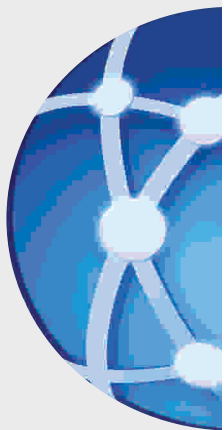


1

Global Data Connectivity

Data Centre

2



IN THE BUSINESS  
OF CONNECTING  
BUSINESSES.

*Annual Report 2011 - 2012*

3

Managed Services

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## Company Profile

Tulip Telecom Ltd is now India's leading Enterprise Data Service provider offering full suite of data services - managed service| data center |global connectivity. Tulip launched Asia's largest Data Center and world's third largest data center in February 2012. The launch is a testimony to company's strength and position as "one stop solution" provider to all the data services requirements. The plethora of services by Tulip encompasses right from basic connectivity to total outsourcing of your IT infrastructure.

Tulip has over 20 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 and mid-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 Center*

*Managed Service*



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 leadership 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 Center has state-of-the-art infrastructure and can house up to 14,000 racks, backed by up to 100 MW Power supply. This facility will further be able to host over 1500 technical and managerial workforces. The civil structure of this facility is ready and the Company plans to make phased investments in power equipment, HVAC, Fire detection and extinguishing systems, physical and data security systems, network equipment, WAN, LAN and storage, systems and software for data center operations depending on the demand.

The Bengaluru Data Center (Tulip Data City) will serve the hosting, co-location, storage and connectivity needs of large enterprises and small and medium businesses in the region, while also serving as a disaster recovery facility for enterprises that are present in other key business centers across India or nearby countries. The data center will be a carrier neutral facility.



Tulip Managed Services model is designed to provide complete IT Infrastructure Management solution to our customers, helping them in the process to focus on core operations and exit the non core areas. The entire gamut of our IT infrastructure services can monitor and manage all desktops, network, messaging, servers, database, security devices, voice/video infrastructure and applications.

## Corporate info

### 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  
 Lt. Gen. (Retd) AMAR NATH SINHA, Director  
 VINOD CHANDER SINHA, Director

### Auditors

M/s R Chadha & Associates  
 Chartered Accountants  
 A-43, Naraina Industrial Area,  
 New Delhi- 110028

### Bankers

1. Bank of India
2. Canara Bank
3. DBS Ltd.
4. Indian Overseas Bank
5. ICICI Bank Ltd.
6. Standard Chartered Bank
7. Axis Bank Ltd.
8. IDFC Ltd
9. Barclays Bank
10. Punjab National Bank
11. IDBI Bank Ltd
12. RBS

### Internal Auditors

M/s JRA & Associates, Chartered  
 Accountants

### 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

### 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

### Chennai

No. 104, 1st Floor, VTN Square,  
 Arihat Building,  
 T.Nagar, Chennai – 600017  
 Inside Sales: +919999998966  
 Other Queries: 044-39893000  
 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

### Bangalore

Ground Floor, Gamma Tower,  
 Sigma Soft-tech Park,  
 #7, Whitefield Main Road,  
 Bangalore – 560066  
 Inside Sales: +919999998966  
 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

## Col 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

## Deepak Khanna



Deepak Khanna, as the Joint CEO of Tulip, holds the responsibility to lead the next wave of growth within the company. He leads different industry verticals including BFSI, IT/ITES, Mid Market & MEP, all regional business across the country as well as the carrier and alliance businesses.

## Rajesh Duggal



Mr. Rajesh Duggal is the President - Government Business. He is responsible for leading the Government, Defense and PSU business by formulating strategic plans to advance Tulip's objectives in this sector.

## Dinesh Kaushal



Mr. Dinesh Kaushal is the Director Finance of the company. He is responsible for the key financial and operational functions within organization.

## Mr. Dilip Naik



As Tulip's Chief Operating Officer, Mr. Dilip Naik 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.

## Ashu Malhotra



Mr. Ashu Malhotra is the Senior Vice President – HR. He is responsible to spearhead the HR of all our group companies. He brings with him experience of telecom industry from operator and vendor space and more importantly in setting Managed Services Business from HR perspective.

## C.R. Narayanan



Mr. C.R. Narayanan is the Chief Information Officer (CIO) of the company. He is responsible for the driving the technological functions of the company. As the Chief Information Officer he heads the technological functions of the company.

## Mr. Sanjay Bhutani



Mr Sanjay Bhutani is primarily responsible for leading the Data Center business along with leading the operations for entire Southern region, while managing various areas of DC, Managed Services, Enterprise Data Business, Cloud, SaaS, IaaS, PaaS, for the company in his dual role of a CEO and a COO.



## Chairman's Message



**Dear Shareholders,**

I am glad to write to you after what has been an eventful and successful journey for Tulip Telecom over the last few years enabling us to emerge as the leading player in the Enterprise Data service market. From a new player in the Enterprise Data Connectivity in 2005-06 i.e. offering only last mile wireless connectivity, your Company has emerged as the leader in the Enterprise Data Service (EDS) market with a range of product and service offerings.

Key differentiator for your company has been our endeavor to continually implement initiatives to capitalize on emerging opportunities and fully engage our client by serving their data requirements. One such emerging opportunity was the growing need for professionally governed data center. To meet this untapped and lucrative need, our company launched Asia's largest and world's third largest data center- an impetus towards strengthening our foothold in the Enterprise Data Services market place as it widens our addressable market from 7,500 crore to 15,000 crore . As per Frost & Sullivan report, your company has a 31% market share in Enterprise Data Service market and targets a 30% share of India's data center market share. According to a recent projections by Cyber Media India Ltd., the total data center market in India is expected to be worth \$2.6 billion (INR 133 billion) by 2012, of which 20 percent or \$600 million (INR 30 billion) -- is expected to come from the third party data center sector in which Tulip competes. So, now your company is not just a leading Enterprise Data Service provider but also owns Asia's largest and world's third largest Data Center. Tulip's new data center has turned out to be a significant repositioning exercise that has allowed us to move from being a pure-play connectivity company to become an integrated ICT (Information, Communication & Technology) company.

Your company has been able to provide seamless data solutions to customers whilst increasing usage of existing infrastructure. This has enabled bringing in efficiencies which in turn has translated into a stable financial and operational performance. Testimony to this is increase in the number of products being offered along with capturing larger share of customer's wallet for not just their connectivity solutions but data services like Video Conferencing, IP Surveillance and others.

With execution being the key, your Company is now focusing on reinforcing service standard and customer satisfaction levels. In that regards, your Company is in the process of establishing a team of young, experienced and dynamic senior level professionals to continuously strengthen the level of professionalism, governance and best corporate practices throughout the organization. My role would be to focus on strategy, new business opportunities in our segment of service offerings, business direction, and guiding the Company for growth.

I am pleased to share that your company in FY 2011-2012 launched Tulip Data City - Asia's largest data center in turn strengthening its position as leader's in data business. Grey Gambit community for CIOs established by Tulip, bagged the best social media initiative at Asia Communication Award 2012. Your company also bagged in connectivity, the prestigious Tamil Nadu SWAN project reinforcing its hold in the connectivity market. Another feather that was added in our cap was the UIDAI project bagged by Tulip Data City. The project is not just a testimony to our success but also the onset of a bright future of the data center business. Asian Leadership Awards 2011 honoured Tulip Telecom with Business Innovation and Best Talent Managed Company Award. We also partnered iOmega and Mindtree for Digital VS on Cloud . Along, with Ploycom for HD Managed VC solutions.

Overall, we are at the beginning of a new phase at Tulip and the future looks even more promising. We will continue to map opportunities as they emerge and prudently take investment decisions to maintain a leadership position and deliver sustainable growth whilst keeping the debt level under check. The combination of growing demand for connectively, high bandwidth on fibre and our prime focus on data center and managed services along with improving competencies by streamlining our business model will strengthen Tulip's position as one of the strongest players in the EDS market.

continued...

## Big Story 2011-2012

The year 2011-2012 has been a fairly robust journey for the company irrespective of the challenging times faced by the telecom industry across the globe. Tulip is committed to offer the highest levels of service to its customers and has always strived for excellence. The data center 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 yet scalable enough to meet their growing demands- Tulip services are just the perfect blend to meeting their increasing demands. Tulip, continues to be the market leader 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 be stronger and win better in the market place.

At Tulip, we expect to see substantial momentum across all our business segments, deliveries, and new business development.

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 and committed and competent employees. I look forward to your continued faith in the Company's exciting journey into the future.

**Best Regards,**

**Lt. H.S. Bedi**

**Chairman and Managing Director, Tulip Telecom Limited**

With a rapidly changing business landscape in communication services, it is necessary for Telecom service providers to constantly innovate and adapt their processes in order to maintain one's position and relevance. Tulip's industry knowledge backed by decades of experience, technological insight coupled with acute business acumen enables our customers to efficiently achieve their strategic goals. With an ability to provide a complete suite of end-to-end ICT services, Tulip enables companies to handle large & increasing volumes of customers as well as conduct diverse sets of operations and functions.

Tulip Telecom Ltd. (BSE: 532691/NSE: TULIP) is India's leading Enterprise Data Service provider. The company's data network has the largest reach of over 2,000 locations globally. The company has a global presence with over 5,000 employees and more than 2,500 customers. Tulip designs, implements and manages communication networks of large enterprises on long term contracts to include enterprise communications connectivity, network integration, Managed Services and Data Centers.

Since inception, Tulip has believed in "making it possible" with its innovative and aggressive steps. Tulip has always focused to facilitate its customer with best in class services.

With the grand launch of Tulip Data City in February 2012 and by launching the project within the 8 months' deadline, Tulip has set a classic example of building one of its state-of-the-art data center, where technology is embedded to its core. The company has strengthened its hold in data center arena with this facility in Bengaluru after attaining a significant lead in the enterprise data connectivity services, managed and network integrator services markets.

The Tulip Data center is a technology marvel built by the company in Tulip's journey from being an enterprise data connectivity provider to becoming the leading enterprise data services



provider. Tulip has teamed with industry leaders like IBM, HP, Cisco, EMC, Schneider Electric, Emerson, Panduit and Corning among others to build this state of the art facility.

The Tulip Data City is a multi-tiered facility built to tier 4 and tier 3 standards and is close to 20 times larger than most other facilities in India. This bold move was taken by Tulip to build a facility that brings significant amount of efficiencies, which come from scale, and to meet customer demands of having a world class hosting facility in India.

The first phase of the project was completed in a record time of 7 months and the total investment in the project will be USD 200 million over three years.

Built to meet the LEED Gold Standards, Tulip Data City is the most power efficient data center in the world with a Power Usage Effectiveness of about 1.5 to 1.7, which is more than 40% lower than the best data centers in India. At peak power utilization, the data center will use almost 100 MW of power, which equals the utilization the largest data center in the World.

The hosted Data Center market is a booming space with huge potential for growth. Enterprises today face a multitude of business challenges, which are propelling them to outsource their Data center operations. Demand for Hosted Data centers has been on a high due to factors like cost optimization, power, cooling, data security and disaster recovery expertise. Analysts forecast that the hosted data center market is expected to witness the highest CAGR of 18.4% in 2011 through 2016\*. India's Data center market for raised floor space has been growing at a healthy 25% to 30% annual rate in the last three years. IDC estimates that the amount of information managed by enterprise data centers will grow 50 times over the next decade, and in the next two years alone the number of servers installed will



increase by 49 percent over those installed currently. Going forward, managed and cloud services will gain prominence in the coming 3-4 years. Cloud, primarily Infrastructure-as-a-Service (IaaS), will grow at 35-40% and become an integral part of Data Center business\*\*.

The demand for data center space in India is expected to more than double over the next four years, according to Gartner. The research firm said the market is expected to reach \$609 million this year and rise to \$1.3 billion through 2016. Realizing the huge market potential, the company embarked on a mega-project to redefine the data center industry in India by making Tulip Data City. Furthermore, the enormous scale of the facility makes it the most sought after solution for virtualization and consolidation needs for majority of corporate houses in India, given in a situation when less than 5 percent of data centers in the country are present in a professional data center environment.

Soon after the launch, Tulip won a project worth Rs 87.23 crore for hosting data centre space from the Unique Identification Authority of India (UIDAI) for its Unique ID project 'Adhaar'. Tulip Telecom will host UIDAI servers from 'Tulip Data City' based out of Bangalore. The duration of this project is for 3 years and is extendable further. Through this partnership, Tulip will provide premium data center space to UIDAI to host IT infrastructure that will power the World's largest database. In addition to the Data Centre space, Tulip will also be providing a support area for UIDAI to host IT infrastructure that will power the World's largest database.

The year also witnessed Tulip bagging the order for providing end to end connectivity for Horizontal Offices across Tamil Nadu, from Electronics Corporation of Tamil Nadu Limited (ELCOT). The total value of the project is over Rs. 74 Crore. Through this e-Governance initiative, Tulip will provide Network Infrastructure to connect 2000 government offices in Tamil



Nadu, over a period of 2 years. The company will also be responsible for extending uninterrupted Data, Voice, Internet, Video Conferencing and Video Streaming services to all the connecting offices.

The company also set another milestone earlier this year, by winning a large Managed Services contract for a premier Science and Technology body under the Department of Information Technology, Government of India. Tulip is one of the two chosen service providers for the networks implemented and managed by the body. This empanelment is expected to fetch business in excess of Rs. 425 Crore in revenue over five years for the two empanelled companies. Tulip's enterprise services are designed to help streamline operations, reduce complexity and simplify vendor management, thereby improving availability, reliability, performance, and end-user satisfaction. But that's not all....At Tulip, we believe in taking things to the next level.... **At Tulip, we believe in "Making it Possible".**



## Recent Honours

- Frost & Sullivan ranks Tulip as the largest data connectivity service provider in India with a market share of 30.6%.
- Grey Gabbit -community for CIOs established by Tulip, bags the best social media initiative at Asia Communication Award 2012.
- Tulip Data City chosen as a finalist at World Communications Award 2012, under Green Awards category.
- Asia Pacific Entrepreneurship Awards 2011 India honours Col. H.S Bedi with the prestigious Outstanding Entrepreneurship Award 2011
- Asian Leadership Awards 2011 honor Tulip Telecom with Business Innovation and Best Talent Managed Company Award
- Tulip Telecom featured as 8th "Hot Growth Company" in the Business Week Asia Hot Growth Companies List.
- Tulip Telecom makes it to the Top 20 list of Dataquest-IDC Top 20 Best IT Employers Survey 2011

# Testimony To Progress

**1992** Commenced operations with 4 employees on 19th May, 1992, as a software reseller.

**1994** Emerged as one of the top 3 software re-sellers in India and explored the system integration business.

**1995** Established as a leading hardware equipment company. Commenced operations in Mumbai

**1997** Commenced operations in Bangalore. Initiated expertise in the wireless segment

**1999** Emerged as the largest reseller for Cisco in India.

**2002** Set-up the world's largest rural wireless network in Kerala (District Mallapuram).

**2004** Explored innovated and established VPN network across India. Augmented the employee count to 435

**2005**

- Bagged major orders for VPN connectivity for Tulip Connect.
- Connected 25 cities across the country on MPLS VPN.
- Went Public through an IPO in December. Successfully listed on the National Stock Exchange and Bombay Stock Exchange of India.

**2006**

- Increased the country-wide network to 180 cities.
- Increased the employee count to 836.

**2007**

- Expanded network to over 800 locations.
- Won the Frost and Sullivan award for the Largest MPLS VPN provider.
- Implemented Haryana SWAN.
- Set up the first Data Center in New Delhi.

**2008**

- Won the State Wide Area Network (SWAN) projects of West Bengal and Assam.
- Expanded network to 1300 locations.
- Increased employee base to 2300.
- Won the Frost and Sullivan award for the Largest MPLS VPN provider, for the second consecutive year.
- Increased total customer count to 1100.

**2009**

- Network reached 1415 locations.
- Established a strong presence of 2400 employees and over 1350 customers.
- Unfurled Data Centers in Mumbai and Navi Mumbai.
- Awarded the ISO 27001 and ISO 20000:1 certifications for data centers and Network Operations centers.
- Stabilized the fiber network operations by having complete ring networks in place.

**2010**

- Augmented global network to reach 1700 locations.
- Commenced international connectivity services in 5 continents across the globe.
- Launched the 4th Data Center in Bangalore.
- Won the prestigious Frost and Sullivan Market Leadership award for the Largest MPLS VPN provider for the third consecutive year.
- Increased the customers count to 1600.
- Won a position in the Forbes' `Best Under a Billion' list. Nominated for the Ernst & Young award.

**2011**

- Tulip unveils nationwide Brand Campaign
- Network reaches 2000 locations
- Customer base increases to more than 2200
- Employee strength reaches 3350
- Tulip transforms from EDC to EDS by launching new products like IP Video Surveillance, Audio Conferencing, SSL VPN, TeleMedicine

**2012**

- Tulip launches World's third largest and Asia's largest data Center
- Tulip bags Tamil Nadu horizontal connectivity
- Witnesses 20% growth in workforce
- Tulip Telecom wins order for its new Bangalore Data Center from Identification Authority of India (UIDAI) for its Unique ID project 'Adhaar'
- Tulip adds " Clean Internet" to its product plethora
- Launched India's First Cloud Based Unified Communication Services in collaboration with TaraSpan and Mitel

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The Indian enterprise segment has been growing at a healthy rate driven by two factors. Indian business is increasingly adopting IT and networking technology to improve productivity and create competitive advantage. Secondly, since Indian business is growing globally and international and Indian companies are expanding their foot prints beyond their existing presence, there is an associated need for greater connectivity to and within the country. Banking and financial services, information technology and business process outsourcing/call centres are some examples of high-growth sectors in the country. A majority of these are intended for tapping the growing enterprise market for both voice and data connectivity. The enterprise market is primarily being led by the demand for connectivity from the IT, ITeS, government and financial service segments. Telecom is being used as a strategic tool in Indian industry.

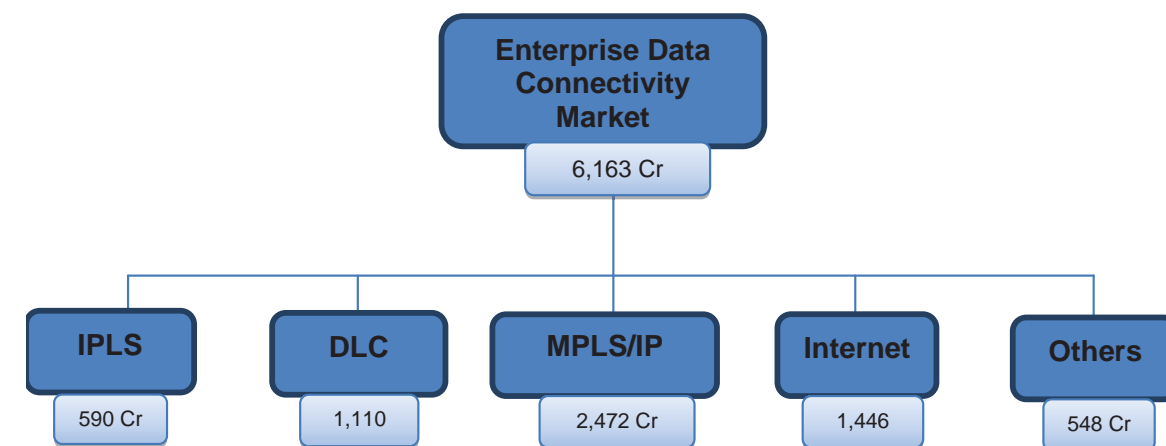
Today, a secure, reliable and efficient telecommunications network is a must-have for any company. With cost containment and overall network management being the keywords in the BPO and ITeS businesses today, a robust telecom infrastructure forms the backbone of seamless operations.

Future growth is expected from the retail segment where a boom is expected in the coming years on account of large national and international players poised to enter organised retailing.

Bandwidth, both domestic and international, is a key input to knowledge-based industries. Of particular importance is the crucial role of bandwidth in IT and ITeS industries like BPO, call centers, software exports, etc. Globally, 35 to 50% revenues are obtained from non-voice services, while India derives only 18% revenues from non-voice/data services. This underscores the huge revenue

potential of data services waiting to be tapped. We believe that in the current decade, data will transform the Indian telecom industry the way voice did in the previous decade.

India has emerged as one of the fastest growing economies in the world today with a growth rate of about 8.6% in 2011-12. Within that, the Telecom sector have shown signs of resilience and contributed significantly to the country's economy. The telecom industry, in fact, has gained recognition as one of the most lucrative markets globally given the huge potential that rural markets have on offer which is expected to drive future growth of the telecom and data companies. Further, the government's initiatives for increasing connectivity in rural areas are also likely to provide an impetus to the growth in the telecom sector.

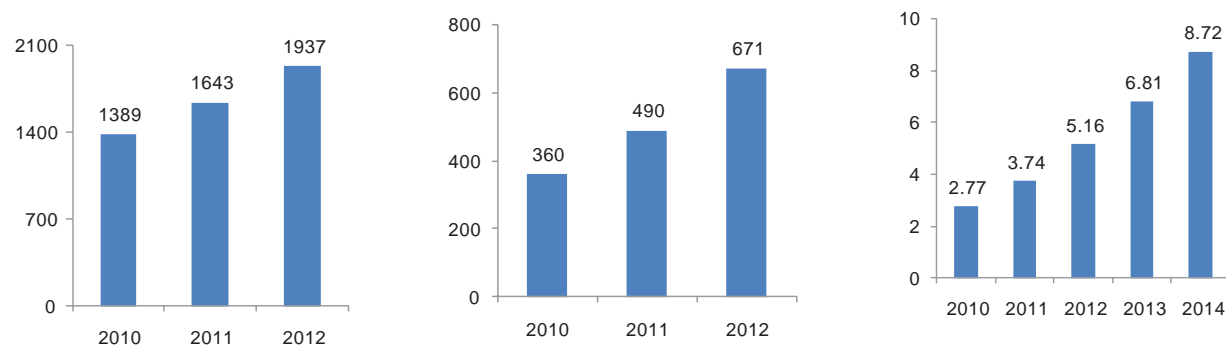


According to Frost and Sullivan, the Enterprise Data connectivity market is currently estimated to be Rs 62 billion of the Indian telecom market which is expected to rise to Rs. 121 billion by 2016.

Tulip Telecom is India's leading Enterprise Communications Service provider with innovative IP-based infrastructural solutions. The Company's data connectivity network spans over 2,000 locations in India and partnership with global telecom players enables its network to reach every part of the world. With roll-out of fibre optic and the recent acquisition of a Data Center facility in Bengaluru, the Company has expanded its addressable market.

### Third Party Data Centers: Market Overview

- The third party data centre market in India is estimated to be US\$ 671 MM in 2012, growing @ CAGR of 36.5% in the same period. The increasing adaption of third party data centres by enterprises is on account of:
- Escalating real estate, power and cooling costs making captive building / expansion of data centres unaffordable
- A greater number of organizations wanting to focus on their core business areas and 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 outsourcing of end-to-end IT infrastructure management by large organizations to systems integrators are other reasons for growth in third party data centres
- Utilization of third party data centres for back ups 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 @ CAGR of 33% between 2010 to 2014



### Tulip: Set to dominate the data centre market in India

- The third party data centre market is currently dominated by large and established telecom players like Reliance Communications and Tata Communications and pure play data centre services providers like Sify and Netmagic. Tulip Telecom has changed the pecking order of the data centre market by commissioning Asia's largest and world's third largest data centre data centre at Bangalore in Feb'12
- With an annual revenue potential of over INR 10 bln from this data centre, Tulip is set to emerge as the largest player in the space in India by 2015
- 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 business. 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 such as HP, IBM and NTT as its anchor tenants and has a current sales funnel of 500,000 square feet in raised area against a capacity of 400,000 square feet

India Provider	sq. ft.	No. of Centres
Tulip Telecom	1000000	5
Reliance Comm	650000	9
Tata Comm	600000	12
Sify	350000	5
Net Magic	200000	7
Bharti Airtel	300000	6
Net4India	90000	7
Others	480000	7
<b>Total</b>	<b>2770000</b>	<b>55</b>

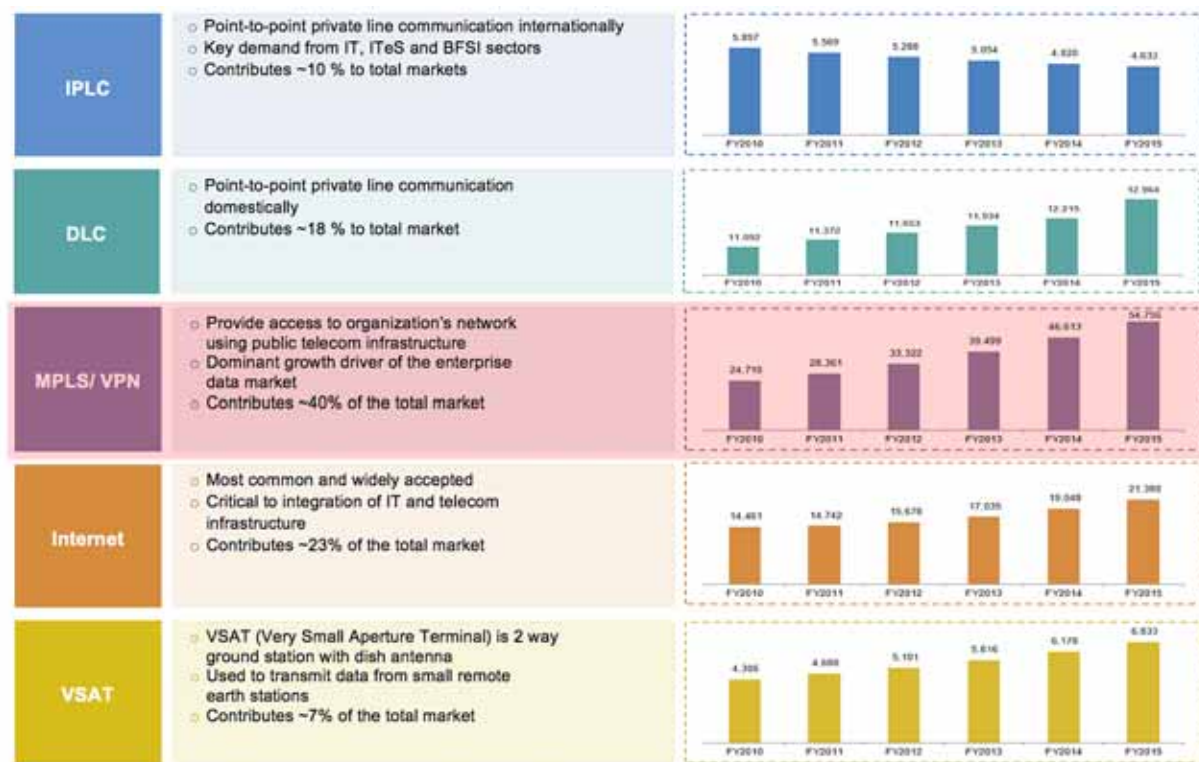
IDC & Company Data 2012

Top Data Centres of the world	sq. ft.
350 East Cermak, Chicago	1,100,000
QTS Metro, Atlanta	990,000
Tulip Telecom, Bangalore	900,000
Nap Of The Americas, Miami	750,000
Next Generation Data Europe, Wales	750,000

IDC & Company Data 2012



### Key drivers for future growth



### Sectors driving growth in EDC market:

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

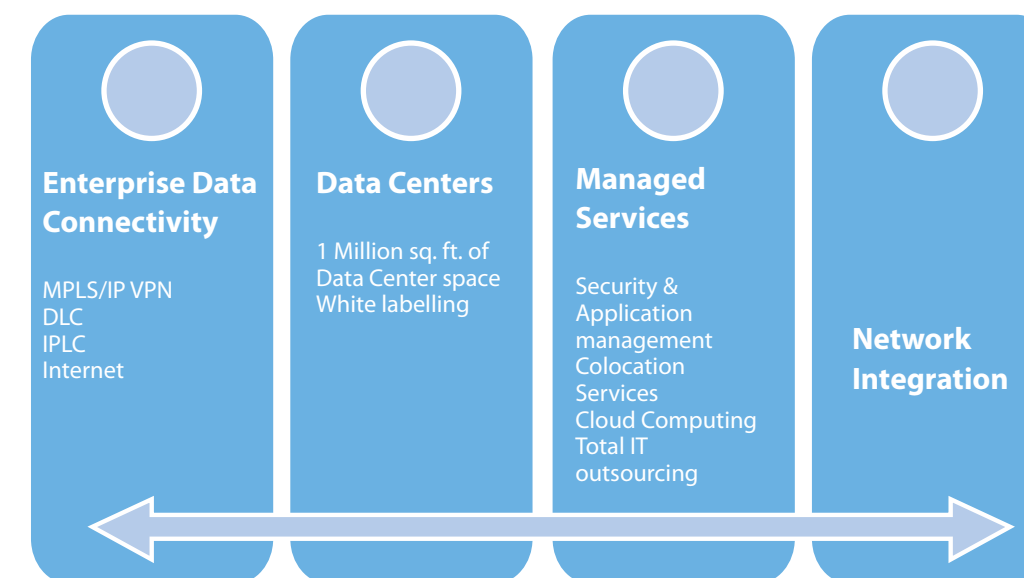
Source: Frost & Sullivan

### Business overview

With over two decades of practical experience in providing IT solutions, Tulip Telecom has emerged as one of India's largest Enterprise Data Service providers with an aim to fully engage with its clients by providing an extensive range of products and services offerings through its meshed infrastructure from wireless and optic fibre. Complementing connectivity services are Network Integration and Managed Services segments which enable the Company to service its customer's entire data requirement thus becoming a 'one stop shop' for clients' complete IT requirement. This has not only facilitated the Company to generate multiple revenue streams, but has also facilitated in customer stickiness, accountability and control.



### Product Portfolio



## Tulip Telecom Snapshot

Tulip Telecom has carved a niche position for itself in the Enterprise Data Connectivity segment and over a short span has garnered a market share of 12.9%.

<b>One-Stop Solution</b>	<ul style="list-style-type: none"> <li>Data Connectivity (Fibre &amp; Wireless), Managed Services (Data Centers, Remote Infrastructure Management, Network Integration, etc.), Value-added Services</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>Reach of over 2,000 locations in globally</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Over 2,200 (includes over 80% of ET 500 companies)</li> </ul>
<b>Sales &amp; Support</b>	<ul style="list-style-type: none"> <li>12 sales offices</li> <li>180 support offices</li> <li>5,000 employees across India (over 70% technical staff)</li> </ul>
<b>Network Operation Centers</b>	<ul style="list-style-type: none"> <li>ISO27001 &amp; ISO2000:1 certified Network Operation Centers at Delhi &amp; Mumbai</li> <li>Supported by over 300 agents</li> </ul>
<b>Data Centers</b>	<ul style="list-style-type: none"> <li>ISO27001 &amp; ISO2000:1 certified Tier 3+ Data Centers (at Mumbai, Navi Mumbai, New Delhi &amp; Bengaluru)</li> <li>Acquired India's largest &amp; world's third largest single site in Bengaluru</li> </ul>

## Business Overview & Performance

### A) Data Connectivity Solutions

Tulip Telecom over a short span has created one of 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 operations enabling faster and easier connectivity with minimum lead time.

Enterprise Data Connectivity is the key focus area for Tulip given the immense potential this segment has to offer. With sustained growth of over 8% in the Indian economy, Tulip expects the demand for Data Connectivity to increase at a rapid pace led by expansion of enterprises across sectors, growth in small and medium enterprises, and various initiatives undertaken by the Central and State governments to extend connectivity across rural India. Besides, with declining bandwidth prices, more corporates are expected to increase their bandwidth requirement while connecting their counterparts spread across tier II & tier III towns. Tulip provides intra-city data connectivity specifically to corporate clients through the Company's wireless and fibre network infrastructure. During the year, the Company strengthened its network to meet the most demanding scenario to ensure uptimes in the range of 99.9%. The contribution from the connectivity segment during the year stood at 68%

### Enterprise Data Connectivity – Fibre

Tulip Telecom, within three years of entry into fibre segment, has been able to create one of 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 revenue stream for the Company, it has also lowered the cost per connect substantially thereby increasing earnings from this business.

During the year, Tulip Telecom through a meshed and redundant infrastructure expanded its fibre network to over 300 cities thereby enabling higher uptimes. This entire roll out was primarily based on customer orders received well in advance before the actual roll out of fibre

started. This strategy has enabled relatively limited capex with higher payback. Tulip Telecom is now one of the largest last mile fibre connectivity provider in the country, which is a combination of own deployment, leased as well as swapped fibre from multiple operators. The plan of the Company is to further strengthen presence in these 300 cities while prudently explore opportunities to increase presence in newer cities depending on the customer demand.

Additionally, during the year, Tulip Telecom entered into a network to network interconnection and joint marketing arrangement with Hutchison Global Communication to jointly provide IP VPN and Virtual Private LAN Services to Indian customers with global footprint. This arrangement gives access to 100,000 kms of HCGs fibre network spread across 190 countries. The Company has been able to leverage this arrangement in the first year of launch by winning orders for International Data and Voice Connectivity from reputed large organizations.

Tulip Telecom witnessed robust demand for high bandwidth fibre connectivity through combination of new clients and having an extensive engagement with the existing wireless customers. The Company's strategy in this segment is on having an expanded engagement with existing client through multiple offerings which in turn would translate to significant contribution from fiber by the end of FY2012.

### **Enterprise Data Connectivity – Wireless**

Having built the largest last mile wireless network in the country spanning across 2,000 locations globally, Tulip telecom enjoys a unique distinction for itself in the wireless segment. During the year, the Company further strengthened its leadership position in the MPLS VPN segment by garnering a market share of 30.6% as per Frost & Sullivan. Higher uptimes as a result of Company's meshed and redundant infrastructure has enabled Tulip Telecom to acquire clients from almost every industry vertical like banking, insurance, services, logistic, telecom, etc. The client base now stands at over 2,200 customers which include more than 90% of the Economic Times 500 companies in India.

During the year, Tulip Telecom accelerated its growth by winning project worth Rs 87.23 crore

for hosting data centre space from the Unique Identification Authority of India (UIDAI) for its Unique ID project 'Adhaar'. Tulip Telecom will host UIDAI servers from 'Tulip Data City' based out of Bangalore. The duration of this project is for 3 years and is extendable further. Through this partnership, Tulip will provide premium data center space to UIDAI to host IT infrastructure that will power the World's largest database.

The Company believes that there are ample opportunities which will provide significant impetus to the wireless data connectivity business going forward. The Company, with its widespread reach and network base, is confident of its ability to service the various initiatives undertaken by the state and central government to extend connectivity to rural India for financial inclusion and National e-Governance Programs apart from the accelerated power development and reforms program (APDRP) and bandwidth provisioning to SWAN projects.

Overall, Tulip Telecom believes that it is ideally positioned to cater the requirements of Financial Inclusion, large Government programs similar to UIDAI, National Rural Employment Guarantee Act (NREGA), National Identity Card, etc with its expertise in providing data connectivity over a wireless network combined with an existing large wireless infrastructure located in over 1,700 cities. IT infrastructure has been growing at a rapid pace. However, the complexities related to networking and maintenance has outpaced this growth. This has resulted in a need to have a single owner for deploying and maintaining the new networking solutions. Tulip Managed Services model is designed to provide complete IT Infrastructure Management solution to its customers thus helping them in the process to focus on core operations and exit the non-core areas. The need for an IT infrastructure is to provide be fast, innovative and efficient business processes.

Tulip Telecom offers a complete Managed Services solution to organizations. The Company's Managed Service model is designed to provide complete IT infrastructure management solutions to its customers, helping them in their IT processes and enabling them to keep their business focus on core operations. The Company has a deep understanding of mission critical environments which can be leveraged for providing a differentiated suite of service offerings



including co-location, and data center build solution, 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, ability to deliver on-site customized solutions for facility and infrastructure need of the customers thus ensuring smooth and efficient running of the customer's IT infrastructure.

During the year, Tulip Telecom won various orders under the Managed Service segment viz. order for implementation of core banking solutions, branch outsourcing and IP Video Surveillance and Managed VC.

Tulip Telecom also caters to server hosting, security, network device hosting, back-up and storage requirement of its customers via its owned or long leased tier III+ certified Data Centers in Mumbai, Navi Mumbai, New Delhi & Bengaluru with potential capacity of 1000000 sq. ft.. The Company enjoys an edge of being the only provider to have termination from all telcos. Tulip Telecom has had a successful journey from its existing four Data Centers and has been successful in getting premium clients like AT&T, Orange, Aditya Birla Group, Oracle Private Services, etc.

During the year, Tulip Telecom acquired India's largest and world's third largest single site Data Center facility in Whitefield, Bengaluru through a wholly owned subsidiary 'Tulip Data Center Services Private Limited' with a potential capacity of 900,000 sq. ft. The cumulative capex for this Data Center would be Rs. 900 crore spread over there years. This Data Center would be a 'LEED' or equivalent certified 'Green Data Center' and can house up to 16,000 racks and would meet up to Tier IV, the highest standard requirements of the customer. Tulip Telecom has appointed IBM as the design consulting services provider and also to build the Phase I and SCHNABEL DC Consultants India, a subsidiary of SCHNABEL AG Germany, as a peer review consultant for this project. The power supplied for this facility would be up to 100 MW and this multi-tier design of the facility allows expanding existing and new market. The Data Center subsidiary would be operationally and legally separated from Tulip Telecom and each function of this subsidiary will be handled on an arms-length basis and supervised through a well-structured board of

directors.

Extension of product and service offerings has now enabled Tulip Telecom to become a single point of contact for customers complete IT and data solutions thereby providing an impetus to performance going forward.

### **C) Network Integration**

Network Integration is Tulip Telecom's legacy business. The Company is equipped to design, deploy, operate, manage and maintain the entire network for its customers. In addition, supplementary services such as identifying and providing equipment's for their network and integrating & implementing are also offered. The services such as remote management through network operation centers are also delivered to create a single window for countrywide support. Many companies and state governments are undertaking initiatives to streamline activities across locations with a view to reduce cost and effectively utilize resources.

During the year, Tulip Telecom was awarded the order to develop infrastructure for the Punjab Panchayati Raj Phase I. The order for phase I order is expected to go a long way in terms of the Company's aspiration. The Company expects this order to be followed by Phase II which will be largely focused on bandwidth.

The concentration of the Company in this segment is limited to orders that are complemented with bandwidth provisioning.

### **D) Data Center:**

Today's organizations are persistently looking for a robust and secure infrastructure yet scalable enough to meet their growing demands. With increasing criticality of IT services and decreasing IT budgets, Data Center collocation seems to be the solution for meeting the above mentioned challenges.

In order to keep up with the evolving needs of our clients, Tulip has designed the hosting architecture for delivering standardized services efficiently and cost-effectively.



With Tulip's Datacenter Services, companies can take advantage of monitoring capabilities and expertise in infrastructure management. Tulip is committed to provide the highest levels of performance, reliability and stability of its Hosting services. As one measure of our ongoing commitment to excellent customer service, Tulip provides Service Level Agreements (SLA's) covering our Managed services and the ability for customers to determine adherence to these SLAs.

### **Salient features of the Bangalore Data City:**

- Third Largest Data Center in World with 9,00,000 Sft of Built-up Space
- Design confirming to Tier-3 specifications as per TIA-942 standards
- Utility power from 66 KV substation Feeding 40 MVA power with 100% Back up
- Carrier Neutral facility with multiple ISPs
- Contiguous Isolated Rack Space of 10,000 Sft per Module
- High Energy Efficiency – PUE ~1.9
- 80,000 Sft of Customer Office Space
- Man-out Building Automation System

### **Tulip Data City, Bangalore – Snap shot**

The new eco-friendly Data Center has state- of-the-art infrastructure and can house up to 12,000 racks, backed by up to 100 MW Power supply. This facility will further be able to host over 1500 technical and managerial workforces. The civil structure of this facility is ready and the Company plans to make phased investments in power equipment, HVAC, Fire detection and extinguishing systems, physical and data security systems, network equipment, WAN, LAN and storage, systems and software for data center operations depending on the demand.

The Bengaluru Data Center will serve the hosting, co-location, storage and connectivity needs of large enterprises and small and medium businesses in the region, while also serving as a disaster recovery facility for enterprises that are present in other key business centers across India or nearby countries. The data center will be a carrier neutral facility.

### **Location advantage**

Situated at an altitude of 920 metres above sea level, Bengaluru has been classified as a part of the seismic zone II. Bengaluru is the principal administrative, cultural, commercial and industrial centre of the state of Karnataka. Bengaluru has seen a major technology boom. It is now home to more than 250 high-tech companies. Consequently, now Bangalore is called the 'Silicon Valley' of India.

### **Design & Building**

The TDC is a 900,000 sq ft structure (third largest in the world) built on a sprawling 4 acre land near Whitefield, situated about 20 km from the city center.

This state-of-the-art data center is planned to be ISO 20000-1 & 27001 certified and will be designed as per Seismic Zone 4 specifications with raised floors, precision air-conditioning with accurate temperature and humidity control systems with separate cooling zones. The completed facility will aim to offer the widest range of physical security features, including state-of-the-art smoke detection and fire suppression systems, motion sensors, and 24x7 secured access with biometric & proximity card readers, as well as video camera surveillance and security breach alarms.

The building is a 7 level structure including 2 base floors that house the utilities and office area. The ground floor houses a 66KVA sub station in the designated space on the front of the building. A dual feed of 11KVA each powers the electrical requirement of the data center facility on redundant paths. The ground floor also houses the fuel tank and 96MW DG sets (4MW x 24) that can power the entire facility in case utility power service is disrupted. Additionally the electrical panels are also located at this level.

The first floor houses the seating facility for over 1500 which includes -TDC office space, the Meet Me Rooms for telcos, the NOC and the SOC facilities. The second floor leads to an Atrium and Executive briefing center where kiosks and video wall allow customers to engage in an interactive session to understand in detail about our services. At the second level are located 4

towers of 5 floors (plates) each hosting data center of 20,000 sq ft. The service area is designed to have a floor load bearing capacity of 1250 kg per sq meter. The walls of the data center facility are constructed using special blocks of concrete which provide adequate reinforcement to the structure and better thermal insulation than traditional brick walls.

Chiller units are located at the roof of each of the four towers and provide the necessary cooling to all the plates. Power, cooling and network facilities are all provided on redundant paths to each of the towers.

Each plate has three server halls totalling a raised floor area of about 13,000 sq ft that can host 550 racks approximately. N+N UPS with Static Transfer Switch are provisioned for each plate depending upon the load density requirement for each plate. Additionally each server hall has Precision Air Handling Units (PAHU) in separate enclosures located at the service corridor (tech alley). The average power rating per rack is 9kw, the server halls are maintained at a temperature of about 22°C + 10°C and Relative Humidity of 50% +5%. The cooling system will have air side economizers

### **Green Data Center**

TDC is a repository for the storage, management, and dissemination of data in which the mechanical, lighting, electrical and computer systems are designed for maximum energy efficiency and minimum environmental impact. The TDC has been designed in a scalable manner, with a view to meeting the data center's requirements in the present as well as future. We also intend to have a LEED certification (verifies the effectiveness of green steps taken by organizations for green data centers) for our facility once the build phase is completed. The construction and operation of TDC includes advanced technologies and strategies.

### **Outlook**

Tulip Telecom is at the beginning of a new phase given the various initiatives undertaken by the Company to offer a seamless IT solution to its customers. With thrust on fibre and managed services segments, Tulip Telecom is gradually shifting its focus as a high margin managed

services and data infrastructure Company.

The Company maintains its vision of garnering a 20% market share in the Enterprise Data Service segment within the next two years which would be led by:

- Growth in high bandwidth order input from well entrenched fibre network
- Increasing usage of existing wireless infrastructure for various government projects viz. APDRP, Financial Inclusion, UID, National E-governance etc. with a view to reduce cost per connect thus increasing margins
- Meet the rising customer requirements for Co-location, Managed Hosting & Data Storage and a suite of other complementary services including Managed Security Services and storage requirements of customers across the globe

### **License conditions and regulatory risks**

The company's business is highly regulated and subject to conditions, restrictions and obligations under the Internet Service Provider License Agreement executed with the Department of Telecommunications under the Ministry of Communications and Information Technology, GOI. The legal and regulatory framework under which the company operates is still evolving.

### **Competition from existing private operators and potential new entrants, including Government controlled enterprises**

No significant entry barriers are present in the area that the company operates in due to easing of telecom policies over the years. New entrants may enter the IP/VPN sector, which would increase competition. The telecom policy now offers a level playing field for all operators and no operator has any significant advantage vis-à-vis the company in IP/VPN connectivity.

However, there is no assurance that in future the Government policy will not favour Government-controlled enterprises, which can adversely impact private players.

External risks such from fire, riots, vandalism, terrorism and other law and order problems may impact our business.

## RISKS & CONCERNS

The company leases the inter-city networks from other service providers and the quality and availability may not be uniform. The company provides inter-city connectivity for its wireless-based IP/VPN business through lease arrangements rather than through capital investment in connectivity assets. The company's ability to offer high quality telecommunications service depends, to a large extent, on the quality of the networks maintained by other operators, and their continued availability, neither of which is under its control. In the event of any adverse movement of lease rentals, the company may have to incur additional expenditure to maintain its network.

### Limited availability of frequency spectrum

Network capacity plays an important role in the growth and development of the company's wireless based IP/VPN business. A wireless network's capacity is limited by the amount of frequency spectrum available for this use. At present, the company has sufficient frequency spectrum to support its services.

## INTERNAL CONTROL SYSTEMS

The company has in place an adequate accounting and administrative internal control system in order to ensure that all transactions are authorised, recorded and reported correctly, and that all assets are protected against perils of unauthorised use or disposition.

The company has a well-defined organisation structure with clear functional authority limits for approval of all transactions. The company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the company is regularly reviewed by the Audit Committee as well as the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

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

## REGULATORY FRAMEWORK

### Key Industrial Regulation & Policies

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

### The regulatory functions of TRAI fall under two categories:

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

### Regulatory Bodies:-

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

### Licenses:-

- Internet Service Provider (ISP)
- Virtual Private Network (VPN)
- National Long Distance (NLD)

- (International Long Distance (ILD))
- IP-II & ISPs with IP-VPN Licenses
- Unified Access Service 55

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

## FINANCIAL REVIEW

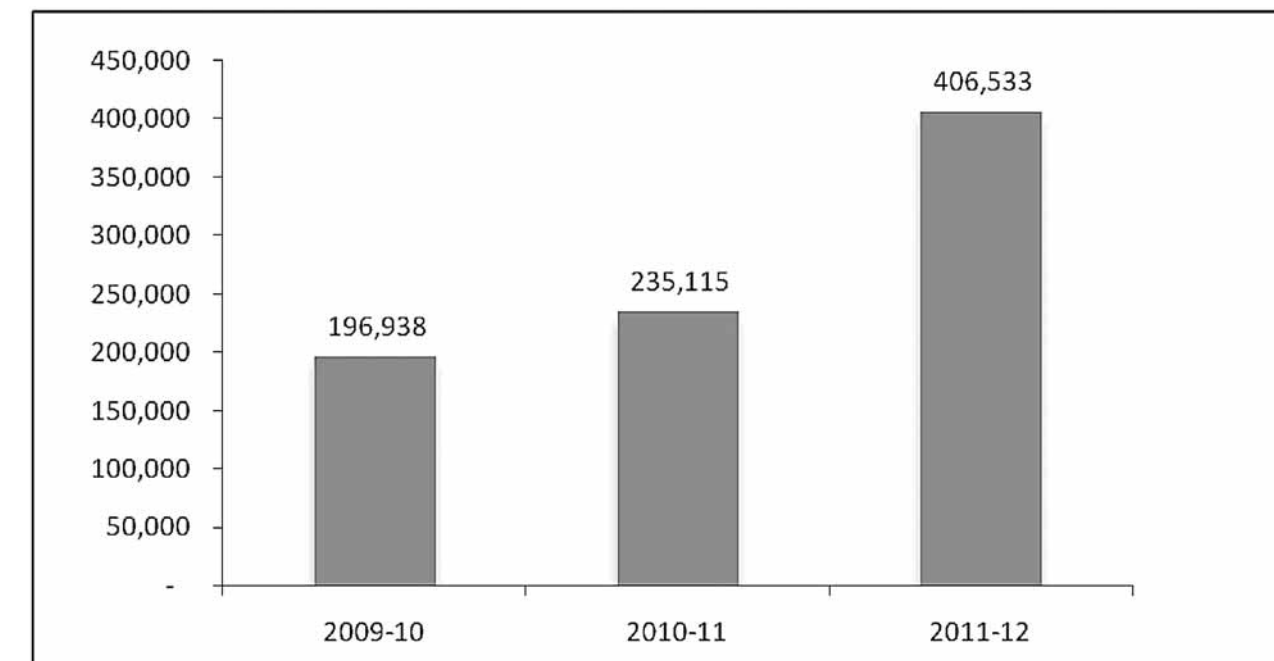
### HIGHLIGHTS OF 2011-12

Total Revenue	Rs.	406,533.26	Lacs
EBIDTA	Rs.	109,731.07	Lacs
PBT	Rs.	54,489.78	Lacs
PAT	Rs.	42,723.74	Lacs
EPS ( On fully diluted basis)	Rs.	29.47	
NPR		10.51%	
Total Assets	Rs.	490,766.47	Lacs
Year to Year revenue increase by		15.27%	
Year to Year EBIDTA increase by		10.31%	
Year to Year PBT increase by		(-) 10.63%	
Year to Year PAT increase by		(-) 6.71%	

Results of Operations (All figures in INR Lacs unless stated otherwise)

#### A) Income from Operations

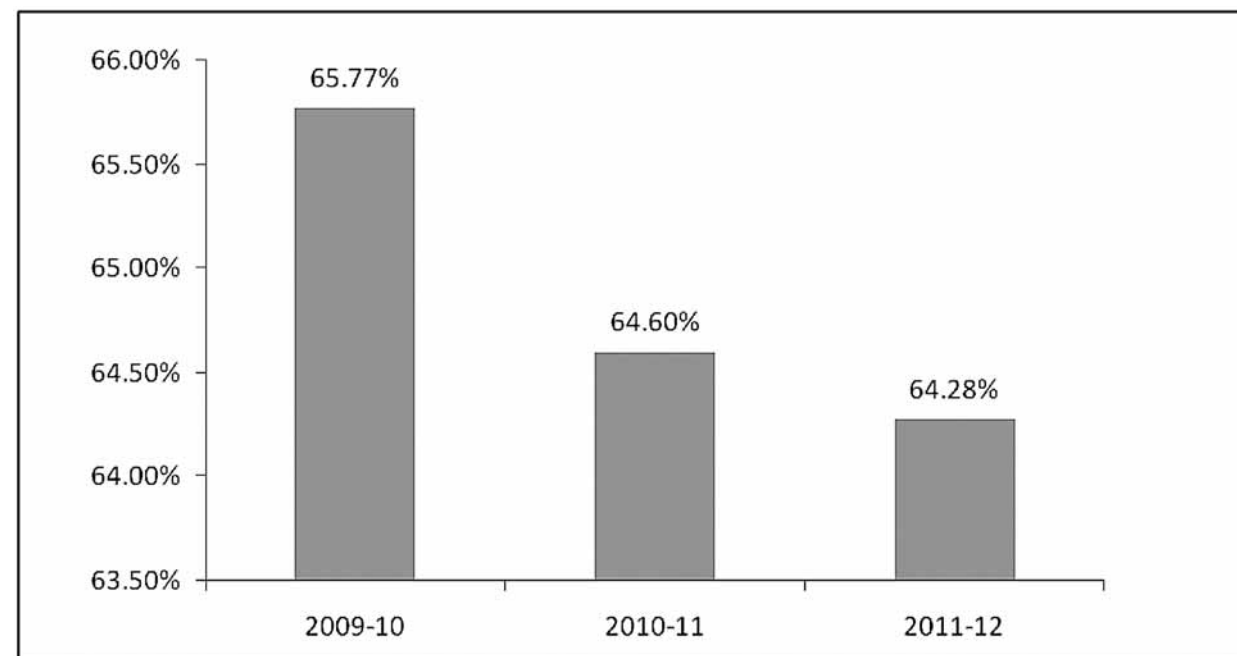
The Company registered total revenue of Rs. 406,533.26 Lacs (including other Income) during eighteen months period ended September 30, 2012, a 15.27% annualized growth over the previous year.





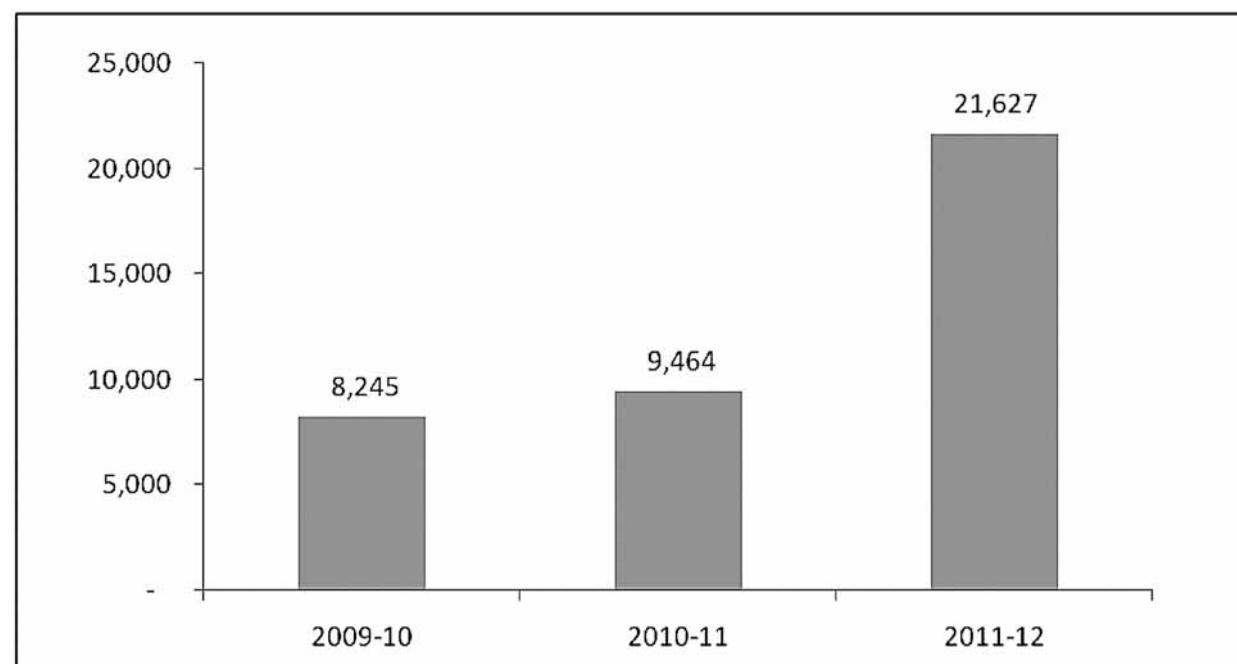
**B) Cost of Goods Sold**

Cost of Goods sold as a percentage of revenue has been in line with increase in revenue and remained stable at 64.28% as against 64.60% in the previous year.



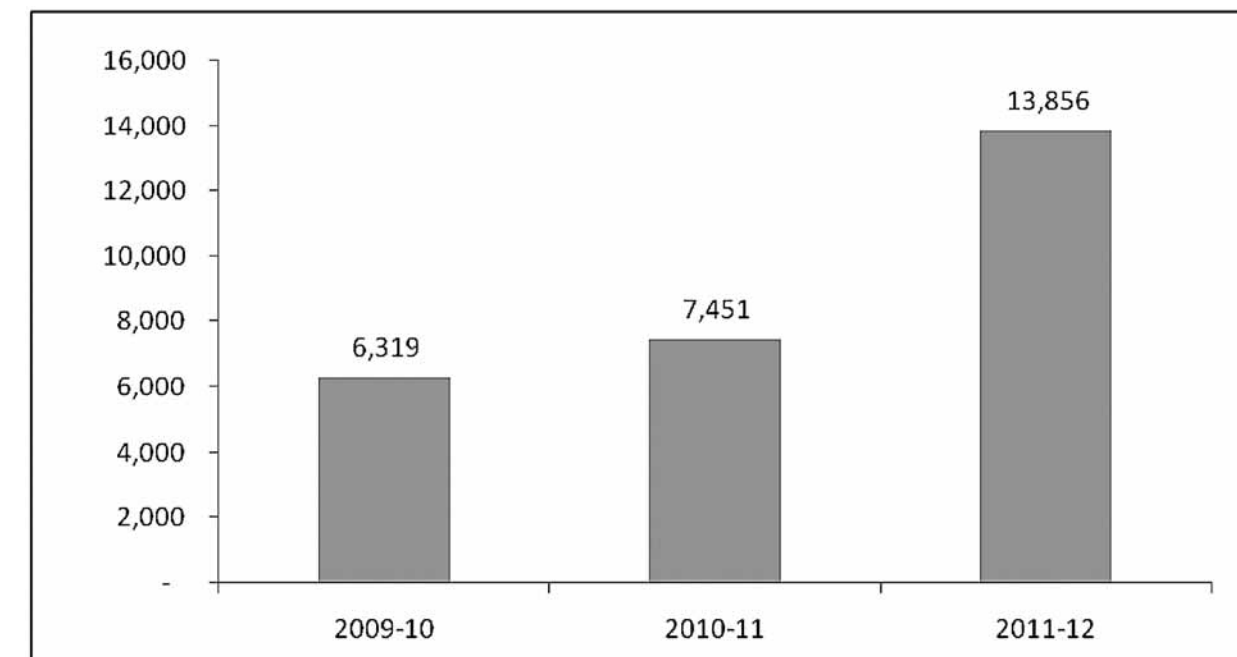
**C) Employee Cost**

Employee cost of the company increased by 52.34% on annualized basis in the period. The number of employees however stood at 2945. The percentage of employee cost to total turnover increased to 5.32% in the current period as against 4.03% in the previous year.



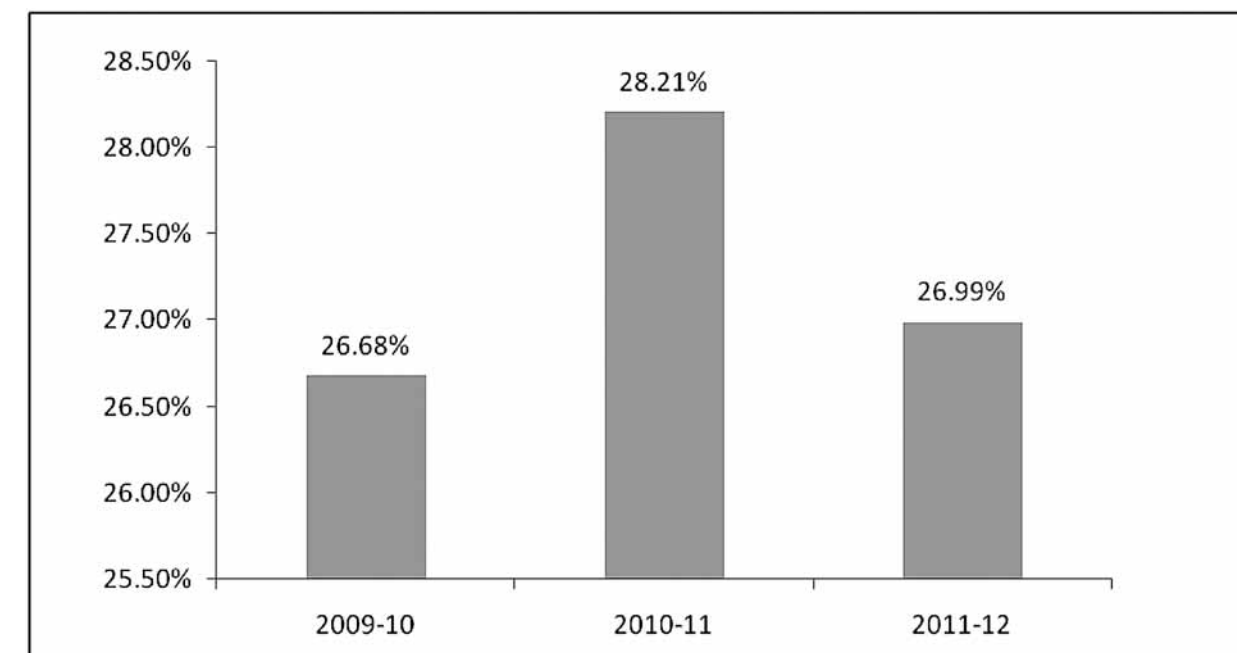
**D) Administrative, Selling & Distribution and other expenses**

Administrative, Selling & other expenses of the company increased marginally by 23.99% on annualized basis. The percentage share to revenue increased to 3.41% in the current period as compared to 3.17% in the previous year.



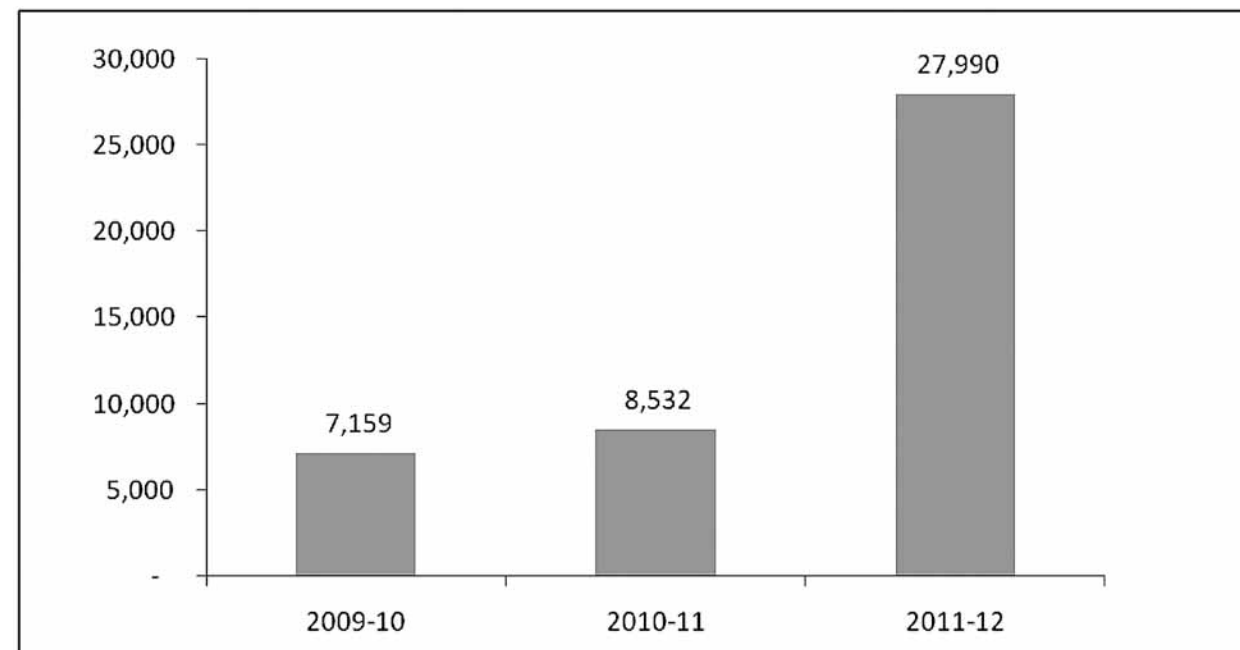
**E) Earnings before Interest, Depreciation, Write offs and Taxes(EBIDTA)**

Operating profits of the company is at 26.99% in the current period as against 28.21% in the previous year.



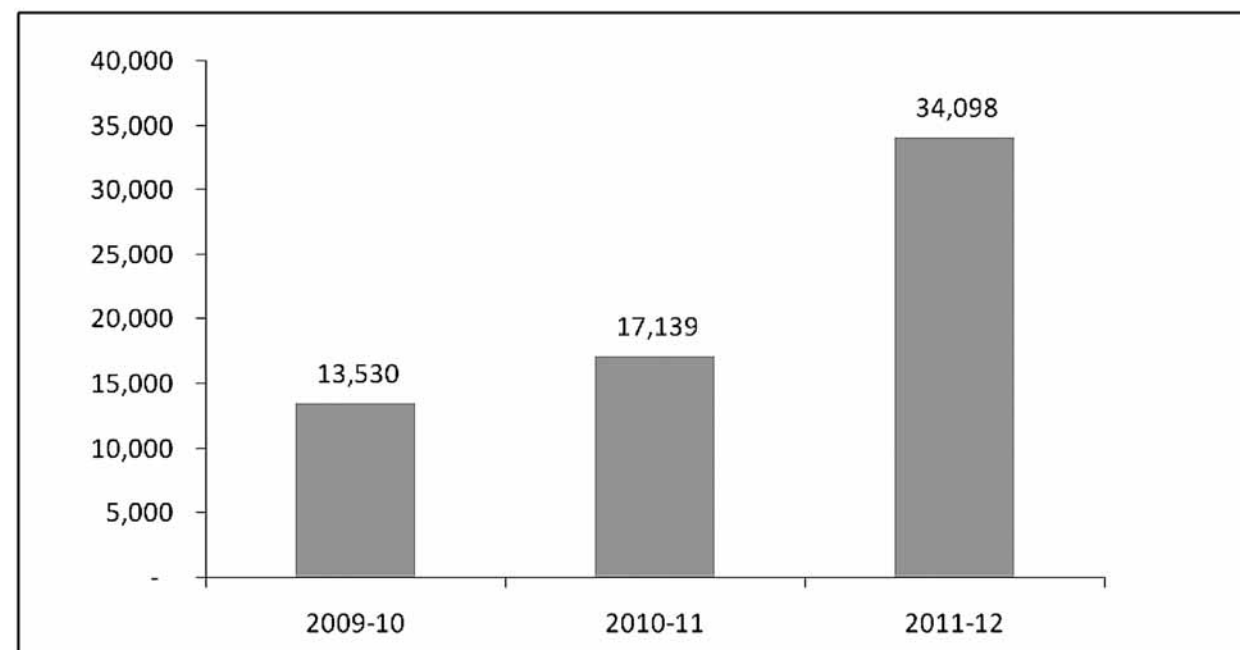
**F) Finance Expenses**

Finance expenses for the current year increased by 118.71% on annualized basis.



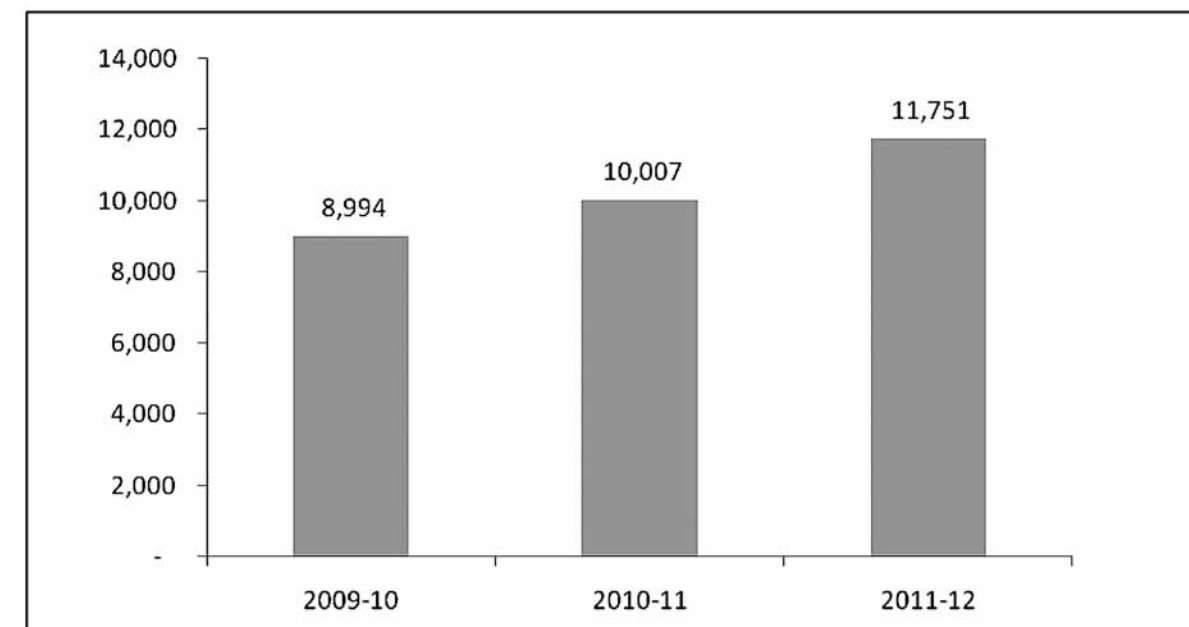
**G) Depreciation and other write offs**

Depreciation for the year stood at an increase of 32.63% on annualized basis as compared to the previous year. This however, is in line with the percentage increase in asset base of the company.



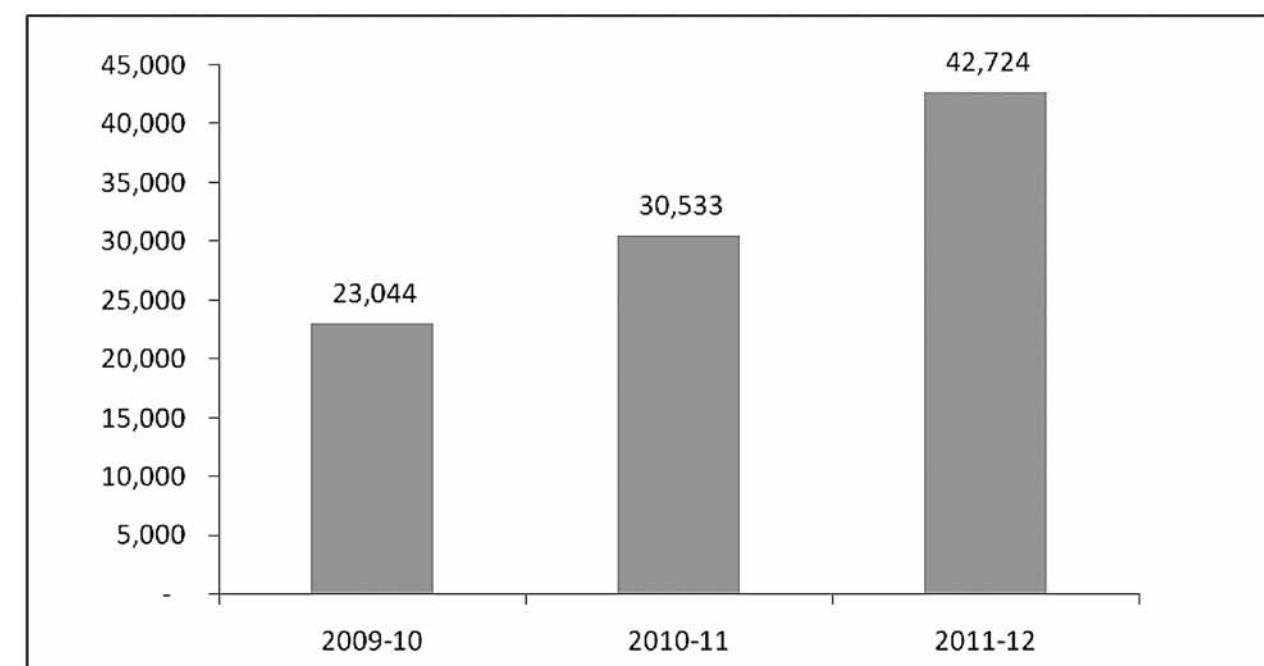
**H) Income Tax**

The company is availing tax benefit under section 80 IA of the Income tax act 1961. Since company is into the second phase of the tax benefit under section 80 IA of Income tax act 1961, wherein 30% of the profit is exempt from Income tax and henceforth the provision for Income tax is made for Rs. 11751.19 Lacs in the period as against Rs. 10006.83 Lacs in FY 11-12. Overall cost of Income tax to revenue has decreased from 4.26% to 2.89%. The effective tax rate has decreased to 21.57% in the current period as compared to 24.62% for the previous year.



**I) Profit After Tax(PAT)**

Profit after tax for the period stood at Rs. 42,723.74.50 Lacs as compared to Rs.30,532.71 Lacs in previous year. The profit margin for the current period stood at 10.51% as against 12.99% in the previous year.



# Directors' Report

Dear Shareholders,

Your Directors are delighted to present the 20th Annual Report on the business & operations of the Company together with the Audited Financial Statements & Accounts for the year (18 months) ended September 30, 2012.

## 1. Financial Highlights

The Company has extended its financial year 2011- 12 and accordingly the figures for the period under review is for a period of 18 months ended on September 30, 2012 and hence not comparable with last year's figures.

Your Company has recorded an overall revenue of Rs. 4,062.51 Crores for the year (18 months period). Profit after tax is Rs. 433.21 Crores. Brief Financial Highlights with comparison of previous year are as follows:

Particulars	2011-12	2010-11
Total Revenue	4,062.51	2,350.76
Total Operating Expenditure	2,960.07	1,685.32
Profit Before Tax	558.13	409.60
Profit/(Loss) after Tax	433.21	309.53
Profit Available for Appropriation	433.06	308.45
<b>Cumulative Retained Profits</b>	<b>1,082.14</b>	<b>941.04</b>

Analysis of operating performance is covered under Management Discussion and Analysis which forms of this Report.

No Dividend has been recommended by the Board of Directors of the Company for Extended Financial Year 2011-12. However, the register of members and share transfer books will remain closed from December 24, 2012 to December 29, 2012 both days inclusive.

## 2. Extension Of Period Of Financial year and annual general meeting

The members are apprised that the financial year of your Company has been extended from 12 months to 18 months and therefore, the Financial Year now ends on 30th September, 2012. The same was done in order to align the reporting structure of the Company with the regulatory reporting structure and to make it more transparent and compliant. The said Extension was approved by Registrar of Companies, NCT of Delhi and Haryana vide its letter dated 23rd May, 2012.

The management of the Company strongly believes that the financials prepared with the reviewed, simplified and strengthened operating and reporting system will not only provide the true and fair picture of the Company's position but also meet the requirement of the reporting structure of the regulator.

Consequent to the aforesaid extension of Financial year, the approval for extension of period of holding the Annual General Meeting for the FY 2011- 12 was also sought from the Registrar of Companies, NCT of Delhi and Haryana and the same was approved by the Registrar vide its letter dated 20th September, 2012.

Hence, the period of holding the Annual General Meeting for the FY 2011- 12 was extended till 31st December, 2012.

## 3. Dividend & Transfer To Reserves

Your Directors have not declared any dividend for the year 2011-12.

### Debenture Redemption Reserve

The Company has created Debenture Redemption Reserve (DRR) of Rs. 42.68 Crores during the period for Non Convertible Debentures (NCDs), amounting to Rs. 560 Crores outstanding as on September 30, 2012.

## 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 30.09.2012.

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in 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.

Regarding the recent downgrade of Credit Rating of the Company to D (IND, your Company would like to clarify that it is not on account of any surveillance of operation performance of the Company and is primarily do extension to timeline beyond its due date is to redeem the outstanding FCCB. The core operations of the Company remain robust and profitable and Tulip continues to provide best in class services to its Clients.

## 5. Non Convertible Debentures

During the year, your Company has issued Non Convertible Debentures(NCDs) to the tune of Rs.150 Crores to Tata Capital and Rs.115 Crores to following entities: (i) Bank of Baroda(ii) Canara Bank(iii) Central Bank of India(iv) Andhra Bank(v) Indian Overseas Bank(vi) Bank of India and (vii) Dena Bank.

Further the Company has also redeemed NCDs amounting to Rs. 55 Crores during the Financial year 2011-12.

### EXTERNAL COMMERCIAL BORROWINGS

During the year, your Company has raised an External Commercial Borrowings (ECB) for USD 35 Million.

### SUBSIDIARY COMPANIES

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

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

4. Tulip Data Centre Services Pvt. Ltd.

5. Sada IT Parks Pvt. Ltd.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account 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.

## 6. Directors

Mr. Dinesh Kaushal was appointed as the Whole-time Director of the Company for a period of 5 years on Rotational Basis with effect from August 14, 2012 and was designated as the Director-Finance of the Company.

In compliance of section 302 of the Companies Act, 1956, an abstract of his terms of appointment and remuneration payable to him has already been sent to the members on 2nd September, 2012. The Appointment of Mr. Dinesh Kaushal as Whole Time Director is subject to your approval in the ensuing Annual General Meeting and therefore, the same is being proposed.

In accordance with the provisions of Sec 255 & 256 of the Companies Act, 1956 & Articles of Association of Company, Mr. Vinod Chander Sinha and Lt. Gen (Retd.) Amar Nath Sinha, PVSM, AVSM, Directors of the Company will retire by rotation at the ensuing Annual General Meeting.

In order to fill the casual vacancy in the Board of the Company caused due the aforesaid Retirement of Directors, Col. Jasbinder Singh Rai is proposed to be appointed as Non Executive Independent Director of the Company in the ensuing Annual General Meeting and is liable to retire by rotation. The Company has also received a notice u/s 257 of the Companies Act, 1956, in writing proposing the candidature of Col. Jasbinder Singh Rai for the office of the Director in place of retiring Director.



Your Directors recommend their appointment/ re-appointment at the ensuing Annual General Meeting.

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

Hence, 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.

## 7. Auditors

M/s R. Chadha & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for the re-appointment. They have furnished a Certificate to the effect that their re-appointment, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956.

**Your Directors recommend their re-appointment.**

## 8. 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 2012-13. Your Company has filed application with the Central Government for necessary approval in this connection.

## 9. Employee Stock Option Scheme

Out of the total 27,00,000 options granted during the previous year, 76 employees of the Company who were granted the options aggregating 17,55,000 have left the services of the Company before any options could vest with them. Hence, the total options granted are 9,45,000.

Further, during the year under review, the Company had granted 3,87,500 stock options to its identified Employees for exercising the stock options. 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.

## 10. Human Resources Management

Your Board believes that Employees are vital to the Company. Your Company has created a favourable 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.

## 11. 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 financial year 2011-2012, 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

## 12. Listing With Stock Exchanges

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

Zero Coupon Convertible Bonds (FCCBs) were listed on Singapore Stock Exchange (SGX – ST).

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

The annual listing fee for the year 2012-2013 have been paid within the scheduled time to BSE, NSE & SGX – ST respectively.

### 13. Internal Audit

M/s JRA & Associates, Chartered Accountants have been appointed as the Internal cum Management Auditors of the Company for the financial year 2012-13

Your Company also has a separate and dedicated Internal Audit Department in order to hedge the exposure towards the fraud, malfunctions and deceptive activities at various levels and departments. The Internal Audit Department also facilitates its support and co-operation to the Internal Auditor(s) during the course of the Internal Audit.

### 14. 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.

### 15. 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.

### 16. 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.

### 17. Particulars on Conservation Of Energy and Technology Absorption

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, has been provided in Annexure B to this Report.

### 18. Quality Initiatives

Reinforcing its commitments to high standards of quality, your Company was successfully assessed for its ISO certificates Intertek Systems Certification for the following :

- QMS (Quality Management System) as per ISO 9001: 2005 for providing system Integration , Network Integration, VPN Services and Managed Services.

- ISMS (Information Security Management System) as per ISO 27001: 2005 covering all information assets owned or managed by your Company related to providing Data Centre Services & Network Operation Centre from Delhi & Mumbai premises for delivering of Managed Services as per SOA version 1.0.
- 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
- The Bangalore Data Centre of your Company was certified for ISO 27001:2005 by British Standards Institute for providing Data Centre Services to its clients in Bangalore.

### 19. Particular Of Employees

A) 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.

### 20. 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-New Delhi**

**Lt. Col. H.S. Bedi, VSM**

**Chairman & Managing Director**

**Place: New Delhi**

**Date: November 30, 2012**

**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	13,32,500
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	10
	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 September 30, 2012 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. Further, details pertaining to total energy consumption and energy consumption per unit of production are not applicable as your Company is a Service Provider not covered under the list of industries mandated under the rule.

**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 financial year ended September 30, 2012, received from the Senior Management Team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

New Delhi

November 30, 2012

Sd/-

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

## Corporate Governance Report

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

### 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. It's 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 endeavours 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](http://www.tulip.net)

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

### 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.

## Board of Directors

### Composition

As on September 30, 2012, the Board consists of 7 members and it is headed by Lt. Col. H.S. Bedi, VSM, Chairman and Managing Director. The Board of Directors comprises of three Executive Directors and four Non-Executive Independent Directors. The composition of the Board as on September 30, 2012 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 staff are also invited to the board meetings to present reports on the Company's operations and internal control systems.

## Meetings

The Board meets regularly to review the operational and financial performance of the Company. The Company Secretary prepares the Agenda in consultation with Chairman & Managing Director and circulates it well in advance. During the financial year 2011-12, Six meetings were held on May 12, 2011; July 28, 2011; November 04, 2011; February 08, 2012; 15th May, 2012; 14th August, 2012. 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 Financial Year 2011-12 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 September 30, 2012 are as under:

### Director's Attendance Record and Directorship / Committee Memberships

Sr. No.	Name of the Director	Category	Board Meetings held during the year in his tenure	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	5	Yes	1	NIL	NIL
43	Mr. Dinesh Kaushal*	ED (Director-Finance)	1	1	No	1	NIL	NIL
4.	Mr. Chandrahas Kutty	INED	6	6	Yes	NIL	NIL	NIL
5.	Mr. Rajesh Gulshan	INED	6	6	Yes	NIL	NIL	NIL
6	Lt. Gen. (Retd.) A.N.Sinha, PVSM, AVSM	INED	6	5	No	NIL	NIL	NIL
7.	Mr. Vinod Chander Sinha	INED	6	6	No	NIL	NIL	NIL

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

\*Mr. Dinesh Kaushal was appointed as Director - Finance w.e.f 14th August, 2012 and was designated as Director-Finance

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

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

## Director's Remuneration

The remuneration of Executive Directors comprises of salary and other perquisites. The Non-Executive Directors 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 thereunder.

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 of Executive / Non-Executive directors during the financial year 2011-12 is as under :

(In Rupees)

Sr. No	Name of the Director	Gross Salary	Perquisites and other benefits	Sitting Fees	Stock Options	Services Contract		
						Service Period	Notice Period	Severance Fee
1.	Lt. Col. H.S. Bedi, VSM	5,40,00,000	3,60,00,000	-	-	5 Years	N.A	N.A
2.	Mr. Deepinder Singh Bedi	2,25,00,000	2,25,00,000	-	-	5 Years	N.A	N.A.
3.	Mr. Dinesh Kaushal	6,00,000	6,00,000	-	-	5 Years	N.A	N.A
4.	Mr. Chandrahas Kutty	27,00,000	-	1,20,000	-	N.A	N.A	N.A
5.	Mr. Rajesh Gulshan	27,00,000	-	1,20,000	-	N.A	N.A	N.A
6.	Mr. Vinod Chander Sinha	27,00,000	-	1,20,000	-	N.A	N.A	N.A
7.	Lt. Gen. (Retd.) A.N.Sinha	27,00,000	-	1,00,000	-	N.A	N.A	N.A

- 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.

### A. 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 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.	Mr. Vinod Chander Sinha	Member

*\*Appointed as an Director – Finance, w.e.f 14th August, 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. The Company Secretary acts as the Secretary of the Audit Committee.

### Meetings and Attendance

During the financial year 2011-2012, six meetings of the Remuneration Committee were held on 12th May, 2011; 28th July, 2011; 4th November, 2011; 8th February, 2012; 15th May, 2012; 14th August, 2012.

### Attendance at Remuneration Committee Meetings

Names of the Committee Members	Meeting Details		
	Held during the tenure of Member	Attended	% of Total
Mr. Chandrahas Kutty	6	6	100
Mr. Rajesh Gulshan	6	6	100
Mr. Vinod Chander Sinha	6	6	100
Mr. Dinesh Kaushal*	NIL	NIL	NIL

\*Appointed as an Director – Finance, w.e.f 14th August, 2012.

### ii) Shareholders' / Investor Grievance Committee

#### Composition

The Shareholders'/Investor Grievance Committee 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.	Mr. Vinod Chander Sinha	Member

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

### Terms of References

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, Twelve (12) meetings of the Shareholders'/ Investor Griev-

ance Committee were held on May 15, 2011, June 30, 2011, July 30, 2011, August 25, 2011, September 15, 2011, November 30, 2011, December 15, 2011, January 16, 2012, January 30, 2012, March 30, 2012, May 15, 2012 and September 15, 2012.

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	12	12	100
Mr. Rajesh Gulshan	12	12	100
Mr. Vinod Chander Sinha	12	12	100

### Nature of Complaints And Redressal Status

During the past financial year, the complaints received by the Company were general in nature, which include 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 1 <sup>st</sup> April, 2011	Received during the year	Disposed during the year	Pending as on 30th September, 2012
No. of Complaints	Nil	7	7	NIL

### ii) 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.	Mr. Vinod Chander Sinha	Member

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

### Terms of References

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 financial year 2011-2012, One meeting of the Remuneration Committee was held on 14th August, 2012

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. Vinod Chander Sinha	1	1	100

### 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

*\*Appointed as Director – Finance w.e.f 14th August, 2012*

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



## Terms of References

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 2011-2012, Twenty Seven (27) Meetings of the Corporate Management Committee were held on 25th April, 2011, April 30, 2011, May 5, 2011, 13th May, 2011; 8th June, 2011; 16th June, 2011; 8th July, 2011; 2nd August, 2011; 16th September, 2011; 11th November, 2011; 30th November, 2011; 16th December, 2011; 26th December, 2011; 30th December, 2011; 16th January, 2012; 8th February, 2012; 29th February, 2012; 23rd March, 2012; 30th March, 2012; 8th June, 2012; 10th July, 2012, 4th August, 2012; 8th August, 2012; 17th August, 2012; 29th August, 2012, 19th September, 2012 and 28th September, 2012.

### 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	27	27	100
Mr. Deepinder Singh Bedi	27	27	100
Mr. Chandrahas Kutty	27	27	100
Mr. Dinesh Kaushal*	4	4	100

\*Appointed as Director – Finance w.e.f 14th August, 2012

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 three are Non Executive Independent Directors and the Chairman is also a Non-Executive Independent Director.

Director and three 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

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

## Terms of References

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

During the financial year 2011-2012, One meeting of the Remuneration Committee was held on July 28, 2011.

#### 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
Lt. Col. H.S. Bedi	1	1	100
Mr. Rajesh Gulshan	1	1	100
Mr. Vinod Chander Sinha	1	1	100

### 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. Dinesh Kaushal was appointed as the Whole-time Director of the Company for a period of 5

years on Rotational Basis with effect from August 14, 2012 and was designated as the Director-Finance of the Company.

In compliance of section 302 of the Companies Act, 1956, an abstract of his terms of appointment and remuneration payable to him was sent to the members on 2nd September, 2012

The Appointment of Mr. Dinesh Kaushal as Whole Time Director is subject to approval of the Shareholders in the ensuing Annual General Meeting and therefore, the same is being proposed. According to the Articles of Association of the Company, one-third of the Rotational directors shall retire by rotation and if eligible, seek re-appointment at the Annual General Meeting of the Shareholders. As per the provisions of the Companies Act, 1956, Lt. Gen. (Retd.) Amar Nath Sinha, PVSM, AVSM and Mr. V.C. Sinha, Directors, retire at the ensuing Annual General Meeting.

In order to fill the casual vacancy in the Board of the Company caused due the aforesaid Retirement of Directors, Col. Jasbinder Singh Rai is proposed to be appointed as Non Executive Independent Director of the Company in the ensuing Annual General Meeting and is liable to retire by rotation. The Company has also received a notice u/s 257 of the Companies Act, 1956, in writing proposing the candidature of Col. Jasbinder Singh Rai for the office of the Director in place of Retiring Director.

The Board has recommended the Appointment/ Re-appointment of the Directors.

### 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 financial year ended September 30, 2012. A declaration to this effect, signed by the Managing Director, is enclosed with this Report.

### H. Annual General Meetings

The 20th Annual General Meeting of the Company for the financial year 2011- 2012, will be held on Saturday, the 29th day of December, 2012 at the Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003 at 11.00 a.m.

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

Financial Year	Location	Date /Time	Special Resolutions
2010-11	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003.	August 30, 2011 3.30 p.m.	1 (One)- Raising of funds for Issuance of Long term Securities.
2009-10	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003.	August 30, 2010 3.30 P.M.	NIL
2008-09	Sri Sathya Sai Auditorium, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110003.	September 30, 2009 3.30 P.M.	NIL

## I Postal Ballot

- During the year under review, in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, your Company had conducted one Postal Ballot i.e on December 27, 2011 for seeking approval of the Shareholders. For the aforesaid Postal Ballot, Ms Anjali Yadav, Proprietor of M/s Anjali Yadav and Associates, Company Secretaries was appointed as Scrutinizer. The summary of the result was as follows:- The result of the Postal Ballot was published in Business Standard on December 28, 2011.

Resolution No.	Description	% of Votes cast in favour of resolution	% of Votes cast against resolution
1.	Special Resolution under Section 81(1A) of the Companies Act, 1956 for issuance of Convertible Warrants	99.995	0.005

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.

### Proposed Special Resolution to be passed through Postal Ballot

The Company had earlier obtained the approval of its shareholders through the Postal Ballot, for the purpose of issue of convertible warrant to Promoters and Promoters Group on December

27, 2011. Consequent to the same, the Company proceeded to execute and materialize the proposal of allotment of share warrants to Promoter and Promoter Group, however, due to adverse implication of the then Takeover Code, we did not progress the proposal. Therefore, a Special Resolution for seeking approval of the members on "Issue of Convertible Warrants to the Promoters/Promoter Group of the Company" has again been proposed to be passed through postal ballot.

### Procedure adopted for the Postal Ballot

The notices containing the proposed resolution and explanatory statement thereto will be sent to the registered addresses of all the shareholders of the Company along with a postal ballot form and a postage pre-paid envelope, containing the address of the Scrutinizer appointed by the Board for carrying out postal ballot process. In addition to the physical voting, the said Postal Ballot is also being carried out through electronic voting. The necessary instructions to carry out the voting through electronic mode has been duly mentioned in the Postal Ballot Notice and Form sent to all shareholders.

The shareholders are at liberty to choose any of the aforesaid modes for voting for the Resolution. The voting will commence on 3rd December 2012 and the last date for receiving Postal Ballot papers by Scrutinizer Mr. Sanjay Grover, Practicing Company Secretary or date of end of voting through electronic mode shall be 2nd January, 2013. Any Postal Ballot Form received beyond 2nd January 2012 shall be treated as invalid.

On the basis of the report submitted by the Scrutinizer by evaluation of physical ballot forms and voting on the portal, the results shall be declared by the Chairman at the registered office of the Company on 3rd January, 2013.

## 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 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 viz. 'Business Standard' and in a vernacular language newspaper viz. 'Business Standard' 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 : 29th December, 2012  
Time : 11:00 A.M.

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

Last Date of receipt  
Of Proxy Form : December 27,2012

**ii. Financial year of the Company**

The financial year under review of the Company was of eighteen months from April 01, 2011 to September 30, 2012.

**iii. Book Closure Date :** 24th December, 2012 to 29th December, 2012  
(both days inclusive)

**iv. Financial Calendar ( Tentative)**

Quarter Ended December 31, 2012	on or before February 14, 2013
Year Ended March 31, 2013	on or before May 30, 2013
Annual General Meeting	End of September, 2013

**v. Dividend**

**No dividend is proposed to be paid for the Financial Year 2011-12.**

**vi. Listing on Stock Exchanges and Stock Code**

The Company's equity shares are listed on:

i. Scrip Code 532691  
Bombay Stock Exchange Limited, (BSE)  
PJ Towers, Dalal Street  
Fort, Mumbai – 400 001.

ii. **Symbol - "Tulip" "TULIP"**  
**National Stock Exchange of India Limited, (NSE)**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051.

ISIN: INE122H01027

The Company's FCCB (Bonds) were listed on:

i. Scrip Code XS0308083392



**Singapore Exchange Securities Trading Limited, (SGX – ST)**

2 Shenton Way # 19-00 SGX Centre1,  
Singapore 068804

S. No.	Scrip Code	Listed on	ISIN
1.	946002	Bombay Stock Exchange Ltd., (BSE)	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		INE122H0712
19.	947904		INE122H07131

**vii. Listing Fees:**

Your Company has paid the listing fees upto March 31, 2013 to the National Stock Exchange of India Ltd. ("NSE"), Bombay Stock Exchange Limited ("BSE") and the Singapore Exchange Securities Trading Limited (SGX – ST).

**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;

Legend: NCD : Non-Convertible Debentures

Year	No. and Nature of Securities	Issued to	Amount INR	Nature of issue
2008-09	2000, 12.5%, Secured NCD of Rs. 10,00,000 each	Life India Corporation (LIC)	200,00,00,000	Private Placement
2009-10	1500, 10.67% Secured NCDs. 10,00,000 each	ICICI Bank Ltd.	150,00,00,000	Private Placement
2011-12	1500, 12.50%p.a. Secured NCD Rs. 10,00,000/- each	Tata Capital	150,00,00,000	Private Placement
		Bank of Baroda Canara Bank Central Bank of India Andhra Bank Indian Overseas Bank Bank of India Dena Bank		

**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 30.09.2012.

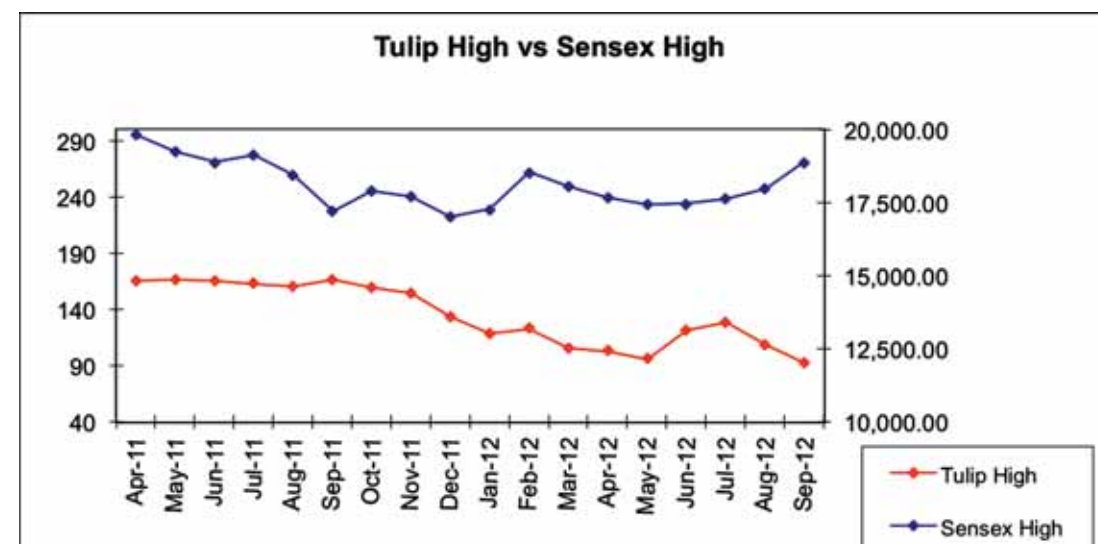
The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in August, 2012. In order to redeem aforesaid 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.

Regarding the recent downgrade of Credit Rating of the Company to D (IND), your Company would like to clarify that it is not on account of any surveillance of operation performance of the Company and is primarily do extension to timeline beyond its due date is to redeem the outstanding FCCB. The core operations of the Company remain robust and profitable and Tulip continues to provide best in class services to its Clients.

## xii. Stock Market Data for the period April 01, 2011 to September 30, 2012

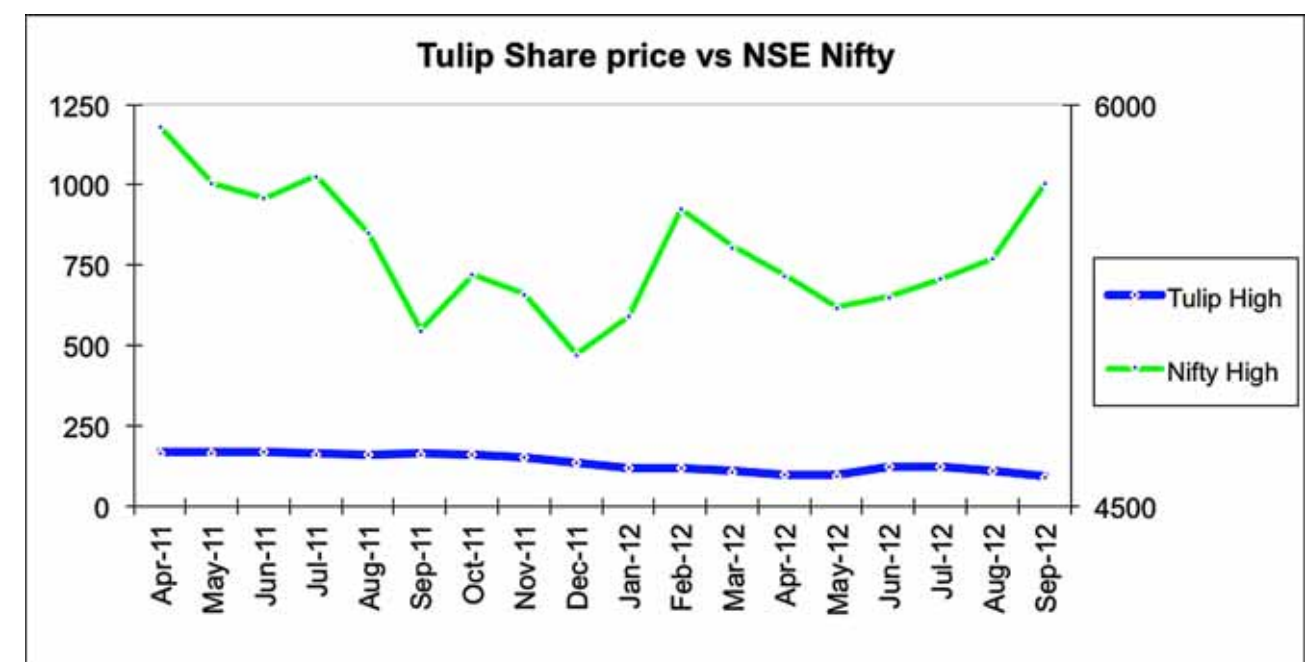
Share Price performance in comparison on BSE

Month	High (in Rs.)	Low (in Rs.)	Volume Traded (Rs. in Lacs)	BSE Sensex	
				(High)	(Low)
April, 2011	166	138	866.48	19811.14	18,976.19
May, 2011	167	147	4046.39	19253.87	17786.13
June, 2011	166	135.1	1239.65	18873.39	17314.38
July, 2011	163.2	148	646.38	19131.7	18131.86
August, 2011	160.95	134	3924.83	18440.07	15765.53
September, 2011	166.9	141.1	1273.81	17211.8	15801.01
October, 2011	159.8	142.2	1237.93	17908.13	15745.43
November, 2011	155	116.1	1869.02	17702.26	15478.69
December, 2011	134	99.5	815.87	17003.71	15135.86
January, 2012	119	103.05	475.95	17258.97	15358.02
February, 2012	123.35	92.15	4666.72	18523.78	17061.16
March, 2012	105.7	89	683.92	18040.69	16920.61
April, 2012	103.45	84.95	1009.05	17664.10	17010.16
May, 2012	96.5	70.25	3404.29	17432.33	15809.71
June, 2012	122	76.4	8801.11	17448.48	15748.98
July, 2012	129	65.65	17819.12	17631.19	16598.48
August, 2012	109	87.6	3659.49	17972.54	17026.97
September, 2012	92.35	42	4006.89	18869.94	17250.80



## Share Price performance in Comparison with NSE Nifty:-

Month	High (in Rs.)	Low (in Rs.)	Volume Traded (Rs. in Lacs)	S&P CNX Nifty Inded	
				(High)	(Low)
April,2011	163.65	144.75	5849.91	5911.5	5729.1
May,2011	164.25	150.15	7448.88	5701.3	5348.95
June,2011	165.35	149.75	5351.96	5647.4	5257.9
July, 2011	160.05	152.55	5377.19	5728.95	5482
August,2011	156.45	142.4	4451.19	5516.8	4747.8
September,2011	159.25	142.25	8835.53	5153.8	4835.4
October,2011	157	143.85	6182.97	5360.7	4751.3
November, 2011	150.1	121.8	6558	5289.35	4706.45
December,2011	133	102.4	5653.37	5062.6	4544.2
January,2012	116.85	105.75	3557.68	5204.7	4636.75
February, 2012	115.5	95.35	16690.86	5607.15	5232.7
March,2012	105.55	90.4	2537.22	5463.9	5178.85
April, 2012	95.9	89.95	2436.47	5358.5	5189
May, 2012	92.55	70.85	10203.14	5239.15	4835.65
June, 2012	119.45	78.2	24283.06	5278.9	4841.6
July, 2012	119.7	87.55	48281.89	5345.35	5043
August, 2012	107.65	91	11604.87	5421	5215.7
September, 2012	88.1	43.45	11120.34	5703.3	5225.7



**xiii. Distribution of Shareholding by number of shares held as on September 30, 2012.**

Sr. 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	30660	98.82	6811693	4.70
2.	5001-10000	142	0.46	1052237	0.73
3.	10001-20000	83	0.27	1187673	0.82
4.	20001-30000	29	0.09	707140	0.49
5.	30001-40000	9	0.03	315766	0.22
6.	40001-50000	13	0.04	604447	0.42
7.	50001-100000	27	0.09	2017323	1.39
8.	100001 & above	62	0.20	132303721	91.24
	<b>Total</b>	<b>31025</b>	<b>100.00</b>	<b>145000000</b>	<b>100.00</b>

**xiii. Distribution of Shareholding by number of shares held as on September 30, 2012.**

	Category	Total number of shares	Percentage of Shareholding
<b>A</b>	<b>PROMOTER'S HOLDING</b>		
1	Indian Individuals /Hindu Undivided Family Bodies Corporate	50025750 48334161	34.50 33.33
2	Foreign	Nil	Nil
	<b>Sub Total</b>	<b>98359911</b>	<b>67.83</b>
<b>(B)</b>	<b>NON PROMOTERS HOLDING</b>		
<b>3</b>	<b>Institutional Investors</b>		
(a)	Mutual Funds/ UTI	600	0.00
(b)	Financial Institutions / Banks Insurance Companies ( central / State Gov. Institutions / Non-Government Institutions) / Venture Capital	23137316	15.96
(c)	FII's		
	<b>Sub-Total</b>	<b>23137916</b>	<b>15.96</b>
<b>4</b>	<b>OTHERS</b>		
(a)	Bodies Corporate	9954427	6.87
(b)	Individuals i. Individual shareholders holding nominal share capital up to Rs 1 lakh  ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6859846 2321981	4.73 1.60
(c)	Any Other (specify)		
(c-i)	Foreign National	500	0.00
(c-ii)	Non Resident Indians	236035	0.16
(c-iii)	Clearing Members	4128670	2.85
(c-iv)	Trusts	714	0.00
	<b>Sub-Total</b>	<b>23502173</b>	<b>16.21</b>
	<b>TOTAL</b>	<b>145000000</b>	<b>100.00</b>

**i. Investor's Correspondence may be addressed to:**

**Investor Relation Officer: Dinesh Kaushal (Director - Finance)**

Tulip Telecom Limited, C-160, Okhla Industrial Area,

Phase-1, New Delhi – 1100 20

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 has been designated for communicating investors' grievances: investors@tulip.net

**ii. 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.

**iii. Compliance Certificate from the Statutory Auditors**

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

**iv. 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.

**MD and Director – Finance Certification**

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 September 30, 2012, the Profit and Loss Account and the Cash Flow statement for the financial year ended on that date and that to the best of our

## 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 by Tulip Telecom Limited ('the Company'), for the year ended September 30, 2012 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 state that no investor grievances are pending for a period exceeding thirty days against the Company as per the records maintained by the Company.

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.

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

Sd/-  
RAKESH CHADHA  
(Partner)

Membership No. – 83135

Place : New Delhi  
Date: November 30, 2012

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  
Place: New Delhi  
Date: November 30, 2012

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 September 30, 2012.

Place: New Delhi

Date: November 30, 2012

Sd/-

Lt. Col. H.S. Bedi, VSM

Chairman & Managing Director

# **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 September 30, 2012 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 September 30, 2012 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 September 30, 2012, 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 September 30, 2012

- ii. In the case of the Statement of Profit & Loss, of the Profit of the company for the eighteen months period ended on that date; and
- iii. In the case of Cash Flow Statement, for the cash flow of the company for the eighteen months period ended on that date.

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

Place: New Delhi

Date: November 30, 2012

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 SEPTEMBER 30, 2012.**

- 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
  - 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 sales of goods.

- 5) a. In our opinion and according to the information and explanations given to us the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangement entered into the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market price at relevant time.
- 6) The company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Act are not applicable.
- 7) In our opinion, the company has an internal audit system commensurate with its size 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 telecommunication 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 generally 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. Delays in few cases are observed in the deposit of above said statutory dues.

- b. According to the information and explanations given to us following amounts of undisputed statutory dues are outstanding as on September 30, 2012 for a period exceeding six months:

Name of Statute	Nature of Dues	Amount (Rs)	Period to which relate.	Due date	Date when paid.
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- c. According to the information and explanation given to us, the following are the disputed amount of Statutory dues outstanding as on September 30, 2012 for a period exceeding six months:-

Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Sales Tax VAT	2007-08	7,590,166	VAT Plus Interest	Special Comm. DVAT, New Delhi
Sales Tax VAT	2007-08	2,677,640	Penalty	Special Comm. DVAT, New Delhi
Sales Tax VAT	2008-09	3,998,120	VAT Plus Interest	Special Comm. DVAT, New Delhi
Sales Tax VAT	2008-09	5,083,322	Penalty	Special Comm. DVAT, New Delhi
	Total	<b>19,349,248</b>		

Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Income Tax	2004-05	42,096,111	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2005-06	62,116,375	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2006-07	435,307,536	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2007-08	431,684,451	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2008-09	1,151,259,238	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2009-10	1,056,504,149	Assessment order 153(A)	CIT (A)- XXXI, New Delhi
Income Tax	2010-11	786,653,390	Assessment order 143(3)/153(A)	CIT (A)- XXXI, New Delhi
	<b>Total</b>	<b>3,965,621,250</b>		



Name of Statute	Period to which relate	Amount (Rs.)	Demand Description	Forum where dispute is pending
Custom Duty	2004-05	23,35,568	Custom duty demand	CESTAT- Mumbai
	<b>Total</b>	<b>23,35,568</b>		

- 10) The company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the current and immediately preceding financial period/year.
- 11) Based on our audit procedures and as per the information and explanations given by the management, the Company is generally regular in repayment of dues to domestic financial institutions, banks and debenture holders during the period. However, there is overdue outstanding amounting to Rs. 8524.19 Lacs for less than 70 days as at the balance sheet date.
- 12) The company has not granted Loans & advances on the basis of security by way of pledge of shares, debentures & other securities; hence this point of order is not applicable.
- 13) The 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 issued Secured Non- Convertible debentures during the period under audit. The creation of security is in process.
- 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: November 30, 2012

Rakesh Chadha  
Partner  
Membership No. 83135

<b>Balance Sheet as at September 30, 2012</b>			
Particulars	Notes	(Amount in Rs.)	
		As at Sept. 30, 2012	As at March 31, 2011
<b>A. Equity and Liabilities</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	290,000,000	290,000,000
(b) Reserves and surplus	2	13,703,814,628	11,875,149,085
		<u>13,993,814,628</u>	<u>12,165,149,085</u>
<b>2 Non Current Liabilities</b>			
(a) Long-term borrowings	3	11,264,172,161	9,281,075,071
(b) Deferred Tax Liabilities (Net)	4	92,163,166	31,726,218
(c) Long term provisions	5	72,201,680	56,254,822
		<u>11,428,537,007</u>	<u>9,369,056,111</u>
<b>3 Current Liabilities</b>			
(a) Short term borrowings	6	15,894,966,017	8,745,745,494
(b) Trade payables	7	2,827,908,105	1,116,502,302
(c) Other current liabilities	8	1,171,148,870	1,150,877,799
(d) Short term provisions	9	336,510,770	136,679,653
		<u>20,230,533,762</u>	<u>11,149,805,248</u>
<b>TOTAL</b>		<b><u>45,652,885,397</u></b>	<b><u>32,684,010,444</u></b>
<b>B. Assets</b>			
<b>1 Non current assets</b>			
(a) Fixed assets	10		
- Gross Fixed Assets		25,866,213,749	17,720,629,007
Less: Depreciation		<u>7,477,688,468</u>	<u>4,119,073,391</u>
Net Fixed Asset		<u>18,388,525,281</u>	<u>13,601,555,616</u>
- Capital work-in-progress		7,428,238,902	2,919,730,657
(b) Non-current investments	11	2,264,459,770	3,782,152,390
(c) Other non-current assets	12	146,861,761	137,853,720
		<u>28,228,085,714</u>	<u>20,441,292,383</u>
<b>2 Current Assets</b>			
(a) Inventories	13	2,949,903,112	992,470,323
(b) Trade receivables	14	9,708,003,910	6,307,144,789
(c) Cash and Cash Equivalents	15	529,175,031	2,497,637,801
(d) Short term loans and advances	16	4,237,661,335	2,445,253,231
		<u>17,424,743,388</u>	<u>12,242,506,144</u>
<b>3 Miscellaneous Expenditures</b>	17	56,295	211,917
<b>TOTAL</b>		<b><u>45,652,885,397</u></b>	<b><u>32,684,010,444</u></b>
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	Lt Col HS Bedi, VSM Chairman and Managing Director	Chandahas Kutty Director	
Place: New Delhi Date : November 30, 2012			

<b>Statement of Profit and Loss for the eighteen months period ended September 30, 2012</b>			
Particulars	Notes	(Amount in Rs.)	
		For the Period Ended Sept. 30, 2012	For the Year Ended March 31, 2011
1 Revenue from operations	18	40,579,557,369	23,506,641,899
2 Other income	19	45,510,916	976,816
<b>3 Total revenue (I)</b>		<b><u>40,625,068,285</u></b>	<b><u>23,507,618,715</u></b>
<b>4 Expenses</b>			
(a) Cost of Sales & Services	20	26,131,842,625	15,187,521,298
(b) Employee benefits expense	21	2,126,177,155	938,746,911
(c) Other expenses	22	1,342,722,150	726,953,946
<b>Total Expenses (II)</b>		<b><u>29,600,741,930</u></b>	<b><u>16,853,222,155</u></b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)</b>		<b>11,024,326,355</b>	<b>6,654,396,560</b>
(a) Depreciation and amortisation expense	23	3,358,978,397	1,705,358,321
(b) Finance costs	24	2,768,643,460	852,998,954
<b>5 Profit / (Loss) before extraordinary items and tax</b>		<b><u>4,896,704,498</u></b>	<b><u>4,096,039,285</u></b>
6 Extraordinary items	25	684,639,644	-
<b>7 Profit / (Loss) before tax</b>		<b><u>5,581,344,142</u></b>	<b><u>4,096,039,285</u></b>
8 Tax Expenses			
(a) Current tax expense for current year		1,188,794,899	998,147,353
(b) Deferred tax		60,436,948	2,536,121
Total Tax Expense		<u>1,249,231,847</u>	<u>1,000,683,474</u>
<b>9 Profit / (Loss) for the period</b>		<b><u>4,332,112,295</u></b>	<b><u>3,095,355,811</u></b>
10 Prior Period Expenses/(Income)		1,484,476	10,801,955
<b>11 Net Profit / (Loss) after Tax</b>		<b><u>4,330,627,819</u></b>	<b><u>3,084,553,856</u></b>
12 Earning / (Loss) Per Equity Share			
<b>Basic [Nominal value of shares Rs. 2 ]</b>		<b>29.88</b>	<b>21.35</b>
<b>Diluted [Nominal value of shares Rs. 2 ]</b>		<b>29.88</b>	<b>21.35</b>
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 : November 30, 2012			

## Cash Flow Statement for the eighteen months Period Ended September 30, 2012

(Amount in Rs.)

PARTICULARS	For the Period Ended Sept. 30, 2012	For the Year Ended March 31, 2011
(Refer note 1(l) of Note - 26)		
<b>A Cash flow from operating activities</b>		
Net (loss)/profit before tax and exceptional/extraordinary items	4,896,704,498	4,096,039,285
<b>Adjustments for:-</b>		
Depreciation	3,358,822,775	1,705,254,573
Interest Expenses	2,768,643,460	852,998,954
Interest Income	(35,156,830)	(35,047,409)
Miscellaneous Expenditure written off	155,622	103,748
Loss on Sale of Fixed Assets	378,966	-
FCCB/QIP Expenses charged to Share Premium Account	(9,157,827)	-
<b>Provision for Tax</b>	(1,188,794,899)	(998,147,353)
<b>Operating Profit before working capital changes</b>	<b>9,791,595,765</b>	<b>5,621,409,295</b>
<b>Adjustments for changes in working capital:</b>		
(INCREASE)/Decrease in Sundry Debtors	(3,400,859,122)	(1,004,746,405)
(INCREASE)/Decrease in Other Receivables	(1,801,416,145)	(1,074,164,218)
(INCREASE)/Decrease in Inventories	(1,957,432,789)	(304,547,347)
INCREASE/(DECREASE) in Trade and Other Payables	1,947,454,848	126,366,334
<b>Cash generated from operations</b>	<b>4,579,342,557</b>	<b>3,364,317,659</b>
Prior Period(Expenses)/Income (Net)	(1,484,476)	(10,801,955)
<b>Net Cash from Operating Activities</b>	<b>4,577,858,081</b>	<b>3,353,515,704</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of fixed assets including CWIP	(12,654,755,207)	(5,122,107,739)
Sale of Vehicles	75,556	-
Deposit with bank	(124,615,636)	703,455,824
Interest Received (Revenue)	35,156,830	35,047,409
Amount paid/(received) on acquisition/sale of Investment	2,202,332,264	(3,763,767,139)
<b>Net cash used in Investing activities</b>	<b>(10,541,806,194)</b>	<b>(8,147,371,645)</b>
<b>C Cash flow from Financing Activities</b>		
Exchange (Profit)/Loss of Revaluation of FCCB	699,880,729	27,419,275
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	(683,374,250)	(250,716,000)
Unsecured Non-Convertible Debentures redeemed	-	(1,750,000,000)
Proceeds from Long Term borrowings	1,753,993,563	5,163,438,650
Repayment of Long Term Borrowings	(955,822,223)	(89,641,621)
Proceeds from Short Terms borrowings	800,000,000	1,575,000,000
Repayment of Short Term Borrowings	(2,053,000,000)	(1,600,000,000)
Proceeds from Cash Credits (NET)	3,320,635,346	2,587,426,563
Interest Paid	(2,768,643,460)	(852,998,954)
Dividend, including dividend tax	-	(270,532,300)
<b>Net Cash used in financing Activities</b>	<b>3,870,869,705</b>	<b>4,539,395,613</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(2,093,078,407)</b>	<b>(254,460,329)</b>
<b>Opening Cash and Cash Equivalents</b>	<b>2,136,130,642</b>	<b>2,390,590,971</b>
<b>Closing Cash and Cash Equivalents</b>	<b>43,052,235</b>	<b>2,136,130,642</b>

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

Rakesh Chadha  
(Partner)  
Membership No. - 83135

**Lt Col HS Bedi, VSM**  
**Chairman and Managing Director**

**Chandras Kuty**  
**Director**

Place: New Delhi  
Date : November 30, 2012

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

(Amount in Rs.)

Particulars	As at Sept. 30, 2012	As at March 31, 2011
<b>1. Share capital</b>		
<b>a. Authorised shares</b>		
- 200000000 Equity Shares of ` 2 each	400,000,000	400,000,000
(Previous Year 200000000 Equity Shares of ` 2 each)	-	-
<b>b. Issued, subscribed and fully paid up shares</b>		
- 145000000 Equity Shares of ` 2 each Fully Paid-up in cash	290,000,000	290,000,000
(Previous Year 145000000 Equity Shares of ` 2 each)	-	-
<b>Total</b>	<b>290,000,000</b>	<b>290,000,000</b>

### c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Share	As at Sept. 30, 2012		As at March 31, 2011	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
At the beginning of the year	145000000	290,000,000	145000000	290,000,000
Add: Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>145000000</b>	<b>290,000,000</b>	<b>145000000</b>	<b>290,000,000</b>

### 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

S. No.	Name of Share Holders	As at Sept. 30, 2012		As at March 31, 2011	
		No. of shares	% Holding	No. of shares	% Holding
1	H.S. Bedi	44292750	30.55	46361250	31.97
2	Cedar Infonet Private Limited	48334161	33.33	44601750	30.55
3	Government of Singapore	7654328	5.28	1576591	1.09

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

### 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 current period, 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. During the current reporting period ended 30.09.2012, this option is not exercisable in view of the expiry of date of exercising the option.

**Notes to the financial statements  
for the eighteen months period ended September 30, 2012**

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>2. Reserves and surplus</b>		
<b>Securities premium account</b>		
Balance as per the last financial statements	831,278,406	831,278,406
Less:- FCCB/QIP expenses	(9,157,827)	-
<b>Closing Balance</b>	<b>822,120,579</b>	<b>831,278,406</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	510,416,666	752,083,333
Transferred from Surplus in the statement of profit and loss	426,840,278	(241,666,667)
<b>Closing Balance</b>	<b>937,256,944</b>	<b>510,416,666</b>
<b>General Reserve</b>		
Opening Balance	1,123,062,616	738,279,351
Transferred from Surplus in the statement of profit and loss	-	384,783,265
	<b>1,123,062,616</b>	<b>1,123,062,616</b>
<b>Surplus in the statement of profit and loss</b>		
Opening Balance	9,410,391,397	6,664,238,755
Add: Transferred from Statement of Profit and Loss	4,330,627,819	3,084,553,856
Less: Appropriations		
- Proposed Final Dividend	-	(232,000,000)
- Tax on Dividend	-	(38,532,300)
- General Reserve	-	(309,535,581)
- Debenture Redemption Reserve	(426,840,278)	241,666,667
Less: Premium on Redemption of FCCB	(2,492,804,449)	-
<b>Net Surplus in the statement of profit and loss</b>	<b>10,821,374,489</b>	<b>9,410,391,397</b>
<b>Total reserves and surplus</b>	<b>13,703,814,628</b>	<b>11,875,149,085</b>

**(I) Debenture Redemption Reserve (DRR) :**

a. Debenture Redemption Reserve is created by the company for the redemption of 2000 Non Convertible Debentures(NCDs) during the 18 months period ending September 30, 2012 of face value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a., 1500 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 10.67% p.a., 1500 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a., 1150 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 12.75% p.a.. Also, 500 NCDs of Rs. 10,00,000 each to LIC and Rs. 5 Crore of NCD of TATA Capital were repaid.

b. The company for the purpose of redeeming the above mentioned NCD has created a DRR in accordance with DCA circular No. 9/2002 Dtd. April 18, 2002 and prevailing industry practices.

**3. Long Term Borrowings**

**- Secured**

(a) Bonds/Debentures		
- Non Convertible Debentures	5,100,000,000	3,000,000,000
(b) Term Loans		
- From Banks	3,677,712,411	4,521,541,071
(c) Other loans		
- External Commercial Borrowings	2,486,459,750	1,759,534,000
	<b>11,264,172,161</b>	<b>9,281,075,071</b>

**(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 18 months period ended September 30, 2012, 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;

**Notes to the financial statements**

**for the eighteen months period ended September 30, 2012**

- 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.

**(III) External Commercial Borrowings**

- During the 18 months period ended September 30, 2012, 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.

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>4. Deferred tax Liabilities (Net)</b>		
<b>Opening Balance</b>	31,726,219	29,190,098
<b>Add: Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	60,436,947	2,536,120
Gross deferred tax liability	<b>60,436,947</b>	<b>2,536,120</b>
<b>Net deferred tax Liability</b>	<b>92,163,166</b>	<b>31,726,218</b>
<b>5. Long Term Provisions</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	50,893,268	41,613,340
Provision for Leave Benefits	21,308,412	14,641,482
	<b>72,201,680</b>	<b>56,254,822</b>
<b>6. Short-term borrowings</b> (Refer to 2 (B) of Note - 26)		
<b>Secured</b>		
(a) Loans repayable on demand		
- from banks; (Working Capital Loan)	3,680,709,068	360,073,722
(b) Current maturities of long-term debt;		
- Term Loans from Banks	2,408,400,000	766,400,000
- External Commercial Borrowings	920,500,000	673,600,000
- Non Convertible Debentures	500,000,000	500,000,000
(c) Other loans		
- Short Term Loans	-	495,000,000
	<b>7,509,609,068</b>	<b>2,795,073,722</b>
<b>Unsecured</b>		
(a) Current maturities of long-term debt;		
- Foreign Currency Convertible Bonds (FCCB)	7,585,356,949	4,392,671,772
(b) Other loans		
- Commercial Papers	-	650,000,000
- Short Term Loans	800,000,000	908,000,000
	<b>8,385,356,949</b>	<b>5,950,671,772</b>
	<b>15,894,966,017</b>	<b>8,745,745,494</b>



Notes to the financial statements  
for the eighteen months period ended September 30, 2012

**Notes to the financial statements  
for the eighteen months period ended September 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 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. 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.

c. The aforesaid FCCB includes Premium on Redemption for a sum of Rs. 24928.04 Lacs

d. The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in 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.

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>7. Trade Payables</b> (Refer to 2 (H) & (O) (ii) of Note - 26)		
Goods	2,207,504,502	278,303,862
Capital Goods	620,403,603	838,198,440
	<b>2,827,908,105</b>	<b>1,116,502,302</b>
<b>8. Other current liabilities</b>		
(a) Interest accrued but not due on borrowings;	92,362,161	49,125,481
(b) Interest accrued and due on borrowings;	300,984,467	-
(c) Other payables		
- Expenses Payable	427,905,258	821,729,200
- Statutory Liabilities	317,648,334	216,726,498
- Advance from Customers	32,248,650	63,296,620
	<b>1,171,148,870</b>	<b>1,150,877,799</b>
<b>9. Short Term Provisions</b>		
<b>Other Provisions</b>		
Provision for Income Tax and Dividend Tax	336,510,770	136,679,653
	<b>336,510,770</b>	<b>136,679,653</b>

Particulars	(Amount in Rs.)		Residual Period (years)
	As at Sept. 30, 2012	As at March 31, 2011	
<b>10. Fixed Assets</b>			
<b>10.1. Tangible Assets</b>			
<b>Cost</b>			
As at April 1, 2010	28,570,740	167,153,683	
Additions during the year	-	-	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	28,570,740	167,153,683	
Additions during the Period	-	-	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	28,570,740	167,153,683	
<b>Depreciation</b>			
As at April 1, 2010	3,426,568	9,669,113	
Charged for the year	856,642	2,724,605	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	4,283,210	12,393,718	
Charged for the Period	1,284,963	2,054,454	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	5,568,173	14,448,172	
<b>Net Block</b>			
As at March 31, 2011	24,287,530	154,759,965	
As at Sept. 30, 2012	23,002,567	152,705,511	
<b>10.2. Capital Work-in-Progress</b>			
<b>Particulars</b>	As at Sept. 30, 2012	As at March 31, 2011	
Capital Work-in-Progress	7,428,238,902	2,919,730,657	
<b>Total</b>	<b>7,428,238,902</b>	<b>2,919,730,657</b>	
<b>10.1. Tangible Assets</b>			
<b>Land **</b>			
As at April 1, 2010	28,570,740	167,153,683	
Additions during the year	-	-	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	28,570,740	167,153,683	
Additions during the Period	-	-	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	28,570,740	167,153,683	
<b>Building</b>			
As at April 1, 2010	167,153,683	167,153,683	
Additions during the year	-	-	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	167,153,683	167,153,683	
Additions during the Period	-	-	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	167,153,683	167,153,683	
<b>Plant &amp; Machinery</b>			
As at April 1, 2010	200,153,676	200,153,676	
Additions during the year	130,798,782	130,798,782	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	330,952,458	330,952,458	
Additions during the Period	8,144,474,419	8,144,474,419	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	330,952,458	330,952,458	
<b>Equipment- Tulip Connect</b>			
As at April 1, 2010	13,854,872,470	13,854,872,470	
Additions during the year	3,033,693,101	3,033,693,101	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	16,888,565,571	16,888,565,571	
Additions during the Period	871,917	871,917	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	17,760,482,488	17,760,482,488	
<b>Office Equipment</b>			
As at April 1, 2010	79,565,278	79,565,278	
Additions during the year	11,086,387	11,086,387	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	90,651,665	90,651,665	
Additions during the Period	659,275	659,275	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	91,310,940	91,310,940	
<b>Computer</b>			
As at April 1, 2010	76,352,021	76,352,021	
Additions during the year	23,136,290	23,136,290	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	99,488,311	99,488,311	
Additions during the Period	659,275	659,275	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	100,147,586	100,147,586	
<b>Furniture</b>			
As at April 1, 2010	72,779,384	72,779,384	
Additions during the year	1,373,037	1,373,037	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	74,152,421	74,152,421	
Additions during the Period	241,351	241,351	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	74,393,772	74,393,772	
<b>Vehicles</b>			
As at April 1, 2010	12,991,763	12,991,763	
Additions during the year	28,102,395	28,102,395	
Sale/ Adjustment during the year	-	-	
As at March 31, 2011	41,094,158	41,094,158	
Additions during the Period	662,220	662,220	
Sale/ Adjustment during the Period	-	-	
As at Sept. 30, 2012	41,756,378	41,756,378	
<b>Net Block</b>			
As at April 1, 2010	24,287,530	154,759,965	
As at Sept. 30, 2012	23,002,567	152,705,511	
<b>10.2. Capital Work-in-Progress</b>			
<b>Particulars</b>	As at Sept. 30, 2012	As at March 31, 2011	
Capital Work-in-Progress	7,428,238,902	2,919,730,657	
<b>Total</b>	<b>7,428,238,902</b>	<b>2,919,730,657</b>	
<b>Lessor</b>			
Jammu & Kashmir State Industrial	125,520	80	
Maharashtra State Industrial Development	74,026,901	55	
<b>Total</b>	<b>74,152,421</b>	<b>135,520</b>	

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

<b>Notes to the financial statements</b>		
<b>for the eighteen months period ended September 30, 2012</b>		
	(Amount in Rs.)	
Particulars	As at Sept. 30, 2012	As at March 31, 2011
<b>11. Non-current investments</b> (Refer to 2 (P) of Note - 26)		
(a) Other non-current investments	2,264,459,770	3,782,152,390
	<b>2,264,459,770</b>	<b>3,782,152,390</b>
<b>Additional Information:</b>		
(a) Aggregate amount of quoted investments and market value thereof;	368,630	647,923
(b) Aggregate amount of unquoted investments;	2,264,346,970	3,782,039,590
(c) Aggregate provision for diminution in value of investments	-	-
<b>12. Other Non Current Assets</b>		
(i) Others		
- Security Deposits	146,861,761	137,853,720
	<b>146,861,761</b>	<b>137,853,720</b>
<b>13. Inventories (valued at lower of cost and net realizable value)</b> (Refer to 1 (G) of Note - 26) (As per Inventories taken, Valued and Certified by the Management)		
Inventories	2,949,903,112	992,470,323
	<b>2,949,903,112</b>	<b>992,470,323</b>
<b>14. Trade receivables</b> (Refer to 2 (G) & (O) (ii) of Note - 26) <b>Unsecured, considered good unless stated otherwise</b>		
(a) <b>Outstanding for a period exceeding six months from the date they are due for Payment</b>		
- Unsecured, considered good	1,966,677,621	1,066,621,965
- Doubtful	15,345,980	8,686,598
	<b>1,982,023,601</b>	<b>1,075,308,563</b>
(b) <b>Others, considered good</b>	7,725,980,309	5,231,836,226
<b>Trade receivables (Net)</b>	<b>9,708,003,910</b>	<b>6,307,144,789</b>
<b>15. Cash and cash equivalents</b>		
(a) Balances with banks;		
- Current Account	22,677,821	429,874,412
- FDR's (including Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	455,922,796	212,918,201
- Fixed Deposits with Bank of India London-UK (Maximum bal. during the year Rs.1485.89 lacs, Prev. year Rs. 88.60 lacs)	-	148,588,958
(b) Cheques, drafts on hand;	20,220,205	1,705,583,955
(c) Cash on hand	154,209	672,275
(d) Earmarked Balances with bank (Unpaid Dividend)	-	-
(e) Bank deposits with more than 12 months maturity	30,200,000	-
	<b>529,175,031</b>	<b>2,497,637,801</b>

<b>Notes to the financial statements</b>		
<b>for the eighteen months period ended September 30, 2012</b>		
	(Amount in Rs.)	
Particulars	As at Sept. 30, 2012	As at March 31, 2011
<b>16. Short-term loans and advances</b> (Refer to 2 (G) & (O) (ii) of Note - 26) <b>Unsecured, considered good</b>		
(a) Capital Advances;	1,294,563,157	592,820,603
(b) Security Deposits;	454,935,156	154,890,458
(c) Loans and advances to related parties;	430,216,669	340,258,624
(d) Other loans and advances.		
- Advance for Stocks	1,207,030,380	829,120,935
- Prepaid Expenses	73,088,353	146,334,812
- Others	777,827,620	381,827,799
	<b>4,237,661,335</b>	<b>2,445,253,231</b>
<b>17. Miscellaneous Expenditure not Written/off</b> (Refer to 1 (F) of Note - 26) (To the extent not written off or adjusted)		
Preliminary Expenses	56,295	211,917
	<b>56,295</b>	<b>211,917</b>

	(Amount in Rs.)	
Particulars	For the Period ended Sept. 30, 2012	For the Year ended March 31, 2011
<b>18. Revenue from operations</b> (Refer to 1(B) & 2 (O) (ii) of Note - 26)		
- Sale & Services	40,579,557,369	23,506,641,899
	<b>40,579,557,369</b>	<b>23,506,641,899</b>
<b>19. Other income</b> (Refer to 1(J) & (K) of Note - 26)		
(a) Interest Income	35,156,830	35,047,409
(b) Net gain/loss on foreign currency transactions	27,550,957	2,670,103
(c) Other non-operating income	(17,196,871)	(36,740,696)
	<b>45,510,916</b>	<b>976,816</b>
<b>20. Cost of Sales &amp; Services</b>		
Inventory at the beginning of the year	992,470,323	687,922,976
Add: Purchases of goods & services	28,089,275,414	15,492,068,645
Less: Inventory at the end of the period	2,949,903,112	992,470,323
	<b>26,131,842,625</b>	<b>15,187,521,298</b>
<b>21. Employee benefits expense</b> (Refer to 1(M) & 2(O) of Note - 26)		
Salaries & Wages	1,894,598,244	856,274,618
Director's Remuneration	139,360,455	48,500,000
Statutory Contributions	66,741,941	22,785,744
Staff & Labour Welfare	20,752,336	10,919,294
Recruitment, Training and Other expenses	4,724,179	267,255
	<b>2,126,177,155</b>	<b>938,746,911</b>

<b>Notes to the financial statements</b>		
<b>for the eighteen months period ended September 30, 2012</b>		
	(Amount in Rs.)	
Particulars	For the Period ended Sept. 30, 2012	For the Year ended March 31, 2011
<b>22. Other expenses</b>		
(Refer to 1(D), (K), (L) & 2(O) of Note - 26)		
Audit Fees	4,963,500	2,385,869
Advertisement Expenses	30,149,594	28,584,884
Bad Debts	38,358,478	51,001,105
Commission & Brokerage	61,715,501	23,508,586
Freight & Cartages	33,154,915	5,792,193
Sales Promotion Expenses	5,225,646	17,458,484
Tender Fee	1,532,927	1,147,044
Insurance	10,634,962	5,521,196
Fee & Taxes	30,945,487	19,640,009
Legal and Professional charges	145,848,955	74,283,038
Miscellaneous Expenses	43,039,388	34,321,289
Postage, Telegram and Telephone Expenses	83,275,135	37,330,295
Electricity and Lighting Expenses	224,648,294	94,165,765
Printing & Stationery	9,965,785	5,628,866
Rent	408,127,911	217,808,757
Loss on Sale of Fixed Assets	378,966	-
Repair and Maintenance	61,206,703	20,704,775
Travelling & Conveyance	149,550,003	87,671,791
	<b>1,342,722,150</b>	<b>726,953,946</b>
<b>23. Depreciation and amortization expense</b>		
(Refer to 1(C) & (F) of Note - 26)		
Depreciation of tangible assets	3,358,822,775	1,705,254,573
Preliminary Expenses written off	155,622	103,748
	<b>3,358,978,397</b>	<b>1,705,358,321</b>
<b>24. Finance costs</b>		
(Refer to 1(O) of Note - 26)		
(a) Interest on:		
- Term Loan	1,672,376,818	608,964,780
- Working Capital Loans	586,853,136	68,395,480
- Other Loans	150,937,319	89,402,338
(b) Other Finance Charges	358,476,187	86,236,356
	<b>2,768,643,460</b>	<b>852,998,954</b>
<b>25. Extraordinary Items</b>		
Profit/(Loss) on Sale of Investments	684,639,644	-
	<b>684,639,644</b>	<b>-</b>

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

#### 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 contract and amount received from customers towards unexpired portion of annual maintenance contracts is shown as advances rece 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.

##### 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.

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

#### J Income from Investments

Income from investments, where appropriate, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

#### K Foreign Currency Transactions

I Transaction denominated in foreign exchange are recorded at the exchange rate prevailing at the date of the transaction. Receivable and payables at the year end are translated at the exchange rate prevailing on the balance sheet and differences coming there on are recognised in profit and loss account.

II Monetary items denominated in foreign currencies at the year ended and not covered by forward exchange contracts are translated at year end exchange rates and in respect of those covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of contract.

III Any gain or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost 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"

#### 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.

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

#### 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

- 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

	Rs. In lacs	
	As On 30 Sep 2012	As On 31 March 2011
I	25,110.05	12,126.32
II	41,036.41	-
III	39,656.21	0.95
IV	193.49	114.36
V	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 Infocore Pvt. Ltd. in terms of its issue of Non Convertible Debentures (NCDs) aggregating to Rs. 84 crores outstanding as on 30th September, 2012.

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.

### 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. 60,40.5 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.

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.

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in 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.



## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

b. During the current period, 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. Derivative Instrument

The company has outstanding foreign exchange forward contract of US\$ NIL (Previous year US\$165 million.) as at 30th September, 2012, for hedging its exposure in respect of highly probable forecast transaction relating to foreign currency convertible bonds(FCCB) liability.

#### E. Auditors Remuneration is as under: -

	Amount in Rs.	
	As On 30 Sep 2012	As On 31 March 2011
(a) as Auditor	3,309,000	1,724,069
(b) for taxation matters	1,103,000	661,800
(c) for other services	551,500	-
<b>Total</b>	<b>4,963,500</b>	<b>2,385,869</b>

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

PARTICULARS	Current Period ended Sept. 30, 2012		Previous Year ended March 31, 2011	
	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.	19	2,399.01	6	1,144.21
Not less than Rs. 5. 0 lacs p.m.	2	106.00	6	274.57

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 PartII of the Schedule VI to the Companies Act, 1956 is given below:-

	Amount in Rs.			
	Opening Stock	Purchases	Sales	Closing Stock
Hardware & Networking Equipments	992,470,323	28,089,275,414	40,579,557,369	2,949,903,112
<b>Total</b>	<b>992,470,323</b>	<b>28,089,275,414</b>	<b>40,579,557,369</b>	<b>2,949,903,112</b>
<b>Previous Year</b>	<b>687,922,976</b>	<b>15,492,068,645</b>	<b>23,506,641,899</b>	<b>992,470,323</b>

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

#### J. Value of Imports of material on CIF basis

	Amount in Rs.	
	As On 30 Sep 2012	As On 31 March 2011
Capital goods	469,554,324	255,492,098
Trading goods	-	-
<b>Total</b>	<b>469,554,324</b>	<b>255,492,098</b>

#### K. Value of indigenous and imported spares consumed

Spares Parts Indigenous	-	-
Spares Parts Imported	-	-

#### L. Earning in Foreign Exchange

	-	9,596,320
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#### M. Expenditures in Foreign Currency

	157,324,478	85,338,805
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#### N. Earning Per Share (Basic and Diluted)

(Refer to Note 1 (P) of Schedule 20)	As On 30 Sep 2012	As On 31 March 2011
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
<b>Weighted Average number of shares outstanding</b>	<b>145,000,000</b>	<b>145,000,000</b>

<b>Profit After Tax (In Rupees)</b>	<b>4,332,112,295</b>	<b>3,095,355,811</b>
<b>EPS (In rupees) (Basic)</b>	<b>29.88</b>	<b>21.35</b>
<b>EPS (In rupees) (Diluted)</b>	<b>29.88</b>	<b>21.35</b>

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

#### 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	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.	
				Associate Concerns	Subsidiary Companies
<b>a</b>	<b>Advances</b>				
	Taken During the Period	-	-	-	-
	Given During the Period	-	-	-	205,756,359
<b>b</b>	<b>Sundry Debtors/Advances as at 30.09.2012</b>	-	-	184,452,534 (275,191,172)	245,764,135 (65,067,452)
<b>c</b>	<b>Sundry Creditors as at 30.09.2012</b>	-	-	500,632 (500,632)	-
<b>d</b>	<b>Sales</b>	-	-	304,748,447	-
<b>e</b>	<b>Purchases</b>	-	-	549,360,726 (374,100,198)	25,059,676
<b>f</b>	<b>Expenditures</b>				
	- Payment to & Provisions for Directors	139,360,455 (48,500,000)	-	-	-
	- Travelling Expenses	8,142,252 (10,132,231)	-	-	-

#### P. Details of Investments

##### - Investment in other Companies

Particulars	As on September 30 ,2012		As on March 31 ,2011	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
<b>i) Government Securities</b>	125,000	143,647	125,000	143,647
<b>ii) Subsidiary Companies (Unquoted)</b>				
a. Tulip IT Services Singapore Pte Ltd (Considered to be of Strategic Importance)	102,068	90,986,027	102,068	82,015,528
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	-	28,914,709
d. Tulip Data Centre Services Pvt. Ltd. (Considered to be of Strategic Importance)	-	2,140,100,000	-	2,143,094,250
<b>iii) Other Companies (Quoted)</b>				
a. Indian Overseas Bank Ltd. *	4,512	112,800	4,512	112,800
<b>iii) Other Companies (Unquoted)</b>				
a. Beeta Infocom Pvt. Ltd.	1,110	11,100	1,110	11,100
b. Qualcomm **	-	-	1,400,000,000	1,527,360,356
<b>Total</b>		<b>2,264,459,770</b>		<b>3,782,152,390</b>
* Market Value of Quoted Shares		368,630	-	647,923

\*\* Includes investment in the subsidiary companies of Qualcomm Asia Pacific Pte. Ltd., namely (i) Wireless Broadband Business Services (Delhi) Pvt. Ltd. - Rs. 637329200 (ii) Wireless Broadband Business Services (Haryana) Pvt. Ltd. - Rs. 35770830 (iii) Wireless Broadband Business Services (Kerala) Pvt. Ltd. - Rs. 74920350 (iv) Wireless Broadband Business Services Pvt. Ltd. - Rs. 651979620. During the current reporting period the investment in Qualcomm has been disposed off.

## Notes to the financial statements

### for the eighteen months period ended September 30, 2012

- Q** The Company operates in single segment i.e., 'Telecom' 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 current reporting period was extended to 18 months as per approval given by Registrar of Companies, NCT of Delhi and Haryana vide its letter dated 23rd May, 2012, accordingly the above figures are for 18 months as against 12 months in the previous year. Hence, the figures for current reporting period are not comparable with those of previous year.
- 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.

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

Rakesh Chadha  
(Partner)  
Membership No. - 83135

Lt Col HS Bedi, VSM  
Chairman and Managing Director

Chandras Kuty  
Director

Place: New Delhi  
Date : November 30, 2012

### Statement pursuant to general exemption granted under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies for the eighteen months period ended September 30, 2012

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	September 30, 2012	909.86	(306.30)	762.89	762.89	NIL	66.29	(194.55)	NIL	(194.55)	NIL		
2	Tulip Swan IT Services Ltd.	India	September 30, 2012	5.00	NIL	3,109.58	3,109.58	NIL	NIL	NIL	NIL	NIL	NIL		
3	Tulip Telecom Inc.	USA	September 30, 2012	326.06	(390.64)	564.31	564.31	NIL	44.56	(152.15)	NIL	(152.15)	NIL		
4	Tulip Data Center Services Pvt. Ltd.	India	September 30, 2012	2,001.00	18,731.95	54,652.62	54,652.62	NIL	NIL	(903.78)	(775.61)	(128.16)	NIL		
5	SADA IT Parks Pvt. Ltd.	India	September 30, 2012	1.00	8,821.35	10,053.75	10,053.75	NIL	169.58	(73.17)	34.50	(107.66)	NIL		

Note: Exchange rate as on September 30, 2012. USD 1 = INR 52.50

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 Kuty  
Director

Place: New Delhi  
Date : November 30, 2012

## Auditors' Report on Consolidated Financial Statements

# 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 September 30, 2012 and the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the eighteen 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. 762.89 Lacs as at September 30, 2012, total revenues of 66.29 lacs and net cash inflows amounting to Rs. 87.28 Lacs for the period ended on that date. These financial statements and other financial information have been audited by other auditors for the period from April 01, 2011 to March 31, 2012, whose reports have been furnished to us, further accounts for the period from April 01, 2012 to September 30, 2012 have been prepared and certified by the management and our opinion is based solely on the report of other auditors and management certified accounts on that date.
  - ii. M/s Tulip Telecom Inc. whose financial statement reflect total assets of Rs. 564.31 lacs as at September 30, 2012, total revenues of Rs. 44.56 lacs and net cash outflows amounting to Rs. 4.00 lacs for the year ended on that date. These financial statements and other financial information have not been audited by any other auditors.

- iii. M/s Tulip Data Center Services Pvt. Ltd. whose financial statements reflect total assets of Rs. 54,652.62 Lacs as at September 30, 2012, total revenues of nil and net cash inflows amounting to Rs. 1574.73 Lacs for the period ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We have audited the financial statements of M/s Tulip SWAN IT Services Ltd. whose financial statements reflect total assets of Rs. 3109.58 Lacs as at September 30, 2012, total revenues of Nil and net cash outflows amounting to Rs. 9.51 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 September 30, 2012;
- ii. in the case of the Consolidated Statement of Profit and Loss, of the profit for the eighteen months period ended on that date; and
- iii. in the case of Consolidated Cash Flow Statement, of the cash flows for the eighteen months period ended on that date.

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

Place: New Delhi  
Date: November 30, 2012

Rakesh Chadha  
Partner  
Membership No. 83135

## Consolidated Balance Sheet as at September 30, 2012

Particulars	Notes	(Amount in Rs.)	
		As at Sept. 30, 2012	As at March 31, 2011
<b>A. Equity and Liabilities</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	290,000,000	290,000,000
(b) Reserves and surplus	2	13,602,002,527	11,835,302,237
		<b>13,892,002,527</b>	<b>12,125,302,237</b>
<b>2 Non Current Liabilities</b>			
(a) Long-term borrowings	3	14,426,756,053	9,281,075,071
(b) Deferred Tax Liabilities (Net)	4	14,601,284	31,726,218
(c) Long term provisions	5	72,201,680	56,254,822
		<b>14,513,559,017</b>	<b>9,369,056,111</b>
<b>3 Current Liabilities</b>			
(a) Short term borrowings	6	15,894,966,018	8,965,481,247
(b) Trade payables	7	3,125,576,943	1,140,593,237
(c) Other current liabilities	8	1,311,680,896	1,178,495,534
(d) Short term provisions	9	338,861,325	136,679,653
		<b>20,671,085,182</b>	<b>11,421,249,671</b>
<b>TOTAL</b>		<b>49,076,646,726</b>	<b>32,915,608,019</b>
<b>B. Assets</b>			
<b>1 Non current assets</b>			
(a) Fixed assets	10		
- Gross Fixed Assets		27,724,179,217	18,635,948,434
Less: Depreciation		7,541,301,636	4,131,871,631
Net Fixed Asset		<b>20,182,877,581</b>	<b>14,504,076,803</b>
- Capital work-in-progress		9,282,839,102	3,228,206,216
- Goodwill		1,244,245,603	1,244,245,603
(b) Non-current investments	11	267,547	1,549,464,222
(c) Other non-current assets	12	204,894,349	137,853,720
		<b>30,915,124,182</b>	<b>20,663,846,564</b>
<b>2 Current Assets</b>			
(a) Inventories	13	2,949,903,112	992,470,323
(b) Trade receivables	14	9,736,622,528	6,343,633,137
(c) Cash and Cash Equivalents	15	696,616,086	2,503,686,230
(d) Short term loans and advances	16	4,774,366,946	2,407,787,273
		<b>18,157,508,672</b>	<b>12,247,576,961</b>
<b>3 Miscellaneous Expenditures</b>			
	17	4,013,872	4,184,494
<b>TOTAL</b>		<b>49,076,646,726</b>	<b>32,915,608,019</b>
Statement of Significant Accounting Policies and Notes to the Financial Statements	26		

Statement of Significant Accounting Policies and Notes to the Financial Statements

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

Rakesh Chadha  
(Partner)  
Membership No. - 83135

Lt Col HS Bedi, VSM  
Chairman and Managing Director

Chandras Kutty  
Director

Place: New Delhi  
Date : November 30, 2012



**Consolidated Statement of Profit and Loss for the eighteen months period ended September 30, 2012**

Particulars	Notes	(Amount in Rs.)	
		For the Period Ended Sept. 30, 2012	For the Year Ended March 31, 2011
1 Revenue from operations	18	40,607,600,376	23,510,503,864
2 Other income	19	45,725,854	986,150
<b>3 Total revenue (I)</b>		<b>40,653,326,230</b>	<b>23,511,490,014</b>
<b>4 Expenses</b>			
(a) Cost of Sales & Services	20	26,131,842,625	15,188,207,098
(b) Employee benefits expense	21	2,162,730,244	946,420,530
(c) Other expenses	22	1,385,645,986	745,059,036
<b>Total Expenses (II)</b>		<b>29,680,218,855</b>	<b>16,879,686,664</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)</b>		<b>10,973,107,375</b>	<b>6,631,803,350</b>
(a) Depreciation and amortisation expense	23	3,409,808,326	1,713,887,647
(b) Finance costs	24	2,798,960,399	853,159,649
<b>5 Profit / (Loss) before extraordinary items and tax</b>		<b>4,764,338,650</b>	<b>4,064,756,054</b>
6 Extraordinary items	25	684,639,644	-
<b>7 Profit / (Loss) before tax</b>		<b>5,448,978,294</b>	<b>4,064,756,054</b>
<b>8 Tax Expenses</b>			
(a) Current tax expense for current year		1,192,244,406	998,147,353
(b) Deferred tax		(17,124,934)	2,536,121
<b>Total Tax Expense</b>		<b>1,175,119,472</b>	<b>1,000,683,474</b>
<b>9 Profit / (Loss) for the period</b>		<b>4,273,858,822</b>	<b>3,064,072,580</b>
10 Prior Period Expenses/(Income)		1,484,476	10,801,955
<b>11 Net Profit / (Loss) after Tax</b>		<b>4,272,374,346</b>	<b>3,053,270,625</b>
<b>12 Earning / (Loss) Per Equity Share</b>			
Basic [Nominal value of shares Rs. 2 ]		<b>29.47</b>	<b>21.13</b>
Diluted [Nominal value of shares Rs. 2 ]		<b>29.47</b>	<b>21.13</b>
<b>Statement of Significant Accounting Policies and Notes to the Financial Statements</b>	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

Rakesh Chadha  
(Partner)  
Membership No. - 83135

Lt Col HS Bedi, VSM  
Chairman and Managing Director

Chandras Kuty  
Director

Place: New Delhi  
Date : November 30, 2012

**Consolidated Cash Flow Statement for the eighteen months period ended September 30, 2012**

PARTICULARS	(Amount in Rs.)	
	For the Period Ended Sept. 30, 2012	For the Year Ended March 31, 2011
(Refer note 1(I) of Note - 26)		
<b>A Cash flow from operating activities</b>		
<b>Net (loss)/profit before tax and exceptional/extraordinary items</b>	<b>4,764,338,650</b>	<b>4,064,756,052</b>
<b>Adjustments for:-</b>		
Depreciation	3,409,637,704	1,713,773,899
Interest Expenses	2,798,960,399	853,159,652
Interest Income	(35,156,830)	(38,622,808)
Miscellaneous Expenditure written off	170,622	113,748
Loss on Sale of Fixed Assets	378,966	-
FCCB/QIP Expenses charged to Share Premium Account	(9,157,827)	-
<b>Provision for Tax</b>	<b>(1,192,244,406)</b>	<b>(998,147,353)</b>
<b>Operating Profit before working capital changes</b>	<b>9,736,927,278</b>	<b>5,595,033,190</b>
<b>Adjustments for changes in working capital:-</b>		
(INCREASE)/Decrease in Sundry Debtors	(3,392,989,391)	(1,023,458,133)
(INCREASE)/Decrease in Other Receivables	(2,433,620,302)	(987,121,761)
(INCREASE)/Decrease in Inventories	(1,957,432,789)	(304,547,347)
INCREASE/(DECREASE) in Trade and Other Payables	2,336,297,597	151,531,777
<b>Cash generated from operations</b>	<b>4,289,182,393</b>	<b>3,431,437,726</b>
Prior Period (Expenses)/Income (Net)	(1,484,476)	(10,801,955)
<b>Net Cash from Operating Activities</b>	<b>4,287,697,917</b>	<b>3,420,635,771</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of fixed assets including CWIP	(15,143,525,890)	(6,078,596,212)
Sale of Vehicles	75,556	-
Purchase of Goodwill	-	(1,244,172,231)
Deposit with bank	(263,976,233)	703,455,824
Interest Received (Revenue)	35,156,830	38,622,808
Amount paid/(received) on acquisition/sale of Investment	2,233,836,319	(1,549,196,675)
Any Other Items	(3,711,779)	(7,805,275)
<b>Net cash used in Investing activities</b>	<b>(13,142,145,198)</b>	<b>(8,137,691,761)</b>
<b>C Cash flow from Financing Activities</b>		
Exchange (Profit)/Loss of Revaluation of FCCB	699,880,729	27,626,772
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	(683,374,250)	(250,716,000)
Unsecured Non-Convertible Debentures redeemed	-	(1,750,000,000)
Proceeds from Long Term borrowings	4,411,055,236	5,163,438,650
Repayment of Long Term Borrowings	(1,039,410,758)	(281,916,984)
Proceeds from Short Terms borrowings	800,000,000	1,794,735,753
Repayment of Short Term Borrowings	(2,053,000,000)	(1,656,470,500)
Proceeds from Cash Credits (NET)	3,320,635,346	2,530,956,063
Interest Paid	(2,798,960,399)	(853,159,652)
Dividend, including dividend tax	-	(270,532,300)
<b>Net Cash used in financing Activities</b>	<b>6,783,400,904</b>	<b>4,453,961,802</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(2,071,046,378)</b>	<b>(263,094,190)</b>
<b>Opening Cash and Cash Equivalents</b>	<b>2,142,179,071</b>	<b>2,405,273,261</b>
<b>Closing Cash and Cash Equivalents</b>	<b>71,132,693</b>	<b>2,142,179,071</b>

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

Rakesh Chadha  
(Partner)  
Membership No. - 83135

Lt Col HS Bedi, VSM  
Chairman and Managing Director

Chandras Kuty  
Director

Place: New Delhi  
Date : November 30, 2012

## Notes to the consolidated financial statements for the eighteen months period ended September 30, 2012

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>1. Share capital</b>		
<b>a. Authorised shares</b>		
- 200000000 Equity Shares of Rs. 2 each (Previous Year 200000000 Equity Shares of Rs. 2 each)	400,000,000	400,000,000
<b>b. Issued, subscribed and fully paid up shares</b>		
- 145000000 Equity Shares of Rs. 2 each Fully Paid-up in cash (Previous Year 145000000 Equity Shares of Rs. 2 each)	290,000,000	290,000,000
<b>Total</b>	<b>290,000,000</b>	<b>290,000,000</b>

### c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Share	As at Sept. 30, 2012		As at March 31, 2011	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
At the beginning of the year	145000000	290,000,000	145000000	290,000,000
Add: Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>145000000</b>	<b>290,000,000</b>	<b>145000000</b>	<b>290,000,000</b>

### 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					
S. No.	Name of Share Holders	As at Sept. 30, 2012		As at March 31, 2011	
		No. of shares	% Holding	No. of shares	% Holding
1	H.S. Bedi	44292750	30.55	46361250	31.97
2	Cedar Infonet Private Limited	48334161	33.33	44601750	30.55
3	Government of Singapore	7654328	5.28	1576591	1.09

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

### 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 our years at an exercise price of Rs.164.55, determined as per the SEBI guidelines.
- b. During the current period, 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 our 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. August 26, 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. During the current reporting period ended 30.09.2012, this option is not exercisable in view of the expiry of date of exercising the option.

## Notes to the consolidated financial statements for the eighteen months period ended September 30, 2012

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>2. Reserves and surplus</b>		
<b>Securities premium account</b>		
Balance as per the last financial statements	831,278,406	831,278,406
Less:- FCCB/QIP expenses	(9,157,827)	-
<b>Closing Balance</b>	<b>822,120,579</b>	<b>831,278,406</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	510,416,666	752,083,333
Transferred from Surplus in the statement of profit and loss	426,840,278	(241,666,667)
<b>Closing Balance</b>	<b>937,256,944</b>	<b>510,416,666</b>
<b>Foreign Currency Translation Reserves</b>	(11,282,900)	(7,571,121)
<b>General Reserve</b>		
Opening Balance	1,110,467,704	738,219,295
Transferred from Surplus in the statement of profit and loss	-	372,248,409
<b>Closing Balance</b>	<b>1,110,467,704</b>	<b>1,110,467,704</b>
<b>Surplus in the statement of profit and loss</b>		
Opening Balance	9,390,710,582	6,675,841,171
Add: Transferred from Statement of Profit and Loss	4,272,374,346	3,053,270,625
Less: Appropriations		
- Proposed Final Dividend	-	(232,000,000)
- Tax on Dividend	-	(38,532,300)
- General Reserve	-	(309,535,581)
- Debenture Redemption Reserve	(426,840,278)	241,666,667
Less: Premium on Redemption of FCCB	(2,492,804,449)	-
<b>Net Surplus in the statement of profit and loss</b>	<b>10,743,440,201</b>	<b>9,390,710,582</b>
<b>TOTAL</b>	<b>13,602,002,527</b>	<b>11,835,302,237</b>

### (I) Debenture Redemption Reserve (DRR) :

- a. Debenture Redemption Reserve is created by the company for the redemption of 2000 Non Convertible Debentures(NCDs) during the 18 months period ending September 30, 2012 off ace value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a., 1500 Non Convertible Debentures(NCDs) of face value of Rs. 10,00,000/- each, at a coupon rate of 10.67% p.a., 1500 Non Convertible Debentures(NCDs) off ace value of Rs. 10,00,000/- each, at a coupon rate of 12.50% p.a., 1150 Non Convertible Debentures(NCDs) off ace value of Rs. 10,00,000/- each, at a coupon rate of 12.75% p.a.. Also, 500 NCDs of Rs. 10,00,000 each to LIC and Rs. 5 Crore of NCD of TATA Capital were repaid.
- b. The company for the purpose of redeeming the above mentioned NCD has created a DRR in accordance with DCA circular No. 9/2002 Dtd. April 18, 2002 and prevailing industry practices.

### 3. Long Term Borrowings - Secured

(a) Bonds/Debentures		
- Non Convertible Debentures	5,100,000,000	3,000,000,000
(b) Term Loans		
- From Banks	6,470,921,303	4,521,541,071
(c) Other loans		
- External Commercial Borrowings	2,855,834,750	1,759,534,000
<b>Total</b>	<b>14,426,756,053</b>	<b>9,281,075,071</b>

### (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 18 months period ended September 30, 2012, 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 semiannual 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;

## Notes to the consolidated financial statements for the eighteen months period ended September 30, 2012

- 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 semiannual 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

### (III) External Commercial Borrowings

- During the 18 months period ended September 30, 2012, 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.

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>4. Deferred tax Liabilities (Net)</b>		
Opening Balance	31,726,219	29,190,098
<b>Add: Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	81,083,611	2,536,120
Gross deferred tax liability	<b>81,083,611</b>	<b>2,536,120</b>
<b>Less: Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis	98,208,546	-
Gross deferred tax asset	<b>98,208,546</b>	-
<b>Net deferred tax Liability</b>	<b>14,601,284</b>	<b>31,726,218</b>
<b>5. Long Term Provisions</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	50,893,268	41,613,340
Provision for Leave Benefits	21,308,412	14,641,482
	<b>72,201,680</b>	<b>56,254,822</b>
<b>6. Short-term borrowings</b> (Refer to 2 (B) of Note - 26)		
<b>Secured</b>		
(a) Loans repayable on demand		
- from banks; (Working Capital Loan)	3,680,709,069	360,073,722
(b) Current maturities of long-term debt;		
- Term Loans from Banks	2,408,400,000	766,400,000
- External Commercial Borrowings	920,500,000	673,600,000
- Non Convertible Debentures	500,000,000	500,000,000
(c) Other loans		
- Short Term Loans	-	714,735,753
	<b>7,509,609,069</b>	<b>3,014,809,475</b>

## Notes to the consolidated financial statements for the eighteen months period ended September 30, 2012

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>Unsecured</b>		
(a) Current maturities of long-term debt;		
- Foreign Currency Convertible Bonds (FCCB)	7,585,356,949	4,392,671,772
(b) Other loans		
- Commercial Papers	-	650,000,000
- Short Term Loans	800,000,000	908,000,000
	<b>8,385,356,949</b>	<b>5,950,671,772</b>
	<b>15,894,966,018</b>	<b>8,965,481,247</b>

### (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 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. August 26, 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.

c. The aforesaid FCCB includes Premium on Redemption for a sum of Rs. 24928.04 Lacs

d. The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in 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.

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>7. Trade Payables</b> (Refer to 2 (H) & (O) (ii) of Note - 26)		
Goods	2,207,504,502	302,394,797
Capital Goods	918,072,441	838,198,440
	<b>3,125,576,943</b>	<b>1,140,593,237</b>
<b>8. Other current liabilities</b>		
(a) Interest accrued but not due on borrowings;	97,788,252	49,125,481
(b) Interest accrued and due on borrowings;	300,984,467	-
(c) Other payables		
- Expenses Payable	533,756,430	849,346,935
- Statutory Liabilities	330,088,347	216,726,498
- Advance from Customers	49,063,400	63,296,620
	<b>1,311,680,896</b>	<b>1,178,495,534</b>
<b>9. Short Term Provisions</b> <b>Other Provisions</b>		
Provision for Income Tax and Dividend Tax	338,861,325	136,679,653
	<b>338,861,325</b>	<b>136,679,653</b>



Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012

(Amount in Rs.)											
10. Fixed Assets											
10.1. Tangible Assets											
	Land**	Building	Plant & Machinery	Equipments- Tulip Connect	Office Equipment	Computer	Furniture	Vehicles	Total		
<b>Cost</b>											
As at April 1, 2010	28,570,740	167,153,683	200,153,676	13,854,872,470	88,445,504	76,734,010	72,779,384	12,991,763	14,501,701,230		
Additions during the year	-	902,294,318	1,307,98,782	3,037,455,995	11,086,387	23,136,290	1,373,037	28,102,395	4,134,247,204		
Sale/ Adjustment during the year	-	-	-	-	-	-	-	-	-		
As at March 31, 2011	28,570,740	1,069,448,001	330,952,458	16,892,328,465	99,531,891	99,870,300	74,152,421	41,094,158	18,635,948,434		
Additions during the Period	-	469,924,536	372,385,203	8,158,636,349	3,360,899	10,861,237	73,724,780	662,220	9,088,893,004		
Sale/ Adjustment during the Period	-	-	-	-	-	-	-	-	662,220		
As at Sept. 30, 2012	28,570,740	1,539,372,537	703,337,661	25,050,964,814	102,892,790	110,731,537	147,877,201	40,431,938	27,724,179,217		
<b>Depreciation</b>											
As at April 1, 2010	3,426,568	9,669,113	35,339,921	2,291,693,157	9,234,939	43,771,726	13,938,994	6,744,400	2,413,818,818		
Charged for the year	856,642	10,747,548	12,613,771	1,663,063,410	4,489,523	14,294,054	4,650,392	3,058,559	1,713,773,899		
Sale/ Adjustment during the year	-	4,278,914	-	-	-	-	-	-	4,278,914		
As at March 31, 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		
<b>Net Block</b>											
As at March 31, 2011	24,287,530	1,044,752,426	282,998,766	12,937,571,898	85,807,429	41,804,520	55,563,035	31,291,199	14,504,076,803		
As at Sept. 30, 2012	23,002,567	1,486,889,852	619,231,169	17,806,937,006	76,487,346	27,248,326	119,178,814	23,902,502	20,182,877,581		

	Amount Rs.	Residual Period (years)
Jammu & Kashmir State Industrial	125,520	80
Maharashtra State Industrial	74,026,901	55
<b>Total</b>	<b>74,152,421</b>	

10.2. Capital Work-in-Progress			
Particulars	As at		Total
	Sept. 30, 2012	March 31, 2011	
Capital Work-in-Progress	9,282,839,102	3,228,206,216	
<b>Total</b>	<b>9,282,839,102</b>	<b>3,228,206,216</b>	

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

Lessor	Amount Rs.	Residual Period (years)
Jammu & Kashmir State Industrial	125,520	80
Maharashtra State Industrial	74,026,901	55
<b>Total</b>	<b>74,152,421</b>	

Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>11. Non-current investments</b> (Refer to 2 (P) of Note - 26)		
(a) Other non-current investments	267,547	1,549,464,222
	<b>267,547</b>	<b>1,549,464,222</b>
<b>Additional Information:</b>		
(a) Aggregate amount of quoted investments and market value thereof;	368,630	647,923
(b) Aggregate amount of unquoted investments;	154,747	1,549,351,422
(c) Aggregate provision for diminution in value of investments	-	-
<b>12. Other Non Current Assets</b>		
(i) Others		
- Security Deposits	204,894,349	137,853,720
	<b>204,894,349</b>	<b>137,853,720</b>
<b>13. Inventories (valued at lower of cost and net realizable value)</b> (Refer to 1 (G) of Note - 26) (As per Inventories taken, Valued and Certified by the Management)		
Inventories	2,949,903,112	992,470,323
	<b>2,949,903,112</b>	<b>992,470,323</b>
<b>14. Trade receivables</b> (Refer to 2 (G) & (O) (ii) of Note - 26)		
<b>Unsecured, considered good unless stated otherwise</b>		
<b>(a) Outstanding for a period exceeding six months from the date they are due for Payment</b>		
- Unsecured, considered good	1,971,031,262	1,066,621,965
- Doubtful	15,345,980	8,686,598
	<b>1,986,377,242</b>	<b>1,075,308,563</b>
<b>(b) Others, considered good</b>	7,750,245,286	5,268,324,574
<b>Trade receivables (Net)</b>	<b>9,736,622,528</b>	<b>6,343,633,137</b>
<b>15. Cash and cash equivalents</b>		
(a) Balances with banks;		
- Current Account	50,758,235	435,922,840
- FDR's (including Pledged as margins for the Letter of Credits and Bank Guarantees issued by the bank including interest on FDR)	455,922,796	212,918,201
- Fixed Deposits with Bank of India London-UK (Maximum bal. during the year Rs.1485.89 lacs, Prev. year Rs. 88.60 lacs)	-	148,588,958
(b) Cheques, drafts on hand;	20,220,205	1,705,583,955
(c) Cash on hand	154,253	672,275
(d) Earmarked Balances with bank (Unpaid Dividend)	-	-
(e) Bank deposits with more than 12 months maturity	169,560,597	-
	<b>696,616,086</b>	<b>2,503,686,230</b>



**Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012**

Particulars	(Amount in Rs.)	
	As at Sept. 30, 2012	As at March 31, 2011
<b>16. Short-term loans and advances</b> (Refer to 2 (G) & (O) (ii) of Note - 26) <b>Unsecured, considered good</b>		
(a) Capital Advances;	2,033,405,154	593,193,294
(b) Security Deposits;	454,935,156	154,890,458
(c) Loans and advances to related parties;	184,452,534	275,191,172
(d) Other loans and advances.		
- Advance for Stocks	1,207,030,380	894,188,387
- Prepaid Expenses	80,661,001	146,334,812
- Others	813,882,721	343,989,150
	<b>4,774,366,946</b>	<b>2,407,787,273</b>
<b>17. Miscellaneous Expenditure not Written/off</b> (Refer to 1 (F) of Note - 26) (To the extent not written off or adjusted)		
Preliminary Expenses	4,013,872	4,184,494
	<b>4,013,872</b>	<b>4,184,494</b>
Particulars	(Amount in Rs.)	
	For the Period ended Sept. 30, 2012	For the Year ended March 31, 2011
<b>18. Revenue from operations</b> (Refer to 1(B) & 2 (O) (ii) of Note - 26)		
- Sale & Services	40,607,600,376	23,510,503,864
	<b>40,607,600,376</b>	<b>23,510,503,864</b>
<b>19. Other income</b> (Refer to 1(J) & (K) of Note - 26)		
(a) Interest Income	35,156,830	38,622,808
(b) Net gain/loss on foreign currency transactions	27,550,957	2,670,103
(c) Other non-operating income	(16,981,933)	(40,306,761)
	<b>45,725,854</b>	<b>986,150</b>
<b>20. Cost of Sales &amp; Services</b>		
Inventory at the beginning of the year	992,470,323	687,922,976
Add: Purchases of goods & services	28,089,275,414	15,492,754,445
Less: Inventory at the end of the period	2,949,903,112	992,470,323
	<b>26,131,842,625</b>	<b>15,188,207,098</b>
<b>21. Employee benefits expense</b> (Refer to 1(M) & 2(O) of Note - 26)		
Salaries & Wages	1,927,940,153	863,948,237
Director's Remuneration	139,360,455	48,500,000
Statutory Contributions	67,652,790	22,785,744
Staff & Labor Welfare	21,323,295	10,919,294
Recruitment, Training and Other expenses	6,453,551	267,255
	<b>2,162,730,244</b>	<b>946,420,530</b>

**Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012**

Particulars	(Amount in Rs.)	
	For the Period ended Sept. 30, 2012	For the Year ended March 31, 2011
<b>22. Other expenses</b> (Refer to 1(D), (K), (L) & 2(O) of Note - 26)		
Audit Fees	5,514,062	2,964,944
Advertisement Expenses	30,149,594	28,584,884
Bad Debts	38,358,478	51,001,105
Commission & Brokerage	61,715,501	23,508,586
Freight & Cartages	33,154,915	5,792,193
Sales Promotion Expenses	13,679,143	23,630,684
Tender Fee	1,532,927	1,147,044
Insurance	13,272,497	6,704,546
Fee & Taxes	34,735,925	19,640,009
Legal and Professional charges	161,138,971	83,140,998
Miscellaneous Expenses	43,614,375	35,094,117
Postage, Telegram and Telephone Expenses	84,320,725	37,381,493
Electricity and Lighting Expenses	224,652,946	94,165,765
Printing & Stationery	10,398,162	5,628,866
Rent	408,820,911	218,071,472
Loss on Sale of Fixed Assets	378,966	-
Repair and Maintenance- Plant and Machinery	67,040,665	20,704,774
Travelling & Conveyance	153,167,223	87,881,072
	<b>1,385,645,986</b>	<b>745,059,036</b>
<b>23. Depreciation and amortization expense</b> (Refer to 1(C) & (F) of Note - 26)		
Depreciation of tangible assets	3,409,637,704	1,713,773,899
Preliminary Expenses written off	170,622	113,748
	<b>3,409,808,326</b>	<b>1,713,887,647</b>
<b>24. Finance costs</b> (Refer to 1(O) of Note - 26)		
(a) Interest on:		
- Term Loan	1,702,571,410	608,964,780
- Working Capital Loans	586,853,136	68,395,479
- Other Loans	150,937,319	89,526,423
(b) Other Finance Charges	358,598,534	86,272,967
	<b>2,798,960,399</b>	<b>853,159,649</b>
<b>25. Extraordinary Items</b>		
Profit/(Loss) on Sale of Investments	684,639,644	-
	<b>684,639,644</b>	-

**Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012**

**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:

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

**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.

**Notes to the consolidated financial statements  
for the eighteen months period ended September 30, 2012**

**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.

**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.

## Notes to the consolidated financial statements for the eighteen months period ended September 30, 2012

II Monetary items denominated in foreign currencies at the year ended and not covered by forward exchange contracts are translated at year end exchange rates and in respect of those covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of contract.

III Any gain or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

IV Foreign currency assets and liabilities are translated at the year end rates and resultant gains/losses on foreign exchange transaction other than those relating to fixed assets are recognised in the profit and loss account.

V Non-monetary foreign currency items are carried at cost.

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 to Profit and Loss Account in the year in which it is incurred.

Capital expenditure on Research and Development is shown under the relevant fixed assets and depreciation is provided as given in note no. 1 (c) (ii) above.

### M Employee Benefits

#### I Short Term Employee Benefits

Short-term employee Benefits are recognised in the period during which the services have been rendered.

#### II Long Term Employees Benefits

##### a. Defined Contribution Plans

Contribution to Provident Fund are deposited with the appropriate authorities and charged to the profit and loss account on Accrual basis.

##### b. Defined Benefit Plans

###### i Gratuity

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

###### ii Leave encashment

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

### N Provision for Tax

Tax expense for the year comprising current 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

- I Guarantee issued by the Banks on Behalf of the company
- II Claims against the company by DOT not acknowledged 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 April 03, 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 September 30, 2012.
- VII Also, the Company had issued a Corporate Guarantee on May 18, 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.

	Rs. In lacs	
	As On 30 Sep 2012	As On 31 March 2011
I	25,110.05	12,126.32
II	41,036.41	-
III	39,656.21	114.36
IV	193.49	0.95
V	23.36	23.36

### 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. 60,40.5 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.

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.

The company has defaulted in repayment of aforesaid unsecured Foreign Currency Convertible bonds (FCCB) amounting to approx. USD 145 million (Rs. 75853.57 Lacs approx.) (Including Premium approx. Rs. 24928.04 Lacs) in respect of FCCB were due for redemption in 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 current period, 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. Derivative Instrument**

The company has outstanding foreign exchange forward contract of US\$ NIL (Previous year US\$165 million.) as at 30th September, 2012, for hedging its exposure in respect of highly probable forecast transaction relating to foreign currency convertible bonds(FCCB) liability.

**E. Auditors Remuneration is as under:-**

	Amount in Rs.	
	As On	As On
	30 Sep 2012	31 March 2011
(a) as Auditor	3,759,562	2,303,144
(b) for taxation matters	1,203,000	661,800
(c) for other services	551,500	-
<b>Total</b>	<b>5,514,062</b>	<b>2,964,944</b>

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

PARTICULARS	Current Period ended Sept. 30, 2012		Previous Year ended March 31, 2011	
	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.	19	2,399.01	6	1,144.21
Not less than Rs. 5. 0 lacs p.m.	3	130.71	6	274.57

**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 PartII of the Schedule VI to the Companies Act, 1956 is given below:-**

	Amount in Rs.			
	Opening Stock	Purchases	Sales	Closing Stock
Hardware & Networking Equipments	992,470,323	28,089,275,414	40,607,600,376	2,949,903,112
<b>Total</b>	<b>992,470,323</b>	<b>28,089,275,414</b>	<b>40,607,600,376</b>	<b>2,949,903,112</b>
<b>Previous Year</b>	<b>687,922,976</b>	<b>15,492,754,445</b>	<b>23,510,503,864</b>	<b>992,470,323</b>

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

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

Capital goods  
Trading goods  
**Total**

Amount in Rs.	
As On	As On
30 Sep 2012	31 March 2011
576,921,582	255,492,098
-	-
<b>576,921,582</b>	<b>255,492,098</b>

**K Value of indigenous and imported spares consumed**

Spares Parts Indigenous  
Spares Parts Imported

- -  
- -

**L Earning in Foreign Exchange**

- 9,596,320

**M Expenditures in Foreign Currency**

189,545,432 85,338,805

**N Earning Per Share (Basic and Diluted)**

(Refer to Note 1 (P) of Schedule 20)

Opening No of Shares (after split of share into 1:5)  
Closing No. of Shares (after split of share into 1:5)

145,000,000 145,000,000  
145,000,000 145,000,000

**Weighted Average number of shares outstanding**

**145,000,000 145,000,000**

**Profit After Tax (In Rupees)**

**4,273,858,821 3,064,072,577**

**EPS (In rupees) (Basic)**

**29.47 21.13**

**EPS (In rupees) (Diluted)**

**29.47 21.13**

**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	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 "( )"

Sr. No	Nature of Transactions	Key Managerial Personnel	Others	Associate Concerns
<b>a</b>	<b>Advances</b>			
	Taken During the Period	-	-	-
	Given During the Period	-	-	-
<b>b</b>	<b>Sundry Debtors/Advances as at 30.09.2012</b>	-	-	184,452,534 (275,191,172)
<b>c</b>	<b>Sundry Creditors as at 30.09.2012</b>	-	-	500,632 (500,632)
<b>d</b>	<b>Turnover</b>	-	-	304,748,447
<b>e</b>	<b>Purchases</b>	-	-	549,360,726 (374,100,198)
<b>f</b>	<b>Expenditures</b>			
	- Payment to & Provisions for Directors	139,360,455	-	-
		(48,500,000)	-	-
	- Travelling Expenses	10,513,657	-	-
		(10,132,231)	-	-

P Details of Investments

- Investment in other Companies

Particulars	As on September 30, 2012		As on March 31, 2011	
	Face Value/Nos	Book Value	Face Value/Nos	Book Value
<b>i) Government Securities</b>	125,000	143,647	125,000	143,647
<b>ii) Other Companies (Quoted)</b>				
a. Indian Overseas Bank Ltd. *	4,512	112,800	4,512	112,800
<b>iii) Other Companies (Unquoted)</b>				
a. Beeta Infocom Pvt. Ltd.	1,110	11,100	1,110	11,100
b. Qualcomm **	-	-	1400000000	1,549,196,675
<b>Total</b>		<b>267,547</b>		<b>1,549,464,222</b>
<b>* Market Value of Quoted Shares</b>		<b>368,630</b>		<b>647,923</b>

\*\* Includes investment in the subsidiary companies of Qualcomm Asia Pacific Pte. Ltd., namely (i) Wireless Broadband Business Services (Delhi) Pvt. Ltd. - Rs. 637329200 (ii) Wireless Broadband Business Services (Haryana) Pvt. Ltd. - Rs. 35770830 (iii) Wireless Broadband Business Services (Kerala) Pvt. Ltd. - Rs. 74920350 (iv) Wireless Broadband Business Services Pvt. Ltd. - Rs. 651979620. During the current reporting period the investment in Qualcomm has been disposed off.

Q The Company operates in single segment i.e., 'Telecom' 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 current reporting period was extended to 18 months as per approval given by Registrar of Companies, NCT of Delhi and Haryana vide its letter dated 23rd May, 2012, accordingly the above figures are for 18 months as against 12 months in the previous year. Hence, the figures for current reporting period are not comparable with those of previous year.

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 Kutty  
Director

Place: New Delhi  
Date : November 30, 2012

# 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 11.00 a.m. at Sri Sathya Sai International Centre,  
Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110 003 on Saturday , the 29<sup>th</sup>  
December, 2012.

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 11.00 A.M. at Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi – 110 003 on Saturday , the 29<sup>th</sup> December, 2012.

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



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

website: [www.tulip.net](http://www.tulip.net), email: [sales@tulip.net](mailto:sales@tulip.net)