

Tulip Data City, India's largest and world's third largest single site Data Center, operational

'A Data Centre par excellence, achieves financial closure'

New Delhi, February 7, 2012 - Tulip Telecom Limited (Tulip), India's leading Enterprise Data Connectivity Services provider, today reported that the new Data Center (Tulip Data City) of Tulip Data Centre Services Pvt. Limited (wholly owned subsidiary of Tulip) in Bengaluru has been commissioned and is operational. Spread across an area of 9 lac sq. ft., this facility is India's largest and world's third largest eco-friendly Data Center. This is in line with Company's plan to continuously tap emerging opportunities and strengthen its position as a leading player in the Enterprise Data Services segment.

The tier IV and tier III Data Centers are a best-in-class operation with state-of-the-art infrastructure. Tulip Data City (TDC) comprises common areas including Data Centre space, Customer Experience Centre and other facilities. It is a carrier neutral facility and will serve the hosting, co-location, storage and connectivity needs of large enterprises and small & 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.

TDC has already received several confirmed orders totalling about Rs. 600 crore spread over a 5 year period from reputed global organizations for 30,000 square feet of Data Center space. The invoicing to its first customer has since commenced. The Company is continuously enhancing, at an accelerated pace, its operational Data Center space with a view to add more clients and increase the volume of its sales booking. Towards that end, the Company has been implementing aggressive sales and marketing programme to achieve its target of booking 25% of capacity by the end of FY12. A highly experienced and professionally qualified management team is already in place to drive both, sales and operations of this business.

At peak utilization levels, that are expected to be achieved by FY15, this facility will have the potential to deliver revenues in excess of Rs. 1,000 crore with an EBIDTA margin of over 45%.



Financial Closure achieved

It may be recalled that TDC has an investment outlay of Rs. 900 crore spread over a period of 3 years which included an upfront acquisition cost of around Rs. 230 crore. The balance amount of Rs. 670 crore is expected to be invested over the coming 3 years to completely ramp-up the facility to its peak level of operations. To fund this balance investment the Company had planned to externally raise Rs. 500 crore, while the remaining Rs. 170 crore was expected to be funded through internal accruals in the 3rd year of operations. Tulip is pleased to announce that it has achieved the financial closure for the external funding requirement of Rs. 500 crore as under:

- Rs. 250 crore through tie up of Long Term external credit lines
- Rs. 250 crore through Mezzanine Funding

The tie-up of this funding gives Tulip headroom and comfort to implement roll-out of this asset to its full potential in an unrestricted manner. In addition, it also facilitates accelerating the realization of the Company's business plan, thereby creating value for this asset in a rapid manner. Tulip anticipates the draw down of this tie-up to be limited given that the investment spans over a 3 year period. Further, internal accruals are expected to remain strong. Besides, the Company intends to prudently explore options to further strengthen the capital structure of its Data Center operations with a view to create optimal value for the business and deliver attractive and sustained returns on investment. The Company strongly believes that this is an outstanding asset and will deliver superior annuity returns on a sustained basis over the long term.



Investor release

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About Tulip Telecom

Tulip Telecom Ltd. (BSE: 532691/NSE: TULIP) is India's leading Enterprise Communications Service provider. The Company's data network has the largest reach of over 2,000 locations in India and partnerships to reach every part of the world. The Company has a global presence with over 3,539 employees and more than 2,400 customers. Tulip designs, implements and manages communication networks of large enterprises on long term contracts to include enterprise communications connectivity, network integration, managed and value added services.

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

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