4th Annual Report 2006 - 07

GTL INFRASTRUCTURE

Corporate Information

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman
Ranjalkar, Prakash	Whole-time Director
Dawra, S. S.	Director
Desai, Gajanan V.	Director
Lee, Sek Hong (Michael Lee)	Director
Naik, Charudatta	Director
Pathak, Vishwas	Director
Samant, Prakash	Director
Vaidya, Deepak	Director

COMPANY SECRETARY

Gunasingh, D. S.

REGISTERED OFFICE

GTL Infrastructure Limited
Electronic Sadan I, MIDC, TTC Industrial Area,
Mahape, Navi Mumbai 400 710.
Website: www.gtlinfra.com
Tel: +91 22 3911 2300 Fax: +91 22 3911 2326

AUDITORS

Bansi S. Mehta & Company — Chartered Accountants

BANKS / INSTITUTIONS

- Andhra Bank
- Bank of Baorda
- Bank of India
- Corporation Bank
- DEG, Germany
- Dena Bank
- HDFC Bank Ltd.
- ICICI Bank Ltd.
- Indian Bank
- Indian Overseas Bank
- Oriental Bank of Commerce
- Punjab National Bank
- SIDBI
- UCO Bank
- Union Bank of India
- United Bank of India

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Rural Telephony:
a dream come true

Telecommunication is changing the face of rural India. With rural telephony witnessing a quantum leap and private telecom operators vying for rural areas, the competition has become intense. To facilitate all telecom operators in fulfilling their coverage obligations, GTL Infrastructure Ltd. provides ready-to-use quality passive telecom infrastructure facilities for sharing, which in turn, enables operators to reduce their time-to-market and accelerate their network deployment. The magnitude of financial investment required for implementing such an ambitious project has led us to raise capital and thereby accelerate the pace of shared infrastructure roll-out. This has made telephony an affordable reality and a dream come true for millions of people living in rural India.

Millions of Indians living in rural and semi urban India can now look forward to affordable communications.

Contents

"2006 marked a year of successful beginning of our services to the wireless telecom industry."

Last year I spoke to you about the opportunity that had life changing consequences in the form of shared telecom infrastructure. This year, let me share with you the progress that we made in realising this opportunity and some insights into this dynamic and evolving industry.

Business Overview

Highlights of this year:

- Our revenue for the year was Rs. 49.96 Cr
- Our EBIDTA for the year was Rs. 32.42 Cr
- We were able to rollout 1200 cell sites which can be shared among multiple telecom operators.
- We signed Master Services Agreement (MSA) with two national level and one regional level operators. These contracts are for a period of 10-15 years.
- We bagged 421 cell-sites from the Universal Service Obligation (USO) tender, thus emerging as the #1 player amongst third party neutral shared telecom infrastructure companies.
- We have received Letter of Intent (LOI) from one national level operator and signed term sheet with another national level operator. We expect to convert these into a MSA in this year.

2006, marked a year of successful beginning of our services to the wireless telecom industry. Wireless communication remains one of the strongest growth areas in our economy and 2006 was a landmark year in terms of growth in the cellular subscriber base. The Indian mobile market is currently the fastest growing market in the world, adding around 6 million new subscribers every month. The wireless market has grown from less than 10 million in 2002 to 166 million subscribers in 2007 and is expected to reach 500 million by the end of FY 2010. The wireless operators are planning to spend US$ 20 bn over the next three years for expanding their networks. It is estimated that an additional 264,000 towers will be required to address this growth. As wireless operators enter their peak-capex cycles we now find the entire telecom ecosystem, consisting of operators, regulators, government and industry bodies, is willing to participate actively in shared telecom infrastructure space.

In addition to this, Telecom Regulatory Authority of India (TRAI) recently has put in recommendations on 3G spectrum allocation. This will allow new entrants to enter the market and will increase the traffic on the existing network. As a result, the need for passive infrastructure in the form of cell sites will increase manifold.

The national level operators are keen on reducing their cost of operations to remain competitive. They are exploring various ways of outsourcing the active and passive elements of telecom networks. At the same time, small regional operators, who want to compete in the market space are not having strong balance sheets to support their expansion plans and are looking actively for partners who can provide them ready infrastructure especially in rural areas and along highways. The Return on Investment (ROI) in these areas is lower because of lower subscriber base and lower Average Revenue Per User (ARPU). In addition to reduction in capital expenditure, operators are also looking at reducing their operational cost in terms of managing their networks. This presents tremendous opportunities for players like us who are willing to invest on behalf of the operators and present innovative business models that can increase their ROI.

Shared infrastructure is a viable solution for the optimum allocation of capex resources. This can reduce the operators' cost and time to market their service, resulting in increased profitability. Third Party Shared Telecom Infrastructure, although a new concept in India, is a proven model globally. This model has proven to be a massive success in the USA and we are confident that it will also succeed in the Indian market.

Given the massive growth in the telecom market, the operators are likely to outsource their Network Operating Center (NOC), Data Centers and Call Centers to focus on their core business. We are focusing on leveraging on this opportunity by providing network infrastructure on a shared basis to the operators and enterprises.

Strategy

The key elements of our strategy are as follows:

Proactive approach towards the business:

As a group, we have got a vast experience in deploying 20,000 sites across the world. Over the years we were able to build strong relationships with almost all the operators in India. This, coupled with our Radio Frequency expertise, has enabled us to take a proactive approach towards building cell-sites with high potential of sharing. Although this approach is highly aggressive, it has given us a head start in terms of getting customers.

Improve margins and operating cash flow:

We are seeking to maximise operating cash flow, by taking advantage of the potential to operate margin expansion, afforded by the relatively fixed nature of the operating costs associated with our business. A major portion of the operating costs of our cell-site business consists of ground lease expense, taxes, repairs and maintenance, utilities and salaries, all of which tend to escalate at approximately the rate of inflation. Consequently, if increased utilisation of cell site capacity is achieved at low incremental cost, our business should experience operating margin expansion and this would result in growth of operating cash flow.

Address inorganic opportunities:

We will address inorganic opportunities of buying out tower portfolios from operators or our competitors if it satisfies our strategic criteria. We believe that such opportunities will give us sustainable competitive advantage and scale of operations.

Raising Capital

Our business is very capital intensive. Given the massive demand from telecom operators, we have decided to go for an aggressive rollout. We aim to complete rollout of 6,700 cell sites by March 2008.This has phenomenally increased our capital requirement. We have announced a rights issue in the ratio of 1:1 at par for our shareholders. This will increase our equity capital upto Rs. 694.10 Cr. We have commitments of Rs. 1,485 Cr. through long-term debt for the first phase of our rollout.

We have a great organic opportunity in front of us in the form of green-field rollout. At the same time, we expect that there will be many inorganic opportunities coming along our way in the form of either acquiring stakes in the tower companies floated by operators or buying out assets from operators. We would like to be ready with our resources when such an opportunity comes our way. We may go for raising additional resources in the form of equity, quasi-equity or debt once we are certain about such opportunities. The balance funds are raised through long-term debts from leading domestic banks.

Our business also has the potential to capture new revenue opportunities around the assets established for wireless telecom operators.

People and Processes

We realise that the quality of service will give us the key sustainable advantage over our competitors. In order to sustain our performance, we must constantly cultivate our talent, systems and business processes. Our success in delivering value to our customers will be driven by our ability to attract and retain talented managers and employees. Our employee base has grown from 135 by end of FY 2005 - 06 to 175 by end of 2006 - 07. With a view to provide speedy access to our customers, we have built our teams at the regional circle level. In order to motivate our employees we have designed benefits like Performance Driven Incentive Plans and Employee Stock Option Schemes.

In addition to our focus on people and management development, we will continue to invest prudently in our information technology systems and business processes, both in our operational units and corporate functions. For our customers, we recommit ourselves by reducing cycle time from site identification to the equipment installation process. We are also working on offering some innovative solutions to our customers in order to keep their network running on a 24X7 basis. We believe that such efforts are necessary to achieve our ultimate goal of elevating our relationship with each customer to that of being their business partner and not merely a supplier.

Key Challenges

As we test our business model we are aware of the following challenges ahead of us

Execution

Our goal is to rollout 6,700 sites by March 2008. This will require tremendous focus on execution. We need to demonstrate not only cost efficiency but also efficacy in terms of deployment. Further, we need to manage the same on a 24X7 basis. We are confident that our talented pool of project managers, engineers and business partners will be able to satisfy our customers on these parameters. We are assisted by our promoter Company, GTL Limited's experience in dealing with leading OEMs and Operators. GTL Limited has commissioned 20,000 sites connecting over 20 million subscribers.

Increase the number of tenants per tower

The success of the business model is dependent on the number of tenants per tower. Increase in the number of tenants not only benefits us but also the tenants themselves. This is due to the fact that some of the benefits of the shared expenses are passed on to the tenants with the additional tenant coming in. Our marketing team is focusing on operators in both GSM and CDMA space and we are confident of achieving our targets of 1.7 tenants per tower over the next three years.

Regulations

We expect the telecom ministry, urban planning ministries and local municipalities to enforce some restrictions on "health hazard" grounds. In developed countries like USA "Zoning Law" is already in existence. This will require meticulous planning in terms of selection and implementation of a site. Such regulations will control number of sites / towers, thus resulting in sharing of sites among the operators. This will accelerate the concept of telecom infrastructure sharing in India.

Competition from tower companies of operators

We expect tough competition from tower companies of the operators. We would like to face up to this competition by offering a neutral platform to the operators. Also, our proactive approach will help us to cater to multiple operators. While the tower companies of operators are likely to focus on the parent Company's network footprint, our network footprint will cater to the needs of multiple operators.

The Way Ahead

Our order book visibility is of 4,500 sites of various cellular operators for whom we have rolled out 1,200 sites in states like Karnataka, Punjab, Maharashtra, Goa, Gujarat, Madhya Pradesh, Rajasthan and Uttar Pradesh (E). In the forthcoming year we will be increasing our presence in 4 additional circles to cater to the needs of operators.

Our business also has the potential to capture new revenue opportunities around the assets established for wireless telecom operators. As the demand for speedier, next generation technology such as 3G grows, these operators would require the associated passive infrastructure to transmit their new services like video on demand, data services and other value added services. As a result, our business has immense potential for adding users in wireless broadband, broadcasting, FM radios and WiMAX domain.

We are focusing on execution, setting up more number of customers per cell-site and efficient usage of capital as our near term goal. I see a bright future for the company and value creation for our stakeholders. I would like to thank everyone for your support and trust in us and look forward to a fruitful partnership in the years to come.

Place: Mumbai
May 3, 2007

Manoj G. Tirodkar
Chairman

As a thumb rule, it has been observed that the 3G network will require twice the cell-site density vis-à-vis the present cellular infrastructure.

Industry Structure and Development

With a wireless subscriber base of over 166 mn, the Indian telecom industry has emerged as the third largest telecom market in the world, only behind giants like the USA and China. It is also the fastest growing wireless market with more than 6 mn net subscriber additions per month. At this pace, the industry is well poised to surpass the 200 mn wireless subscribers target set by Telecom Regulatory Authority of India (TRAI) in 2007. 'B' & 'C' class circles have contributed significantly towards this growth with an average monthly net-adds of more than 6%.

Statistics of Indian Telecom Industry

Total Subscribers	**206.83 mn**
Total Teledensity	**18.31 %**
Wireless Subscribers	**166.05 mn**
% Net-adds/month in Metro	**3.33 %**
% Net-adds/month in Class A Circle	**3.77 %**
% Net-adds/month in Class B Circle	**6.01 %**
% Net-adds/month in Class C Circle	**8.73 %**

Source: TRAI

Consistent Investment in Wireless Networks

To increase penetration and drive revenue growth, wireless carriers have maintained a steady capital expenditure trend on wireless networks to improve service quality and expand coverage. As shown below, the Indian wireless capex is expected to be consistent at US$ 10 bn a year over the next 2 years, which will drive an increasing demand for wireless towers.

Wireless capex by players (in Rs mn)

Operators	FY08E	FY09E
Bharti	92,460	87,653
RCOM	92,014	92,436
BSNL	47,150	42,565
Hutchison Essar	71,995	75,424
Tata Teleservices	41,505	37,115
India's sixth-largest wireless operator	46,164	52,684
Airtel	36,800	36,800
MTNL	1,970	1,723
Spice Communication	12,857	12,857
Total (In Rs mn)	**442,914**	**439,256**
Total (In US$ mn)	**9,998**	**9,915**

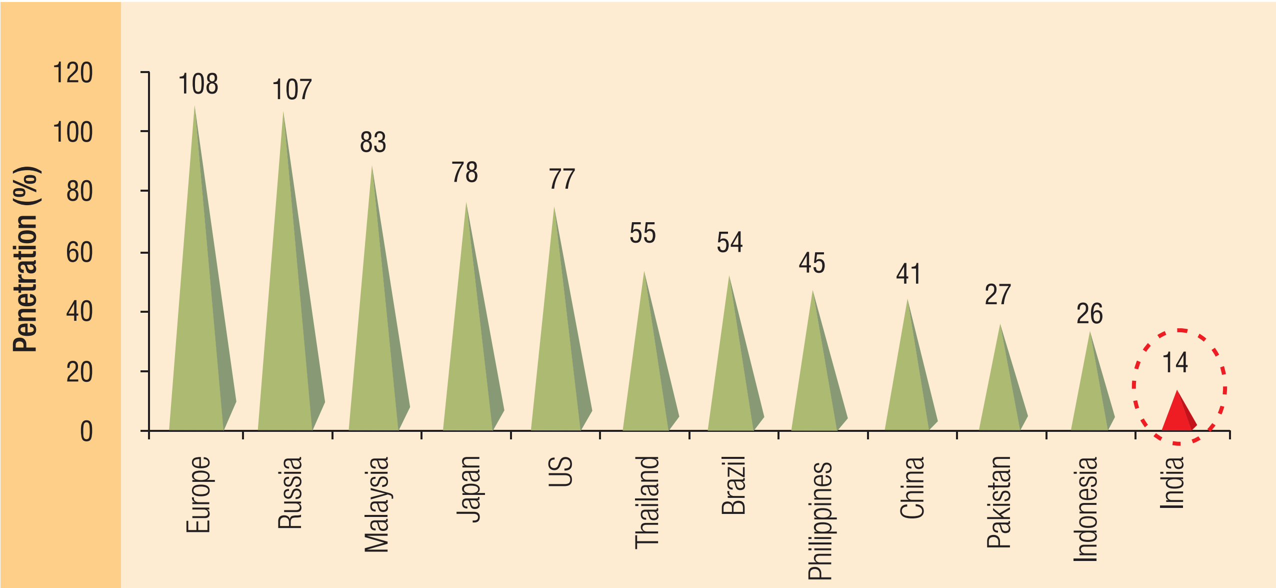
Source: Company data, Macquarie Research, March 2007

Almost all the national wireless carriers have announced significant investments amidst the sky-rocketing demand for mobile services. This has lead to intense competition amongst the operators to expand coverage while maintaining their network quality. All of this would strengthen the Company's fundamental potentials.

Moreover, we expect that if the government will release more spectrum, we will witness the onset of third generation mobile telephony, which enables high-speed data transfer. This will further drive the robust demand for tower space. As a thumb rule, it has been observed that the 3G Network will require twice the cell-site density vis-a-vis the present cellular infrastructure. In general, we anticipate the demand for tower space will remain strong in the near future, given that the Indian wireless industry is growing, well-capitalised, highly competitive and focused on quality and advanced services, which will benefit the tower industry.

In order to maintain this momentum, operators will require substantial extension of their coverage to smaller towns and rural areas. Meanwhile, to serve the existing subscriber base, the operators will have to constantly improve their mobile services in terms of both quality and value added services. The swelling subscriber base is putting increasing pressure on the existing infrastructure leading to frequent call drops. The call drops are caused by "black spots" - Dark Spots in an operator's existing network due to poor coverage or caused by increase in traffic load on the network.

Wireless penetration by country



Source: Macquarie Research

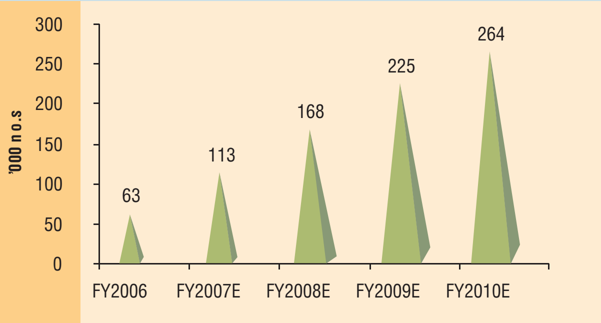
There are opportunities emerging through the outsourcing of customer care operations, network management etc. We intend to leverage on these opportunities and offer shared infrastructure services to them.

SHARING INFRASTRUCTURE SHARING GROWTH

Demand for Towers

While most parts of urban India have wireless coverage, the coverage in rural India remains very poor with only about half the towns covered. There are about 110,000 cell-sites in the country today serving about 166 mn subscribers with little spare capacity. According to Cellular Operators Association of India (COAI) estimates, by FY2010, the industry will require 2,64,000 towers. To add to this, the advent of emerging technologies like 3G and WiMAX, which are just being introduced, will cause the Minutes of Usage (MOU) per subscriber to increase manifold.

Projected demand for Cell-Sites



Source: TRAI and Internal Estimates

Sharing of Passive Infrastructure

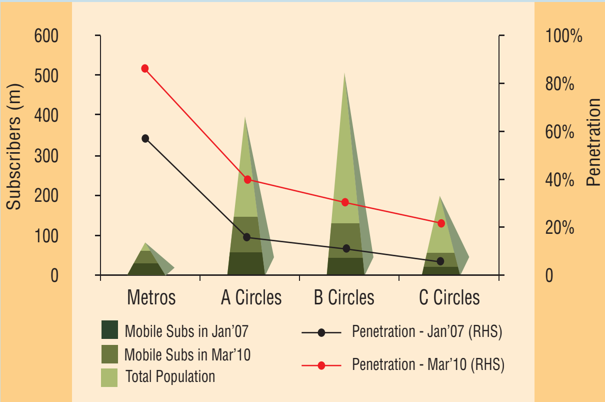
Passive infrastructure sharing means sharing of physical sites, buildings, shelters, towers / masts, power supply, battery backup etc. Infrastructure sharing is viewed largely as a measure to reduce costs i.e. Capex and Opex. Infrastructure Sharing is useful initially to increase coverage quickly and in the long term to build more cost-effective coverage in unserviced areas. With passive infrastructure sharing each operator can save 15-20% on capex and 20-30% on opex as well.

Drivers for Shared Infrastructure

Expansion in Rural Areas: According to the industry, the next big market for telephony in India is the under-served rural market. Clearly, with 70% of population in rural areas, private operators have finally realised the potential of the rural market. While mobile services have reached 40% of India's urban population, they have penetrated only 2% of its rural population. Telecom Regulatory Authority of India (TRAI) plans to raise the tele-density in rural areas from the current 1.9% to 15% by 2007 and has proposed a Rs. 8,000 Cr subsidy for creating the necessary infrastructure. With this kind of subsidy support, it will be possible to install 20,000 base stations in rural areas to cover about 80-90% of the villages.

The demographic spread across the country is such that on one hand 33% of the villages account for 75% of the entire village population, whereas on the other hand approximately 42% of the villages account for just 9.2% of the village population. This naturally indicates a mixed scenario. There are villages with high concentration of population and villages with a vast spread. Provision of telecom services in vast spread villages will entail huge cost of service provisioning. In order to leverage on existing infrastructure, it is obvious to resort to sharing of existing and future infrastructure.

Wireless Penetration by Circle - Huge Potential in B & C circles

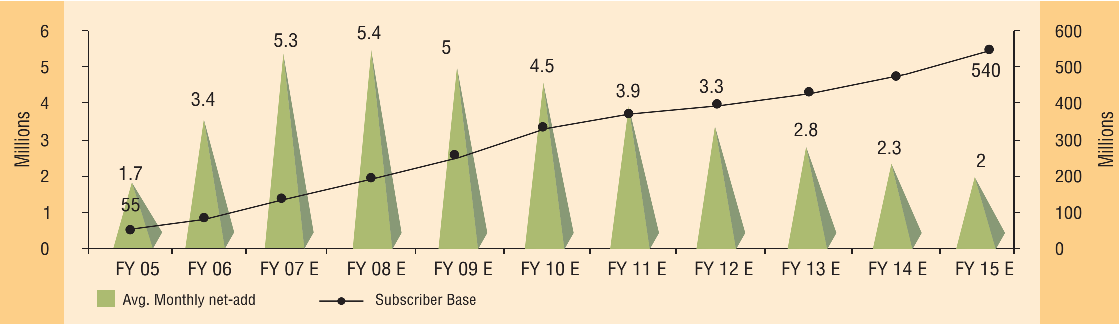


Source: COAI, AUSPI, Macquarie Research, March 2007

Government Initiatives: Government of India has taken initiatives to encourage operators to share passive infrastructure. Some of the measures of the Government includes the scheme of Mobile Operators Shared Towers (MOST) where 5-6 operators will share passive infrastructure at key government areas, defence installations, ports and also near schools, colleges, and hospitals. The government has also announced subsidy supports through the Universal Service Obligation (USO) fund for the rollout of around 7,871 towers on shared basis in remote rural areas which can be shared by at least three operators.

A 60 meter shared telecom tower can help provide access to telephony to approximately 6000 people living in rural hinterland.

Wireless subscribers forecast and average monthly net - adds



Source: JP Morgan estimates, AUSPI, COAI

<u>Network Congestion in Urban Areas:</u> Growing mobile subscriber base and increasing Minutes of Usage (MOU) is putting immense pressure on the existing telecom network of operators. Limited spectrum availability and lack of Point of Interconnection is aggravating the problem of connectivity. As a result, this has lead to exponential growth of towers, requiring huge investments. This is deteriorating skylines in urban areas.

<u>Advent of Emerging Technologies:</u> The ground is ripe for introduction of third-generation (3G) services in India. Its high speed and data throughputs will facilitate delivery of a wide range of multimedia services including video telephony, television etc. Operators will need to increase tower density to facilitate uninterrupted high speed flow of data application while maintaining the voice quality services and hence huge capital is required to build the infrastructure. To ensure maximum benefit, 3G services should be cost effective which further highlights the need for infrastructure sharing.

<u>New Tower Restrictions:</u> Both the urban planning ministries and municipal corporations are now starting to place restrictions on new tower construction on the grounds as they pose a health hazard and congest the skyline.

Advantages of Shared Infrastructure

- **Speed to Market:** Operators outsourcing passive infrastructure will have quicker rollout of the network and have shorter time-lag to market their services. With multiple operators and dense coverage needs, acquisition of sites, with all necessary governmental approvals, is getting tougher. Furthermore, ascertaining legal owners to sites in the towns is a stumbling block to faster rollouts. Hence by infrastructure sharing operators save on precious time in terms of locating potential sites, negotiating prices and then setting-up their sites.
- **Enhanced coverage and Quality of Service (QoS):** Infrastructure sharing is also important for improved Quality of Service (QoS). It has been observed that due to non-availability of the site to host mast in congested areas and busy markets, has limited coverage, impairing QoS, and resulting in network congestion, call drops etc.
- **Flexibility to focus on Core Competence:** The sharing of passive infrastructure will allow the service providers to focus on their core sales/marketing areas. An important effect for the consumers of Shared Networks may be that service providers will now focus more towards competing on Value Added Services and Customer Care, as the coverage area may be similar for the different service providers.
- **Expenditure Reduction:** With passive infrastructure sharing, the operators are expected to enjoy close to 30% capex and opex savings on passive infrastructure management (mainly towers).

Concept of Shared Infrastructure

The objective of Infrastructure Sharing is to maximise the use of existing infrastructure and provide cost effective infrastructure for coverage requirements, especially in low Average Revenue Per User (ARPU) areas.

Passive Telecom Infrastructure includes the tower, shelter, air-conditioning equipment, diesel generator and back-up power for cellular operators.

However, in Infrastructure Sharing, the protection of commercially sensitive data, from the operators sharing the network, has to be addressed. Operators should necessarily cede some of their independence and their control over the network, in exchange for cost savings.

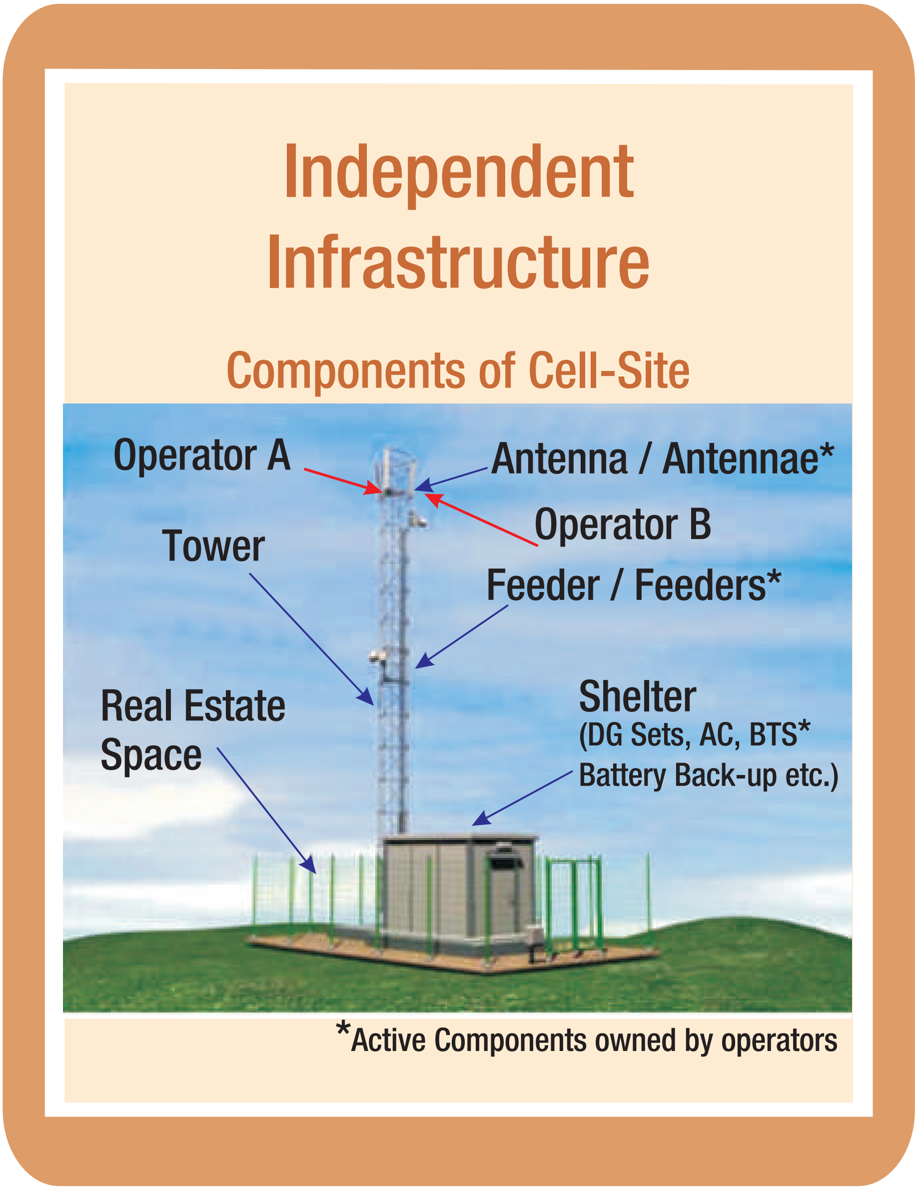
Operations

The Company has completed build out of 1,200 sites and another 2,500 sites are under various stages of construction. The Company is poised for rapid growth and expansion with a planned capital outlay of Rs. 2,030 Cr. to be deployed towards the setting up of 6,700 cell sites and aproximately 3,000 seater Network Infrastructure Facilities in Phase I by March 2008.

The Company has entered into Master Service Agreements with two national and one regional operator. These contracts are for the duration of 10-15 years. The Company has also received Letter of Intent and signed term Sheets with two other national players.

These players have shown willingness to share as many sites as found suitable by them. In FY 07-08, the Company plans to foray into 4 new circles. Most of the sites would be rolled out in Class 'B' and Class 'C' circles and will complement operator's rollout plans on pan-India basis.

In the recently concluded bidding process for rolling out towers under the Department of Telecommunication's Rural Mobile Telephony Project, The Company secured 421 cell-sites in 4 clusters of Andhra Pradesh and Uttar Pradesh (E) with three confirmed tenants on each of the towers. This project will receive subsidy from the Universal Services Obligation (USO) fund.



Future Outlook

The concept of passive telecom infrastructure sharing is in its nascent stage in India. The business model will develop as the industry matures and the regulatory issues are resolved.

Shared Passive Infrastructure can be used for any wireless technology. With minor changes in the tower design the passive infrastructure can be used by both GSM and CDMA players. Further, other than telecom operators, there is immense potential for adding users from wireless broadband, broadcasting, FM radios and WiMAX space.

The strategy of the Company is to capitalise on the increasing use of wireless communication services and the infrastructure requirements necessary to deploy current and future generations of wireless communication technologies.

For the future growth of the business the Company has embarked upon the following strategy:

Maximise Use of our Tower Capacity

The Company believes that it would generate highest returns by maximising the capacity utilisation on its existing cell-sites. The maintenance cost of operating a cell-site is largely fixed and its increasing utilisation significantly improves operating margins. The Company plans to rollout majority of its cell-sites in semi-urban and rural areas, still untouched by the revolution in wireless communication. Along with the expansion of the network of the telecom operators in the rural areas, the Company expects to improve the tenancy on its cell-sites and thereby improve its return on investment.

Employ Selective Criteria for New Tower Construction and Acquisitions

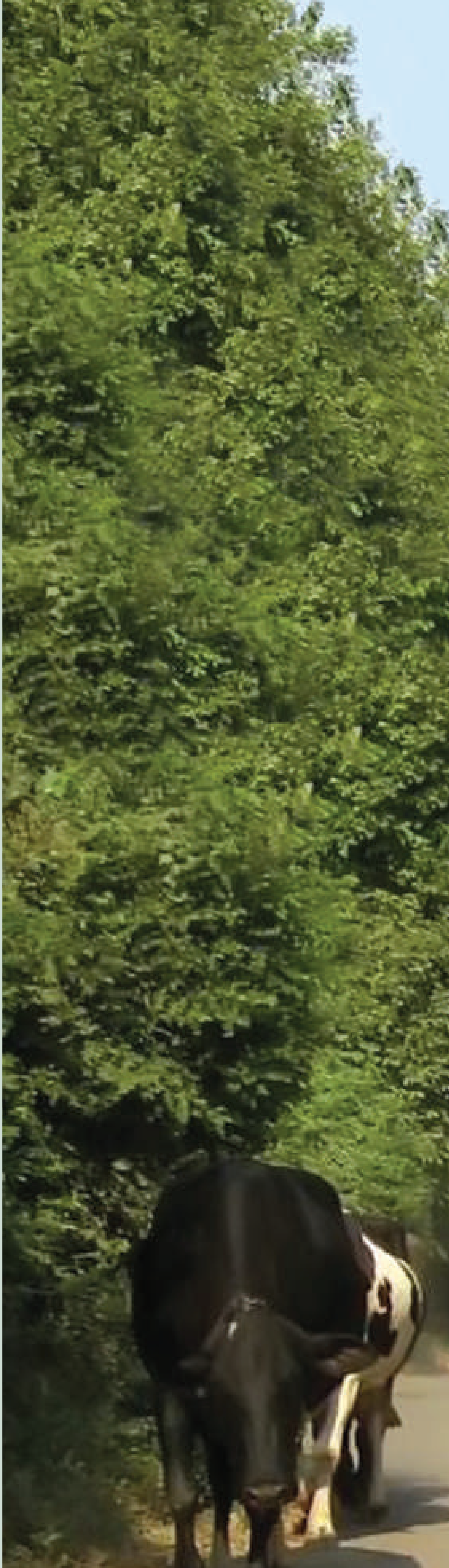
The company plans to leverage upon the Promoter Company GTL Limited's experience in Radio Frequency (RF) Design skills to roll-out cell-sites proactively. Under this plan, the RF Engineers will identify the black spots within the operators' existing Network. The growth in subscribers base and rising minutes of usage are putting increasing pressure on existing cell-sites leading to capacity constraints and subsequent increase in the call drop rates. The Company proposes to set up a cell-site, which can be shared by at least 3 operators. The operators will then share as many sites found suitable by them.

Continue our Focus on Customer Service

Speed to market and reliable network performance are critical components in the success of any wireless service provider's business. The ability of the Company to efficiently complement operators' network rollout will ultimately define our success. The Company expects to meet the service level requirements by establishing delivery execution mechanism.

Build on our Strong Relationships with Major Wireless Carriers

In more than 20 years of its service the Promoter Company GTL Limited (GTL) has established and maintained strong relationships with all major operators and OEM's functional in India. This would enable the Company to identify opportunities where its portfolio of towers and extensive service offerings can be used to satisfy their needs.



According to McKinsey a 10% increase in wireless penetration is expected to add US$ 10 bn to the Indian economy.

Discussion on Financials

For the purpose of financial analysis, the figures in rupees for the FY 2006-07 are converted into US$ as under:

	FY 2006-07 (Rs.)
P&L items- 1 US$ equals to	44.51
Balance Sheet items- 1 US$ equals to	43.66

Note: The financial year ending June 30th, 2006 was for the period of 15 months; hence the financial numbers for the period 2006-07 are for a period of 9 months from July 2006-March 2007 across this document.

Results of Operations

The period under review is the first full period of operation of the Company. The **revenues** for financial period 2006-07 stood at Rs. 49.96 Cr (US$ 11.23 mn). In line with the rollout schedule most of the infrastructure asset build-out occurred during the last quarter of the financial period. The full impact of this rollout on the revenues would be reflected in FY 2007-08. The Company intends to outsource the job of rolling out of its Network Infrastructure to Third Party Turnkey Providers. GTL Limited (GTL) would be the preferred vendor for rolling out these towers. GTL is a leading Network Services company and has so far deployed over 20,000 cell-sites with projects executed across 25 countries.

Other income for the current period was at Rs. 10.22 Cr (US$ 2.30 mn). Profit realised from Derivative Contract to the extent of Rs. 6.77 Cr and has been included in Other Income. The Company had entered into the transaction with a view to minimise the interest cost burden. The Company does not guarantee such profits in recurring form in the future.

The **Cost of sales and services** for the period was at Rs. 0.91 Cr (US$ 0.20 mn).

The **employee, administrative and other expenditures** as a percentage of revenue was at 33.29%. In absolute terms, the expenditures stood at Rs.16.63 Cr (US$ 3.7 mn). As on March 31, 2007, the Company had employee strength of 175 personnel, largely working under project management profile. The Company has established project management teams in all existing 7 circles of operation where the 1,200 cell-sites were rolled out. The Company plans to foray into 4 new circles in FY 07-08 to complement operator's rollout plan on pan-India basis.

Depreciation charged on the assets in FY 2006-07 stood at Rs. 33.41 Cr (US$ 7.51 mn).

Provision for tax (mainly on account of deferred tax liability) stood at Rs. 21.76 Cr (US$ 4.89 mn) in financial period 2006-07.

Balance Sheet Items

The Equity Share Capital of the Company increased from Rs 225.00 Cr as on June 30, 2006 to Rs 332.82 Cr as on March 31, 2007 and further increased to Rs 336.35 Cr as on May 3, 2007 as under:

	Share Capital
Share Capital as on 30.06.06	**225,00,00,000**
Allotment during the year	
- Technology Infrastructure Limited (FDI)	10,19,78,500
Shareholders of GTL Ltd (in consideration of de-merger of Infrastructure Unit of GTL Ltd)	85,56,98,120
FCCB Holders (On conversion of FCCBs)	11,50,97,190
ESOS Holders (On conversion of ESOSs)	54,25,000
Share Capital as on 31.03.07	**332,81,98,810**
Allotment on 28.04.07	
FCCB Holders (On conversion of FCCBs)	3,52,64,140
Share Capital as on 28.04.07	**336,34,62,950**

These FCCB's (transferred by GTL under the scheme of de-merger) were issued in 2004 for a period of 5 years at a coupon rate of 1% per annum.

The Company's Shares were listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. on November 9, 2006.On the day of listing the Company's Market Cap on fully diluted basis stood at Rs. 1,478 Cr.

The detailed working of FCCB and Employee Stock Option Scheme (ESOS) conversion is as given below:

GTL INFRASTRUCTURE

FCCB

	No. of FCCBs (of CHF 975.87)	No. of Equity Shares
Outstanding as on record date; viz July 14, 2006	**4,757**	**17,222,951**
Less : Conversion up to March 31, 2007	3,179	11,509,719
Outstanding as on March 31, 2007	**1,578**	**5,713,232**
Less: Conversion from April 1, 2007 till date	974	3,526,414
Outstanding as on May 3, 2007	**604**	**2,186,818**

Total unsecured liability arising out of outstanding FCCB's as on May 3, 2007 stands at Rs. 2.19 Cr (US$ 0.47 mn) In view of rights issue at par, the Company expects further conversion of the outstanding FCCB's.

ESOS

Total no. of outstanding ESOSs as on July 1, 2006	**1,550,000**
Less: No. of ESOSs converted during the period	542,500
Add: No. of ESOSs issued during the period	7,515,000
Total no. of outstanding ESOSs as on March 31, 2007	**8,522,500**

Rights Issue

The Company on January 2, 2007, announced 1:1 rights issue at par to the Shareholders and holders of FCCB and ESOS. The Company proposes to use the proceeds of the issue towards completion of the project. On March 21, 2007, the Company has filed the Draft Letter of Offer for this issue with Securities and Exchange Board of India (SEBI) and is awaiting its approval.

Equity Capital

Consequent to the above, the fully diluted Equity Capital of the company after the rights issue would be as stated below:

Rs. In Cr

Equity Capital on March 31, 2007	**332.82**
Add: Full FCCB Conversion	5.71
Add: Full ESOS Conversion	8.52
Fully Diluted Equity Capital	347.05
Add: Proposed 1:1 Rights Issue	347.05
Equity Capital Post Proposed Rights Issue	**694.10**

Rs. 969.87 Cr towards the rollout of cell-sites and Related Network Infrastructure. The **Net Fixed Assets** of the Company as on March 31, 2007 stood at Rs. 430.57 Cr (US$ 98.62 mn). These would include 1,200 cell sites infrastructure assets rolled out in seven telecom circles across the Country. The Company also increased the scale of deployment of the cell-sites towards the end of the financial period.

The **Capital Work in Progress** as on March 31, 2007 was Rs.539.30 Cr (US$ 123.52 mn). This included another 2,500 sites which were under various stages of completion.

Investments on March 31, 2007 were Rs. 130.44 Cr (US$ 29.88 mn). This includes quoted investments of 87.16 Cr (US$ 19.96 mn).

The Company had **Debtors** of Rs. 13.22 Cr (US$ 3.02 mn) as on March 31, 2007. The **Cash and Cash Equivalent** position of the Company as on March 31, 2007 stood at Rs. 30.42 Cr (US$ 6.97 mn). The proposed rights issue will provide the Company an access to incremental cash of upto Rs. 347.05 Cr (US$ 79.49 mn). The Company plans to use these proceeds to finance its capital expansion plan as explained above.

The rights issue will also enable the Company to draw down further debt. The company has tied up long-term debt amounting to Rs. 1,485 Cr (US$ 340.13 mn) from banks and financial institutions in India and overseas. As on March 31, 2007 the Company's **Drawn Down Debt** was Rs. 712.09 Cr (US$ 163.10 mn). Post the Company's rights issue it would be able to draw down further debt and will maintain a debt equity ratio of 2.15:1.The tied-up debt along with the Equity Capital post rights issue will be adequate to cover the Company's capital expenditure for rolling out 6,700 sites by March 2008.

Segment Reporting

The Company is in the business of providing Shared User Passive Infrastructure. Hence, the Company reports "Shared User Infrastructure" as one business segment for disclosure.

HIGHER LEVEL OF COMPETENCY TO ACHIEVE DESIRED RESULTS

Risk Management Report

This report, prepared in accordance with Clause 49 (IV) of the Listing Agreement with Stock Exchanges in India, sets out the Enterprise-wide Risk Management practiced by GTL Infrastructure Limited (the Company). Shareholders and other readers are cautioned that the risks outlined here are not exhaustive and are for information purposes only. The report may contain statements, which may be forward-looking in nature. The Company's business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Hence, all readers are requested to exercise their own judgment in assessing the risks associated with the company, and to refer to the discussions of risks in the Company's previous annual reports and the website.

Risk Management structure

In the present Technology / Innovation driven economy, Risk Management assumes a wider brief. An interesting fact is that Risk Management strategies not only serve their primary purpose, which is to lay off potential risk, but may also act as a vital Business Development Tool. However, to make best use of Risk Management strategies, the organisation must conduct regular risk reviews to identify the gaps or scope for improvements in their systems and processes. The organisation must abandon the traditional approach of “risk management by silos” and adopt “Enterprise-wide Risk Management (EWRM)” to have a comprehensive view of the entire gamut of risks in the organisation.

Since inception, the Company has been managing its risks through its dedicated Risk Management Group (RMG).

Appointment of CRISIL for EWRM implementation

During the FY 2006-07, the Company appointed CRISIL, India's No. 1 rating agency, to bring in their expertise and an independent approach for improvement of EWRM @ the Company. As a part of the project, CRISIL will help RMG in identification of risks in the existing systems and processes and then bridging those gaps for better management of risks at the Company. For ongoing identification of risks, CRISIL will also map the critical processes at the Company with their proprietary 'Corporate Risk Evaluation (CORE) software that has been developed with technical collaboration of Microsoft.


The increase in wireless penetration especially
in rural areas will open a whole new world of opportunities.

CORE will help the Company in meeting twin objectives of addressing the directives of Clause 49 as well as putting up a comprehensive EWRM framework in place. CORE is software tool designed to assist risk owners in a corporate entity to evaluate business and operation related risks, assess effectiveness of controls and the possible effectiveness of mitigation strategies. CORE allows risk owners to map business processes, identify risks and controls, measure the impact of failure in terms of likelihood and severity. Using CORE, the top management would be able to view the overall picture of risk arising from different functions / operations and drill down to the specific sources of risk. CORE would also help the top management to monitor emerging high risk areas and evaluate alternatives.

To further learn, enhance and innovate, the Company continues to benchmark its Risk Management practices vis-à-vis the best global practices. The Company's Risk Management framework addresses the recommendations for Enterprise Risk Management proposed by various specialised bodies like COSO, AIRMIC etc.

Further, the Company's ability to properly identify, measure, monitor and report risk is critical to its soundness and profitability.

Risk Governance @ GTL Infrastructure Limited

The Board of Directors oversees the entire risk management through the Board's Audit Committee and the Operating Council. In addition, the Audit Committee reviews with management the system of internal controls and financial reporting that is relied upon to provide reasonable assurance of compliance with the Company's operational risk management processes. The RMG reports on the risks of the Company to the Board of Directors through the Board's Audit Committee on a quarterly basis.

Risk Classification @ GTL Infrastructure Limited

At the Company, risks are primarily classified into: (a) Contractual and (b) Non-contractual

Classification	Stages	Examples
Contractual	Pre-Contract	Contracts with Customers, Suppliers, Banks, Employees, etc
	At Contract	
	Post Contract	
Non - Contractual	Continous	IT Risks, HR, Compliance, Treasury, Property, Country, M&A, etc.

The Company's endeavours to eliminate its Contractual risks through:

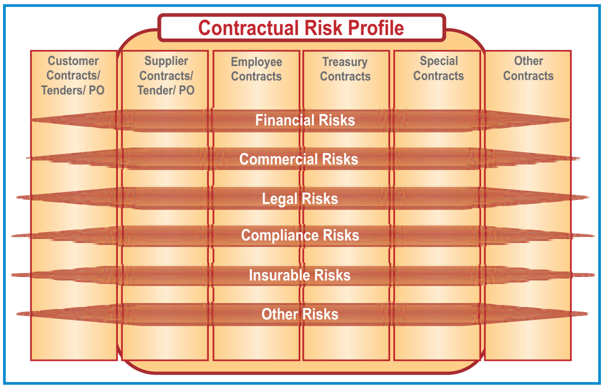
- Contract negotiation (by removing the unreasonable terms)
- Risk transfer (by way of proper insurance coverage)
- Compliance with agreed terms

Some of the major improvements brought in the contract terms are as under:

- Revenue commitment from customer by introduction of minimum lock-in period
- Year on Year price escalation clause
- Interest on delayed payment
- Insurance cover for customer owned assets to be taken by customers themselves
- Payment terms on monthly basis

•The aforesaid improvements not only reduce the liability of the company but also result in substantial invisible cost savings.

The overall Contractual Risk Profile at the Company can be better presented through the following diagram:



The major risks identified by the company are discussed in the following sections:

1) Strategic risk

- Third Party Passive Infrastructure sharing is a new concept in the Indian telecom industry and is yet to be successfully proven, thus achieving scalability could face problems.
- Our rollout plan is driven by the projected growth in the Indian cellular subscriber base. However, over a period of time, we may face the risk of the Indian wireless market reaching the saturation point resulting in stagnant tower demand.

- The Company may not get sufficient number of sites for fresh roll out. We also face risk of selecting site location, constructing and acquiring sites, as well as managing the new portfolio.

2) Business concentration risk

- The Company has only one revenue segment. The focus on only one business exposes the Company to the risk of revenue concentration. The Company plans to manage this risk by spreading its revenues across several geographies and customers
- On the supplier side, the Company has given a significant portion of its contracts to GTL Limted (GTL) and hence faces the single contractor risk in GTL. The Company relies heavily on GTL to rollout their network in time.

3) Contractual risk

- Covenants in some of the agreements that the Company has entered into with wireless carriers could affect its business by limiting its flexibility.
- The Company faces the risk of liability from the Service Level Agreements with the operators. It addresses this risk by contractually limiting its liability through the liability clause. In order to reduce and mitigate identifiable risks, it has put in place various insurance covers from reputed insurance companies.
- If the Company is unable to protect its rights to the land (which are mostly taken on lease) under its towers, it could adversely affect the Company's business and operating results. It is addressing this risk by out- right purchase of those lands, which is a very difficult task by itself.

4) Competition risk

The Company faces competition risk from the following categories of competitors:

- Existing competition from other tower operators
- Emerging competition from telecom operators (who are our customers today) who have substantially greater financial and other resources than we do and may use such greater resources to more efficiently deliver a complete turnkey solution. Moreover, some telecom operators have planned to hive off their tower infrastructure / passive infrastructure into separate companies.
- Other projects that the Company executes may use such greater resources more effectively to deliver a complete turnkey solution.

The aforesaid competition is likely to have adverse influence on its market share and profitability. Intense competition may force the Company to agree to less favorable contract terms, including provisions such as liquidated damages, performance guarantees, deferred payment terms etc.

If the Company is not able to compete effectively, its ability to attract and retain customers will be adversely affected, which will decrease its revenues and negatively affect our operating results.

5) Budgetary risk

Majority of the company's business is subject to competitive bidding. Hence, it is very critical to have an accurate budgeting process in place. An improper estimation of cost and delivery schedule may lead to irreparable damages. While an underestimation may lead to long pay-back period, an overestimation may lead to losing the order to the competition.

6) Manpower risk

The Company's success will significantly depend on the expertise, experience and continued efforts of our key management and other personnel. Its future performance may be affected by any disruptions in the continued service of these persons. There is a dearth of managerial talent, including key managerial personnel, with related business experience. It is planning to overcome people related risks through a comprehensive human resources policies and carefully designed recruitment processes, which ensure the right fit, followed by a set of training programmes tailored to individual needs, as identified by performance appraisal. It has also implemented an ESOS, in order to retain key managerial resources. However, the loss of one or more of our key managerial personnel may impact its ability to maintain growth in the business.

7) Technology risk

The development and implementation of new technologies designed to enhance the efficiency of wireless networks could reduce the use and need for tower-based wireless services transmission and reception and have the effect of decreasing demand for tower space. New technologies may make our site provisioning services less desirable to potential tenants and result in decreasing revenues. Such new technologies may decrease demand for site provisioning and negatively impact our revenues. In addition, the emergence of new technologies could reduce the need for tower-based broadcast services transmission and reception. The development and implementation of any of these and similar technologies to any significant degree could have an adverse effect on our operations.

8) Regulatory risk

- Setting up of towers is subject to receipt of regulatory approvals. Absence or delay in receipt of the requisite regulatory approvals could affect our business and results of operations.
- There have been few petitions filed against installation of towers near residential areas raising health concerns about the adverse effects of electromagnetic radiations. Such concerns, if accepted by the Court, could lead to delay in project implementation, thereby adversely affecting our operations.
- As owner of cell sites, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials, without regard to whether we, as the owner, knew of or were responsible for the contamination.

9) Financial risk

a) Credit risk:

Due to the long-term nature of our tenant leases, we, like others in the tower industry, are dependent on the continued financial strength of our tenants. Many wireless service providers operate with substantial leverage. If one or more of the Company's major customers experience financial difficulties, it could result in uncollectible accounts receivable and loss of significant customers and anticipated lease revenues.

b) Interest rate fluctuation risk:

The Company is subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations. In line with its future business plans, it has made significant borrowings. Majority of these borrowings are at floating rates of interest. If the interest rates for the existing and future borrowings increase significantly, the Company's cost of servicing such debt will increase.

c) Liquidity and leverage risk:

Since the Company is in the infrastructure business it faces very high liquidity and leverage risk. It depends on banks and financial institutions and other sources for meeting its long and medium term financial requirements. Any delay in the disbursements of funds from these bodies can impact completion of the project , which could adversely impact our profitability.

However, all the loans have a three year moratorium to tide over liquidity risk and allows sufficient time for the Company to get its business model going. It faces a high leverage ratio of 2.15 : 1 which is still conservative by infrastructure company standard.

10) Insurance

In order to reduce and mitigate identifiable risks, the Company has in place various insurance covers from reputed insurance companies as given the chart below:

PROPERTY RISK
Damage to Physical Assets
- Natural Calamities
- Accidents
- Breakdown
- Alternate Accommodation

EMPLOYEES' RISK
Loss to Employees
- Ill Health
- Accidental Death
- Normal Death
- Overseas Travel

FINANCIAL RISK
Monetary Loss from
- Theft
- Burglary
- Bad debts

LIABILITIES RISK
Loss from Operations
- Third- party liabilities
- Public liability
- Directors and Officers liabilities
- Errors and Omissions liabilities

Human Resources

Objective

The objective of Human Resources in the Company is to provide innovative Human Resource strategies, programmes and services to our internal customers which will enable us to attract, motivate, develop and retain talented employees and become an employer of choice.

Values

The Company is driven by its values which encompass the following:

- Proactively manage change
- Delight customers through superior services
- Developing entrepreneurs through an achievement-oriented culture
- Building a technology savvy organisation
- Sharing knowledge and focus on end-results

HR initiatives play a crucial role in building a strong professional workforce and establish the relevant resource pools to give us an edge in the global market. In the Company there is enormous focus on intellectual capital and inspiration as it tries to recruit the best talent in the industry and retain them in an extremely hot and volatile market.

Performance Management

The Compnay follows a transparent Performance Management System which is a combination of behavioural (An appraisal tool that enables managers to assess an employee's behaviour) and Outcome Appraisal (an appraisal tool that enables managers to assess the results achieved by employees).

This helps in identifying grooming and retaining the best talent within the organisation. Performance management initiatives enable individuals with accurate and timely information necessary to take confident decisions.

Training & Development

The Company believes in a learning organisation, where learning is a continuous process. There is room for those driven by the zeal to surpass their peers and most importantly, themselves. Hence it mixes and matches intensive training with equal thrust on job skills and behavioural development.

The Company is focusing on developing a world class Training Academy that will help to train its employees in leading and cutting edge technologies. The training needs are identified based on the present and future competencies that would be required in its business. The training programme includes management development, behavioral, functional and technology training.

Further, there will be a mandate for every employee to undergo a minimum of four days of training in a year. The Company will also be focusing on developing customised training programmes and workshops for all its senior management. The Company has already begun talks for potential tie-ups with leading management institutes to offer customised Management Development Programmes.

A key component of the way ahead is the development of incentive structures to create a performance oriented culture and performance measures to align all parts of the organisation with the overall corporate vision.

Employee Engagement and Talent Management

The Talent Management System, aims at identifying people with potential; developing their talent through a structured programme of professional and personal growth; thereby attaining the objective of retaining high-potential performers and leaders. Some of the activities which have been identified under the Talent Management System are as follows:-

- Develop an Employee Recognition Programme to boost morale of employees
- Behavioural Training Programmes to cover gaps emerging from behavioural competencies.
- Technical Training Programmes to cover gaps emerging from the technical competencies.
- Specialised Training Programmes specially designed for the identified talent pool.
- Management Development Programme.
- The Rewards and Recognition Programme will recognise efforts, exemplary performance and achievements of our employees towards the organisational goals.

It has been the Company's constant effort to enhance all aspects of the employment experience to attract and retain quality manpower which will help to realise its vision to become the largest shared passive telecom infrastructure provider in India.

To overcome the manpower shortage the Company is in the process of starting a Training Academy to train and recruit fresh talent. This would in turn act as a retention tool and will help in creating a resource pool for the future.

Some HR Initiatives which are a part of employee engagement initiatives are as follows:-

- Samvadh - Open House (Quarterly Programme)
- In-House Library (Mahape and Pune)
- Kutumb - Family Meet
- Inter-House Sports Tournament
- Infravoice Monthly Newsletter
- Events

HR Systems and Process

The Company is on the growth path and is just beginning to expand its business. There is an urgent need to set up systems and procedures to nurture this growth. Some of the HR systems in place which fulfill this need are as follows:-

- Performance Management System
- Online Leave and Attendance System
- Transparent and Robust Policies
- Quality Initiatives like ISO, Six Sigma etc
- Compensation Benchmarking Study
- Introducing Incentive Plan
- Employee Stock Options
- The Company provides personal accident coverage to all permanent employees.
- The Company will be shortly introducing HRMS Systems on Oracle

Quality And Process

Over the past few years, the Indian industry has felt the unrelenting impact of globalisation. Transformation of the world economies has left us with little option but to compete on all fronts: Cost, Delivery and Quality especially. Today, no organisation, not even the world's best can afford not to take stock, assess and periodically re-examine strategies and the direction in which they are headed. And, in this scenario, active pursuit of quality provides the only path to survival and to grow.

We, at GTL Infrastructure Limited (the Company) are progressing on this path of quality to achieve excellence in every aspect of its business that touches customers - both internal and external. To accomplish this stupendous endeavour the Company is focusing on Process Excellence and Total Quality Management Platforms.

As the Company endures this journey towards excellence with dedication, it has pledged to inculcate quality principles in each employee. It will help to achieve significant benefits such as increased competitiveness, optimum cost, and reduced delivery time. It would further lead to better business results and attainment of the objective of the Company of “Creating Value through Shared Infrastructure”.

The Company is an ISO 9001-2000 certified company. The role of quality is expanding rapidly towards business processes through ISO 9001 : 2000 certifications, contributing towards Business Excellence, Process Excellence and Operational Excellence. This certification is a guarantee to the customers that it measures quality and productivity on an ongoing basis, and will continuously improve its processes, tools and skills to deliver. This translates into tangible benefits for the customers including low project risks, on timely completion, minimal defect rate, high process visibility and enhanced customer satisfaction.

Over the last two decades, the liberalisation, privatisation and globalisation policies of the Indian government have proved to be beneficial for the Indian economy. They have also been a double-edged sword for the Indian Industry.

The new and efficient industries were posed with the challenge of unlimited opportunities while the inefficient ones were faced with the threat of closure. The Company as industry pioneers accepted this challenge since its inception and decided to adopt the time-tested quality models, implemented by industries globally, to drive growth and improvements within our organisation. In simple words, its quality movement focuses on achieving overall excellence and is measured on a Total Quality Management Platform.

The management is committed to guiding the company towards the right path of quality excellence. The Company has planned its quality vision for the future and has also charted the roadmap for achieving it. It has already obtained the ISO 9000-2001 certificate for the operations on the Build Own Operate model. It is geared towards the enhancement of the various excellence models, which represent its continuous progress on all fronts in terms of on-time delivery, predictability and cost reduction. As the Company begins its journey towards excellence with perseverance, it is consciously emphasising the role of each employee would play in achieving its dream of becoming a global infrastructure provider, by satisfying and delighting the customers.

Corporate Governance

The equity shares of the Company got listed on both Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on November 9, 2006. Accordingly in terms of Clause 49 of the Listing Agreement entered into with the said Stock Exchanges, the Corporate Governance Compliance Report is provided hereunder:

Certificate of Auditors on Corporate Governance

To the Members of
GTL Infrastructure Limited

We have examined the compliance of conditions of corporate governance by GTL Infrastructure Ltd., for the Nine Months period ended on March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 on 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 the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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 **BANSI S. MEHTA & CO.**
Chartered Accountants

PARESH H. CLERK
Partner
Membership No. 36148

PLACE : MUMBAI
DATE : MAY 3, 2007

Certificate of Practicing Company Secretary on Secretarial Compliance

To
The Board of Directors,
GTL Infrastructure Limited.

We have examined the registers, records, books and papers of GTL Infrastructure Limited ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act"), the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company ("the requirements") for the year ended March 31, 2007. Based on our examination as well as information and explanation furnished by the Company to us and the records made available to us, we hereby report that:

1. The requisite statutory registers and other records required under the Act and the Rules made there under have been maintained in accordance with the Act either in physical or electronic mode as applicable;
2. The requisite forms, returns and documents required under the Act and the Rules made there under to be filed with the Registrar of Companies and other authorities have been duly filed as per the requirements of the Act;
3. The requirements relating to the meetings of Directors and its Committee(s) thereof and of the Shareholders as well as relating to the minutes of the proceedings have been duly complied with;
4. There were only two retirements of Directors who were re-elected in the last Annual General Meeting;
5. Due disclosures under the requirements of the statutes have been made by the Company. The Company has also complied with the requirements in pursuance of the disclosures made by its Directors;
6. The issue and allotment of shares is in conformity with the requirements of the Act;
7. The Company has complied with the provisions of Section 293(1)(a) and 293(1)(d) of the Act in respect of monies borrowed from financial institutions and banks and falling within the purview of those sections;
8. The Company has complied with the provisions of section 372A in respect of investments made during the financial year ending on March 31, 2007;
9. The Company has, wherever required, obtained the necessary approvals of the Board, Committee thereof, shareholders or any other authorities as per the requirements of the Act;
10. The Company has not defaulted in any of the provisions given under Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as a Director of any other Company. It may be stated that the Company has not accepted any Fixed Deposits. The Annual Returns and the Annual Reports have been filed as required under the Act;
11. The Company has obtained the approval of the Bondholders and Reserve Bank of India and has adhered to other formalities for splitting of Foreign Currency Convertible Bonds (FCCB) issued by GTL Limited, as approved by the Hon'ble High Court of Judicature at Bombay and allotment of shares arising on conversion of such split FCCBs;
12. The Company has complied with the requirements of the Act, FEMA, RBI Regulations and other allied Rules and Regulations in respect of the Foreign Direct Investment received by it;
13. The Company has allotted options under the Employees' Stock Option Scheme (ESOS) for its employees and during the year under review, the Company has complied with the relevant provisions of Employee Stock Option Scheme and Employee Stock Purchase Scheme Rules, 2002 of the Central Government, till listing of its equity shares and SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 thereafter, in respect thereof.

for **V.RAVIKUMAR & ASSOCIATES,**
Company Secretaries,

V.RAVIKUMAR
Practicing Company Secretary
FCS: 4568 / CP: 5213

Mumbai, May 3, 2007

Certificate Of Whole-time Director and Chief Financial Officer on Financial Statements Under Clause 49 of the Listing Agreement

We, Prakash Ranjalkar, Whole-time Director and Shishir Parikh, Chief Financial Officer of GTL Infrastructure Limited hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the nine months period ended March 31, 2007 and that to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these 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;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's code of conduct;

c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we 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;

d. We have indicated to the auditors and the Audit committee that
   i. there have been no significant changes in internal control over financial reporting during the year;
   ii. there have been no significant changes in accounting policies during the year; and
   iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai	**Prakash Ranjalkar**	**Shishir Parikh**
Dated : May 3, 2007	Whole-time Director	Chief Financial Officer

Declaration of Whole-time Director on Compliance with Code of Conduct Under Clause 49 of the Listing Agreement

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is displayed on the Company's website.

I confirm that the Company has in respect of the Financial Year ended March 31, 2007 received from each Member of the Board and Senior Management Personnel, a declaration of compliance with the Code of Conduct as applicable to each one of them.

Mumbai	**Prakash Ranjalkar**
May 3, 2007	Whole-time Director

Information on Directors' Appointment / Re-appointment as Required Under Clause 49 of the Listing Agreement

The information on Directors recommended for appointment / re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is as under:

Mr. Manoj Tirodkar, Non-Executive Chairman

Mr. Tirodkar has been a Member of the Board since August 8, 2005. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Tirodkar is a first generation entrepreneur and is the Co-founder and Chairman & Managing Director of GTL Limited. Through his dynamic leadership, strategic vision and ability to manage change, Mr. Tirodkar has contributed to the success of GTL Limited and GTL Infrastructure Limited. Business Barons-Taylor Nelson Sofres Mode Opinion adjudged him as the 13th and 12th BEST CEO for the years 2000 & 2001 respectively. He is also winner of CII Young Entrepreneurs Trophy 2001, World Young Business Achiever Award 2000 and National Level Entrepreneur Award 2006, amongst others. Presently, he is the Chairman of the Company.

He is Chairman and Managing Director of GTL Limited. He is also a Director in International Global Tele-Systems Ltd (Mauritius). He is Chairman/Member of Shareholders' / Investors' Grievance Committee of the Company/GTL Limited. He holds 29,16, 500 equity shares of the Company.

Mr. G. V. Desai, Independent Director.

Mr. Desai has been a Member of the Board of the Company since April 20, 2005. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

He is a Chartered Engineer, London and also the Founder Vice-Chairman of IEEE, India Council. His versatile experience includes Business Management experience at Board level in companies spread out in Europe, Africa and Asia, including that of Bennett Coleman & Co Ltd, Mumbai. Mr. Desai was also in the Board of GTL Limited between 1993 and 2001. He also served as Chairman of Global Electronic Commerce Services Ltd, prior to its merger with GTL Limited in 2001. Thus he has expertise in Engineering / Management.

He holds Directorship in GTL Limited and India E-Secure Limited. He is Chairman of Audit Committee of the Company and also GTL Limited. He is also Member of Nomination/Remuneration Committee and Shareholders'/Investors' Grievance Committee of the Company. He holds 500 shares of the Company

Mr. Vishwas Pathak, Independent Director.

Mr. Pathak has been a Member of the Board of the Company since August 8, 2005. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Pathak, M. Com., L.L.B., FCS, is practicing as a Corporate Consultant providing all types of Corporate and Management Consultancy Services including Legal, Company Secretarial, Finance and Banking Services. He has handled various issues like Foreign Direct Investments, Foreign Currency Convertible Bonds, External Commercial Borrowings, Initial Public Offering Issue, domestic and international Amalgamations/ Mergers/Acquisitions. He has experience of over 20 years in these areas.

Mr. Pathak holds Directorships in E. Payment.Com India Limited, Lexcorp Projects Pvt. Ltd. and Lexcorp Advisory Services Pvt. Ltd. He is a Member of Audit Committee and Shareholders' / Investors' Grievance Committee of the Company. He does not hold any shares of the Company.

Corporate Governance Compliance Report

1. Company's philosophy on Code of Governance

GIL's Philosophy on the code of governance as adopted by its Board of Directors:

- Ensure that the quantity, quality and frequency of financial and managerial information, which the management shares with the Board, fully places the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board / Committees thereof.
- Ensure that the Board, the Management, the Employees and all concerned are fully committed to maximizing long-term value to the shareowners and the Company.
- Ensure that the core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other world-class company in operating practices.

2. Board of Directors

Details of Directors

Sr. no.	Name of Director	NPD*	ED/NED/ ID*	Attendance in Board Meetings		Attendance in last AGM	Other Board		
				Held	Attended		Directorship **	Committee Chairmanship ***	Committee Membership (Including Chairmanship) ***
1.	Manoj Tirodkar, Chairman	NPD	NED/NID	8	8	Present	1	0	1
2	Charudatta Naik	NPD	NED/NID	8	6	Present	1	0	0
3	Deepak Vaidya $	NPD	NED/ID	6	2	Present	5	2	4
4	G. V. Desai	NPD	NED/ID	8	8	Present	2	1	1
5	Lee Sek Hong (Michael Lee)	NPD	NED/ID	8	3	Absent	0	0	0
6	Prakash Ranjalkar	NPD	ED/NID	8	7	Present	0	0	0
7	Prakash Samant $	NPD	NED/ID	6	5	Present	0	0	0
8	S.S. Dawra $	NPD	NED/ID	6	4	Present	2	0	1
9	Vishwas Pathak	NPD	NED/ID	8	7	Present	1	0	0

* NPD - Non-Promoter Director; ED - Executive Director; NED - Non-Executive Director; ID - Independent Director; NID - Non Independent Director.
** In Indian Public Limited Companies.
*** In Audit Committee and Shareholders'/Investors' Grievance Committee of Indian Public Limited Companies.
$ Inducted as Additional Directors w.e.f August 1, 2006.

Details of Board Meetings held during the nine-month period ended March 31, 2007:

Date of Board Meeting	07.07.06	24.07.06	01.08.06	11.08.06	17.10. 06	02.01.07	22.01.07	13.03.07
Board Strength	6	6	9	9	9	9	9	9
No. of Directors Present	5	5	7	6	7	4	8	8

3. Audit Committee

Brief description of terms of reference:

- Review the financial reporting process and disclosure of its financial information.
- Review with the Management the annual / quarterly financial statements before submission to the Board for approval.
- Review with the Management, the performance of Statutory Auditors Internal Auditors and the adequacy of internal control systems.
- Review the Company's accounting policies.
- Look into reasons for substantial defaults, if any, in payment to depositors, shareowners and creditors.

- Recommend the appointment, re-appointment and replacement or removal of Statutory Auditors and fixation of Audit Fee.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Other functions as required by applicable Regulations

Composition of Committee and Attendance of Members:

Sr. No	Name of Director and position	Meetings/Attendance			
		24.07.2006	**11.08.2006**	**17.10.2006**	**22.01.2007**
1.	G.V. Desai, Chairman*	Present	Present	Present	Present
2.	Charudatta Naik, Member	Present	Absent	Absent	Present
3.	Vishwas Pathak, Member	Present	Present	Present	Present
4.	Prakash Samant, Member **	N.A	N.A.	N.A.	Present

*Appointed as Chairman w.e.f. July 24, 2006.
** Appointed w.e.f. January 2, 2007.

4. Nomination & Remuneration Committee

Brief description of terms of reference:

- Frame Company's policies on Board of Directors with the approval of the Board.
- Make recommendations for the appointments on the Board.
- Recommend compensation payable to the Executive Directors.
- Administer and supervise Employees Stock Option Schemes.
- Perform such other functions consistent with applicable regulatory requirements.

Composition of Committee and Attendance of Members:

Sr. No	Name of Director and position	Meetings/Attendance			
		11.08.2006	**02.01.2007**	**02.02.2007**	**12.02.2007** (Adjourned Meeting of 02.02 2007)
1	Mr. Prakash Samant, Chairman*	Present	Present	Present	Present
2.	G.V.Desai, Member	Present	Present	Present	Present
3.	Lee Sek Hong (Michael Lee), Member	Present	Absent	Absent	Absent

* Appointed as Chairman w.e.f August 1, 2006.

- Remuneration Policy: The Policy Dossier approved by the Board at its meeting held on August 11, 2006, *inter alia*, provides for the following:

Executive Directors:

- Salary and commission not to exceed limits prescribed under the Companies Act, 1956.
- Remunerate from time to time depending upon the performance of the Company, individual Director's performance and prevailing Industry norms.
- No sitting fees.
- No Employee Stock Option Scheme for Promoter Directors.

Non-Executive Directors:

- Eligible for commission based on time, efforts and output given by them.
- Sitting fees and commission not to exceed limits prescribed under the Companies Act, 1956.
- Eligible for Employee Stock Option Scheme (other than Promoter Directors).

- Details of remuneration to all the Directors:

Sr. No.	Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Performance linked incentives (along with Criteria)	Sitting fees (Rs.)	Total (Rs.)	Stock Options	Service Contract/ Notice period/ Severance fees/ Pension
1.	Manoj Tirodkar	-	-	-	-	147000	147000	Nil	Retirement by Rotation
2.	Charudatta Naik	-	-	-	-	43000	43000	# 5,00,000 * 5,00,000	Retirement by Rotation
3	Deepak Vaidya	-	-	-	-	20000	20000	*2,00,000	Retirement by Rotation
4	G.V.Desai	-	-	-	-	87000	87000	*2,00,000	Retirement by Rotation
5	Lee Sek Hong (Michael Lee)	-	-	-	-	32000	32000	*2,00,000	Retirement by Rotation
6.	Prakash Ranjalkar	1350000	1581750	-	675000# #	-	3606750	@4,80,000 *29,00,000	^
7	Prakash Samant	-	-	-	-	59000	59000	*2,00,000	Retirement by Rotation
8	S.S. Dawra	-	-	-	-	32000	32000	*2,00,000	Retirement by Rotation
9	Vishwas Pathak	-	-	-	-	151000	151000	*2,00,000	Retirement by Rotation

^ 5 years w.e.f April 1, 2005 / Notice period 3 months / NA / NA.
# Allotted on November 26, 2005 at the rate of Rs. 10 per share, out of which 175,000 options got converted into equity shares on February 23, 2007
@ Allotted on November 26, 2005 at the rate of Rs. 10 per share, out of which 168,000 options got converted into equity shares on February 23, 2007
* Allotted on February 12, 2007 at the rate of Rs. 29. 81 per share.
# # Based on Individual /Company's performance and Industry norms.

Notes:
1. Options allotted on November 26, 2005 and February 12, 2007 underlie equal number of equity shares of Face Value of Rs.10.
2. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

5. Shareholders'/Investors' Grievance Committee

Brief description of terms of reference:

1. Look into the redressal of Shareholders' and Investors' complaints/grievances like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividends, etc;
2. Review the certificate of the Practicing Company Secretary regarding timely action on transfer, sub-division, consolidation, renewal, exchange or endorsement of calls / allotment monies;
3. Oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services;
4. Ascertain whether the Registrars & Share Transfer Agents (RTA) are sufficiently equipped with infrastructure facilities such as adequate manpower, computer hardware and software, office space, documents handling facility etc to serve the shareholders / investors;
5. Recommend to the Board, the appointment, reappointment, if required, the replacement or removal of the Registrar and Share Transfer Agent and the fixation of their fees; and
6. To carry out any other function as required by the Listing Agreement of the Stock Exchanges, Companies Act and other Regulations.

- Name of Non-Executive Director heading the Committee : Mr. Manoj Tirodkar
- Name and Designation of compliance officer : Mr. D.S. Gunasingh, Company Secretary
- Number of shareholders complaints received so far : 55
- Number resolved to the satisfaction of shareholders : 55
- Number of pending complaints : NIL

Consequent to de-merger of one of the units of GTL Limited into the Company and proposed allotment of shares to the shareholders of GTL Limited in July, 2006, a Shareholders' / Investors' Grievance Committee was constituted on July 7, 2006.

Composition of Committee and Attendance of Members:

Sr. No	Name of Director and Position	Meetings/Attendance (January 22, 2007)
1.	Manoj Tirodkar, Chairman*	Present
2.	G.V.Desai, Member	Present
3.	Vishwas Pathak, Member	Present

* Appointed as Chairman w.e.f. August 1, 2006.

6. **General Meetings**

Location and time of Company's last three AGM's with details of special resolutions passed:

	First AGM	**Second AGM**	**Third AGM**
Date	**30.09.2004**	**30.09.2005**	**27.09.2006**
Time	09.30 a.m.	11.00 a.m.	12.30 p.m.
Venue	Electronic Sadan I TTC Industrial Area, MIDC, Mahape, Navi Mumbai 400 710.	Electronic Sadan I TTC Industrial Area, MIDC, Mahape Navi Mumbai 400 710.	Vishnudas Bhave Natyagriha, Sector 16A, Vashi, Navi Mumbai – 400 703
Details of Special Resolutions passed in the AGM	-	-	1. Issue of equity shares under Section 81 (1A) of the Companies Act, 1956 ("Act"). 2. Investments in securities, extending loans, giving guarantees and providing securities under Section 372A of the Act. 3. Adoption/Ratification of ESOS Scheme with amendment under Section 81 (1A) of the Act. 4. Payment of commission to Non- Executive Directors of the Company.

- Special resolutions that were put through postal ballot last year; details of voting pattern:

  Details of Postal Ballot dated October 12, 2006:

  a. Ordinary Resolution passed under Section 293 (1) (a) of the Companies Act, 1956 for creation of mortgages, charges, hypothecations and other encumbrances on assets of the Company.

     26,80,66,982 votes (99.999%) cast in favour and 2,775 votes (0.001%) against the said resolution.

  b. Special Resolution passed under Section 372A of the Companies Act, 1956 for making investment or loan or giving guarantee or providing security in connection with loan to an entity/body corporate.

     26,80,66,428 votes (99.999%) cast in favour and 3329 votes (0.001%) cast against the said resolution.

  - Person who conducted the postal ballot exercise: V. Ravikumar, Practising Company Secretary.
  - Whether special resolutions are proposed to be conducted through postal ballot:

    Yes, shall be conducted as per the provisions of the Companies Act, 1956.
  - The Procedure for postal ballot.

    Shall be as per the provisions of the Companies Act, 1956 and rules made there under.

7. **Disclosures**

- Disclosure on materially significant related party transactions of the Company, that may have potential conflict with the interests of the Company at large:

  The Company does not have any material related party transactions, which may have potential conflict with its interests at large. In any case disclosures regarding the transactions with related parties are given in the notes to the Accounts.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets during the last three years.

  Nil
- Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements:

  The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

Disclosure on Non Mandatory requirements:

- **The Board**

  Has a Non Executive Chairman. The expenses incurred by him in the performance of his duties are reimbursed. No policy has been laid down on tenure of Independent Directors.
- **Remuneration Committee**

  The Company has constituted a Nomination and Remuneration Committee and the full details of the same is available elsewhere in this report.
- **Shareholders Rights**

  The Company's equity shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange of India Ltd on November 9, 2006. Consequently, the Company is publishing quarterly audited financial results in the newspapers and is also displaying it on the Company's website www.gtlinfra.com, apart from displaying in SEBI EDIFAR website. Accordingly, it does not envisage to send the same separately to the households of the shareholders.

- **Training of Board Members**

  Prior to the appointment of the Directors, an invitation letter giving the background of the Company is sent to the Directors. On receiving their consent another letter containing the information on the terms of appointment; time commitment expected; powers & duties; special duties / arrangement attaching to the position; circumstances in which the office of the Director become vacant; expectation regarding involvement with Committee work; remuneration and expenses; superannuation arrangements; disclosure of Directors' interest which might affect their independence; and insider trading policy, code of conduct etc. is given to the Directors. Arrangements are also made for a presentation and facility visit by the Directors, either before or after their joining the Board. The Directors shall also be invited for the Business Conference of the Middle and Senior Management to enable the Company to get their input on the strategy, risk and working of the operations of the Company.

- **Mechanism for evaluating Non-Executive Board Members**

  No policy has been laid down by the Company.

- **Whistle Blower Policy**

  The Company does not have any Whistle Blower Policy. However any employee, if he / she so desires, has free access to meet or communicate with the Senior Management and report any matter of concern.

8. Means of Communication

- **Quarterly results:**

  The Company's quarterly financial statements are generally published in Business Standard (English language) and in Mumbai Lakshadweep in local language. The financial statements are also displayed on the Company's website.

- **Website where displayed:**

  http://www.gtlinfra.com.

- Whether it also displays official news releases: The GIL website displays official news releases, presentations made to institutional investors or to the analysts and other coverage in the website.

9. Management Discussions and Analysis Report

In line with the requirements of Clause 49, the Management Discussion and Analysis is also provided under various heads in this Annual Report.

10. General shareholder information

i.	AGM: Date, time and venue	Date June 20, 2007; Time at_12.00 Noon; Venue: Vishnudas Bhave Natyagriha, Sector 16A, Vashi, Navi Mumbai - 400 703.	
ii.	Financial Calendar for F.Y.2007-2008	First Quarter Results	On or before July 31, 2007.
		Second Quarter Results	On or before October 31, 2007.
		Third Quarter Results	On or before January 31, 2008.
		Fourth Quarter & Audited Annual Results	On or before June 30, 2008.
iii.	Dates of book closure	June 1, 2007	
iv.	Dividend Payment	No dividend has been declared.	
v.	Listing on Stock Exchanges	Listing at Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE)	
vi.	Listing Fees for 2007-08	BSE listing fees Rs. 2,64,750/- paid on April 18, 2007. NSE listing fees Rs. 1,51,200 paid on April 18, 2007.	

vii. Stock Codes:

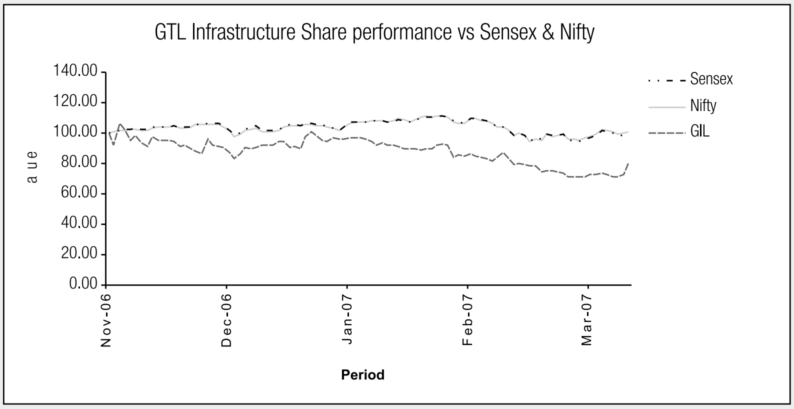
Stock Exchange/ News Agency	**Stock Code**
The Stock Exchange, Mumbai (BSE)	532775
National Stock Exchange of India Limited (NSE)	GTLINFRA
Equity ISIN	INE221H01019

viii. Market Price Data

Monthly high and low of closing quotations and volume of shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE) are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)
November 2006	46.20	38.85	60750770	46.40	38.95	67108476
December 2006	41.95	36.30	11555720	41.90	36.30	15261967
January 2007	43.70	39.05	11205636	43.75	39.15	13825029
February 2007	40.15	34.55	5098676	40.25	34.55	6389157
March 2007	35.00	30.90	2509735	34.95	30.95	3026184

viii. **Performance in comparison to broad based indices such as BSE Sensex and NSE Nifty**



ix. **Registrar and Share Transfer Agents**

GTL Limited - Investor Services Centre, Electronic Sadan II, TTC Industrial Area, MIDC, Mahape, Navi Mumbai - 400 710.

GTL Limited is registered with the Securities and Exchange Board of India (SEBI) as a Category II Share Transfer Agent (STA).

x. **Share transfer system in physical form.**

The Company has in place a proper and adequate share transfer system. GTL Limited has been appointed to ensure that the share transfer system in physical form is maintained.

xi. **Distribution of Shareholding as on. March 31, 2007.**

a. Distribution of Shareholding according to the size of holding:

No. of Shares	No. of Shareholders	% of Shareholders	Share amount (Rs.)	% to Total
Upto 500	78,478	90.35%	96,216,350	2.89%
501-1000	4,477	5.15%	36,619,830	1.10%
1001-2000	1,912	2.20%	29,122,240	0.88%
2001-3000	665	0.77%	17,034,700	0.51%
3001-4000	252	0.29%	9,156,510	0.28%
4001-5000	274	0.32%	12,971,570	0.39%
5001-10000	342	0.39%	25,438,370	0.76%
10001 and above	337	0.39%	3,100,504,680	93.16%
In Transit (NSDL)	120	0.14%	1,134,560	0.03%
TOTAL	**86,857**	**100.00%**	**3,328,198,810**	**100.00%**

b. Distribution of shares by shareholder category:

Category	No. of Folios	No. of Shares held	Voting Strength
Promoters - Bodies Corporate	3	155,766,041	46.80%
Directors, their relatives	10	3,447,023	1.04%
Bodies Corporate	2,025	13,129,633	3.94%
Banks	11	193,840	0.06%
Mutual Funds	5	14,914	0.01%
Financial Institutions (FIs)	7	17,481,459	5.25%
Foreign Institutional Investors (FIIs)	23	17,066,962	5.13%
Non-Resident Individuals (NRIs) / Other Foreign Bodies / Other Corporate Body (OCBs) / Banks-Foreign	519	99,575,245	29.92%
Resident Individuals	84,134	26,031,308	7.82%
In Transit (NSDL)	120	113,456	0.03%
TOTAL	**86,857**	**332,819,881**	**100.00%**

c. **Top 10 Shareholders;**

Name(s) of shareholders	Category (as per Depository)	Shares	%
GTL Limited (Promoter)	Domestic Company	134,305,312	40.35%
Technology Infrastructure Limited	Other Foreign Body	86,197,850	25.90%
Global Assets Holding Corporation Pvt. Ltd (GHC) (Promoter Group)*	Domestic Company	21,460,729	6.45%
Infrastructure Development Finance Company Limited	Financial Institution	16,000,000	4.81%
Somerset India Fund-Vulpes Strategic	Other Foreign Body	6,955,074	2.09%
Copthall Mauritius Investment Ltd	Foreign Institutional Investor (FII)	4,621,699	1.39%
Finav Securities Pvt Ltd	Domestic Company	40,55,381	1.22%
Morgan Stanley And Co. International Limited A/C Morgan Stanley Dean Witter Mauritius Company Limited	Foreign Institutional Investor (FII)	3,227,320	0.97%
Citigroup Global Markets Mauritius Private Limited	Foreign Institutional Investor (FII)	2,389,360	0.72%
	Other Foreign Body	814,626	0.24%
Manoj G Tirodkar	Director	2,916,500	0.88%

*In the month of April 07, GHC has set up a 100% subsidiary in Mauritious in the name "GHC International Limited", which forms part of same group

xii. Dematerialization of shares and liquidity

99.852% of the Company's shares are held in electronic form as on April 20, 2007.

xiii. a. Foreign Currency Convertible Bonds (FCCBs)

Consequent to the de-merger, out of 8,000 FCCBs issued by GTL Limited, 5,794 FCCBs of the face value CHF 10,000 got split between GTL Limited and the Company into CHF 9,029.13 and CHF 970.87 respectively on the Appointed Date. Between the Appointed Date (01.10.05) and the Record Date (14.06.06) 1,037 FCCBs got converted. Out of the balance 4,757 FCCBs outstanding as at the end of the previous year, 3,179 FCCBs got converted during the period, leaving a balance of 1,578 FCCBs of face value of CHF 970.87 worth CHF 15,32,033 for conversion. Once all the outstanding FCCBs are converted into equity shares, the total share capital would go up by Rs. 5,71,32,320 (on account of issue of 57,13,232 new equity shares).

b. Employees' Stock Option Plans (ESOPs)

With a view to enable its employees to participate in the future growth and success, the Company introduced Employee Stock Option Scheme 2005 (ESOS 2005) in the F.Y. 2005-06. The shareholders have authorised issue of shares, not exceeding 5% of the issued equity capital of the Company, to its employees in the form of stock options. As on March 31, 2007 a total of 45 employees (Previous Year 15) hold 85,22,500 stock options (Previous Year 15,50,000) as set out in the Annexure to the Directors' Report. As per the Scheme, out of 15,50,000 Options granted during the previous year 2005-06, 35% of the Options got converted into 5,42,500 equity shares of the Company.

xiv. Plant Locations:

The nature of business of the Company is service. The main activities of the Company are conducted from Electronic Sadan I, TTC Industrial Area, MIDC, Mahape, Navi Mumbai 400 710.

xv. Address for correspondence

Registered Office
GTL Infrastructure Limited
Electronic Sadan No. I, MIDC,
TTC Industrial Area, Mahape,
Navi Mumbai - 400710 INDIA
Tel: +91-22-39112300
Investor Correspondence

All shareholders complaints/queries in respect of their shareholdings may be addressed to the ISC of GTL Limited, Electronic Sadan No. II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400710 INDIA.

Contact Persons: Mr. Jayendra Pai, Associate Vice President, Shares & Systems or Mr. R. Nagarajan, Sr. Manager, Shares & Systems

Tel.: +91-22-27612929 / 27684111 Extn. Nos. 2232-2235 FAX: +91-22-27680171.
Website: www.gtlinfra.com.
Email: gilshares@gtlinfra.com.
Queries relating to Financial Statements, company performance etc. may be addressed to:
Mr. Pinakin Gandhi
GTL Infrastructure Limited, 412, Janmabhoomi Chambers, 29, W.H. Marg, Ballard Estate, Mumbai 400038
Tel: +91-22-22613010 Fax: +91-22-22619649 Email: pinaking@gtlinfra.com

Accounts Section

Content

To

The Members.

Your Directors are pleased to present the Fourth Annual Report along with the Audited Accounts for the 9 months period ended March 31, 2007.

Rupees in Lacs

1. **Financial Results**

	Year Ended March 31, 2007 (9 Months)	Year Ended June 30, 2006 (15 Months)
Total Income	6017.75	1,700.42
PBDIT	4263.90	765.95
Depreciation	3340.86	1,930.54
PBIT	923.04	(1164.59)
Interest	1062.64	70.59
Profit / Loss before tax	(139.60)	(1,235.18)
Provision for taxation		
- Current	-	-
- Deferred	2161.55	(159.72)
- Fringe Benefit	14.37	10.38
Net Profit /Loss	(2315.53)	(1085.84)

2. **Period of Financial Year**

With a view to give effect to the Scheme of Arrangement and Reconstruction approved by the Hon'ble High Court on April 28, 2006 from the Appointed Date viz October 1, 2005, it was decided to extend the period of the previous financial year 2005-06 by 3 months to end on June 30, 2006 and thereafter to close the financial year on March 31 every year beginning from the financial year 2006-07. Accordingly, the period of the current financial year 2006-07 is 9 months.

3. **Dividend**

The period under review is the first full period of the Company's telecom infrastructure asset build out. As on date, the Company has completed build out of 1200 cell sites and another 2500 cell sites are under various stages of implementation. The Company is poised for rapid growth. Thus in view of the capital-intensive nature of the business and consequent high depreciation and the ongoing project execution, no dividend has been proposed.

4. **Operations**

The Company has so far completed the deployment of 1,200 cell sites and has entered into Master Service Agreements with two national and one regional operators. It has also received letter of intent and signed term sheets with two other national players.

During the period under review, the Company earned total revenue of Rs. 60.18 Cr and capitalized assets worth Rs. 482.48 Cr. The revenues are mainly from anchor users. Signing of contracts/term sheets with major operators towards the end of period under review will help increase the sharing/ tenancy factor of telecom assets and add significantly to the revenues in the coming months. The Company has a depreciation charge of Rs.33.41 Cr on the capital assets. The operations have resulted in a loss of Rs. 1.40 Cr after interest and depreciation and before tax. However the operations (before depreciation) would have resulted in cash profit before tax of Rs. 32.01 Cr.

Strategic Objective

As a strategic objective, the Company has been focusing on "Shared Telecom Infrastructure" and pursuing rapid rollout to reach its objective of rolling out towers with a twin approach of creating both Build to Suit and Proactive Cell Sites.

The Company proposes to build, own and operate shared passive telecom infrastructure for approximately 6,700 cell sites and approximately 3000 seater Network Infrastructure Facilities in Phase I with a proposed investment of Rs. 2,030 Cr by FY 2007-08.

Significant business developments

Shared Telecom Infrastructure

The sharing of passive telecom infrastructure has received overwhelming acceptance in the country, which is amply demonstrated by the response to proactive sites deployed by the Company and the response to Universal Service Obligation (USO) tender of rural infrastructure.

In the USO tender initiated by Department of Telecom under Rural Mobile Telephony Project, the Company secured contract to rollout 421 sites to emerge as the largest Third Party Infrastructure Provider in the Country. Department of Telecommunication has guaranteed three confirmed tenants on each cell site rolled out under this project.

Shared Network Infrastructure

Apart from IT Infrastructure assets transferred under the scheme of restructuring, the Company has successfully deployed another new center with 350 seats in Navi Mumbai to be used by a leading ITES Company. The Company is making further investments in creating world class network infrastructure at Navi Mumbai and Pune. These assets will be used/shared by some of the blue-chip telecom/IT/ITES companies. GTL Limited (GTL), the promoter Company has the right to use these assets for their customers and reimburse the Company for any cost incurred thereof.

Future Outlook

The telecom industry in India is poised for a continued growth with robust net additions and Shared Network Infrastructure has an important role to play in coming future. Although at nascent stage, this business model will develop as the industry matures and the regulatory issues are simplified. Allocation of 3G spectrum, implementation of WiMAX on commercial scale and roll-out of rural network will be the immediate growth drivers for the industry.

With the Company having established project management teams in all existing 7 circles of operation where the 1,200 cell sites are rolled out, the Company is set for rapid growth and expansion to roll out 6,700 cell sites. The Company plans to foray in 4 new circles in FY 2007-08 to complement the operators' rollout plans on pan- India basis. This will improve the time to market by the operators and will in turn improve the occupancy on the Company's cell sites.

5. De-merger

With the allotment of 85,569,812 Equity Shares of Rs.10 each on July 17, 2006 to the shareholders of GTL Limited in the ratio of 1 fully paid-up Equity Share of Rs.10/- each of the Company for every 1 fully paid-up Equity Share of Rs.10/- each held in GTL Limited, in consideration of the de-merger of the Infrastructure Unit and the listing of the shares of the Company on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange of India Ltd (NSE) on November 9, 2006, the de-merger process is complete.

6. Share Capital

The Equity Share Capital of the Company increased from Rs 225.00 Cr as on June 30, 2006 to Rs 332.82 Cr as on March 31, 2007 and further increased to Rs 336.35 Cr as of date as under:

Particulars	Share Capital (Rs)
Share Capital as on 30.06.06	**225,00,00,000**
Allotment during the year	
- Technology Infrastructure Limited (FDI)	10,19,78,500
- Shareholders of GTL Ltd (in consideration of de- merger of Infrastructure Unit of GTL Ltd)	85,56,98,120
- FCCB Holders (On conversion of FCCBs)	11,50,97,190
- ESOS Holders (On conversion of ESOSs)	54,25,000
Share Capital as on 31.03.07	**332,81,98,810**
Allotment on 28.04.07	
FCCB Holders (On conversion of FCCBs)	3,52,64,140
Share Capital as on 28.04.07	**336,34,62,950**

7. Issue of Shares

The Company, a pioneer in shared user passive telecom infrastructure, is in the midst of rolling out a pan India passive telecom network of 6,700 cell sites and approximately 3,000 seater Network Infrastructure Facilities in Phase I. In line with the business plans, the project cost is estimated at Rs 2,030 Cr. As per the schedule, the Phase I of the Project is to be completed in 3 years. However, considering the overwhelming demand for telecom infrastructure from leading telecom operators, the Company plans to accelerate the schedule for roll out of Phase I of the project and expect it to be completed by March 2008.

To facilitate the above, the Company is coming out with a Rights Issue at a ratio of 1:1 for raising around Rs 347 Cr. The Company has also availed around Rs 712.00 Cr out of the total loan commitment of Rs 1,485 Cr by the Banks.

As cellular operators continue to add subscribers and seek to limit churn, the Company anticipates that operators will focus on network quality as a competitive necessity and will invest in upgrades to their networks. In addition, the Company believes that as wireless data services, such as email, internet access and video, are deployed on a widespread basis, the deployment of these technologies will require cellular operators to further increase the cell density of their existing networks, may require an overlay of new technology equipment, and may increase the demand for geographic expansion of their network coverage. To meet this demand and the expected increase in demand for telecom infrastructure, the Company believes wireless carriers will need to outsource their passive infrastructure needs as a means of improving existing service coverage, implementing new technology, accelerating access to their markets and preserving capital, rather than spend time, money and effort on constructing and operating their own Cell Sites and developing its capabilities.

To tap the above opportunity, the Company apart from planning to roll out 6,700 cell sites planned by end of March 2008, further plans to expand the number of cell sites to 20,000 - 25,000 by raising funds through equity / quasi-equity / loan funds from domestic / international markets, subject to necessary approvals.

8. Foreign Currency Convertible Bonds (FCCBs)

In 2004, GTL issued 8,000 FCCBs aggregating to CHF 80 million. Consequent to the demerger, 5,794 FCCBs of CHF 10,000 each outstanding as on the appointed date viz. October 1, 2005 were split between the Company and GTL. Between the appointed date and the record date viz. July 14, 2006, 1,037 FCCBs of CHF 970.87 got converted and necessary entries have been made in the books of the Company. Out of the balance 4,757 FCCBs outstanding at the end of the previous year, 4153 FCCBs got converted as on May 3, 2007, thus, leaving a balance of 604 FCCBs. The working is provided as under:

	No.of FCCBs (of CHF 970.87)	No.of Equity Shares
Outstanding as on record date; viz July 14,2006	**4,757**	**17,222,951**
Less : Conversion up to March 31,2006	3,179	11,509,719
Outstanding as on March 31, 2007	**1,578**	**5,713,232**
Less: Conversion from April 1, 2007 till date	974	3,526,414
Outstanding as on May 3, 2007	**604**	**2,186,818**

Total unsecured liability arising out of outstanding FCCBs as on May 3, 2007 stands at Rs. 2.19 Cr. In view of rights issue at par, the Company expects further conversion of the outstanding FCCBs.

9. Liquidity

The Company has tied up debt funding for the Phase I of the project.

The paid up Share Capital of the Company as at March 31, 2007 is Rs 332.82 Cr. Out of the long term funding commitments received from the domestic and international lenders aggregating to Rs 1485 Cr, the Company has drawn around Rs 7.12 Cr as of March 31, 2007.

With a view to strengthen the Capital base of the Company and also to improve on the debt/ equity ratio, the Company has announced Rights issue for raising around Rs 347 Cr on its existing share capital / convertible instruments. Issue of Rights shares will also enable the Company to draw the balance amount of the debt already tied up.

The Company has liquid assets of Rs.157.14 Cr as at March 31, 2007. Pending capex deployment, surplus funds have been deployed in liquid assets so as to earn a return for the purpose of mitigating the interest burden on borrowed funds.

10. Fixed Deposits

The Company has not invited or accepted any deposits during the year under review from the public/shareholders.

11. Listing

Consequent to the de-merger and the issue of Equity Shares to the shareholders of GTL Limited, the Equity Shares of the Company got listed both in BSE and NSE on November 9, 2006. The Equity Shares issued to the Holders of Foreign Currency Convertible Bonds and Employees' Stock Option Scheme have also been listed from time to time as and when the allotments were made.

12. Corporate Governance

As the Equity Shares of the Company got listed with both BSE and NSE, in terms of Clause 49 of the Listing Agreement of Stock Exchanges (Clause 49) the compliance report along with the Auditors' Certificate is provided in the Corporate Governance section of this Annual Report. In line with the requirements of Clause 49, the Management Discussion and Analysis is also provided elsewhere in this Annual Report.

13. Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the Annexure to Directors' Report.

In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary at the Registered Office. None of the employees listed in the said Annexure are related to any Director of the Company.

14. Employees Stock Option Scheme

With a view to enable its employees to participate in the future growth and success, the Company introduced Employee Stock Option Scheme 2005 (ESOS 2005) in the FY 2005-06. The shareholders have authorized issue of shares, not exceeding 5% of issued equity capital of the Company, to its employees in the form of stock options. As on March 31, 2007, a total of 45 employees (Previous Year 15) hold 85,22,500 stock options (Previous Year - 15,50,000) as under:

Particulars	No of Options
No of outstanding options as on July 1, 2006	**1,550,000**
Less: No of options converted during the period	542,500
Add: No of options issued during the period	7,515,000
Outstanding options as on March 31, 2007	**8,522,500**

As required by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (Guidelines), the particulars of ESOS are set out in the Annexure to Directors' Report.

Consequent upon the de-merger of the Infrastructure Unit of GTL Limited into the Company and listing of the Equity Shares of the Company, in terms of Clause 22.2A of the Guidelines, the Company by a separate resolution has obtained the approval of the shareholders for ratification of the said

Scheme. In terms of Clause 49 I (B) of Listing Agreement of the Stock Exchanges, with the approval of the shareholders, the Company has also amended the ESOS Scheme for providing a limit on the Options to be granted to the Non Executive Directors.

The Company's ESOS Scheme 2005 is in two parts viz Part A - Special Grant and Part B - Annual Grant. While the vesting in respect of Special Grant takes place over a period of 3 years based on the period of holding the Option, the vesting in respect of Annual Grant takes place over a period of 3 years based on the number of years of service of the employee. Hence a need is felt for having a longer vesting period upto a maximum of 5 years. Accordingly a resolution is proposed for amendment of ESOS Scheme 2005 for the said purpose, in the ensuing Annual General Meeting (AGM).

15. Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company is engaged in the business of providing infrastructure services and has no manufacturing activity. Its projects are also under implementation. During the period under review, the Company has not absorbed, adapted and innovated any new technology. It has also not carried out R&D activity. Hence, details relating to conservation of energy and technology absorption are not furnished. The particulars regarding foreign exchange earnings and expenditure appear as Item No. 16 & 17 in the Notes to the Accounts.

16. Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Manoj G Tirodkar, Mr. G.V. Desai and Mr. Vishwas V. Pathak Directors, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. Necessary resolutions for the re-appointment of the aforesaid Directors have been included in the notice convening the ensuing AGM. As Mr. Prakash Ranjalkar, Whole-time Director would be completing 3 years of service by March 2008 and the Company has no profit, it is also proposed to re-appoint him for a fresh period of 3 years as stated in the Explanatory Statement to the Notice of AGM.

None of the Directors are disqualified from being appointed as Directors as specified in terms of Section 274 (1) (g) of the Companies Act, 1956.

17. Auditors

M/s. Bansi S. Mehta & Company, Chartered Accountants, were appointed as the Auditors of the Company at the third AGM to hold office from the conclusion of the third AGM until the conclusion of the fourth AGM of the Company. The Company has received a Certificate from the Auditors that they are qualified under section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if appointed. Accordingly, the approval of the shareholders for the appointment of M/s. Bansi S. Mehta & Co, Chartered Accountants, Mumbai as Auditors of the Company is being sought at the ensuing AGM.

18. Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the information provided by the management, your Directors state that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2007 and of the loss of the Company for the 9 months period ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d) the annual accounts of the Company have been prepared on a going concern basis.

19. Special Business

As regards the items of the Notice of the AGM relating to special business, the resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approvals of members to those proposals. Your attention is drawn to these items and Explanatory Statement annexed to the Notice

20. General

Notes forming part of the Accounts are self-explanatory.

21. Acknowledgements

We would like to acknowledge with gratitude, the support and co-operation extended by shareholders, vendors, media, banks and financial institutions and look forward to their continued support. We appreciate the continued co-operation received from various regulatory authorities including Department of Telecommunications, Department of Company Affairs, Registrar of Companies, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and Depositories. We also recognize and appreciate the sincere hard work, loyalty and efforts of the employees and look forward to their continued support.

For and on behalf of the Board of Directors

Mumbai | **Manoj G. Tirodkar**
May 3, 2007 | Chairman

ESOS 2005

At the Extra Ordinary General Meeting held on November 26, 2005, the shareholders of the Company approved issue of shares, not exceeding 5% of the issued equity capital of the Company, to its employees in the form of stock options. The exercise price for conversion of options issued prior to listing of the shares of the Company is the face value of each share at the time of grant. However, the exercise price for conversion of options issued after listing of the shares of the Company i.e after November 9, 2006 will be at a discount up to 25% of the market price (latest available closing price) of each share at the time of grant.

The Company has granted 15,50,000, 74,90,000 and 25000 options, each carrying the right to be allotted one equity share (Face Value of Rs.10/- each) of the Company at an exercise price of Rs.10/-, Rs 29.81/- and Rs 29.81/- per share, on 26.11.05, 12.2.07 and 27.2.07 respectively to the employees. The disclosures required as per the Employee Stock Option Scheme and Employee Stock Purchase Scheme Rules, 2002 are as under:

Sl No	Particulars	Status
1	Options Granted	90,65,000
2	Pricing formula	Prior to Listing: The exercise price for conversion of each option into one equity share is the face value of each share at the time of grant. After Listing: The exercise price for conversion of each option into one equity share is at a discount up to 25% of the market price (latest available closing price) of each share at the time of grant
3	Options vested	5,42,500
4	Options exercised	5,42,500
5	Total number of shares arising as a result of exercise of Options	5,42,500
6	Options lapsed	Nil
7	Variation of terms of Options	NA
8	Money realized by exercise of Options	Rs. 54,25,000
9	Total number of Options in force	85,22,500
10	Employee wise details of Options granted to:	
	a. Senior Managerial Personnel	a. Details are furnished below*
	b. Any other employee who receives the grant in any one year of Option amounting to 5% or more Options granted during that year.	b. Nil
	c. 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	c. Nil

Disclosure regarding the compensation Cost

For cal culation of Employee Compensation Costs, the Company has been using the intrinsic value method of ESOS valuation (as per SEBI Guidelines). Based on fair value of options as per the Black-Schles Model (w.r.t options granted on or after November 26, 2005), the profits for the 9 months period ended March 31, 2007 would have been lower by Rs 70.28 lacs (Rs. Nil). Consequently, the Basic and Diluted EPS would have been lower by Rs. 0.02 (Rs. Nil) and Rs. 0.02 (Rs. Nil) respectively.

* List of senior managerial personnel and the Options granted till March 31, 2007 (Cumulative)

Sr.No.	Name	Options granted till March 31, 2007	Options outstanding as on March 31, 2007
1	Mr. Charudatta Naik	10,00,000	8,25,000
2	Mr. Prakash Ranjalkar	33,80,000	32,12,000
3	Mr. Sadanand D Patil	3,00,000	3,00,000
4	Mr. G.V. Desai	2,00,000	2,00,000
5	Mr. Deepak Vaidya	2,00,000	2,00,000
6	Mr. Prakash Samant	2,00,000	2,00,000
7	Mr. S.S. Dawra	2,00,000	2,00,000
8	Mr. Lee Sek Hong (Mr. Michael Lee)	2,00,000	2,00,000
9	Mr. Vishwas Pathak	2,00,000	2,00,000
10	Mr. Shishir Parikh	5,00,000	4,23,000
11	Mr. Saktidas Bandopadhyay	3,00,000	3,00,000
12	Mr. D. S. Gunasingh	2,00,000	1,82,500

For and on behalf of the Board of Directors

Mumbai
May 3, 2007

Manoj G. Tirodkar
Chairman

To the Members of

GTL INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of **GTL INFRASTRUCTRE LIMITED,** as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the Nine Months Period ended on that 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' (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the said Order.

4. Further to our comments in Annexure referred to in paragraph 3 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 those books;

   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.

   e. On the basis of the written representations received from directors as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2007 from being appointed as a director in terms of 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 together 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

      ii. In the case of Profit and Loss Account, of the loss for the period ended on that date; and

      iii. In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PLACE : MUMBAI
DATED : May 3, 2007

PARESH H. CLERK
Partner
Membership No. 36148

Annexure to the Auditors' Report (Referred to in Paragraph (3) of our Report of even date)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

i. a. The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.

b. We are informed that the Company has framed a programme of physical verification of its fixed assets, more particularly, situated at various locations including the fixed assets lying with/used by the customers of the Company. In terms of such programme, the fixed assets at Mahape (Navi Mumbai), Ahmedabad Branch and those lying with/used by the customers of the Company was carried out by the management during the period and no material discrepancy was noticed on such verification.

c. The Company has not disposed off a substantial part of its fixed assets during the period.

ii. a. As the Company is not engaged in manufacturing activities or trading activities, it does not hold any inventory and therefore, Clause 4 (ii) (a) and Clause 4 (ii) (b) relating to conducting physical verification of inventories and the procedures thereof and Clause 4 (ii) (c) relating to maintenance of records of inventory, etc. are not applicable.

iii. a. As per the information furnished, during the year, the Company has granted unsecured loan aggregating to Rs. 70,000,000 to a company covered in the Register maintained under Section 301 of the Companies Act, 1956 and the said sum was the balance at the year end.

In our opinion, the rate of interest and other terms and conditions of the said unsecured loan given by the Company are not, prima facie, prejudicial to the interest of the Company.

The Company to whom the aforesaid loan has been granted has been regular in payment of interest. During the year, the principal amount has not become due, as per the terms of said loan and hence, there is no overdue amount as on the Balance Sheet date;

b. As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii) (f) of the Order relating to the rate of interest and other terms and conditions, whether prima facie prejudicial to the interest of the Company and Clause (iii) (g) relating to regularity of payment of the principal amount and interest, are not applicable.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. As informed to us, since the Company is not engaged in any manufacturing or trading activity, there was no purchase of inventory and the sale of goods. During the course of our audit, no major weakness has been noticed in the aforesaid areas of the internal control system.

v. a. According to the information and explanations given to us and the records of the Company examined by us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered into the Register required to be maintained under that Section;

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the period, have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time, wherever applicable.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period and hence, the question of complying with the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder, does not arise.

vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

viii. As the Company is not engaged in manufacturing activities, the question of the Central Government prescribing the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 does not arise, and accordingly, Clause 4 (viii) of the Order requiring to comment thereon is not applicable.

ix. a. According to the information and explanations given to us and the records examined by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service–Tax, Customs Duty, Excise Duty, Cess and other material Statutory dues applicable to it with the appropriate authorities and there were no arrears of such Statutory dues as on March 31, 2007 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.

x. As the Company has been registered for a period less than five years, Clause 4(x) of the Order requiring to comment upon whether accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth and whether the Company has incurred cash losses in such financial year and in the financial year immediately preceding such financial year is not applicable.

xi. According to the information and explanations given to us and records of the Company examined by us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders as at the balance sheet date.

xii. According to the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. As the Company is not a chit fund, Nidhi, mutual benefit fund or a society, Clause 4 (xiii) of the Order is not applicable.

xiv. According to the information and explanations given to us, as the Company is not dealing or trading in shares, securities, debentures and other investments, the requirements of Clause 4(xiv) of the Order are not applicable.

xv. According to the information and explanations given to us, as the Company has not given any guarantee for loans taken by others from banks or financial institutions, Clause 4 (xv) of the Order is not applicable.

xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds, if any, raised on short term basis have not been utilised for long term investments.

xviii. According to the information and explanations given to us, as the Company has not made any preferential allotment of shares during the period, Clause 4(xviii) relating to allotment of shares to parties covered under section 301 of the Companies Act, 1956 are not applicable.

xix. According to the information and explanations given to us, as the Company has not issued any debentures, the question of creating security or charges in respect thereof does not arise.

xx. As the Company has not raised any money by public issues during the period, Clause 4 (xx) relating to disclosure on the end use of money raised is not applicable.

xxi. Based on the audit procedures performed and information and explanations given to us by the management, we report that, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PLACE : MUMBAI
DATED : May 3, 2007

PARESH H. CLERK
Partner
Membership No. 36148

GTL INFRASTRUCTURE

Balance Sheet as at March 31, 2007

	Schedule	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
SOURCES OF FUNDS:				
Shareholders' Funds				
Share Capital	A	3,328,198,810		2,250,000,000
Share Capital Suspense	A1	-		855,698,120
Share Application Money		-		325,195
Employee Stock Options Outstanding (Net of deferred compensation cost)		4,046,434		-
Reserves and Surplus	B	199,302,121		199,302,121
			3,531,547,365	3,305,325,436
Loan Funds				
Secured Loans	C	7,120,895,883		4,332,455,764
Unsecured Loans	D	57,132,327		172,229,517
			7,178,028,210	4,504,685,281
Deferred Tax Liability (Net)			**351,552,608**	135,397,216
		Total	**11,061,128,183**	7,945,407,933
APPLICATION OF FUNDS:				
Fixed Assets	E			
Gross Block		4,824,827,070		1,734,953,958
Less : Accumulated Depreciation / Amortisation		519,077,854		193,281,821
Net Block		4,305,749,216		1,541,672,137
Capital Work-in-progress		5,392,983,059		4,657,866,661
[Includes Capital Advances Rs.112,944,103 (Previous Period Rs.343,039,200)]			**9,698,732,275**	6,199,538,798
Investments	F		**1,304,417,091**	859,468,844
Current Assets, Loans and Advances:				
Sundry Debtors	G	132,241,398		54,360,423
Cash and Bank Balances	H	304,205,330		864,827,280
Loans and Advances	I	547,682,318		92,506,679
		984,129,046		1,011,694,382
Less: Current Liabilities and Provisions	J			
Current Liabilities		1,270,909,115		237,773,016
Provisions		528,742		1,255,941
		1,271,437,857		239,028,957
Net Current Assets			**(287,308,811)**	772,665,425
Profit and Loss Account				
As per Account Annexed			**345,287,628**	113,734,866
		Total	**11,061,128,183**	7,945,407,933
Significant Accounting Policies	Q			
Notes to Accounts	R			

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PARESH H. CLERK
Partner
Membership No. 36148

Mumbai
Date : May 03, 2007

MANOJ TIRODKAR
Chairman

VISHWAS PATHAK
Director

GAJANAN DESAI
Director

SHYAM SUNDER DAWRA
Director

PRAKASH SAMANT
Director

CHARUDATTA NAIK
Director

LEE SEK HONG (MICHAEL LEE)
Director

D.S. GUNASINGH
Company Secretary

Profit And Loss Account for The Nine Months Period Ended On March 31, 2007

	Schedule	Rupees	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
INCOME				
Sales and Services	K		499,600,742	169,999,963
Other income	L		102,174,010	43,348
		Total	**601,774,752**	170,043,311
EXPENDITURE				
Cost of Sales and Services	M		9,057,075	17,806,387
Employees Cost	N		57,313,784	21,543,331
Administration and Other Expenses	O		109,014,355	54,098,550
Interest and Finance Charges	P		106,263,979	7,059,028
Depreciation			334,085,753	193,054,870
		Total	**615,734,946**	293,562,166
PROFIT / (LOSS) BEFORE TAX			**(13,960,194)**	(123,518,855)
LESS :				
Provision for Taxation				
- Current		-		-
- Deferred (including Rs.33,708,275 for an earlier period)		216,155,392		(15,972,454)
- Fringe Benefit		1,437,176		1,037,936
			217,592,568	(14,934,518)
PROFIT / (LOSS) AFTER TAX			**(231,552,762)**	(108,584,337)
ADD :				
Balance brought forward from previous period			(113,734,866)	(5,150,529)
PROFIT / (LOSS) CARRIED TO BALANCE SHEET			**(345,287,628)**	(113,734,866)
EARNINGS PER SHARE (in Rupees)				
- Basic			**(0.71)**	(1.03)
- Diluted			**(0.68)**	(0.86)
Significant Accounting Policies	Q			
Notes to Accounts	R			

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PARESH H. CLERK
Partner
Membership No. 36148

Mumbai
Date : May 03, 2007

MANOJ TIRODKAR
Chairman

VISHWAS PATHAK
Director

GAJANAN DESAI
Director

SHYAM SUNDER DAWRA
Director

PRAKASH SAMANT
Director

CHARUDATTA NAIK
Director

LEE SEK HONG (MICHAEL LEE)
Director

D.S. GUNASINGH
Company Secretary

	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
SCHEDULE A : SHARE CAPITAL		
AUTHORISED:		
1,500,000,000 (Previous Period 350,000,000) Equity Shares of Rs. 10 each	15,000,000,000	3,500,000,000
50,000,000 (Previous Period Nil) Preference Shares of Rs.100 each	5,000,000,000	-
	20,000,000,000	3,500,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
332,819,881 (Previous Period 225,000,000) Equity Shares of Rs. 10 each Fully Paid-up	3,328,198,810	2,250,000,000
	3,328,198,810	2,250,000,000
Note: The Company has granted 9,065,000 (Previous Period 1,550,000) share options under the Employees' Stock Option Scheme 2005. As regards vesting/exercising thereof, refer Note 3 to Schedule R		
SCHEDULE A1 : SHARE CAPITAL SUSPENSE		
Share Capital Suspense	-	855,698,120
Nil (Previous Period 85,569,812) Equity Shares of Rs.10 each fully paid, to be issued pursuant to the Scheme of Arrangement for consideration other than cash.		
	-	855,698,120
SCHEDULE B : RESERVES AND SURPLUS		
Reconstruction Reserve	199,302,121	199,302,121
Created In Terms of The Scheme of Arrangement (Refer Note 4 to Schedule R)		
	199,302,121	199,302,121
SCHEDULE C : SECURED LOANS		
Rupee Term Loans		
From Financial Institutions	939,500,000	350,000,000
From Banks [includes Rs.916,843 (Previous Period Rs.2,759,142) towards Interest accrued and due]	6,181,395,883	3,982,455,764
	7,120,895,883	4,332,455,764
Notes :		
i. The Term loans repayable within one year - Rs.270,440		
ii. For Security - Refer Note 5 (I) to Schedule R		
SCHEDULE D : UNSECURED LOANS		
Foreign Currency Convertible Bonds [Refer Note 5 (II) to Schedule R]	57,132,327	172,229,517
	57,132,327	172,229,517

SCHEDULE E - FIXED ASSETS

Amount in Rupees.

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At June 30, 2006	During the Period: Additions	During the Period: Sale / Adjustments	As At March 31, 2007	Upto June 30, 2006	During the Period: For the Period	During the Period: Sale / Adjustments	Upto March 31, 2007	As At March 31, 2007	As At June 30, 2006
Buildings	166,356,436	46,862,442	-	213,218,878	1,694,749	2,525,281	-	4,220,030	208,998,848	164,661,687
(Notes)				-				-	-	
Plant and Equipments				-				-	-	
Plant and Equipments	1,204,294,185	987,237,883	-	2,191,532,068	149,760,843	236,319,499	-	386,080,342	1,805,451,726	1,054,533,343
Tower	12,859,399	1,183,174,495	20,654,282	1,175,379,612	217,980	10,133,354	121,347	10,229,987	1,165,149,625	12,641,420
Shelter	607,985	169,811,343	1,078,732	169,340,596	32,148	3,201,540	16,205	3,217,483	166,123,113	575,836
Network Operation Assets	334,759,390	8,567,111	118,455,830	224,870,671	36,574,020	49,425,603	8,048,508	77,951,115	146,919,556	298,185,369
Air Conditioners, Generators And Electrical Equipments	3,008,226	766,707,247	18,157,075	751,558,398	265,109	23,300,110	453,893	23,111,326	728,447,072	2,743,118
Computers	4,642,237	20,767,804	850,794	24,559,247	853,156	3,926,710	239,569	4,540,297	20,018,950	3,789,081
Office Equipments	2,846,287	9,544,873	8,250	12,382,910	1,434,316	1,680,125	1,647	3,112,794	9,270,116	1,411,970
Furniture and Fixtures	4,255,287	17,118,397	-	21,373,684	2,205,114	2,673,334	-	4,878,448	16,495,236	2,050,172
Vehicles	1,210,426	5,738,955	-	6,949,381	242,085	633,151	-	875,236	6,074,145	968,341
Electrical Equipments	114,100	33,547,526	-	33,661,626	2,301	858,495	-	860,796	32,800,830	111,800
TOTAL (A)	**1,734,953,958**	**3,249,078,076**	**159,204,963**	**4,824,827,070**	**193,281,821**	**334,677,202**	**8,881,169**	**519,077,854**	**4,305,749,216**	**1,541,672,137**
CAPITAL WORK IN PROGRESS (B)	**4,657,866,661**	**5,689,931,077**	**4,954,814,679**	**5,392,983,059**	**-**	**-**	**-**	**-**	**5,392,983,059**	**4,657,866,661**
GRAND TOTAL (A+B)	**6,392,820,619**	**8,939,009,153**	**5,114,019,642**	**10,217,810,130**	**193,281,821**	**334,677,202**	**8,881,169**	**519,077,854**	**9,698,732,275**	**6,199,538,798**
Previous Period	**700,582,878**	**7,121,463,527**	**1,429,225,785**	**6,392,820,619**	**226,953**	**193,054,870**	**-**	**193,281,821**	**6,199,538,798**	

Notes :

1. Building includes cost of certain immovable properties aggregating to Rs.208,325,421 for which deeds of conveyance in favour of the Company have yet to be executed.
2. Building includes Rs.7,000 towards cost of 70 shares of Rs.100 each in a Co-operative Housing Society.

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
SCHEDULE F : INVESTMENTS			
NON-TRADE			
Own Investments			
Long Term			
Unquoted			
Equity Shares			
GTL Management Services and Projects Private Limited (Formerly known as Integrated Call Management (India) Pvt. Ltd.)	12,863,000		12,863,000
1,286,300 (Previous Period 1,286,300) Equity Shares of Rs.10.00 each, fully paid			
Preference Shares			
GTL Management Services and Projects Private Limited (Formerly known as Integrated Call Management (India) Pvt. Ltd.)	220,000,000		220,000,000
22,000,000 (Previous Period 22,000,000) 0.01%, 6 years Cummulative Redeemable Preference Shares of Rs.10.00 each, fully paid			
GTL Management Services and Projects Private Limited (Formerly known as Integrated Call Management (India) Pvt. Ltd.)	200,000,000		200,000,000
20,000,000 (Previous Period 20,000,000) 0.01%, 5 years Cummulative Redeemable Preference Shares of Rs.10.00 each, fully paid			
Quoted			
Equity Shares			
Mahanagar Telephone Nigam Limited	-		1,007,828
NIL (Previous Period 5,000) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - NIL and Sold- 5,000 Equity Shares)			
Reliance Petroleum Limited	-		166,680
NIL (Previous Period 2,778) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - NIL and Sold- 2,778 Equity Shares)			
Union Bank Of India	4,259,420		5,139,420
38,722 (Previous Period 46,722) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - NIL and Sold- 8,000 Equity Shares)			
Indian Bank	6,352,710		-
69,810 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 69,810 Equity Shares)			
Units of Mutual Funds			
J.M. Hifi Fund	-		30,000,000
NIL (Previous Period 3,000,000) units of Rs.10.00 each (During the Period - Purchased - NIL units, Dividend Reinvested -NIL units and Sold 3,000,000 units)			
Reliance Mutual Fund - Reliance Equity Fund	-		40,000,000
NIL (Previous Period 4,000,000) units of Rs.10.00 each (During the Period - Purchased - NIL units, Dividend Reinvested -NIL units and Sold 4,000,000 units)			
	Sub Total [A]	**443,475,130**	509,176,928

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Current			
Quoted			
Units of Mutual Funds			
Bank of Baroda Mutual Fund - Bank of Baroda Liquid Fund units of Rs.10.00 each (During the Period - Purchased - 57,816,145 units, Dividend Reinvested - 24,440 units and Sold - 57,840,585 units)	-		-
DBS Chola Mutual Fund - C128 DBS Chola Short Term Floating Rate Fund of Rs. 10.00 each (During the Period - Purchased - 2,741,579 units, Dividend Reinvested - NIL units and Sold - 2,741,579 units)	-		-
LIC Mutual Fund - LIC Liquid Fund units of Rs.10.00 each (During the Period - Purchased - 31,739,237 units, Dividend Reinvested -108,668 units and Sold 31,847,905 units)	-		-
LIC Mutual Fund - LIC Floating Fund 751,654 (Previous Period NIL) units of Rs.10.00 each (During the Period - Purchased - 29,155,562 units, Dividend Reinvested -NIL units and Sold- 28,403,908 units)	9,000,000		-
Lotus India Mutual Fund - Lotus India Liquid Fund - Retail Growth units of Rs.10.00 each (During the Period - Purchased - 494,232 units, Dividend Reinvested -NIL units and Sold 494,232 units)	-		-
Lotus India Mutual Fund - Lotus India FMP-3 Months-Series II- Institutional Dividend 6,814,242 (Previous Period NIL) units of Rs.10.00 each. (During the Period - Purchased - 6,770,000 units, Dividend Reinvested -44,242 units and Sold - NIL units)	68,142,418		-
Principal Mutual Fund - Principal Floating Rate Fund units of Rs.10.00 each (During the Period - Purchased - 18,588,447 units, Dividend Reinvested - 18,735 units and Sold - 18,607,182 units)	-		-
SBI Mutual Fund - L031 Magnum Insta Cash Fund- Cash Option units of Rs.10.00 each (During the Period - Purchased - 1,194,294 units, Dividend Reinvested - NIL units and Sold - 1,194,294 units)	-		-
SBI Mutual Fund - L030 Magnum Insta Cash Fund- Dividend Option units of Rs.10.00 each (During the Period - Purchased - 7,055,039 units, Dividend Reinvested - NIL units and Sold - 7,055,039 units)	-		-
Standard Chartered Mutual Fund - G69 Standard Chartered Liquidity Manager- Plus - Growth units of Rs.10.00 each (During the Period - Purchased - 85,508 units, Dividend Reinvested - NIL units and Sold - 85,508 units)	-		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Unit Trust of India - UTI Fixed Maturity Plan Quarterly Series - Growth Plan 26,045,125 (Previous Period NIL) units of Rs.1000.00 each. (During the Period- Purchased- NIL units, Dividend Reinvested - NIL units, Sold - NIL units, Switch In 15,644,317 units from UTI Liquid Cash Plan Institutional- Daily Income and Switch In 10,400,808 units from UTI Floating Rate fund - Growth Plan)	260,451,254		-
Unit Trust of India - UTI Floating Rate Fund NIL (Previous Period 98,699) units of Rs.1000.00 each (During the Period- Purchased- NIL units, Dividend Reinvested- 3,552 units, Sold - NIL units and Switch Out 102,251 units to UTI Fixed Maturity Plan Quarterly Series- Growth Plan)	-		100,000,000
Unit Trust of India - UTI Liquid Cash Plan - Daily Income Fund NIL (Previous Period 147,201) units of Rs.1000.00 each (During the Period - Purchased - 490,463 units, Dividend Reinvested - 6,259 units , Sold - 490,463 units and Switch Out- 153,460 units to UTI Fixed Maturity Plan Quarterly Series- Growth Plan)	-		150,019,834
Unit Trust of India - UTI Liquid Cash Plan - Growth Option Fund units of Rs.1000.00 each (During the Period - Purchased - NIL units, Dividend Reinvested - NIL units , Sold - 53,025 units and Switch In- 53,025 units from UTI Money Market Fund)	-		-
Unit Trust of India - UTI Liquid Cash Plan Institutional - Weekly Income Option Fund units of Rs.1000.00 each (During the Period - Purchased - 73,307 units, Dividend Reinvested - NIL units and Sold - 73,307 units)	-		-
Unit Trust of India - UTI Money Market Fund units of Rs.1000.00 each (During the Period Purchase- 3,110,360 units, Dividend Reinvested - NIL units, Sold - NIL units and Switch out 3,110,360 units to UTI Liquid Cash Plan Institutional- Growth Option)	-		-
	Sub Total [B]	**337,593,672**	250,019,834
Investments Under Portfolio Management Schemes (PMS)			
(i) With Sethi Funds Management Private Limited			
Long Term			
In Equity Shares			
Apar Industries Limited NIL (Previous Period 13,543) Equity Shares of Rs.10.00 each, fully paid (During the Period Purchased- NIL, Received - 4,514 as Bonus Shares and Sold - 18,057 Equity Shares)	-		3,405,399

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Asian Paints Limited NIL (Previous Period 4,000) Equity Shares of Rs.10.00 each, fully paid (During the Period Purchased- NIL and Sold - 4,000 Equity Shares)	-		2,389,391
Bank of Baroda (During the Period Purchased - 3,792 and Sold - 3,792 Equity Shares of Rs.10.00 each fully paid)	-		-
Bank of India (During the Period Purchased - 6,666 and Sold - 6,666 Equity Shares of Rs.10.00 each, fully paid)	-		-
BASF India Limited NIL (Previous Period 8,000) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 8,000 Equity Shares)	-		1,994,948
Blue Star Limited * NIL (Previous Period 500) Equity Shares of Rs.2.00 each, fully paid (During the Period Purchased - NIL and sold- 2,500 Equity Shares)	-		342,279
Bharat Petroleum Corporation Limited (During the Period - Purchased - 2,627 and Sold - 2,627 Equity Shares of Rs.10.00 each, fully paid)	-		-
Container Corporation of India Limited NIL (Previous Period 6,064) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased- NIL and Sold - 6,064 Equity Shares)	-		9,194,803
Gail (India) Limited NIL (Previous Period 11,945) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - 11,945 and Sold -23,890 Equity Shares)	-		3,548,635
Gujarat Gas Company Limited NIL (Previous Period 3,120) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 3,120 Equity Shares)	-		4,135,254
Hero Honda Motors Limited (During the Period - Purchased -1,322 and Sold - 1,322 Equity Shares of Rs.2.00 each, fully paid)	-		-
Hindustan Petroleum Limited (During the Period - Purchased -3,481 and Sold - 3,481 Equity Shares of Rs.10.00 each, fully paid)	-		-
Indraprashta Gas Limited NIL (Previous Period 68,000) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased -9,135 and Sold - 77,135 Equity Shares)	-		9,283,466

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
ISPAT Limited NIL (Previous Period 45,830) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 45,830 Equity Shares)	-		5,308,959
Mahanagar Telephone Nigam Limited NIL (Previous Period 31,735) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 31,735 Equity Shares)	-		6,077,224
Precision Wires India Limited NIL (Previous Period 13,969) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 13,969 Equity Shares)	-		2,477,217
Ranbaxy Laboratories Limited (During the Period - Purchased - 2,446 and Sold - 2,446 Equity Shares of Rs.5.00 each, fully paid)	-		-
Reliance Communication Ventures Limited NIL (Previous Period 15,000) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 15,000 Equity Shares)	-		4,862,895
Subex Systems Limited NIL (Previous Period 27,102) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 27,102 Equity Shares)	-		12,877,105
Sudarshan Chemical Industries Limited NIL (Previous Period 50) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 50 Equity Shares of Rs.10.00 each, fully paid)	-		9,584
Union Bank of India (During the Period - Purchased - 7,978 and Sold - 7,978 Equity Shares of Rs.10.00 each, fully paid)	-		-
Videsh Sanchar Nigam Limited NIL (Previous Period 53,550) Equity Shares of Rs.10.00 each, fully paid (During the Period - Purchased - NIL and Sold - 53,550 Equity Shares)	-		21,793,386
Wire and Wireless (India) Limited ** (During the Period - Purchased - NIL and Sold - 1,580 Equity Shares of Rs.1.00 each, fully paid)	-		-
Zee Entertainment Limited ** (Formerly known as Zee Telefilms Limited) (During the Period - Purchased - 6,322 and Sold - 6,322 Equity Shares of Rs.1.00 each, fully paid)	-		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Zee News Limited ** (During the Period - Purchased - NIL and Sold - 1,429 Equity Shares of Rs.1.00 each, fully paid)	-		-
In Mutual Funds			
Benchmark MF Liquid BEES 0.9360 (Previous Period 8501) units of Rs.1000 each (During the Period - Purachsed - 22,003 units , Dividend Reinvested - 741 units and Sold- 31,245 unis)	936		8,501,252
Cash And Cash Equivalents			
Cash and Other Current Assets / (Liabilities) (Net)	3,246,773		4,070,285
Sub Total [C(i)]		**3,247,709**	100,272,082

* During the period, Share of Face Value of Rs. 10.00 per share is Split in to 5 Shares of Rs.2.00 each fully paid up

** The Company was holding 3,161 Equity Shares of Rs.1.00 each of Zee Entertainment Limited (Formerly known as Zee Telefilms Limited). During the Period, the Company has received 1,580 Equity Shares of Re.1.00 each of Wire and Wireless (India) Limited and 1,429 Equity Shares of Re.1.00 each of Zee News Limited pursuant to the Scheme of Demerger of Zee Entertainment Limited (Formerly known as Zee Telefilms Limited).

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
(ii) With UTI A.M.C Private Limited - P.M.S. Division			
Long Term			
In Equity Shares			
ABB Limited 2,428 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased 3,103 and Sold - 675 Equity Shares)	7,328,583		-
Ahmednagar Forgings Limited 22,119 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased 22,119 Equity Shares)	5,087,446		-
Amtek Auto Limited 15,730 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased 16,927 and Sold - 1,197 Equity Shares)	4,985,754		-
Asian Paints Limited (During the Period - Purchased - 3,000 and Sold - 3,000 Equity Shares of Rs.10.00 each, fully paid)	-		-
ACC Limited (During the Period - Purchased - 7,803 and Sold - 7,803 Equity Shares of Rs.10.00 each, fully paid)	-		-
Bajaj Auto Limited 3,090 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 3,213 and Sold- 123 Equity Shares)	8,317,759		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Bharti Airtel Limited 19,327 (Previous Period NIL) Equity Shares of Rs.10 each, fully paid. (During the Period - Purchased - 21,606 and Sold -2,279 Equity Shares)	8,903,348		-
Bharti Shipyard Limited (During the Period - Purchased - 5,000 and Sold - 5000 Equity Shares of Rs 10.00 each, fully paid)	-		-
Bharat Heavy Electricals Limited 6,099 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 6,099 Equity Shares)	14,197,631		-
Bombay Rayon Fashions Limited 32,966 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 32,966 Equity Shares)	7,546,000		-
Cipla Limited 33,727 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 33,727 Equity Shares)	8,636,465		-
Crompton Greaves Limited 27,370 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 19,550 , Received - 7,820 as Bonus Shares and Sold- NIL)	4,268,956		-
Deccan Chronicle Holding Limited # 35,470 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 7,692 and Sold - 598 Equity Shares)	4,946,194		-
Emco Limited 6,871 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 7,713 and Sold - 842 Equity Shares)	4,240,381		-
Geodesic Information Systems Ltd 22,657 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 22,657 Equity Shares)	5,867,632		-
Gujarat Ambuja Cement Limited 52,093 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 61,333 and Sold - 9,240 Equity Shares)	7,511,795		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Havells India Limited 11,972 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 17,500 and Sold - 5,528 Equity Shares)	3,552,222		-
HDFC Bank Limited 8,827 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 11,327 and Sold - 2,500 Equity Shares)	9,384,294		-
ICICI Bank Limited 9,279 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 9,979 and Sold - 700 Equity Shares)	6,178,347		-
Infosys Technologies Limited 7,514 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 8,331and Sold - 817 Equity Shares)	14,360,945		-
Infotech Enterprises Limited 17,275 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 23,155 and Sold - 5,880 Equity Shares)	3,693,556		-
Jindal Saw Limited (During the Period - Purchased - 14,800 and Sold - 14,800 Equity Shares of Rs.10.00 each, fully paid)	-		-
Kalpataru Power Transmission Limited 5,140 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 6,325 and Sold - 1185 Equity Shares)	4,213,808		-
KEI Industries # 48,314 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 22,000 and Sold - 34,670 Equity Shares)	3,151,064		-
Larsen and Tubro Limited 7,617 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased - 7,865 and Sold - 248 Equity Shares)	9,951,957		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Maharashtra Seamless Ltd 11,046 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 11,046 Equity Shares)	5,379,284		-
Mahindra and Mahindra Limited 13,577 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased - 13,577 and Sold - NIL Equity Shares)	10,170,604		-
Maruti Udyog Limited 6,191 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 6,191 Equity Shares)	5,640,686		-
Nagarjuna Construction Company Limited 27,774 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased - 31,547 and Sold - 3773 Equity Shares)	4,167,452		-
Oil and Natural Gas Corporation Limited. (During the Period - Purchased - 6,600, Sold - 9,900 and Received - 3,300 as Bonus Shares Rs.10.00 each, fully paid)	-		-
Reliance Communication Limited 26,073 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased -26,073 Equity Shares)	11,325,215		-
Reliance Industries Limited 10,044 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased -10,144 and Sold - 100 Equity Shares)	11,824,857		-
Satyam Computers Limited 31,320 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased -25,120 and Received - 6,200 as Bonus Shares)	13,129,830		-
Siemens India Limited 5,133 (Previous Period NIL) Equity Shares of Rs.2.00 each, fully paid. (During the Period - Purchased -5,133 Equity Shares)	5,483,389		-
Suzlon Energy Limited 9,924 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased -10,668 and Sold - 744 Equity Shares)	12,288,246		-

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
Sun Pharmaceuticals Industries Limited 518 (Previous Period NIL) Equity Shares of Rs.5.00 each, fully paid. (During the Period - Purchased -518 Equity Shares)	538,189		-
Tata Consultancy Services Limited 8,740 (Previous Period NIL) Equity Shares of Rs.1.00 each, fully paid. (During the Period - Purchased - 9,419 and Sold - 679 Equity Shares)	9,007,692		-
Tata Motors Limited 9,860 (Previous Period NIL) Equity Shares of Rs.10.00 each, fully paid. (During the Period - Purchased -9,860 Equity Shares)	8,434,523		-
United Phosphorus Limited (During the Period - Purchased -13,000 and Sold - 13,000 Equity Shares of Rs.2.00 each, fully paid)	-		-
UTI Bank Limited (During the Period - Purchased -5,000 and Sold - 5,000 Equity Shares of Rs.10.00 each, fully paid)	-		-
In Units of Mutual Funds			
UTI Mutual Fund - UTI Cash Plan Daily Dividend 254,684 (Previous Period NIL) units of Rs.1000.00 each. (During the Period -Purchased - 294,278 units, Dividend Reinvested -9,453 units and Sold - 49,047 units)	259,636,846		-
UTI Mutual Fund - UTI Cash Plan Weekly Dividend units of Rs.1000.00each 11,778 (Previous Period NIL) units of Rs.1000.00 each. (During the Period - Purchased -260,619 units, Dividend Reinvested -2,294 units and Sold- 251,135 units)	12,036,021		-
Cash And Cash Equivalents			
Cash and Other Current Assets / (Liabilities) (Net)	4,713,609		-
# During the period, Share of Face Value of Rs. 10.00 per share is Split into 5 Shares of Rs.2.00 each fully paid up.	**Sub Total [C(ii)]**	**520,100,580**	-
	Total C	**523,348,289**	100,272,082
	TOTAL [A+B+C]	**1,304,417,091**	859,468,844

INVESTMENTS	**As At March 31, 2007**		As at June 30, 2006	
AGGREGATE VALUE OF	**Book Value Rupees**	**Market Value / Net Asset Value Rupees**	Book Value Rupees	Market Value / Net Asset Value Rupees
Quoted Investments				
Own	**348,205,802**	**349,684,920**	326,333,762	319,239,964
Under Portfolio Management Scheme	**523,348,289**	**531,572,923**	100,272,082	77,732,480
Unquoted Investments - Own	**432,863,000**	**Nil**	432,863,000	Nil
	1,304,417,091	**881,257,843**	859,468,844	396,972,444

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
SCHEDULE G : SUNDRY DEBTORS			
Unsecured			
For a period exceeding six months			
- Considered Good		56,764,099	1,119,497
- Considered doubtful	-		435,606
Less : Provision For Doubtful Debts	-		(435,606)
		-	-
Others - Considered Good		75,477,299	53,240,926
		132,241,398	54,360,423
SCHEDULE H : CASH AND BANK BALANCES			
Cash on hand		1,385,540	197,757
Balances with Scheduled Banks			
- On Current Accounts		35,807,344	74,632,797
- On Fixed Deposit Accounts [includes accrued interest Rs.63,718 (Previous Period 1,137,632)]		100,213,718	782,132,170
- On Margin Accounts [includes accured interest Rs.250,745 (Previous Period Rs.18,197)]		20,544,889	7,864,556
- On Fixed Deposits for Debt Service Reserve Account [includes accrued interest Rs.55,58,565 (Previous Period NIL)]		146,253,839	-
		304,205,330	864,827,280

	Rupees	As at March 31, 2007 Rupees	As at June 30, 2006 Rupees
SCHEDULE I : LOANS AND ADVANCES			
Unsecured - Considered Good			
Advances recoverable in cash or in Kind or for the value to be received		51,615,405	56,692,602
Loans to Staff		3,824,777	943,805
Loan to a Company [includes Rs.1,340,548 (Previous Period NIL) towards Interest accrued and due]		71,340,548	-
Deposits		23,228,093	6,150,166
Deposit with a Financial Institution under Debt Service Reserve Account [includes accrued interest Rs.386,899 (Previous Period NIL)]		7,967,036	7,580,137
Cenvat / Service Tax input credit entitelments/ receivable	368,598,579		32,161,162
Less: Service Tax Liability	4,788,884		11,843,384
		363,809,695	20,317,778
Taxes Paid (including Fringe Benefit Tax)	28,069,828		1,274,180
Less: Provision for Fringe Benefit Tax	2,173,064		451,988
		25,896,764	822,192
		547,682,318	92,506,679

	Rupees	Rupees	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
SCHEDULE J : CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Acceptances		214,931,086		129,398,486
Sundry Creditors				
- For Capital Expenses		746,442,183		60,952,307
- For Expenses		6,006,898		16,089,395
Advances Received from Customers		-		8,401,228
Security Deposit Received from Customers		14,682,600		1,220,000
Advance Billing and Deferred Revenue		876,018		927,917
Other Liabilities (including for Capital Expenses)		283,007,524		19,104,183
Interest Accrued but not due				
- On Secured Loans	4,227,991			-
- On Unsecured Loan	734,815			1,679,500
		4,962,806		1,679,500
			1,270,909,115	237,773,016
Provisions				
For Gratuity		-		515,296
For Leave Encashment		528,742		740,645
			528,742	1,255,941
			1,271,437,857	239,028,957

	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
SCHEDULE K : SALES AND SERVICES		
Service Charges	481,209,032	164,027,879
Product Sale	-	4,346,799
Equipment Provisioning	18,391,710	1,625,285
	499,600,742	169,999,963
SCHEDULE L : OTHER INCOME		
Foreign Exchange Gain (Net)	1,536,755	-
Miscellaneous Income	-	31,929
Accounts Written Back	21,195,785	7,331
Gain on Hedging through Derivatives [Refer Note 18 to Schedule R]	67,689,539	-
Interest - Others	2,134,521	-
Interest on Fixed Deposits for Debt Service Reserve Account	6,165,748	-
Interest on Fixed Deposits With Banks	2,096	4,088
Others	3,449,566	-
	102,174,010	43,348
SCHEDULE M : COST OF SALES AND SERVICES		
Connectivity Cost	105,729	9,835,891
Annual Maintenance Charges	79,060	1,249,512
Operations and Maintenance	8,872,286	1,972,299
Fuel Charges	-	4,046,690
Product Cost	-	701,995
	9,057,075	17,806,387
SCHEDULE N : EMPLOYEES COST		
Salaries and Allowances	49,196,175	19,043,013
Contribution to Providend Fund and Other Funds	2,909,110	1,996,056
Staff Welfare Expenses	1,162,065	504,262
Employee Compensation Expense	4,046,434	-
	57,313,784	21,543,331

	Rupees	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
SCHEDULE O : ADMINISTRATION AND OTHER EXPENSES			
Rent		5,480,373	2,380,538
Rates and Taxes		-	224,208
Electricity Expenses		2,196,381	2,906,717
Repairs and Maintenance			
- Building	-		-
- Plant and Equipments	-		33,726
- Others	496,779		123,438
		496,779	157,164
Insurance Premium		1,684,636	84,707
Communication Cost		2,307,962	1,235,983
Travel and Conveyance expenses		14,455,798	6,339,388
Legal and Professional charges		35,399,201	5,122,693
Auditor's Remunaration			
- Audit Fees	842,840		300,000
- Tax Audit Fees	212,240		125,000
- Certification	272,692		264,082
		1,327,772	689,082
Advertisement and Business Promotion Expenses		837,497	430,748
Administration Expenses		9,820,504	5,301,837
Membership and Subscription		348,562	860,844
Directors' Sitting Fees		555,000	82,000
Stamp Duty and Registration Fees		2,931,327	-
Commission on FCCB		459,434	138,846
Stamp Duty - Increase in Share Capital		2,485,332	21,185,200
Foreign Exchange Loss (Net)		6,942,605	712,668
Premium on Forward Contract		751,637	-
Provision for Doubtful Debts		-	435,606
Accounts Written off		2,378,003	291,132
Bad Debts	1,718,420		-
Less : Provision for Doubtful Debts no longer required	435,606		-
		1,282,814	-
Loss on Sale of Investments		-	25,218
Loss on Sale of Fixed Assets		898,537	1,846,213
Loss by Fire		617,825	-
Miscellaneous expenses		15,356,376	3,647,758
		109,014,355	54,098,550
SCHEDULE P : INTEREST AND FINANCE CHARGES			
Interest			
On Term Loans from Banks		98,083,675	4,738,233
On Foreign Currency Convertible Bonds		1,075,764	1,442,302
Others		2,881,607	878,493
Bank Charges		4,222,933	-
		106,263,979	7,059,028

SCHDULE Q : SIGNIFICANT ACCOUNTING POLICIES

1. Overall Valuation Policy :

The Accounts have been prepared on a going concern basis under historical cost convention.

2. Basis of Accounting :

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of fixed assets, provision for doubtful debts/advances, deferred tax, etc. Actual results could differ from those estimates.

3. Revenue Recognition :

a. Fees from services provided for Provisioning of infrastructure facilities, Operations and Maintenance and for such other items is recognised as and when such services are provided.

b. Dividend income is recognised when the right to receive dividend is established.

c. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

4. Fixed Assets :

a. Fixed Assets except freehold land have been valued at cost less depreciation / amortisation.

b. Cost is inclusive of duties, taxes, erection/commissioning expenses and incidental expenses.

c. Borrowing costs, for the assets that necessarily take a substantial period of time to get ready for its intended use are capitalised to the cost of assets.

d. The fixed assets in the nature of cellular sites, which are put to use in the first fifteen days of a month are capitalised on the fifteenth day of that month, whereas, if they are put to use in the second half of a month, they are capitalised on the last day of that month.

e. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and cost of the assets can be measured reliably. The intangible assets are recorded at cost and carried at cost less accumulated amortization.

f. Expenditure and outlays of money on uncompleted Fixed Assets are shown as capital work-in-progress until such time the same are completed. Capital work-in-progress is stated at cost.

5. Method of Depreciation :

a. Depreciation on Fixed Assets is provided using the Straight Line Method based on the useful life as estimated by the management. The Management's estimate of economic useful life of the various Fixed Assets is given below:

		Economic Useful life (Years)
Buildings	:	58
Plant and Machinery:		
Towers (including foundation and related civil work)	:	20
Shelter	:	10
Network Operation Assets	:	4 to 10
Air Conditioners, Generators and Electrical Equipments	:	6
Computers	:	3
Office Equipments	:	3 to 5
Furniture and Fittings	:	5
Vehicles	:	5

b. In respect of low value assets not exceeding Rs. 5,000 per unit, depreciation is provided at 100% in the year of addition.

c. The aggregate depreciation so provided in the accounts is not less than the depreciation, which is required to be provided at the rates specified in Schedule XIV of the Companies Act, 1956.

d. In respect of the Fixed Assets acquired pursuant to the Scheme of Arrangement (Refer Note 4 to Schedule R), depreciation has been provided for the balance period of economic useful life of those assets referred to in (a) above.

6. Valuation of Investments :

a. Investments, which are long term, are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of investments.

b. Investments, which are current, are stated at the lower of cost and fair value / repurchase value.

c. Profit or loss on sale of current investments is calculated by considering the weighted average amount of the total holding of the investment.

7. Transactions in Foreign Currencies :

a. Transactions in Foreign Currencies are recorded at the conversion rates of exchange prevailing at the time of occurrence of transactions.

b. Any gains or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except when the differences relate to the fixed assets ,till the asset is put to use, they are adjusted to the cost of fixed assets.

c. Current Assets and Current Liabilities, i.e. items to be received or paid in foreign currencies are translated at the exchange rates prevailing at the Balance Sheet date and profit/loss on translation thereon, is credited/charged to the Profit and Loss account.

d. In case of forward contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract, except in respect of liabilities incurred for acquiring fixed assets, in which case, such differences are adjusted in the carrying amount of the respective fixed assets.

8. Retirement Benefits :

a. **Provident Fund and Family Pension**

Contribution to Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

b. **Gratuity**

Hitherto, the Company has been providing Gratuity on the basis of actuarial valuation made at the end of each accounting period. During the period, with effect from April 1, 2006, the Company has decided to contribute to Group Gratuity (Cash Accumulation) Scheme of the Life Insurance Corporation of India (LIC) based on the actuarial valuation thereof and the same is accounted in accordance therewith (Refer Note 12 of Schedule R).

c. **Leave encashment**

Leave encashment is provided on the basis of actuarial valuation made at the end of each accounting period.

9. Borrowing Costs :

a. Borrowing costs, less any income on the temporary investment of those borrowings, that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset.

b. Other borrowing costs are recognised as an expense in the period in which they are incurred.

10. Leases :

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

11. Taxation :

a. **Current Tax:** Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

b. **Deferred Tax:** In accordance with the Accounting Standard 22 – Accounting for taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for the timing differences is accounted for using the tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date.

Deferred tax assets arising from the timing differences are recognised only on the consideration of prudence.

c. **Fringe Benefit Tax:** Provision for Fringe Benefit Tax is made in accordance with the provisions of the Income-tax Act, 1961.

12. Impairment of Assets :

If internal / external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset/cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of asset/cash generating unit is reduced to the said recoverable amount. Subsequently, if there is a change in the indication, since the last impairment was recognised, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed. The recoverable amount is measured as the higher of the net selling price and value in use of such assets / cash generating unit, which is determined by the present value of the estimated future cash flows.

13. Provisions, Contingent Liabilities and Contingent Assets :

a. The Company recognises as Provisions, the liabilities being present obligations arising out of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.

b. Contingent Liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

c. Contingent Assets are neither recognised nor disclosed.

14. Employee Stock Option Scheme :

The Company accounts for the stock compensation expense based on the intrinsic value of the options granted, determined on the date of grant. Compensation expense is amortised over the vesting period of the option. The accounting value of the options, net of Deferred Compensation Expense is reflected as Employee Stock Options Outstanding (Refer Note 3 of Schedule R).

15. Financial Derivatives Hedging Transactions

The use of Financial Derivatives Hedging Contracts is governed by the Company’s policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Financial Derivatives Hedging Contracts are accounted on the date of their settlement and realised gain / loss in respect of settled contracts are recognized in the profit and loss account, alongwith the underlying transactions.

SCHEDULE R : NOTES TO ACCOUNTS

			As At March 31, 2007 Rupees	As At June 30, 2006 Rupees
1.	a.	Estimated amount of contracts remaining to be executed on capital account and not provided for	2,492,317,529	1,476,708,437
		Less: Advances	112,944,103	35,000
		Net Estimated Amount	**2,379,373,426**	1,476,673,437
	b.	Contingent Liabilities not provided for:		
		i. Bank Guarantees	105,051,400	23,521,400
		ii. Claims against the Company not acknowledged as debts	1,681,568	1,681,568
		iii. Premium payable on non-conversion of FCCBs issued	9,712,494	29,279,107

2. In the absence of confirmations from the Sundry Debtors and Sundry Creditors, their balances have been taken as per records of the Company.

3. **Employee Stock Option Scheme :**

The Employee Stock Option Scheme, 2005 (ESOS) was first time introduced and implemented during the Accounting Period 2005-06 for which the approval was obtained from the shareholders at the Extra Ordinary General Meeting held on November 26, 2005.

On November 26, 2005, the Company granted 1,550,000 Options convertible into equity shares of Rs. 10 each to 15 employees. The Exercise Price of the Option was fixed at Rs. 10 each for conversion into one Equity Share of the Company.

On February 12, 2007 and February 27, 2007, the Company granted 7,490,000 Options and 25,000 Options, both, convertible into equity shares of Rs. 10 each, to 41 employees and an employee, respectively. The Exercise Price of the Options was fixed at Rs. 29.81 each for conversion into one Equity Share of the Company.

All the Options granted under ESOS vest over a period ranging from one to three years as follows:

Percent to Vest	Period of vesting from date of grant
35%	At the end of Twelve months
35%	At the end of Twenty Four months
Balance	At the end of Thirty Six months

All the options granted have an exercise period of Thirty Six months from the date of vesting.

Employees Stock Options Outstanding (Net of Deferred Compensation cost) is as follows:

Particulars	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
Total accounting value of Options Outstanding (A)	**50,279,100**	NIL
Deferred Compensation Cost	50,279,100	NIL
Less: Amortised	4,046,434	NIL
Net Deferred Compensation Cost (B)	**46,232,666**	NIL
Employees Stock Options Outstanding (Net of Deferred Compensation cost) (A-B)	**4,046,434**	NIL

The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value method and has amortised Rs.4,046,434 (Previous Period Nil) for the Nine Months Period ended on March 31, 2007. However, had the Company followed Fair Value Method for calculating Employee Compensation Costs, such cost for the Nine Months Period ended March 31, 2007 would have been higher by Rs.7,027,510 and the Profit before Taxes would have been lower by the like amount and consequently, the Basic as well as Diluted EPS would have been lower by Rs. 0.02.

The following table summarises the Company's Stock Options activity for ESOS:

			For the Nine Months Period ended on March 31, 2007		For the Fifteen Months Period ended on June 30, 2006	
Sr. No.		Particulars	No of Shares	Weighted average exercise price Rupees	No of Shares	Weighted average exercise price Rupees
A	a.	Outstanding at the beginning of the period	1,550,000	10.00	NIL	NIL
	b.	Granted during the period	7,515,000	29.81	1,550,000	10.00
	c.	Forfeited during the period	NIL	NIL	NIL	NIL
	d.	Exercised during the period	(542,500)	10.00	NIL	NIL
	e.	Expired during the period	NIL	NIL	NIL	NIL
	f.	Outstanding at the end of the period	8,522,500	27.47	1,550,000	10.00
B		Exercisable at the end of the period	NIL	NIL	NIL	NIL
C		Weighted average remaining contractual life (in years)	4.83	-	5.35	-
D		Weighted average Intrinsic value of options granted	-	6.69	-	10.00

The Weighted average share price during the Nine Months Period ended on March 31, 2007 was Rs. 43.10 per share and the Weighted average share price on February 23, 2007, i.e. on the date of exercise of stock options was Rs. 36.21.

4. Scheme of Arrangement between GTL Infrastructure Limited (“the Company”) and GTL Limited (“GTL”) :

Pursuant to the Scheme of Arrangement (“the Scheme”) under sections 391 to 394 of the Companies Act, 1956, the Infrastructure Unit of GTL (“Infrastructure Unit”), was demerged into the Company with effect from October 1, 2005 (“the Appointed date”). Infrastructure Unit is in the business of providing internet based network services and was forming part of the Information Technology Enabled Services Division of GTL.

The Effective date of the Scheme for demerger of Infrastructure Unit as approved by Hon’ble High Court of Mumbai on April 28, 2006, was June 12, 2006.

a. In terms of the said Scheme, all assets and liabilities of Infrastructure Unit were transferred and vested with the Company with effect from the Appointed date at their respective book values on the date. GTL carried on business and activities of Infrastructure Unit for the benefit of and in trust for the Company from the Appointed date and accordingly the Scheme was given effect to in the accounts for the period ended June 30, 2006.

b. In terms of the Arrangement, the assets and liabilities of Infrastructure Unit were taken over by the Company and recorded at their book values on the Appointed Date.

c. In terms of the Scheme, the Company acquired net assets having book value of Rs.1,017,455,151, as detailed hereunder:

	Rupees
Assets	
Fixed Assets (Net including CWIP)	1,354,643,430
Current Assets	153,918,787
Total Assets	**1,508,562,217**
Less :	
Liabilities	
Loans	300,274,608
Deferred Tax Liability	151,369,670
Current Liabilities and Provisions	39,462,788
Total Liabilities	**491,107,066**
Book Value of Net Assets	**1,017,455,151**

d. The Excess of the aggregate Book Value of the Total Assets over the aggregate Book Value of the Total liabilities of Infrastructure Unit of Rs. 1,017,455,151 as shown in (c) above under this Scheme, after adjusting the face value of the Consideration Shares of Rs. 818,152,910 issued by the Company, a sum of Rs. 199,302,241 was credited to the Reconstruction Reserve Account.

e. 85,569,812 Equity Shares (including 3,754,510 Equity Shares on account of conversion of FCCBs) of Rs. 10 each of the Company were issued to the shareholders of GTL in the ratio of 1 (one) fully paid up Equity Share of Rs. 10 each of the Company for every 1 (one) fully paid up Equity Share of Rs. 10 each held in GTL. Pending allotment as at June 30,2006 an amount of Rs. 855,698,120 was shown under Share Capital Suspense Account and subsequently on allotment of those shares on July 17, 2006 to the shareholders of GTL, the balance in Share Capital Suspense Account has been transferred to Share Capital Account.

f. In terms of the Scheme, the Equity shares so issued and allotted by the Company rank *pari-passu* in all respects with the existing Equity Shares of the Company.

g. In view of the aforesaid arrangement coming into operation from October 1, 2005 and the fact that the accounts for the Previous Period were prepared for the period of Fifteen Months ended on June 30, 2006, the figures for the current period are not comparable with those of the Previous Period.

h. On June 30, 2006, the Company had allotted 76,000,000 Equity Shares of Rs.10 each and thereby increasing its paid up capital to Rs.2,250,000,000. Further, upon the allotment as referred to in note (e) above of Equity Shares on July 17, 2006 to the shareholders of GTL Limited, the shareholding of GTL Limited in the Company has come down to 41.5% and accordingly, with effect therefrom the Company has ceased to be the subsidiary of GTL Limited.

5. Loan Funds :

I. SECURED LOANS :

a. Term loans from Financial Institutions :

Secured by way of –

i. Hypothecation by a first *pari-passu* charge on all movable fixed assets, both, present and future, including first floating charge on all the current assets;

ii. Mortgage to be created of a first *pari-passu* charge on all immovable assets, both, present and future, of the Company;

iii. Corporate Guarantee of GTL Limited.

b. Term loans from Banks :

Secured by way of –

i. Hypothecation by a first *pari-passu* charge on all movable fixed assets, both, present and future, including first floating charge on all the current assets;

ii. Mortgage to be created of a first pari-passu charge on all immovable assets, both, present and future, of the Company;

iii. Corporate Guarantee of GTL Limited;

Further, the Term Loans from Banks include a vehicle loan of Rs.782,418 (Previous Period Rs. Nil) secured by way of hypothecation of the vehicle.

II. UNSECURED LOANS :

Pursuant to the Scheme of Arrangement (referred to in Note 4 above), 1% Foreign Currency Convertible Bonds (FCCBs) issued by GTL Limited were split between GTL and the Company, such that out of the liability of the face value of CHF 10,000 of each bond, the liability of the face vale of CHF 970.87 is transferred to the Company, in compliance with the provisions of the bond agreement and requisite approvals of the Bondholders.

Details of FCCBs converted is as under :

	Amount of FCCB in CHF	Number of Equity Shares @ Rs.10 each	Balance of FCCBs in Rupees
Transferred under the Scheme	5,625,221	20,977,461	209,774,608
Less : Converted upto the end of Previous Period	1,006,792	3,754,509	37,545,091
Balance at the beginning of the period	4,618,429	17,222,952	172,229,517
Conversions during the period	3,086,396	11,509,720	115,097,190
Balance at the end of the period	1,532,033	5,713,232	57,132,327

As the Company reasonably expects that these bonds would be converted into Equity Shares, the FCCBs can be termed as non-monetary liability of the Company. Hence, the Company has decided not to account for exchange fluctuation gain/loss arising out of revaluation of FCCBs at the year-end and to carry the same at cost.

6. Segment Reporting :

Business Segment : The Company is in the business of providing shareable Infrastructure facilities on "Build, Own and Operate" basis for a diverse range of customers operating in various industries. The Company has considered "Shared User Infrastructure" as one business segment for disclosure in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

Geographic Segment : During the period under report, the Company has its business only in India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

7. **Earnings per Share :**

		For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
BASIC EARNINGS PER SHARE			
Numerator for basic earnings per share			
Net Profit / (Loss) after tax for the period	(a)	**(231,552,762)**	(108,584,337)
Denominator for basic earnings per share			
Weighted average number of shares	(b)	**324,664,247**	105,567,070
Basic earnings per share	[(a) / (b)]	**(0.71)**	(1.03)
DILUTED EARNINGS PER SHARE			
Numerator for diluted earnings per share -			
Net Profit / (Loss) after tax for the period	(c)	**(231,552,762)**	(108,584,337)
Add : Interest on FCCB			
Commission on FCCB		**713,662**	1,442,302
		304,789	138,846
Denominator for diluted earnings per share		**(230,534,311)**	(107,003,189)
Effect of dilutive securities -			
Weighted average number of shares		**324,664,247**	105,567,070
Possible Dilution:			
Conversion of Foreign Currency Convertible Bonds (number of shares)		**5,713,226**	17,223,004
Conversion of Stock Options (number of shares)		**8,522,500**	1,550,000
Adjusted weighted average number of shares (d)		**338,899,973**	124,340,074
Diluted earnings per share	[(c) / (d)]	**(0.68)**	(0.86)
Nominal value of share		**Rs. 10**	Rs. 10

8. **Related Party Disclosures :**

A. Following transactions were carried out in the ordinary course of business with the parties referred to in (B) below.

Particulars	Associate/Holding Company (with I below)		Fellow Subsidiaries (with II (ii) below)		Key Management Personnel (with III (ii) below)	
	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees	**For the Nine Months Period ended on March 31, 2007 Rupees**	For the Fifteen Months Period ended on June 30, 2006 Rupees	**For the Nine Months Period ended on March 31, 2007 Rupees**	For the Fifteen Months Period ended on June 30, 2006 Rupees
Purchase of Material	NIL	13,809,788	NIL	93,835,152	NIL	NIL
Purchase of Capital Goods	3,863,232,285	2,146,044,303	NIL	NIL	NIL	NIL
Purchase of Services	73,804,354	133,658,146	NIL	NIL	NIL	NIL
Reimbursement of expenses to Vendors	30,296,594	13,701,632	NIL	NIL	NIL	NIL
Remuneration paid / provided	NIL	NIL	NIL	NIL	3,606,750	3,813,154
Income from Services / Equipment Provisioning	384,256,888	166,572,505	NIL	NIL	NIL	NIL
Reimbursement of expenses from Customers	718,238	12,846,607	NIL	NIL	NIL	NIL
Investment in Share Capital of the Company	NIL	1,080,000,000	NIL	NIL	NIL	NIL
Outstanding as on March 31, 2007:					NIL	NIL
Sundry Debtors	5,512,384	NIL	NIL	NIL	NIL	NIL
Sundry Creditors	717,011,175	42,602,752	NIL	252,013	NIL	NIL
Advances receivable	NIL	51,961,968	NIL	NIL	NIL	NIL

B. Relationships :

I. Associate/Holding Company
GTL Limited (Refer Note 4(h) to this Schedule)

II. Fellow Subsidiaries -

i. International Global Tele Systems Limited
ii. IGTL Solutions (S) Pte. Limited
iii. IGTL Solutions (USA), Inc
iv. IGTL Solutions (UK) Limited
v. IGTL Solutions (Australia) Pty Limited
Vi. IGTL Solutions (Germany) GmbH
Vii. IGTL Solutions (Saudi Arabia) Limited
viii. IGTL Solutions Middle East FZ LLC
ix. India E-Secure Limited
x. GTL Technology Investments Limited
xi. IGTL Solutions Lanka (Private) Limited

Since with effect from July 17, 2006 the Company has ceased to be the subsidiary of GTL Limited, effective therefrom the subsidiaries of GTL Limited have ceased to be the fellow subsidiaries of the Company.

III Key Management Personnel -

i. Mr.Manoj Tirodkar, Chairman
ii. Mr.Prakash Ranjalkar, Whole-time Director

9. Disclosure on leases as per Accounting Standard 19 on "Accounting for Leases" :

The Company has entered into operating lease agreements for office premises, guesthouse, furniture and fixtures and land for Telecom sites, renewable on a periodic basis and are cancelable. Rental expenses for operating leases to the extent not reimbursed are amounting to Rs.5,379,814 (Previous Period Rs.2,316,877) have been recognised in the Profit and Loss Account for the period ended March 31, 2007.

Minimum Lease Rents payable	**As At March 31, 2007 Rupees**	As At June 30, 2006 Rupees
Within 1 year	103,032,258	10,485,632
After 1 year but before 5 years	385,458,309	30,703,778
After 5 years	429,669,167	31,217,550
Total	**918,159,734**	72,406,960

10. Unpaid overdue amounts due on March 31, 2007 to small scale and/or ancillary industrial suppliers on account of principal together with interest aggregate to Rs. Nil (Previous Period Rs. Nil). This disclosure is on the basis of the information available with the Company regarding the status of the suppliers as defined under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993.

11. As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Taxes have been recognised in respect of the following items

Amounts in Rupees

Item of timing difference	**Accumulated Deferred Tax Assets / (Liabilities) As At July 1, 2006**	**(Charge)/Credit during the Period**	**Accumulated Deferred Tax Assets / (Liabilities) As At March 31, 2007**
i. Expenses allowable for tax purpose when paid	425,533	6,568,443	6,993,976
ii. Depreciation and interest capitalised	(135,822,749)	(222,723,835)	(358,546,584)
Net Deferred Tax Assets /(Liabilities)	**(135,397,216)**	**(216,155,392)**	**(351,552,608)**

12. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets:

Amount in Rupees

	Balance As At July 1, 2006	**Additions during the period**	**Amounts used/paid/ reversed during the period**	**Balance As At March 31, 2007**
Leave encashment	740,645	232,564	444,467	528,742
Gratuity *	515,296	NIL	515,296	NIL

* During the period, with effect from April 1, 2006, the Company has decided to contribute to the Group Gratuity (Cash Accumulation) Scheme of LIC. Accordingly, the Company has contributed a sum of Rs.1,667,243 (including Rs.1,336,321 for the past contribution upto June 30, 2006) under the Scheme; after reducing the provision for Gratuity upto June 30, 2006 amounting to Rs.515,296, the balance sum of Rs.1,151,947 is charged to the Profit and Loss account.

13. Managerial Remuneration :

a. Details of Payments and Provisions on Account of Remuneration to Managerial personnel (as per legal advice obtained by the Company) included in the Profit and Loss Account are as under:

Particulars	For the Nine Months Period ended on March, 31, 2007 Rupees	For the Fifteen Months Period ended on June, 30, 2006 Rupees
Salary (including allowances)	3,444,750	3,582,754
Contribution to Provident and Other Funds	162,000	230,400
Other Perquisites	-	-
TOTAL	**3,606,750**	3,813,154

b. Calculation of effective capital pursuant to Schedule XIII of the Companies Act, 1956:

	As At June 30, 2006 Rupees	As At March 31, 2005 Rupees
Paid up share capital	2,250,000,000	250,000,000
Less: Accumulated losses	113,734,866	5,150,530
Effective capital	2,136,265,134	244,849,470

14. Capital work-in-progress includes :

i. Assets amounting to Rs. 4,589,181,103 (Previous Period Rs. 4,078,675,168) [including Rs. 396,852,483 acquired pursuant to the Scheme of Arrangement (Refer Note 4 (c) to this Schedule)];

ii. Advances of Rs. 112,944,103 (Previous Period Rs.343,039,200); and

iii. The expenses incurred and attributable to the assets referred to in (i) above (other than acquired under the Scheme), pending capitalization till the date those assets are put to use as follows:

	Rupees	For the Nine Months Period ended on March 31, 2007 Rupees	Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
Salaries, incentives and other allowances		**28,722,412**		8,100,281
Traveling		**9,717,476**		725,920
Communication		**841,355**		80,628
Professional and Consultancy Charges		**36,725,962**		4,718,774
Stamp duty charges		**5,550,862**		3,533,869
Bank Loan processing fees		**129,508,872**		84,109,894
Interest on borrowings	547,482,974		141,033,959	
Less : Income from temporary investments				
Interest Received on Fixed Deposit with Banks	46,137,075		3,528,358	
Interest Received on Margin Money	3,930,808		18,168	
Profit on Sale of Shares	5,934,291		2,608	
Profit on Redemption of MF	2,607,426		71,796	
Dividend and Others	25,772,406	**463,100,968**	2,756,017	134,657,012
Octroi Charges		**843,968**		NIL
Discounting charges		**9,982,692**		171,915
Insurance Premium		**3,707,558**		NIL
Other Expenses		**2,155,728**		NIL
Total		**690,857,853**		236,098,293

15. Value of imports calculated on C.I.F. basis :

	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
Capital Goods	**48,990,089**	102,738,677

16. Expenditure in Foreign Currency :

	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
Travelling Expenses	**1,120,193**	76,856
Conference Expenses	**719,777**	156,906
Loan Processing Fees	**23,141,656**	NIL
Professional Fees	**NIL**	13,743,515
Connectivity Expenses	**NIL**	322,220
Membership and Subscription Fees	**53,002**	NIL
Interest on FCCB	**1,075,764**	1,442,302
Commission on FCCB	**459,434**	138,846
Interest on Term Loan	**23,605,402**	NIL
Total	**50,175,228**	15,880,645

The above expenditure (includes the amount capitalised) is disclosed at gross before tax deduction at source.

17. Earnings in Foreign Currency :

	For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
Service Income	**126,667,411**	42,076,039

18. FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS :

a. Derivative contracts entered into by the Company and have remained outstanding :

For Hedging Currency and Interest rate related risks :

Particulars	**Balance as at March 31, 2007 Rupees**	Balance as at June 30, 2006 Rupees
Nominal amount of Derivative Contracts – Interest Rate and Currency Swaps	**5,500,000,000**	4,000,000,000

b. All derivative and financial instruments acquired by the Company are for hedging purposes only.

c. Foreign Currency exposure that are not hedged by derivative instruments:

Particulars	**Currency**	**Balances As At March 31, 2007**		Balances As At June 30, 2006	
i. Foreign Currency Letter of Credits	USD	981,684	Rs. 43,144,972	2,354,674	Rs. 109,347,286
ii. Export Debtors	USD	1,985,111	Rs. 86,074,413	11,101	Rs. 509,758
	GBP	39,982	Rs. 3,372,882	39,982	Rs. 3,350,492
iii. Import Creditors	USD	228,411	Rs. 10,038,672	189,000	Rs. 8,758,260

19. Provision for income tax is not made in view of the loss for the Period as also carried forward losses in terms of the provisions of the Income-tax Act, 1961.

20. The nature of activities of the Company are mainly of providing of services and hence, it is not possible to give the quantitative details as required under Para 3 and 4C of part II of Schedule VI of the Companies Act, 1956.

21. The previous period's figures, wherever necessary, have been regrouped, reclassified and recast to conform with this period's classification.

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PARESH H. CLERK
Partner
Membership No. 36148

Mumbai
Date : May 03, 2007

MANOJ TIRODKAR
Chairman

VISHWAS PATHAK
Director

GAJANAN DESAI
Director

SHYAM SUNDER DAWRA
Director

PRAKASH SAMANT
Director

CHARUDATTA NAIK
Director

LEE SEK HONG (MICHAEL LEE)
Director

D.S. GUNASINGH
Company Secretary

Cash Flow Statement for the Nine Months Period Ended On March 31, 2007

		For the Nine Months Period ended on March 31, 2007 Rupees	For the Fifteen Months Period ended on June 30, 2006 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit before tax but before prior period and exceptional items	(13,960,194)	(123,518,853)
	Adjustments for :		
	Depreciation	334,085,753	193,054,870
	Loss on sale of Fixed Assets	898,537	1,846,213
	Loss on sale of Investments	-	25,218
	Interest and Finance Charges	106,263,979	7,059,028
	Dividend received	(1,530,633)	-
	Foreign Exchange Gain (net)	(1,536,755)	712,668
	Accounts written back	(21,195,785)	(7,331)
	Interest received	(79,441,470)	(4,088)
	Amounts Written off	-	291,132
	Employee Stock Option Cost	4,046,434	-
	Provision for Doubtful Debts	-	435,606
Operative Profit before working capital changes		327,629,866	79,894,463
Adjustments for :			
	Sundry Debtors	(76,344,220)	(54,660,898)
	Loans and Advances	(456,896,715)	(92,958,668)
	Provisions	(727,199)	1,255,941
	Current Liabilities	1,054,331,884	(224,554,572)
	Cash generated from operations	847,993,617	(291,023,734)
	Income Tax paid (Fringe Benefit Tax)	283,900	(585,948)
	Net cash from operating activities	848,277,516	(291,609,682)
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Additions to Fixed Assets (including capital work in progress, net of income capitalised)	(3,928,624,730)	(4,356,395,424)
	Sale of Fixed Asset	109,736,564	16,954,900
	Purchase of Investments	(4,641,362,561)	(2,004,039,372)
	Sale of Investments (Net of income capitalised)	4,181,124,712	1,144,545,310
	Dividend received	1,530,633	-
	Interest received on Derivatives and FD with bank	79,441,470	4,088
	Net cash used in investing activities	(4,198,153,912)	(5,198,930,498)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from issue of shares	222,175,495	2,000,325,195
	Proceeds from long term borrowings	2,673,342,929	4,332,455,764
	Interest and Finance Charges paid	(106,263,979)	(7,059,028)
	Net cash used in financing activities	2,789,254,445	6,325,721,931
	Increase in cash and cash equivalents (A + B + C)	(560,621,950)	835,181,751
	Add : Net adjustment consequent to the Scheme of Arrangement	-	23,955,997
		(560,621,950)	859,137,748
	Cash and cash equivalents at the beginning of the period	864,827,280	5,689,532
	Cash and cash equivalents at the end of the period	304,205,330	864,827,280

Notes :

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents includes cash and bank balances, fixed deposits with banks and interest accrued thereon.
3. Additions to fixed assets includes movements of capital work in progress between the beginning and the end of the period.

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants

PARESH H. CLERK
Partner
Membership No. 36148

Mumbai
Date : May 03, 2007

MANOJ TIRODKAR
Chairman

VISHWAS PATHAK
Director

GAJANAN DESAI
Director

SHYAM SUNDER DAWRA
Director

PRAKASH SAMANT
Director

CHARUDATTA NAIK
Director

LEE SEK HONG (MICHAEL LEE)
Director

D.S. GUNASINGH
Company Secretary

I. REGISTRATION DETAILS

Registraion No.	U74210MH20004PLC144367	State Code	11
Balance sheet Date	March 31, 2007		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.THOUSANDS)

Public Issue	NIL	Rights Issue	
Bonus Issue	NIL	Private Placement	

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT IN RS.THOUSANDS)

Total Liabilities	12,332,566	Total Assets	12,332,566
SOURCES OF FUNDS			
Paid-up Capital	3,328,199	Reserves & Surplus	199,302
Secured Loans	7,120,896	Unsecured Loans	57,132
APPLICATION OF FUNDS			
Net Fixed Assets	9,698,732	Investments	1,304,417
Net Current Assets	(287,309)	Misc. Expenditure	-
Accumulated Losses	345,288		

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS.THOUSANDS)

Turnover (Gorss Revenue)	601,775	Total Expenditure	615,735
Profit / (Loss) Before Tax	(13,960)	Profit / (Loss) after tax	(231,553)
Earnings per Share in Rs.	(0.71)	Dividend Rate %	

V. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code.No.	
Product/ Service Description	TEL.INFRA.

Notes

INFRASTRUCTURE

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