GLOBAL Group Enterprise

Tapping the endless possibilities of rural India.

GTL INFRASTRUCTURE

7th Annual Report 2009-10

A lot of what we do at GTL Infra, is driven by our belief in the potential of rural India. But before we can reap that potential, we are committed to cultivating it. Through the economies of shared telecom infrastructure, we are making it possible for mobile operators to bring India's remotest corners into the communication fold. This connectivity, in turn, brings in businesses and industries that drive employment, education and welfare, thus facilitating growth in these areas. Proactively, we have also made significant investments in quality initiatives in education and the development of the children and women in rural India. Till date, we have invested more than Rs. 10,000 Crores in rural and semi-urban India, because we believe, that when we help rural India grow, we are paving the way for India's brighter future.

GLOBAL Group Enterprise

Corporate Information

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman
Balasubramanian N.	Vice Chairman
Ranjalkar, Prakash	Whole-Time Director
Agarwala, Vinod	Director (w.e.f. July 20, 2009)
Dr. Patkar, Anand	Director
Kulkarni, Vivek	Director
Naik, Charudatta	Director
Pathak, Vishwas	Director
Samant, Prakash	Director (Deceased on January 2, 2010)
Talwar, Satya Pal	Director (w.e.f. August 13, 2009)
Vaidya, Deepak	Director (Upto January 14, 2010)
Vij, Vijay	Director (w.e.f. July 20, 2009)

COMPANY SECRETARY

Vemulakonda, Ravikumar

REGISTERED OFFICE

GTL Infrastructure Limited
Maestros House, MIDC Building No. 2,
Millennium Business Park, Sector - 2,
Mahape, Navi Mumbai 400 710.
Website: www.gtlinfra.com
Tel: +91 22 3911 2300 Fax: +91 22 3913 7440

JOINT AUDITORS

- Chaturvedi & Shah
- Yeolekar & Associates

LIST OF SECURED LENDERS

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Corporation Bank
DEG, Germany
IDBI Bank
Indian Bank
Indian Overseas Bank
Life Insurance Corporation of India
Oriental Bank of Commerce
Punjab National Bank
State Bank of Bikaner and Jaipur
State Bank of India
State Bank of Indore
State Bank of Patiala
State Bank of Travancore
Union Bank of India
United Bank of India
Vijaya Bank

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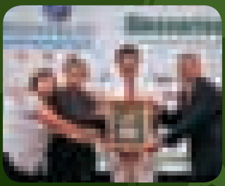
GTL INFRASTRUCTURE

AWARDS & RECOGNITIONS

BEST INDEPENDENT INFRASTRUCTURE PROVIDER

GTL Infrastructure has been recognized as the “Best Independent Infrastructure Provider” in the Telecom Operator Award 2010 organized by tele.net, a leading telecom magazine.



GREENTECH ENVIRONMENT EXCELLENCE AWARD

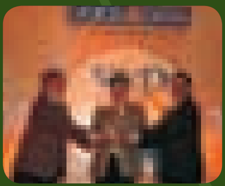
GTL Infrastructure received the “Greentech Environment Excellence Award” for demonstrating the optimum use of natural resources & energy management practices in 2009.

INNOVATIVE INFRASTRUCTURE COMPANY OF THE YEAR

GTL Infrastructure won the prestigious “Innovative Infrastructure Company of the Year” award organized by E18 and CNBC TV18, as part of ‘The Infrastructure Excellence Awards 2009’.

BEST SHARED INFRASTRUCTURE PROVIDER

GTL Infrastructure was voted as the “Best Shared Infrastructure Provider” in a survey conducted by the Tele.Net magazine, a leading Telecom industry magazine in India.



TOP INDEPENDENT INFRASTRUCTURE PROVIDER

GTL Infrastructure received the “Top Independent Infrastructure provider of India” award from Voice & Data. Voice and Data is a leading industry publication.

GLOBAL Group Enterprise

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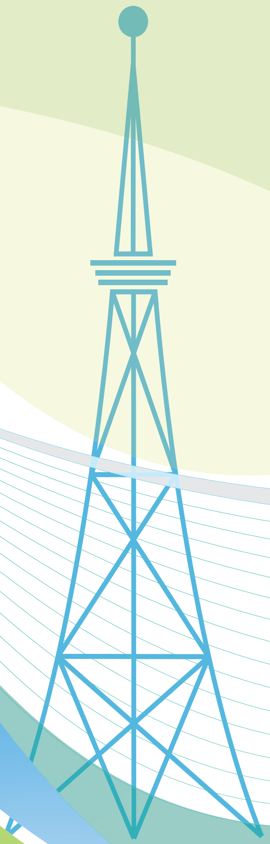


The year 2010 was a landmark year for us both in terms of organic and inorganic growth. Organically, we became the first independent tower company to cross a milestone of 10,000 towers. While the leading telecom Operators crossed their milestone in tenth year of their operation, we were able to do the same in our third year of operation. At the same time, we have entered into an agreement to purchase Aircel's tower business for a transaction value of Rs. 8,400 Crs. (US$ 1.8 Bn).

We expect to fund this transaction through a subsidiary and have invested Rs. 1,815 Crs. towards the equity contribution. To demonstrate my commitment towards this transaction, I have personally invested Rs. 676 Crs. through my holding company, Global Holding Corporation. After this, my total investment in this business will be Rs. 2,050 Crs.

We will acquire Aircel's tower business through an asset purchase of 17,500 existing towers, that comprise 21,000 tenancies (i.e. a tenancy ratio of 1.20x). We believe that this transaction could make us the world's largest independent and neutral tower company with a portfolio of more than 32,500 towers, by the time the deal gets completed. Aircel has also committed additional 20,000 tenancies over a period of 3 years. On completion of this roll-out, we are expected to have a portfolio of more than 50,000 towers across India by 2013.

Aircel is the 5th largest GSM mobile service provider and the fastest growing telecom Operator in India with over 35 Mn subscribers. Aircel is promoted by Maxis Communications Berhad, which has a telecom presence in Malaysia, Indonesia and India and the Apollo Hospitals Group, a première healthcare provider in India.

To the best of our knowledge, this is the largest transaction in the wireless tower space in the world. It is subject to necessary statutory and regulatory approvals along with approval from lenders, and is expected to be consummated by July 2010.

Post this transaction, we will get incremental recurring revenue of Rs. 700 Crs. p.a. from 21,000 tenants. We are likely to get additional recurring revenue of Rs. 700 Crs. p.a. after execution of 20,000 additional tenancies, thereby potentially increasing our recurring revenue from this transaction alone to over Rs. 1400 Crs. over the next 3 years.

Operational highlights

In FY 2009-10, we continued to strengthen our position as the leading independent provider of shared telecom towers in the country. The significant operational highlights are as follows:

- Number of towers at all stages of completion increased from 9,411 in FY 2008-09 to 12,456 in FY 2009-10 – Growth of 32%
- Number of tenants increased from 7,198 in FY 2008-09 to 13,221 in FY 2009-10 – Growth of 84%
- Tenancy on Ready for Installation of Equipment (RFIE) towers moved up from 0.96 in FY 2008-09 to 1.17 in FY 2009-10

Financial highlights

The highlights of the financial performance are as follows:

- Y-o-Y Revenue growth of 58%
- Y-o-Y EBIDTA growth of 67%
- EBIDTA margin of 55%

Awards

Our efforts to achieve business excellence are being acknowledged and appreciated across the industry. We won the award of the 'Best Independent Infrastructure Provider', at the Telecom Operator Awards 2010 organised by Tele.Net, a leading telecom magazine. We also received the 'Greentech Environment Excellence' award for the various environment management efforts taken by us.

Industry Outlook

Demand for Towers

India has a subscriber base of 638 Mn subscribers as on April 30, 2010 which is expected to become 1.02 Bn by 2013 as per COAI estimates. The JM Financial research states that the country could require around 463,000 towers to meet the network coverage requirements of the Operators. This translates into an additional demand for approximately 130,000 towers over the next three years.

The continued strong subscriber growth has caused a tremendous increase in network usage. This has resulted in capacity roadblocks on networks. Tariffs are reaching new lows due to the competitive environment in the industry. As a result of this, the Operators are facing a tough challenge of growing revenue and sustaining profit margins. At the same time, they have to invest more in the form of licence fees for 3G services, capital expenditure for market penetration and improve their Quality of Service. We believe this will lead to outsourcing of passive telecom infrastructure benefiting the entire tower industry.

The expected growth drivers could be as follows:

(A) Expansion by existing and new Operators

Existing Operators who won pan India and dual technology licenses in 2008 are expanding their networks into additional circles, such as Class B and C circles in a major way. The launching of new services is creating demand for co-location on towers in these areas.

The new Operators have already started sharing towers in Metros and Class A circles. Post completion of the Aircel deal, we will have almost 25% of our portfolio in Metros and Class A circles. This will help us in offering our services to new Operators.

(b) Introduction of new technologies

The auction of third-generation (3G) and BWA Spectrum has just concluded. The Operators are likely to invest in excess of US$ 20 Bn towards the licence fees and related capex. Given the license cost, and rollout obligations, the Operators are likely to prefer telecom tower sharing. Industry experts suggest that this represents an opportunity that will equal or exceed half of the current overall tower portfolio in India. The Operators are likely to launch these services in Metros and Class A circles initially. Once again Aircel's tower portfolio in Metros and Class A circles will help us to provide passive telecom infrastructure for 3G services.

Rural Expansion

With urban teledensity over 100 percent it has become inevitable for the Operators to approach the rural market for further growth. As the Average Revenue Per User (ARPU) is low in rural markets, the Operators are opting for sharing of telecom towers to bring down both capital as well as operational expenditure.

Strategy

Maximise use of existing tower capacity

Our goal is to increase per tower revenue and cash flows. This can be done by increasing occupancy on the towers. Rural expansion by incumbent operators, introduction of services by new Operators and 3G and BWA license winners are expected to drive tenancy growth.

Energy efficient towers

India currently has approximately 337,000 towers and is expected to have 463,000 towers in next three years. Given the power outage in India, each tower currently consumes on an average almost 4,000 litres of diesel every year. This means telecom industry is expected to consume 1.8 Bn litres of diesel every year. Sharing of telecom towers along with our innovative Energy Management products and solutions can bring down this consumption by almost 20%. We believe energy efficient towers will be a significant value addition to our services for the telecom Operators.

Inorganic growth

We will continue to focus on our strategy of growing our operations through inorganic growth for consolidating our position in the market. The criteria comprises of network footprint, capacity on the towers, existing occupancy and additional commitment.

Financial Planning

Our business is very capital intensive. Only companies with strong capital base can succeed in this industry. Post the Aircel deal, our consolidated capital deployed could reach to Rs. 17,000 Crs. (US$ 4 Bn) in 2-3 years.

However, we could need additional capital to address Aircel's future commitment of 20,000 tenancies in the next 3 years as well as demand from other Operators. We may need to raise the capital in the form of both equity and/or debt to fund this requirement.

Processes

In our endeavour for continuous improvement, we continue to invest in advanced information technology and business processes. We are offering innovative solutions such as Network Operating Centre which provides the Company with continuous, real-time information on the functioning of these towers, including identification of any power fluctuations or temperature changes.

Human Capital

Our constant endeavour is to build a culture where a common vision is shared by every employee irrespective of his level in the organizational hierarchy. The employee strength as on March 31, 2010 stood at 188.

A leadership level succession planning initiative was introduced in partnership with Hewitt Associates called 'Gen Next' last year. Gen Next facilitates the process of succession planning for key positions across the organization, identify future leaders for the group and provide them with a series of developmental interventions over a period of 18 – 24 months. We have identified leaders from our middle level management and invested in imparting necessary skillsets to them during the year. We believe that they are now well equipped to address the challenges arising out of our recent deal.

The Road Ahead

With new players rolling out services, tariff war amongst operators, the imminent introduction of 3G and WiMAX, and rural areas being identified as the focus area for the next level of growth, infrastructure sharing will become crucial for the Indian telecom market. We see a growing need for passive infrastructure and our purchase of Aircel tower portfolio was a step towards fulfilling this need.

For us, this business is not about being the largest or biggest, but is about bringing in efficiency in telecom industry, being environment friendly, bringing connectivity to the poorest of poor and creating employment in rural India. Thus this transaction is transformational not only for us, but for the society and the country as well and we will need your continued support in doing so.

Place: Mumbai
Date : April 29, 2010

Manoj G. Tirodkar
Chairman

During the year the Indian Telecom Industry achieved a significant milestone of crossing 500 Mn subscriber base. In FY 2010-11, the telecom subscriber base in India registered a Y-o-Y growth of 49% and touched 638 Mn. Increasing affordability, dual-SIM usage and coverage expansion by telecom Operators were the key drivers for this growth. The wireless penetration at the end of the financial year stood at 53%.

Cheap tariff plans and low cost handsets ensured affordability of mobile telephony in the hands of poor. With a monthly net addition of 15 Mn subscribers, India continued to be the fastest growing 2G market world-wide. With a saturated urban market, this growth was mainly led by Class B & Class C circles.

Telecom towers continued to facilitate last mile connectivity to Operators providing mission-critical infrastructure for the networking world. Increasing subscriber base and exhausting network capacity of incumbent Operators in key markets augured well for the tower industry as it led to increased demand and improved tenancy on telecom towers.

Sharing of Telecom Towers

Around 2004, in order to optimise costs, Operators resorted to sharing of telecom towers. The trend of sharing of infrastructure, passed over the initial trial phase successfully, and now has been adopted wholeheartedly by the industry.

Typically, a tower site has active and passive infrastructure components which constitute 35% and 65% respectively of the total cost at the build-out stage.

Active components include the GSM antennae, base transceivers, feeder cables and microwave radio equipments. Passive components include the underlying land, tower, shelter, air conditioning equipment (AC), diesel generator (DG), battery, electrical supply, technical premises etc. In its simplest form, passive infrastructure sharing involves the sharing of tower space, and associated shelter, DG, AC etc.

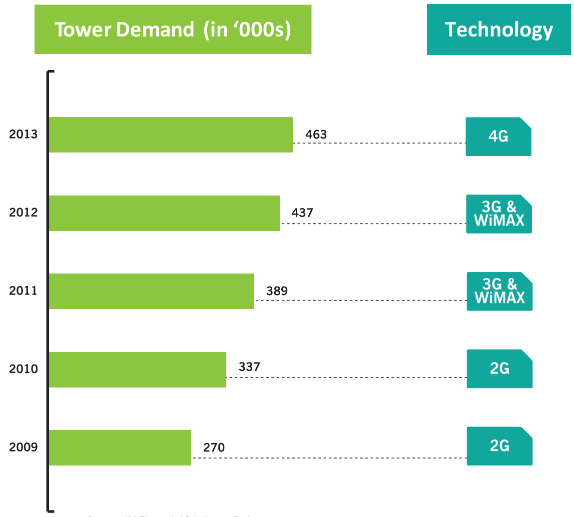
Sector Eco-system

What started as co-location of tower infrastructure to facilitate the opex and capex reduction for telecom operators, slowly evolved into a full-fledged business model based on the concept of sharing. GTL Infra played a pioneering role in establishing telecom tower sharing as a feasible and effective business model. It became the first 'Independent' (Non Operator background) player to offer cell sites for sharing. Several other independent tower companies spawned up in a short span, following its footsteps.

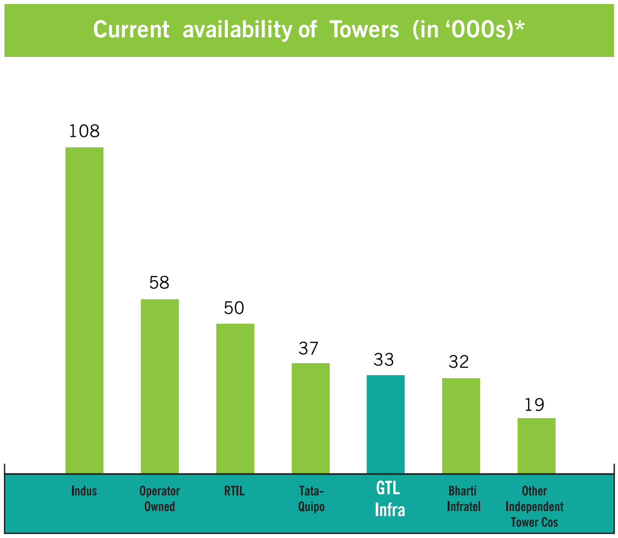
Incumbent Operators with a pan-India tower portfolio sensed an opportunity to unlock value for its shareholders. They either formed a separate tower company or formed a joint venture to create a pool of tower assets with a pan- India basis. As a result the tower companies in the industry came to be classified into the following categories:

- Operator owned Tower companies (Bharti Infratel, Reliance Infratel etc.)
- Operator owned Alliances (Indus)
- Independent Tower companies (GTL Infra, American Towers, Tower Vision etc.)
- In addition to this, there are towers owned by Government Operators like BSNL and MTNL

As of March 31, 2010, the country is estimated to have around 337,000 towers. The demand and supply scenario of towers in the industry is as depicted below:



Source: JM Financial & Industry Estimates
*Projected tower roll outs as on May 2010



In the case of Operator-run Tower Companies (OTC) the tower assets have to follow the footprint of the parent company. As a result, towers are also rolled out at locations with limited sharing potential with other Operators.

On the other hand, independent tower companies face risk from the larger OTCs which have much larger tower portfolios making it easier for them to attract new tenants. Further, unlike OTCs, Independent tower companies do not possess anchor tenancy or commitment from the parent Operator for future tower rollout.

Drivers for Sharing of Telecom Towers

Tower sharing in India has been adopted by Operators in a big way because of its intrinsic benefits for them. The factors that will enhance the demand for sharing of Telecom towers from Operators and impact the growth of tower companies on the whole, are discussed below:

Network Expansion by new Operators

The Indian Telecom market has more than 10 telecom Operators in each service area and a few more are expected to launch their services shortly.

A regional player like Aircel already has presence in 17 telecom circles while Tata DoCoMo and Reliance GSM plan to have pan-India Network footprint by the end of the current financial year. Among new players, MTS, Uninor and Videocon have started their operations whereas Etisalat DB is expected to launch its services shortly.

With Indian Telecom market currently in high growth trajectory, the new Operators would seek to capture a considerable share of incremental growth. Ready access to comprehensive portfolio of towers on pan-India basis will not only provide “speed to market” to the new Operators but will also help them to maintain a lean balance sheet by bringing down their capex on network rollout.

Competitive Pricing Environment

In FY 2009-10, the Indian telecom industry witnessed significant escalation in tariff wars led by new players like NTT DOCOMO, Aircel & MTS. Leading players like Reliance Communications, Vodafone and Bharti have responded to the per second tariff plans by launching aggressive tariff plans. These new developments are expected to have following impact on the Operators:

- Increase in subscriber base
- Increased financial pressure on the Operators

Falling average revenues per user and per minute will result in margin erosion for Operators. Hence, Operators will be forced to cut down on their capital and operating expenditure. Sharing of towers would help them to bring down their expenditures by 20-30% thereby enabling them to maintain their returns on investments.

Spectrum Scarcity

The new entrants have been allocated spectrum on the 1800 MHz frequency, which is inferior to 900 MHz because of the limited range of coverage. As a result, an Operator will require at least double the number of towers to cover a service area in 1800 MHz relative to 900 MHz.

Further, with the introduction of new service providers, average spectrum allocated per Operator per circle has declined from 6.8MHz to 5.7MHz. India has one of the lowest spectrum allocations on a per Operator basis, leading to inefficient use. Given the current spectrum availability in India most Operators are unlikely to receive any additional spectrum.

Average spectrum in different countries

Countries	GSM Operators	AVg. spectrum per operator (MHz)
France	3	37
Netherland	5	21
Germany	4	23
China	2	33
Average	4-5	29
India	**8-10**	**4.4 – 15**

Source: Industry, Elara Security Research

Low spectrum allocation to wireless Operators reflects significant demand for shared telecom towers. The Operators will try to compensate low spectrum availability by increasing the point of presence of towers. This way the Operators will be able to serve increased call traffic without putting any additional burden on spectrum usage. Hence, shared towers will be a valuable asset for increasing network capacity of Operators.

Introduction of Mobile Network Portability (MNP)

Mobile Network Portability is expected to be introduced by the end of June 2010. With competitive telecom tariff not being a strategic advantage to telecom operators; better network services will drive subscriber movement for new Operators. MNP will allow new Operators with considerable over capacity to enhance their revenue market share given the high concentration of wireless revenues - 10% of subscribers contribute an estimated 40% of the revenues in metros.

With expanded subscriber base and spectrum crunch, incumbent Operators will be left with little option but to improve the Network quality to retain their subscribers. This will drive the demand for new towers in urban areas.

3G and BWA

The Indian Telecom sector recently witnessed the successful closure of 3G spectrum auction with the pan-India 3G price-tag touching as high as Rs. 16,751 Crores. Severe spectrum shortage along with ensuing policy uncertainty, and the risk of losing the high valued customers drove the operators to bid aggressively beyond reasonable levels. In the end no single bidder emerged as a pan-India 3G player leaving a fragmented 3G landscape with 7 3G winners across all 23 circles. A snapshot of successful 3G and BWA winners are as given below:

Profile of licenses won in 3G

Operator	Amount to be paid (US$ mn)	Description of licenses won				Total Licenses
		Metros	Circle A	Circle B	Circle C	
Bharti	2,766	2	3	3	5	13
RCOM	1,931	3	0	4	6	13
Idea	1,298	0	3	6	2	11
Vodafone	2,614	3	3	3	0	9
DOCOMO	1,319	0	3	6	0	9
Aircel	1,462	1	3	4	5	13
STel	76	0	0	0	3	3
MTNL/BSNL	4,034	4	5	8	6	23
Total	**15,500**					

Source: DoT, Goldman Sachs Research.

Profile of licenses won in BWA

Operator	Amount to be paid (US$ mn)	Description of licenses won				Total Licenses
		Metros	Circle A	Circle B	Circle C	
Infotel	2,744	3	5	8	6	22
Qualcomn	1,049	2	0	2	0	4
Bharati	708	1	2	1	0	4
Aircel	734	0	2	1	5	8
Dikona	226	0	1	3	1	5
Augere	27	0	0	0	1	1
Total	**5,488**					

Source: DoT, Anandi Rathi Research.

Using 3G technology, Operators will provide high speed data services to subscribers. Since the 3G spectrum will be allotted at higher frequency of 2100 Mhz the Operators will require more cell sites to establish 3G coverage. According to industry estimates, Operators currently offering service in 900 MHz bands will require 2x the number of cell sites for 3G deployments, while Operators offering service at 1800 MHz would require 1.4x the number of cell sites. In future increased popularity of 3G services and rising MoU, will drive incremental demand for towers to maintain the high bandwidth to download data application. Restriction on import of active infrastructure components from competitive vendors and inability to extract scale benefit for 3G rollout will Operators will seek sharing of telecom towers to bring down their rollout cost.

Rural Expansion

India continues to be an under-penetrated market and future sector growth would be driven by increased adoption of wireless services in semi-urban and rural areas. With 45% mobile penetration, India is witnessing less growth in 2G specifically in the urban market, which has reached 103% penetration. However, with 15 Mn monthly subscriber net additions, India is still the fastest-growing 2G market worldwide and this is being led by the rural market accounting for 163 Mn subscribers and 40-45% of net additions. India's rural market has very low penetration at 19%. However it has huge potential for future growth as 70% of the 1.16 Bn population resides in this area. By FY 2011-12 India's 2G subscribers are likely to reach 760 Mn with 62% urban and 35% rural penetration.

Operators are continuously expanding their network footprint in semi urban and rural areas creating cost optimisation challenges for the Operators due to lower ARPUs in these areas.

To make their business case sustainable, Operators will require sharing of infrastructure in the rural areas. This will enable Operators to reduce the expenditure incurred on deploying and maintaining passive infrastructure, and increasing their market share in a cost effective way.

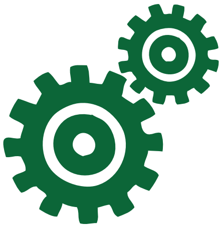
Energy Optimisation at Cellsites

India currently has approx. 337,000 towers and is expected to have 463,000 in next three years. The current expansion of telecom networks is primarily happening in semi urban & rural markets. Amongst other challenges, unreliable power supply poses the biggest difficulty for the Operators in these areas. Due to insufficient grid power supply Operators are forced to use diesel to power the cellsites. As a result, energy bills constitute about 20% of Operators network cost.

The responsibility of reducing energy consumption at cellsites is slowly shifting towards the tower companies compelling them to look at Energy Management Solutions as the means of controlling expenses without compromising on service quality.

Energy management products and solutions aim to reduce overall power consumption by almost 20% and also reduce the carbon emissions.

Prosperity through connectivity.



Our 24,000 towers across rural and semi-urban India will facilitate connectivity and bring in businesses and industries, thus generating employment and growth.

OPERATIONS

GTL Infra is India's leading independent shared telecom tower provider. The Company's approach towards business growth and delivery is focused on leveraging its leading position to take advantage of the growth opportunities in the rapidly expanding cellular telephony space.

Tower portfolio presence: The Company owns 12,456 towers at various stages of completion in 23 telecom circles, rolled out in less than three years of full-fledged operations.

Operations strategy

The Company's business growth and delivery strategy has evolved over the years, to take advantage of the macro-economic environment and the state of telecom tower sector in India. It revolves around two core principles, which are as follows:

(A) Enhancing Tenancy

The Company has revised its tower rollout strategy aiming at better utilisation. The Company develops those cellsites which are backed by 'Service Orders' received from the Operators who would be the 'Anchor Tenants' on those cellsites. The location co-ordinates of a site given by the Operator are analysed by the Company for share-ability potential. The Company prioritises those sites which have multiple tenant demand, to get higher returns on its investment.

(B) Proficient Rollout Execution

The Company capitalises on the increasing demand for towers by providing its customers with towers within stipulated deadlines. It also places strong emphasis on quality control to ensure that the quality of towers meet its customers' requirements. The Company has agreed to purchase Aircel's Tower business and has received Right of First Refusal for additional 20,000 tenancies over a period of next 3 years. Hence the Company maintains a project management setup which ensures high tower build quality along with cost and time savings.

Portfolio Rollout Process

The Company adheres to a streamlined 'Tower Rollout Process', post the acceptance of an Operator tower request. The core and critical activities such as radio frequency (RF) planning, land acquisition and material procurement are carried out in-house. The project management activities are outsourced to Turnkey Services Providers (TSP) and monitored by the Company's project management team. GTL Limited is a preferred TSP for the Company because of its domain knowledge and large resource-base. Typically a site completion takes around 45-75 days for roof top towers and 90-120 days for ground based towers from site identification to completion.

During the year, Company met the construction timelines for 95% of the rolled out sites.

Procurement & Vendor Management

The Company's operational efficiency lies in sourcing high-quality cell site input components on a timely basis at favourable cost levels. To facilitate this and reduce the risk of over-dependance, the Company sources each key input components from multiple suppliers.

The Company maintains inventory stock in its national as well as circle level warehouses to ensure timely availability of materials for approximately 100 tower sites per geographical region. Vendor development is treated as a continuous process by the Company.

Project Execution Experience

The Company's rollout is being led by a project management team that has been involved in the rollout of its existing portfolio since inception. The team has project and operational management expertise and understands the key opportunities and risks associated with the tower business.

This allows the Company to enjoy advantages in commercial negotiations with suppliers, identify areas for cost reductions and other efficiencies, anticipate and avoid execution roadblocks and complete expansion plans on time and within budget. The project management expertise extends upto the circle level staff which will prove to be a critical business strength as the Company looks to expand its portfolio over the next few years.

Portfolio Details

Capacity Availability

All the telecommunication towers of the Company are configured to host multiple wireless service providers. The number of antennae the tower can accommodate varies depending on the type of tower (GBT or RTT). Generally, a GBT site can accommodate around 4-5 Operators, while a RTT site can accommodate upto 2-3 Operators.

Technology Independence

The Company has the unique distinction of designing and owning towers with maximum number of Operators in India. These towers host Operators who operate on various wireless technologies such as GSM, CDMA and WiMAX.

Its sites are suitable for GSM, CDMA and Broadband wireless technologies thus making them technology independent.

Network Uptime

A key measure of the reliability of the tower network that a tower company offers is its 'Network Uptime'. It is calculated as the ratio of the minutes that the towers are available for use for its customers in a specific period of time divided by the total number of minutes in that period.

The Company's towers have operated at an average 'Network Uptime' of 99.98% in all the operational circles during the year.

Tower Design & Height

In the last three years, the Company has deployed around 10 ground based tower design variants certified by the Structural Engineering Research Centre (SERC) and Indian Institute of Technology (IIT), Mumbai. These designs ensure adherence to the requirements of multi-Operator equipment loading and required wind speed resistance. For roof top towers, Lattice towers or Delta / Pole structures are deployed to suit the structure of the building on which they are based, along with the regular requirements.

The height of the towers rolled out by the Company, is based on the process of height identification in keeping with 'Line of Sight' requirements of multiple Operators. Generally, the height of Company's ground based tower is in the range of 40-60 meters, and roof top tower is in the range of 15-20 meters.

Tower Operations

Cellsite Operational expenditure

The major elements of tower operating expenses include monthly site rentals, operations & maintenance (O&M) expenses and energy & fuel expenses. Tower O&M expenses consists primarily of repairs and maintenance charges, annual maintenance charges (AMC), rates & taxes and security expenses.

The energy & fuel expenses are reimbursable from Operators and are apportioned equally among all tenants. Overhead expenses for tower O&M include selling, general and administrative (SG&A) expenses to support the services. SG&A expenses remain almost unchanged on addition of incremental customers to our sites.

Site Ownership

The average size of the land for ground-based and roof top towers are approx. 4,000 sq.ft. and 500 sq.ft. respectively.

Most of the land is owned by third parties. These tower premises have been taken on lease or 'Leave and License' basis for approx. 10 to 15 years with an escalation in every three to five years. The Company has the right to cancel or exit the lease at any point of time.

Site Security

The Company has site security arrangements in place for its tower sites. In case of Roof top towers, the building owners take responsibility for maintaining security.

Ground-based towers are typically protected by - Site security service arrangements with agencies which ensure security guards at all the cellsites; site security is delegated to the landlord of the cellsite premises.

Site O&M

The Company has signed Master Service agreement (MSA) with its customers which include the key SLA parameters of maintaining DC power availability uptime, ensuring right temperature inside the shelter and overall upkeep of the cellsite. Effective O&M services ensure compliance to SLA parameters. The site O&M activities include diesel filling, payment of energy & fuel charges, field level maintenance, warranty and Annual Maintenance Contract (AMC) coordination, Energy management, Remote monitoring, and Remote metering facility.

The Company has outsourced the O&M of a section of its cellsites to GTL Limited. It has set up internal supervisory teams which centrally monitor the O&M activities of each circle and collect periodic reports on the critical performance parameters.

Power and Fuel

The Company sources power for its cellsites from local electricity boards. The supply of electricity from local and regional power grids within India is generally not adequate or reliable. Thus, the Company cellsites are also equipped with batteries and diesel generator sets as back-up power arrangements. Typically, the Company passes on the power and fuel costs to its tenants, and in cases where the Company has multiple tenants at a site the total charges are apportioned among tenants.

GTL Limited would provide Energy Management services on all GTL Infra towers. It could reduce the energy expenses of the Operators by 20%.

Information Systems

The Company's web based software tool called 'Site Locator' allows identifying existing GTL Infra Tower nearest to the RF of the operator and thus enables effective response to customer inquiries. The Company has an Enterprise Project Management system for close monitoring of the progress of the sites during their implementation stage across India.

In addition, the Company uses Oracle Financial to make the processes of billing and accounts, efficient and accurate. The

Company is implementing a nation wide portal integrating the various Management Information Systems, which will provide selective access to concerned sales, planning, site implementation and O&M personnel.

Network Operating Centre (NOC)

The sites are monitored from the NOC, which provides the Company with continuous, real-time information on the functioning of these towers, including identification of any power fluctuations or temperature changes. The Company believes that this allows it to offer to customers a robust tower network with higher reliability. The NOC facility will also allow reduction of manpower for security and O&M per tower.

PURCHASE OF AIRCEL'S TOWER BUSINESS

GTL Infra has entered into an agreement to purchase the telecom tower assets of Aircel in an all cash deal valued at Rs 8,400 Crs (US$ 1.8 Bn). The Company will purchase Aircel's tower business of 17,500 towers with 21,000 tenancies (i.e. a tenancy ratio of 1.20x). Aircel has also committed additional 20,000 tenancies over a period of 3 years. The deal is expected to be consummated by July 2010, subject to necessary approvals. GTL Infra will become one of the largest independent tower company with a portfolio of more than 32,500 towers across all 23 telecom circles. The Company expects to fund this transaction through a mixture of debt and equity.

Transaction rationale

Revenue Opportunity

- The deal assures immediate revenue of Rs. 700 Crs. p.a. for next 15 years
- Further, GTL Infra has also received additional commitment of 20,000 tenancies over a period of next 3 years which may generate additional revenue of Rs. 700 Crs. p.a. basis

Complementary Network footprint

The deal will strengthen GTL Infra's presence in all the 23 circles. GTL Infra has strong presence in Northern and the Western India whereas Aircel's towers are predominantly located in the Southern and Eastern part of the country

Increased presence in urban areas to cater to new 2G/3G operators

The deal enables strengthening of foothold in Metros and Class A circles. This translates into an opportunity for the Company to capture the demand generated by 2G and 3G operators in these areas.

Challenges Ahead

Speedy integration of Aircel Tower business will provide GTL Infra an opportunity to offer a comprehensive tower network portfolio to new 2G & 3G players. To address this challenge GTL Infra has formed a joint integration committee to ensure smooth integration of the employees and processes. The Company will have to ensure proficient rollout of towers in order to fulfill the demand arising from Aircel while maintaining high quality standards.

FUTURE OUTLOOK

The Company intends to maintain its leadership position, as the largest third party Independent Telecom Tower Infrastructure Company in India. The Company plans to capitalize on the new 2G and 3G rollouts by providing comprehensive and value enhanced services to the Operators in cost efficient manner this could increase the occupancy on the tower and the Company will continue to explore organic & inorganic growth opportunities to strengthen its footprint in the Tower Infrastructure business.

(A) Integration of Aircel's Tower Business

The Company's prime focus is speedy integration of Aircel's tower business as it would be a key factor for increasing the profitability arising through synergies. The Company believes that there are four important areas where integration efforts need to be focused - alignment of values and vision, especially among management; a unified go-to-market strategy; people integration; and operations integration. Successful integration would provide us with an opportunity to adopt best practices from both companies in an effort to further improve the efficiency of the processes.

(B) Efficient rollout of towers

GTL Infra has received commitment for an additional 20,000 tenancies over a period of the next 3 year from Aircel Limited. At the same time, the demand for telecom infrastructure is expected to grow following the auction of 3G and WiMAX technology. Hence, the speedy rollout of towers will improve tenancy on its towers.

(C) Energy Efficient Towers

In its continued efforts to offer new services to its customers, GTL Infra seeks to adopt energy management solutions across all its towers including the towers acquired from Aircel Limited. This would benefit the tower operators in terms of cost reduction and improving margins, giving it a competitive advantage. The solutions will consume less electricity and reduce carbon emission thus increasing profitability in an environment friendly manner.

D) Remote Monitoring through Network Operating Centre (NOC)

All the GTL Infra sites would be monitored through NOC which would provide continuous, real-time information on the functioning of telecom towers thereby improving operational efficiency. The NOC facility would allow reduction of on-field manpower for O&M per tower and would also help keep a check on energy consumption per tower.

INTERNAL CONTROL SYSTEM

The Company has Internal Control system in place in order to achieve orderly and efficient conduct of its business, including adherence to management policies, safeguarding of assets, prevention and detection of fraud and error, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The Company's 'Internal Control' framework comprises of 'Internal Audit' policies. The Company has designed its internal controls to comply with the standards of Committee of Sponsoring Organization (COSO).

The Internal Audit Department is responsible for the internal control function in the Company. It performs audit to monitor and evaluate the effectiveness of the organization's internal control systems and their adherence to management policies and statutory requirements.

The audit coverage in the Internal Audit Department of the Company is in sync with the objectives of Internal Audit as prescribed by the Institute of Chartered Accountants of India (ICAI). The role of Internal Audit Department in the Company is as given below:

- Understanding and assessing the risks and evaluating the adequacies of the prevalent internal controls
- Identifying areas for system improvement and strengthening controls
- Ensuring optimum utilisation of the resources of the Company
- Ensuring proper and timely identification of liabilities, including contingent liabilities of the Company
- Ensuring compliance with internal and external guidelines and policies of the Company as well as the applicable statutory and regulatory requirements
- Safeguarding the assets of the Company
- Reviewing and ensuring adequacy of information systems security control
- Reviewing and ensuring adequacy, relevance, reliability and timeliness of management information system

The Internal Audit Committee meets monthly to review the functioning of internal audit setup in the Company. The Internal Audit function in the Company is monitored by the Board Audit committee with assistance from the Internal Audit Committee. The Board Audit Committee periodically reviews the audit plans, audit observations of both internal and external audits, audit coverage, risk assessment and adequacy of internal controls.

Thus effective internal controls structure has been set up in the Company to enhance organisational performance and contribute towards accomplishment of its objectives.

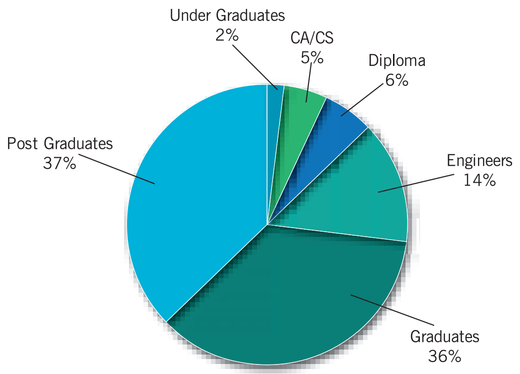
HUMAN RESOURCE

We believe that manpower resources at GTL Infra play an important role in providing the quality infrastructure to the telecom Operators. Our manpower resources are the most important assets for the Company. Human Resource (HR) function at GTL Infra ensures that a favourable work environment with multiple opportunities for leadership and growth are created. The HR strategy aims at attracting, developing and retaining talent in the organisation.

Employee Profile

The employee strength of the Company stood at 188 as on March 31, 2010. The Company continues to invest in resources and recruits people through various sources.

Qualification wise break-up of employees



The Company continues to invest heavily in training the employees to achieve the desired competency level and adapt to the changing market requirements. Training needs are identified for the employees based on the strategic objectives of the Company. The competency level of employees is enhanced by way of training and awareness. The training to the employees is both behavioural and functional, and happens at all levels across the organization.

Training and Development

The Company has a Performance Management System (PMS) that is linked to the organisation's core business objectives. The PMS also takes care of the integration of the organizational goals, with the personal aspirations. It helps in identifying the gaps related to employee performance and assists in identifying the training needs of the employees.

Global Infrastructure & Telecom Academy (GITA)

GTL Infra has a state-of-the-art training facility near Pune called Global Infrastructure & Telecom Academy (GITA). GITA is envisioned to create a resource pool of trained engineers for the Company. Facilities at GITA are benchmarked against the best and latest in the technical training academies. Well equipped civil, electrical & electronics labs, classrooms, library and exhibits provide the most condusive atmosphere for learning.

Talent Development & Retention

Talent Management System (TMS) at GTL Infra recognizes and nurtures the talent and helps retain high potential performers and leaders.

The various initiatives under the TMS are

- Club Orion
  Consistent performance with potential to be groomed as future leaders make it to Club Orion. A host of developmental initiatives such as job rotation, stretched goals, executive programs etc. are rolled out to groom these fast trackers
- Family Jewel
  At the Family Jewel level, certain perquisites are also given apart from the other developmental interventions
- Business Partner
  The Business Partner program is specially meant for employees holding leadership roles. Empowerment is given to them as they are treated as entrepreneurs responsible for their entire domain

Succession Planning

A leadership succession planning initiative 'GenNext' has been launched by the Company in partnership with Hewitt Associates.

GenNext facilitates the process of succession planning for key positions across the organization, identify future leaders for the group and provide them with development training. This would enable the Company to build its leadership pipeline and prepare the Company for the next trajectory of growth.

Awards and Recognitions

Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for the organization. Timely & effective means of recognition helps to motivate the workforce to perform also helps & nourish talent within the organization, leading to professional growth and organizational development. Employee contribution is recognized and appreciated through several reward schemes like monthly and quarterly awards. It motivates the individual and teams to perform above standards and raise the bar within the organization.

HR at GTL Infra would continue to strive for betterment of the employees and work towards creating an environment of excellence and innovation.

Cultivating potential.

GTL Infra will invest more than Rs. 10,000 Crs. in rural India in creating opportunities, and improving the quality of life through various CSR initiatives in education and environment.

QUALITY & PROCESSES

GTL Infra is committed to providing its customers with value added services along with its core offerings. The Company has established a set of key principles & processes that ensure high level of 'Quality' along with 'Efficiency' in its services.

Quality management system at GTL Infra comprises of the standards & initiatives used for the execution of the sites (Passive Telecom Infrastructure) using the set of Internal & External processes. The system is made up of several processes interlinked / interfaced (software applications) including documents, work-instructions, formats, resources, policies, regulations, materials, supplies, tools & equipments, which help us to transform inputs into desirable outputs.

Project Site Quality & innovations

From the time of site acquisition to site completion, Quality cell plays an important role in order to assure that the best quality is delivered to the customer within the stipulated time lines while maintaining a strict control over the project cost. To ensure this Company trains its resources and motivates them to get the desired results. With the objective to have zero defective sites at all circles.

Quality improvements

- Besides many changes brought into the processes to improve the system, we have introduced the process of quality stamping the sites, as per the quality maintained, under three categories namely A, AA, AAA with a clear guidelines to improve and upgrade the site quality in systematic manner
- Last year as planned, non-conformities found at sites were reduced remarkably
- The Best Site Quality award competition this year, created healthy competitive environment amongst the regional teams to prove their best and show some distinction

Way forward:

a. The Company has targeted for Zero non-conformities for this financial year 2010-11

b. The introduction of the concept of No Punch Point Certificate (NPPC) issue by quality team before declaring the site final RFIE. This is proposed to be implemented effectively for financial year 2010-11. (to save project timelines and improve site quality)

Process Quality

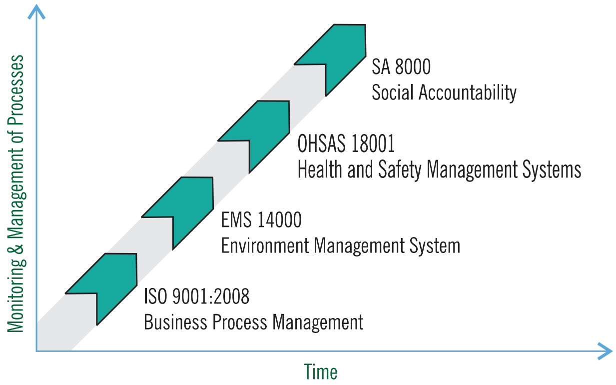
The Processes across the organization underwent a major change in order to transit on the new standard ISO 9001:2008.The Company recertified on the new ISO standard successfully in September 2009. The processes & automation was also the highlight of the year. Some of the systems implemented were Land & Legal, I-mist, MIS portal & Incentive management system.

The Company also implemented the HSE (Health Safety & Environmental Management system) Phase II, whereby the employees were trained on the implementation of the same.

The Company also carried out many initiatives on the Environment Management system which resulted in achieving the prestigious "Environmental Excellence award" by Greentech Foundation USA.

Introduction & Implementation of the IQMS (Integrated Quality Management system) in the nearest future is the way forward for integrating various quality standards together in GTL Infra's Quality Road Map.

Integrated Quality Management System



We are geared for our journey towards the excellence as we believe that "Quality is journey & not a destination"!

DISCUSSION ON FINANCIALS

The Financial Year ("FY") 2009-10 marked the third full year of operations for the Company. The discussion and analysis of the 'Results of Operations' and 'Balance Sheet' that follows are based upon the financial statements, which have been prepared on accrual basis, in accordance with the Accounting Standards referred to in the Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and the Exchange Board of India (SEBI), to the extent applicable. For the purpose of financial analysis, the figures in Rupees for the results for FY 2009-10 and FY 2008-09 have been converted into US$, using the following conversion rates.

Particulars	FY 2009-10 (Rs.)	FY 2008-09 (Rs.)
Profit and Loss Account - 1 US$ equals to	46.83	49.26
Balance Sheet - 1 US$ equals to	45.02	51.97

Note: Due to fluctuation in conversion rate, the figures for current financial year mentioned in US$ Mn are not truly comparable with those of the previous year.

Result of Operations

Net Income from Operations

Net Income from Operations of the Company for FY 2009-10 stood at Rs. 347.95 Crs. (US$ 74.30 Mn) a Y-o-Y increase of 58% as compared to Rs. 220.84 Crs. (US$ 44.83 Mn) in FY 2008-09. The increase in Net Income from operations during the year was due to the following

- Number of telecom towers including those under implementation increased from 9,411 in FY 2008-09 to 12,456 in FY 2009-10
- Tenancy on Ready for Installation of Equipment (RFIE) towers moved up from 0.96 in FY 2008-09 to 1.17 in FY 2009-10

Revenue Visibility

Tower business is annuity driven business. The Company has signed 10-15 years contract with its customers. As a result of these, currently, the Company has a Revenue Visibility of Rs. 432 Crs. (US$ 92.25 Mn) for FY 2010-11. Post the completion of Aircel deal; the Company would generate additional recurring revenue of Rs. 700 Crs. p.a. (US$ 149.48 Mn) with 21,000 tenancies. Aircel's additional commitment of 20,000 tenancies is expected to generate additional revenue of Rs. 700 Crs. The Company also believes that the demand for cellsites in the future will be driven by pan India rollouts by new Operators and 3G and BWA license winners.

Other Income

The other income was Rs. 33.37 Crs. (US$ 7.13 Mn) in FY 2009-10 as compared to Rs. 53.74 Crs. (US$ 10.91 Mn) in FY 2008-09. It consists of Interest Income, Profit on sale of long term investments and Miscellaneous income.

Infrastructure Operation & Maintenance cost (Net) - (Infra O&M cost)

The Infra O&M cost consists of:

- Rentals for cellsite premises
- Cellsite security costs
- Cell sites Operation & Maintenance costs
- Annual maintenance charges for Towers, Diesel Generators, Air Conditioners Power & Fuel expenses and reimbursements

The Infra O&M cost for the year ended March 31, 2010 was Rs. 105.10 Crs. (US$ 22.44 Mn) as compared to Rs. 64.37 Crs. (US$ 13.07 Mn). The Infra O&M cost increased during the year due to the higher number of cellsites rolled out, resulting in increased site operations costs.

The Power & Fuel expenses comprise of diesel costs and electricity charges. These are incurred by the Company, on behalf of the Telecom Operators to operate the cell sites. These expenses are to be reimbursed in full, by the Operators through a pre-decided payment arrangement.

Employee Cost

The 'Employee Cost' includes Employee compensation costs, Employees related benefits & welfare costs and Employee Stock Option Scheme (ESOS) costs. It was Rs. 20.60 Crs. (US$ 4.40 Mn) for FY 2009-10 as compared to Rs. 17.03 Crs. (US$ 3.46 Mn) for FY 2008-09.

Administrative & Other Expenses

The 'Administrative & Other expenses' consist mainly of:

- Professional and consulting fees
- Office rent and related expenses
- Travel costs
- Insurance premium paid
- Advertisement & Business promotion expenses

The 'Administrative & Other Expenses' was Rs. 31.45 Crs. (US$ 6.72 Mn) for FY 2009-10 as compared to Rs. 25.35 Crs. (US$ 5.15 Mn) for FY 2008-09 as the company has expanded its base in all 23 circles during the year.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA for FY 2009-10 was Rs. 190.80 Crs. (US$ 40.74 Mn) as compared to Rs. 114.09 Crs. (US$ 23.15 Mn) in FY 2008-09. The operating costs for a tower, are relatively fixed and do not increase proportionately with additional tenancy. In FY 2009-10 tenancy improved from 0.96 in FY 2008-09 to 1.17 resulting into increase in EBITDA margin from 52% in FY 2008-09 to 55% in FY 2009-10. The EBIDTA margin is in line with the global average of tower companies in their initial years of operation.

Particulars	FY 2009-10	FY 2008-09	Y-o-Y change	FY 2009-10	FY 2008-09
	(Rs.Crs.)	(Rs.Crs.)	(%)	(US$ Mn.)	(US$ Mn.)
Revenue	347.95	220.84	58%	74.30	44.83
Less: Infra O&M	105.10	64.37	63%	22.44	13.07
Less: Employee Cost	20.60	17.03	21%	4.40	3.46
Less: Administration Cost	31.45	25.35	24%	6.72	5.15
EBITDA	190.80	114.09	67%	40.74	23.15
EBITDA Margin	55%	52%		55%	52%

Depreciation

The depreciation charge for FY 2009-10 was Rs. 198.32 Crs. (US$ 42.35 Mn) as compared to Rs. 141.15 Crs. (US$ 28.65 Mn) in the previous year.

Interest and Finance charges (Net)

Interest & Finance charges (Net) comprises of Interest expenses and Bank charges, net of Foreign Exchange Gain / Loss.

Particulars	FY 2009-10		FY 2008-09	
	Amount (Rs. Crs.)	Amount (US$ Mn.)	Amount (Rs. Crs.)	Amount (US$ Mn.)
Interest expense - (A)	**148.81**	**31.78**	**100.67**	**20.44**
On Term Loans from Banks	148.68	31.75	100.26	20.35
Others	0.13	0.03	0.41	0.09
Bank Charges - (B)	3.71	0.79	1.84	0.37
Total - (A+B)	**152.52**	**32.57**	**102.51**	**20.81**
Less: Foreign Exchange Gain/(Loss) (Net) - (C)	124.09	26.50	5.05	1.03
Total - (A+ B - C)	**28.43**	**6.07**	**97.46**	**19.78**

The increase in Interest expenses is primarily attributable to servicing higher secured debt obligations as compared to FY 2008-09.

Balance Sheet items

Shareholder's Funds

Paid up Share Capital

The paid up Share Capital of the Company was Rs 957.35 Crs. (US$ 212.65 Mn) as on March 31, 2010 as compared to Rs 816.16 Crs. (US$ 157.04 Mn) as on March 31, 2009. The major increase in share capital is due to conversion of preferential warrants. The change in paid up capital during the year is, as stated below:

Particulars	Amount (Rs. Crs.)	Amount (US$ Mn.)
Equity Capital (As on March 31, 2009)	816.16	157.04
Add: Conversion of Preferential Warrants	120.50	26.77
Add: Conversion of FCCBs	10.00	2.22
Add: Conversion of ESOS	10.69	2.37
Equity Capital (As on March 31, 2010)	957.35	212.65

None of the promoters have pledged their shareholding in full or in part as on March 31, 2010.

The Fully Diluted Equity Capital, post the conversion of all Foreign Currency Convertible Bonds (FCCB) and Employee Stock Option Scheme (ESOS) in future, will be as follows:

Particulars	No. of shares (in Crs.)	Amount (Rs. Crs.)	Amount (US$ Mn.)
Equity Share Capital (As on March 31, 2010)	**95.74**	**957.35**	**212.65**
Add: Conversion of remaining FCCBs	16.92	169.16	37.57
Add: Conversion of ESOS	1.19	11.97	2.66
Fully Diluted Equity Capital	**113.85**	**1138.48**	**252.88**

Preferential Warrants

In November 2007, the Company approved issuance of warrants on a preferential basis to a group of investors. These warrants were convertible till May 2009 and there were no outstanding warrants as on March 31, 2010. The summary of Warrants conversion is as follows:

Particulars	Total
No. of Warrants issued (in Crs.)	26.36
No. of Warrants converted till March 31, 2010 (in Crs.)	21.75
No. of Warrants forfeited (in Crs.) (In FY 2008 - 09)	4.61
No. of Warrants pending conversion (in Crs.)	-
Total amount received against Warrants (Rs. Crs.)	888.46
Total amount received against Warrants (US$ Mn.)	197.35

As on March 31, 2010, the conversion of Warrants have resulted into addition of Rs. 217.50 Crs. (US$ 48.31 Mn) to the Equity Capital and Rs. 652.50 Crs. (US$ 144.94 Mn) to the Securities

Premium Account since the date of their issue. It is pertinent to note that the promoter has contributed fully towards conversion of the warrants.

Reserves & Surplus

The Reserves and Surplus of the company as on March 31, 2010 was Rs. 908.02 Crs. (US$ 201.69 Mn).The addition to the Reserves and Surplus during FY 2009-10 is as follows:

Particulars	Amount (Rs. Crs.)	Amount (US$ Mn.)
Reserves & Surplus (As on March 31, 2009)	490.42	94.37
Additions during the year:		
Securities Premium Reserve:	418.67	93.00
Employee Stock option Outstanding (Net)	(1.07)	(0.24)
Reserves & Surplus (As on March 31,2010)	**908.02**	**201.69**

Loan Funds

Secured Loans

The total Secured loans as on March 31, 2010 stood at Rs. 2,826.82 Crs. (US$ 627.90 Mn). It mainly comprises of:

Particulars	FY 2009-10		FY 2008-09	
	Rs. Crs.	US$ Mn.	Rs. Crs.	US$ Mn.
Rupee Term Loans:				
Banks	2,652.60	589.20	2,052.03	394.85
Financial Institutions	77.28	17.17	49.91	9.60
Foreign Currency Loans:				
Financial Institutions	96.94	21.53	137.82	26.52
Banks	-	-	-	-
Total	**2,826.82**	**627.90**	**2,239.76**	**430.97**

Unsecured Loans

The Unsecured loans of Rs. 1,643.68 Crs. (US$ 365.10 Mn) as on March 31, 2010 mainly represents the outstanding FCCBs. The summary of the FCCB liability is as follows:

Particulars	No. of FCCBs	Amount (Rs. Crs.)	Amount (US$ Mn.)
Outstanding as on April 1, 2009	2,418.00	1,261.58	241.80
Less: Conversion during the year	135.00	53.05	13.50
Less: Gain due to Exchange rate fluctuation		180.49	
Outstanding as on March 31, 2010	**2,283.00**	**1,028.04**	**228.30**
Other Unsecured Loan		615.64	136.75
Total Unsecured Loan		**1,643.68**	**365.10**

The Company's need for long term funds in FY 2010-11 will arise mainly from the capital expenditures associated principally with its tower rollout plans.

The Company may raise funds for its capex plans.

Fixed Assets

The Company's tower portfolio, at various stages of completion increased from 9,411 towers as on March 31, 2009 to 12,456 towers as on March 31, 2010, thereby adding 3,045 towers to its portfolio. The Fixed Asset block (Net block + Capital Work In Progress) as on March 31, 2010 is Rs. 4,029.06 Crs. (US$ 894.95 Mn).

Investments

In the current financial year, the Company agreed to purchase the telecom tower assets of Aircel Telecom (Aircel) in all cash deal valued at Rs. 8400 Crs. (US$ 1.8 Bn). The Company has invested Rs. 1,815.72 Crs. (US$ 403.31 Mn) during the current financial year through Tower Trust to fund this acquisition.

GTL Infra has made strategic investment of Rs. 33.25 Crs. (US$ 7.39 Mn) towards equity capital of Global Rural Netco Ltd, a shared active infrastructure initiative of Global Group. The total investments in the book of GTL Infra stood at Rs. 1,858.47 Crs. (US$ 412.81 Mn) as on March 31, 2010.

The details of Investments are given below

Particulars	FY 2009-10	
	Rs. Crs.	US$ Mn.
Equity		
Global Rural Netco Ltd	33.25	7.39
Tower Trust (for Aircel Tower Purchase)	1,815.72	403.31
Mutual Funds	9.5	2.11
Total	**1,858.47**	**412.81**

Current Assets

The Current Assets of the Company were worth Rs. 771.30 Crs. (US$ 171.32 Mn) as on March 31, 2010 as compared to Rs. 2,004.79 Crs. (US$ 385.76 Mn) as on March 31, 2009. The Current assets primarily consist of Sundry Debtors, Loans & Advances and Cash & Bank balance.

- **Sundry Debtors:** Sundry Debtors as of March 31, 2010 stood at Rs 33.71 Crs. (US$ 7.49 Mn). This represents the outstanding amounts on account of Infrastructure Provisioning charges.
- **Loans and Advances:** Loans and Advances was Rs 263.32 Crs. (US$ 58.49 Mn) as of March 31, 2010. The break up of Loans & Advances is as follows:

Particulars	FY 2009-10		FY 2008-09	
	Amount (Rs. Crs.)	Amount (US$ Mn)	Amount (Rs. Crs.)	Amount (US$ Mn)
Advance to Subsidiary Company	-	-	327.17	62.95
Advances recoverable in cash or kind or value to be received	8.87	1.97	42.22	8.12
Deposits	21.29	4.73	16.06	3.09
Cenvat / Service Tax input credit entitlements	191.04	42.43	182.61	35.14
Advance Taxes (including Fringe Benefit Tax) (Net)	42.12	9.36	26.58	5.11
Total	**263.32**	**58.49**	**594.64**	**114.41**

- **Cash and Bank balance:** The Cash and Bank balance of the Company as on March 31, 2010 was Rs. 460.25 Crs. (US$ 102.23 Mn). The breakup of the overall cash position of the company is as follows:

Particulars	Amount (Rs. Crs.)	Amount (US$ Mn.)
Cash on hand	**0.08**	**0.02**
Balances with Banks:		
- In Current Accounts		
With Scheduled Banks	121.47	26.98
With Non-Scheduled Banks	-	-
- In Fixed Deposit Accounts		
With Scheduled Banks	200.89	44.62
With Non-Scheduled Banks	-	-
- In Margin Accounts with Scheduled Banks	84.92	18.86
- In Fixed Deposits for Debt Service Reserve Account with Scheduled Banks	52.89	11.75
Total	**460.25**	**102.23**

Current Liabilities & Provisions

The Current Liabilities of the Company were worth Rs 393.33 Crs. (US$ 87.37 Mn) as on March 31, 2010. It primarily consists of Sundry Creditors related to tower capex, Security deposits received from Operators and other liabilities.

RISK MANAGEMENT

GTL Infra's Annual Risk Management Report for FY 2009-10

This report, prepared in accordance with Clause 49 (IV) of the Listing Agreement with Stock Exchanges in India, sets out the Enterprise 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 business environment 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 – Significance & Approach

In India, since 2001, Enterprise Risk Management (ERM) has evolved steadily in progressive companies. It is developing from being merely a risk identification and assessment process to building a risk portfolio that is continually assessed and monitored. The perception that "risk is not my responsibility" has evolved to a more realistic "risk is everybody's responsibility". These changes have resulted in ERM becoming an integral part of a company's operating philosophy.

There are several ERM frameworks to choose from (e.g. Aus/NZ, AIRMIC, Canada, COSO, etc.), of which 'COSO's Integrated ERM Framework' is most popular. This framework describes a direct relationship between an entity's objectives (what an entity strives to achieve) and ERM components (what is needed to achieve them) spanning across various levels in the organisation. This relationship is portrayed as a three-dimensional cube.

The Company has prepared its' own framework and adheres to the same. However, as a continual improvement measure, it has always been striving to adhere completely to COSO framework as well.

Structure of Risk Management function

The various levels in the Risk Management Function at the Company are as follows:

Sr. No.	Risk Management in-charge	Role & Responsibilities
1	Board of Directors	Oversees risk management performed by the Executive Management
2	Audit Committee	Supports the Board in overseeing risk management
3	Operating Council/ Risk Management Committee	Supports Risk Management Group in risk management program
4	Risk Management Group	• Facilitates the execution of risk management across the Company • Manages insurable risks by taking appropriate Insurance Policies • Evaluates various contracts to minimize legal & contractual risks • Evaluates various financial/market risks • Implementing ERM across the Company through analyzing operational gaps and then plugging them by establishing appropriate systems and procedures like Standard Operating Procedures • Carrying out analysis of risks at the countries where the company plans to start operations • Provides assurance on risk management activities conducted by operations and support groups across the Company
5	Business and Functional Heads	Take responsibility to manage their functions as per the Company's risk management philosophy
6	GTL Infra Employees	• The actual implementer of ascribed risk actions • Provide feedback on the efficacy of risk management and early warnings for detection of risk events

Risks and Concerns

Major Risks Identified are as follows:

Strategic Risks

Current High Demand for Telecom Sites may plateau

Our business is driven by the projected growth in the Indian cellular subscriber base. As at April 2010, the overall tele-density was 54% with a subscriber base of 638.05 Mn, out of which, wireless subscriber base has reached 601.22 Mn. The overall subscriber base in April 2009 was 441.47 Mn, which has increased by 49% within a year. However, over a period of five years, we may face the risk of the Indian wireless market not growing at the current growth rate as stated above resulting in stagnant/slowdown of tower demand.

Decrease in demand for telecom sites may affect our operating results.

Many of the factors affecting the demand for telecom sites could materially affect our operating results. These factors include:

Consumer demand for wireless services; The financial condition of wireless service providers; The ability and willingness of wireless service providers to maintain or increase their capital expenditures; The growth rate of wireless communications or of a particular wireless segment; Governmental licensing of spectrum; Mergers or consolidations among wireless service providers; Increased use of network sharing arrangements or roaming and resale arrangements by wireless service providers; Zoning, environmental, health and other government regulations; Technological changes

In the event that there is a significant variation in any of the aforesaid factors, our business, our growth plans and results of operations may be significantly affected.

However auctions of 3G spectrum & deployment of 3G technology will give thrust to demand for telecom towers.

If our wireless service provider customers consolidate or merge with each other to a significant degree, the demand for telecom towers may be reduced.

Significant consolidation among our wireless service provider customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. The Indian wireless telecom market has experienced consolidation during the past couple of years. There are still 9 wireless Operators in each circle in India. There is potential for further consolidation among the Operators to realize a larger operating scale and subscriber base.

The Company is also focusing on providing low-cost operations and maintenance services to the Operators.

There is a natural safeguard in the form of stringent regulatory framework on M&As in telecom sector in the form of three years lock-in since grant of license, market share of merged entity cannot exceed 40% in terms of both subscriber & revenues in any circle and 10% cross holding limit for telecom Operators within same circle.

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

We, through our management and promoter company GTL Ltd., possess experience in telecom infrastructure engineering, tower management, and network consultancy including identification of carrier's needs according to their capital expenditure and marketing strategy. However, we still face risks in selecting the right site location, in constructing and acquiring sites, in managing the new portfolio and in getting sufficient number of sites for fresh roll outs.

In response to the above issues the Company has been focusing on increasing tenancy ratio and improving operations and maintenance business for servicing existing number of towers. In addition company uses latest software to minimize error in selection of site location.

With the acquisition of Aircel's tower portfolio the company's tenancy ratio will increase further.

Merger & Acquisition Risk

For accelerated growth in the form of assured future receivables, pan India footprint and entry in lucrative urban market, the Company has acquired Aircel's tower portfolio. There is risk that the acquired portfolio may not be integrated properly with our existing tower portfolio. In such a scenario Company may lose the expected benefits from acquisition and may be exposed to new risks like operational risks & financial risks. The success of the acquisition is conditional on the company's efficiency to maximize the tenancy ratio.

In order to minimize error of commission & omission, a thorough due diligence process has being undertaken before the acquisition.

Customer Concentration Risks

We derive major portion of our revenues from telecom operators, loss of any customer will have a material adverse impact on our business and revenue.

Our business is dependent on few customers. In the event any major customer ceases to continue their business with us, our business may be adversely affected.

The Company strives to expand its customer base and develops long term relationships by providing quality services to customers.

Contractual Risks

We face the risk of liability from the Service Level Agreements with the Operators.

We have Service Level Agreements with Operators containing specific key performance parameters. In the event we not meeting these key performance parameters, we are liable to pay fixed penalties to the operators, which may reduce our profitability.

The Company aims to reduce variation in services by adherence to quality standards. The Company also has a full-fledged in-house quality assurance team.

Competition Risks

We face competition from other independent tower infrastructure companies and Telecom Service Providers.

The main competitors for our business are other independent tower infrastructure companies who provide similar services. This industry has also seen some M&A in recent past. We also face competition from Telecom Service Providers agreeing on Telecom towers sharing among themselves.

Most of the Telecom Operators have already hived off their tower infrastructure into separate companies. Some Operators have even merged their tower entities with each other. All these may give tough competition to our green field rollouts.

Increasing competition in the tower industry may create pricing pressures that may adversely affect us.

Our industry is highly competitive, and our customers have numerous alternatives for leasing antenna space. Some of the wireless carriers who own towers presently may allow co-location on their towers and are larger and have greater financial resources than we do. Competitive pricing pressures for users on towers from these competitors could adversely affect our provisioning fees and services income.

The Company strives to beat competition by increasing its tenancy ratio and providing low cost quality services to its customers.

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.

Our business is derived from GBT and RTT constructed by us. There are no specific industrial approvals required to be obtained by us for carrying on our business, however, certain approvals of general nature are required by us to setup our GBTs and RTTs. Out of the general approvals, we have received certain regulatory approvals that are required and in other cases we have made applications to the local authorities and are awaiting the approvals from them. We have, wherever required, made applications for conversion of use of the lands (on which our towers are constructed) from agricultural use to non-agricultural use. These applications are made by us from time to time.

We could have liability under environmental laws.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The current cost of complying with these laws is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

IT Risk

We rely extensively on our IT systems to provide connectivity across our business functions through our software, hardware and network systems. Any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely.

The Company has effective data back up systems in place to ensure business continuity.

Manpower Risks

Our success depends upon our ability to retain the Key Management and other personnel.

Our success will significantly depend on the expertise, experience and continued efforts of our key management and other personnel. Our future performance may be affected by any disruptions in the continued service of these persons. The loss of one or more our key managerial personnel may impact our ability to maintain growth in our business.

The Company strives to retain key management personnel by providing them with a continuous growth path, new challenges and have a proper rewarding system for accepting such challenges. It has also initiated various talent management initiatives like Club Orion, Family Jewel, Business Partner and more recently GenNext.

Financial Risks

Due to the long-term expectations of revenue from user leases, the tower industry is sensitive to the creditworthiness of its users.

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

The Company undertakes a special evaluation to recognize the financial stability of its existing & prospective clients considering clients credit rating, financial position, past experience & relevant factors.

We are subject to risks arising from currency and interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.

The Company has foreign currency exposure in US Dollar, Euro currency in form of non-fund based liabilities and foreign currency borrowings. Any major fluctuation in these currencies may affect the profitability of the Company. The Company has taken hedges to minimize the impact of such fluctuations. It also faces interest rate fluctuation risk arising from rupee term loans and foreign currency borrowing.

The Company has used hedges, forex forward bookings, and interest rate swaps as part of its overall strategy to manage the level of exposure to cover its import obligations and to hedge its loan, related principal repayment and interest exposures e.g ECB, to reduce its interest cost on foreign currency borrowing.

Technology Risk

New technologies could make our tower leasing business less desirable to potential users and result in decreasing revenues.

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 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 users and result in decreasing revenues.

Conclusion:

Any business has to be conducted not only in a profitable manner, but also in the right manner with all operational, ethical, legal, financial and other risks being accounted for. In the long run, this could well be the difference between businesses that survives and excels and those that fizzle out despite providing quality services.

CORPORATE GOVERNANCE

Our values pave the way for our business.

Corporate Governance

Corporate Governance Compliance Report

In terms of Clause 49 of the Listing Agreement (Clause 49) entered into with the Stock Exchanges, the Corporate Governance Compliance Report is provided hereunder.

1. Company's philosophy on Code of Governance

The Company'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	ED/ NED/NID/ID*	Attendance in Board Meetings	Attendance in last AGM	Other Board		
					Directorship **	Committee Chairmanship ***	Committee Membership (Including Chairmanship) ***
1.	Mr. Manoj Tirodkar, Chairman#	NED/NID	6	Present	2	-	1
2.	Mr. Balasubramanian N., Vice Chairman	NED/ID	6	Present	3	1	1
3.	Mr. Prakash Ranjalkar	ED/NID	5	Present	-	-	-
4.	Dr. Anand Patkar	NED/ID	6	Present	-	-	-
5.	Mr. Charudatta Naik	NED/NID	4	Present	2	-	-
6.	Mr. Deepak Vaidya @	NED/ID	1	Absent	5	3	5
7.	Mr. Prakash Samant @@	NED/ID	4	Present	1	-	1
8.	Mr. Vishwas Pathak	NED/ID	5	Present	1	-	-
9.	Mr. Vivek Kulkarni	NED/ID	2	Absent	2	-	-
10.	Mr. Vinod Agarwala $	NED/ID	5	N.A.	1	-	1
11.	Mr. Vijay Vij $	NED/ID	5	N.A.	1	1	1
12.	Mr. Satya Pal Talwar $$	NED/ID	3	N.A.	11	5	9

All the Directors are Non-Promoter Directors. There are no inter-se relationships between our Board Members.

* 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 Committees of Indian Public Limited Companies.

Related to promoter

@ Resigned as Director w.e.f. January 14, 2010

@@ Deceased on January 2, 2010

$ Appointed as Additional Director w.e.f. July 20, 2009

$$ Appointed as Additional Director w.e.f. August 13, 2009

Details of Board Meetings held during the year ended March 31, 2010:

Date of Board Meeting	29.04.09	20.07.09	13.08.09	16.10.09	14.01.10	28.01.10
Board Strength	9	11	12	12	10	10
No. of Directors Present	8	8	11	11	6	8

3. Audit Committee

The composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the Members of the Audit Committee posses financial/accounting expertise.

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			
		29.04.09	20.07.09	16.10.09	28.01.10
1.	Mr. Balasubramanian N, Chairman $	Present	Present	Present	Present
2	Mr. Prakash Samant, Member $*	Present	Present	N.A.	N.A.
3.	Mr. Vishwas Pathak, Member *	Present	Present	N.A.	N.A.
4.	Dr. Anand Patkar, Member *	Present	Present	N.A	N.A
5.	Mr. Charudatta Naik, Member **	N.A.	N.A.	Present	Present
6.	Mr. Vinod Agarwala, Member**	N.A.	N.A.	Present	Present
7.	Mr. Vijay Vij, Member **	N.A.	N.A.	Present	Present

$ Appointed as Chairman w.e.f. August 13, 2009

$* Ceased to be Chairman w.e.f. August 13, 2009

* Ceased to be Member w.e.f. August 13, 2009

** Appointed as Member w.e.f. August 13, 2009

4. Nomination & Remuneration Committee

Brief description of terms of reference:

- Frame Company's policies for Board and Directors with the approval of the Board of Directors.
- 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 attended								
		29.04.09	20.07.09	16.09.09	23.09.09	26.09.09	07.10.09	23.11.09	9.12.09	30.12.09
1.	Mr. Prakash Samant, Chairman*	Present	Present	Present	Present	Present	Present	Present	Present	Present
2.	Mr. Balasubramanian N., Member **	Present	Present	Present	Present	Present	Present	Present	Present	Present
3.	Mr. Deepak Vaidya, Member $	Present	Absent	N.A.	N.A	N.A.	N.A.	N.A.	N.A.	N.A.
4.	Mr. Charudatta Naik, Member $$	N.A.	N.A.	Present	Present	Present	Absent	Present	Present	Present
5.	Mr. Vishwas Pathak, Member $$	N.A.	N.A.	Absent	Absent	Absent	Absent	Absent	Present	Absent

* Appointed as Chairman w.e.f. August 13, 2009

** Ceased to be Chairman w.e.f. August 13, 2009

$ Ceased to be Member w.e.f. August 13, 2009

$$ Appointed as Member w.e.f. August 13, 2009

Remuneration Policy: The Policy Dossier approved by the Board at its meeting held on August 11, 2006 contains Compensation Policy (criteria on making payments) for Directors, which has been posted on the website of the Company, *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	Sitting fees (Rs.)	Total (Rs.)	Stock Options	No. of shares held	Service Contract/ Notice period/ Severance fees
1.	Mr. Manoj Tirodkar	-	-	-	-	190,000	190,000	Nil	59,65,283	Retirement by Rotation
2.	Mr. Balasubramanian N.	-	-	-	-	220,000	220,000	Nil	5,00,000	Retirement by Rotation
3.	Mr. Prakash Ranjalkar	18,00,000	22,34,865	-	3,96,540	-	44,31,405	Nil	64,52,400	^
4.	Dr. Anand Patkar	-	-	-	-	75,000	75,000	∆ 1,00,000	1,00,000	Retirement by Rotation
5.	Mr. Charudatta Naik	-	-	-	-	120,000	120,000	# 1,75,000	13,25,900	Retirement by Rotation
6.	Mr. Deepak Vaidya*	-	-	-	-	15,000	15,000	Ψ 1,30,000 ΨΨ 1,30,000	NIL	Retirement by Rotation
7.	Mr. Prakash Samant**	-	-	-	-	95,000	95,000	Nil	4,00,000	Retirement by Rotation
8.	Mr. Vishwas Pathak	-	-	-	-	70,000	70,000	Nil	110,000	Retirement by Rotation
9.	Mr. Vivek Kulkarni	-	-	-	-	20,000	20,000	+ 2,00,000	NIL	Retirement by Rotation
10.	Mr. Vinod Agarwala	-	-	-	-	60,000	60,000	♠ 2,00,000	4,59,000	Hold Office up to the date of ensuing AGM
11.	Mr. Vijay Vij	-	-	-	-	75,000	75,000	♠ 2,00,000	63,500	Hold Office up to the date of ensuing AGM
12.	Mr. Satya Pal Talwar	-	-	-	-	30,000	30,000	♠ 2,00,000	NIL	Hold Office up to the date of ensuing AGM

* Resigned as Director w.e.f. January 14, 2010 due to Company's retirement policy.

** Deceased on January 2, 2010.

^ The tenure of office of Mr. Prakash Ranjalkar is for a period of 3 years with effect from April 1, 2007 and can be terminated by either party by giving 3 months notice in writing. There is no provision for payment of severance fee.

∆ Granted on March 11, 2008 at a conversion price of Rs.33.60 per share. (Pending for exercise out of 2,00,000 Warrants)

Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Right Issue (Pending for exercise out of 5,00,000 options)

Ψ Granted on February 12, 2007 at the rate of Rs. 29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue (Pending for exercise out of 2,00,000 options)

ΨΨ Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Rights Issue. (Pending for exercise out of 2,00,000 options)

\+ Granted on March 11, 2008 at a conversion price of Rs.33.60 per share.

♠ Granted on November 23, 2009 at a conversion price of Rs.24.37 per share.

The other relevant details of share option, including exercise period, vesting period, etc., are covered elsewhere in the report.

Notes:

1. Each Option underlie equal number of equity share of face value of Rs. 10/-.
2. Apart from 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.

i)	Name of Non-Executive Director heading the Committee	:	Mr. Manoj G. Tirodkar
ii)	Name and Designation of Compliance Officer	:	Mr. Ravikumar Vemulakonda, Company Secretary
iii)	Number of shareholders complaints received so far	:	NIL
iv)	Number resolved to the : satisfaction of shareholders	:	NIL
v)	Number of pending complaints	:	NIL

6. General Meetings

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

Date	June 20, 2007	June 13, 2008	July 10, 2009
Time	12.00 noon	12.00 noon	12.30 p.m.
Venue	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703
Details of Special Resolutions passed in the AGM	1. Re-appointment of Mr. Prakash Ranjalkar as a Whole-time Director for a period of three years with effect from April 1, 2007 and fixing of his remuneration under Sections 198,269,309 and Schedule XIII of the Companies Act, 1956. 2. Adoption of 'GTL Infrastructure Limited-Employees Stock Option Scheme (ESOS 2005)' with certain modification under Section 81 (1A) of the Companies Act, 1956.	1. Raising of the Foreign equity investment limit upto 74% (direct & indirect) of the paid-up capital. 2. Raising of funds by issue of Equity/ Convertible instruments through various means (including through QIP) upto 250 Crores Equity Shares. 3. Raising of funds through Qualified Institutional Placement (QIP) upto 100 Crores Equity Shares.	1. Raising of Funds by issue of Equity/Convertible/Non Convertible Instruments through Qualified Institutional Placement (QIP) upto 100 Crore Equity Shares. 2. Adoption of 'GTL Infrastructure Limited – Employees Stock Option Scheme 2005' with certain modifications.

Postal Ballot: During the year, the shareholders of the Company passed the resolutions through postal ballot. Detailed procedure followed by the Company is provided hereunder:

1. The Board of Directors of the Company ('the Board') in its Meeting held on April 29, 2009 sought the approval of the shareholders through postal ballot for the under mentioned Ordinary/Special Resolutions.

   The Notice of the Postal Ballot dated April 29, 2009, Postal Ballot Form and self-addressed pre-paid postage envelope were sent to the Shareholders. The last date for receipt of the Postal Ballot Form from the Shareholders was July 20, 2009.

   Mr. Chetan Joshi (Practicing Company Secretary), Scrutinizer appointed by the Board of Directors of the Company for conducting the postal ballot process, submitted his report dated July 21, 2009 to the Company and based on the said report, results of Postal Ballot were declared on July 23, 2009 as under:

Resolution U/s	No. of Valid Ballots Received	No. of Invalid Ballots received	Votes cast in favour	Votes cast in against
293(1)(a)	833	10	752,824,069 (99.97%)	190,295 (0.03%)
293(1)(a)	804	39	752,808,603 (99.97%)	200,505 (0.03%)
372A	802	41	752,971,914 (100.00%)	36, 698 (0.00%)

2. The Board of Directors of the Company in its Meeting held on January 28, 2010 sought the approval of the shareholders through postal ballot for the following Special Resolution.

   The Notice of the Postal Ballot dated January 28, 2010, Postal Ballot Form and self- addressed pre-paid postage envelope were sent to the Shareholders. The last date for receipt of the Postal Ballot Form from the Shareholders was March 9, 2010.

   Mr. Chetan Joshi (Practicing Company Secretary), Scrutinizer appointed by the Board of Directors of the Company for conducting the postal ballot process, submitted his report dated March 11, 2010 to the Company and based on the said report, results of Postal Ballot were declared on March 12, 2010 as under:

Resolution U/s.	No. of Valid Ballots Received	No. of Invalid Ballots received	Votes cast in favour	Votes cast in against
372A	5643	137	79,06,13,835 (99.98%)	1,35,023 (0.02%)

The Company is proposing to pass the following resolution through Postal Ballot:

1. Ordinary Resolution under the provisions of Section 293(1)(a) of the Companies Act, 1956 for mortgaging and charging all movable and immovable properties of the Company in favour of the Lenders etc., for securing any sums of money borrowed or to be borrowed by the Company by way of debentures, bonds, loans or any other instrument or any other credit facilities availed / to be availed aggregating Rs. 25,000 Crore.

7. Disclosures

i) **Disclosures on materially significant related party transactions 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. In any case disclosures regarding the transactions with related parties are given at Sr. No.15 of Schedule 'P' to the Balance Sheet as at March 31, 2010 forming part of this Annual Report.

ii) **Details of non-compliance by the Company, penalties, and 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.**

There has been no instance of non-compliance by the Company on matters related to Capital Markets during the last three years.

iii) **Whistle Blower Policy:** The Company does not have any Whistle Blower Policy. However, no personnel has been denied access to the Senior Management.

iv) **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:** 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 are available elsewhere in this report.
- **Shareholders Rights:** The Company is publishing quarterly un-audited financial results in the newspapers and is also displaying it on the Company's website www.gtlinfra.com, apart from displaying in stock exchange website. Accordingly, it does not envisage sending the same separately to the households of the shareholders.

- **Audit Qualifications:** The Company endeavours to maintain a regime of unqualified statements.
- **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; insider trading policy and code of conduct etc. is given to the Directors. Arrangements are also made for a presentation / facility visit by the Directors, either before or after their joining the Board.
- **Mechanism for evaluating Non-Executive Board Members:** No policy has been laid down by the Company.
- **WTD/CFO Certification:** Whole time Director and Chief Financial Officer have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is annexed and forms part of this Annual Report.
- **Declaration regarding Code of Conduct:** Declaration by Whole time Director confirming compliance with the Code of Conduct as adopted by the Company is annexed and forms part of this Annual Report.

8. Means of Communication

- **Quarterly results:** The Company's quarterly financial statements are generally published in Free Press Journal (English language) and in Mumbai Navashakti (local language). The financial statements are also displayed on the website of the Company.
- **Website:** http://www.gtlinfra.com.
- **Official news releases and presentation:** The Company displays official news releases, presentations made to institutional investors or to the analysts and other coverage in the above website.

9. Management Discussions and Analysis Report

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

10. General Shareholder Information

i.	AGM: Date & Time	Wednesday, August 25, 2010 at 11.00 A.M.	
	AGM Venue	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703.	
ii.	Financial Calendar (tentative)		
	Financial Year:	April 1, 2010 to March 31, 2011	
	Results for the Quarter/Year Ending		
		First Quarter: June 30, 2010	Within 45 days of the end of the Quarter
		Second Quarter: September 30, 2010	Within 45 days of the end of the Quarter
		Third Quarter: December 31, 2010	Within 45 days of the end of the Quarter
		Fourth Quarter & Audited Annual Results: March 31, 2011	Within 60 days from the end of the Quarter/Year
iii.	Dates of book closure	August 24, 2010	
iv.	Dividend Payment	No dividend has been declared.	
v.	Listing on Stock Exchanges	Equity shares listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Foreign Currency Convertible Bonds (FCCB) issued by the Company are listed on Singapore Exchange Securities Trading Limited.	
vi.	Listing Fees for 2010-11	BSE/NSE listing fees for the financial year 2010-2011 has been paid. Singapore Exchange Securities Trading Limited Listing fees have been paid.	
vii.	Stock Codes:		
	• Bombay Stock Exchange Limited (BSE) - Equity Shares		532775
	• National Stock Exchange of India Limited (NSE) – Equity Shares		GTLINFRA
	• Equity ISIN		INE221H01019
	• Singapore Exchange Securities Trading Limited		FCCB ISIN XS0329208457
viii.	Corporate Identity Number (CIN)		L74210MH2004PLC144367

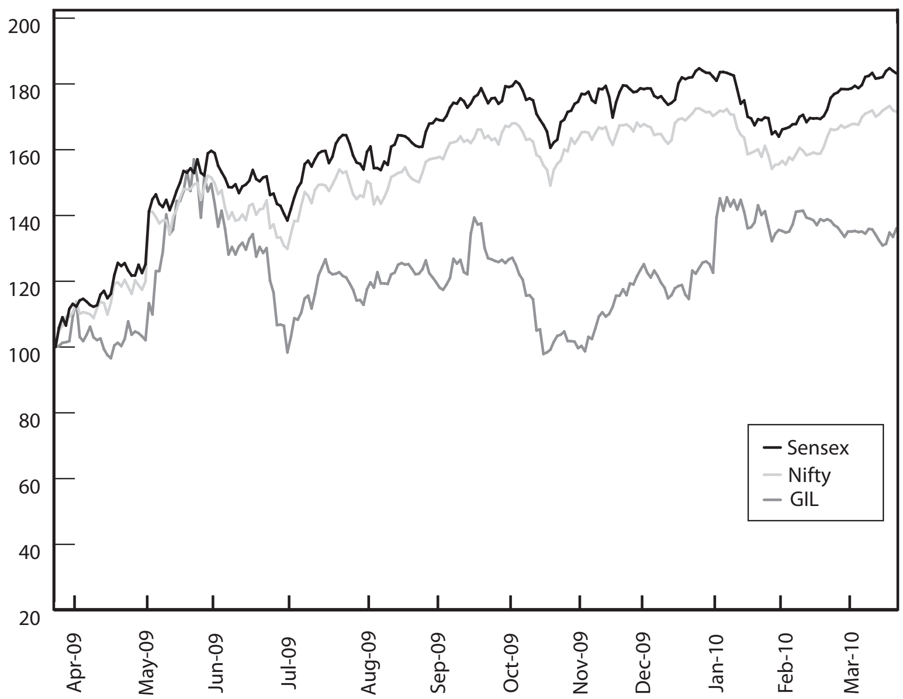
ix Market Price Data

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

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-2009	35.10	29.75	26,055,818	35.00	29.70	41,026,458
May-2009	44.45	30.85	54,255,559	44.40	30.85	90,520,299
Jun-2009	48.30	39.30	89,029,459	48.30	39.20	158,675,258
Jul-2009	40.10	30.35	38,847,912	40.10	30.25	82,491,812
Aug-2009	38.60	34.70	34,213,026	38.60	34.70	61,611,857
Sep-2009	42.80	36.10	51,160,025	42.85	36.10	87,075,998
Oct-2009	42.20	30.20	29,857,148	42.30	30.10	55,793,990
Nov-2009	35.45	30.30	41,433,167	35.55	30.35	73,787,511
Dec-2009	38.45	35.30	30,438,319	38.50	35.25	54,348,586
Jan-2010	44.70	37.50	70,257,050	44.75	37.60	151,731,603
Feb-2010	44.00	40.60	18,211,814	44.00	40.65	36,738,963
Mar-2010	42.70	40.35	14,869,356	42.70	40.25	34,130,818

[Source: This information is compiled from the data available from the website of BSE & NSE]

x. Performance in comparison to broad based indices such as BSE Sensex & NSE Nifty.



xi. 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.

xii. 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.

xiii. Distribution of Shareholding as on March 31, 2010.

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

No. of Shares	No. of Shareowners	% of Shareowners	Share Amount (Rupees)	% to Total
Upto 500	169,165	85.23%	272,688,670	2.85%
501 – 1000	15,950	8.04%	131,260,070	1.37%
1001 - 2000	7,206	3.63%	108,356,300	1.13%
2001 - 3000	2,319	1.17%	58,647,860	0.61%
3001 - 4000	866	0.44%	31,027,730	0.33%
4001 - 5000	862	0.43%	40,807,500	0.43%
5001 - 10000	1,119	0.56%	83,687,270	0.87%
10001 & ABOVE	1,001	0.50%	8,847,010,640	92.41%
TOTAL	**198,488**	**100.00%**	**9,573,486,040**	**100.00%**

b. Distribution of shares by categories of shareholders:

Category	No. of Shareowners	No. of Shares Held	Voting Strength
Promoters-Directors, their Relatives & Associates	2	511,419,956	53.42%
Other Directors, their Relatives	14	15,422,124	1.61%
Bodies Corporate (Domestic) / Trusts	2,694	42,726,484	4.46%
Banks	17	1,010,387	0.11%
Mutual Funds	12	11,465,714	1.20%
Financial Institutions (FIs)	4	2,816,146	0.29%
Foreign Institutional Investors (FIIs)	29	42,812,633	4.47%
Non-Resident Individuals (NRIs) / Foreign Corporate Bodies/Overseas Corporate Bodies (OCBs) / Foreign Banks	1,305	233,466,212	24.39%
Resident Individuals	194,411	96,208,948	10.05%
TOTAL	**198,488**	**957,348,604**	**100.00%**

c. Top 10 Shareholders:

Name(s) of shareholders	Category (As per Depository)	Shares	%
GTL Ltd. (Promoter)	Domestic Company	299,686,460	31.30%
Technology Infrastructure Limited	Other Foreign Body (FDI)	222,395,700	23.23%
Global Holding Corporation Pvt. Ltd.* (GHC) (Promoter Group)	Domestic Company	211,733,496	22.12%
Somerset Emerging Opportunities Fund	Other Foreign Body	13,420,434	1.40%
BCCL	Domestic Company	8,820,000	0.92%
Barclays Capital Mauritius Limited	Foreign Institutional Investors (FII)	8,356,550	0.87%
Societe Generale	Foreign Institutional Investors (FII)	7,740,600	0.81%
Credit Suisee (Singapore) Limited	Foreign Institutional Investors (FII)	7,367,150	0.77%
Prakash Ranjalkar	Director	6,452,400	0.67%
Manoj Gajanan Tirodkar	Director	5,965,283	0.62%

* GHC along with its Wholly Owned Subsidiaries namely GAH International Pte. Limited and GHC International Limited are treated as part of the Promoters Group.

xiv. Dematerialization of shares and liquidity

99.94% of the Company's shares are held in electronic form as on March 31, 2010.

xv. Outstanding FCCBs, Warrants and ESOS conversion date and likely impact on equity

a) Foreign Currency Convertible Bonds (FCCBs):

The Company had issued 3,000 FCCBs of the face value of USD 100,000 amounting to USD 300 Million on 28.11.07 at the conversion price of Rs.53.04 per share. Out of 3,000 FCCB's issued, 717 FCCBs got converted into 53,126,120 equity shares leaving balance of 2,283 FCCBs at the end of FY 2009-10. If all the balance 2,283 FCCBs are converted into equity shares, the total share capital would go up by 169,158,948 new equity shares.

b) Convertible Warrants:

The Company had issued 263,650,000 Convertible Warrants at a conversion price of Rs. 40 per share on 30.11.07. Out of 263,650,000 Warrants, 217,500,000 Warrants got converted into 217,500,000 Equity Shares and 46,150,000 Warrants got forfeited. Hence no Warrants are outstanding.

c) Employees' Stock Option Scheme (ESOS):

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, 2010 a total of 173 Employees (Previous Year 76) hold 11,968,904 Options (Previous Year 16,179,644) as set out in the Annexure to the Directors' Report. As per the Scheme, during the year, 10,686,690 (Previous year 553,056) Options got converted into 10,686,690 Equity Shares of the Company.

xvi. Plant Locations:

The Company is in the business of providing Network and Telecom Infrastructure through its telecom/allied Infrastructure erected all across India.

xvii. Address for correspondence:

Registered Office	GTL Infrastructure Limited, Maestros House, MIDC Building No.2, Sector – 2, Millennium Business Park, Mahape, Navi Mumbai – 400710, Maharashtra, INDIA Tel: +91-22-39112300 Fax: +91-22-39137440

Investor Correspondence

All shareholders complaints/queries in respect of their shareholdings may be addressed to the Investor Service Centre of GTL Limited, Electronic Sadan No. II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400 710 INDIA.

Investor Service Centre

Contact Persons: Mr. R. Nagarajan, General Manager, Mr. Divesh R. Sawant, 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. Ashwin Kamat
GTL Infrastructure Limited,
412, Janmabhoomi Chambers,
29, W. H. Marg, Ballard Estate,
Mumbai 400 038
Tel : +91-22-22715000
Fax +91-22-22715332
Email : ir@gtlinfra.com

Auditors' Certificate on Corporate Governance

To,

The Members,
GTL INFRASTRUCTURE LIMITED.

We have examined the compliance of conditions of Corporate Governance by GTL INFRASTRUCTURE LIMITED, for the year ended on March 31, 2010, 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 Corporate Governance as stipulated in the said Clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that 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 **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Membership No. – 35629
Firm Registration No. 101720W

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Membership No. – 36398
Firm Registration No. 102489W

Mumbai
Date: April 29, 2010

Certificate of Practising Company Secretary on Secretarial Compliance

To
The Board of Directors,
GTL Infrastructure Limited.

I 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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company ("the requirements") for the year ended March 31, 2010. Based on our examination as well as information and explanation furnished by the Company to me and the records made available to me, I hereby report that:

1. The requisite statutory registers and other records required under the Act and the Rules made thereunder 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 thereunder 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. 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;
5. 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;
6. The Company has complied with the provisions of Section 372A in respect of investments made during the financial year ending on March 31, 2010;
7. 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;
8. 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;
9. The issue and allotment of Equity Shares / Convertible Warrants / FCCBs is/are in conformity with the requirements of Act;
10. 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.
11. The Company has granted options under the Employee Stock Option Scheme (ESOS) for its employees and during the year under review, the Company has complied with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 thereafter, in respect thereof.

CHETAN A. JOSHI
Practising Company Secretary
ACS: 20829 / CP: 7744

Mumbai, April 29, 2010

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 Financial Year ended March 31, 2010 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 year 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: April 29, 2010	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, 2010 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.

Place : Mumbai	**Prakash Ranjalkar**
Dated: April 29, 2010	Whole-time Director

INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Mr. Balasubramanian N., Independent Director

Mr. Balasubramanian has been a Member of the Board since October 8, 2007. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Balasubramanian is Post Graduate in Science and a Post Graduate from IIM, Ahmedabad. He served Bank of Baroda in rural and semi-urban branches. His service as Banker includes 5 years term as General Manager in Bank of Baroda at Brussels. He was associated with planning commission in preparing 5 years plan documents, focused on SME Financing as Chairman of the Sub-Committee. He was Instrumental in starting rating agency for SME. He joined SIDBI as Deputy Managing Director and was subsequently promoted as its Chairman and Managing Director. Mr. Balasubramanian has also served IFCI as Chairman for a short stint.

He holds Directorship in Management Development Institute, Gurgaon, ICICI Venture Funds Management Company Limited, JP Morgan Mutual Fund India Private Limited, Brickwork Ratings India Private Limited, India Infrastructure Finance Company Limited and Global Rural Netco Limited. In GTL Infrastructure Limited, he is Chairman of Audit Committee and Member of Nomination & Remuneration Committee and Allotment & Transfer Committee. He holds 5,00,000 shares of the Company.

Dr. Anand Patkar, Independent Director

Dr. Patkar has been a Member of the Board since October 8, 2007. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Dr. Patkar is a rank holder in Management Studies and has done Ph. D in Management, has handled variety of assignments across all areas of Finance, Corporate Planning, Strategic Management, Mergers and Acquisitions, Collaboration and Joint Ventures, Feasibility Studies, Budgetary Control, HRD, Treasury and Systems in diverse industries. His senior level assignments includes as Group Treasurer and Systems Head of Greaves Limited. He is a Proprietor of a firm Dr. A. Patkar Associates. He is also the author of the book “Master the Mind Monkey: Experience Your Excellence”. In GTL Infrastructure Limited, he is a Member of Shareholders’/Investors’ Grievance Committee. He holds 1,00,000 shares & 1,00,000 Options under Employee Stock Option Scheme of the Company.

Mr. Vivek Kulkarni, Independent Director

Mr. Kulkarni has been a Member of the Board since October 8, 2007. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Kulkarni is a gold medalist in engineering from Karnataka University and a MBA from Wharton Business School. He was the IT (Information Technology) Secretary, Govt. of Karnataka, Bangalore. He worked actively in marketing, Bangalore as the undisputed IT capital of India. Prior to IT Secretary, he worked as Finance Secretary, Head of CRISIL Advisory Services, as well as Division Chief of SEBI. He was a faculty at the Boston University, as well as IIT Bangalore. He is charter member of TiE (The Indus Entrepreneurs) as well as public interest director at the Bombay Stock Exchange Limited. He also Director of Brickwork India Pvt. Ltd., Brickwork Ratings India Pvt. Ltd. and Trigyn Technologies Limited. He is Member of Inspection and Compliance Committee of Bombay Stock Exchange Limited. He does not hold any shares of the Company. He holds 2,00,000 options under Employee Stock Option Scheme of the Company.

Mr. Vijay Vij, Independent Director

Mr. Vij was appointed as an Additional Director in the Board Meeting held on July 20, 2009 and holds office up to the date of the ensuing Annual General Meeting.

Mr. Vij is a Practicing Chartered Accountant and has an experience of 18 years in almost every facet of taxation, auditing and consulting profession. He is an ardent finance professional and his forte lies in direct taxation, valuations, financial modelling, business consultancy, system implementation, advising on M & A, SEZ / STPI advisory etc. He has effectively handled business restructuring and start up ventures in competitive business environments. He has hands on experience in providing advice on tax efficient entry strategy for India, transfer pricing and tax treaty implications.

He holds Directorship in GTL Limited. He is Chairman of Audit Committee of GTL Limited. In GTL Infrastructure Limited also, he is a Member of the Audit Committee. He holds 63,500 shares and holds 2,00,000 options under Employee Stock Option Scheme of the Company.

Mr. Vinod Agarwala, Independent Director

Mr. Agarwala was appointed as an Additional Director in the Board Meeting held on July 20, 2009 and holds office up to the date of the ensuing Annual General Meeting.

Mr. Agarwala is Advocate & Solicitor, Mumbai. He is also Solicitor, Supreme Court of England & Wales and Advocate of Supreme Court of India. He practices in Mumbai for the last 35 years. Mr. Agarwala specializes in Corporate Laws, Securities Laws, Project Finance, Property Law, FDI and Commercial Laws. He is a Partner in Vigil Juris, Solicitors and Advocates, Mumbai.

He holds Directorships in Suditul Trading and Investment Company Private Limited, Delta Galil Textiles (India) Private Limited, Yes Façade Systems Private Limited, Datamagic Websolutions Private Limited, SBM Chemicals & Instruments Private Limited and Supreme Infrastructure India Limited. He is Member of Investor Grievances Committee and Remuneration Committee of Supreme Infrastructure India Limited. In GTL Infrastructure Limited, he is a Member of Audit Committee. He holds 4,59,000 shares of the Company. He also holds 2,00,000 options under Employee Stock Option Scheme of the Company.

Mr. Satya Pal Talwar, Independent Director

Mr. Talwar was appointed as an Additional Director in the Board Meeting held on August 13, 2009 and holds office up to the date of the ensuing Annual General Meeting.

Mr. Talwar, was Deputy Governor of Reserve Bank of India with more than 40 years of operational and policy formulation experience in Commercial and Central Banking. He was Chairman, RBI Services Board, Reserve Bank of India (2001-05), Deputy Governor, Reserve Bank of India (1994-2001), Chairman and Managing Director of Bank of Baroda (1993-1994), Chairman and Managing Director of Union Bank of India (1990-1993), Chairman and Managing Director of Oriental Bank of Commerce (1988-1990).

He held other positions earlier, such as Chairman, Indian Banks Association (IBA); Director, SEBI; Director, IDBI; Director, SIDBI; Director, Oriental Insurance Co., Director, IBU International Finance Limited, Hong Kong; Director, Master Card International (Asia Pacific Regional Board, Singapore); Member, Advisory Committee, Ministry of Corporate Affairs, Government of India, New Delhi; Member, Court of Jawaharlal Nehru University.

He holds Directorships in Housing Development and Infrastructure Limited, Reliance Life Insurance Company Limited, Reliance General Insurance Company Limited, Crompton Greaves Limited, Videocon Industries Limited, Reliance Communications Limited, Reliance Infratel Limited, A.B. Hotels Limited, Kalpataru Power Transmission Limited, Reliance Communications Infrastructure Limited, Uttam Galva Steels Limited, HDIL Investment Advisor Private Limited and Hotel Queens Road Private Limited.

He is Chairman of Audit Committee in Crompton Greaves Limited, Videocon Industries Limited, Reliance Communications Limited, Housing Development & Infrastructure Limited and Reliance Infratel Limited. He is Member of Audit Committee in Reliance Life Insurance Company Limited, Reliance General Insurance Company Limited and Reliance Communication Infrastructure Limited. He is also Member of Investor Grievance Committee in Reliance Communications Limited. He does not hold any shares of the Company. He holds 2,00,000 options under Employee Stock Option Scheme of the Company.

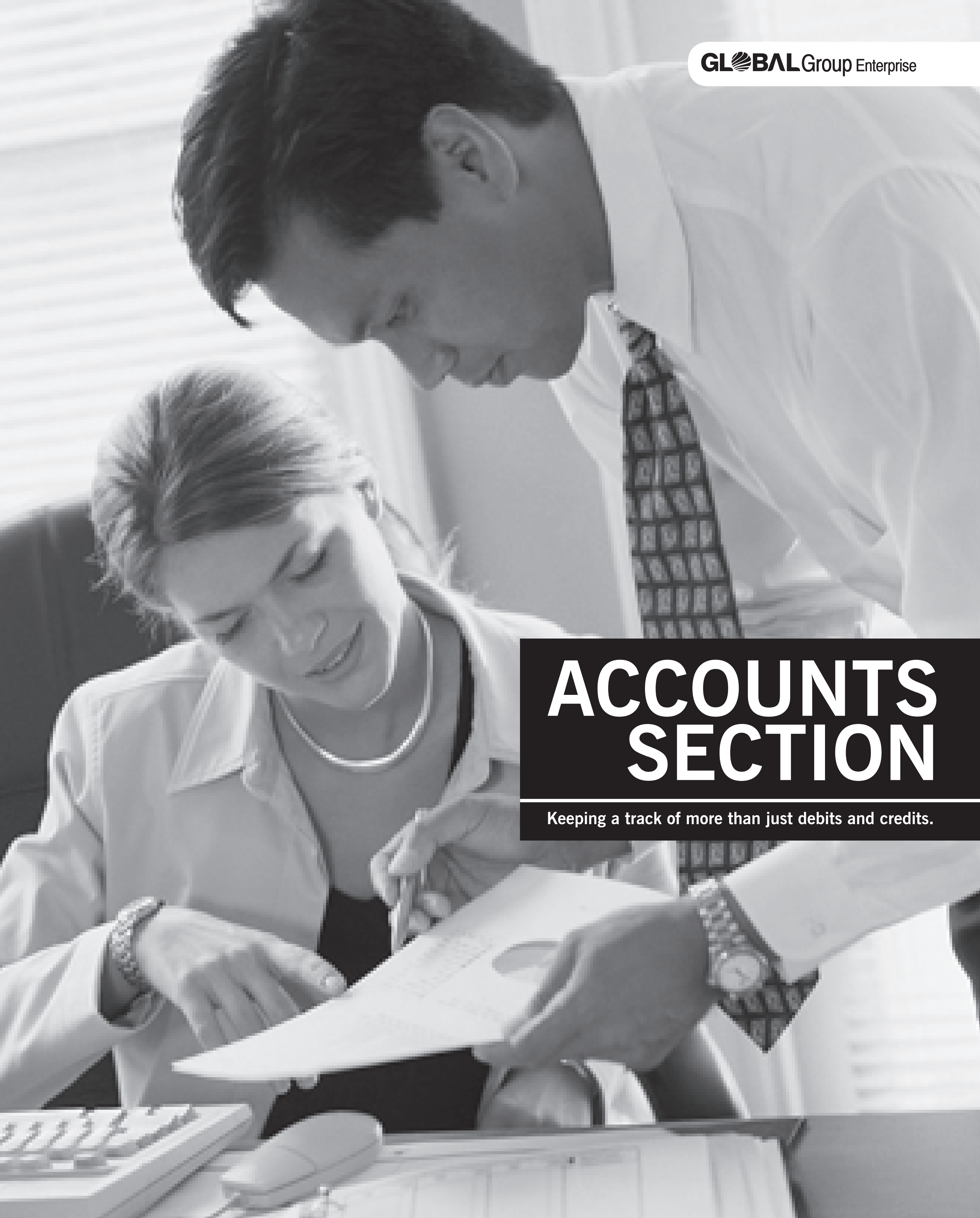
Mr. Prakash Ranjalkar, Whole time Director

Mr. Prakash Ranjalkar is one of the key driving forces behind GTL Infrastructure Ltd. He is the Whole-time Director and heads the company's business and geographic operations. He is responsible for executing business strategy and ensuring operational excellence.

With his strategic vision and rich experience of over 21 years in the telecom space, Prakash charted a defining growth path for GTL Infrastructure Ltd., and in a short time span, catapulted the organization to being a leader in the shared telecom Infrastructure space.

Since becoming Wholetime Director in January 2005, Mr. Ranjalkar has instituted several programs to make Global Group's core vision of "Employee Entrepreneurship" DNA of GIL. "Employee Entrepreneurship" has engaged each employee as part owner to the growth and success of the organization.

Ranjalkar holds a Bachelor's Degree in Electronics & Telecom Engineering. Prior to joining the Global Group he has been associated with Lucent Technologies, Crompton Greaves Limited and The National Radio & Electronics Company Ltd. (NELCO). He does not hold any options under Employee Stock Option Scheme of the Company and holds 64,52,400 shares of the Company.



ACCOUNTS SECTION

Keeping a track of more than just debits and credits.

Directors' Report

To

The Members,

Your Directors are pleased to present their Seventh Annual Report along with the Audited Accounts for the year ended March 31, 2010.

1. Financial Results

Rupees in Crore

	Year Ended March 31, 2010	Year Ended March 31, 2009
Total Income	**381.32**	274.58
PBDIT	**224.17**	167.83
Depreciation	**198.32**	141.15
PBIT	**25.85**	26.68
Interest and Finance Charges (Net)	**28.43**	97.46
Profit / (Loss) Before Tax	**(2.58)**	(70.78)
Provision for Taxation		
- Current	**-**	-
- Deferred	**-**	(74.21)
- Fringe Benefit	**-**	0.59
Net Profit / (Loss)	**(2.58)**	2.84

Figures regrouped / reclassified wherever necessary to make them comparable.

2. Dividend

The Company is in the process of rolling out 23,700 towers. It is also acquiring 17,500 towers from Aircel Limited and its subsidiaries (Aircel). Thus in view of the ongoing project execution and the acquisition of Aircel Towers, the capital-intensive nature of the business and inadequate profit on account of high depreciation and interest, no dividend has been proposed.

3. Acquisition

The Company has entered into an agreement to purchase the Tower business of Aircel through Chennai Network Infrastructure Limited, a Special Purpose Vehilce (SPV) formed for the said purpose. The highlights of the transaction are as follows;

- Purchase of 17,500 telecom towers;
- 21,000 active tenants on these towers;
- Transaction Value Rs.8,400 Crores;
- Aircel has committed additional 20,000 tenancies over the next 3 years;

The transaction is expected to be consummated by July 2010, subject to fulfilment of legal formalities.

This transaction is proposed to be funded through a mix of Debt and Equity as follows:

Equity investment of Rs.3,400 Crores from the Company and its Promoters. While the Company is subscribing through Trust for 51% of the Equity, GTL Limited and Global Holding Corporation Private Limited, the Promoter Group companies are subscribing for the balance of 49%.

Debt funding of Rs.5,000 Crores has been syndicated and lead managed by SBI Capital Markets Limited.

The purchase of Aircel tower business will deliver strong revenue growth for the Company as the deal assures immediate revenue of Rs. 700 crore p.a. for next 15 years. The Company has also received additional commitment of 20,000 tenancies over a period of next 3 years which will provide additional revenue of Rs. 700 crore p.a. This will be in addition to the existing revenue base of the Company.

The Company will continue to be an independent and neutral player with focus on reducing the capital and operational expenditure of telecom service providers.

4. Operations

During the year under review, the Company earned total Income of Rs. 381.32 Crore (which includes net income from operations of Rs. 347.95 Crore and other income of Rs. 33.37 Crore). The revenues are in the form of infrastructure provisioning fees in respect of our passive infrastructure. The PBDIT has improved from Rs. 167.83 Crore in the previous year to Rs. 224.17 Crore in the year under review. While the Company has a depreciation charge of Rs. 198.32 Crore, Interest & Finance Charges (Net) is Rs. 28.43 Crore. The operations have resulted in a Profit/(Loss) before tax of Rs. (2.58) Crore. However, the operations (before depreciation) have resulted in cash profit before tax of Rs. 195.74 Crore.

Business Strategy

Having achieved considerable size, post the Aircel tower acquisition, the Company has set a vision to be the most efficient tower Company in the World. The goal of the Company is to increase per tower revenue and cashflows. This is being done by increasing the tenancy per tower. The expansion by existing dual technology operators, rollout by new 2G operators and impending 3G network rollout present the Company with opportunity to improve tenancy on towers.

The Company post Aircel should have significant tower presence on pan-India basis. The Company plans to deploy new towers as well as grow inorganically to improve its tower penetration in the interiors of the Country. Existing tower sharing will give operators an opportunity for speedy 2G & 3G network rollout while enjoying the sharing benefits in the form of reduced operational and energy cost.

Future Outlook

With a subscriber base of over 621 Mn, India is the 2nd largest Telecom market in the World. The introduction of low cost handsets and impending 3G & WiMAX rollout is expected to be the next growth driver for the industry. Presence of more than 12 operators in each circle, increasing subscriber base and spectrum scarcity for incumbent operators in key markets will augur well for the tower industry.

Post acquisition of Aircel Towers, the Company will be in a better position to capture the growth opportunity offered by the Network rollout by new 2G & 3G operators and thereby improve tenancy on its towers.

5. Awards and Recognitions

During the year the Company won the prestigious “Greentech Environment Excellence Award 2009”. This Award in its 10th year was presented to companies demonstrating the highest level of commitment to environmental management, business excellence & sustainability. The Company had also been voted as the “Best Independent Infrastructure Provider” in the Telecom Operator Awards 2010 organized by Tele.Net.

6. Share Capital

The Equity Share Capital of the Company has increased from Rs. 816.16 Crore as on March 31, 2009 to Rs. 957.35 Crore as of date as under:

Particulars	Share Capital (Rs. in Crore)
Share Capital as on 31.03.09	816.16
Allotment during the year:	
a) Promoter Group / Pre-demerger Shareholders (On conversion of Warrants issued on preferential basis)	120.50
b) FCCB Holders (On conversion of 2007 FCCBs)	10.00
c) ESOS Holders (On conversion of 2005 ESOSs)	10.69
Share Capital as on 31.03.10 / 29.04.10	957.35

The details of the above allotments done during the year are as under:

a) Convertible Warrants

The Company allotted 26.36 Crore Convertible Warrants (Warrants) on November 30, 2007 to the promoter group / predemerger shareholders on preferential basis at a conversion price of Rs.40 per share, convertible into one Equity Share for each Warrant within 18 months aggregating to Rs.1,054.60 Crore, for meeting the capital expenditure, acquisition and other expenses. The status of Warrants issued is as under:

Particulars	Total
No. of Warrants issued (in Crs.)	26.36
No. of Warrants converted till March 31, 2010 (in Crs.)	21.75
No. of Warrants forfeited (in Crs.)	4.61
No. of Warrants pending conversion (in Crs.)	-
Total amount received against Warrants (Rs. Crs.)	**888.46**

b) Foreign Currency Convertible Bonds (FCCBs)

During the FY 2007-08, the Company raised US $ 300 Million through Zero Coupon FCCBs at a conversion price of Rs.53.04 per share for meeting the capital expenditure, acquisition and other expenses permitted by the regulatory authorities. The status of FCCBs allotted is as under.

Particulars	No. of FCCBs (of US $ 1 Lac each)	No. of Equity Shares upon conversion (In Crore)
FCCBs allotted	3,000	22.23
Conversion till March 31, 2010	717	5.31
Balance as on 31.03.10 / 29.04.10	2,283	16.92

c) **Employees Stock Option Scheme**

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, 2010, a total of 173 Employees (Previous Year 76) hold 11,968,904 Stock Options (Previous Year – 16,179,644) as under:

Particulars	No. of Options
No. of outstanding Options as on April 01, 2009	16,179,644
Add: No. of Options issued during the year	6,507,850
Less: No. of Options converted during the year	10,686,690
Less: No. of Options lapsed during the year	31,900
Outstanding Options as on March 31, 2010	11,968,904

As required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of Employee Stock Option Scheme 2005 are set out in the Annexure to Directors' Report.

7. **Liquidity**

The Company has secured financial closure for the total project cost of Rs. 7,265 Crore.

The paid-up share capital of the Company as at March 31, 2010 was Rs. 957.35 Crore. With a view to strengthen the capital base of the Company and also to improve on the Debt Equity Ratio, the Company in 2007 has raised US $ 300 Million through Foreign Currency Convertible Bonds (FCCB), of which FCCBs aggregating to US $ 71.70 Million have been converted into Equity Shares of the Company. The Company has also issued Convertible Warrants worth Rs. 1,054.60 Crore in 2007 on preferential basis, out of which, on subscription by the Warrantholders, 21.75 Crore Warrants amounting to Rs. 870 Crore have been converted into Equity Shares of the Company. Accordingly, the total Shareholders' funds aggregate to Rs. 1,865.37 Crore.

Out of the long term funding commitments received from the domestic and international lenders aggregating to Rs. 4,999 Crore, the Company has drawn Rs. 2,826.82 Crore as at March 31, 2010.

The Company has Cash and Bank balance of Rs. 460.25 Crore as at March 31, 2010 after providing a sum of Rs. 1,815.72 Crores towards purchase of Aircel Tower business .

8. **Fixed Deposits**

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

9. **Listing**

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Foreign Currency Convertible Bonds of the Company are listed at Singapore Exchange Securities Trading Limited, Singapore.

10. **Corporate Governance**

Report on Corporate Governance along with the Certificate of the Auditors, M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges is given elsewhere in this Annual Report.

11. **Management Discussion and Analysis Report**

Management Discussion and Analysis on the Company's performance, industry trends and other material changes with respect to the Company, as required under the Listing Agreements with the Stock Exchanges is given else where in this Annual Report.

12. **Particulars of Employees**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are required to be set out in an Annexure to this Report.

However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a 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.

13. **Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The Company has focused on reduction of energy consumption at telecom tower sites through several initiatives for deployment of energy efficient solutions. The details relating to conservation of energy are given in the Annexure to this Report.

During the year under review, the Company has actively participated in EOI (Expression of Interest) invited by Universal Service Obligation Fund (USOF), Department of Telecommunications, Government of India for Renewable Energy Solutions Pilot Project. The Company has successfully received confirmation from USOF for deployment of Solar Solution Site in UP-E Circle and Solar+Wind Hybrid Solution in Andhra Pradesh.

The Company is engaged in the business of providing Passive Infrastructure Services and has no manufacturing activities. Its projects are under various stages of implementation. During the year under review, the Company has not absorbed, adopted any technology and innovated any new technology. Hence, the details relating to Technology Absorption are not furnished. During the year under review, the Company has carried out R&D activity for reduction of energy consumption at Telecom Tower Sites. The details relating to R&D are given in the Annexure to this Report.

The particulars regarding Foreign Exchange Expenditures and Earnings appear as item numbers 27 and 28 respectively, in Schedule, 'P' to the Balance Sheet as at March 31, 2010 forming part of this Annual Report.

14. Subsidiary

During the year under review, the wholly owned subsidiary of the Company M/s. Towers Worldwide Limited ceased to be subsidiary.

15. Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Balasubramanian N., Dr. Anand Patkar and Mr. Vivek Kulkarni retire by rotation at the ensuing Annual General Meeting. Accordingly, Mr. Balasubramanian N., Dr. Anand Patkar and Mr. Vivek Kulkarni, based on their consent and eligibility are proposed for re-appointment. Their re-appointment forms part of the notice of the ensuing Annual General Meeting.

On reaching the prescribed age for retirement, Mr. Deepak Vaidya ceased to be a Director with effect from January 14, 2010.

The Board places on record its appreciation of the contribution of Mr. Deepak Vaidya during his tenure as the Director of the Company.

The Board of Directors regret to inform the sad demise of Mr. Prakash Samant on 2nd January 2010 and place on record its appreciation and deep gratitude for his valuable contribution during his tenure as the Director of the Company.

While Mr. Vinod Agarwala and Mr. Vijay Vij were appointed as Additional Directors on July 20, 2009, Mr. Satya Pal Talwar was appointed as Additional Director on August 13, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 and as such they hold office up to the date of the ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 they are proposed to be appointed in the ensuing Annual General Meeting.

The background of the Directors proposed for reappointment is given under the Corporate Governance Section of this Annual Report.

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.

16. Auditors & Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants, were appointed as Auditors of the Company at the 6^{th} Annual General Meeting of the Company to hold office from the conclusion of the 6^{th} Annual General Meeting until the conclusion of the 7^{th} Annual General Meeting of the Company.

The Company has received the necessary certificates from the Joint Auditors respectively, pursuant to Section 224(1B) of the Companies Act, 1956 and other applicable regulations regarding their eligibility for re-appointment.

Accordingly, the approval of the shareholders to the appointment of M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants as Joint Auditors of the Company is being sought at the ensuing Annual General Meeting.

The Board has duly reviewed the Statutory Auditors' Report on the Accounts for the year ended March, 31, 2010, and wish to report that the same does not have any reservation, qualification or adverse remarks.

17. 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 March 31, 2010 and of the loss of the Company for the year 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.

18. Special Business

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

19. General

Notes forming part of the Accounts are self-explanatory.

20. Acknowledgements

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the clients, vendors, bankers, financial institutions, investors, media and both the Cerntral and State Governments and their Agencies and look forward to their continued support. Your Directors also thank the employees at all levels, who through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

For and on behalf of the Board of Directors

Mumbai
April 29, 2010

Manoj G. Tirodkar
Chairman

ANNEXURE TO DIRECTORS' REPORT

ESOS 2005

At the Extraordinary 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 Scheme has been amended from time to time. 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 upto 25% of the market price (latest available closing price) of each share at the time of grant upto April 28, 2009 and at a discount to the market price of each share at the time of grant thereafter, as may be decided by the Board/ Committee of the Company.

The Company has granted following options each carrying the right to be allotted one equity share (Face Value of Rs.10/- each) at an exercise price mentioned against each grant to the employees.

Grant	Date of Allotment	No. of options allotted	Exercise Price
1.	26.11.05	1,550,000	Rs.10.00
2.	12.02.07	7,490,000	Rs.29.81 (re-priced at Rs.19.90 per share on account of Right Issue compensation on 09.10.07)
3.	27.02.07	25,000	Rs.29.81 (re-priced at Rs.19.90 per share on account of Right Issue compensation on 09.10.07)
4.	09.10.07	899,000	Rs.26.48
5.	09.10.07	1,007,500	Rs.10.00 (Issued to Grant 1 option holders towards Right Issue compensation)
6.	09.10.07	7,190,000	Rs.19.90 (Issued to Grant 2 option holders towards Right Issue compensation)
7.	09.10.07	25,000	Rs.19.90 (Issued to Grant 3 option holders towards Right Issue compensation)
8.	11.03.08	1,700,000	Rs.33.60
9.	23.11.09	600,000	Rs.24.37
10.	9.12.09	5,907,850	Rs.28.00

The disclosures required as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as under:

Sr. No.	Particulars	Status
A	Options Granted	26,394,350
B	Pricing formula	Prior to Listing: Face value of each share at the time of grant. After Listing i.e after November 9, 2006: Upto 28.04.09: At a discount upto 25% of the market price (latest available closing price) of each share at the time of grant as may be decided by the Board/Committee of the Company; and From 29.04.09: At a discount to the market price of each share at the time of grant as may be decided by the Board/Committee of the Company.
C	Options vested	17,933,300
D	Options exercised	12,443,746
E	Total number of shares arising as a result of exercise of Options	12,443,746
F	Options lapsed	1,981,700
G	Variation of terms of Options	ESOS 2005 was modified to the extent of the following by taking Shareholders approval in the 6th Annual General Meeting held on July 10, 2009: a) Terms of Part A, B and C of Clause 8 of Part II of the Scheme replaced with uniform terms; b) Early vesting of all Options outstanding as on April 29, 2009 in respect of Part A & B of Clause 8 of Part II of the Scheme; c) Amended Vesting Period to a maximum period of 3 Years in respect of Part A, B and C of Clause 8 of Part II of the Scheme; and d) The Board/Committee has been authorised to grant discount (to the Market Price) without any limit / restriction as against the limit of 25% to the Market Price authorised earlier.

Sr. No.	Particulars	Status
H	Money realized by exercise of Options	Rs. 231,902,384
I	Total number of Options in force	11,968,904
J	Employee wise details of Options granted to:	
	(i) Senior Managerial Personnel	Details are furnished herein below
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year.	NIL
	(iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earning per Share"	| | FY 09-10 (Rs.) | FY 08-09 (Rs.) | | #EPS Intrinsic Value Method | (0.03) | 0.04 | | EPS Fair Value Method | (0.08) | (0.05) | (#For details please refer Schedule P(6)(I) to the Balance Sheet as at March 31, 2010 forming part of this Annual Report).
L	Disclosure regarding the Employee Compensation Cost	The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value method and has amortised Rs.28,467,236/- (Previous year Rs.24,777,336) for the year ended on March 31, 2010. However, had the Company followed Fair Value Method for calculating Employee Compensation Costs, such cost for the year would have been higher by Rs. 47,138,821/- (Previous Year Rs.67,235,913/-) and the Net Profit after Taxes would have been lower by the like amount resulting in loss and consequently,the Basic as well as Diluted EPS would have been Rs. (0.08) (#)
M	Weighted-Average exercise prices & Weighted-Average fair values of Options	Weighted-Average exercise prices of the Options outstanding as at the year end - Rs.25.73 and Weighted-Average fair value of options outstanding as at the year end – Rs.23.70.
N	The description of the method and significant assumptions used during the year to estimate the fair value of the options.	The Company has adopted Black-Scholes Model for determining the fair value of Options and the significant assumptions used are: (i) Risk-free interest rate:- Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration. (ii) Expected life:- Full life of the option is the period upto which it can be exercised. (iii) Expected volatility:- Calculated by using the closing market prices of the company's shares during the last one year. (iv) Expected dividends:- Yield has been calculated on the basis of dividend yield of the financial year preceding the date of the grant if any. (v) The price of the underlying share in market at the time of option grant:- Closing market price on previous trading day on which the Options are allotted on the Stock Exchange where the volume of shares traded is more.

Details of Options granted to Senior Managerial Personnel:

Sr. No.	Name	Options granted up to March 31, 2010	Options outstanding as on March 31, 2010
1.	Dr. Anand Patkar	200,000	100,000
2.	Mr. Ashutosh Chandratrey	900,000	750,000
3.	Mr. B.R. Chatterji	200,000	200,000
4.	Mr. Balasubramanian N.	500,000	Nil
5.	Mr. Charudatta Naik	1,825,000	175,000
6.	Mr. M. R. Bharath	1,000,000	911,750
7.	Mr. Prakash Ranjalkar	6,592,000	Nil
8.	Mr. Prasanna Bidnurkar	1,000,000	964,500
9.	Mr. Ravi Pandit	600,000	500,000
10.	Mr. Ravikumar Vemulakonda	75,000	75,000
11.	Mr. Rupinder Singh Ahluwalia	1,000,000	894,750
12.	Mr. Satya Pal Talwar	200,000	200,000
13.	Mr. Savio F. Furtado	300,000	100,000
14.	Mr. Shishir Parikh	902,000	440,000
15.	Mr. Suresh Joshi	25,000	25,000
16.	Mr. Vishwas Pathak	400,000	Nil
17.	Mr. Vivek Kulkarni	200,000	200,000
18.	Mr.Vijay Vij	200,000	200,000
19.	Mr.Vinod Agarwala	200,000	200,000

Conservation of Energy

The Company is in the business of providing passive infrastructure services. It has taken the following initiatives for conservation of energy in respect of its Telecom Towers.

Sr. No.	Particulars	Response
a.	Energy Conservation measures taken	• Installation of Free Cooling / Emergency Free Cooling systems to utilize cool ambient temperatures for saving electrical energy consumption of air-conditioning systems. • Installation of High Efficiency Rectifiers with wide input voltage range SMPS with minimum derating at lower input voltages. • Fuel optimizer feature of DG controller for optimum utilization of battery backup and air-conditioning system. • Implemented Stage-wise capacity enhancement with upgradeability as and when site load increased
b.	Additional Investments and proposals, if any, being implemented for reduction of consumption of energy	• Modifications in DG set for operating on Bio-diesel. • Specialized training to Operation and Maintenance engineers for generating awareness on Energy Management techniques and practices. • Remote controlling Shelter access. • Tower designs with provision of mounting Remote Radio Head type BTS for saving RF power and air-conditioning energy. • Battery Cooling solutions. • Equipment enclosures / mini-shelters.
c.	Impact of measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production of goods	With the above solutions, the Company expects to reduce energy costs upto 6 to 8%. The Company is providing its Towers to the Telecom Operators on a sharing basis. Apart from this, the Company is also engaging the services of GTL Limited for reducing the cost of energy. Thus, these efforts would further help the Company to reduce the energy cost.

Form-B

(See rule 2)

Disclosure of particulars with respect to Technolgy absorption:

Research and Development (R&D)

1. **Specific areas in which R & D carried out by the Company:** The Company has focused on reduction of energy consumption at Telecom Tower Sites through several initiatives for deployment of Energy Efficient Solutions.

2. **Benefits derived as a result of the above R & D:** Through Energy Management Solutions carried out on pilot basis, the Company has generated valuable knowledge-base which will be essentially used for large scale deployment on Telecom Tower Sites. The Company has successfully received confirmation from USOF for deployment of Solar Solution Site in UP-E Circle and Solar + Wind Hybrid Solution in Andhra Pradesh.

3. **Future plan of action**: The Company has strategic intent of improving energy efficiency at each Telecom Tower Site. This will ensure operational expenditure benefits to the Company's Customers.

4. **Expenditure on R & D**:

a.	Capital	: Rs. 5,262,368
b.	Recurring	: Rs. 3,733,620
c.	Total	: Rs. 8,995,988
d.	Total R & D Expenditure as a percentage of total turnover	: 0.24%

Technology absorption, adaptation and innovation:

The Company has not absorbed, adopted any technology and innovated any new technology. Hence, the details relating to Technology Absorption are not furnished.

For and on behalf of the Board of Directors

Manoj G. Tirodkar
Chairman

Mumbai
April 29, 2010

Auditors' Report For The Financial Year Ended on March 31, 2010

To The Members of,

GTL INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of **GTL INFRASTRUCTURE LIMITED**, as at March 31, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in Annexure referred to in para 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 purposes 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 such 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 dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

    e) On the basis of the written representations received from the directors as on March 31, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010, 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 significant accounting policies and notes thereon, in particular Note No. 9 of Schedule P regarding the accounting treatment of redemption premium on Foreign Currency Convertible Bonds (FCCB), give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

        i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

        ii) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and

        iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Partner
Membership No. – 35629
Firm Reg. No. – 101720W

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No. – 36398
Firm Reg. No. – 102489W

Mumbai
Date: April 29, 2010

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

As required by the Companies (Auditors' Report) Order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

i. In respect of its fixed assets:

  a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

  b. As explained to us, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company. No material discrepancies were noticed on such physical verification.

  c. During the year, the Company has disposed off certain Fixed Assets. However it has no effect on the going concern status of the company.

ii. In respect of its inventories:

  a. As explained to us, inventories have been physically verified by the management at reasonable intervals.

  b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

  c. According to the information and explanations given to us and on the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

iii. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act 1956:

  a. The Company has not granted any loan to such parties. Consequently the provisions of clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

  b. The Company has taken loan from a party covered in the register maintained under section 301 of the Companies Act, 1956 in respect of which maximum amount involved during the year and year end balance was Rs. 2,800,000,000.

  c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan taken are not prima facie prejudicial to the interest of the Company.

  d. The principal amount of loan taken and interest thereon were not due for payment as on 31st March, 2010 and hence question of overdue amount does not arise.

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 inventory, fixed assets and also for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.

vi. According to information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.

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

viii. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the services provided by the Company. Therefore the provisions of Clause (viii) of paragraph 4 of the Companies (Auditors') Report Order, 2003 are not applicable.

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

ix. According to the information and explanations given to us in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

c. The disputed statutory dues aggregating to Rs. 42,887,287 that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (in Rs.) (*)	Forum where dispute is pending
The Punjab VAT Act, 2005	Sales Tax	2007-08	165,683	Deputy Excise & Taxation Commissioner (Appeal)
The Andhra Pradesh VAT Act, 2005	Sales Tax	2008-09	18,128,394	Deputy Commissioner of Taxes (Appeal)
The Uttar Pradesh VAT Act, 2008	Sales Tax	2008-09	23,554,908	Joint Commissioner of Taxes (Appeal)
The Madhya Pradesh VAT Act, 2002	Entry Tax	2006-07	1,038,302	Deputy Commissioner of Taxes (Appeal)
Total			**42,887,287**	

(*) Net of amount deposited under protest as mentioned in note 1 of schedule P to Accounts.

x. The Company has accumulated losses at the end of the financial year, which is less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

xi. Based on our audit procedures and information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or bond holders.

xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xiv. The Company has maintained proper records of transactions and contracts in respect of shares and other securities and timely entries have been made therein. The investments are held by the Company in its own name.

xv. According to the information and explanations given to us, as on 31st March, 2010 the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. The Company has raised new term loans during the year. To the best of our knowledge and according to the information and explanations given to us the term loans outstanding at the beginning of the year and those raised during the year were prima facie been either used for the purpose for which they were raised or pending utilisation been temporarily kept with banks.

xvii. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at March 31, 2010, related informations as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis have not prima facie been utilized for long term purposes.

xviii. During the year the company has made preferential allotments of 106,058,940 equity shares of Rs. 10 each, against the conversion of preferential convertible warrants, at a price of Rs. 40 per share to a Company covered under register maintained under section 301 of the Companies Act, 1956. According to the information & explanation given to us these shares are issued in terms of Securities And Exchange Board Of India (Disclosure And Investor Protection) Guidelines, 2000 and accordingly, the prices at which these shares are issued are not prima facie prejudicial to the interest of the company.

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

xix. During the year, the Company has not issued any debenture and hence clause 4 (xix) of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xx. We have verified the end-use of money raised by issue of Foreign Currency Convertible Bonds and the same is disclosed by the management in Note no. 9 of Schedule P to accounts.

xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Partner
Membership No. – 35629
Firm Reg. No. – 101720W

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No. – 36398
Firm Reg. No. – 102489W

Mumbai
Date: April 29, 2010

Balance Sheet As At March 31, 2010

	Schedule	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	A	9,573,486,040		8,161,640,740	
Preferential Convertible Warrants		–		481,980,060	
Reserves and Surplus	B	9,080,206,870		4,904,204,677	
			18,653,692,910		13,547,825,477
Loan Funds					
Secured Loans	C	28,268,209,786		22,397,551,379	
Unsecured Loans	D	16,436,846,889		13,078,932,880	
			44,705,056,675		35,476,484,259
	Total		63,358,749,585		49,024,309,736
APPLICATION OF FUNDS:					
Fixed Assets	E				
Gross Block		35,162,245,308		24,291,122,540	
Less : Depreciation		4,686,677,660		2,716,045,993	
Net Block		30,475,567,648		21,575,076,547	
Capital Work-in-progress		9,815,005,863		10,467,261,705	
			40,290,573,511		32,042,338,252
Investments	F		18,584,724,000		332,005
Current Assets, Loans and Advances	G				
Inventories		39,413,061		24,500,239	
Sundry Debtors		337,117,062		189,618,106	
Cash and Bank Balances		4,602,525,584		13,647,236,690	
Other Current Assets		100,780,465		240,193,953	
Loans and Advances		2,633,212,222		5,946,380,166	
		7,713,048,394		20,047,929,154	
Less: Current Liabilities and Provisions	H				
Current Liabilities		3,933,255,891		3,691,154,531	
Provisions		233,680,052		286,678,868	
		4,166,935,943		3,977,833,399	
Net Current Assets			3,546,112,451		16,070,095,755
Profit and Loss Account			937,339,623		911,543,724
	Total		63,358,749,585		49,024,309,736
Significant Accounting Policies	O				
Notes on Accounts	P				

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2010

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Profit and Loss Account For The Year Ended March 31, 2010

	Schedule		For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
INCOME				
Net Income from Operations	I		**3,479,547,965**	2,208,369,860
Other income	J		**333,687,564**	537,433,779
		Total	**3,813,235,529**	2,745,803,639
EXPENDITURE				
Infrastructure Operation & Maintenance Cost (Net)	K		**1,051,072,789**	643,671,625
Employee's Cost	L		**205,971,459**	170,251,011
Administration and Other Expenses	M		**314,468,549**	253,548,238
Interest and Finance Charges (Net)	N		**284,306,692**	974,580,977
Depreciation	E		**1,983,211,939**	1,411,513,993
		Total	**3,839,031,428**	3,453,565,844
PROFIT / (LOSS) BEFORE TAX			**(25,795,899)**	(707,762,205)
LESS :				
Provision for Taxation				
- Current Tax			**-**	-
- Deferred Tax (Credit)			**-**	(742,097,689)
- Fringe Benefit Tax			**-**	5,889,357
			-	(736,208,332)
PROFIT / (LOSS) AFTER TAX			**(25,795,899)**	28,446,127
ADD :				
Balance as per last Balance Sheet			**(911,543,724)**	(939,989,851)
BALANCE CARRIED TO BALANCE SHEET			**(937,339,623)**	(911,543,724)
EARNINGS PER SHARE (in Rupees-Per Equity Share of Rs. 10 each)				
- Basic			**(0.03)**	0.04
- Diluted			**(0.03)**	0.04
(Refer Note No. 16 of Schedule P)				
Significant Accounting Policies	O			
Notes on Accounts	P			

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Mumbai
Date : April 29, 2010

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SCHEDULE A : SHARE CAPITAL				
AUTHORISED:				
3,000,000,000 (Previous Year 3,000,000,000) Equity Shares of Rs. 10 each		**30,000,000,000**		30,000,000,000
50,000,000 (Previous Year 50,000,000) Preference Shares of Rs.100 each		**5,000,000,000**		5,000,000,000
		35,000,000,000		35,000,000,000
ISSUED, SUBSCRIBED AND PAID UP:				
957,348,604 (Previous Year 816,164,074) Equity Shares of Rs. 10 each fully paid-up		**9,573,486,040**		8,161,640,740
Total		**9,573,486,040**		8,161,640,740

Notes:

i. During the Year, the Company has allotted
   (a) 10,686,690 (Previous Year 553,056) Equity Shares of Rs. 10 each on exercise of option by ESOS holders,
   (b) 10,002,825 (Previous Year 19,783,365) Equity Shares of Rs. 10 each to FCCB holders on exercise of option at a Premium of Rs. 43.04 per share and
   (c) 120,495,015 (Previous Year 61,563,925) Equity Shares of Rs. 10 each to Preferential Convertible Warrant holders at a Premium of Rs. 30 per share.

ii. The ESOS holders, FCCB holders and Preferential Convertible Warrant holders have the option to exercise/convert ESOS, FCCB and Warrants into 11,968,904 (Previous Year 16,179,644),169,158,948 (Previous Year 179,161,773) and NIL (Previous Year 120,495,015) Equity Shares of Rs. 10 each respectively.

iii. Refer Note No. 6, 9 and 10 of Schedule P for terms of ESOS, FCCB and Preferential Convertible Warrants respectively.

	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SCHEDULE B : RESERVES AND SURPLUS				
Reconstruction Reserve				
Balance as per last Balance Sheet (Created in terms of the Scheme of Arrangement)		**199,302,121**		199,302,121
Capital Reserve				
Balance as per last Balance Sheet	**184,600,000**		–	
(On Forfeiture of Preferential Convertible Warrants)	**–**		184,600,000	
(Refer Note No. 10 of Schedule P)		**184,600,000**		184,600,000
Securities Premium Account				
Balance as per last Balance Sheet	**4,462,984,349**		1,780,033,190	
Add: On Exercise of option by :				
Foreign Currency Convertible Bond holders	**430,521,588**		851,476,030	
Preferential Convertible Warrant holders	**3,614,850,450**		1,846,917,750	
ESOS holders	**141,344,770**		7,093,664	
	8,649,701,157		4,485,520,634	
Less: Foreign Currency Convertible Bonds Issue Expenses	**–**		22,536,285	
		8,649,701,157		4,462,984,349
Employee Stock Option Outstanding				
Balance as per last Balance Sheet	**70,019,261**		75,322,980	
Add : Granted during the year	**60,116,398**		–	
Less : Options exercised/lapsed during the year	**39,484,774**		5,303,719	
	90,650,885		70,019,261	
Less: Deferred Compensation Expense				
Balance as per last Balance Sheet	**12,701,054**		40,990,449	
Add : Granted during the year	**60,116,398**		–	
Less : Amortised/lapsed during the year	**28,770,159**		28,289,395	
	44,047,293	**46,603,592**	12,701,054	57,318,207
Total		**9,080,206,870**		4,904,204,677

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SCHEDULE C : SECURED LOANS				
Rupee Term Loans				
From Banks	**26,525,978,426**		20,520,042,209	
From a Financial Institution	**772,800,000**		499,100,000	
		27,298,778,426		21,019,142,209
Foreign Currency Loans				
From a Financial Institution		**969,431,360**		1,378,194,600
Vehicle Loans		**–**		214,570
Total		**28,268,209,786**		22,397,551,379

Notes:

i. Term Loans from Banks & Financial Institutions are secured by way of
   (a) Hypothecation by a first pari-passu charge on all movable assets, both present and future, including first floating charge on all the current assets of the Company.
   (b) Mortgage by first pari-passu charge basis on all immovable assets, both present and future, of the Company.

	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SCHEDULE D : UNSECURED LOANS				
Long Term Loans				
Foreign Currency Convertible Bonds	**10,280,367,264**		12,615,745,740	
From Body Corporates	**6,000,000,000**		–	
		16,280,367,264		12,615,745,740
Short Term Loans				
Buyer's Credit (Covered under Letter of Credit issued by the Bankers)		**156,479,625**		463,187,140
Total		**16,436,846,889**		13,078,932,880

Notes:

Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each are:

i. Convertible by the bond holders at any time on and after January 27, 2008 but prior to close of business on November 22, 2012. Each bond will be converted into fully paid up Equity Shares of Rs. 10 each at an initial Conversion Price of Rs. 53.04 per share translated from U.S. dollars at the fixed exchange rate of Rs. 39.30 per U.S. dollar.

ii. Redeemable, in whole but not in part, at the option of the Company at any time on or after November 28, 2010 but not less than seven business days prior to maturity date subject to fulfillment of certain terms and obtaining requisite approvals.

iii. Redeemable on maturity date at 140.4064 percent of its principal amount, if not redeemed or converted earlier.

iv. 2,283 (Previous Year 2,418) Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each are Outstanding as on March 31, 2010

SCHEDULE E : FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2009	Additions	Deductions/ Adjustments	As at March 31, 2010	Upto March 31, 2009	For the Year	Deductions/ Adjustments	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
A) Tangible Assets:										
Land	54,875,338	2,930,080	-	57,805,418	-	-	-	-	57,805,418	54,875,338
Buildings	1,557,346,300	1,474,925,438	-	3,032,271,738	62,547,170	134,531,178	-	197,078,348	2,835,193,390	1,505,851,480
Plant and Equipments	22,589,862,538	9,426,935,033	41,706,713	31,975,090,858	2,621,755,392	1,817,259,507	10,793,665	4,428,221,234	27,546,869,624	19,957,054,796
Furniture & Fixtures	67,538,338	3,619,243	9,524	71,148,057	25,610,059	23,825,053	3,564	49,431,548	21,716,509	41,928,279
Vehicles	7,446,638	1,392,050	2,138,277	6,700,411	3,482,682	1,684,815	1,783,043	3,384,454	3,315,957	3,963,956
B) Intangible Assets:										
Softwares*	14,053,388	5,175,438	-	19,228,826	2,650,690	5,911,386	-	8,562,076	10,666,750	11,402,698
TOTAL	**24,291,122,540**	**10,914,977,282**	**43,854,514**	**35,162,245,308**	**2,716,045,993**	**1,983,211,939**	**12,580,272**	**4,686,677,660**	**30,475,567,648**	**21,575,076,547**
Previous Year	13,344,107,171	10,970,122,030	23,106,661	24,291,122,540	1,310,834,305	1,411,513,993	6,302,305	2,716,045,993	21,575,076,547	
Capital Work-in-progress									**9,815,005,863**	10,467,261,705

* Other than Internally Generated

Notes :

1. Buildings include properties having gross block of Rs. 161,931,308 (Previous Year Rs. 170,172,044) for which deeds of conveyance are yet to be executed in favour of the Company and Rs. 7,000 towards cost of 70 shares of Rs. 100 each in a Co-operative Housing Society.
2. During the year Boundary Wall at Sites have been reclassified under Buildings from Plant and Machinery.
3. Buildings includes Rs. 2,240,580,334 (Previous Year Rs. 765,654,895) towards Leasehold Improvements and Boundary Wall at Sites.
4. During the year the Company has disposed off CWIP of Rs. 3,305,804,103 for Rs. 3,329,682,464 (Previous Year Rs. 2,613,041,426 for Rs. 2,614,503,105)
5. Capital Work-in-Progress includes:
   a) Materials at sites amounting to Rs. 3,983,936,433 (Previous Year Rs. 4,324,418,822)
   b) Capital Advances of Rs. 2,844,441,904 (Previous Year Rs. 2,636,861,691)
   c) Pre-operative expenses of Rs. 2,707,891,315 (Previous Year Rs. 1,414,005,661)
   d) Capital Work-in-Progress includes Building under construction of Rs. 153,215,561 (Previous Year Rs. 153,215,561) for which deed of conveyance is yet to be exceuted in favour of the Company.

Schedules Forming Part of The Balance Sheet

(Amount In Rupees)

	Number March 31, 2010	Number March 31, 2009	Face Value (Rs.)		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE F : INVESTMENTS						
Long Term Investments (Unquoted)						
In Equity Shares of Subsidiary Company - Fully Paid up Towers Worldwide Limited. (Formerly known as Spark India 2 Limited)	–	1	USD 1		–	332,005
In Equity Shares Others - Fully Paid up Global Rural NETCO Limited.	33,250,000	–	10		332,500,000	–
Investment in Corpus of Tower Trust (A Beneficiary Trust) (Refer Note No. 7 of Schedule P)					18,157,224,000	–
					18,489,724,000	332,005
Current Investments (Non-Trade, Unquoted)						
In Unit of Mutual Funds						
Fidelity Cash Fund (Super Institutional) - Growth	3,587,086	–	10	45,000,000		
UTI Money Market Mutual Fund - Institutional Growth Plan	48,485	–	1000	50,000,000	95,000,000	–
			Total		18,584,724,000	332,005

Note:

1. **Aggregate Value of Investments**

	As at March 31, 2010	As at March 31, 2009
Quoted Investments :		
Book Value	NIL	NIL
Market Value	NIL	NIL
Unquoted Investments:		
Book Value	18,584,724,000	332,005

2. **Investments Purchased and Sold during the year**

Mutual Fund Units	**Face Value (Rupees)**	**Nos.**	**Cost (Rupees)**
Axis Liquid Fund - Growth	1000	767,854	773,500,000
Axis Treasury Advantage Fund - Growth	1000	82,942	83,207,734
Baroda Pioneer Liquid Fund - Institutional Growth Plan	10	562,538,390	5,841,476,440
Baroda Pioneer Treasury Advantage Fund - Institutional Growth Plan	10	2,746,736	28,002,425
Birla Sunlife Cash Plus - Instl. Prem. - Growth	10	415,362,519	6,005,465,000
Birla Sunlife Cash Manager - Institutional Plan - Growth	10	325,291,553	4,910,400,000
Birla Sunlife Cash Plus - Instl. Growth	10	12,985,063	316,600,000
Birla Sunlife Savings Fund Instl. - Growth	10	16,795,311	287,109,122
Canara Robeco Floating Rate Short Term Growth Fund	10	36,375,581	497,614,308
Canara Robeco Liquid Super Instl. Growth Fund	10	332,863,279	3,601,469,540
DBS Chola Liq Sup Instl. Plan - Cumulative	10	191,364,182	2,386,150,000
DSP Blackrock Liquidity Fund - Regular Plan - Growth	10	1,899,379	41,000,000

Schedules Forming Part of The Balance Sheet

Mutual Fund Units	Face Value (Rupees)	Nos.	Cost (Rupees)
DSP Blackrock Short Term Fund - Growth	10	2,650,177	41,003,799
DWS Insta Cash Plus Fund - Super Institutional Plan Growth	10	801,358,306	9,310,300,000
Fidelity Cash Fund (Super Institutional) - Growth	10	11,703,666	142,900,000
HDFC Cash Management Fund - Savings Plan - Growth	10	334,166,558	6,342,144,352
HDFC Liquid Fund - Premium Plan - Growth	10	810,908,901	14,593,500,000
HDFC Liquid Fund - Premium Plus Plan - Growth	10	105,537,903	1,911,300,000
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	100	120,241,238	16,203,046,953
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	10	718,682,583	9,518,417,949
ING Liquid Fund Super Institutional - Growth Option	10	5,854,600	79,200,000
JP Morgan India Liquid Fund - Super Instl. - Growth Plan	10	213,938,376	2,477,069,585
Kotak Flexi Debt Scheme Institutional - Growth	10	18,413,663	200,000,000
Kotak Liquid (Institutional Premium) - Growth	10	8,185,584	147,000,000
LIC MF Floating Rate Fund - Short Term Plan - Growth Plan	10	341,545,517	4,958,333,187
LIC MF Liquid Fund - Growth Plan	10	1,410,794,281	23,292,150,434
LIC MF Savings Plus Fund - Growth Plan	10	65,622,213	930,863,128
Morgan Stanley Short Term Bond Fund Institutional Plus	10	5,000,000	50,000,000
Principal Cash Management Fund - Liquid Option Instl. Prem. Plan - Growth	10	686,457,429	9,666,350,000
Principal Floating Rate Fund Fmp - Instl. Option - Growth Plan	10	45,606,990	657,615,966
Principal Floating Rate Fund Smp - Instl. Option - Growth Plan	10	102,401,106	1,436,000,000
Principal Ultra Short Term Fund - Growth Plan	10	8,621,311	100,010,657
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	1,665,334,390	23,706,600,000
Reliance Liquid Fund - Treasury Plan - Instl. Option - Growth Option - Growth Plan	10	149,361,226	3,253,800,000
Reliance Liquidity Fund - Growth Option	10	308,376,003	4,175,995,176
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	10	11,371,775	210,143,581
Religare Liquid Fund - Super Institutional Growth	10	225,933,136	2,813,272,000
Religare Liquid Fund - Institutional Growth	10	10,554,216	131,800,000
SBI - Magnum Insta Cash Fund - Cash Option	10	383,753,037	7,703,073,801
SBI - Magnum Insta Cash Fund Liquid Floater Plan - Growth	10	47,693,760	732,300,000
SBI Premier Liquid Fund - Institutional - Growth	10	39,779,673	570,100,000
SBI Premier Liquid Fund - Super Institutional - Growth	10	422,242,129	6,040,000,000
Tata Floater Fund - Growth	10	18,619,394	250,149,692
Tata Floating Rate Short Term Instl. Plan - Growth	10	1,171,401	16,500,000
Tata Liquid Super High Inv. Fund - Apperciation	1000	802,573	1,332,200,000
Taurus Liquid Fund - Super Institutional Growth	10	4,995,005	50,000,000
Taurus Short Term Bond Fund - Super Instl. Growth Plan	10	4,806,736	50,003,996
Templeton Floating Rate Income Fund Short Term Plan Institutional Option - Growth	10	157,068,176	2,083,650,000
Templeton India Treasury Management Account Regular Plan - Growth	1000	3,701	8,200,000
Templeton India Treasury Management Account Super Institutional Plan - Growth	1000	3,298,533	4,365,400,000
UTI Liquid Cash Plan Institutional - Growth Option	1000	2,852,463	4,182,150,000
UTI Money Market Fund - Growth Plan	10	200,046,735	4,953,900,000
UTI Money Market Mutual Fund - Institutional Growth Plan	1000	9,875,974	10,076,889,062

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS				
i) **Inventories** (as taken, valued and certified by the management)				
Stores, Spares and Consumables		**39,413,061**		24,500,239
ii) **Sundry Debtors (unsecured)**				
Due for a period exceeding six months				
- Considered Good	**22,432,116**		7,589,273	
- Considered Doubtful	**30,477,890**		27,254,538	
Less: Provision for doubtful debts	**30,477,890**		27,254,538	
	22,432,116		7,589,273	
Others				
- Considered Good	**314,684,946**		182,028,833	
- Considered Doubtful	**10,770,591**		3,396,155	
Less: Provision for doubtful debts	**10,770,591**		3,396,155	
	314,684,946		182,028,833	
		337,117,062		189,618,106
iii) **Cash and Bank Balances**				
Cash on hand	**772,037**		819,273	
Balances with Banks (Including Cheques in hand)				
- In Current Accounts				
With Scheduled Banks	**1,214,714,778**		956,074,229	
With Non-Scheduled Banks*	**–**		1,213,952,141	
- In Fixed Deposit Accounts				
With Scheduled Banks	**2,008,869,399**		10,258,229,521	
With Non-Scheduled Banks*	**–**		10,403,786	
- In Margin Accounts with Scheduled Banks	**849,236,536**		729,440,388	
- In Fixed Deposits for Debt Service Reserve Account with Scheduled Banks	**528,932,834**		478,317,352	
(Refer Note No. 11 of Schedule P)		**4,602,525,584**		13,647,236,690
* Julius Baer Maximum Balance Rs. 1,989,407,824 (Previous Year Rs. 8,090,380,269)				
iv) **Other Current Assets**				
(Refer Note No. 22 of Schedule P)				
Energy Recoverables				
- Considered Good	**100,780,465**		240,193,953	
- Considered Doubtful	**11,566,599**		6,701,104	
Less: Provision for doubtful debts	**11,566,599**		6,701,104	
		100,780,465		240,193,953
Total		**5,079,836,172**		14,101,548,988

Schedules Forming Part of The Balance Sheet

		Rupees	As At March 31, 2010 Rupees	Rupees	As At March 31, 2009 Rupees
(B) LOANS AND ADVANCES					
(Unsecured, Considered good unless otherwise stated)					
Subsidiary Company			–		3,271,718,997
Advances recoverable in cash or in kind or for the value to be received					
(Subject to confirmation)					
- Considered Good		88,697,489		422,182,451	
- Considered Doubtful		361,444		205,124	
Less: Provision for doubtful debts		361,444		205,124	
			88,697,489		422,182,451
Deposits			212,926,252		160,554,422
Cenvat / Service Tax input credit entitlements			1,910,387,438		1,826,098,079
Advance Taxes (including Fringe Benefit Tax) (Net)			421,201,043		265,826,217
	Total		2,633,212,222		5,946,380,166
	Total		7,713,048,394		20,047,929,154
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS					
(A) CURRENT LIABILITIES					
Acceptances			2,453,582,659		2,630,699,554
Sundry Creditors					
Dues to micro, small and medium enterprises		–		–	
(Refer Note No. 24 of Schedule P)					
Dues to others		267,853,255		255,756,219	
			267,853,255		255,756,219
Unclaimed Share Application Money *			46,709		54,649
Unearned Income			2,097,984		17,943,096
Deposits Received			379,628,289		261,366,078
Other Liabilities			812,103,399		513,318,482
Interest accrued but not due on Loans			17,943,596		12,016,453
	Total		3,933,255,891		3,691,154,531
(B) PROVISIONS					
For Leave Encashment			5,476,076		4,635,942
Provision for Fringe Benefit Taxes			–		5,889,357
Provision for mark to market losses on Derivative Contracts			228,203,976		276,153,569
	Total		233,680,052		286,678,868
	Total		4,166,935,943		3,977,833,399

* Does not include any amount, due and outstanding to be credited to Investor Education & Protection Fund

Schedules Forming Part of The Profit and Loss Account

		For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
SCHEDULE I : NET INCOME FROM OPERATIONS			
Service Charges from Telecom/Network Infrastructure Facilities		**3,821,705,395**	2,453,613,806
Equipment Provisioning		**7,455,738**	9,221,950
		3,829,161,133	2,462,835,756
Less: Service Tax Recovered		**349,613,168**	254,465,896
	Total	**3,479,547,965**	2,208,369,860
SCHEDULE J : OTHER INCOME			
Profit on Sale of Fixed Assets (Net)		**12,833,305**	–
Profit on Sale of Current Investments		**21,020,984**	–
Profit on Sale of Long Term Investments		**3,051,245**	3,363,000
Interest Received		**283,550,867**	533,878,311
[Tax Deducted at Source Rs. 25,335,869 (Previous Year Rs. 18,756,587)]			
Miscellaneous Income		**13,231,163**	192,468
	Total	**333,687,564**	537,433,779
SCHEDULE K : INFRASTRUCTURE OPERATION & MAINTENANCE COST (NET)			
Site Rentals		**349,840,095**	173,435,029
Power and Fuel Charges		**1,564,685,868**	859,279,003
Repairs and Maintenance to Plant and Equipments		**122,230,930**	12,504,946
Other Operating Expenditure		**562,870,410**	442,270,590
		2,599,627,303	1,487,489,568
Less: Recovered from Customers (Net of Service Tax)		**1,548,554,514**	843,817,943
	Total	**1,051,072,789**	643,671,625
SCHEDULE L: EMPLOYEE COST (Including Managerial Remuneration)			
Salaries and Allowances		**164,319,794**	131,545,813
Contribution to Providend Fund, Gratuity Fund and Other Funds		**6,457,067**	6,519,334
Employee Stock Option cost		**28,467,236**	24,777,336
Employee Welfare and other amenities		**6,727,362**	7,408,528
	Total	**205,971,459**	170,251,011

Schedules Forming Part of The Profit and Loss Account

		For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
SCHEDULE M : ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Administrative Expenses			
Rent		**49,625,544**	31,490,624
Rates and Taxes		**17,942,236**	9,770,752
Electricity		**10,548,394**	7,524,099
Repairs and Maintenance			
- Office Building		**282,615**	279,268
- Office Equipments		**2,386,016**	2,322,183
- Others		**1,816,436**	2,490,961
Insurance Premium		**7,891,182**	10,358,178
Communication Cost		**10,337,608**	11,278,041
Travel and Conveyance		**28,242,620**	24,482,222
Legal and Professional Charges		**53,644,812**	23,622,890
Payment to Auditors		**6,700,000**	4,780,000
Office Expenses		**9,910,927**	13,485,733
Printing and Stationery		**9,537,954**	11,677,223
Directors' Sitting Fees		**970,000**	890,950
Miscellaneous Expenses		**35,055,512**	38,830,819
Selling Expenses			
Advertisement and Business Promotion		**19,137,581**	7,043,202
Other Expenses			
Bad Debts	34,819,510		12,486,178
Less: Provision for Doubtful Debts Written Back	(32,602,087)		-
		2,217,423	12,486,178
Provision for Doubtful Debts		**48,221,689**	37,556,922
Loss on Sale of Fixed Assets (Net)		**-**	3,177,993
	Total	**314,468,549**	253,548,238
SCHEDULE N : INTEREST AND FINANCE CHARGES (Net)			
Interest			
- On Term Loans		**1,486,774,631**	1,002,632,836
- Others		**1,329,675**	4,151,285
Bank and Financial Charges		**37,097,035**	18,359,611
		1,525,201,341	1,025,143,732
Less :			
Foreign Exchange Gain (Net)		**1,240,894,649**	50,562,755
	Total	**284,306,692**	974,580,977

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE O : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The Accounts have been prepared on a going concern basis under historical cost convention on accrual basis and in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956.

2. Use of Estimate:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Revenue Recognition:

a. Revenue from Infrastructure/Equipment provisioning is recognised in accordance with the Contract/Agreement entered into. Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes service tax, wherever applicable.

b. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

4. Fixed Assets:

a. Fixed Assets are stated at cost net of Cenvat less accumulated depreciation, amortisation and impairment loss, if any. All costs, including borrowing costs up to the date asset is put to use are capitalised.

b. The Fixed Assets at the 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.

c. Expenses incurred relating to project, prior to commencement of commercial operation, are considered as pre-operative expenditure and shown under Capital Work-In-Progress.

5. Depreciation:

a. Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except in respect of certain Fixed Assets where higher rates are applicable considering the estimated useful life, which are as follows:

i.	Shelters	:	20 years
ii.	Network Operation Assets	:	4 to 10 years
iii.	Air Conditioners	:	9 years
iv.	Electrical & Power Supply Equipments	:	6 to 9 years
v.	Computers	:	3 years
vi.	Office Equipments	:	3 to 5 years
vii.	Furniture & Fittings	:	5 years
viii.	Vehicle	:	5 years

b. The leasehold improvements have been depreciated over lease period.

c. In respect of additions forming an integral part of existing assets depreciation has been provided over residual life of the respective fixed assets.

d. In respect of Fixed Assets whose actual cost does not exceed Rs. 5,000, depreciation is provided at 100% in the year of addition.

e. In respect of Fixed Assets acquired upon demerger pursuant to the Scheme of Arrangement between GTL Infrastructure Limited and GTL Limited, depreciation is provided for the balance period of economic useful life of those assets.

6. Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Software which is not an integral part of the related hardware is classified as an Intangible Asset and is amortised over the useful life of three years.

7. Investments:

Current Investments are carried at the lower of cost or quoted / fair value computed scrip wise, Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

8. Assignment of Recoverables:

In case of assignment of recoverables, the amounts are derecognised when all the rights, title, future receivables are assigned and charges paid on assignment are charged to Profit and Loss account.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

9. Inventory of Stores, Spares and Consumables:

Inventory of stores, spares and consumables are accounted for at costs, determined on weighted average basis, or net realisable value, whichever is less.

10. Foreign Currency Transactions:

a. Transactions in Foreign Currencies are normally recorded at the exchange rate prevailing on the date of the transactions.

b. Monetary items denominated in Foreign Currency at the Balance Sheet date are restated at the exchange rates prevailing at the Balance Sheet date. In case of the items which are covered by forward exchange contracts, the difference between the exchange rates prevailing at the Balance Sheet date and rate on the date of the contract is recognised as exchange difference. The premium on forward contracts is amortised over the life of the contract.

c. Non monetary Foreign Currency items are carried at cost.

d. Any gain or loss on account of exchange difference either on settlement or on restatement is recognised in the Profit and Loss account.

11. Employee Benefits:

a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b. Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

c. In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period.

12. Borrowing Costs:

Borrowing costs that are attributable to acquisition or construction of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss account.

13. Leases:

In respect of operating leases, lease rentals are expensed with reference to the terms of lease and other considerations except for lease rentals pertaining to the period up to the asset put to use, which are capitalised.

14. Provision for Current and Deferred Tax:

a. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

b. Deferred tax resulting from the timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in the future.

15. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

16. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

17. Financial Derivatives Hedging Transactions:

In respect of derivatives contracts, premium paid, provision for losses on restatement and gains / losses on settlement are recognised in the Profit and Loss account.

18. Issue Expenses:

Expenses related to issue of equity and equity related instruments are adjusted against the Securities Premium Account.

19. Provision for Doubtful Debts and Loans and Advances:

Provision is made in the accounts for doubtful debts and loans and advances in cases where the management considers the debts, loans and advances, to be doubtful of recovery.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE P : NOTES ON ACCOUNTS

1. Contingent Liabilities:

(No cash outflow is expected in near future)

(Amount in Rupees)

Sr. No.	Particulars	As at March 31, 2010	As At March 31, 2009
	Contingent Liabilities not provided for :		
i.	Bank Guarantees	**139,681,002**	110,080,894
	(Bank Guarantees are provided under contractual / legal obligation)		
ii.	Claims against the Company not acknowledged as debts	**4,679,818**	2,479,568
iii.	Premium on Foreign Currency Convertible Bonds issued (Refer Note 9 below)	**4,153,926,318**	5,097,568,687
iv.	Disputed liability in respect of Income-tax demand (including interest) matter under appeal	**NIL**	232,664
v.	Disputed liability in respect of Sales Tax Matter under appeal (Amount deposited Rs. 3,170,596)	**46,057,883**	25,974,925
vi.	Disputed liability in respect of Custom Duty	**NIL**	9,294,371

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) as at March 31, 2010 is Rs. 10,418,448,426 (Previous Year Rs. 16,030,962,514). Cash outflow is expected on execution of such capital contracts, on progressive basis.

3. The Company has entered into Master Services Agreement (MSA) with the Telecom Operators for a period of 10-15 years. Invoices are raised on these operators for provisioning fees and recovery of pass through expenses as part of the said MSA. The Company has requested for the balance confirmations from Sundry Debtors and Sundry Creditors. Confirmations are awaited in respect of some of them.

4. During the year the Company has carried out technical evaluation of all of its fixed assets to determine the estimated useful life of them. This has resulted into revision in the useful life of certain fixed assets and consequent reduction in depreciation for the year ended March 31, 2010 by Rs. 164,954,028.

5. In the opinion of the Management, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

6. Employee Stock Option Scheme:

a. 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 their Extra Ordinary General Meeting held on November 26, 2005.

b. On November 26, 2005, the Company granted 1,550,000 Options ("Grant 1") convertible into Equity Shares of Rs. 10 each at an exercise price of Rs. 10 per share.

c. On February 12, 2007 and February 27, 2007, the Company granted 7,490,000 Options ("Grant 2") and 25,000 Options ("Grant 3"), both, convertible into Equity Shares of Rs. 10 each at an exercise price of Rs. 29.81 per share.

On October 9, 2007, with a view to compensate the Option holders considering the Rights Issue, the Exercise Price of the Options in respect of ("Grant 2") and ("Grant 3") was re-fixed to Rs. 19.90 per share in place of Rs. 29.81 per share.

d. On October 9, 2007, the Company granted 650,000 Options ("Grant 4 (A)"), convertible into Equity Shares of Rs. 10 each at an exercise price of Rs. 26.48 per share. Out of above 3,400 Options lapsed during the year.

e. On October 9, 2007, the Company also granted 249,000 Options ("Grant 4 (B)"), convertible into Equity Shares of Rs. 10 each at an exercise price of Rs. 26.48 per share.

f. On October 9, 2007, with a view to compensate the Option holders considering the Rights Issue, the Company has granted-

- 1,007,500 Options ("Grant 5") at the exercise price of Rs. 10 each to ("Grant 1") Option holders.
- 7,190,000 Options ("Grant 6") at the exercise price of Rs. 19.90 to ("Grant 2") Option holders.
- 25,000 Options ("Grant 7") at the exercise price of Rs. 19.90 each to ("Grant 3") Option holders.

g. On March 11, 2008, the Company granted 1,700,000 Options ("Grant 8"), convertible into Equity Shares of Rs. 10 each at an exercise price of Rs. 33.60 per share.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

h. Pursuant to approval of Shareholders in Annual General Meeting held on July 10, 2009 all the unvested Options were vested on April 29, 2009, as a consequence of which the outstanding deferred ESOS cost of Rs. 12,701,054 has been charged to Profit and Loss account during the year.

i. During the year, on November 23, 2009 the Company granted 600,000 Options ("Grant 9") convertible into Equity Share of Rs. 10 each at an exercise price of Rs. 24.37 per share.

The above Options 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 30%	At the end of Thirty Six months

On December 9, 2009 the Company granted 5,907,850 Options ("Grant 10") convertible into Equity Share of Rs. 10 each at an exercise price of Rs. 28 per share. Out of above 28,500 Options lapsed during the year.

j. These Options vest over a period ranging from one to three years as follows:-

No. of Years of Service completed by employee in the Company/Global Group as on date of Grant	Exercise at the end of				
	12 Months	18 Months	24 Months	30 Months	36 Months
≧ 5 years	100%	-	-	-	-
≧4 years	80%	20%	-	-	-
≧3 years	60%	20%	20%	-	-
≧2 years	40%	20%	20%	20%	-
≧1 year	20%	20%	20%	20%	20%

The maximum period of exercise for all ESOS granted is 36 months from the date of vesting.

k. The fair value of Options granted during the year is estimated on the date of grant based on the following assumptions:

Particulars	Grant 9	Grant 10
No. of Options	600,000	5,907,850
Dividend Yield	NIL	NIL
Expected Life	6 years	6 years
Risk free Interest rate %	7.77%	7.77%
Volatility %	26.60%	26.60%

l. The Company applies intrinsic-value based method of accounting for determining Employee Compensation Expense for its ESOS. Had the Employee Compensation Expense been determined using the fair value approach, the Company's Net Profit and Loss and basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated below:

(Amount in Rupees)

Particulars	2009-10	2008-09
Net Profit/(Loss) as reported	(25,795,899)	28,446,127
Less : Employee Compensation Expense	47,138,821	67,235,913
Adjusted Proforma	(72,934,720)	(38,789,786)
Basic and Diluted Earnings per share as reported	(0.03)	0.04
Proforma Basic and Diluted Earnings per share	(0.08)	(0.05)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

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

(Amount in Rupees)

Sr. No.	Particulars	For the year ended on March 31, 2010		For the year ended on March 31, 2009	
		No. of Shares	**Weighted average exercise price**	**No. of Shares**	**Weighted average exercise price**
a.	i. Outstanding at the beginning of the year	**16,179,644**	**16.57**	17,762,500	20.80
	ii. Granted during the year	**6,507,850**	**27.67**	NIL	NIL
	iii. Lapsed during the year	**(31,900)**	**27.84**	(1,029,800)	14.93
	iv. Exercised during the year	**(10,686,690)**	**15.96**	(553,056)	17.83
	v. Expired during the year	**NIL**	**NIL**	NIL	NIL
b.	Outstanding at the end of the year	**11,968,904**	**23.45**	16,179,644	16.57
c.	Exercisable at the end of the year	**5,489,554**	**18.47**	10,906,244	14.97
d.	Weighted average remaining contractual life (in years)	**3.89**		2.56	

7. During the year the Company has formed a Trust namely "Tower Trust", the sole beneficiary of which is GTL Infrastructure Ltd. The Company has contributed Rs.18,157,224,000 towards the Corpus of the above Trust. The trust has invested the aforementioned amount in "Chennai Network Infrastructure Ltd." (CNIL) a special purpose vehicle (SPV) formed for the purchase of 17,500 towers along with tenancies from Aircel Limited and its subsidiaries.

As sponsors to CNIL, GTL Infrastructure Ltd., along with its associates GTL Ltd., Tower Trust and Global Holding Corporation Pvt. Ltd., have agreed to hold and maintain at least 26% (twenty six percent) of the total paid-up equity share capital of the CNIL and to further contribute in the form of equity, in future, if required to meet needs of CNIL and to replenish the Debt Service Reserve Account Letter of Credit (DSRA LC), in case if the DSRA LC is invoked by the lenders of CNIL.

8. During the year the wholly owned subsidiary "Towers Worldwide Ltd.", ceased to be the subsidiary of the Company and hence the Company does not have any subsidiary company as on March 31, 2010 and accordingly no consolidated accounts under Accounting Standard 21 are prepared.

9. **Foreign Currency Convertible Bonds:**

In the year 2007-08, the Company issued 3,000 Zero Coupon Foreign Currency Convertible Bonds (FCCB's) of USD 100,000 each. The bonds are redeemable only if there is no conversion of the bonds earlier. Hence, the payment of premium on redemption is contingent in nature, the outcome of which is dependent on uncertain future events and accordingly, no provision is considered necessary nor has been made in the accounts in respect of such premium. In case the bonds are redeemed then in such scenario the Company intends to adjust the premium on redemption to Securities Premium Account. The pro-rata premium as on March 31, 2010 works out to Rs. 1,940,619,844.

The details of bonds conversion during the year ended on March 31, 2010 is as under:

Particulars	Amount of FCCB in USD	Number of Equity Shares @ Rs. 10 each	Balance of FCCB's in Rupees
Balance As At April 1, 2009	241,800,000	179,161,773	12,615,745,740
Less : Converted during the Year	13,500,000	10,002,825	530,549,838
Less : Exchange Difference	NIL	NIL	1,804,828,638
Balance As At March 31, 2010	**228,300,000**	**169,158,948**	**10,280,367,264**

Rs. 14,274,705,153 out of the proceeds of the above Foreign Currency Convertible Bonds has been utilised towards capital expenditure, investment and issue expenses. Pending utilisation, the balance of Rs. 931,806,785 has been deposited in the banks.

10. In the year 2007-08 the Company had issued 263,650,000 Preferential Convertible Warrants (Exercise Price of Rs. 40 each) on preferential basis to various investors, out of above 217,500,000 warrants have been converted into Equity Shares. Balance 46,150,000 warrants were forfeited and amount received on issue of them was credited to Capital Reserve in the previous year. No Preferential Convertible Warrants were outstanding as on March 31, 2010. Entire proceeds of Preferential Convertible Warrants amounting to Rs. 8,884,600,342 has been utilised towards roll out of telecom towers and acquisition as on March 31, 2010.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

11. Balances with Banks include deposits with Indian Banks aggregating to Rs. 1,378,476,515 (Previous Year Rs. 4,585,787,689) pledged towards Debt Service Reserve Account, Margin Money for Letter of Credits, Bank Guarantees, Security for borrowings by capital goods vendors and Sales Tax Authorities.

12. Prior Period Items:

Prior Period Items included in the Profit and Loss Account:

(Amount in Rupees)

Particulars	**Schedule No.**	**2009-10**	2008-09
Income/Expenses :			
Infrastructure Operation and Maintenance Cost	K	NIL	75,000
Salaries and Allowances	L	1,809	2,222
Rent	M	NIL	4,000
Electricity	M	NIL	32,517
Communication Cost	M	NIL	73,966
Travel and Conveyance	M	278,419	393,367
Legal and Professional Charges	M	NIL	347,218
Office Expenses	M	1,647	NIL
Miscellaneous Expenses	M	NIL	765,669
Total		**281,875**	1,693,959

13. Employee Benefits:

As per Accounting Standard 15 “Employee Benefits” the disclosure of Employee Benefits, as defined in Accounting Standard are given below:

Defined Contribution Plan

(Amount in Rupees)

Particulars	**2009-10**	2008-09
Employer’s Contribution to Provident Fund	8,106,958	8,472,927
Employer’s Contribution to Pension Fund	1,213,820	1,380,971
Total	**9,320,778**	9,853,898

Defined Benefit Plan

The Employee’s Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust maintained by Life Insurance Corporation of India [LIC]. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognised in same manner as gratuity.

a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation

(Amount in Rupees)

Particulars	**Gratuity Funded**		**Compensated Absences Unfunded**	
	2009-10	2008-09	**2009-10**	2008-09
Defined Benefit Obligation at beginning of the year	4,983,015	2,949,302	4,635,942	3,133,368
Current Service Cost	2,596,851	2,207,831	1,125,302	2,330,173
Current Interest Cost	398,641	235,944	370,875	250,669
Actuarial (Gain) / Loss	(1,185,396)	(410,062)	1,082,160	227,540
Benefits paid	NIL	NIL	(1,738,203)	(1,305,808)
Defined Benefit Obligation at end of the year	**6,793,111**	4,983,015	**5,476,076**	4,635,942

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

b. Reconciliation of opening and closing balances of fair value of the plan assets

(Amount in Rupees)

Particulars	Gratuity Funded	
	2009-10	2008-09
Fair Value of Plan Asset at beginning of the year	6,968,743	2,623,310
Expected Return on Plan Assets	557,499	209,865
Actuarial Gain/(Loss)	(557,499)	349,396
Contributions	880,340	3,786,172
Benefits paid	NIL	NIL
Fair Value of Plan Asset at the end of the year	**7,849,083**	6,968,743

c. Reconciliation of present value of obligations and fair value of plan assets

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2009-10	2008-09	**2009-10**	2008-09
Fair Value of Plan Asset at the end of the year	7,849,083	6,968,743	NIL	NIL
Present Value of Defined Benefit Obligation at end of the year	6,793,111	4,983,015	5,476,076	4,635,942
Liability/(Asset) recognised in the Balance Sheet	**(1,055,972)**	(1,985,728)	**5,476,076**	4,635,942

d. Expense recognised during the period

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2009-10	2008-09	**2009-10**	2008-09
Current Service Cost	2,596,851	2,207,831	1,125,302	2,330,173
Interest Cost	398,641	235,944	370,875	250,669
Expected Return on Plan Assets	(557,499)	(209,865)	NIL	NIL
Actuarial (Gain)/Loss	(627,897)	(759,458)	1,082,160	227,540
Net Cost Recognised in Profit and Loss Account	**1,810,096**	1,474,452	**2,578,337**	2,808,382

e. Amounts for the current and previous periods are as follows :

1) Gratuity (Funded)

(Amount in Rupees)

Particulars	**2009-10**	2008-09	2007-08
Defined Benefit Obligation	6,793,111	4,983,015	2,949,302
Plan Assets	7,849,083	6,968,743	2,623,310
Surplus/(Deficit)	1,055,972	1,985,728	(325,992)
Experience adjustment on Plan Assets (Gain)/Loss	(557,499)	*	*
Experience adjustment on Plan Liabilities Gain/ (Loss)	(989,039)	*	*

2) Compensated Absences (Unfunded)

(Amount in Rupees)

Particulars	**2009-10**	2008-09	2007-08
Defined Benefit Obligation	5,476,076	4,635,942	3,133,368
Plan Assets	NIL	NIL	NIL
Surplus/(Deficit)	(5,476,076)	(4,635,942)	(3,133,368)
Experience adjustment on Plan Assets (Gain)/Loss	NIL	*	*
Experience adjustment on Plan Liabilities Gain/(Loss)	1,248,804	*	*

* The actuarial valuation report does not provide the required details and hence same are not furnished.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

f. Assumptions used to determine the defined benefit obligations

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2009-10	2008-09	**2009-10**	2008-09
Mortality Table (LIC) (1994-96 Ultimate)				
Discount Rate (p.a.)	8.25%	8.00%	8.25%	8.00%
Estimated rate of return on Plan Assets (p.a.)	8.25%	8.00%	Not Applicable	Not Applicable
Expected rate of increase in salary (p.a.)	5.00%	5.00%	5.00%	5.00%

The estimates of rate of increase in salary is considered in actuarial valuation taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

14. Segment Reporting:

The Company is predominantly in the business of providing “Telecom Towers” on shared basis and as such there are no separate reportable segments. The Company’s operations are predominantly only in India.

15. Related Party Disclosures:

a. Related Parties:

I. Subsidiary Company

Towers Worldwide Limited (up to March 30, 2010)

II. Associates

a. GTL Limited

b. Technology Infrastructure Limited

c. Global Holding Corporation Private Limited

d. Chennai Network Infrastructure Limited (with effect from March 12, 2010)

e. Tower Trust (with effect from December 29, 2009)

III. Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman

b. Mr. Prakash Ranjalkar, Whole-time Director

c. Mr. Shishir Parikh, Chief Financial Officer

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

b. Transactions with related parties:

(Amount in Rupees)

Particulars	Subsidiary Company		Associates		Key Managerial Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	[with I above]		[with II (a) above]		[with III above]	
Advance to Subsidiary	-	4,282,212,800	–	–	–	–
Refund of Advance	3,031,780,608	1,773,809,535	–	–	–	–
Interest Received	66,959,652	61,377,243	–	–	–	–
Purchase of Fixed Assets	–	–	9,143,000,984	8,935,266,301	–	–
Sale of Fixed Assets	–	–	–	11,890,671	–	–
Energy Recoverables assigned during the year	–	–	1,057,913,940	-	–	–
Net Income from Services / Equipment Provisioning	–	–	562,223,366	737,892,210	–	–
Miscellaneous Income	–	–	11,074,474	-	–	–
Finance Charges paid	–	–	23,337,582	-	–	–
Reimbursement of Expenses from	–	–	54,062,799	23,574,212	–	–
Infrastructure Operation and Maintenance Cost	–	–	1,168,482,180	162,754,359	–	–
Rent	–	–	–	2,691,513	–	–
Legal and Professional Charges	–	–	8,519,457	8,655,210	–	–
Reimbursement of Expense to	–	–	22,955,236	72,850,330	–	–
			[with II (b) above]			
Equity Shares Allotted	–	–	577,443,000	1,422,557,000	–	–
Amounts received against Preferential Convertible Warrants	–	–	519,699,042	1,280,301,300	–	–
			[with II (c) above]			
Purchase of Fixed Assets	–	–	–	4,166,700	–	–
Refund of Advance	–	–	–	500,000	–	–
Equity Shares Allotted	–	–	4,242,357,600	1,040,000,000	–	–
Amounts received against Preferential Convertible Warrants	–	–	3,818,121,840	936,000,000	–	–
Loan Taken	–	–	2,800,000,000	–	–	–
Interest Accrued	–	–	2,849,316	–	–	–
			[with II (d) above]			
Reimbursement of expenses to	–	–	38,010	–	–	–
Reimbursement of expenses from	–	–	38,010	–	–	–
			[with II (e) above]			
Investment in Corpus	–	–	18,157,224,000	–	–	–
Advance Given	–	–	100,000	–	–	–
Refund of Advance	–	–	100,000	–	–	–
Salaries and Allowances (*)	–	–	–	–	14,465,340	11,036,843
Directors' sitting fees paid (**)	–	–	–	–	190,000	180,000
ESOS Excercised (***)	–	–	–	–	123,340,000	–

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

b. Transactions with related parties (Contd..):

(Amount in Rupees)

	Subsidiary Company		Associates		Key Managerial Personnel	
Outstanding As At	**March 31, 2010**	March 31, 2009	**March 31, 2010**	March 31, 2009	**March 31, 2010**	March 31, 2009
	[with I above]		[with II (a) above]		[with III above]	
Investments	**–**	332,005	**–**	–	**–**	–
Advance given to Subsidiary	**–**	3,271,718,997	**–**	–	**–**	–
Interest Receivable	**–**	46,670,110	**–**	–	**–**	–
Advance Recoverable in Cash or Kind	**–**	–	**10,243,390**	–	**–**	–
Capital Advances	**–**	–	**64,704,105**	306,607,521	**–**	–
Security Deposit received	**–**	–	**2,500,000**	2,500,000	**–**	–
Security Deposit given	**–**	–	**1,600,000**	1,600,000	**–**	–
			[with II (b) above]			
Preferential Convertible Warrants (Advance for Conversion)	**–**	–	**–**	57,744,300	**–**	–
			[with II (c) above]			
Loan taken & Interest Accrued	**–**	–	**2,802,564,384**	–	**–**	–
Preferential Convertible Warrants (Advance for Conversion)	**–**	–	**–**	424,235,760	**–**	–
			[with II (e) above]			
Investment in Corpus	**–**	–	**18,157,224,000**	–	**–**	–

(*) Salaries and Allowances includes Rs. 4,431,405 (Previous Year Rs. 4,683,135) paid to Mr. Prakash Ranjalkar (Whole-time Director) and Rs. 10,033,935 (Previous Year Rs. 6,353,708) paid to Mr. Shishir Parikh (Chief Financial Officer).

(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar Rs. 190,000 (Previous Year Rs. 180,000).

(***) During the year Mr. Prakash Ranjalkar (Whole-Time Director) has paid Rs. 121,660,000 on exercise of 6,424,000 stock options and Mr. Shishir Parikh (Chief Financial Officer) has paid Rs. 1,680,000 on excersie of 168,000 stock options.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

16. Earning Per Share (Basic and Diluted):

(Amount in Rupees)

Particulars	2009-10	2008-09
Net Profit after tax attributable to Equity Shareholders for Basic EPS	(25,795,899)	28,446,127
Weighted average number of equity shares outstanding for Basic EPS	929,137,475	763,453,188
Basic Earning Per Share of Rs.10 Each	**(0.03)**	0.04
Net Profit after tax attributable to Equity Shareholders for Diluted EPS	(25,795,899)	28,446,127
Weighted average number of equity shares outstanding for Basic EPS	929,137,475	763,453,188
Add:- Potential Equity Shares (Options)	-	4,494,864
Number of Shares used for Calculating Diluted EPS	929,137,475	767,948,052
Diluted Earning Per Share of Rs.10 Each	**(0.03)**	0.04

The effect of Options and Foreign Currency Convertible Bonds on the Earnings Per Share are anti-dilutive and hence, the same is not considered for the purpose of calculation of dilutive Earning Per Share.

17. Deferred Tax Liability/(Assets):

As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Tax is comprising of the following items:

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liabilities:		
Related to Fixed Assets	1,516,965,610	921,061,541
Total	**1,516,965,610**	921,061,541
Deferred Tax Assets:		
Unabsorbed Depreciation	1,703,191,105	1,124,377,725
Disallowance under Income Tax Act	90,937,378	21,557,583
Total	**1,794,128,483**	1,145,935,309
Net Deferred Tax Liability/(Asset)	**(277,162,873)**	(224,873,768)

As at March 31, 2010, the Company has Net Deferred Tax Assets of Rs. 277,162,873. In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, the same has not been recognised in the books of account in line with Accounting Standard 22 dealing with "Accounting for Taxes on Income".

18. Managerial Remuneration:

a. Details of Payments and Provisions on account of Remuneration to Managerial personnel is as under:

(Amount in Rupees)

Particulars	2009-10	2008-09
Salary(including allowances)	4,215,405	4,467,135
Contribution to Provident Funds	216,000	216,000
Total	**4,431,405**	4,683,135

Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above. The benefit value in respect of stock options granted to directors is not considered as remuneration.

b. The computation of net profit for the purpose of director remuneration under Section 349 of Companies Act, 1956 has not been enumerated since no commission has been paid to any of the directors. Fixed managerial remuneration has been paid to the whole-time director as per Schedule XIII of the Companies Act, 1956.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

19. Auditor's Remuneration:

(Amount in Rupees)

Particulars	2009-10	2008-09
Audit Fees	3,000,000	2,400,000
Tax Audit Fees	1,200,000	600,000
Certification Fees	1,500,000	1,280,000
Other Matters	1,000,000	500,000
Total	**6,700,000**	4,780,000

20. Details of Net Pre-Operative Expenses considered as Capital Work-In-Progress:

(Amount in Rupees)

Particulars	2009-10	2008-09
Opening Balance	1,414,005,661	1,231,326,220
Add:		
Expenditure Incurred during the year:		
Infrastructure Operation and Maintenance Cost	659,991,619	547,318,363
Salaries and Allowances	64,498,802	76,248,067
Contribution to Provident Fund and Other Fund	2,883,091	3,939,658
Rent	53,090,604	81,756,222
Insurance	1,813,099	2,657,872
Communication Cost	2,950,043	6,180,860
Travel and Conveyance	20,315,023	35,307,026
Legal and Professional Charges	109,069,251	334,214,138
Stamp Duty and Registration Charges	3,391,842	8,156,285
General and Administrative Expenses	154,623,133	313,208,225
Interest on Term Loan	1,144,334,517	1,033,730,068
Interest Others	338,458,546	434,791,916
Bank and Financial Charges	176,571,581	423,714,582
	4,145,996,812	4,532,549,502
Less:		
Interest Received (TDS Current Year 10,275,009 Previous Year 14,032,665)	114,436,575	61,927,031
Profit on Sale of Current Investments	57,009,773	93,171,557
	3,974,550,464	4,377,450,914
Less: Amount allocated to Fixed Assets	1,266,659,149	2,963,445,253
Closing Balance	**2,707,891,315**	1,414,005,661

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

21. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management, there was no impairment loss on fixed assets during the year ended March 31, 2010.

22. During the year the Company entered into an agreement for assignment of Energy Recoverables with GTL Ltd (Associate Company) which is also in the business of providing the Operation and Maintenance Services and the Energy management of sites. The Energy recoverable assigned and derecognised in the Balance Sheet as on March 31, 2010 is Rs. 431,200,534. The Company has an obligation to pay GTL Ltd in case the amount assigned is not recovered within the mutually agreed period. Assignment charges amounting to Rs. 23,337,582 incurred during the year has been charged to Profit and Loss Account.

23. Financial and Other Derivative Instruments:

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2010:

For Hedging Currency and Interest rate related risks:

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
Forward Contract	139,818,626	465,411,909
Interest Rate Swaps	969,431,360	NIL
Currency Swaps	1,000,000,000	1,000,000,000

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

c. Net Foreign Currency exposures that are not hedged by derivative instruments or Forward Contracts as at March 31, 2010 amount to Rs. 9,304,460,385 (Previous Year Rs. 3,472,121,392).

d. Expenditure on account of premium on forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting period aggregates to Rs. 864,634 (Previous Year Rs. 1,744,555).

24. Disclosure in accordance with Part I of Schedule VI of Companies Act, 1956 in respect of Micro, Small and Medium Enterprises:

(Amount in Rupees)

Sr. No.	Particulars	As at March 31, 2010	As at March 31, 2009
a.	Principal amount remaining unpaid	NIL	NIL
b.	Interest due thereon	NIL	NIL
c.	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
d.	Interest due and payable for the period of delay in payment	NIL	NIL
e.	Interest accrued and remaining unpaid	NIL	NIL
f.	Interest remaining due and payable even in succeeding years	NIL	NIL

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company.

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

(Amount in Rupees)

Particulars	2009-10	2008-09
Capital Goods	NIL	158,747,112

26. Stores and Spares Consumed:

Particulars	2009-10		2008-09	
	Rupees	% of Total consumed	Rupees	% of Total consumed
Imported	NIL	NIL	NIL	NIL
Indigenous	1,677,040	100	223,064	100

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

27. Expenditure in Foreign Currency:

(Amount in Rupees)

Particulars	2009-10	2008-09
Interest	42,568,478	3,311,079
Bank and Other Charges	2,711,998	94,126,082
Foreign Travel	375,289	1,497,413
Professional & Consultancy	8,219,569	7,287,803
FCCB Issue Expenses	NIL	10,787,500
Others	1,195,669	756,056
Total	**55,071,003**	117,765,933

The above expenditure includes amounts capitalised as project development expenses and / or adjusted against Securities Premium Account.

28. Earnings in Foreign Currency:

(Amount in Rupees)

Particulars	2009-10	2008-09
Interest received	93,212,709	406,848,019
Profit on Sale of Investment in Subsidiary	3,051,245	NIL

29. Operating lease:

The Company's significant leasing arrangements are in respect of operating leases for premises and network sites. These lease agreements provide for cancellation by either parties thereto as per the terms and conditions of the agreements.

30. In accordance with Clause 32 of Listing Agreement the details of advance is as under:

a. To Towers Worldwide Limited, a wholly owned subsidiary closing balance as on March 31, 2010 is Rs. NIL (Previous Year Rs. 3,271,718,997). Maximum balance outstanding during the year was Rs. 3,271,718,997 (Previous Year Rs. 4,282,212,800).

b. None of the loanee's have made, per se, investment in the shares of the Company.

c. As per the Company's policy loans to employees are not considered in 'a' above.

31. The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to make them comparable with those of the current year.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2010

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Cash Flow Statement For The Year Ended March 31, 2010

		For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax as per Profit and Loss Account	**(25,795,899)**	(707,762,205)
	ADJUSTED FOR		
	Net Prior Year Adjustments	**281,875**	1,693,959
	Depreciation	**1,983,211,939**	1,411,513,993
	Loss/(Profit) on sale of fixed asset	**(12,833,305)**	3,177,993
	Profit on sale of Current Investments	**(21,020,984)**	(3,363,000)
	Profit on Sale of Long Term Investments	**(3,051,245)**	–
	Interest Income	**(283,550,867)**	(533,878,311)
	Interest and Finance Charges	**1,525,201,341**	1,025,143,732
	Balances Written back (net)	**(26,189)**	(188,106)
	Provision for Wealth Tax	**18,599**	50,000
	Employee Stock Option Cost	**28,467,236**	24,777,336
	Foreign Exchange (Gain)/Loss (Net)	**(2,061,563,320)**	(50,562,755)
	Bad Debts	**2,217,423**	12,486,178
	Provision for Doubtful Debts/Advances	**48,221,689**	37,556,922
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	**1,179,778,293**	1,220,645,736
	ADJUSTMENTS FOR		
	Trade and Other Receivables	**38,521,708**	339,938,101
	Inventories	**(14,912,822)**	(24,500,239)
	Trade Payables	**167,342,879**	1,669,153,631
	CASH GENERATED FROM OPERATIONS	**1,370,730,058**	3,205,237,229
	Net Prior Year Adjustments	**(281,875)**	(1,693,959)
	Direct taxes paid / Refund	**(161,264,183)**	(179,284,550)
	NET CASH FLOW FROM OPERATING ACTIVITIES	**1,209,184,000**	3,024,258,720
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets and Capital Work-in-progress	**(12,004,681,361)**	(14,409,797,537)
	Sale of Fixed Assets	**3,349,911,646**	2,626,667,789
	Investment in Subsidiary	**3,383,250**	(332,005)
	Advance to Subsidiary (Given)/Received	**3,271,718,997**	(3,271,718,997)
	Purchase of Long Term Investments	**(18,489,724,000)**	–
	Purchase of Current Investments	**(203,630,327,887)**	(94,257,971,517)
	Sale of Current Investments	**203,613,358,644**	95,017,869,074
	Movement in Loans (Net)	**–**	487,500,000
	Interest Income	**498,918,104**	445,070,910
	CASH FLOW FROM INVESTING ACTIVITIES	**(23,387,442,607)**	(13,362,712,283)
C.	**CASH FLOW FROM FINANCING ACTIIVITIES**		
	Proceeds from Issue of Shares/Preferential Convertible Warrants	**4,546,850,362**	2,227,133,864
	Issue Expenses	**–**	(22,536,286)
	Proceeds from Long Term Borrowings	**15,146,249,323**	12,867,811,223
	Repayment of Long Term Borrowings	**(3,108,573,831)**	(4,524,175,380)
	Short Term Loans (Net)	**(266,014,931)**	338,103,775
	Interest and Finance charges	**(3,184,963,422)**	(2,915,071,820)
	NET CASH USED IN FINANCING ACTIVITIES	**13,133,547,501**	7,971,265,376

Cash Flow Statement For The Year Ended March 31, 2010

	For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
D. EFFECTS OF EXCHANGE DIFFERENCES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS	**–**	2,282,807,596
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(9,044,711,106)**	(84,380,591)
Cash and Cash Equivalents (Opening Balance)	**13,647,236,690**	13,731,617,281
Cash and Cash Equivalents (Closing Balance)	**4,602,525,584**	13,647,236,690

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
(ii) Figures in brackets indicate Outflows.
(iii) Cash and cash equivalents at the end of the year include deposits with banks aggregating to Rs. 1,378,476,515 (Previous Year Rs. 4,585,787,689) which are provided as security as mentioned in the Note No. 11 of Schedule P.
(iv) Previous year's figures have been regrouped / rearranged/recasted wherever necessary to make them comparable with those of current year.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Mumbai
Date : April 29, 2010

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No	U74210MH20004PLC144367	State Code	11
Balance Sheet Date	31-Mar-10		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	1,204,950

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

Total Liabilities	67,525,686	Total Assets	67,525,686
SOURCES OF FUNDS			
Paid-up Capital	9,573,486	Reserves & Surplus	9,080,207
Secured Loans	28,268,210	Unsecured Loans	16,436,847
APPLICATION OF FUNDS			
Net Fixed Assets	40,290,574	Investments	18,584,724
Net Current Assets	3,546,112	Misc. Expenditure	NIL
Accumulated losses	937,340		

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

Turnover (Gross Revenue)	3,813,236	Total Expenditure	3,839,031
Profit / (Loss) Before Tax	(25,795)	Profit / (Loss) After Tax	(25,795)
Earnings per Share in Rs.	(0.03)	Dividend Rate %	NIL

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

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

NOTES


GLOBAL Group Enterprise

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