

February 14, 2011

Department of Corporate Services
Bombay Stock Exchange Limited
Dalal Street
Mumbai.

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra(E)
Mumbai - 400 051.

Subject: Investor Communication & Conference Call Invite

Dear Sirs,

Please find enclosed herewith the following:-

- a) Investor Communication w.r.t Q3 and nine month period ended on December 31, 2010 for FY - 2010 -11.
- b) Conference call invite.

This is for your kind information and records.

Yours faithfully

For TULIP TELECOM LIMITED


Jagdish Patra
(Company Secretary & Head -Legal)

Tulip Telecom Ltd.

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Q3 FY2011

- Net revenues at Rs. 602.2 crore; higher by 20%
- Operating profits up 27% at Rs. 172 crore
 - EBIDTA Margins higher at 28.5%
- PAT up 42% to Rs. 82 crore

New Delhi, February 14, 2011: Tulip Telecom Limited (Tulip), India's leading Enterprise Data Service provider, today announced its audited financial results for the third quarter and nine months ended December 31, 2010.

Highlights

- Healthy performance led by growth in services delivered on both, fiber and wireless mediums The Company added many new customers during the quarter like Apeejay group, BHEL, Berger, 3i infotech, Orissa Mining Corporation, HCL Infosystems & others
- Focus on increasing the Company's share in existing customer's data spend by offering the entire gamut of data solutions
 - 80% of India's top 500 companies already serviced by Tulip
- Acquired Data Center facility in Whitefield in Bengaluru through its Wholly owned subsidiary at a value of Rs. 2,300 million
 - In line with Company's strategy to provide end-to-end Enterprise Data Services
 - The land spread across 9 lakhs Sqft with 4 towers will be India's largest single site Data Center.
 - Once live in next 6 months, this facility can house upto 16000 racks and would meet Tier 4 standard requirements of the customers.
 - To meet the rising customer requirements for Co-location, Managed Hosting & Data Storage and a suite of other complementary services

- including Managed Security Services and storage requirements for customers across the globe
- Total investment of Rs. 9,000 million spread over a period of 3 years
- Carrier neutral facility
- Entered into a Network-to-Network Interconnection and joint marketing arrangement with Hutchison Global Communications (HGC)
 - Further strengthens Tulip's growing focus towards International Connectivity solutions including Global MPLS service, International Private Leased Circuit (IPLC) and Global Ethernet Private Line (GEPL)
 - To leverage HGC's network across the globe to provide connectivity to Indian Enterprises having offices abroad
 - Allows company significant cost savings as typical cost of laying a cable between India and South East Asia could be upwards of USD 250 million.
- Strengthening Senior Management team – laying a platform to drive future growth
 - Appointed Mr. A. S. Rajgopal as Chief Executive Officer (CEO) of Tulip Data Center Service (P) Ltd.
 - Mr. Rajgopal will be responsible to drive the P&L of the Data Center business. He earlier headed the South division of Tulip Telecom for 1 year and carries an intensive experience of about 20 years in IT and telecom companies and has earlier worked with reputed companies like Dell, Microsoft and Reliance Communication
 - Appointed Mr. Rahul Ahuja as its new Chief Financial Officer (CFO)
 - Mr. Ahuja will be responsible for key financial and operational functions within the organization. He has earlier worked with Bank of Nova Scotia, GE Capital, Standard Chartered (SCB) and Barclays.
 - Appointed Mr. Jitendra Israni as Chief Services Officer(CSO)

- Mr. Israni brings across more than 23 years of experience in Telecom, IT and Managed Services at very large reputed companies. Amongst others, his experience also cover having conceptualized, built and operated Data Centers plus launching crucial network services business at a leading Telco for Indian enterprises.
- Board of Directors today approved grant of upto 2,700,000 stock options under the Employee Stock Option Scheme (ESOS) 2011
 - As per the scheme, the grant of options will be with immediate effect at the prevailing market price of the share and will vest in 4 equal annual installments beginning one year from the grant.
 - The grant of ESOS's is in line with the Company's philosophy to attract and retain key talent across all levels within the organization by fostering a sense of ownership and partnership whilst driving accelerated growth in the future
- Launched nationwide brand campaign – '*Making it Possible*'
 - '*Making it Possible*' portrays the 'scope and span' of Tulip's skills and capabilities and this route explains Tulip's business expertise
 - Done through a healthy mix of contemporary media forms such as digital, social media and other Web 2.0 forms of communication media
 - Reflects strongly on the Company's business philosophy of making it possible for its customers, business associates and business partners which is achieved through the Company's world-class infrastructure and services backed by a talented pool of individuals

Commenting on the Q3 & 9M FY2011 results, Lt. Col. H. S. Bedi, Chairman & Managing Director of Tulip Telecom, said:

"In line with the vision of the Company, there has been a strong shift towards the fiber and services business. Accordingly there is a major focus on high volume sales in MPLS VPN, Internet wholesale business and International Long distance. This is a true reflection of the changing and growing business of Tulip Telecom."

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

"The healthy topline and earnings performance during the quarter is in line with our strategy of maximizing contribution from the fibre segment whilst maintaining momentum in the wireless segment. I am glad to share here that more 40% of the total order input is now from fibre and we expect this momentum to continue. Also, our focus on realigning the business model to enhance efficiency has enabled a noteworthy improvement in operating margins."

During this period, We acquired world's third and India's largest single site Data Center facility in Bengaluru which is a testimony to Tulip's commitment to offer end-to-end solution for Connectivity, Managed and Data Center Services to its customers. We believe that this acquisition will provide further impetus towards strengthening our foothold in the Enterprise Data Services market place as it throws open a Rs. 7,500 crore market thereby enlarging our total addressable market to Rs. 15,000 crore."

We are now focusing on enhancing our wallet share per customer by offering an end-to-end data solution package which in turn will not only enable us to increase our share in the Enterprise Data Service market but also translate into superior earnings going forward."

Q3 FY2011 financial performance (compared with Q3 FY2010)

- Net revenues increased to Rs. 602.2 crore; up 20.2% from Rs. 500.9 crore
- Operating profits (before Other Income) higher by 27% to Rs. 171.6 crore from Rs. 135.3 crore
 - Operating margins increased to 28.5% compared to 27.0%
- PAT improves by 41.8% to Rs. 81.7 crore as compared to Rs. 57.6 crore
- Diluted EPS at Rs. 5.03 as compared to Rs. 3.55

9M FY2011 financial performance (compared with 9M FY2010)

- Net revenues higher by 19.3% at Rs. 1,712.4 crore from Rs. 1,434.8 crore
- Operating profits (before Other Income) at Rs. 476.75 crore; up by 28.5% from Rs. 371 crore
 - Operating margins increased to 27.8% compared to 25.9%
- PAT stood at Rs. 224.1 crore as compared to Rs. 165.8 crore
- Diluted EPS at Rs. 13.79 as compared to Rs. 10.21

– ENDS –

Attached: Financial overview and results table

About Tulip Telecom

Tulip Telecom Ltd. (BSE: 532691/NSE: TULIP) is India's leading Enterprise Communications Service Provider. The Company's data network has the largest reach of over 2,000 locations globally. The Company has a global presence with over 3,000 employees and more than 1,800 customers. Tulip designs, implements and manages communication networks of large enterprises on long term contracts to include enterprise data connectivity, network integration, managed services and data centers.

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

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

Financial Overview

(All figures in Rs. crore unless stated otherwise)

Particulars	Q3 FY2011	Q3 FY2010	% Shift	9M FY2011	9M FY2010	% Shift
Net Sales	602.2	500.9	20.2	1,712.4	1,434.8	19.3
Operating Profit	171.6	135.3	26.7	476.7	371	28.5
Depreciation	44.1	40.9	7.7	123.5	119.8	3.1
Interest	21.2	18.6	13.7	58.6	53.1	10.4
PBT (Operating)	106.3	75.7	40.4	294.6	198.1	48.7
Other Income*	1.1	-0.9	-	1.2	11.0	(89.4)
PBT (Total)	107.5	74.9	43.5	295.8	209.1	41.4
Tax Expense	25.7	17.2	49.3	71.7	43.3	65.6
PAT	81.7	57.6	41.8	224.1	165.8	35.1
EPS – In Rs (Diluted)	5.03	3.55	41.8	13.79	10.21	35.1

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

- **Net sales** during the quarter higher primarily due to increase in order input from high bandwidth fiber services along with conventional wireless business segment
- **EBIDTA margins** improve to 28.5% during the quarter as a result of:
 - Improving contribution from fiber business – visible shift in revenue mix from wireless to fibre
 - Fibre roll-out enabling bulk purchase of bandwidth - lowering bandwidth cost per 64K
 - Continuously enhancing economies of scale - Adding new subscribers on the existing infrastructure resulting in lower cost per subscriber
- **Interest expense** for the quarter was steady at Rs. 21 crore
 - Overall cost of funds is about 9%
- The Company reported a significant **PAT** growth on the back of increasing operating margins combined with steady interest cost and depreciation charge. During the quarter PAT was higher by 42% to Rs. 82 crore compared to Rs. 58 crore
 - The Company is now in the second leg of 80 I (A) benefit post 5 years of operations
 - Effective tax rate at 24%

Balance Sheet Snapshot

Particulars (Rs. crore)	31 December 2010	31 December 2009	30 March 2010
Gross block/CWIP	1,918.7	17,16.9	1,544.3
Net worth	1,158.0	875.9	927.1
Total debt	1,442.0	1,214.0	1,188.6
<u>Break-up of total debt</u>			
- FCCB	441.3	453.6	436.5
- Others	1,000.7	760.4	752.1
Cash & Cash Equivalents	199.8	110.0	345.6
Total Debt to Equity (times)	1.25	1.39	1.29
Net Debt to Equity (times)	1.07	1.26	0.91
Total Debt to EBITDA (times)	2.10	2.24	2.26
ROCE (%) Annualized	19.6	18.1	18.4

– ENDS –

Q3 & 9M FY2011 Earnings Conference Call on Tuesday, February 15, 2011 at 2:30 pm IST

Tulip Telecom Ltd. (Tulip), India's largest MPLS VPN player and one of the leading providers of data telecom services offering end to end data connectivity solutions, will participate in a conference call for investors and analysts to discuss the financial results for the third quarter and nine months ended December 31, 2010 on **Tuesday, February 15, 2011 at 2:30 pm IST**.

Senior management of 'Tulip' will be present to address the call.

The call will begin with a brief management discussion on the Q3 & 9M FY2011 results that were declared on February 14, 2011, following which there will be an interactive question and answer session.

Details of the conference call are as under:

LOCAL ACCESS	
Primary Access - Mumbai	022 – 3065 0122
Secondary Access – Mumbai	022 – 6629 0301
INTERNATIONAL TOLL FREE NUMBERS	
USA Toll Free	1 866 746 2133
UK Toll Free	0808 101 1573
Singapore Toll Free	800 101 2045
Hong Kong Toll Free	800 964 448
Australia Toll Free	1 800 053 698
PLAYBACK	
India	022 – 3065 1212
Playback ID#	6683

*The numbers listed above are universally accessible from all networks and all countries.
#Replay facility would be available one hour after the end of the conference call till February 22, 2011*

- Ends -

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