing. Mr. Deepinder Singh Bedi joined the company in 2000 as a management trainee and has been associated with the company since then. Under his role as the Executive Director of the company, Mr. Deepinder Singh Bedi serves on Tulip's board and is responsible for developing and executing the company's long-term growth strategies. He is overall incharge of Sales and Marketing function of the Company.

Mr. Deepinder Bedi had also worked in different roles for EMC Corporation and done projects for State Street Bank in the US and has been an active member of various industry chambers including CII and ASSOCHAM.

Under his leadership the Company had achieved a tremendous growth in a very short span of time. A high standard of professionalism, integrity and corporate ethics is what he always strived for in the organization. Besides his qualifications, he is a person of outstanding caliber and possesses vast experience and capabilities for managing the increasing business activities of the Company.

In this regard the Company has filed an application with the Central Government for waiver of recovery of excess remuneration paid u/s 309(5A) and 309(5B) for the period commencing from 1st October, 2012 to 31st March, 2013.

The Remuneration Committee in its meeting dated August 12, 2013; had considered and recommended the waiver of the excess remuneration paid to Mr. Deepinder Bedi, subject to the approval of the members & Central Government and in accordance with Schedule XIII of the Act. Therefore the Board commends passing of item no. 9 by way of Special Resolution.

Lt. Col.(Retd.) H.S.Bedi & Mr. Deepinder Singh Bedi are relatives. None of the other Directors of the Company are interested/concerned in the said resolution.

This explanatory statement together with the accompanying notice may also be treated as an abstract under Section 302 of the Companies Act, 1956.



Item No. 10: Dinesh Kaushal, Whole-Time Director

Mr. Dinesh Kaushal was appointed as a Whole-time Director of Tulip Telecom Limited in the Annual General Meeting of the Company held on December 29, 2012 for a period of 5 years effective from 14th August, 2012 on a remuneration:

Remuneration	
Basic Salary	Rs. 4,00,000/- per month
Perquisites	Rs. 4,00,000/- per month
Provident Fund	As per rules of the Company

Mr. Dinesh Kaushal had drawn a remuneration of Rs.48,00,000 (Forty Eight lacs) during the period commencing from 1st October, 2012 to 31st March, 2013 as a Whole Time Director therefore, an amount of Rs.24,00,000/- (Twenty Four Lacs only) was paid in excess of the prescribed limit i.e. Rs. 24 lacs. Therefore the Board commends passing of item no. 10 by way of Special Resolution.

As Director Finance he is the centre of excellence who leads the Taxation, Accounts, Corporate Finance, Secretarial & Legal departments. Mr. Dinesh Kaushal is a Chartered Accountant and Company Secretary by profession and was the Chief Financial Officer of the Company from the year 2000- 2009 and during his tenure he played a key role in the growth of the company. He has been the key man to the IPO & various fund raising activities of the Company.

Pursuant to the General Circular No. 46/2011 issued by the Ministry of corporate Affairs on July 14, 2011 wherein the department has accorded its consent that no approval of Central Government will be required by the listed companies and their subsidiary companies, which are not having profits or having inadequate profits for payment of remunerations exceeding Rs. 4 lakh p.m., if the managerial person:-

- (a) is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment and
- (b) is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

Further in accordance with the notification by the MCA dated August 16, 2012 Mr. Kaushal has no interest in the capital since neither he holds any shares of the Company nor he has been granted any Stock Options pursuant to ESOP Scheme of the Company. He also not related to any of the director's or the promoters of the Company in any manner.

The Remuneration Committee in its meeting dated August 12, 2013; had considered and recommended the remuneration paid to Mr. Dinesh kaushal, subject to the approval of the members in due accordance with Schedule XIII of the Act. Therefore the Board commends passing of item no. 10 by way of **Special Resolution**.

Apart from Mr. Dinesh Kaushal being the beneficiaries. None of the other Directors of the Company are interested/concerned in the said resolution.

By Order of the Board of Directors
Tulip Telecom Limited
Sd/-
Sumit Chandhok
(Company Secretary)

Place : New Delhi
Date : August 30, 2013



Annexure A:

ANNEXURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED

Name	Mr. Anuj Bhargava	Mr. P.C. Bandivadekar
Age (years)	37	52 years
Date of Appointment	Ensuing Annual General Meeting i.e. 30.09.2013	Ensuing Annual General Meeting i.e. 30.09.2013
Qualification	B.Com., CA	Bachelor of Engineering – (Electrical), Mumbai University (1981)
		Masters in Management Studies (Operations), Mumbai University (1983) – First Rank in Specialization Diploma in Taxation Management, S P Jain (1985) Diploma in Computer Management, Jamnalal Bajaj (1986)
Areas of Expertise	Banking	Strategic planning, financial markets, turnaround and financial reengineering
Name and Number of other Companies in which he is a Director	NIL	<ol style="list-style-type: none"> 1. Niskalp Infrastructure Services Limited 2. E-Nxt Financials Limited 3. Precision Camshafts Limited 4. Adithya Automotive Applications Private Limited 5. Indo Schottle Auto Parts Private Limited 6. Lands End Properties Private Limited 7. Tata Infrastructure Capital Limited 8. India Collections Management Limited 9. Tata Cleantech Capital Limited 10. Pankh Foundation
Chairman/Member of Committees of Board of Companies of which he is a Director	NIL	NIL
Number of shares held in the Company	NIL	NIL
Inter -se relationship with other Directors	NIL	NIL



Name	Mr. ChandrahasKutty	Mr. Rajesh Gulshan
Age (years)	59	63
Date of Appointment	19th March, 2005	19th March, 2005
Qualification	1. Diploma in Computer Accounting	1. M. Tech
	2. Chartered Accountant	2. B. Tech
	3. B. Com (Hons)	
Areas of Expertise	Finance, Accountancy, Logistics, HR and IT	New Set ups, Business Development, IT Infrastructure Development, System Implementation, Team Management
Name and Number of other Companies in which he is a Director	1. Organon (India) Private Limited 2. Schering-Plough (India) Private Limited 3. Boston Scientific India Private Limited 4. Bausch and Lomb Eyecare (India) Private Limited	NIL
Chairman/Member of Committees of Board of Companies of which he is a Director	1. Audit Committee - Chairman 2. Shareholder/ Investor Grievance Committee - Chairman 3. Remuneration Committee - Chairman 4. Compensation Committee - Chairman 5. Corporate Management - Committee	1. Audit Committee - Chairman 2. Shareholder/ Investor Grievance Committee - Chairman 3. Remuneration Committee - Chairman 4. Compensation Committee - Chairman
Number of shares held in the Company	NIL	NIL
Inter -se relationship with other Directors	NIL	NIL

By Order of the Board
Tulip Telecom Limited
Sd/-
Sumit Chandhok
(Company Secretary)

Place: New Delhi
Date : August 30, 2013



TULIP TELECOM LIMITED

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

PROXY FORM

Folio No. _____ Client ID No. _____ DP-ID No. _____

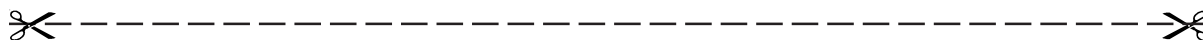
I/We _____ of _____
in the district of _____ being a member/members of TULIP
TELECOM LIMITED, hereby appoint _____ or failing
him/her _____ of _____ in the district of
_____ as my/our Proxy to vote for me/us on my/our behalf at the Annual
General Meeting of the Company to be held at 4:30 p.m. at Sri SathyaSai International
Centre, Institutional Area, PragatiVihar, Lodhi Road, New Delhi – 110 003 on Monday,
30th September, 2013.

Signature of Proxy

Affix Re1
revenue
stamp
here

Signature of member(s)

Note: Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



TULIP TELECOM LIMITED

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

ATTENDANCE SLIP

(This attendance slip duly filled in, to be handed over at the meeting)

Folio No. _____ Client ID No. _____ DP-ID No. _____

Name of the attending member (in block letters) _____

Name of the Proxy (in block letters) (to be filled in, if proxy attends instead of member) _____

No. of shares held _____

I hereby accord my presence at the Annual General Meeting being held at 4:30 P.M. at Sri SathyaSai International Centre, Institutional Area, PragatiVihar, Lodhi Road, New Delhi – 110 003 on Monday, 30th September, 2013.

Member's / Proxy's Signature
(to be signed at the time of handing over this slip)

Note: Please bring this form with you to the Annual General Meeting





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Company Profile



Tulip Telecom Ltd., India's leading Enterprise Data Service Provider offers full suite of ICT services including Global Connectivity, Managed Services and Data Centre. Tulip owns Asia's largest and World's third largest Data Centre. The Data Centre is a world class facility, spread over 9,00,000 sq ft and can accommodate approximately 16,000 racks. Hence, the Data Centre is a testimony to its commitment to provide customers best in class services. On the network front, Tulip has created India's largest last mile connectivity through fibre and wireless. The fibre network covers over 300 cities across India ; whereas the wireless network spanning over 2000 location across globe. Tulip's network spread ensures its reach even to the most remote areas of the country, complementing its business focus to provide best in class services to its customers. The managed services arena is made to support the rising demand of our customers to keep their focus on their core business processes and outsourcing their complete IT infrastructure . Tulip believes in 'Making It Possible' through ' Infinite possibilities and unlimited potential' to ensure Tulip's commitment to its customers.

Tulip has over 21 years of rich experience in providing Information, Communication and Technology solutions to its customers, which gives it the solid foundation necessary to be the trusted partner to large, mid-size and small-size enterprises across the globe. The company has also built strong vertical knowledge and enables a large number of mission critical applications for businesses across India.

The company services primarily comprise of:

- Global Connectivity
- Data Centre
- Managed Services

The Company's data network has the largest reach of over 2,000 locations globally. It has innovatively deployed a countrywide network using fiber optic in major cities and wireless on the last mile in smaller cities and rural areas. Tulip has further strengthened its position by offering end-to-end metro-Ethernet fiber connectivity in over 300 cities across India. Through NNI's in USA, Europe and Singapore, Tulip has strengthened its global presence.



The new eco-friendly Data Centre has state- of-the-art infrastructure and can house up to 16,000 racks, backed by up to 100 MW Power supply. This facility will be able to host over 1500 technical and managerial resources. The Tulip Data City will serve hosting, co-location, storage and connectivity needs of large enterprises, small and medium businesses in the region, while also serving as a disaster recovery facility for enterprises that are present in other key business centres across India or nearby countries. The data centre will be a carrier neutral facility.

Tulip Managed Services model is designed to provide complete IT Infrastructure Management Solution to our customers, allowing them to focus on their core competencies. The entire gamut of our IT infrastructure services can monitor and manage all desktops, network, messaging, servers, database, security devices, voice/video infrastructure and applications. Tulip has the skills and competencies, with services tailored to customer's requirements and the flexibility to implement and manage key infrastructure as part of the ongoing operations. This provides our customers the best of both worlds – scalability and flexibility over their information systems without either the pain or increased cost of running them.





Corporate Information

Board of Directors

- Lt. Col. (Retd) HARDEEP SINGH BEDI, Chairman & Managing Director
- DEEPINDER SINGH BEDI, Executive Director
- DINESH KAUSHAL, Whole Time Director
- CHANDRAHAS KUTTY, Director
- RAJESH GULSHAN, Director
- Col. J. S. RAI, Director

Auditors

M/s R. Chadha & Associates
Chartered Accountants
E-95/2, Naraina Vihar, New Delhi – 110028

Bankers

- Bank of India
- Canara Bank
- DBS Ltd.
- Indian Overseas Bank
- Standard Chartered Bank
- Axis Bank Ltd.
- IDFC Ltd
- Barclays Bank
- Punjab National Bank
- IDBI Bank Ltd
- RBS
- ICICI BANK
- Andhra Bank
- Central Bank
- Bank of Baroda
- Tata Capital
- Dena Bank



Head Office

C-160 Okhla Industrial Area, Phase 1,
New Delhi-110020

Inside Sales: +919999998966

Other Queries-011-40578000

Fax:-011-41678002

email: sales@tulip.net

Mumbai

Tulip Telecom Ltd, Plot no.32 4th Floor,
Central Road, MIDC, Andheri(E) – 400093

Inside Sales: +919999998966

Other Queries: 022-66404000, 39893000

Fax: +91 22 28238468, 56943677.

email: sales@tulip.net

Kolkata

Tulip Telecom Ltd, Aakash Tower,
4th Floor, Unit 4-D & 4E
Plot No. 1-18A/1 at H.T. Cable Zone,

781 Anandpur Kolkata 700 107

Inside Sales: +919999998966

Other Queries: 033 -38393000

Fax No: 033-24432220

email: sales@tulip.net

Bangalore

Ground Floor, Gamma Tower,
Sigma Soft-tech Park,

#7, Whitefield Main Road,
Bangalore – 560066

Inside Sales: +919999998966

email: sales@tulip.net

Chennai

No. 104, 1st Floor, VTN Square,
Arihat Building,

T.Nagar, Chennai – 600017

Inside Sales: +919999998966

Other Queries: 044-39893000

email: sales@tulip.net

Additionally the Company has the branch offices at Hyderabad, Jaipur, Pune, Ahmedabad, Chennai, Chandigarh, Lucknow, Bhubaneswar, Patna, Guwahati, Bhopal etc



Leadership Team

Lt. Col. Hardeep Singh Bedi

Lt Col H S Bedi is an army man, an Entrepreneur and the Chairman & Managing Director of Tulip Telecom Ltd., a Telecom company based in India. After serving the Indian army for 22 years, Col Lt H S Bedi took a voluntary retirement and started his own venture in 1992.

Lt Col H S Bedi has been often addressed as the '**King of Wireless**', it is his foresight that envisaged the beginning of a new era in connectivity. Today,

Lt Col H S Bedi, is a well-recognized business leader in the IT and telecom industry and has vast experience in this field.



Deepinder Bedi

Mr. Deepinder Bedi (Deep) is the Executive Director at Tulip Telecom Limited. Deep is responsible for the International Business initiatives that have been planned at Tulip, as well as all Marketing and Sales support activities within the company.

Dinesh Kaushal

With over 20 years of experience in leadership positions in the financial domain, Dinesh is one of the board members and heads Finance at Tulip Telecom Ltd. (Tulip). Prior to his current role of Director, Finance at Tulip he has also served as the Chief Financial Officer with us before he thought of setting up his own business. Dinesh played a key role in Tulip's IPO in year 2005, closely supervised the listing process and raised the FCCB of USD 150 Millions in year 2007.



Harjyot Soni

As Tulip's Chief Operating Officer, Mr Harjyot Soni is responsible for the strategic and operational leadership of the company. He is responsible for delivery services business including business excellence. He joins the senior leadership team of Tulip to set an overall Services and Operations strategy and direction for the company in achieving excellence.



Sukhmani Bedi

Sukhmani Bedi is the Director Products for Tulip Telecom Ltd and is responsible for analyzing existing market trends and creating strategic business plans for promoting its products and services. She leads a team that focuses on taking Tulip's entire service portfolio to the market across the country.

Smriti Bordoloi

Smriti Bordoloi is the Senior Vice President – Human Resource (HR). She is responsible to spearhead the HR of all our group companies. She has rich industry experience in IT, Telecom and BFSI domains and is largely responsible for leading Organization Development, Performance Management Systems, Learning and Development within the Organization



Sanjay Bhutani



Sanjay Bhutani is the Chief Operating Officer (North and South) and is responsible for driving all strategic, operational, sales and financial growth aspects for his regions. Sanjay joined Tulip family as head for Data Centre business before moving on to the position of COO.

Surajit Chatterjee

Surajit Chatterjee is the Chief Operating Officer (West and East) and is responsible for leading all sales, operational, strategic and financial growth for his regions. Surajit joined Tulip family as Business Head for west region, after display of fine leadership in his region he was also handed over to lead East.





Chairman's Message

Dear Shareholders,

I write to you today in the midst of what continues to be a challenging time for both, the telecom sector and the company as well. The telecom sector in India after several years of significant growth has witnessed slowdown due to regulatory and competitive pressures. As a result, the company also witnessed tough times in the recent past.

The dynamic environment of telecom sector and a global slowdown has led us to the process of Corporate Debt Restructuring (CDR). Tulip filed for restructuring of its debt in Dec 2012, under India's CDR mechanism and subsequently got final approval from the CDR. The package covers 12 year door-to-door repayment plan; reduction in interest rates by approximately two and half percent; one and half year moratorium on interest and two and half year moratorium on principal. CDR has not only enabled us to restructure our debts but also given us space to cope up with our financial difficulties. The implementation of the CDR Package in a relatively short time is a testimony to the strength of our business and our capability to secure leadership position in the Enterprise Data Connectivity space. I would like to take this opportunity to extend our gratitude to our lenders for their confidence in the Company and viability of our business.

Even, though the network business faced pressures, the data centre business witnessed consolidation. The Data Centre Business looks to be promising in the near term, due to the growing awareness among enterprises about outsourcing and its benefits. The third party data centre market in India is estimated to be US\$ 671 MM in 2012-13 as per industries reports, **growing by 36.5% compared to the same period of last year**. The increasing adoption of third party data centres by enterprises is on account of, escalating real estate, power and cooling costs making captive data centres unaffordable. A greater number of organizations are wanting to focus on their core business areas and are relying on third party expertise to manage their data centre operations effectively. Cost benefits, inability to scale up captive operations, IT skill shortage and increase in outsourcing of end-to-end IT infrastructure management by large organizations to system integrators are other reasons for growth in third party data centres. Utilization of third party data centres for backups and testing environments is another important growth driver for the sector. The growth in market, coupled with lack of additional capacities is expected to increase capacity addition by third parties at a CAGR of 33% between 2010 to 2014.



The year 2012-2013 has been a relatively slow journey for the Company because of the challenging times faced by the telecom industry . Tulip is still committed to offer the highest levels of service to its customers and has always strived for excellence. We firmly believe that we have built extremely strong assets in the last mile wireless and fibre connectivity segments and will continue to leverage this infrastructure which is expected to translate in to healthy performance going forward. Similarly, the data centre is a testimony to the commitment that we hold for our customer, to serve them with the finest and the best in class technology. Today's organizations are persistently looking for robust and secure infrastructure that is scalable enough to meet their growing demands. Tulip services are just the perfect blend to meet their increasing demands. Tulip continues to be the market leaders in the enterprise data services space and over the years has built the valuable patronage of India's finest enterprises as its customers. As we now progress and build the next wave of growth, I believe it is important to relook at some structural modifications within our company, which will only help us become stronger and win better in the market place.

I take this opportunity to thank all the shareholders for their continued trust in the Board of Directors and the Management. I would also like to express my gratitude to our customers and other business associates for their support and co-operation. The Company has been fortunate to have had focused leaders as well as committed and competent employees. I look forward to your continued faith in the Company's journey into the future.

Best Regards,

Lt. Col H.S. Bedi, VSM (Retd.)

Chairman and Managing Director, Tulip Telecom Limited



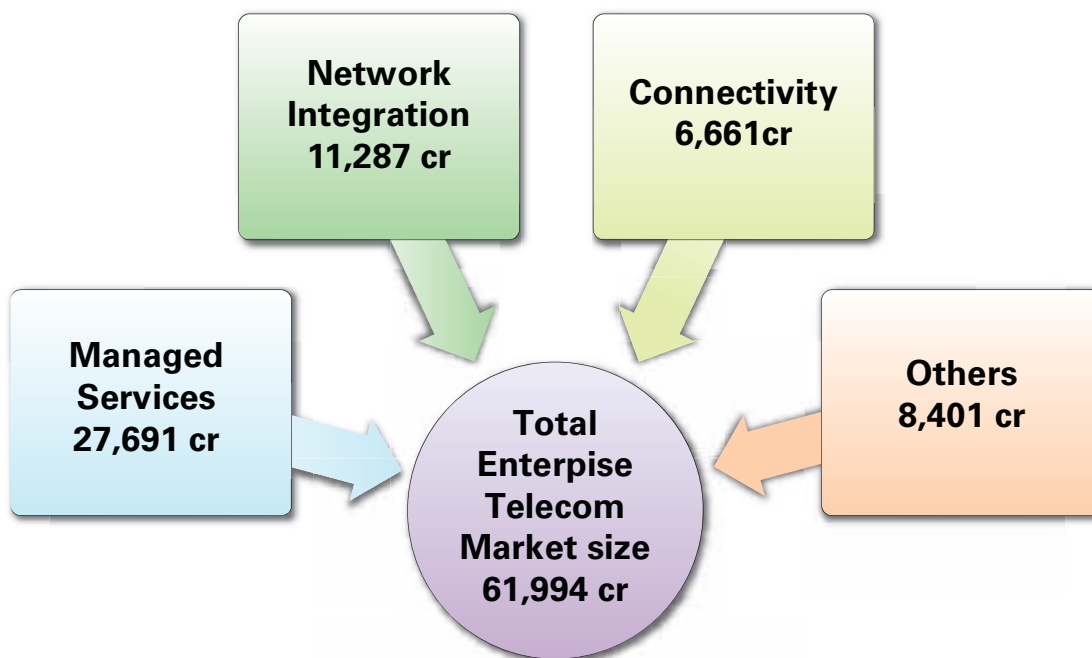


Management Discussion Analysis

Industry Structure and Developments:

Enterprise Data Services forms the backbone of the Enterprise Telecom Market in India. The Enterprise Data Services Market further divided into :

- Connectivity (includes MPLS/VPN, Broadband, Metro Ethernet, DLC,IPLC,VSAT)
- Managed Services (includes Managed Security, Unified Communication & Collaboration and Data Centers)
- Network Integration
- Fixed Services (includes ISDN, DSL, Toll Free, VoIP etc)
- Others services (includes Hosted Contact Center, Audio Conferencing and Video Conferencing)



Source : company reports

Enterprise Telecom Market

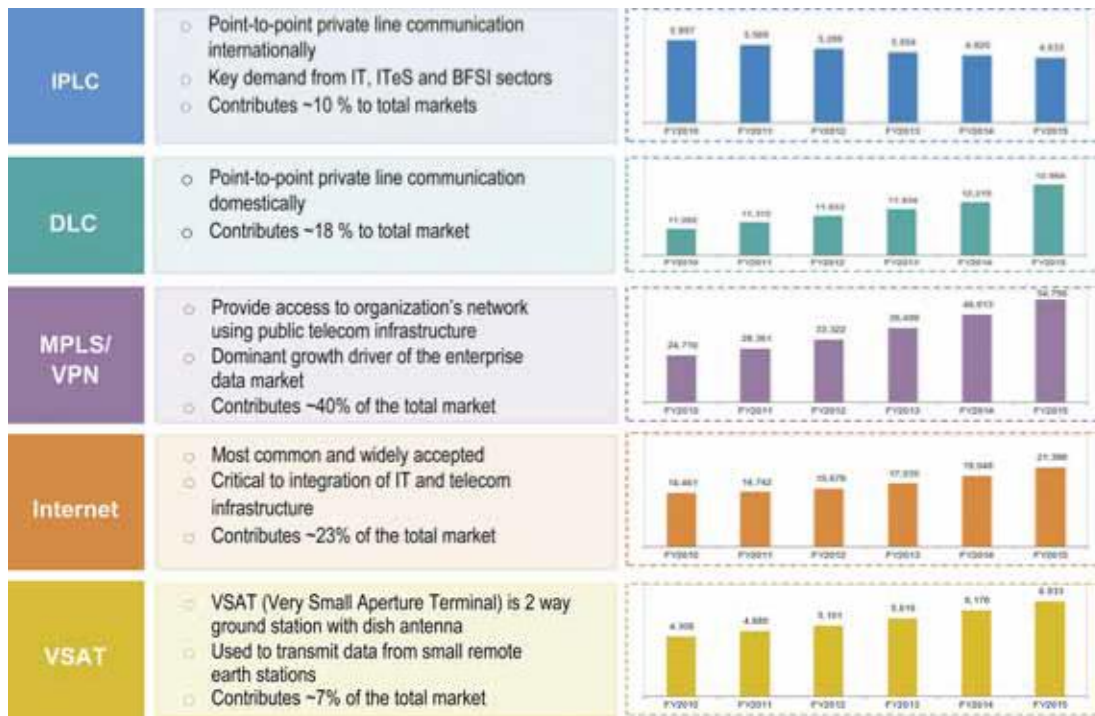
The Enterprise Telecom Market, at INR 61,994 Crores constituted 35% of the Indian Telecom Market. Managed Services, Network Integration and Data Services which form 46.7% and 10.6% respectively, will be the key growth engines for the Enterprise Telecom Market. Others comprise 24% of the Enterprise Telecom Market out of which fixed and mobile services each account for 12%. Hosted Contact Centers and Conferencing (audio and video) at INR 184 Crore accounts for less than 1% of the total Enterprise Telecom Market.



The Enterprise Telecom Market is expected to grow from INR 61,994 Crore to INR 1,16,400 Crore by FY 2016 at a CAGR of 13.2 %. Managed Services, Network Integration and Data Services will be the key growth engines for the Enterprise Telecom Market. expansion of Enterprises, increasing bandwidth and infrastructure requirements are resulting in rapid growth of the Managed Services and Network Integration market.

Key Drivers for 'Future Growth'

The connectivity market is poised to approximately double in size from INR 6125 Crore to INR 12084 Crore at a CAGR of 12% between FY 2010 to FY 2016. The growth will be driven primarily by enterprise demand for MPLS, Internet and Ethernet services. MPLS and Ethernet markets are likely to grow at an average of 18% per year, Internet market is expected to grow at 10% and Ethernet is expected to grow at a rate of 9% approximately.



Source : Frost and Sullivan

Sectors Driving Growth in EDC Market:

BFSI, Government, IT, Manufacturing and ITES will be the major contributors to the EDC Market. Together these five verticals would contribute to nearly 88% of the connectivity market demand. BFSI based market is expected to grow at a rate of approx 12%, Government based market is expected to grow at a approx rate of 15%, IT based market is expected to grow at a rate of approx 8%, Manufacturing and ITES market is expected to grow at a rate of approx 15%. (according to Industry reports)



Business overview

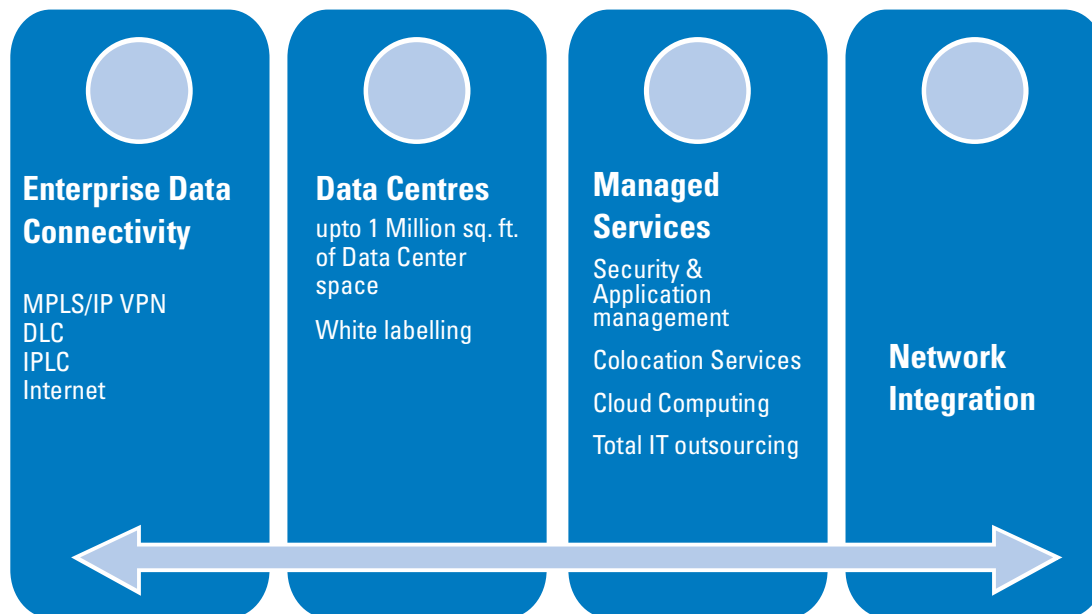
BFSI	<ul style="list-style-type: none">○ Computerization of RRB's○ Inter-bank connectivity○ Interlinking branches & ATM Networks
Retail & FMCG	<ul style="list-style-type: none">○ Real time connectivity for usage of Enterprise applications○ Connectivity to warehouses○ Bandwidth required per store
Government	<ul style="list-style-type: none">○ Improving connectivity in rural India○ E-Governance initiatives
IT/ITeS	<ul style="list-style-type: none">○ High speed connectivity to remain connected to clients○ Voice channels○ Rising BPO/Back office likely to lead to demand for IP & IPLC
Manufacturing	<ul style="list-style-type: none">○ Driven by Enterprise applications like ERP, SCM, CRM○ Investments in IP-VPN & VOIP○ E-Business to drive cost efficiencies and economies of scale
Telecom	<ul style="list-style-type: none">✓ Usage of DLC as backhaul & NLD Traffic carriage✓ ILD expected to increase with increase in voice traffic

Source : Frost and Sullivan

With over two decades of practical experience in providing IT solutions, Tulip Telecom has emerged as India's largest Enterprise Data Service provider with an aim to fully engage with its clients, by providing an extensive range of products and services through its meshed infrastructure of wireless and optic fibre. Complementing connectivity services are Network Integration, Managed Services and Data Centre segments which enables the Company to serve all the data demands of its customers thus becoming a 'One Stop Shop' for its clients. This has not only facilitated the Company to generate multiple revenue streams, but has also enabled customer stickiness, accountability and control.



Service Portfolio :



Tulip Snapshot :

One-Stop Solution	<ul style="list-style-type: none"> o Data Connectivity (Fibre & Wireless), Managed Services (Data Centres, Remote Infrastructure Management, Network Integration, etc.), Value-added Services
Infrastructure	<ul style="list-style-type: none"> o Reach of over 2,000 locations in India
Customers	<ul style="list-style-type: none"> o Over 2,200 (includes over 80% of India's top 500 companies) o Over 600 customers on fibre
Sales & Support	<ul style="list-style-type: none"> o 12 sales offices o 180 support offices o 3,300+ employees across India (over 70% technical staff)
Network Operation Centers	<ul style="list-style-type: none"> o ISO27001 & ISO20000:1 certified Network Operation Centres at Delhi & Mumbai o Supported by over 300 agents
Data Centres	<ul style="list-style-type: none"> o ISO27001 & ISO20000:1 certified Tier 3+ Data Centres (at Mumbai, Navi Mumbai, New Delhi & Bengaluru) o Acquired India's largest & world's third largest single site in Bengaluru



Business Overview & Performance

A) Data Connectivity Solutions

Tulip Telecom over a short span of time has created India's largest last mile connectivity across India through its fibre and wireless network thus, providing high quality end-to-end data connectivity solutions for customers. The entire network of Tulip Telecom is connected over high speed fibre backbone and offers multiple access technology enabling faster and easier connectivity with minimum lead time.

Enterprise Data Connectivity – Fibre

Tulip Telecom, has created the largest last mile networks in India through a combination of owned and leased fibre optic. This has not only enabled the Company to increase its revenue stream, but also has lowered the cost per connect substantially

Additionally, Tulip Telecom also created network to network interconnections (NNI) with Global Telecom Operators to jointly provide IP VPN and Ethernet Services to Indian customers with a global footprint. This arrangement gives Tulip access to 100,000 kms of fibre networks spread across 190 countries.

Enterprise Data Connectivity – Wireless

Having built the largest last mile wireless network in the country spanning across 2,000 locations in India, Tulip Telecom enjoys unique distinction for itself in the wireless segment. **The client base now stands with over 2,200 customers which include more than 80% of the top 500 companies in India.**

B) Managed Services

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 networking solutions. Tulip's Managed Services model is designed to provide complete IT Infrastructure Management solutions to its customers, thus allowing them to focus on core competencies. The need of the hour demands IT Infrastructure providers to be fast, innovative and efficient.

Tulip Telecom offers complete Managed Services solution to organizations. The Company has deep understanding of mission critical environments which can be leveraged for providing a differentiated suite of service offerings - which includes co-location, Data Centre Build, Facility Management Services and remote/onsite Infrastructure Management Services; powered with high degree of reliability, stability and scalability. Tulip Telecom's immaculate servicing ability is driven by best-in-class practices, state-of-the-art technology, skilled professionals and ability to deliver on-site/off-site solutions.

C) Data Centre:

Today's organizations are persistently looking for a robust and secure infrastructure that is scalable enough to meet their growing demands; with increasing criticality of IT services and decreasing IT budgets, Data Centre colocation, hosting and other services seem to be the solution for meeting the above challenges. According to a recent projection by Cyber Media India Ltd., the total Data Centre Market in India is expected to be worth \$2.6 billion (INR 133 billion) of which 20 % or \$600 million (INR 30 billion) is expected to come from the third party Data Center hosting thus creating a huge market space for Data Centre Services. In order to capture this growing



demand Tulip built Asia's largest and World's third largest Data Centre in Bengaluru.

Salient features of the Tulip Data City:

- Third Largest Data Centre in World with upto 9,00,000 Sq ft of total space
- Multy-tiered design conforming to Tier-3 and Tier-4 specifications as per TIA-942 standards
- Utility power from 66 KV substation Feeding 100 MVA power
- Carrier Neutral facility with multiple ISPs
- Contiguous Isolated Rack Space of 10,000 Sqft per Module
- 80,000 Sqft of Customer Office Space
- Industry Standard Building Automation System

The Data Centre Market in India

- The third party data centre market is currently dominated by large and established telecom players and pure play data centre services providers. Tulip Telecom has changed the pecking order of the data centre market by commissioning Asia's largest and World's third largest data centre at Bengaluru in Feb'12
- With an annual revenue potential of over INR 10 billion from this data centre, Tulip is set to emerge as the largest player in the space in India.
- With its size, economies of scale and NOC with a seating capacity of 1500, Tulip is set to emerge as India's first to offer a 'data centre within a data centre' facility, apart from co-location and hosting facilits. The data centre would also form the bedrock of the company's managed services offering
- IBM is Tulip's design partner and Schnabel has been its consultancy partner to oversee its design, build and certification. Built to Tier IV and Tier III standards, the data centre has 99.995% uptime and has already tied up marquee clients as its anchor tenants





DIRECTORS' REPORT

Dear Members,

Your Directors' are delighted to present the 21st Annual Report on the business & operations of the Company together with the Audited Financial Statements & Accounts for the year ended 31st March, 2013.

1. FINANCIAL HIGHLIGHTS

The previous financial year of the Company was of 18 months ending September 30, 2012. Consequently the current financial year of your Company was of 6 Months from October 1st, 2012 to March 31st, 2013 and accordingly the figures for the period under review is for a period of 6 months ended on March 31st, 2013; hence not comparable with the last year's figures.

Your Company has recorded overall revenue of Rs. 935.54 Crores for the year (6 months period). Your Company has been facing tough times due to the current economic slowdown & unfavourable market conditions which has globally affected industries especially in the Telecom Industry. Increased competition & rising interest costs have further added to the profitability. Your Company recorded a net loss of Rs. 742 Crores during the six months ended March 31, 2013. However the cumulative retained profits still remains out to Rs. 340.13 Crores & the Company hopes to do well & recover from the hurdles faced in past. A brief of the financial highlights with comparison of previous year are as follows:

(Rs. In Crs)

Particulars	2012-13	2011-12
Total Revenue	938.54	4,062.51
Total Operating Expenditure	961.59	2,960.07
Profit Before Tax	(777.86)	489.67
Profit/(Loss) after Tax	(742.00)	433.21
Cumulative Retained Profits	340.13	1,082.14





Analysis of operating performance is covered under Management Discussion and Analysis Report (MDAR).

The MDAR for the year under review, as stipulated under Clause 49 of the listing agreement with the stock exchanges in India, on the Company's performance, industry trends and other material changes with respect to the Company and its subsidiary, wherever applicable, is presented in a separate section forming part of this Annual Report.

The register of members and share transfer books shall remain closed from Wednesday, September 25, 2013 to Monday, September 30, 2013 both days inclusive.

2. CORPORATE DEBT RESTRUCTURING

Tulip Telecom Limited established in 1992, has emerged as a leading enterprise service provider catering to the Information Technology and data connectivity requirements in recent years. The business portfolio of Tulip includes three segments: Enterprise Data Connectivity (EDC), Managed Services and Network Integration. The Company has established itself as a major EDC player with significant asset base in the form of fibre optic and wireless network. However, the Company was facing liquidity problems which ultimately resulted in a stress in its ability to service its debt obligations. A brief portrayal of reasons for the stressful phase is as under:

1. Due to the current economic slowdown, many enterprises have started cutting down their IT and telecom spending, impacting the revenue growth of your Company. In order to retain customers, Tulip had to resort to pricing discounts that had impacted the profitability, particularly in the past quarters.
2. Your Company has undertaken a number of Government projects involving high capex/upfront investment while the revenue is realized over a longer period. The aforesaid model of upfront investments and staggered revenue has resulted in blockage of current assets and liquidity constraints.
3. Rising interest cost has impacted the operating cash flows significantly.
4. On account of insufficient internal accruals and due to unfavorable capital market conditions your Company was not able to tie up external funds. While your Company expected conversion of FCCB into equity, which would have substantially improved the gearing, however, a steep decline in share price has led to a situation where the same remains as unpaid debt in Company's books.



5. Targeting high value added revenue segments and the revenue potential with respect to the fibre optic cable network, your Company has made investments in setting up the required infrastructure. However, the payback period of these investments is significantly longer than the average tenure of the loans raised to fund these investments (~5years). Most of the repayments were bunched up in next 2 years resulting in severe liquidity crunch.

Cash flows were not sufficient to meet debt obligation as high capex, increasing receivables, worsening revenue and profitability and high interest expenses have resulted in decline in the cash generation which is insufficient to meet the existing debt liabilities and payment obligations to the lenders.

In view of the problems faced, your Company has made reference to the **Corporate Debt Restructuring (CDR) Cell of RBI** on December 31, 2012 which was supported by ICICI Bank as the Monitoring Institution. The Flash Report was discussed in CDR meetings dated January 21, 2013, February 15, 2013 and March 7, 2013. Relying on the strong belief on the revival of the Company the lenders have acceded their approval to the CDR proposal.

Your Director's are pleased to inform that the Company has received a formal Letter of Acceptance for its proposal for the restructuring of its debt by the Empowered Group of the CDR Cell dated May 8, 2013 & subsequently signed the Master Restructuring Agreement (MRA), the salient features of which are as under:

- a) **A 12 year door-to-door repayment plan;**
- b) **Reduction in Interest Rates;**
- c) **1.5 year moratorium on Interest and 2.5 year moratorium on Principal Repayment;**
- d) **Infusion of approximately Rs. 60 Crores by the Promoter under CDR requirement.**

As mandated by the CDR package terms, the Promoters have infused the necessary contribution by way of unsecured loans.

3. DIVIDEND & TRANSFER TO RESERVES

In the event of loss your Directors express their inability to declare any Dividend for the Six months financial year ended March 31, 2013.



Debenture Redemption Reserve

The Company has maintained Debenture Redemption Reserve (DRR) of Rs. 93.72 Crores during the period for Non Convertible Debentures (NCDs), amounting to Rs. 560 Crores outstanding as on March 31st , 2013.

4. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

During the Financial year 2007-08, your Company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with a maturity period of 5 years, i.e. 26th August 2012. The company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions during F.Y. 2008-09 & 2009-10, resulting in outstanding FCCB liability to USD 97 Million as on the March 31, 2013

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 785 Crores approx.). The FCCB were due for redemption in August, 2012.

Pursuant to the Master Restructuring Agreement approval of CDR lenders has been accorded to the restructuring of the FCCB's. In order to redeem aforesaid FCCB, the management is actively pursuing various options which includes raising of additional finance in the form of debt and other various options.

Discussion on each of these options is in process and the management is confident that the company will be able to arrange the required funds for its redemption shortly.

5. DEBENTURES & EXTERNAL COMMERCIAL BORROWINGS

NON CONVERTIBLE DEBENTURES (NCD's)

During the period under review there has been no issue of the NCD's and there amount remains constant to previous financial year, to the tune of Rs. 560 Crores.

EXTERNAL COMMERCIAL BORROWINGS

During the year, the External Commercial Borrowings (ECB) stands unvarying for USD 42.5 Million (approx. Rs 331.09 Crores) similar to the previous year.

6. SUBSIDIARY COMPANIES

Your Company has four, wholly Owned Subsidiary and a Fellow Subsidiary, namely:



- 1. Tulip IT Services Singapore Pte. Ltd.**
- 2. Tulip Telecom Inc., USA**
- 3. Tulip Swan IT Services Ltd.**
- 4. Tulip Data Centre Services Pvt. Ltd.**
- 5. Sada IT Parks Pvt. Ltd.**

In accordance with the General Circular No: 2/2011 dated 8th February 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

7. BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 1956 & the Articles of Association of the Company, Mr. Chandrahas Kutty & Mr. Rajesh Gulshan will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their appointment/ re-appointment at the ensuing Annual General Meeting.

The present term of appointment of Mr. Deepinder Singh Bedi, Whole-Time Director of the Company had expired on March 31, 2013. The Board on the recommendation of the Remuneration committee had recommended his re-appointment for a further term of 3 (three) years to the members, who accorded their approval on June 14, 2013 vide Postal Ballot.

Further in the event of losses faced during the period under review, the remuneration of whole-time directors, as recommended by members earlier had exceeded the limits prescribed under Schedule XIII, consent is sought from the members for waiver of excess remuneration &



payment of existing remuneration to the whole-time directors for the remaining term of their appointment. Details of aforesaid directors are more particularly mentioned in the notice of the meeting & explanatory statement annexed thereto.

Brief resume/details of the Directors, who are to be appointed /re-appointed as mentioned herein-above have been furnished along with the Explanatory Statement to the Notice of the ensuing Annual General Meeting. The Board recommends their re-appointment/appointment at the ensuing Annual General Meeting.

The Constitution of Board of Directors remains properly constituted in compliance with clause 49 of the Listing Agreement and as per provisions of the Companies Act, 1956.

8. AUDITORS

Pursuant to the covenants of the Master Restructuring Agreement the Company was suggested by the CDR Monitoring Committee to appoint Statutory Auditors as recommended by the CDR lenders. The Board of Directors in their meeting held on August 12, 2013 had considered and recommended for the appointment of M/s. T.R.Chadha & Co., Chartered Accountants, as Statutory Auditors, and considered M/s. R.Chadha & Associates, Chartered Accountants, the retiring auditor of the Company, to act as joint auditor of the company, after considering the recommendation of Audit Committee. Further the Company has received a certificate from M/s. T.R.Chadha & Co., Chartered Accountants and from M/s. R. Chadha & Associates, Chartered Accounts, to the effect that their appointments, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956 and they are not disqualified in terms of Section 226 of the Companies Act, 1956 from being appointed as Statutory Auditors of the Company.

Your Directors recommend their appointment.

9. COST AUDITORS

Pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) and based on the recommendation of the Audit Committee, your Board has, subject to the approval of the Central Government, approved the appointment of M/s H. Tara & Co., Cost Accountants, as the Cost Auditor of the Company for the financial year 2013-14. Your Company has filed application with the Central Government for necessary approval in this connection. Further as per the Cost Audit Rules your Company has submitted the Cost Audit Report for the Financial Year 2011-12.



10. EMPLOYEE STOCK OPTION SCHEME

During the year under review your Company has not issued & allotted any Stock Options under the ESOS Scheme. Total no of shares covered under the Scheme pursuant to stock split remains constant as 50,00,000 Shares. Out of the 13,32,500 Options outstanding as on previous financial year ended on September 30, 2012; Employees of the Company who were granted options aggregating 3,50,000 have left the services of the Company before any options could vest with them. Hence the total options granted as on March 31, 2013 are 9,82,500.

Further, 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.

11. HUMAN RESOURCES MANAGEMENT

Your Board believes that Employees are vital to the Company. Your Company has created a favorable work environment which encourages innovation and meritocracy. The Company has also set up scalable recruitment and human resource management process which would enable us to attract and retain high caliber employees. The employee strength of the Company as on March 31, 2013 is 2647.

12. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of and pursuant to section 217 (2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for the Six months financial year ended March 31, 2013, state and confirm that:

- (i) the Accounts had been prepared on a 'going concern' basis and in such preparation, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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 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 Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

13. LISTING WITH STOCK EXCHANGES

The Equity Shares of the company are listed with The BSE Ltd. (BSE) & National Stock Exchange of India Limited (NSE).

Zero Coupon Convertible Bonds (FCCBs) which were listed on Singapore Stock Exchange (SGX – ST) have been due for redemption during the previous financial year. Company is evaluating all possible ventures for the restructuring of its FCCB's.

The Secured Redeemable Non Convertible Debentures (NCDs) are listed on WDM segment of The BSE Ltd (BSE).

The annual listing fee for the year 2012-2013 have been paid within the scheduled time to BSE, NSE, NSDL & CDSL (the Custodian's) respectively.

14. CONCURRENT AUDIT

The CDR lenders have recommended the appointment of a Concurrent Auditor for the effective implementation of the restructured loans and other indebtedness of the Company.

Pursuant to their recommendations M/s S.S.Kothari Mehta & Co., Chartered Accountants have been appointed as the Concurrent Auditors of the Company for the financial year 2013-14 which was duly approved by the Audit Committee of the Company. The scope of work of concurrent auditors includes inter-alia:

- the review of inventories;
- the review of fixed assets;
- the review on financing, legal & regulatory risk management;
- the review of existing management information and reporting system including accounting procedures followed by the Company & suggest changes, if any to improve the effectiveness.

16. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND



ANALYSIS STATEMENT

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

17. 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.

18. AUDIT COMMITTEE RECOMMENDATION

During the year, there was 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.

19. PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your 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 from time to time, are not applicable. However, the information as required has been provided in Annexure B to this Report.

20. QUALITY INITIATIVES

Reinforcing its commitments to high standards of quality, your Company was successfully assessed for its ISO certifications by BSI Global for the following:

- QMS (Quality Management System) as per ISO 9001: 2005 for providing system Integration , Network Integration, VPN Services and Managed Services.
- ITSM (Information Technology Service Management System) as per ISO 20000-1: 2005 covering the delivery of managed services to its customers for Network Operation Centre at Mumbai Premises & Data Centre & Network Operations Centre at New Delhi premises within the technical & organizational boundaries of your Company.
- Company was recertified for TL 9000 within the scope of provisioning and providing customer service by TUV-SUD



21. PARTICULAR OF EMPLOYEES

Information required to be furnished in terms of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is required to be set out in the Annexure to this Report. However, in terms of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to members excluding aforesaid Annexure. Any member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company. None of the employees except Lt. Col. H.S. Bedi, VSM, Chairman & Managing Director and Mr. Deepinder Singh Bedi, Executive Director, listed in the said Annexure are related to any Director of your Company.

22. ACKNOWLEDGEMENTS

Your Directors would like to express their gratitude for the co-operation and support received from Members, Bankers, Department of Telecommunications (DOT), Telecom Regulatory Authority of India (TRAI), Wireless Planning Commission (WPC), Government of India, other 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

S/d-

Lt. Col. H.S. Bedi, VSM

Chairman & Managing Director

New Delhi

August 30, 2013



**Annexure – A to the Director’s Report regarding ESOS Scheme
Employee Stock Option Scheme – “TULIP ESOS -2011”**

a.	Total number of shares covered under the scheme	50,00,000
b.	Options Granted	9,82,500
c.	Pricing Formula	Determined by the Board of Director which is generally Current Market Price
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, 2011 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.



Annexure – B to the Directors’ 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 earnings 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. Energy conservation measures, Additional Investment & proposals and Impact of the measures taken:

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

B. Technology Absorption

Research and Development (R & D)

i) Specific areas in which R & D is carried out by the Company

Due to the nature of business of the company, your Company is not initiating any specific research. However to be acquainted with the latest technology available in the market or the future technologies , your Company is taking all necessary steps, i.e. Employees 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, your 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, 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

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



Your Company has its own technically qualified staff in the field of computer software, hardware and networking . No imported technology is required by your Company to carry out its business operations.

C. Foreign Exchange Earning and Outgo

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

As the Company is in Services Sector there is a limited scope of export promotion.

Total Foreign Exchange Earnings and Outgo during the year :-

b) Foreign Exchange earnings and outgo:

FOB Value of Exports	NIL
CIF Value of Imports	Rs. 10.23 Crores
Expenditure in Foreign Currency	Rs. 15.73 Crores
Foreign Exchange Earnings	NIL





Declaration Regarding Compliance By The Board Members 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 its Board Members and the Senior Management and the same is available on the Company's website.

I confirm that the Company has in respect of the Six months financial year ended March 31, 2013, we have 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.

For & on behalf of the Board of Directors

S/d-

Lt. Col. H.S. Bedi, VSM

Chairman & Managing Director

New Delhi

August 12, 2013





Corporate Governance Report

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

A. Company's Philosophy on Corporate Governance

Your Company is committed to adopt best governance practices and its adherence in its true spirit at all times. Our Corporate Governance Philosophy stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including Shareholders, Subscribers, Employees, etc.

Good governance practices stem from the culture and mindset of the organization and at Tulip we are committed to meet the aspirations of all our stakeholders. Further, the corporate governance structure at Tulip ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. Its initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

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. This code is available on the website of your Company at www.tulip.net

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

B. Corporate Social Responsibility

Several Companies across the Globe have emerged as conscious corporate citizens and play a great role in the upliftment of the society by actively contributing to various social causes, beyond the call of business. It is, however, your Company's firm belief that there is a need for an integrated approach in order to ensure better focus and a greater impact. Only a holistic approach to a cause, rather than scattered effort, can bring about the desired results. A unified approach will benefit not just individual Companies, but the Group as a whole. Considering the need and desire to contribute to the society as a responsible citizen, your Board has adopted the CSR Policy primarily in the areas of education, spiritual uplift and national calamities. The identification of these focus areas and the beneficiaries will enable your Company to make meaningful contributions towards these causes. Your Company is confident that this effort will immensely benefit the causes that we support.



C. Board of Directors

Composition

As on March 31, 2013, the Board consists of 6 members and it is headed by Lt. Col.(Retd.) H.S. Bedi, VSM, Chairman and Managing Director. The Board of Directors comprises of three Executive Directors and three Non-Executive Independent Directors. The composition of the Board as on March 31, 2013 is in conformity with Clause 49 of the Listing Agreement, laying down an optimum combination of Executive and Non-Executive Directors.

The independence of a Director is determined by the criteria stipulated under the 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 to 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 staffs 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 Six months financial year ended March 31, 2013, Six meetings were held on November 7, 2012; November 30, 2012; December 31, 2012; February 14, 2013; March 22, 2013 and March 29, 2013. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of the Listing Agreement.

Directors' Attendance Record and Directorships held

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the Six months Financial Year 2012-13 as also their other directorships in Public Companies (excluding Foreign Companies and Section 25 Companies) and membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2013 are as under:



Director's Attendance Record and Directorship / Committee Memberships

Sr. No.	Name of the Director	Category	Board Meetings held during the year	Board Meetings attended	Whether attended last AGM	Directorships of other companies#	Membership/Chairmanship in Board Committees of other companies##	
							Membership	Chairmanship
1.	Lt. Col. H.S. Bedi, VSM	Chairman & Managing Director	6	6	Yes	1	NIL	NIL
2.	Mr. Deepinder Singh Bedi	ED	6	6	Yes	1	NIL	NIL
3.	Mr. Dinesh Kaushal*	ED (Director-Finance)	6	6	Yes	1	1	NIL
4.	Mr. Chandrahas Kuttu	INED	6	3	No	NIL	NIL	NIL
5.	Mr. Rajesh Gulshan	INED	6	3	Yes	NIL	NIL	NIL
6.	Col. J.S.Rai	INED	4	1	No	Nil	NIL	NIL

Legend: INED=Independent Non-Executive Director, NED= Non Executive Director, ED = Executive Director

Excludes Directorships of Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 & excludes directorship in Tulip Telecom Limited.

Committee includes Shareholders' / Investors' Grievance Committee and Audit Committee of Public Limited Companies other than Tulip Telecom Limited.



Director's Remuneration

The remuneration of Executive Directors comprises of salary and other perquisites. The Non-Executive Directors other than Col. J. S. Rai receive a monthly remuneration in addition to the sitting fees for attending the meeting of the Board of Directors pursuant to Section 309 (4) read with Section 198, 349, 350 of the Companies Act, 1956 within the limits prescribed there under.

None of the Non-Executive Directors of your Company have any pecuniary relationship or transactions with the Company except for the aforesaid.

The details of remuneration / sitting fees paid/payable to Executive / Non-Executive directors during the Six months financial year ended March 31, 2013 is as under:

(In Rupees)

Sr. No.	Name of the Director	Gross Salary	Perquisites and other benefits	Sitting Fees	Stock Option	Services Contract		
						Service Period	Notice Period	Severance Fee
1.	Lt. Col. H.S. Bedi, VSM	1,80,00,000	1,20,00,000	N.A	-	5 Years	N.A	N.A
2.	Mr. Deepinder Singh Bedi	75,00,000	75,00,000	N.A	-	5 Years	N.A	N.A.
3.	Mr. Dinesh Kaushal	24,00,000	24,00,000	N.A	-	5 Years	N.A	N.A
4.	Mr. Chandrahas Kutty	9,00,000	-	60,000	-	N.A	N.A	N.A
5.	Mr. Rajesh Gulshan	9,00,000	-	80,000	-	N.A	N.A	N.A
6.	Mr. Vinod Chander Sinha*	4,50,000	-	40,000	-	N.A	N.A	N.A
7.	Lt. Gen. (Retd.) A.N.Sinha*	4,50,000	-	40,000	-	N.A	N.A	N.A
8.	Col. Jasbinder S. Rai	Nil	-	20,000	-	N.A	N.A	N.A

*Ceased to be Director's of the Company w.e.f. December 29, 2012

- All the components of remuneration paid to Directors are fixed in nature.
- The Non Executive Directors do not hold any shares and convertible instruments in the Company.

D. Committees of the Board

Your Board has constituted various Board and Executive Management Committees for smooth and efficient operation of day-to-day business of your Company. In compliance with the Listing Agreement and as per mandatory / non-mandatory requirements, the Board has formed the following committees:

- Audit Committee
- Shareholder's / Investors Grievance Committee
- Remuneration Committee
- Corporate Management Committee
- Compensation committee



The Board has provided detailed guidelines on constitution, scope and procedures to be followed by these Committees. Minutes of the proceedings of each Committee Meetings held are circulated to the Board members along with agenda papers and are taken on record by the Board at its subsequent meetings. Relevant particulars of the Audit Committee, Shareholders'/ Investors' Grievance Committee, Remuneration Committee, Corporate Management Committee and Compensation Committee are as detailed below:

i) Audit Committee

Composition

The Audit Committee presently comprises of the following one Executive and three Non-Executive Independent Directors:

S. No.	Name of Directors	Designation
1.	Mr. Chandrahas Kutty	Chairman
2.	Mr. Rajesh Gulshan	Member
3.	Mr. Dinesh Kaushal	Member
4.	Col.J.S.Rai*	Member

*Appointed as Member of Committee w.e.f December 31, 2012

** The Company Secretary of the Company acts as the secretary to the Committee.

Primary Objective: The Primary objective of the Audit Committee of your Company is to monitor and provide effective supervision of the internal and external financial reporting process with a view to ensuring accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement(s) with Stock Exchanges and Section 292A of the Companies Act, 1956.

Terms of Reference

- The terms of reference of the Audit Committee are broadly as follows:
- Overseeing your Company's financial reporting processes and ensuring that disclosure of its financial performance is correct, appropriate and credible.
- Recommending to the Board, the appointment, re- appointment and, if required, removal or replacement of Statutory auditors, Internal auditors, Cost Auditors and fixation of their audit fees and related expenses.
- Reviewing the Company's financial and risk management policies, if any.
- Reviewing with the Management the half-yearly and annual financial statements, before submission to the Board.
- Reviewing with the Management, the adequacy of the internal control systems and the performance of Internal, Cost and Statutory Auditors.
- Reviewing the financial statements of subsidiary Companies.



- Reviewing the functioning of the Company's Whistle Blower Policy.
- Looking into substantial defaults, if any, in the payment of Depositories, Debenture holders and Creditors etc.
- Reviewing the adequacy of the internal audit function, reporting structure and the frequency of internal audit.
- Reviewing the findings of any internal investigations by the internal auditors in case of any fraud / irregularity, if any or the failure of internal control systems of a material nature and reporting the matter to the Board.

The un-audited / audited quarterly financial results of your Company are also specifically reviewed by the Audit Committee before the submission to the Board. The minutes of the Audit Committee meetings are placed before the Board.

Audit Committee meetings are generally, also, attended by the Executive Director, Chief Executive Officer, Chief Financial Officer and representatives of the Statutory Auditors of the Company. The Internal Auditors has also attended the Audit Committee Meetings wherein the Internal Audit reports were considered by the Committee.

Meetings and Attendance

During the Six months financial year 2012-2013, two meetings of the Audit Committee were held on November 30, 2012 and February 14, 2013.

Attendance at Audit Committee Meetings

Names of the Committee Members	Meeting Details		
	Held during the tenure of Member	Attended	% of Total
Mr. Chandrahas Kutty	2	2	100
Mr. Rajesh Gulshan	2	2	100
Mr. Vinod Chander Sinha*	1	1	100
Mr. Dinesh Kaushal	2	2	100
Col.J.S.Raj**	1	1	100

*Ceased to be a member of Audit Committee w.e.f December 29, 2012.

**Appointed as a member of Audit Committee w.e.f December 31, 2012.



ii) Shareholders' / Investor Grievance Committee

Composition

The Shareholders'/Investor Grievance Committee presently comprises of the following three Non-Executive Independent Directors:

S. No.	Name of Directors	Designation
1.	Mr. Chandrahas Kutty	Chairman
2.	Mr. Rajesh Gulshan	Member
3.	Col.J.S.Rai*	Member
4.	Mr. Dinesh Kaushal	Member

*Appointed as Member of Committee w.e.f December 31, 2012

** The Company Secretary of the Company acts as the secretary to the Committee.

Terms of Reference

The terms of reference of the Shareholders'/Investor Grievance Committee are broadly as follows:

- Approve registration of transfer of shares and other securities issued and that may be issued from time to time and approve or reject application for transmission of shares.
- Approve, reject application for dematerialization, rematerialisation, sub-division, consolidation, transposition of shares and thereupon issue of share certificate to the shareholders.
- Lay down suitable procedure and approve issue of duplicate shares and other securities.
- Redressal of shareholder and investor complaints such as transfer of shares, non receipt of annual reports, non-receipt of dividend warrants.
- Report to the Board about important development in the area of servicing of shareholders
- Take initiatives for better servicing of the shareholders.

Meeting and Attendance

During the financial year 2011-2012, Two (2) meetings of the Shareholders'/ Investor Grievance Committee were held on December 13, 2012 & December 17, 2012 respectively.

Attendance at the Shareholders'/ Investor Grievance Committee Meetings

Names of the Committee Members	Meeting Details		
	Held during the tenure of Member	Attended	% of Total
Mr. Chandrahas Kutty	2	2	100
Mr. Rajesh Gulshan	2	2	100
Mr. Dinesh Kaushal	2	2	100
Col.J.S.Rai	-	-	-



Nature of Complaints And Redressal Status

During the past financial year, the complaints received by the Company were general in nature, which included issues relating to the change of address, non-receipt of annual reports, dividend warrants etc. As on date, all these complaints/ queries were resolved to the satisfaction of investors. Details of the investors' complaints received during the year are as follows:

Particulars	Pending as on 1st October 2012	Received during the year	Disposed during the year	Pending as on 31st March 2013
No. of Complaints	Nil	7	7	NIL

iii) Remuneration Committee

Composition

In compliance with the non-mandatory requirements of the Listing Agreement, the Board has constituted a Remuneration Committee and it comprises of the following three Non-Executive Independent Directors:

S. No.	Name of Directors	Designation
1.	Mr. Chandrahas Kutty	Chairman
2.	Mr. Rajesh Gulshan	Member
3.	Col.J.S.Rai*	Member

*Appointed as Member of Committee w.e.f December 31, 2012

** The Company Secretary of the Company acts as the secretary to the Committee.

Terms of Reference

The terms of the reference of the Remuneration Committee, inter alia, consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s). The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the Shareholders, where necessary.

Meetings and Attendance

During the Six months financial year 2012-2013, One meeting of the Remuneration Committee was held on 29th March 2013.

Attendance at the Remuneration Committee Meeting

Names of the Committee Members	Meeting Details		
	Held during the tenure of Member	Attended	% of Total
Mr. Chandrahas Kutty	1	1	100
Mr. Rajesh Gulshan	1	1	100
Mr. J. S. Rai*	1	1	100
Mr. Vinod Chander Sinha**	-	-	-

* Appointed as Member w.e.f December 31, 2012

** Ceased to be a member of Committee w.e.f December 29, 2012.



iv) Corporate Management Committee

The Board has constituted a sub-committee of the Board, named as “Corporate Management Committee” comprising of the Directors & members from the Senior Management of the Company, as members of the committee and vest with major executive responsibilities, accountability for implementation of policies, compliance responsibility, etc. and delegate certain powers to this committee.

Composition

The Corporate Management Committee comprises of three Executive Directors and One Non Executive Independent Director of the Company:

S. No.	Name of Directors	Designation
1.	Lt. Col. H.S. Bedi, VSM	Chairman
2.	Mr. Chandrahas Kutty	Member
3.	Mr. Deepinder Singh Bedi	Member
4.	Mr. Dinesh Kaushal	Member

** The Company Secretary of the Company acts as the secretary to the Committee.

Terms of Reference

The terms of the reference of the Corporate Management Committee, inter alia, consist of reviewing, monitoring and implementation of various policies / systems / procedures framed from time to time, for day-to-day running of the affairs of the Company, Opening / Closing of Current, Deposit accounts in the name of the Company with any Bank and to authorize executives for operating the said accounts etc.

Meetings and Attendance

During the year 2012-2013, Eight (8) Meetings of the Corporate Management Committee were held on October 10, 2012; October 26, 2012; December 7, 2012; December 21, 2012; January 9, 2013; January 21, 2013; February 18, 2013 and March 22, 2013.

Attendance at the Corporate Management Committee Meetings

Names of the Committee Members	Meeting Details		
	Held during the tenure of Member	Attended	% of Total
Lt. Col. H. S. Bedi, VSM	8	8	100
Mr. Deepinder Singh Bedi	8	8	100
Mr. Chandrahas Kutty	8	8	100
Mr. Dinesh Kaushal	8	8	100

** The Company Secretary of the Company acts as the secretary to the Committee.

v) Compensation Committee

At its Board meeting held on December 29, 2007 the Board has constituted a “Compensation Committee” in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and it comprises of five members of whom one is Executive Director and four are Non Executive Independent Directors and the Chairman is also a Non-Executive Independent Director.



Composition

S. No.	Name of Directors	Designation
1.	Mr. Chandrahas Kutty	Chairman
2.	Lt. Col. H.S. Bedi, VSM	Member
3.	Mr. Rajesh Gulshan	Member
4.	Mr. Vinod Chander Sinha*	Member

* Ceased to be as member w.e.f December 29, 2012

** The Company Secretary of the Company acts as the secretary to the Committee.

Terms of Reference

The key responsibilities of the Compensation Committee include the following:

- 1) To administer "TULIP ESOS 2011" scheme and all questions of interpretation of the TULIP ESOS 2011 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 2011 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 2011 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 2011.
- (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 2011.
- (k) Such other functions as may be delegated by the Board from time to time.

Meetings and Attendance

There were no meetings held during the Six months financial year 2012-2013.

E. MANAGEMENT DISCUSSION AND ANALYSIS

This is included as a separate section in this Annual Report.

F. SHAREHOLDERS DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Mr. Chandrahas Kutty & Mr. Rajesh Gulshan, the Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. The Board of director of the Company have appointed Mr. Anuj Bhargava (Nominee of ICICI Bank Ltd) & Mr. P.C.Bandivadekar (Nominee of Tata Capital Financial Services Ltd) as the Additional Directors of the Company w.e.f August 29, 2013.

Brief resume of the said Directors proposed to be appointed/re-appointed have been provided along with the Notice of the AGM annexed along with the Annual Report.

The Board has recommended the appointment & re-appointment of the Directors.

Further, consent of the members is being sought for waiver of the excess remuneration & approval for payment of the existing remuneration to the executive directors for their remaining term of appointment.

The Board thereby recommends the aforesaid resolution as mentioned in the Notice of the ensuing Annual General Meeting.

G. CODE OF CONDUCT

In compliance with the Clause 49 of the Listing Agreement, your Company has adopted a Code of Conduct for the Senior Management of your Company. The code is applicable to all the members of the Board and to other members of the Senior Management. A copy of the said Code of Conduct, applicable to Board members and Senior Management is available at your website, www.tulip.net.

All the members of the Board and the Senior Management have affirmed compliance to the said Code of Conduct during the Six months financial year ended March 31, 2013. A declaration to this effect, signed by the Managing Director, is enclosed with this Report.



H. ANNUAL GENERAL MEETINGS

The 21st Annual General Meeting of the Company for the Six months financial year 2012- 2013, will be held on Monday, the 30th day of September, 2013 at the Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003 at 4.30 p.m.

Details of Annual General Meetings held during the last 3 years are as follows:

Financial Year	Location	Date /Time	Special Resolutions
2011-12	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003	September 29th, 2012 at 11:00 a.m.	1 (One)
2010-11	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003	August 30, 2011 3.30 p.m	1 (One)
2009-10	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003	August 30, 2010 3.30 P.M.	NIL

I. POSTAL BALLOT

During the year ended 31st March, 2013, pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved the following resolutions by means of Postal Ballot, vide Notice of Postal Ballot dated November 7, 2012 and results whereof were declared on January 4, 2013 at the registered office of the Company at C-160, Okhla Industrial Area, Phase – I, New Delhi – 110020 in respect of the appended resolution:

- 1) **Special Resolution under Section 81(1A) and other applicable provisions of the Companies Act, 195, if any, for the Issuance of Convertible Warrants to M/s Sharad Enterprises Private Limited.**

For the conduct of the aforementioned Postal Ballot exercise Mr. Sanjay Grover, Company Secretary in Practice was appointed as Scrutinizer.

Summary of the results of the aforementioned Postal Ballot as announced on January 4, 2013 is as follows:

Resolution No.	Description	% of Votes cast against resolution	% of Votes against the resolution
1.	Special Resolution under Section 81(1A) and other applicable provisions of the Companies Act, 195, if any, for the Issuance of Convertible Warrants to M/s Sharad Enterprises Private Limited.	99.725	0.025



During the current Financial Year, pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved the following resolutions by means of Postal Ballot, vide Notice of Postal Ballot dated April 25, 2013 and results whereof were declared on June 14, 2013 at the registered office of the Company at C-160, Okhla Industrial Area, Phase – I, New Delhi – 110020 in respect of the following appended resolutions:

- 1) Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for Increasing the Borrowing Powers of the Company.
- 2) Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for the Creation of charge over movable and immovable assets for securing loans.
- 3) Special Resolution under Section 31 of the Companies Act, 1956 for the Alteration of Articles by insertion of new set of Articles.
- 4) Special Resolution for the purpose of Re-appointment of Mr. Deepinder Singh Bedi as a Whole – Time Director.

For the conduct of the Postal Ballot exercise Mr. Sanjay Grover, Company Secretary in Practice was appointed as Scrutinizer.

Summary of the results of the aforementioned Postal Ballot as announced on June 14, 2013 is as follows:

Resolution No.	Description	% of Votes cast against resolution	% of Votes against the resolution
1.	Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for Increasing the Borrowing Powers of the Company.	93.848	6.151
2.	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for the Creation of charge over movable and immovable assets for securing loans.	93.846	6.153
3.	Special Resolution under Section 31 of the Companies Act, 1956 for the Alteration of Articles by insertion of new set of Articles	99.956	0.0432
4.	Special Resolution for the purpose of Re-appointment of Mr. Deepinder Singh Bedi as a Whole – Time Director.	99.948	0.051



The Company has complied with the procedure for Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 as well as Companies (Passing of Resolution by Postal Ballot) Rules 2001 and any amendments thereto.

SPECIAL RESOLUTION PROPOSED TO BE PASSED THROUGH POSTAL BALLOT

The Board of Directors at its Meeting held on August 12, 2013 have approved a Notice of Postal Ballot in relation to appended resolutions:

1. Increase in the Authorized Share Capital of the Company & consequent alteration in the Memorandum of Association;
2. To seek shareholders consent on providing a right of conversion on Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL) facilities extended to the Company by the CDR & Non-CDR lenders into equity shares of the Company;

Detailed procedure followed by the Company for the postal ballot is as under:

PROCEDURE OF THE POSTAL BALLOT

Mr. Sanjay Grover, Company Secretary in Whole-time practice has been appointed as the Scrutinizer for conducting the Postal Ballot. Members are requested to read the instructions carefully printed on the Postal Ballot Form sent along with the postal ballot notice and return the form duly completed in the attached self addressed postage prepaid envelope so as to reach the Scrutinizer on or before the close of Working Hours i.e. 1830 hours on September 28, 2013.

The members may opt for e-voting facility for giving their assent/dissent to the proposed resolution(s). The procedure for e-voting is given in the postal ballot notice. Please note that any Postal Ballot Form received after September 28, 2013 will be treated as not having been received.

The voting rights of Members shall be reckoned as on August 16, 2013 being the cut-off date. A member as on August 16, 2013 may request for a duplicate Postal Ballot Form, if so required. The result of this Postal Ballot will be declared on October 4, 2013 by the Chairman or any other person authorized by him at the registered office of the Company. The results will also be informed to the BSE and NSE, where the Company's shares are listed.

No special resolution requiring approval of the shareholders through postal ballot is being proposed at the ensuing annual general meeting.

J. 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.

Further, the details of related party transactions have been furnished under Notes to the accounts of the financial statements.



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. The Company has set up a Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Director(s).

v) Disclosure on Risk Management

The Company on April 21, 2006 has 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.

K. MEANS OF COMMUNICATION

Your Company has promptly reported all material information, including declaration of quarterly financial results, press releases, etc., to all Stock Exchanges where the securities of your Company are listed. Such information was, also, simultaneously displayed immediately on your Company's corporate website, www.tulip.net. The financial results- quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in an English daily and in a vernacular language newspaper viz. Business Standard, Pioneer, Veer Arjun as per the requirements of the Stock Exchange. Official press releases and presentations made to institutional investors or to the analysts were displayed on your Company's corporate website, www.tulip.net. Hard copies of the said disclosures and correspondences were also filed with the Exchanges.

L. GENERAL SHAREHOLDER'S INFORMATION

i. The Annual General Meeting

Date : 30th September, 2013

Time : 4:30 p.m.

Venue : Sri Sathya Sai International Centre,
Institutional Area, Pragati Vihar,
Lodhi Road, New Delhi – 110 003

Last Date of receipt of Proxy Form :
28th September, 2013

ii. Financial year of the Company

The financial year under review of the Company was of six (6) months from October 1st, 2012 to March 31st, 2013.



iii. Book Closure Date : 25th September, 2013 to 30th September, 2013

iv. FINANCIAL CALENDER (Tentative)

Quarter Ended June 30, 2013	- on or before August 14, 2013
Quarter Ended September 30, 2013	- on or before November 14, 2013
Quarter Ended December 31, 2013	- on or before February 14, 2014
Year Ended March 31, 2014	- on or before May 30, 2014
Annual General Meeting	- End of September, 2014

v. No dividend is proposed to be paid for the Financial Year 2012-13.

vi. Listing on Stock Exchanges and Stock Code

The Company's equity shares are listed on The BSE Limited & National Stock Exchange Limited:

a) Scrip Code - 532691	b) Symbol - "Tulip"
The BSE Limited, (BSE)	National Stock Exchange of India Limited, (NSE)
PJ Towers, Dalal Street,	Exchange Plaza, Bandra Kurla Complex,
Fort, Mumbai – 400 001.	Bandra (E), Mumbai – 400 051.

c) ISIN: INE122H01027

d) The Secured Non Convertible Debentures are listed on Bombay Stock Exchange:

S.No	Scrip Code	ISIN
1	946002	INE122H07016
2	946665	INE122H07024
3	946666	INE122H07032
4	946667	INE122H07040
5	947677	INE122H07051
6	947678	INE122H07065
7	947679	INE122H07073
8	948036	INE122H07172
9	948037	INE122H07180
10	948038	INE122H07198
11	948032	INE122H07149
12	948033	INE122H07156
13	948034	INE122H07164
14	947896	INE122H07081
15	947897	INE122H07099
16	947901	INE122H07107
17	947902	INE122H07115
18	947903	INE122H07123
19	947904	INE122H07131



Pursuant to the execution of Master Restructuring Agreement the Company is under the process of restructuring its debentures. Subsequently the ISIN of the aforesaid debentures shall change accordingly.

vii. Listing Fees:

Your Company has paid the listing fees for the Financial year 2013-14 to the National Stock Exchange of India Ltd. (“NSE”), Bombay Stock Exchange Limited (“BSE”), National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) respectively.

viii.Registrar & Transfer Agent

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 compulsory 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 of Equity Shares at NSDL & CDSL is: INE122H01027

x. Issue of Secured Non Convertible Debentures.

Your Company had issued the following debt securities on Private Placement basis in the previous financial years;

Year	No. and Nature of securities	Issued to	Amount raised	Amount outstanding
2008-09	2000, 12.5%, Secured NCD of Rs. 10,00,000 each	Life India Corporation (LIC)	200,00,00,000	150,00,00,000
2009-10	1500,10.67% Secured NCD Rs.10,00,000 each	ICICI Bank Ltd.	150,00,00,000	150,00,00,000
2011-12	1500, 12.50%p.a. Secured NCD Rs. 10,00,000/- each	Tata Capital	150,00,00,000	145,00,00,000
	1150, 12.75% p.a. secured NCD of Rs. 10,00,000/- each	Bank of Baroda Canara Bank Central Bank of India Andhra Bank Indian Overseas Bank Bank of India Dena Bank	115,00,00,000	115,00,00,000

* NCD : Non-Convertible Debentures



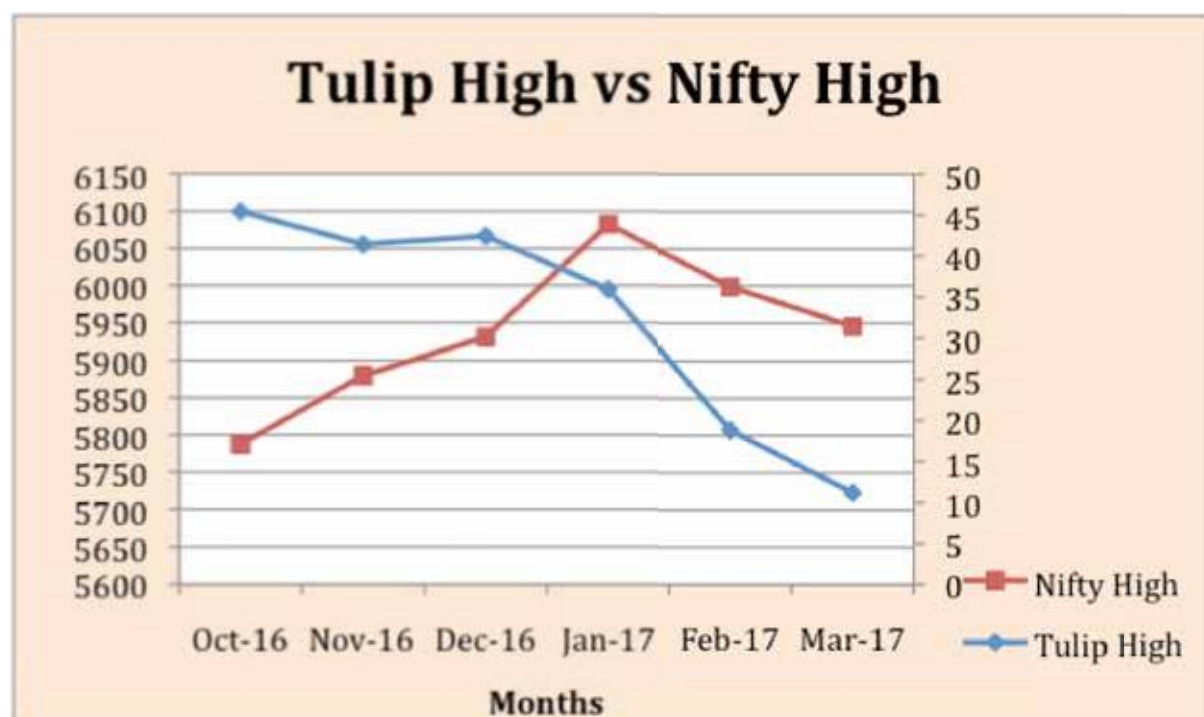
xi. Outstanding GDR/ADR/Warrants or Convertible Bonds

During the Financial year 2007-08, your Company has raised Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 150 Million with a maturity period of 5 years, i.e. 26th August 2012. The company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions during F.Y. 2008-09 & 2009-10, resulting in outstanding FCCB liability to USD 97 Million as on March 31, 2013. Your Company is under the process of the restructuring of its Foreign Currency Convertible Bonds.

xii. Stock Market Data for the period October 1, 2012 to March 31, 2013:

Share Price performance in Comparison with NSE Nifty:-

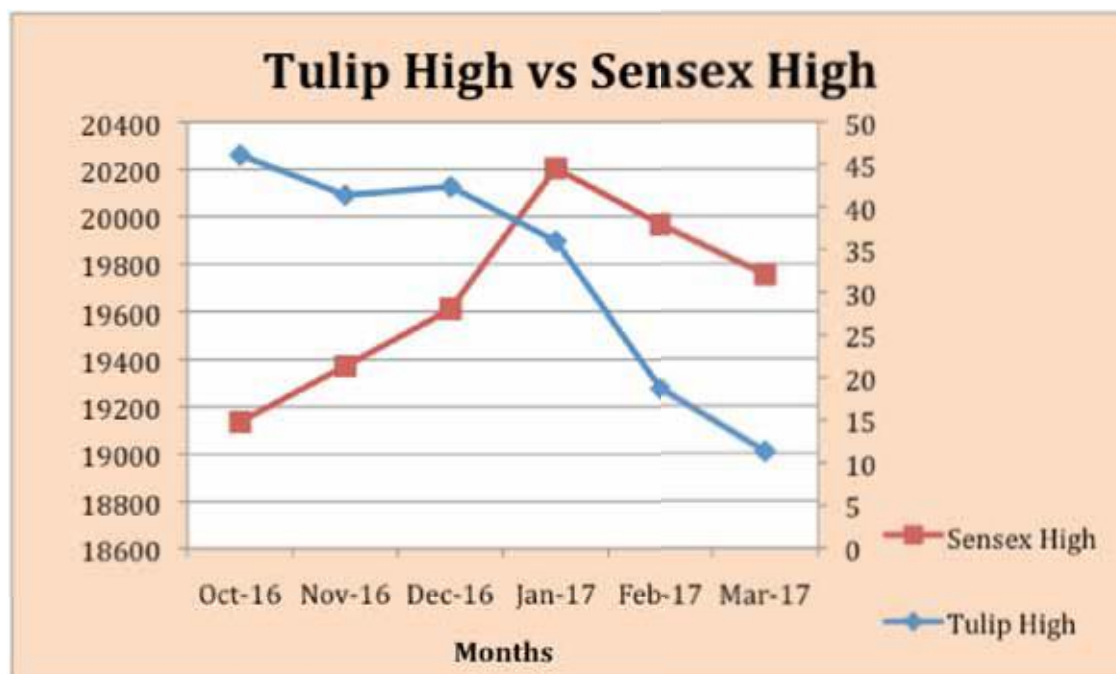
Month	High (in Rs.)	Low (in Rs.)	Volume Traded (in Lakhs)	S&P CNX NIFTY INDEX	
				High	Low
October 2012	45.4	35.2	14696.04	5787.6	5597.9
November 2012	41.4	35.65	2814.81	5879.85	5571.4
December 2012	42.4	32.6	3438.97	5930.9	5847.7
January 2013	35.9	18.4	3693.94	6082.3	5950.85
February 2013	18.85	9.9	3022.44	5998.9	5693.05
March 2013	11.2	8.7	940.39	5945.7	5633.85





Share Price performance in Comparison with BSE Sensex:-

Month	High (in Rs.)	Low (in Rs.)	Volume Traded (in Lakhs)	S&P BSE Sensex	
				High	Low
October 2012	46.1	35.8	7057.93	19137.29	18393.42
November 2012	41.4	35.85	1144.31	19372.70	18255.69
December 2012	42.4	32.7	1195.94	19612.18	19149.03
January 2013	36.00	18.3	1520.78	20203.66	19508.93
February 2013	18.8	9.9	950.77	19966.69	18793.97
March 2013	11.31	8.69	495.36	19754.66	18568.43



xiii. Distribution of Shareholding by number of shares held as on March 31, 2013:

S no	No. of Equity shares held	No. of shareholders	% to total Number of shareholders	No. of equity shares of Rs. 2/-	% to total no. of equity shares.
1	1-5000	41922	97.58%	16129410	11.12%
2	5001-10000	504	1.17%	3767707	2.60%
3	10001-20000	244	0.57%	3521480	2.43%
4	20001-30000	88	0.20%	2194222	1.51%
5	30001-40000	49	0.11%	1704624	1.18%
6	40001-50000	23	0.05%	1076442	0.74%
7	50001 - 100000	62	0.14%	4449619	3.07%
8	100001 & above	68	0.16%	112156496	77.35%
	Total	42960	100%	145000000	100%

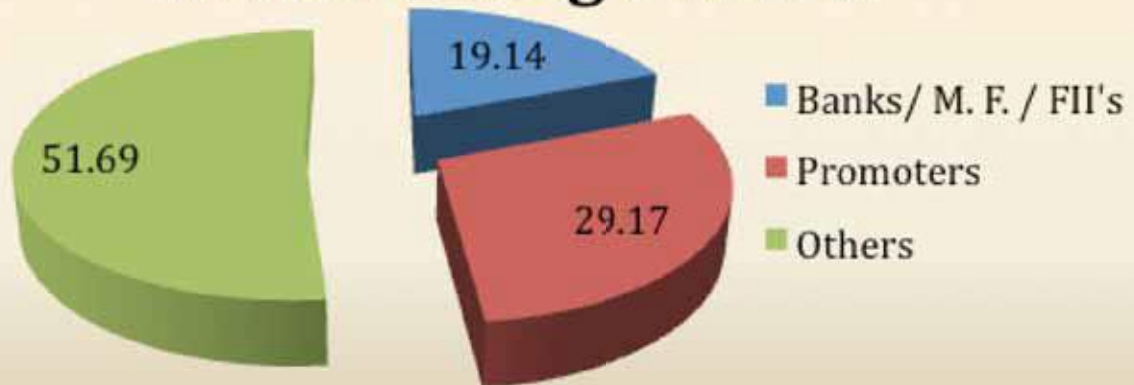


xiv. Shareholding Pattern as on March 31, 2013:-

	Category	Total number of shares	Percentage of Shareholding
A	PROMOTER'S HOLDING		
1	Indian		
	Individuals /Hindu Undivided Family	27383350	18.99
	Bodies Corporate	14920332	10.29
2	Foreign	Nil	Nil
	Sub Total	42303682	29.17
B	NON PROMOTERS HOLDING		
1	Institutional Investors		
(a)	Mutual Funds/ UTI	1237	0.00
(b)	Financial Institutions / Banks Insurance Companies (central / State Gov. Institutions / Non-Government Institutions) / Venture Capital	Nil	Nil
(c)	FIs	27748614	19.14
	Sub-Total	27749851	19.14
2	OTHERS		
(a)	Bodies Corporate	44579594	30.74
(b)	Individuals		
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	22985304	15.85
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	5875105	4.05
(c)	Any Other (specify)		
(c-i)	Foreign National	500	0.00
(c-ii)	Non Resident Indians	1033509	0.71
(c-iii)	Clearing Members	471741	0.33
(c-iv)	Trusts	714	0.00
	Sub-Total	74946467	51.69
	TOTAL B=B (1) + B(2)	102696318	70.83
	TOTAL (A+B)	145000000	100.00



Shareholding Pattern



xv. Investor's Correspondence may be addressed to:

Investor Relation Officer: Sumit Chandhok - Company Secretary

Tulip Telecom Limited, C-160, Okhla Industrial Area, Phase-1, New Delhi – 110020

Tel: +91-11-4057800, Fax: + 91-11-41678002

Exclusive E-Mail ID for Investor Grievances: Pursuant to Clause 47(f) of the Agreement, the following e-mail id's has been designated for communicating investors' grievances: investorrelations@tulip.net

xvi. Plant locations

The Company is engaged in the business of providing telecommunications services and as such has no plant. The addresses of various offices of the Company are provided elsewhere in this Report.

xvii. Compliance Certificate from the Statutory Auditors

A Certificate from the 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.

xviii. 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.

M. MD & Director- Finance Certification

In compliance with Clause 49, the MD and Executive Director - Finance have given 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 annexed elsewhere in this report.



We, Lt. Col. H. S. Bedi, VSM, Chairman & Managing Director and Dinesh Kaushal, Executive Director- Finance do hereby certify to the board that :-

We have reviewed the Balance Sheet as at March 31st, 2013, the Statement of Profit and Loss and the Cash Flow statement for the Six months financial year ended on that date and that to the best of our knowledge and belief:

- the said statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- the said 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.

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.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

During the year:-

- there have not been any significant changes in internal control over financial reporting;
- there have not been any significant changes in accounting policies ; and
- there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Sd/-

Lt. Col. H. S. Bedi, VSM
Chairman & Managing Director
New Delhi
Date: May 30, 2013

Sd/-

Dinesh Kaushal
Director - Finance

Declaration Pursuant to Clause 49 I (D) (II) of the Listing Agreement

In accordance with Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Board Members and Senior Management of the Company have affirmed their compliance with the Code of Conduct as applicable to them for the financial year ended March 31st, 2013

New Delhi
Date: May 30, 2013

Sd/-
Lt. Col. H.S. Bedi, VSM
Chairman & Managing Director



Auditors' Certificate

(in pursuance of Clause 49 of the Listing Agreement)

To,
The Members,
Tulip Telecom Limited

We have examined the compliance of conditions of Corporate Governance of M/s Tulip Telecom Limited ('the Company'), for the Six months financial year ended March 31st, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

Place : New Delhi
Date: May 30, 2013

For and on behalf of
R. Chadha & Associates
Chartered Accountants
Sd/-
RAKESH CHADHA
Membership No. – 83135



STANDALONE FINANCIAL STATEMENTS



Auditor's Report

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

1. We have audited the attached Balance Sheet of M/S TULIP TELECOM LIMITED as at 31st March, 2013, 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.
2. 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. Further to our comments in the Annexure referred to 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, 2013 and taken on record by the Board of Directors, we report that none of the director is disqualified from being appointed as a director of the company, as on 31st March, 2013, 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, 2013.
 - ii. In the case of the Profit & Loss Account, of the Loss of the company for the Six months period ended on that date; and
 - iii. In the case of Cash Flow Statement, for the cash flow of the company for the Six months period ended on that date.

For R. CHADHA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 004046N

Place: New Delhi
Date: May 30, 2013

Rakesh Chadha
Partner
Membership No. 83135



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBER OF M/s TULIP TELECOM LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2013.

- 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 period, 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 period.
- 2) a. As informed to us by management, physical verification of inventory has been conducted at reasonable intervals during the period.
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. The company has not granted or taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 other than disclosed in balance sheet.
b. Accordingly, 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 sale 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 arrangements 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 and nature of business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of corporate data connectivity business activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- 9) a. *The company is not regular in depositing undisputed statutory dues which are applicable to the company including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues with the appropriate authorities.*
b. *According to the information and explanations given to us following amounts of undisputed statutory dues are outstanding as on 31st March, 2013 for a period exceeding six months:*



(Rs. In Lacs)

Name of Statute	Nature of Dues	Amount (Rs) which relate	Period to	Due date paid	Date when Deposited
Income Tax	TDS	136.02	Apr'12	07-May-12	
Income Tax	TDS	183.07	May'12	07-Jun-12	
Income Tax	TDS	337.72	June'12	07-Jul-12	
Income Tax	TDS	327.1	July'12	07-Aug-12	
Income Tax	TDS	318.58	Aug'12	07-Sep-12	
Income Tax	TDS	307.16	Sept'12	07-Oct-12	
Sales Tax/VAT	Sales Tax	14.22	June'12	25-Jul-12	
Sales Tax/VAT	Sales Tax	11.67	Sept'12	25-Oct-12	
Provident fund and miscellaneous provisions act 1952	Provident Fund	52.96	May'12	21-Jun-12	
	Provident Fund	59.97	June'12	21-Jul-12	
	Provident Fund	56.99	July'12	21-Aug-12	
	Provident Fund	43.47	Aug'12	21-Sep-12	
	Provident Fund	44.16	Sept'12	21-Oct-12	
Employee State Insurance Act, 1948	ESI	14.23	May'12	15-Jun-12	
	ESI	15.79	June'12	15-Jul-12	
	ESI	14.60	July'12	15-Aug-12	
	ESI	15.71	Aug'12	15-Sep-12	
	ESI	16.18	Sept'12	15-Oct-12	
Service Tax	Service Tax	228.57	Apr'12	06-May-12	
Service Tax	Service Tax	36.49	May'12	06-Jun-12	
Service Tax	Service Tax	737.26	June'12	06-Jul-12	
Service Tax	Service Tax	31.89	July'12	06-Aug-12	
Service Tax	Service Tax	786.29	Sept'12	06-Oct-12	
Prof. Tax	Prof. Tax	2.17	Apr'12	20-May-12	
Prof. Tax	Prof. Tax	3.97	May'12	20-Jun-12	
Prof. Tax	Prof. Tax	4.49	June'12	20-Jul-12	
Prof. Tax	Prof. Tax	0.16	July'12	20-Aug-12	
Prof. Tax	Prof. Tax	1.27	Aug'12	20-Sep-12	
Prof. Tax	Prof. Tax	5.91	Sept'12	20-Oct-12	

- c. According to the information and explanation given to us, the following are the disputed amount of Statutory dues outstanding as on March 31, 2013 for a period exceeding six months:-

(Rs. In Lacs)

Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Sales Tax VAT	2007-08	75.90	VAT Plus Interest	Special Comm. DVAT, New Delhi
Sales Tax VAT	2007-08	26.78	Penalty	Special Comm. DVAT, New Delhi
Sales Tax VAT	2008-09	39.98	VAT Plus Interest	Special Comm. DVAT, New Delhi
Sales Tax VAT	2008-09	50.83	Penalty	Special Comm. DVAT, New Delhi
	Total	193.49		



Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Income Tax	2004-05	420.96	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2005-06	621.16	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2006-07	4,353.08	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2007-08	4,316.84	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2008-09	11,512.59	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2009-10	10,565.04	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2010-11	7,866.53	Assessment order 143(3)/153(A)	CIT (A)- XXXI, New Delhi
	Total	39,656.21		

Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Custom Duty	2004-05	23.36	Custom duty demand	CESTAT- Mumbai
	Total	23.36		

- 10) The company does not have any accumulated losses at the end of the financial period; however *it has incurred cash losses of Rs. 16,088.79 Lacs in the current period.* There are no accumulated losses or cash losses reported in the immediately preceding financial period.
- 11) Based on our audit procedures and as per the information and explanations given to us, *the company has defaulted on redemption of Foreign currency convertible bonds aggregating to Rs. 78533.73 Lacs (USD 145 Millions) (including redemption premium). The bonds become due for redemption on 26th August, 2012 and have not been redeemed till the date of this report. The company during the period has also defaulted in repayment of dues to financial institutions and banks in respect of Letter of Credit/Bill discounting/ External Commercial Borrowings/ Non Convertible Debentures/ Term Loans Liabilities. Following are the details of such defaults:*

(Rs. In Lacs)

Particulars	Delay upto 90 days	Delay 91-180 days	Delay 181-250 days	Total
Letter of Credit/ Bill Discounting/ Bank Guarantees	18,014.47	27,559.59	1,476.53	47,050.59
Term Loans	6,013.00	6,013.00	3,190.09	15,216.09
External Commercial Borrowings	Nil	3,358.00	3,358.00	6,716.00
Non Convertible Debentures	Nil	5,000.00	Nil	5,000.00

The CDR proposal of the company has been approved by the CDR empowered group in their meeting held on March 25, 2013 which cured all defaults during the period to financial institutions and banks *except for dues to non CDR lenders amounting to Rs. 10,806.09 Lacs on account of Term Loans/ External Commercial Borrowings/ Non Convertible Debentures/ Interest, which continues post the period-end.*

- 12) The company has not granted loan & advance on the basis of security by way of pledge of shares, debentures & other securities; hence this point of order is not applicable.
- 13) The provisions of any special statute applicable to chit fund are not applicable to the company.
- 14) The company is not dealing in or trading in shares, securities, debenture & other investments.



- 15) According to the information and explanations given to us, the company has given guarantees for loans taken by others from banks or financial institutions, the term and conditions whereof in our opinion are not prime-facie prejudicial to the interest of the company.
- 16) In our opinion and according to the information and explanation given to us, the term loans were applied for the purpose for which 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 preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The company has not issued any debentures during the period under audit.
- 20) The company has not raised any money by way of public issues during the period.
- 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
Firm Reg. No.: 004046N

Place: New Delhi
Date: May 30, 2013

Rakesh Chadha
Partner
Membership No. 83135



Tulip Telecom Limited

Balance Sheet as at March 31, 2013

(Amount in Rs.)

Particulars	Notes	As at Mar 31, 2013	As at Sep 30, 2012
A. Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	1	290,000,000	290,000,000
(b) Reserves and surplus	2	6,283,806,571	13,703,814,628
		6,573,806,571	13,993,814,628
2 Non Current Liabilities			
(a) Long-term borrowings	3	15,875,688,374	11,264,172,161
(b) Deferred Tax Liabilities (Net)	4	-	92,163,166
(c) Long term provision	5	74,486,159	70,158,495
		15,950,174,533	11,426,493,822
3 Current Liabilities			
(a) Short term borrowing	6	14,224,086,304	15,894,966,017
(b) Trade payables	7	1,021,701,291	2,827,908,105
(c) Other current liabilities	8	2,542,318,598	1,171,148,870
(d) Short term provisions	9	2,012,933	338,553,955
		17,790,119,126	20,232,576,947
	TOTAL	40,314,100,230	45,652,885,397
B. Assets			
1 Non current			
a) Fixed assets	10		
- Gross Fixed Assets		35,242,984,439	25,866,213,749
Less: Depreciation		8,814,075,556	7,477,688,468
Net Fixed Asset		26,428,908,883	18,388,525,281
- Capital work-in-progress		-	7,428,238,902
(b) Non-current investments	11	2,257,759,270	2,264,459,770
(c) Other non-current assets	12	136,189,247	146,861,761
		28,822,857,400	28,228,085,714
2 Current Assets			
(a) Inventories	13	1,431,591,019	2,949,903,112
(b) Trade receivables	14	8,972,249,482	9,708,003,910
(c) Cash and Cash Equivalents	15	219,183,637	529,175,031
(d) Short term loans and advances	16	868,218,692	4,237,661,335
		11,491,242,830	17,424,743,388
3 Miscellaneous Expenditures	17	-	56,295
	TOTAL	40,314,100,230	45,652,885,397
Statement of Significant Accounting Policies and Notes to the Financial Statements	26		

The Notes referred to above and Notes to the Financial Statements 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)
Firm Reg. No.- 004046N

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandahas Kutty
Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Sumit Chandhok
Company Secretary

Place: New Delhi
Date : May 30, 2013



Tulip Telecom Limited

(Amount in Rs.)

Statement of Profit and Loss for the six months period ended March 31, 2013

Particulars	Notes	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
1 Revenue from operations	18	9,450,326,464	40,579,557,369
2 Other income	19	(94,917,554)	45,510,916
3 Total revenue (I)		9,355,408,910	40,625,068,285
4 Expenses			
(a) Cost of Sales & Services	20	8,373,351,022	26,131,842,625
(b) Employee benefits expense	21	829,519,930	2,126,177,155
(c) Other expenses	22	413,032,589	1,342,722,150
Total Expenses (II)		9,615,903,541	29,600,741,930
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		(260,494,631)	11,024,326,356
5 Exceptional items		4,824,871,495	-
6 Depreciation and amortisation expense	23	1,344,894,128	3,358,978,397
7 Finance costs	24	1,348,384,890	2,768,643,460
8 Profit / (Loss) before extraordinary items and tax		(7,778,645,144)	4,896,704,499
9 Extraordinary items	25	-	684,639,644
10 Profit / (Loss) before tax		(7,778,645,144)	5,581,344,143
11 Tax Expenses			
(a) Current tax expense for current period		(336,510,770)	1,188,794,899
(b) Deferred tax		(92,163,167)	60,436,948
Total Tax Expense		(428,673,937)	1,249,231,847
12 Profit / (Loss) for the period		(7,349,971,207)	4,332,112,295
13 Prior Period Expenses/(Income)		70,036,850	1,484,476
14 Net Profit / (Loss) after Tax		(7,420,008,057)	4,330,627,819
15 Earning / (Loss) Per Equity Share			
Basic [Nominal value of shares Rs. 2]		(50.69)	29.88
Diluted [Nominal value of shares Rs. 2]		(50.69)	29.88
Statement of Significant Accounting Policies and Notes to the Financial Statements	26		

The Notes referred to above and Notes to the Financial Statements forms an Integral part of the Statement of Profit and Loss

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandahas Kutty
Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Sumit Chandhok
Company Secretary

Place: New Delhi
Date : May 30, 2013



Tulip Telecom Limited

(Amount in Rs.)

Cash Flow Statement for the six months period ended March 31, 2013

Particulars	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
(Refer note 1(l) of Note - 26)		
A Cash flow from operating activities		
Net (loss)/profit before tax and extraordinary items	(7,778,645,144)	4,896,704,498
Adjustments for:-		
Depreciation	1,344,837,833	3,358,822,775
Interest Expenses	1,348,384,890	2,768,643,460
Interest Income	(25,796,434)	(35,156,830)
Miscellaneous Expenditure written off	56,295	155,622
Loss on Sale of Fixed Assets	-	378,966
FCCB/QIP Expenses charged to Share Premium Account	-	(9,157,827)
Exceptional Items	4,824,871,495	-
Provision for Tax	336,510,770	(1,188,794,899)
Operating Profit before working capital changes	50,219,705	9,791,595,765
Adjustments for changes in working capital:-		
(INCREASE)/Decrease in Sundry Debtors	(4,157,933,368)	(3,400,859,122)
(INCREASE)/Decrease in Other Receivables	3,380,115,157	(1,801,416,145)
(INCREASE)/Decrease in Inventories	1,372,112,093	(1,957,432,789)
INCREASE/(DECREASE) in Trade and Other Payables	(465,863,196)	1,947,454,848
Cash generated from operations	178,650,391	4,579,342,557
Prior Period(Expenses)/Income (Net)	(78,487,595)	(1,484,476)
Net Cash from Operating Activities	100,162,796	4,577,858,081
B Cash flow from Investing Activities		
Purchase of fixed assets including CWIP	(2,034,902,734)	(12,654,755,207)
Sale of Vehicles	-	75,556
Deposit with bank	294,020,026	(124,615,636)
Interest Received (Revenue)	25,796,434	35,156,830
Amount (paid)/received on acquisition/sale of Investment	6,700,500	2,202,332,264
Net cash used in Investing activities	(1,708,385,774)	(10,541,806,194)
C Cash flow from Financing Activities		
Exchange (Profit)/Loss of Revaluation of FCCB	268,015,945	699,880,729
Proceeds from fresh issue of Non Convertible Debentures	-	2,650,000,000
Redemption of Secured Non- Convertible Debentures	-	(550,000,000)
Proceeds from fresh issue of External Commercial Borrowings	-	1,657,200,000
Repayment of External Commercial Borrowings	(95,995,427)	(683,374,250)
Unsecured Non-Convertible Debentures redeemed	-	-
Proceeds from Long Term borrowings	3,649,411,640	1,753,993,563
Repayment of Long Term Borrowings	-	(955,822,223)
Proceeds from Short Terms borrowings	-	800,000,000
Repayment of Short Term Borrowings	(188,036,295)	(2,053,000,000)
Proceeds from Cash Credits (NET)	(692,759,363)	3,320,635,346
Interest Paid	(1,348,384,890)	(2,768,643,460)
Dividend, including dividend tax	-	-
Net Cash used in financing Activities	1,592,251,610	3,870,869,705
Net Increase/(Decrease) in Cash & Cash Equivalents	(15,971,368)	(2,093,078,407)
Opening Cash and Cash Equivalents	43,052,235	2,136,130,642
Closing Cash and Cash Equivalents	27,080,867	43,052,235

As per our Report of even date

For and on Behalf of the Board of Directors

For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandrabas Kutty
Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Sumit Chandhok
Company Secretary

Place: New Delhi
Date : May 30, 2013



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
1. Share capital		
a. Authorised shares		
- 200000000 Equity Shares of Rs. 2 each	400,000,000	400,000,000
(Previous Period 200000000 Equity Shares of Rs. 2 each)	-	-
b. Issued, subscribed and fully paid up shares		
-145000000 Equity Shares of Rs. 2 each Fully Paid-up in cash	290,000,000	290,000,000
(Previous Period 145000000 Equity Shares of Rs. 2 each)	<u>290,000,000</u>	<u>290,000,000</u>

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Equity Share	As at Mar 31, 2013		As at Sep 30, 2012	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
At the beginning of the period	145000000	290,000,000	145000000	290,000,000
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	145000000	290,000,000	145000000	290,000,000

d. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

e. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

No shares are held by its holding company, ultimate holding company and their subsidiaries/ associates.

f. Details of shareholders holding more than 5% shares in the Company

Equity share of Rs. 2 each, fully paid		As at Mar 31, 2013		As at Sep 30, 2012	
S. No.	Name of Shareholders	No. of shares	% Holding	No. of shares	% Holding
1	H.S. Bedi	21654850	14.93	44292750	30.55
2	Cedar Infonet Private Limited	14920332	10.29	48334161	33.33
3	ECL Finance Limited	16125472	11.12	0	0
4	STCI Finance Limited	14139901	9.75	0	0
5	Copthall Mauritius Investment Limited	10265000	7.08	0	0
6	Government of Singapore	7654328	5.28	7654328	5.28

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

g. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer 2 (C) of Note 26



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

NOTES:-

- (I) During the year 2010-11, Consequent to shareholder's approval the equity shares of the company have been subdivided from 1 equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each.
- (II) a. During the year 2010-11, Consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on February 14, 2011, have granted 27,00,000 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.164.55, determined as per the SEBI guidelines.
b. During the period 2011-12, consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on July 28, 2011, have granted 3,87,500 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.153.00, determined as per the SEBI guidelines.
- (III) 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. 227.444 per share (Rs. 1137.222 per share before split of share into 1:5) with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 2,70,00,005 equity shares (54,00,001 equity shares before split of share into 1:5)
b. The company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions during F.Y. 2008-09 & 2009-10, resulting in outstanding FCCB liability to USD 97 Million as on 30.09.2012. Therefore, upon conversion of bonds, number of shares to be issued would have got reduced to 17460,185 equity shares (3,492,037 equity shares before split of share into 1:5), had the option been exercised. However, now this option is not exercisable in view of the expiry of date of exercising this option.

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
2. Reserves and surplus		
Securities premium account		
Balance as per the last financial statements	822,120,579	831,278,406
Less:- FCCB/QIP expenses	-	(9,157,827)
Closing Balance	822,120,579	822,120,579
Debenture Redemption Reserve		
Opening Balance	937,256,944	510,416,666
Transferred from Surplus in the statement of profit and loss	-	426,840,278
Closing Balance	937,256,944	937,256,944
General Reserve		
Opening Balance	1,123,062,616	1,123,062,616
Transferred from Surplus in the statement of profit and loss	-	-
	1,123,062,616	1,123,062,616
Surplus in the statement of profit and loss		
Opening Balance	10,821,374,489	9,410,391,397
Add: Transferred from Statement of Profit and Loss	(7,420,008,057)	4,330,627,819
Less: Appropriations		
- Debenture Redemption Reserve	-	(426,840,278)
Less: Premium on Redemption of FCCB	-	(2,492,804,449)
Net Surplus in the statement of profit and loss	3,401,366,432	10,821,374,489
Total reserves and surplus	6,283,806,571	13,703,814,628

(I) Debenture Redemption Reserve (DRR) :

- a. The company for the purpose of redeeming the above mentioned NCD has created a DRR in accordance with DCA circular No. 9/2002 dt. April 18, 2002, General Circular No. 04/2013 dt. February 11, 2013 and prevailing industry practices.



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
3. Long Term Borrowings		
(Refer to 2 (D) & (O) (ii) of Note - 26)		
<u>- Secured</u>		
(a) Bonds/Debentures		
- Non Convertible Debentures	4,600,000,000	5,100,000,000
(b) Term Loans		
- From Banks	8,055,932,051	3,677,712,411
(c) Other loans		
- External Commercial Borrowings	1,810,164,323	2,486,459,750
	14,466,096,374	11,264,172,161
<u>- Unsecured</u>		
(a) Loans From Corporate Bodies	1,409,592,000	-
	1,409,592,000	-
	15,875,688,374	11,264,172,161

(I) Term Loans are secured by:-

- way of Equitable Mortgage of the office Land and Buildings located at Mumbai and 1st charges on entire movable fixed assets of the company.

(II) Non-convertible Debentures

- During the period 2011-12, the company has raised Rs 150 crores by issuing 1500 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 three equal semi annual instalments commencing from the end of Fifth Year. These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.50 times and also first pari-passu charge on the Company's Mumbai property, out of which 5 crores was repaid. and;

- The company has also raised Rs. 115 crores by issuing 1150 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.75% p.a. These NCDs are repayable in three annual installments in the ratio of 3:3:4 commencing from the end of Fourth Year. These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.25 times and also first pari-passu charge on the Company's Mumbai property

- In the year 2009-10, the company has raised Rs 150 crores by issuing 1500 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 10.67% p.a. These NCDs are repayable in three equal semi annual instalments commencing from the end of fourth year .These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.25 times and also first pari-passu charge on the Company's Mumbai property. In the year 2008-09, 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 fixed assets of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property, out of which Rs. 50 crores was repaid.

(III) External Commercial Borrowings

- During the period 2011-12, the company has raised USD 20 million in two tranches of USD 10 million each by way of External Commercial Borrowing (ECB). The above ECBs are repayable in seventeen equal quarterly instalments with a moratorium of 35 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.5 times cover on movable fixed assets. and;

- The company has also raised USD 15 million in by way of External Commercial Borrowing (ECB). The above ECBs are repayable in three equal quarterly instalments with a moratorium of 32 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.33 times cover on movable fixed assets.

- During the year 2009-10, the Company also raised USD 15 million by way of External Commercial Borrowing (ECB). During the year 2008-09, the Company has raised USD 40 million by way of External Commercial Borrowing (ECB). The above ECBs are repayable in eight semi-annual instalments with a moratorium of 18 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.5 times cover on movable fixed assets.



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
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(IV) The company has defaulted on redemption of Foreign currency convertible bonds aggregating to Rs. 78533.73 Lacs (USD 145 Millions) (including redemption premium). The bonds become due for redemption on 26th August, 2012 and have not been redeemed till the date of this report. The company during the period has also defaulted in repayment of dues to financial institutions and banks in respect of Letter of Credit/Bill discounting/ External Commercial Borrowings/ Non Convertible Debentures/ Term Loans Liabilities. Following are the details of such defaults:

(Rs.in Lacs)

Particulars	Delay upto 90 days	Delay 91-180 days	Delay 181-250 days	Total
Letter of Credit/ Bill Discounting/ Bank Guarantees	18,014.47	27,559.59	1,476.53	47,050.59
Term Loans	6,013.00	6,013.00	3,190.09	15,216.09
External Commercial Borrowings	Nil	3,358.00	3,358.00	6,716.00
Non Convertible Debentures	Nil	5,000.00	Nil	5,000.00

The CDR proposal of the company has been approved by the CDR empowered group in their meeting held on March 25, 2013 which cured all defaults during the period to financial institutions and banks except for dues to non CDR lenders amounting to Rs. 10,806.09 Lacs on account of Term Loans/ External Commercial Borrowings/ Non Convertible Debentures/ Interest, which continues post the period-end.

4. Deferred tax Liabilities (Net)

Opening Balance	92,163,166	31,726,219
Add: Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	60,436,947
Gross deferred tax liability	-	60,436,947
Less: Deferred tax asset		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis	92,163,166	-
Gross deferred tax asset	92,163,166	-
Net deferred tax Liability	-	92,163,166

5. Long Term Provisions

Provision for Employee Benefits

Provision for Gratuity	53,174,344	49,807,418
Provision for Leave Benefits	21,311,815	20,351,077
	74,486,159	70,158,495

6. Short-term borrowings

(Refer to 2 (B) & (D) of Note - 26)

Secured

(a) Loans repayable on demand		
- From banks; (Working Capital Loan)	2,987,949,705	3,680,709,068
(b) Current maturities of long-term debt;		
- Term Loans from Banks	270,000,000	2,408,400,000
- External Commercial Borrowings	1,500,800,000	920,500,000
- Non Convertible Debentures	1,000,000,000	500,000,000
	5,758,749,705	7,509,609,068



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
Unsecured		
(a) Current maturities of long-term debt;		
- Foreign Currency Convertible Bonds (FCCB)	7,853,372,894	7,585,356,949
(b) Other loans		
- From Banks	611,963,705	800,000,000
	<u>8,465,336,599</u>	<u>8,385,356,949</u>
	<u>14,224,086,304</u>	<u>15,894,966,017</u>
(I) 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 two directors of the company.		
(II) Short Term Loans are secured by:-		
- way of subservient charge on Stocks, Book Debts and other Current assets of the company.		
(III) Foreign Currency Convertible Bonds (FCCB)		
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. 227.444 per share (Rs. 1137.222 per share before split of share into 1:5) with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 2,70,00,005 equity shares (54,00,001 equity shares before split of share into 1:5)		
b. During the F.Y. 2008-09 & 2009-10, the company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions, resulting in outstanding FCCB liability to USD 97 Million.		
c. The aforesaid FCCB includes Premium on Redemption for a sum of Rs. 25808.83 Lacs		
d. The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 78533.73 Lacs approx.) (Including Premium approx. Rs. 25808.83 Lacs) in respect of FCCB were due for redemption on 26th August, 2012. In order to redeem aforesaid FCCB, the management is actively pursuing various options which includes raising of additional finance in the form of debt and other various options. Discussion on each of these options is in process and the management is confident that the company will be able to arrange the required funds for its redemption shortly.		
7. Trade Payables		
(Refer to 2 (H) & (O) (ii) of Note - 26)		
Goods	798,612,775	2,207,504,502
Capital Goods	223,088,516	620,403,603
	<u>1,021,701,291</u>	<u>2,827,908,105</u>
8. Other current liabilities		
(a) Interest accrued but not due on borrowings;	-	92,362,161
(b) Interest accrued and due on borrowings;	682,631,734	300,984,467
(c) Other payables		
- Expenses Payable	1,182,598,829	427,905,258
- Net Statutory Liabilities	677,088,035	317,648,334
- Advance from Customers	-	32,248,650
	<u>2,542,318,598</u>	<u>1,171,148,870</u>



Tulip Telecom Limited

Notes to the financial statements for the six months period ended March 31, 2013

(Amount in Rs.)

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
9. Short Term Provisions		
Provison for Employee Benefits		
Provision for Gratuity	1,232,507	1,085,850
Provision for Leave Benefits	780,426	957,335
	<u>2,012,933</u>	<u>2,043,185</u>
Other Provisions		
Provision for Income Tax and Dividend Tax	-	336,510,770
	<u>-</u>	<u>336,510,770</u>
	<u>2,012,933</u>	<u>338,553,955</u>

Tulip Telecom Limited

Notes to the financial statements for the six months period ended March 31, 2013

10. Fixed Assets

10.1. Tangible Assets

(Amount in Rs.)

Cost	Land **	Building	Plant & Machinery	Equipments-Tulip Connect	Office Equipment	Computer	Furniture	Vehicles	Total
As at April 1, 2011	28,570,740	167,153,683	330,952,458	16,888,565,571	90,651,665	99,488,311	74,152,421	41,094,158	17,720,629,007
Additions during the period	-	-	-	8,144,474,419	871,917	659,275	241,351	-	8,146,246,962
Sale/ Adjustment during the period	-	-	-	-	-	-	-	662,220	662,220
As at Sept. 30, 2012	28,570,740	167,153,683	330,952,458	25,033,039,990	91,523,582	100,147,586	74,393,772	40,431,938	25,866,213,749
Additions during the Period	-	-	-	9,461,624,989	-	-	-	1,516,648	9,463,141,637
Sale/ Adjustment during the Period	-	-	-	86,370,947	-	-	-	-	86,370,947
As at March 31, 2013	28,570,740	167,153,683	330,952,458	34,408,294,032	91,523,582	100,147,586	74,393,772	41,948,586	35,242,984,439
Depreciation									
As at April 1, 2011	4,283,210	12,393,718	47,953,692	3,954,749,251	13,277,592	58,023,585	18,589,385	9,802,958	4,119,073,391
Charged for the period	1,284,963	2,054,454	23,572,608	3,287,146,952	6,476,122	24,297,451	7,056,050	6,934,175	3,358,822,775
Sale/ Adjustment during the period	-	-	-	-	-	-	-	207,698	207,698
As at Sept. 30, 2012	5,568,173	14,448,172	71,526,300	7,241,896,203	19,753,714	82,321,036	25,645,435	16,529,435	7,477,688,468
Charged for the Period	428,321	1,362,303	7,860,121	1,320,212,569	2,173,685	8,116,962	2,354,563	2,329,309	1,344,837,833
Sale/ Adjustment during the Period	-	-	-	8,450,745	-	-	-	-	8,450,745
As at March 31, 2013	5,996,494	15,810,475	79,386,421	8,553,658,027	21,927,399	90,437,998	27,999,998	18,858,744	8,814,075,556
Net Block									
As at Sept. 30, 2012	23,002,567	152,705,511	259,426,158	17,791,143,787	71,769,868	17,826,550	48,748,337	23,902,503	18,388,525,281
As at March 31, 2013	22,574,246	151,343,208	251,566,037	25,854,636,005	69,596,183	9,709,588	46,393,774	23,089,842	26,428,908,883

** 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	79
Maharashtra State Industrial Development Corporation	74,026,901	54
Total	74,152,421	
10.2. Capital Work-in-Progress		
Particulars	As at	As at
	Mar 31, 2013	Sep 30, 2012
Capital Work-in-Progress	-	7,428,238,902
Total	-	7,428,238,902



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
11. Non-current investments		
(Refer to 2 (P) of Note - 26)		
(a) Other non-current investments	2,257,759,270	2,264,459,770
	<u>2,257,759,270</u>	<u>2,264,459,770</u>
Additional Information:		
(a) Aggregate amount of quoted investments and market value thereof;	293,506	368,630
(b) Aggregate amount of unquoted investments;	2,257,646,470	2,264,346,970
(c) Aggregate provision for diminution in value of investments	-	-
12. Other Non Current Assets		
(i) Others		
- Security Deposits	136,189,247	146,861,761
	<u>136,189,247</u>	<u>146,861,761</u>
13. Inventories (valued at lower of cost and net realizable value)		
(Refer to 1(G) of Note - 26)		
(As per Inventories taken, Valued and Certified by the Management)		
Inventories	1,431,591,019	2,949,903,112
	<u>1,431,591,019</u>	<u>2,949,903,112</u>
14. Trade receivables		
(Refer to 2 (G) & (O) (ii) of Note - 26)		
Unsecured, considered good unless stated otherwise		
(a) Outstanding for a period exceeding six months from the date they are due for Payment		
- Unsecured, considered good	4,881,522,140	1,966,677,621
- Doubtful	-	15,345,980
	<u>4,881,522,140</u>	<u>1,982,023,601</u>
(b) Others, considered good	4,090,727,342	7,725,980,309
Trade receivables (Net)	<u>8,972,249,482</u>	<u>9,708,003,910</u>
15. Cash and cash equivalents		
(a) Balances with banks;		
- Current Account	13,704,395	22,677,821
- FDR's (including Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	183,245,514	455,922,796
(b) Cheques, drafts on hand;	13,160,275	20,220,205
(c) Cash on hand	216,197	154,209
(d) Bank deposits with more than 12 months maturity	8,857,256	30,200,000
	<u>219,183,637</u>	<u>529,175,031</u>



Tulip Telecom Limited

Notes to the financial statements for the six months period ended March 31, 2013

(Amount in Rs.)

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
16. Short-term loans and advances (Refer to 2 (G) & (O) (ii) of Note - 26)		
Unsecured, considered good		
(a) Capital Advances;	-	1,294,563,157
(b) Security Deposits;	-	454,935,156
(c) Loans and advances to related parties;	472,303,161	430,216,669
(d) Other loans and advances.		
- Advance for Stocks	-	1,207,030,380
- Prepaid Expenses	74,073,090	73,088,353
- Advance Income Tax	270,600,462	-
- Others	51,241,979	777,827,620
TOTAL	<u>868,218,692</u>	<u>4,237,661,335</u>
17. Miscellaneous Expenditure not Written/off (Refer to 1 (F) of Note - 26) (To the extent not written off or adjusted)		
Preliminary Expenses	-	56,295
	<u>-</u>	<u>56,295</u>



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
18. Revenue from operations (Refer to 1(B) & 2 (O) (ii) of Note - 26) - Sale & Services	9,450,326,464 <u>9,450,326,464</u>	40,579,557,369 <u>40,579,557,369</u>
19. Other income (Refer to 1(J) & (K) of Note - 26) (a) Interest Income (b) Net gain/loss on foreign currency transactions (c) Other non-operating income	25,796,434 8,318,871 (129,032,859) <u>(94,917,554)</u>	35,156,830 27,550,957 (17,196,871) <u>45,510,916</u>
20. Cost of Sales & Services Inventory at the beginning of the year Add: Purchases of goods & services Less: Transferred to Fixed Assets Less: Obsolete Inventory Written off Less: Inventory at the end of the period	2,949,903,112 8,375,038,929 1,373,800,000 146,200,000 1,431,591,019 <u>8,373,351,022</u>	992,470,323 28,089,275,414 - - 2,949,903,112 <u>26,131,842,625</u>
21. Employee benefits expense (Refer to 1(M) & 2(O) of Note - 26) Salaries & Wages Director's Remuneration Statutory Contributions Staff & Labor Welfare Recruitment, Training and Other expenses	744,798,065 49,800,000 31,983,254 2,801,390 137,221 <u>829,519,930</u>	1,894,598,244 139,360,455 66,741,941 20,752,336 4,724,179 <u>2,126,177,155</u>
22. Other expenses (Refer to 1(D), (K), (L) & 2(O) of Note - 26) Audit Fees Advertisement Expenses Bad Debt Commission & Brokerage Freight & Cartages Sales Promotion Expenses Tender Fee Insurance Fee & Taxes Legal and Professional charges Miscellaneous Expenses Postage, Telegram and Telephone Expenses Electricity and Lighting Expenses Printing & Stationery Rent Loss on Sale of Fixed Assets Repair and Maintenance Travelling & Conveyance	2,100,000 3,366,823 9,556,091 3,998,091 1,982,011 4,655,354 48,968 9,823,594 3,412,387 24,950,641 1,765,909 13,678,038 107,312,050 1,610,193 190,036,857 - 11,312,834 23,422,748 <u>413,032,589</u>	4,963,500 30,149,594 38,358,478 61,715,501 33,154,915 5,225,646 1,532,927 10,634,962 30,945,487 145,848,955 43,039,388 83,275,135 224,648,294 9,965,785 408,127,911 378,966 61,206,703 149,550,003 <u>1,342,722,150</u>
23. Depreciation and amortization expense (Refer to 1(C) & (F) of Note - 26) Depreciation of tangible assets Preliminary Expenses written off	1,344,837,833 56,295 <u>1,344,894,128</u>	3,358,822,775 155,622 <u>3,358,978,397</u>



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

Particulars	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
24. Finance costs (Refer to 1(O) of Note - 26)		
(a) Interest on:		
- Term Loan	872,460,282	1,672,376,818
- Working Capital Loans	265,245,980	586,853,136
- Other Loans	5,364,146	150,937,319
(b) Other Finance Charges	205,314,482	358,476,187
	<u>1,348,384,890</u>	<u>2,768,643,460</u>
25. Extraordinary Items		
Profit/(Loss) on Sale of Investments	-	684,639,644
	<u>-</u>	<u>684,639,644</u>



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Notes - 26

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. This has been prepared in accordance with Revised Schedule- VI and previous year figures have been regrouped/reclassified to make them comparable with the current period figures.

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 Revenue from turnkey projects is recognised as percentage and proportion to work completion.

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, except in the case of following assets, which are depreciated as follows:

Assets	Rate of Depreciation/ Period of Amortisation
i). Equipment - Tulip Connect	
a. Fiber Cable - Tulip Connect	5.28%
b. Plant & Machinery - Tulip Connect	10%
c. Wireless Equipment & Others - Tulip Connect	12.5%
ii). Leasehold Land	Over the primary lease period

These rates are not less than those prescribed under Schedule XIV of the Companies Act, 1956.

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.



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

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 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 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.
- VI During the year 2009-10, the company had 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 and continues to follow the same in the current reporting period.

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



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

N Provision for Tax

Tax expense for the year comprising current tax and , deferred 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

A Contingent Liabilities not Provided for

I Guarantee issued by the Banks on Behalf of the company

13,919.08

25,110.05

II Claims against the company by DOT not acknowledge as debt.

41,036.41

41,036.41

III Disputed Income Tax Demand under Appeal

39,656.21

39,656.21

IV Disputed Sales Tax/VAT Demand under Appeal

193.49

193.49

V Disputed Custom duty demand under Appeal

23.36

23.36

VI The Company on 3rd April, 2010 has given a Corporate Guarantee to M/s. Axis Trustee Services Limited acting as the Debenture Trustee of M/s. Beeta Infocom Pvt. Ltd. in terms of its issue of Non Convertible Debentures (NCDs) aggregating to Rs. 84 crores outstanding as on 31st March, 2013.

VII Also, the Company had issued a Corporate Guarantee on 18th May, 2009 in favour of M/s. Cisco Systems Capital India Pvt. Ltd ("the Lender") for guaranteeing the monetary obligations w.r.t. loan availed by its wholly owned subsidiary i.e M/s. Tulip SWAN IT Services Limited from the Lender.

VIII The company has given corporate guarantee to ICICI Bank Ltd. amounting to Rs. 250 cores against the term loan facility taken by its wholly owned subsidiary, Tulip Data Centre Services Pvt Ltd. The terms and conditions of such guarantee are not prejudicial to the interest of the company.

IX The company has given corporate guarantees to Karur Vysya Bank, J&K Bank, IDFC Ltd & Standard Chartered Bank for the long term loans amounting to Rs. 35 Crores, Rs. 35 Crores, Rs. 95 Crores & Rs. 36.93 Crores respectively on behalf of TULIP DATA CENTRE SERVICES PVT LTD, wholly owned subsidiary of the company.



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

B Foreign Currency Convertible Bonds (FCCB)

USD \$150 Million Zero Coupon Foreign Currency Convertible Bonds

During the year 2007-08, the Company issued at par 5 year, Zero Coupon Foreign Currency Convertible Bond (FCCB) at an Exercise Price of Rs. 227.444 per share (Rs. 1137.22 per share before split of share into 1:5) aggregating to US\$ 150 Million (Rs. 6040.5 million 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. 2/- per share (Rs. 10/- per share before split of share into 1:5) 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 on 19th August, 2012 unless previously redeemed, converted or repurchased and cancelled.

The Bond may 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 F.Y. 2008-09 & 2009-10, the company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions, resulting in outstanding FCCB liability to USD 97 Million.

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 78533.73 Lacs approx.) (Including Premium approx. Rs. 25808.83 Lacs) in respect of FCCB were due for redemption on 26th August, 2012. In order to redeem aforesaid FCCB, the management is actively pursuing various options which includes raising of additional finance in the form of debt and other various options. Discussion on each of these options is in process and the management is confident that the company will be able to arrange the required funds for its redemption shortly.

C Employees Stock Option Scheme

a. During the year 2010-11, Consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on February 14, 2011, have granted 27,00,000 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.164.55, determined as per the SEBI guidelines.

b. During the period 2011-12, consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on July 28, 2011, have granted 3,87,500 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.153.00, determined as per the SEBI guidelines.

D "The Company has approached the CDR CELL through lenders to restructure its debt under the CDR mechanism in view of economic slowdown, unfavourable market conditions, increased competition, liquidity constraints, capital blocked in government projects coupled with rising interest cost. Further, the Company had incurred large capital investment in long gestation projects with short-term debt. In addition, FCCB default resulted in downgrade of the Company's credit rating. All these factors together resulted in insufficient cash flows to meet the Company debt obligations.

SBI Capital Markets Ltd has been appointed to advise the Company in its Debt Recast exercise. The Company undertook a detailed and critical analysis of its inventories, receivables and creditors along with its business model in consultation with its Advisor. After careful consideration and observation by stock auditors and valuers appointed for this purpose, a onetime charge has been taken in the Statement of Profit & Loss to provide for impairment in the value of current assets in view of present business conditions and reworked business model. This is reflected in the Statement of Profit & Loss and consist of Rs. 1462 Lacs for non moving inventories and its written down value and Rs. 46786.71 Lacs as written off for Receivables/Advances doubtful of recovery, (these figures are being included in the Statement of Profit & Loss as Exceptional Items).

The CDR proposal of the company has been approved by the CDR Empowered Group in their meeting held on March 25, 2013. The CDR package of the company covers 12 years door to door repayment plan, reduction in interest rates by approximately two and half percent, one and half year moratorium period for the payment of interest and two and half year moratorium period for the repayment of principal loan amount."



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

E Auditors Remuneration is as under: -

	Amount in Rs.	
	As at Mar 31 2013	As at Sep 30 2012
(a) as Auditor	1,200,000	3,309,000
(b) for taxation matters	600,000	1,103,000
(c) for other services	300,000	551,500
Total	2,100,000	4,963,500

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

PARTICULARS	Current Period ended March 31, 2013		Previous period ended September 30, 2012"	
	No of Employees	Salary Paid Rs. in Lacs	No of Employees	Salary Paid Rs. in Lacs
Not less than Rs. 60. 0 lacs p.a.	11	530.00	19	2,399.01
Not less than Rs. 5. 0 lacs p.m.	1	28.75	2	106.00

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.

H The company does not have any dues payable to any Micro and Small Enterprises as at the period end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the period end, together with interest paid/payable as required under the said Act have not been given.

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

	Amount in Rs.			
	Opening Stock	Purchases	Sales	Closing Stock
Hardware & Networking Equipments	2,949,903,112	8,375,038,929	9,450,326,464	1,431,591,019
Total	2,949,903,112	8,375,038,929	9,450,326,464	1,431,591,019
Previous Year	992,470,323	28,089,275,414	40,579,557,369	2,949,903,112

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

(Amount in Rs.)

J Value of Imports of material on CIF basis

	As at Mar 31, 2013	As at Sep 30, 2012
Capital goods	-	469,554,324
Trading goods	-	-
Total	-	469,554,324

K Value of indigenous and imported spares consumed

Spares Parts Indigenous	-	-
Spares Parts Imported	-	-

L Earning in Foreign Exchange

-



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

M Expenditures in Foreign Currency	63,995,289	157,324,478
N Earning Per Share (Basic and Diluted)		
(Refer to Note 1 (P) of Schedule 26)		
Opening No of Shares (after split of share into 1:5)	145,000,000	145,000,000
Closing No. of Shares (after split of share into 1:5)	145,000,000	145,000,000
Weighted Average number of shares outstanding	145,000,000	145,000,000
Profit After Tax (In Rupees)	(7,349,971,207)	4,332,112,295
EPS (In rupees) (Basic)	(50.69)	29.88
EPS (In rupees) (Diluted)	(50.69)	29.88

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 - Mr. Deepinder Singh Bedi - Mr. Dinesh Kaushal	Key Managerial Personnel
- Sukhmani Financial Advisors Pvt. Ltd. - Cedar Infonet 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, - Tulip Data Centre Services Pvt. Ltd. - Sada IT Parks Pvt. Ltd.	Subsidiary Companies

ii) Transactions during the year with related parties:-

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

Sr. No	Nature of Transactions	Key Managerial Personnel	Others	Associate Concerns	Subsidiary Companies
a	Loans/Advances				
	Taken During the Period	-	-	1,409,592,000	-
		-	-	-	-
	Given During the Period	-	-	-	135,777,026
b	Sundry Debtors/Advances as at 31-03-2013	-	-	926,972,274	381,541,161
		-	-	(184,452,534)	(245,764,135)
c	Sundry Creditors as at 31-03-2013	-	-	500,632	-
		-	-	(500,632)	-
d	Sales	-	-	1,084,413,257	-
		-	-	(304,748,447)	-
e	Purchases	-	-	440,623,518	-
		-	-	(549,360,726)	(25,059,676)
f	Expenditures				
	- Payment to & Provisions for Directors	49,800,000	-	-	-
		(139,360,455)	-	-	-
	- Travelling Expenses	765,073	-	-	-
		(8,142,252)	-	-	-



Tulip Telecom Limited

(Amount in Rs.)

Notes to the financial statements for the six months period ended March 31, 2013

P Details of Investments
- Investment in other Companies

Particulars	As at March 31, 2013		As at September 30, 2012	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
i) Government Securities	125,000	143,647	125,000	143,647
ii) Subsidiary Companies (Unquoted)				
a. Tulip IT Services Singapore Pte Ltd (Considered to be of Strategic Importance)	102,068	84,285,527	102,068	90,986,027
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)	-	32,606,196	-	32,606,196
d. Tulip Data Centre Services Pvt. Ltd. (Considered to be of Strategic Importance)	-	2,140,100,000	-	2,140,100,000
iii) Other Companies (Quoted)				
a. Indian Overseas Bank Ltd. *	4,512	112,800	4,512	112,800
iii) Other Companies (Unquoted)				
a. Beeta Infocom Pvt. Ltd.	1,110	11,100	1,110	11,100
Total		2,257,759,270		2,264,459,770
* Market Value of Quoted Shares		293,506		368,630

- Q** The Company operates in single segment i.e., 'Corporate Data Connectivity Business' and therefore segment reporting is not applicable. The Company's own generated products and services are sold primarily within India and as such there are no reportable geographical segment.
- R** The company has continued the business of Telecommunication (Referred to in the above Balance Sheet and Statement of Profit & loss as Tulip Connect) and the company is maintaining separate accounts under section 80(IA) of Income Tax Act, for the same and accordingly a separate set of Balance Sheet and Statement of Profit & loss has been prepared for Income Tax purposes, but all the figures have been merged with the above Balance Sheet and Statement of Profit & loss
- S** Balances of Debtors and Creditors are subject to confirmation.
- T** The figures for current period are for 6 months as against 18 months in the previous period. Hence, the figures are not comparable with those of previous period
- U** The figures of the previous year have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.
- V** Figures in brackets relate to the previous year unless otherwise stated.
- W** The company is a multi-locational company. This Balance sheet is the consolidated Balance sheet of all the Branches of the company.

The Notes referred to above and Notes to the Financial Statements 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)
Firm Reg. No.- 004046N

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandras Kuty
Director

Rakesh Chadha
(Partner)
Membership No. - 83135

Sumit Chandhok
Company Secretary

Place: New Delhi
Date : May 30, 2013

Statement pursuant to general exemption granted under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies
For the six months period ended March 31, 2013

Sr. No.	Name of Subsidiary Company	Country of Registration	Financial Year Ended	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments (except in case of investment in subsidiaries)	Turnover	Profit/(Loss) before taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend	(Amount Rs. In Lacs)
1	Tulip IT Services Singapore Pte. Ltd.	Singapore	March 31, 2013	958.53	(402.30)	761.30	761.30	NIL	34.71	(26.44)	NIL	(26.44)	NIL	
2	Tulip Swan IT Services Ltd.	India	March 31, 2013	5.00	NIL	3,145.60	3,145.60	NIL	NIL	NIL	NIL	NIL	NIL	
3	Tulip Telecom Inc.	USA	March 31, 2013	326.06	(389.55)	630.82	630.82	NIL	21.99	(16.35)	NIL	(16.35)	NIL	
4	Tulip Data Center Services Pvt. Ltd.	India	March 31, 2013	2,001.00	18,158.22	58,073.75	58,073.75	NIL	NIL	(842.98)	(269.26)	(573.73)	NIL	
5	SADA IT Parks Pvt. Ltd.	India	March 31, 2013	1.00	8,795.44	10,058.84	10,058.84	NIL	61.79	(37.45)	5.02	(42.47)	NIL	

Note: Exchange rate as on March 31, 2013. USD 1 = INR 54.35

As per our Report of even date
For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No. - 004046N

Rakesh Chadha
(Partner)
Membership No. - 83135

Place: New Delhi
Date : May 30, 2013

For and on Behalf of the Board of Directors

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandras Kuity
Director

Sumit Chandhok
Company Secretary





CONSOLIDATED FINANCIAL STATEMENTS



Auditors' Report on Consolidated Financial Statements

TO

THE BOARD OF DIRECTORS OF TULIP TELECOM LTD.

1. 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., M/s Tulip Telecom Inc. and M/s Tulip Data Center Services Pvt. Ltd. (collectively referred as 'the Tulip Group'). as at March 31, 2013 and the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the six months period ended on that date annexed thereto together referred to as 'the financial statements'. These 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.
2. 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.
3. 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. 761.30 Lacs as at March 31, 2013, total revenues of Rs. 34.71 Lacs and net cash outflows amounting to Rs. 21.11 Lacs for the period ended on that date. These financial statements and other financial information have been prepared & certified by the management and our opinion is based solely on the management certified accounts on that date.
 - ii. M/s Tulip Telecom Inc. whose financial statement reflect total assets of Rs. 630.82 Lacs as at March 31, 2013, total revenues of Rs. 21.99 Lacs and net cash inflows amounting to Rs. 26.63 Lacs for the period ended on that date. These financial statements and other financial information have been prepared & certified by the management and our opinion is based solely on the management certified accounts on that date.



- iii. M/s Tulip Data Center Services Pvt. Ltd. whose financial statements reflect total assets of Rs. 58073.75 Lacs as at March 31, 2013, total revenues of Nil and net cash outflows amounting to Rs. 1007.39 Lacs for the period ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We have audited the financial statements of M/s Tulip SWAN IT Services Ltd. whose financial statements reflect total assets of Rs. 3145.60 Lacs as at March 31, 2013, total revenues of Nil and net cash outflows amounting to Rs. 1.78 Lacs for the period ended on that date.
5. We report that the consolidated financial statements have been prepared by the Tulip Group'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.
6. 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, 2013;
 - ii. in the case of Consolidated Profit and Loss Account, of the loss for the six months period ended on that date; and
 - iii. in the case of Consolidated Cash Flow Statement, of the cash flows for the six months period ended on that date.

For R. CHADHA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 004046N

Place: New Delhi

Date: May 30, 2013

Rakesh Chadha
Partner
Membership No. 83135



Tulip Telecom Limited
Consolidated Balance Sheet as at March 31, 2013

(Amount in Rs.)

Particulars	Notes	As at Mar 31, 2013	As at Sep 30, 2012
A. Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	1	290,000,000	290,000,000
(b) Reserves and surplus	2	6,153,064,358	13,602,002,527
		6,443,064,358	13,892,002,527
2 Non Current Liabilities			
(a) Long-term borrowings	3	19,201,032,901	14,426,756,053
(b) Deferred Tax Liabilities (Net)	4	(57,082,484)	14,601,284
(c) Long term provision	5	75,558,242	70,083,301
		19,219,508,659	14,511,440,638
3 Current Liabilities			
(a) Short term borrowing	6	14,266,906,162	15,894,966,018
(b) Trade payables	7	1,383,748,634	3,125,576,943
(c) Other current liabilities	8	2,707,138,575	1,311,680,896
(d) Short term provisions	9	2,778,811	340,979,704
		18,360,572,182	20,673,203,560
TOTAL		44,023,145,199	49,076,646,726
B. Assets			
1 Non current assets			
(a) Fixed assets	10		
- Gross Fixed Assets		37,100,949,905	27,724,179,217
Less: Depreciation		8,902,054,861	7,541,301,636
Net Fixed Asset		28,198,895,044	20,182,877,581
- Capital work-in-progress		2,179,566,773	9,282,839,102
- Goodwill		1,244,245,603	1,244,245,603
(b) Non-current investments	11	267,547	267,547
(c) Other non-current assets	12	136,189,247	204,894,349
		31,759,164,214	30,915,124,182
2 Current Assets			
(a) Inventories	13	1,431,591,019	2,949,903,112
(b) Trade receivables	14	8,999,062,616	9,736,622,528
(c) Cash and Cash Equivalents	15	286,772,435	696,616,086
(d) Short term loans and advances	16	1,546,499,245	4,774,366,946
		12,263,925,315	18,157,508,672
3 Miscellaneous Expenditures	17	55,670	4,013,872
TOTAL		44,023,145,199	49,076,646,726

**Statement of Significant Accounting Policies and Notes
to the Financial Statements**

26

The Notes referred to above and Notes to the Financial Statements forms an Integral part of the Balance Sheet

As per our Report of even date
For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

For and on Behalf of the Board of Directors

Rakesh Chadha
(Partner)
Membership No. - 83135

Li Col HS Bedi, VSM
Chairman and Managing Director

Chandras Kuty
Director

Place: New Delhi
Date : May 30, 2013

Sumit Chandhok
Company Secretary



Tulip Telecom Limited

Consolidated Statement of Profit and Loss for the six month period ended at March 31, 2013

(Amount in Rs.)

Particulars	Notes	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
1 Revenue from operations	18	9,462,176,718	40,607,600,376
2 Other income	19	(94,917,531)	45,725,854
3 Total revenue (I)		9,367,259,188	40,653,326,230
4 Expenses			
(a) Cost of Sales & Services	20	8,373,351,022	26,131,842,625
(b) Employee benefits expense	21	834,942,839	2,162,730,244
(c) Other expenses	22	429,052,129	1,385,645,986
Total Expenses (II)		9,637,345,990	29,680,218,855
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		(270,086,802)	10,973,107,375
5 Exceptional items		4,824,871,495	-
6 Depreciation and amortisation expense	23	1,369,265,266	3,409,808,326
7 Finance costs	24	1,406,743,949	2,798,960,399
8 Profit / (Loss) before extraordinary items and tax		(7,870,967,512)	4,764,338,651
9 Extraordinary items	25	-	684,639,644
10 Profit / (Loss) before tax		(7,870,967,512)	5,448,978,294
11 Tax Expenses			
(a) Current tax expense for current period		(336,008,393)	1,192,244,406
(b) Deferred tax		(119,088,748)	(17,124,934)
Total Tax Expense		(455,097,141)	1,175,119,472
12 Profit / (Loss) for the period		(7,415,870,372)	4,273,858,822
13 Prior Period Expenses/(Income)		68,545,019	1,484,476
14 Net Profit / (Loss) after Tax		(7,484,415,390)	4,272,374,346
15 Earning / (Loss) Per Equity Share			
Basic [Nominal value of shares Rs. 2]		(51.14)	29.47
Diluted [Nominal value of shares Rs. 2]		(51.14)	29.47
Statement of Significant Accounting Policies and Notes to the Financial Statements	26		

The Notes referred to above and Notes to the Financial Statements forms an Integral part of the Statement of Profit and Loss

As per our Report of even date
For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

For and on Behalf of the Board of Directors

Rakesh Chadha
(Partner)
Membership No. - 83135

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandahas Kutty
Director

Place: New Delhi
Date : May 30, 2013

Sumit Chandhok
Company Secretary



Tulip Telecom Limited
Consolidated Cash Flow Statement for the six months period ended March 31, 2013

(Amount in Rs.)

Particulars	Notes	For the Period Ended Mar 31, 2013	For the Period Ended Sep 30, 2012
(Refer Note 1 (l) of Note - 26)			
A Cash flow from operating activities			
Net (loss)/profit before tax and extraordinary items		(7,870,967,512)	4,764,338,650
Adjustments for:-			
Depreciation		1,369,203,971	3,409,637,704
Interest Expenses		1,406,743,949	2,798,960,399
Interest Income		(25,796,457)	(35,156,830)
Miscellaneous Expenditure written off		61,295	170,622
Loss on Sale of Fixed Assets		-	378,966
FCCB/QIP Expenses charged to Share Premium Account		-	(9,157,827)
Exceptional Items		4,824,871,495	-
Provision for Tax		336,008,393	(1,192,244,406)
Operating Profit before working capital changes		40,125,133	9,736,927,278
Adjustments for changes in working capital:-			
(INCREASE)/Decrease in Sundry Debtors		(4,156,127,884)	(3,392,989,391)
(INCREASE)/Decrease in Other Receivables		3,296,572,803	(2,433,620,302)
(INCREASE)/Decrease in Inventories		1,372,112,093	(1,957,432,789)
INCREASE/(DECREASE) in Trade and Other Payables		(377,709,335)	2,336,297,597
Cash generated from operations		174,972,810	4,289,182,393
Prior Period(Expenses)/Income (Net)		(76,995,764)	(1,484,476)
Net Cash from Operating Activities		97,977,047	4,287,697,917
B Cash flow from Investing Activities			
Purchase of fixed assets including CWIP		(2,359,869,306)	(15,143,525,890)
Sale of Vehicles		-	75,556
Deposit with bank		381,353,092	(263,976,233)
Interest Received (Revenue)		25,796,457	35,156,830
Amount (paid)/received on acquisition/sale of Investment		-	2,233,836,319
Any Other Items		86,779,108	(3,711,779)
Net cash used in Investing activities		(1,865,940,649)	(13,142,145,198)
C Cash flow from Financing Activities			
Exchange (Profit)/Loss of Revaluation of FCCB		268,015,945	699,880,729
Proceeds from fresh issue of Non Convertible Debentures		-	2,650,000,000
Redemption of Secured Non- Convertible Debentures		-	(550,000,000)
Proceeds from fresh issue of External Commercial Borrowings		-	2,026,575,000
Repayment of External Commercial Borrowings		(95,995,427)	(683,374,250)
Proceeds from Long Term borrowings		3,812,172,275	4,411,055,236
Repayment of Long Term Borrowings		-	(1,039,410,758)
Proceeds from Short Terms borrowings		-	800,000,000
Repayment of Short Term Borrowings		(145,216,437)	(2,053,000,000)
Proceeds from Cash Credits (NET)		(692,759,364)	3,320,635,346
Interest Paid		(1,406,743,949)	(2,798,960,399)
Net Cash used in financing Activities		1,739,473,044	6,783,400,904
Net Increase/(Decrease) in Cash & Cash Equivalents		(28,490,560)	(2,071,046,377)
Opening Cash and Cash Equivalents		71,132,693	2,142,179,070
Closing Cash and Cash Equivalents		42,642,134	71,132,693

As per our Report of even date
For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

For and on Behalf of the Board of Directors

Rakesh Chadha
(Partner)
Membership No. - 83135

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandahas Kutty
Director

Place: New Delhi
Date : May 30, 2013

Sumit Chandhok
Company Secretary



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

(Amount in Rs.)

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
1. Share capital		
a. Authorised shares		
- 200000000 Equity Shares of Rs. 2 each (Previous Period 200000000 Equity Shares of Rs. 2 each)	400,000,000	400,000,000
b. Issued, subscribed and fully paid up shares		
- 145000000 Equity Shares of Rs. 2 each Fully Paid-up in cash (Previous Period 145000000 Equity Shares of Rs. 2 each)	290,000,000	290,000,000
	290,000,000	290,000,000

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Equity Share	As at Mar 31, 2013		As at Sep 30, 2012	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
At the beginning of the period	145000000	290,000,000	145000000	290,000,000
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	145000000	290,000,000	145000000	290,000,000

d. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

e. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

No shares are held by its holding company, ultimate holding company and their subsidiaries/ associates.

f. Details of shareholders holding more than 5% shares in the Company

Equity share of Rs. 2 each, fully paid		As at Mar 31, 2013		As at Sep 30, 2012	
S. No.	Name of Share Holders	No. of shares	% Holding	No. of shares	% Holding
1	H.S. Bedi	21654850	14.93	44292750	30.55
2	Cedar Infonet Private Limited	14920332	10.29	48334161	33.33
3	ECL Finance Limited	16125472	11.12	0	0
4	STCI Finance Limited	14139901	9.75	0	0
5	Copthall Mauritius Investment Limited	10265000	7.08	0	0
6	Government of Singapore	7654328	5.28	7654328	5.28

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

g. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer 2 (C) of Note 26



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

Particulars	(Amount in Rs.)	
	As at Mar 31, 2013	As at Sep 30, 2012
NOTES:-		
(I)	During the year 2010-11, Consequent to shareholder's approval the equity shares of the company have been subdivided from 1 equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each.	
(II)	<p>a. During the year 2010-11, Consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on February 14, 2011, have granted 27,00,000 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.164.55, determined as per the SEBI guidelines.</p> <p>b. During the period 2011-12, consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on July 28, 2011, have granted 3,87,500 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.153.00, determined as per the SEBI guidelines.</p>	
(III)	<p>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. 227.444 per share (Rs. 1137.222 per share before split of share into 1:5) with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 2,70,00,005 equity shares (54,00,001 equity shares before split of share into 1:5)</p> <p>b. The company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions during F.Y. 2008-09 & 2009-10, resulting in outstanding FCCB liability to USD 97 Million as on 31.03.2013. Therefore, upon conversion of bonds, number of shares to be issued would have got reduced to 17460,185 equity shares (3,492,037 equity shares before split of share into 1:5), had the option been exercised. However, now this option is not exercisable in view of the expiry of date of exercising this option.</p>	
<u>2. Reserves and surplus</u>		
Securities premium account		
Balance as per the last financial statements	822,120,579	831,278,406
Less:- FCCB/QIP expenses	-	(9,157,827)
Closing Balance	822,120,579	822,120,579
Debenture Redemption Reserve		
Opening Balance	937,256,944	510,416,666
Transferred from Surplus in the statement of profit and loss	-	426,840,278
Closing Balance	937,256,944	937,256,944
Foreign Currency Translation Reserves	24,194,321	(11,282,900)
General Reserve		
Opening Balance	1,110,467,704	1,110,467,704
Transferred from Surplus in the statement of profit and loss	-	-
	1,110,467,704	1,110,467,704
Surplus in the statement of profit and loss		
Opening Balance	10,743,440,201	9,390,710,582
Add: Transferred from Statement of Profit and Loss	(7,484,415,390)	4,272,374,346
Less: Appropriations		
- Debenture Redemption Reserve	-	(426,840,278)
Less: Premium on Redemption of FCCB	-	(2,492,804,449)
Net Surplus in the statement of profit and loss	3,259,024,811	10,743,440,201
Total reserves and surplus	6,153,064,358	13,602,002,527



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

Particulars	(Amount in Rs.)	
	As at Mar 31, 2013	As at Sep 30, 2012
(I) Debenture Redemption Reserve (DRR) :		
a. The company for the purpose of redeeming the above mentioned NCD has created a DRR in accordance with DCA circular No. 9/2002 dt. April 18, 2002 and prevailing industry practices.		
<u>3. Long Term Borrowings</u>		
(Refer to 2 (D) & (O) (ii) of Note - 26)		
- Secured		
(a) Bonds/Debentures		
- Non Convertible Debentures	4,600,000,000	5,100,000,000
(b) Term Loans		
- From Banks	11,011,901,578	6,470,921,303
(c) Other loans		
- External Commercial Borrowings	2,179,539,323	2,855,834,750
	17,791,440,901	14,426,756,053
- Unsecured		
(a) Loans From Corporate Bodies	1,409,592,000	-
	1,409,592,000	-
	19,201,032,901	14,426,756,053

(I) Term Loans are secured by:-

- way of Equitable Mortgage of the office Land and Buildings located at Mumbai (held by Tulip Telecom Ltd.) & Bangalore (Held by Sada IT Parks Pvt. Ltd. (Subsidiary company)) and 1st charges on entire movable fixed assets of the company.

(II) Non-convertible Debentures

- During the period 2011-12, the company has raised Rs 150 crores by issuing 1500 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 three equal semi annual instalments commencing from the end of Fifth Year. These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.50 times and also first pari-passu charge on the Company's Mumbai property, out of which 5 crores was repaid. and;

- The company has also raised Rs. 115 crores by issuing 1150 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.75% p.a. These NCDs are repayable in three annual instalments in the ratio of 3:3:4 commencing from the end of Fourth Year. These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.25 times and also first pari-passu charge on the Company's Mumbai property

- In the year 2009-10, the company has raised Rs 150 crores by issuing 1500 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 10.67% p.a. These NCDs are repayable in three equal semi annual instalments commencing from the end of fourth year .These NCDs are secured by first pari-passu charge on the fixed assets of the company with a maximum security cover of 1.25 times and also first pari-passu charge on the Company's Mumbai property. In the year 2008-09, 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 fixed assets of the company with a maximum security cover of 1.5 times and also first pari-passu charge on the Company's Mumbai property, out of which Rs. 50 crores was repaid.

(III) External Commercial Borrowings

- During the period 2011-12, the company has raised USD 20 million in two tranches of USD 10 million each by way of External Commercial Borrowing (ECB). The above ECBs are repayable in seventeen equal quarterly instalments with a moratorium of 35 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.5 times cover on movable fixed assets. and;

- The company has also raised USD 15 million by way of External Commercial Borrowing (ECB). The above ECBs are repayable in three equal quarterly instalments with a moratorium of 32 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.33 times cover on movable fixed assets. and;

- The company has also raised USD 7.5 million by way of External Commercial Borrowing (ECB). The above ECBs are repayable in seventeen equal quarterly instalments with a moratorium of 24 months. The ECBs is secured by first pari passu charge on Movable and immovable fixed of Tulip Data Centre Pvt. Ltd.

- During the year 2009-10, the Company also raised USD 15 million by way of External Commercial Borrowing (ECB). During the year 2008-09, the Company has raised USD 40 million by way of External Commercial Borrowing (ECB). The above ECBs are repayable in eight semi-annual instalments with a moratorium of 18 months. The ECBs is secured by first pari passu charge on Mumbai property and 1.5 times cover on movable fixed assets.



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

(Amount in Rs.)

Particulars	As at	
	Mar 31, 2013	Sep 30, 2012

- (IV) The company has defaulted on redemption of Foreign currency convertible bonds aggregating to Rs. 78533.73 Lacs (USD 145 Millions) (including redemption premium). The bonds become due for redemption on 26th August, 2012 and have not been redeemed till the date of this report. The company during the period has also defaulted in repayment of dues to financial institutions and banks in respect of Letter of Credit/Bill discounting/ External Commercial Borrowings/ Non Convertible Debentures/ Term Loans Liabilities. Following are the details of such defaults:

(Amount in Lacs)

Particulars	Delay upto 90 days	Delay 91-180 days	Delay 181-250 days	Total
Letter of Credit/ Bill Discounting/ Bank Guarantees	18,014.47	27,559.59	1,476.53	47,050.59
Term Loans	6,013.00	6,013.00	3,190.09	15,216.09
External Commercial Borrowings	Nil	3,358.00	3,358.00	6,716.00
Non Convertible Debentures	Nil	5,000.00	Nil	5,000.00

The CDR proposal of the company has been approved by the CDR empowered group in their meeting held on March 25, 2013 which cured all defaults during the period to financial institutions and banks except for dues to non CDR lenders amounting to Rs. 10,806.09 Lacs on account of Term Loans/ External Commercial Borrowings/ Non Convertible Debentures/ Interest, which continues post the period-end.

4. Deferred tax Liabilities (Net)

Opening Balance	14,601,283	31,726,219
Add: Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	47,404,980	81,083,611
Gross deferred tax liability	47,404,980	81,083,611
Less: Deferred tax asset		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis	119,088,747	98,208,546
Gross deferred tax asset	119,088,747	98,208,546
Net deferred tax Liability	(57,082,484)	14,601,284

5. Long Term Provisions

Provision for Employee Benefits

Provision for Gratuity	53,689,144	49,805,638
Provision for Leave Benefits	21,869,098	20,277,663
	75,558,242	70,083,301

6. Short-term borrowings

(Refer to 2 (B) & (D) of Note - 26)

Secured

(a) Loans repayable on demand		
- From banks; (Working Capital Loan)	2,987,949,705	3,680,709,069
(b) Current maturities of long-term debt;		
- Term Loans from Banks	270,000,000	2,408,400,000
- External Commercial Borrowings	1,500,800,000	920,500,000
- Non Convertible Debentures	1,000,000,000	500,000,000
	5,758,749,705	7,509,609,069

Unsecured

(a) Current maturities of long-term debt;		
- Foreign Currency Convertible Bonds (FCCB)	7,853,372,894	7,585,356,949
(b) Other loans		
- From Banks	611,963,705	800,000,000
- From Others	42,819,858	-
	8,508,156,457	8,385,356,949
	14,266,906,162	15,894,966,018



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

Particulars	(Amount in Rs.)	
	As at Mar 31, 2013	As at Sep 30, 2012
(I) 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 two directors of the company		
(II) Short Term Loans are secured by:-		
- way of subservient charge on Stocks, Book Debts and other Current assets of the company.		
(III) Foreign Currency Convertible Bonds (FCCB)		
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. 227.444 per share (Rs. 1137.222 per share before split of share into 1:5) with a maturity period of 5 years, i.e. 26th August 2012. These bonds upon conversion would have resulted into issue of 2,70,00,005 equity shares (54,00,001 equity shares before split of share into 1:5)		
b. During the F.Y. 2008-09 & 2009-10, the company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions, resulting in outstanding FCCB liability to USD 97 Million.		
c. The aforesaid FCCB includes Premium on Redemption for a sum of Rs. 25808.83 Lacs		
d. The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 78533.73 Lacs approx.) (Including Premium approx. Rs. 25808.83 Lacs) in respect of FCCB were due for redemption on 26th August, 2012. In order to redeem aforesaid FCCB, the management is actively pursuing various options which includes raising of additional finance in the form of debt and other various options. Discussion on each of these options is in process and the management is confident that the company will be able to arrange the required funds for its redemption shortly.		
<u>7. Trade Payables</u>		
(Refer to 2 (H) & (O) (ii) of Note - 26)		
Goods	1,160,660,118	2,207,504,502
Capital Goods	223,088,516	918,072,441
	1,383,748,634	3,125,576,943
<u>8. Other current liabilities</u>		
(a) Interest accrued but not due on borrowings;	5,761,983	97,788,252
(b) Interest accrued and due on borrowings;	688,109,739	300,984,467
(c) Other payables		
- Expenses Payable	1,314,660,027	533,756,430
- Net Statutory Liabilities	698,606,826	330,088,347
- Advance from Customers	-	49,063,400
	2,707,138,575	1,311,680,896
<u>9. Short Term Provisions</u>		
Provision for Employee Benefits		
Provision for Gratuity	1,236,093	1,087,630
Provision for Leave Benefits	1,040,341	1,030,749
	2,276,434	2,118,379
Other Provisions		
Provision for Income Tax and Dividend Tax	502,377	338,861,325
	502,377	338,861,325
	2,778,811	340,979,704

Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

(Amount in Rs.)

10. Fixed Assets

10.1. Tangible Assets

Cost	Land **	Building	Plant & Machinery	Equipments- Tulip Connect	Office Equipment	Computer	Furniture	Vehicles	Total
As at April 1, 2011	28,570,740	1,069,448,001	330,952,458	16,892,328,465	99,531,890	99,870,300	74,152,421	41,094,158	18,635,948,433
Additions during the period	-	469,924,536	372,385,203	8,158,636,349	3,360,899	10,861,237	73,724,780	-	9,088,893,004
Sale/ Adjustment during the period	-	-	-	-	-	-	-	662,220	662,220
As at Sept. 30, 2012	28,570,740	1,539,372,537	703,337,661	25,050,964,814	102,892,789	110,731,537	147,877,201	40,431,938	27,724,179,217
Additions during the Period	-	-	-	9,461,624,987	-	-	-	1,516,648	9,463,141,635
Sale/ Adjustment during the Period	-	-	-	86,370,947	-	-	-	-	86,370,947
As at March 31, 2013	28,570,740	1,539,372,537	703,337,661	34,426,218,854	102,892,789	110,731,537	147,877,201	41,948,586	37,100,949,905
Depreciation									
As at April 1, 2011	4,283,210	24,695,575	47,953,692	3,954,756,567	13,724,462	58,065,780	18,589,386	9,802,959	4,131,871,631
Charged for the period	1,284,963	27,787,110	36,152,800	3,289,271,241	12,680,982	25,417,431	10,109,001	6,934,175	3,409,637,703
Sale/ Adjustment during the period	-	-	-	-	-	-	-	207,698	207,698
As at Sept. 30, 2012	5,568,173	52,482,685	84,106,492	7,244,027,808	26,405,444	83,483,211	28,698,387	16,529,436	7,541,301,636
Charged for the Period	428,321	11,723,336	17,500,521	1,319,825,258	3,758,221	8,944,916	4,694,087	2,329,309	1,369,203,970
Sale/ Adjustment during the Period	-	-	-	8,450,745	-	-	-	-	8,450,745
As at March 31, 2013	5,996,494	64,206,021	101,607,013	8,555,402,321	30,163,665	92,428,127	33,392,474	18,858,745	8,902,054,861
Net Block									
As at Sept. 30, 2012	23,002,567	1,486,889,852	619,231,169	17,806,937,006	76,487,345	27,248,326	119,178,814	23,902,502	20,182,877,581
As at March 31, 2013	22,574,246	1,475,166,516	601,730,648	25,870,816,533	72,729,124	18,303,410	114,484,726	23,089,841	28,188,895,044

** 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	79
Maharashtra State Industrial Development Corporation	74,026,901	54
Total	74,152,421	

10.2. Capital Work-in-Progress

Particulars	As at Mar 31, 2013	As at Sep 30, 2012
Capital Work-in-Progress	2,179,566,773	9,282,839,102
Total	2,179,566,773	9,282,839,102



Tulip Telecom Limited
Notes to the Consolidated financial statements for the six months period ended
March 31, 2013

Particulars	(Amount in Rs.)	
	As at Mar 31, 2013	As at Sep 30, 2012
<u>11. Non-current investments</u>		
(Refer to 2 (P) of Note - 26)		
(a) Other non-current investments	267,547	267,547
	<u>267,547</u>	<u>267,547</u>
Additional Information:		
(a) Aggregate amount of quoted investments and market value thereof;	293,506	368,630
(b) Aggregate amount of unquoted investments;	154,747	154,747
(c) Aggregate provision for diminution in value of investments	-	-
<u>12. Other Non Current Assets</u>		
(i) Others		
- Security Deposits	136,189,247	204,894,349
	<u>136,189,247</u>	<u>204,894,349</u>
<u>13. Inventories (valued at lower of cost and net realizable value)</u>		
(Refer to 1(G) of Note - 26)		
(As per Inventories taken, Valued and Certified by the Management)		
Inventories	1,431,591,019	2,949,903,112
	<u>1,431,591,019</u>	<u>2,949,903,112</u>
<u>14. Trade receivables</u>		
(Refer to 2 (G) & (O) (ii) of Note - 26)		
Unsecured, considered good unless stated otherwise		
(a) Outstanding for a period exceeding six months from the date they are due for Payment		
- Unsecured, considered good	4,906,272,420	1,971,031,262
- Doubtful	-	15,345,980
	<u>4,906,272,420</u>	<u>1,986,377,242</u>
(b) Others, considered good	<u>4,092,790,196</u>	<u>7,750,245,286</u>
	<u>4,092,790,196</u>	<u>7,750,245,286</u>
Trade receivables (Net)	<u>8,999,062,616</u>	<u>9,736,622,528</u>
<u>15. Cash and cash equivalents</u>		
(a) Balances with banks;		
- Current Account	29,265,353	50,758,235
- FDR's (including Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	183,245,514	455,922,796
(b) Cheques, drafts on hand;	13,160,275	20,220,205
(c) Cash on hand	216,506	154,253
(d) Bank deposits with more than 12 months maturity	60,884,787	169,560,597
	<u>286,772,435</u>	<u>696,616,086</u>



Tulip Telecom Limited
Notes to the Consolidated financial statements for the six months period ended
March 31, 2013

Particulars	(Amount in Rs.)	
	As at Mar 31, 2013	As at Sep 30, 2012
16. Short-term loans and advances		
(Refer to 2 (G) & (O) (ii) of Note - 26)		
Unsecured, considered good		
(a) Capital Advances;	904,500,257	2,033,405,154
(b) Security Deposits;	25,126,102	454,935,156
(c) Loans and advances to related parties;	90,762,000	184,452,534
(d) Other loans and advances.		
- Advance for Stocks	1,642,509	1,207,030,380
- Prepaid Expenses	110,806,761	80,661,001
- Advance Income Tax	270,600,462	-
- Others	143,061,154	813,882,721
TOTAL	1,546,499,245	4,774,366,946
17. Miscellaneous Expenditure not Written/off		
(Refer to 1 (F) of Note - 26)		
(To the extent not written off or adjusted)		
Preliminary Expenses	55,670	4,013,872
	55,670	4,013,872
(Amount in Rs.)		
Particulars	For the Period ended Mar 31, 2013	For the Period ended Sep 30, 2012
18. Revenue from operations		
(Refer to 1(B) & 2 (O) (ii) of Note - 26)		
- Sale & Services	9,462,176,718	40,607,600,376
	9,462,176,718	40,607,600,376
19. Other income		
(Refer to 1(J) & (K) of Note - 26)		
(a) Interest Income	25,796,457	35,156,830
(b) Net gain/loss on foreign currency transactions	8,318,871	27,550,957
(c) Other non-operating income	(129,032,859)	(16,981,933)
	(94,917,531)	45,725,854
20. Cost of Sales & Services		
Inventory at the beginning of the year	2,949,903,112	992,470,323
Add: Purchases of goods & services	8,375,038,929	28,089,275,414
Less: Transferred to Fixed Assets	1,373,800,000	-
Less: Obsolete Inventory Written off	146,200,000	-
Less: Inventory at the end of the period	1,431,591,019	2,949,903,112
	8,373,351,022	26,131,842,625
21. Employee benefits expense		
(Refer to 1(M) & 2(O) of Note - 26)		
Salaries & Wages	749,826,162	1,927,940,153
Director's Remuneration	49,800,000	139,360,455
Statutory Contributions	32,204,894	67,652,790
Staff & Labor Welfare	2,855,533	21,323,295
Recruitment, Training and Other expenses	256,251	6,453,551
	834,942,839	2,162,730,244



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

Particulars	(Amount in Rs.)	
	For the Period ended Mar 31, 2013	For the Period ended Sep 30, 2012
22. Other expenses		
(Refer to 1(D), (K), (L) & 2(O) of Note - 26)		
Audit Fees	2,814,319	5,514,062
Advertisement Expenses	3,366,823	30,149,594
Bad Debts	9,556,091	38,358,478
Commission & Brokerage	3,998,091	61,715,501
Freight & Cartages	1,982,011	33,154,915
Sales Promotion Expenses	8,893,004	13,679,143
Tender Fee	48,968	1,532,927
Insurance	10,264,658	13,272,497
Fee & Taxes	5,578,277	34,735,925
Legal and Professional charges	29,685,211	161,138,971
Miscellaneous Expenses	3,046,835	43,614,375
Postage, Telegram and Telephone Expenses	13,561,177	84,320,725
Electricity and Lighting Expenses	107,465,011	224,652,946
Printing & Stationery	1,704,933	10,398,162
Rent	192,174,639	408,820,911
Loss on Sale of Fixed Assets	-	378,966
Repair and Maintenance	11,312,834	67,040,665
Travelling & Conveyance	23,599,246	153,167,223
	429,052,129	1,385,645,986
23. Depreciation and amortization expense		
(Refer to 1(C) & (F) of Note - 26)		
Depreciation of tangible assets	1,369,203,971	3,409,637,704
Preliminary Expenses written off	61,295	170,622
	1,369,265,266	3,409,808,326
24. Finance costs		
(Refer to 1(O) of Note - 26)		
(a) Interest on:		
- Term Loan	924,696,422	1,702,571,410
- Working Capital Loans	265,245,980	586,853,136
- Other Loans	6,872,893	150,937,319
(b) Other Finance Charges	209,928,654	358,598,534
	1,406,743,949	2,798,960,399
25. Extraordinary Items		
Profit/(Loss) on Sale of Investments	-	684,639,644
	-	684,639,644



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Notes -26

1 SIGNIFICANT ACCOUNTING POLICIES

A. 1. 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. This has been prepared in accordance with Revised Schedule- VI and previous year figures have been regrouped/reclassified to make them comparable with the current period figures.

(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 %
Tulip Data Center Services Pvt. Ltd.	India	100 %
Sada IT Parks Pvt. Ltd. (Fellow Subsidiary)	India	100 %

A. 2. 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:

- 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.
- 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.

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: -

- Revenue from sales is recognised upon the shipment of the products.
- 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).
- Revenue from services rendered is recognized as and when the services are performed.
- Revenue from turnkey projects is recognised as percentage and proportion to work completion.

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, except in the case of following assets, which are depreciated as follows:

Assets	Rate of Depreciation/ Period of Amortisation
i). Equipment - Tulip Connect	
a. Fiber Cable - Tulip Connect	5.28%
b. Plant & Machinery - Tulip Connect	10%
c. Wireless Equipment & Others - Tulip Connect	12.5%
ii). Leasehold Land	Over the primary lease period

These rates are not less than those prescribed under Schedule XIV of the Companies Act, 1956.

D Leases

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



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

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 appropriates, 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 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 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.
- VI. During the year 2009-10, the company had 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 and continues to follow the same in the current reporting period.

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"



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

N Provision for Tax

Tax expense for the year comprising current tax and , deferred 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

A Contingent Liabilities not Provided for

Rs. In lacs

	As at Mar 31, 2013	As at Sep 30, 2012
I Guarantee issued by the Banks on Behalf of the company	13,919.08	25,110.05
II Claims against the company by DOT not acknowledge as debt.	41,036.41	41,036.41
III Disputed Income Tax Demand under Appeal	39,656.21	39,656.21
IV Disputed Sales Tax/VAT Demand under Appeal	193.49	193.49
V Disputed Custom duty demand under Appeal	23.36	23.36

I Guarantee issued by the Banks on Behalf of the company

II Claims against the company by DOT not acknowledge as debt.

III Disputed Income Tax Demand under Appeal

IV Disputed Sales Tax/VAT Demand under Appeal

V Disputed Custom duty demand under Appeal

VI The Company on 3rd April, 2010 has given a Corporate Guarantee to M/s. Axis Trustee Services Limited acting as the Debenture Trustee of M/s. Beeta Infocom Pvt. Ltd. in terms of its issue of Non Convertible Debentures (NCDs) aggregating to Rs. 84 crores outstanding as on 31st March, 2013.

VII Also, the Company had issued a Corporate Guarantee on 18th May, 2009 in favour of M/s. Cisco Systems Capital India Pvt. Ltd ("the Lender") for guaranteeing the monetary obligations w.r.t. loan availed by its wholly owned subsidiary i.e M/s. Tulip SWAN IT Services Limited from the Lender.

VIII The company has given corporate guarantee to ICICI Bank Ltd. amounting to Rs. 250 crores against the term loan facility taken by its wholly owned subsidiary, Tulip Data Centre Services Pvt Ltd. The terms and conditions of such guarantee are not prejudicial to the interest of the company.

IX The company has given corporate guarantees to Karur Vysya Bank, J&K Bank, IDFC Ltd & Standard Chartered Bank for the long term loans amounting to Rs. 35 Crores, Rs. 35 Crores, Rs. 95 Crores & Rs. 36.93 Crores respectively on behalf of TULIP DATA CENTRE SERVICES PVT LTD, wholly owned subsidiary of the company.

B Foreign Currency Convertible Bonds (FCCB)

USD \$150 Million Zero Coupon Foreign Currency Convertible Bonds

During the year 2007-08, the Company issued at par 5 year, Zero Coupon Foreign Currency Convertible Bond (FCCB) at an Exercise Price of Rs. 227.444 per share (Rs. 1137.22 per share before split of share into 1:5) aggregating to US\$ 150 Million (Rs. 6040.5 million 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. 2/- per share (Rs. 10/- per share before split of share into 1:5) 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 on 19th August, 2012 unless previously redeemed, converted or repurchased and cancelled.

The Bond may 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 F.Y. 2008-09 & 2009-10, the company has bought back Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 52.99 Millions, resulting in outstanding FCCB liability to USD 97 Million.



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 78533.73 Lacs approx.) (Including Premium approx. Rs. 25808.83 Lacs) in respect of FCCB were due for redemption on 26th August, 2012. In order to redeem aforesaid FCCB, the management is actively pursuing various options which includes raising of additional finance in the form of debt and other various options. Discussion on each of these options is in process and the management is confident that the company will be able to arrange the required funds for its redemption shortly.

C Employees Stock Option Scheme

a. During the year 2010-11, Consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on February 14, 2011, have granted 27,00,000 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.164.55, determined as per the SEBI guidelines.

b. During the period 2011-12, consequent to shareholders approval on the Company's Employees Stock Option Scheme "TULIP ESOS" 2011, the Compensation Committee of the Board of Directors at their meeting held on July 28, 2011, have granted 3,87,500 stock options convertible into equal number of equity shares of Rs.2 each to the eligible employees to be vested over a period of four years at an exercise price of Rs.153.00, determined as per the SEBI guidelines.

D The Company has approached the CDR CELL through lenders to restructure its debt under the CDR mechanism in view of economic slowdown, unfavourable market conditions, increased competition, liquidity constraints, capital blocked in government projects coupled with rising interest cost. Further, the Company had incurred large capital investment in long gestation projects with short-term debt. In addition, FCCB default resulted in downgrade of the Company's credit rating. All these factors together resulted in insufficient cash flows to meet the Company debt obligations.

SBI Capital Markets Ltd has been appointed to advise the Company in its Debt Recast exercise. The Company undertook a detailed and critical analysis of its inventories, receivables and creditors along with its business model in consultation with its Advisor. After careful consideration and observation by stock auditors and valuers appointed for this purpose, a onetime charge has been taken in the Statement of Profit & Loss to provide for impairment in the value of current assets in view of present business conditions and reworked business model. This is reflected in the Statement of Profit & Loss and consist of Rs. 1462 Lacs for non moving inventories and its written down value and Rs. 46786.71 Lacs as written off for Receivables/Advances doubtful of recovery, (these figures are being included in the Statement of Profit & Loss as Exceptional Items).

The CDR proposal of the company (Tulip Telecom Limited) has been approved by the CDR Empowered Group in their meeting held on March 25, 2013. The CDR package of the company covers 12 years door to door repayment plan, reduction in interest rates by approximately two and half percent, one and half year moratorium period for the payment of interest and two and half year moratorium period for the repayment of principal loan amount.

E Auditors Remuneration is as under: -

(a) as Auditor
(b) for taxation matters
(c) for other services
Total

Amount in Rs.	
As at Mar 31, 2013	As at Sep 30, 2012
1,616,854	3,759,562
700,000	1,203,000
497,465	551,500
2,814,319	5,514,062

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

PARTICULARS	Current Period ended March 31, 2013		Previous period ended September 30, 2012	
	No of Employees	Salary Paid Rs. In Lacs	No of Employees	Salary Paid Rs. In Lacs
Not less than Rs. 60. 0 lacs p.a.	11	530.00	19	2,399.01
Not less than Rs. 5. 0 lacs p.m.	1	28.75	3	130.71

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.

H The company does not have any dues payable to any Micro and Small Enterprises as at the period end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the period end, together with interest paid/payable as required under the said Act have not been given.

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	2,949,903,112	8,375,038,929	9,462,176,718	1,431,591,019
Total	2,949,903,112	8,375,038,929	9,462,176,718	1,431,591,019
Previous Year	992,470,323	28,089,275,414	40,607,600,376	2,949,903,112

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



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

	Amount in Rs.	
	As at Mar 31, 2013	As at Sep 30, 2012
J Value of Imports of material on CIF basis		
Capital goods	-	576,921,582
Trading goods	-	-
Total	-	576,921,582
K Value of indigenous and imported spares consumed		
Spares Parts Indigenous	-	-
Spares Parts Imported	-	-
L Earning in Foreign Exchange	-	-
M Expenditures in Foreign Currency	64,107,073	189,545,432
N Earning Per Share (Basic and Diluted)		
(Refer to Note 1 (P) of Schedule 26)		
Opening No. of Shares (after split of share into 1:5)	145,000,000	145,000,000
Closing No. of Shares (after split of share into 1:5)	145,000,000	145,000,000
Weighted Average number of shares outstanding	145,000,000	145,000,000
Profit After Tax (In Rupees)	(7,415,870,372)	4,273,858,822
EPS (In rupees) (Basic)	(51.14)	29.47
EPS (In rupees) (Diluted)	(51.14)	29.47

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 - Mr. Deepinder Singh Bedi - Mr. Dinesh Kaushal	Key Managerial Personnel
- Sukhmani Financial Advisors Pvt. Ltd. - Cedar Infonet 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, - Tulip Data Centre Services Pvt. Ltd. - Sada IT Parks Pvt. Ltd.	Subsidiary Companies

ii) Transactions during the year with related parties:-

Sr. No	Nature of Transactions	Key Managerial Personnel	Others	Amount in Rs.
				Previous year's figures are in "()"
				Associate Concerns
a	Loans/Advances			
	Taken During the Period	-	-	1,409,592,000
	Given During the Period	-	-	-
b	Sundry Debtors/Advances as at 31-03-2013	-	-	926,972,274
		-	-	(184,452,534)
c	Sundry Creditors as at 31-03-2013	-	-	500,632
		-	-	(500,632)
d	Turnover	-	-	1,084,413,257
		-	-	(304,748,447)
e	Purchases	-	-	440,623,518
		-	-	(549,360,726)
f	Expenditures			
	- Payment to & Provisions for Directors	49,800,000	-	-
		(139,360,455)	-	-
	- Travelling Expenses	765,073	-	-
		(10,513,657)	-	-



Tulip Telecom Limited

Notes to the Consolidated financial statements for the six months period ended March 31, 2013

P Details of Investments

- Investment in other Companies

Particulars	As at March 31, 2013		As at September 30, 2012	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
i) Government Securities	125,000	143,647	125,000	143,647
ii) Other Companies (Quoted)				
a. Indian Overseas Bank Ltd. *	4,512	112,800	4,512	112,800
iii) Other Companies (Unquoted)				
a. Beeta Infocom Pvt. Ltd.	1,110	11,100	1,110	11,100
Total		267,547		267,547
* Market Value of Quoted Shares		293,506		368,630

Q The Company operates in single segment i.e., 'Corporate Data Connectivity Business' and therefore segment reporting is not applicable. The Company's own generated products and services are sold primarily within India and as such there are no reportable geographical segment.

R Balances of Debtors and Creditors are subject to confirmation.

S The figures for current period are for 6 months as against 18 months in the previous period. Hence, the figures are not comparable with those of previous period

T The figures of the previous year have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.

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

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

As per our Report of even date
For R. Chadha & Associates
(Chartered Accountants)
Firm Reg. No.- 004046N

For and on Behalf of the Board of Directors

Rakesh Chadha
(Partner)
Membership No. - 83135

Lt Col HS Bedi, VSM
Chairman and Managing Director

Chandras Kuttu
Director

Place: New Delhi
Date : May 30, 2013

Sumit Chandhok
Company Secretary

