GLOBAL Group Enterprise

Empowering a Better World

8th Annual Report 2010 - 11

GTL INFRASTRUCTURE

Corporate Information

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman
Balasubramanian N.	Vice Chairman
Ranjalkar, Prakash	Whole-time Director
Naik, Milind	Whole-time Director & COO (w.e.f. July 21, 2011)
Agarwala, Vinod	Director
Dr. Patkar, Anand	Director
Kulkarni, Vivek	Director
Naik, Charudatta	Director
Pathak, Vishwas	Director
Talwar, Satya Pal	Director
Vij, Vijay	Director

COMPANY SECRETARY

Vemulakonda, Ravikumar

REGISTERED OFFICE

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Global Vision, 3rd Floor,
Electronic Sadan – II,
MIDC, TTC Industrial Area,
Mahape,
Navi Mumbai 400 710.
Website : www.gtlinfra.com
Tel : +91 22 2767 3000 Fax : +91 22 3913 7440

JOINT AUDITORS

- Chaturvedi & Shah
- Yeolekar & Associates

LIST OF LENDERS

Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Corporation Bank
DEG, Germany
Dena Bank
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 Patiala
State Bank of Travancore
Union Bank of India
United Bank of India
Vijaya Bank

For more information contact:
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Dear Shareholder,

Last year, we had planned to acquire Aircel's tower assets amounting to 17,500 towers and 21,000 tenancies for a value of ₹ 8,026 Cr. Along with this we were also getting right of first refusal (RoFR) for incremental 20,000 tenancies over a period of next 3 years from Aircel.

We have successfully accomplished this and emerged as one of the largest independent and neutral telecom tower company. Post this transaction, we are getting incremental recurring revenue of ₹ 700 Cr. p.a. from 21,000 tenants and are likely to get additional recurring revenue of ₹ 700 Cr. p.a. after execution of 20,000 additional tenancies, thereby potentially increasing our recurring revenue from this transaction alone to over ₹ 1,400 Cr. over the next 3/5 years.

We have funded this transaction through a SPV called Chennai Network Infrastructure Limited (CNIL) and have invested ₹ 1,815 Cr. towards the equity contribution.

However, post the acquisition, the controversy in licences given to new 2G operators resulted into a cycle of events beyond our control that slowed down entire telecom sector.

- We expected new 2G operators would be key drivers for the growth in tenancy and towers. However, the license controversy has resulted in minimal roll out by them. This has resulted into a minimal growth in our revenue from new Operators from April 2011
- In the last 18 months, RBI has increased interest rates several times. As a result, the interest rates have gone up to almost 13%. This has affected the profitability of the entire sector and as a result, the established operators have also slowed down on their expansion plan. Even, the state run operator BSNL reported operational losses and deferred their expansion plan. This in turn has affected our tenancy and revenue. We had commitment of 20,000 tenancies from Aircel but due to the slowdown in their growth plan we have so far received around 2,500 orders from them. We believe this slowdown will remain at least for a period of next 18 to 24 months and is beyond our control
- Telecom sector found it extremely difficult to raise any capital either from capital markets or from Indian banking sector. This led to the operators spending minimum on network expansion. This has resulted into slowdown in no of incremental tenants on our network of 32,650 towers
- Telecom and BWA operators have paid around ₹ 100,000 Cr. as license fees for 3G and BWA licenses to Government. This has created a stress on their liquidity. As a result, even incumbent operators are slow in rolling out 3G network. Further, the take-off for 3G services has been lower than expected due to high tariffs and absence of cheaper smart phones. BWA operators are yet to roll out their network. These have affected the growth of all tower companies

Operational highlights (on consolidated basis)

In FY11, we continued to strengthen our position as the leading independent provider of shared passive telecom infrastructure in the country. The significant operational highlights are as follows:

- Acquisition of Aircel's 17,500 towers for ₹ 8,026 Cr.
- No. of towers including those under implementation increased from 12,456 in FY10 to 32,650 in FY11 – Growth of 162%
- No. of tenants increased from 13,221 in FY10 to 41,702 in FY11 – Growth of 215%

Financial highlights (on consolidated basis)

The financial performance highlights are as follows:

- Y-o-Y Revenue growth of 190%
- Y-o-Y EBIDTA growth of 205%
- EBIDTA margin of 58%

Corporate Debt Restructuring (CDR)

Our fund based secured and unsecured debt of ₹ 10,408 Cr. includes debt of CNIL. Primarily the debt was used for both organic as well as inorganic growth. We acquired Aircel's 17,500 telecom towers and RoFR of 20,000 tenancies through CNIL for ₹ 8,026 Cr. and our combined tower portfolio is now 32,650 towers.

Additionally the slowdown in the telecom sector and deteriorating business scenario has had the following impact

- The increase in interest rate from 8.5% (four years ago) to 13% has increased our annual interest outgo
- The sudden slowdown in telecom sector has resulted in slowdown in incremental tenancy on our towers affecting our revenue and EBIDTA growth
- The weakness in the global markets and the Indian telecom sector, has prevented us from raising any equity capital in GTL Infra and use the proceeds from the same to reduce our debt.

All these factors have impacted our ability to service and repay our debt to our lenders As a result, we have filed for Corporate Debt Restructuring (CDR) on August 12, 2011. The CDR exercise should help the company tide over current challenges created out of telecom industry's liquidity issue.

Industry Outlook

The telecom industry in India is going through a very difficult phase, with operators not expanding and investing very little in incremental capacity. However, when the situation improves, the following factors could drive the demand for towers.

Demand for Towers

The expected growth drivers could be as follows:

(a) Expansion by existing and new Operators

Existing Operators are likely to expand their networks into additional circles, such as Class B and C circles for their growth. The launching of new services is expected to create demand for co-location on towers in these areas. Also, the finalisation of telecom policy may lead to much awaited capital inflow in telecom sector. When it happens it is likely to result into expansion of networks by telecom operators. This will increase the demand for the telecom towers.

(b) Increase in usage of data services

The 3G licence winners have started providing data services on 3G networks. However, the demand for such services is low because of higher tariffs and high cost of 3G enabled smart phones. We expect that the demand for such services will increase once the operators reduce the tariffs and the cost of smart phone handsets comes down. Since 3G operates on higher frequency the demand for towers is higher for 3G networks as compared to 2G networks.

The BWA operators are yet to roll out their networks. We expect that they will begin their commercial services with in next 12 months in all metros. This will lead to increase in demand for the rooftop towers in metros.

(c) Rural Expansion

With urban teledensity already crossing 100 percent mark it has become inevitable for the operators to approach the rural market for further growth. As the ARPU is low in rural markets, the operators are opting for sharing of passive infrastructure to bring down both capital as well as operational expenditure.

Strategy

Restructuring of Debt

Our fund based secured and unsecured total debt is ₹ 10,408 Cr. We have approached our lenders to consider restructuring of the same. Normally in a debt restructuring process the lenders reduce the interest rate on the outstanding debt and convert some of the debt into equity. We expect that once the lenders approve the restructuring of debt it will reduce pressure on our cash flow on account of interest outgo and principle repayments. This will make more cash available for the business operations for the purpose of growth.

Maximise use of existing tower capacity

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

Minimise capital expenditure

We are contracted for Right of First refusal (RoFR) from Aircel for 20,000 tenancies. Out of these we have already received around 2,500 orders through our existing tower network and by building new towers. Now our efforts are to minimise the capital expenditure for the balance RoFR tenancies from Aircel. From now on, we will build new towers only if we are having order from atleast two operators for the same. At the same time, we have entered into bartering arrangement with other tower companies to substitute requirement of building new towers.

Processes

In our endeavour for continual 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 number of employees of the company increased from 188 in FY 2010 to 388 in FY 2011.

We have designed programs like “Business Partner”, “Family Jewel” & “Club Orion” to attract and retain talent at all levels across the organisation. These initiatives have led to successful institutionalisation of compensation review and performance management processes.

The Road Ahead

We know that the process of restructuring our debt and achieving our business targets are key for sustainability and growth of our business. The growth in telecom infrastructure business is the single biggest challenge we are facing.

We strongly believe roll-out of 3G, 4G and BWA networks along with usage of data services are going to be key drivers for the growth of our business. We believe that although this growth may take little longer time but is sure to happen. However in short term we expect that our margins will be under pressure and collecting recievables from our customers both on account of tower rentals and energy expenses on time remain big challenge.

For us, this business is not about being the largest or biggest, but is about bringing in efficiency telecom industry, being environment friendly, bringing connectivity to the poorest of poor and creating employment across India. For all that our Company has accomplished over the years, we would like to thank all our stakeholders, customers, financial institutions, partners and employees for their unwavering interest and support and look forward fo\r the same in future.

Place : Mumbai

Date : November 23, 2011

Manoj G. Tirodkar

Chairman

INDUSTRY STRUCTURE AND DEVELOPMENTS

GTL Infra is in the business of providing telecom towers to the operators on shared basis.

Indian Telecom Industry

The telecom industry has experienced stupendous growth in the last 4 to 5 years. The subscriber base grew by a CAGR of 42% between 2007 to 2011 whereas teledensity increased from 18% to 71% within the same period. One of the key reasons behind this growth was sharp decline in the tariffs which made telecom services affordable to the masses. Apart from favourable regulatory environment, technological advancement, skilled manpower, various funding avenues; sharing of telecom towers played a key role in supporting this growth by helping operators bring down their Capex and Opex and making tariffs affordable.

However last year could be termed as the worst year in the history of Indian telecom industry which was plagued by scams, pricing war, regulatory uncertainty and over competition which lowered the investors' confidence in the sector.

Indian Telecom Tower Industry and Sharing of Telecom Towers

Telecom towers form the backbone of the wireless networks and provide last mile connectivity to subscribers. To sum up, the Indian tower space can be categorized into the following:

- Operator owned Tower companies (Bharti Infratel, Reliance Infratel, Viom etc.)
- Operator owned Alliances (Indus, jointly owned by Bharti, Idea and Vodafone)
- 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

The growth of telecom tower industry is very closely linked to the growth in Indian telecom industry. The demand for telecom towers as well as sharing of them is a function of rollout plans of the operators.

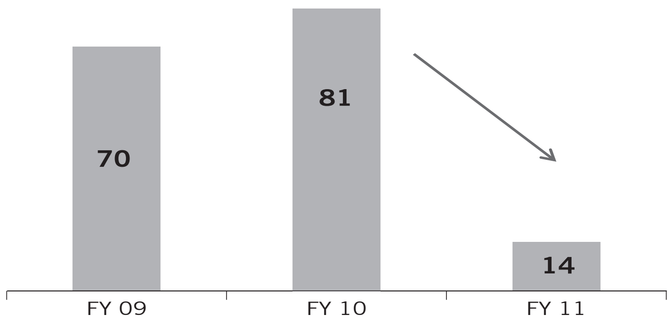
As the operators experienced negative trends in some of their key parameters like net subscriber additions per month, minutes of usage and average revenue per user they went slow with their network expansion plans. This resulted into some of the key challenges faced by telecom tower industry.

OPPORTUNITIES AND THREATS

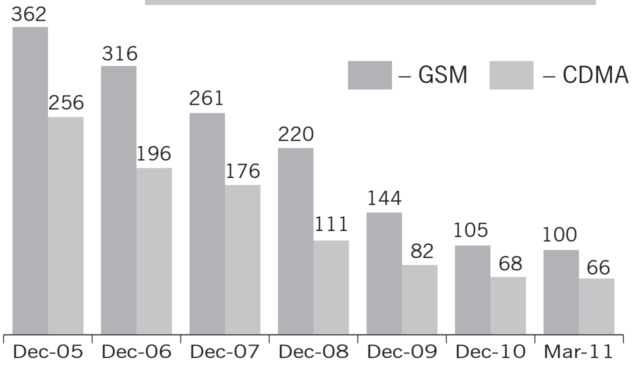
Lesser demand for towers

Falling subscriber growth accompanied with falling MOU and falling ARPU resulting into stagnation of revenues and lower profitability in the telecom industry.

Yearly tower rollout ('000)



Falling Trends in ARPU *(₹/Month)*



Source: PWC-COAL Report HSBC Jefferies research report

Earlier the effect of falling ARPU on the revenue and profitability was more than compensated by the higher volumes generated through increasing subscriber base and increasing MOU per subscriber. These trend reversals have made the operators cautious in making fresh investments and go slow with their network expansion plans. As the telecom tower industry directly derives its revenues from the operator's expansion plans the telecom tower industry has seen the same fate in the form of new tower rollouts coming down by 80% over last year.

Lesser demand for sharing of towers

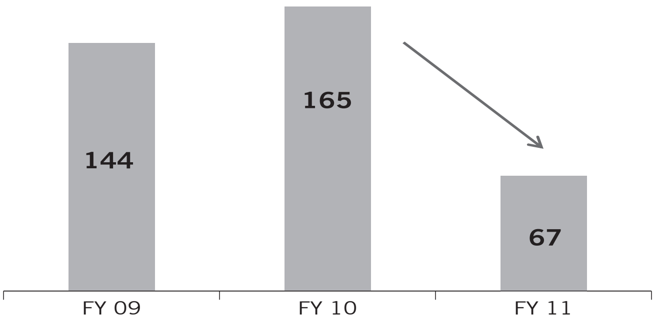
Last year saw the successful closure of 3G and BWA spectrum auction with pan India 3G price tag touching as high as ₹ 16,751 Cr. As the 3G spectrum was allotted at higher frequency of 2100 Mhz the operators would require more cell sites to establish 3G coverage. Thus it was expected that this would result in good prospects for the telecom tower industry in the form of more tower requirements and higher sharing of towers leading to better tenancy levels. The telecom industry in total nearly paid ₹ 100,000 Cr. to the government for 3G and BWA licences mainly funded through bank debt. The money needed to build the infrastructure to provide these services at pan India level was expected to be funded from the business generated initially by offering these services in Metros and Class A circles.

However as per recent Citi report which is based on their survey done in Metros and JP Morgan report the offtake of 3G and BWA services will be back ended which is based on their following findings.

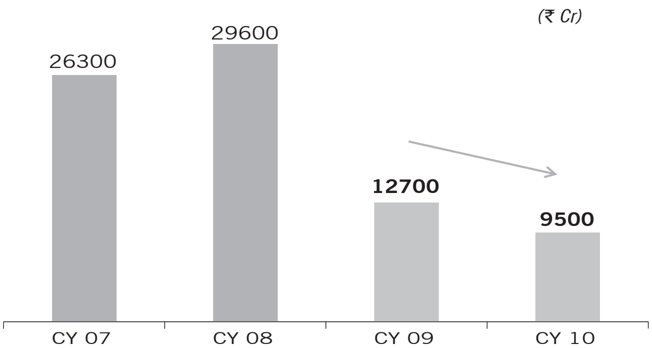
- 3G/BWA winners invested US$ 21 Bn towards licenses; however income stream yet to follow
- Only 10% of high ARPU subscribers have migrated to 3G network
- Almost 73% of people surveyed don't intend to use 3G in the medium term
- 3G handset penetration is also high at 40%, but only 10% of the overall respondents have currently taken up the service
- 30% of those not on 3G said they currently don't have need for data connectivity
- People are conscious of data pricing too (25% of respondents not on 3G find the pricing high)
- No concrete Network plan chalked out by any BWA player

Thus the data ramp-up on 3G Network is expected to be back ended after 2-3 years. This substantial cash outflow only towards license and slow revenue accretion from these high end services adversely affected operators' ability to further spend on building infrastructure. Thus the benefits of rollout of 3G and BWA services to the telecom tower industry didn't happen as was expected which is evident from the fact that the capital expenditure by operators have come down by 70% since 2008. This resulted into lesser number of tenancies for the telecom tower companies as the total number of BTSs installed in the industry as come down by 60%.

Yearly addition of BTSs ('000)



Capital Expenditure of Bharti, Idea & Rcom

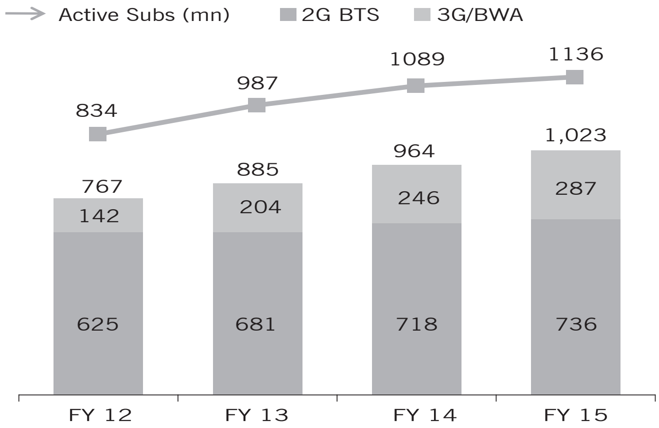


Source: PWC-COAL Report HSBC Jefferies research report

Future growth drivers

This current slowdown is temporary in nature because as per industry reports in order to serve 1.1 Bn wireless subscribers by 2015 a total of 1 Mn. BTSs will be required. As the majority of India is covered with telecom infrastructure this new additions of BTSs will ride on the existing telecom towers through sharing of towers leading to higher tenancies for the telecom tower companies.

BTS Projection ('000)



Source: Industry estimates

The key growth drivers for the sharing of towers are as discussed below:

Spectrum Scarcity

As per TRAI reports the industry has witnessed an increase in traffic/subscriber in 2010 driven by the sharp decline in tariffs

However, no 2G spectrum has been allotted for the last two years, to any of the operators. This has resulted in a significant capacity crunch for the wireless telecom industry. This capacity crunch is further aggravated as the new operators are allocated spectrum at 1800 MHz frequency which is inferior to traditional 900 MHz frequency because of limited coverage capability.

Thus the operators would try to compensate spectrum scarcity by increasing the point of presence of towers. This way the Operators would be able to serve increased call traffic without putting any additional burden on spectrum usage. Thus increase in network traffic of the operators with limited spectrum availability may create demand for sharing of telecom towers.

Introduction of Mobile Network Portability (MNP)

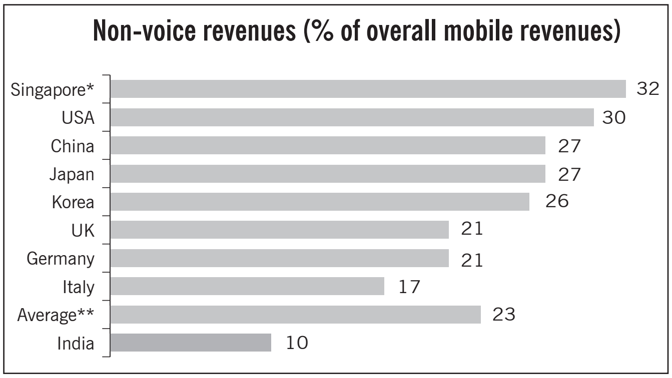
Mobile Network Portability has been launched in all telecom circles. The competitive telecom tariff alone is not a strategic advantage to the telecom operators. Pricing along with better network quality will be the key driver for the operators to retain and acquire new subscribers. With expanded subscriber base and limited spectrum availability, operators are left with little option but to bring down the number of subscriber per BTS by creating a denser cellular network. This will drive the demand for sharing of towers in urban areas.

Rural Expansion

As on Mar'11 India had a wireless teledensity of 68%. Majority of the telecom growth over past decade has taken place in urban areas leading to an urban wireless teledensity of 150%. However, rural areas continue to be unserved market as compared to urban markets with a teledensity of 33%. The operators facing a stagnated growth in urban areas will seek to penetrate their network in rural areas to reach out to the vast majority of people living in rural India with an objective of increasing their market share. The network expansion by telecom operators in rural areas will drive the demand for towers in these regions.

Growth of Data Services in Indian Telecom Market

As per an ASSOCHAM – Deloitte report, data currently contributes approximately 10% of Operators' total revenue through mobile services. A major portion of this revenue is contributed by SMSes and internet surfing over mobile phones. This situation will change in near future with the launch of 3G/BWA services by service providers.



* Based on non-voice revenues of SingTel
** Average of the above shown countries (total/number of countries)

Source: ASSOCHAM – Deloitte report

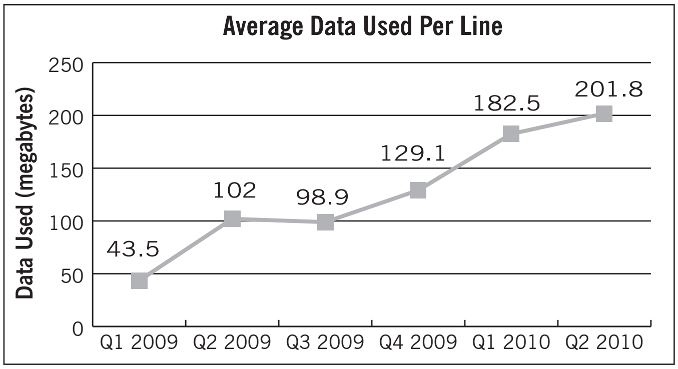
Using 3G/BWA technology, Operators can provide high speed data services to subscribers. A recent report by Assocham & Deloitte indicates a huge latent demand for uptake of Mobile Value Added Services (MVAS) in India. As per the report, the VAS market is expected to increase from ₹ 9,760 Cr in March 09 to ₹ 48,200 Cr. by March 15. The choice of value added services varies as we move from urban to rural areas. Subscribers in rural areas demand services like caller tunes, sports updates, information about markets, commodity prices, weather updates, health updates whereas subscribers in urban area demands high speed internet connectivity, audio video streaming, navigation and location maps, music downloads, gaming, m-commerce, IPTV and mobile TV.

With internet penetration at a meagre 7%, the growth of data services in expected to ride on easy availability of smart phone in India. A study of data growth in US indicates towards similar trends in India.

Trends in US Telecom market

According to a recent report on 3G services in US by the US Federal Communication Commission (FCC), mobile data demand is likely to exceed capacity under current spectrum availability. As smartphones, laptops, and other devices increasingly become integral to consumers' mobile experiences, mobile data demand is expected to grow between 25 and 50 times current levels within 5 years.

Data Consumption Growth per Line



Source: Federal Communications Commission

A range of recent wireless industry trends indicate strong growth of mobile data usage-

- 42% of consumers are estimated to own a smartphone, up from 16% three years ago
- PC aircard users consume 1.4 gigabytes (GB) per month – 56 times the amount of data used by a regular cell phone
- A private operator and exclusive US carrier of the iPhone, has seen mobile network traffic increase 5,000% over past 3 years
- Users of a 4G service provider consume 7 GB per month – 280 times the amount of data used by a regular cell phone

Historical growth in Cell-sites in US telecom Industry

Year	Total Cell Sites	Year-on Year Growth	5 Year Running Avg Growth
1997	38,650		
1998	57,674	49%	
1999	74,157	29%	
2000	95,733	29%	
2001	114,059	19%	
2002	131,350	15%	28%
2003	147,719	12%	21%
2004	174,368	18%	19%
2005	178,025	2%	13%
2006	197,576	11%	12%
2007	210,360	6%	10%
2008	220,472	5%	8%
2009	245,912	12%	**7%**

Source: Federal Communications Commission

The US telecom tower industry has witnessed a 23% tower growth in last 3 years. At a teledensity of 99.6%, this growth is mainly driven by increase in demand for mobile data services. Thus in this backdrop, at a teledensity of 71%, if similar demand for data services is replicated in India mobile industry the growth in tower sector can be far more significant.

OPERATIONS

The Company is a pioneer in the telecom tower business in India and has emerged to be the largest independent telecom tower company in India by number of towers. 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 fastest growing and second largest telecom market in the world.

Operations strategy

The Company focuses on increasing the demand for its towers by providing the customers well managed tower portfolio of 32,650 towers covering all the 22 telecom circles. This is achieved by increasing the saleability of the towers which revolves around two core principles, which are as follows:

(A) Enhancing tenancy with minimal capex

The sudden and major slowdown in the telecom sector last year resulted into very few new towers being rolled out in the industry. With pan India network footprint and a substantial scale the company believes that fresh rollout of towers may be limited to cater to the current demand from the operators. However the newer concepts like bartering, swapping and trading of tenancies is rapidly gaining traction among the tower companies, making fresh rollouts unnecessary. Of the 20,000 RoFR tenancy commitments from Aircel, the company has successfully received over 2,500 orders till Mar'11 and still has nearly 17,500 tenancies commitment in hand. Thus the company is very well placed to take advantage of this new concept which will help it increase its tenancy on the towers.

(B) Proficient management of the tower portfolio

The Company strives to provide the best quality infrastructure to the operators at reasonable price which in turn would help them provide seamless connectivity and high quality network to the consumers at affordable prices. In order to achieve this, the company periodically carries out O&M activities on its tower portfolio to deliver the network uptime commitment as promised to the operator. In order to reduce the energy cost and at the same time provide more reliable sources of energy to the operators, the company has signed a contract with GTL Ltd. GTL Ltd plans to provide innovative energy management solutions to reduce energy costs incurred by the operators by bringing down energy consumption on the company's towers. This will lower the cost of using the company's tower which the company believes will be attractive to its existing and future customers, increase the marketability of its towers and differentiate itself from its competitors.

Portfolio Details

Capacity Availability

All the telecommunication towers of the Company are configured to host multiple wireless service providers. The number of antennae its towers can accommodate varies depending on the type of tower (GBT or RTT). Generally, a GBT site can accommodate around 3-4 Operators, while a RTT site can accommodate upto 2-3 Operators. The breakup of the company's consolidated tower portfolio as on March 31, 2011 across India is as shown in the table below.

Circle	TOTAL TOWERS
AP	1,426
Assam	1,607
Bihar	2,700
Delhi	981
Gujrat	1,149
Haryana	281
HP	387
J & K	846
Karnataka	2,027
Kerala	566
Kolkata	916
Maharashtra & Goa	2,931
MP	602
Mumbai	598
North East	678
Orissa	1,542
Punjab	607
Rajasthan	928
Tamil Nadu	5,937
UP (East)	2,648
UP (WEST)	1,330
West Bengal	1,963
Total	**32,650**

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.

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 12 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 towers are in the range of 40-60 meters, and roof top towers are 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 approximately 4,000 sq.ft. and 500 sq.ft. respectively.

Most of the land acquired by the Company for cellsite rollout is owned by third parties. These tower premises have been taken on lease or 'Leave and License' basis, wherein the agreements are for approximately 10 to 15 years and provide for escalation once 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 wherever required. In case of roof top towers, the building owners generally take responsibility for maintaining security.

Ground-based towers are typically protected either by site security service arrangements with agencies which ensures security guards at all the cellsites or delegation of site security to the land lord 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 Operation and Maintenance services are key to ensuring compliance to SLA parameters and customer satisfaction. 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. As mentioned earlier the company has signed a contract with GTL Ltd which will bring down the energy costs at company's towers.

Information Systems

The Company's web based software tool called 'Site Locator' allows indentifying 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 has implemented a nation wide portal integrating the various Management Information Systems, which provides selective access to concerned sales, planning, site implementation and O&M personnel.

Merger of CNIL into GTL Infra

Last year the company successfully completed the acquisition of Aircel towers assets and paid a final sum of ₹ 8,026 Cr. The acquisition was done through a special purpose vehicle CNIL (Chennai network infrastructure limited). The board of directors in their meeting held on November 1, 2010 with an objective of realizing the synergies by combining the two entities approved the merger of CNIL with GTL Infra.

FUTURE OUTLOOK

The Company intends to maintain its leadership position, as large 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.

Financial restructuring

As the company's business has both high operating and financial leverage, the slowdown in the demand and rising interest rate regime has badly affected company's liquidity position and hence its ability to fund its operations. Accordingly the company has proactively approached the CDR cell to restructure its debt which will help the company in reducing its cash outflow and making them available for the operations.

Minimal rollout of towers

With a tower portfolio of over 32,000 towers, pan India tower footprint and presence in all 22 telecom circles the company is well poised to cater to the current demand of towers by the telecom operators and hence believes that fresh rollout of towers may be limited to cater to the current demand from the operators. The additional commitment of 20,000 tenancies by Aircel will be made either through collocations, swapping, trading or bartering. This will help the company to increase its profitability and cash inflows as the additional business will be generated without incurring any marginal cost.

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. This would benefit the company 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.

Remote Monitoring through Network Operating Centre (NOC)

All the GTL Infra sites would be monitored through NOC which would provide 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.

GTL Infra aims to be the most environment friendly and efficient tower Company

INTERNAL CONTROL SYSTEMS

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 regularly as may be required 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 RESOURCES

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

Employee Profile

The employee strength of the Company stood at 388 as on March 31, 2011. The Company continues to invest in resources and to recruit people through various sources.

The Company continues to invest heavily in training to achieve the desired competency level to adapt the changing markets and 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 organization'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 gap related to employee performance and assists in identifying the training needs of the employees.

Talent Development & Retention

Talent Management System at GTL Infra recognizes and nurtures the talent and help retain high potential performers and leaders.

The various initiatives under the TMS are

- Club Orion

  Consistent performers with a potential to be groomed as future leader make to Club Orion. A host of developmental initiatives such as job rotations, stretched goals, executive programs 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' exist in 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.

Awards and Recognitions

Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for the organization. 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.

QUALITY

GTL Infra is an ISO 9001:2008 certified and is committed to providing its customers with value added services along with its core offerings. The Company has established a set of key principles and processes that ensure high level of 'Quality' along with 'Efficiency' in its services.

Quality management system at the Company 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 & Process Quality

As per our philosophy, quality management is doing the right thing right the first time by way of right quality control and quality improvement at the execution stage. This saved lot of resources in rework and maintenance and has helped the Company to save on its infrastructure provisioning cost and has boosted the Company's EBITDA Margin. This was mainly achieved through

- Categorizing the sites based on their quality into three buckets and bringing majority of the sites under the AAA category from AA & A categories
- Reducing non conforming sites to near zero levels
- Bearing fruits from the optimum utilization of automation and process improvement initiatives like land & legal, I-mist, MIS portal & Incentive management system implemented last year
- Implementing various process improvement initiatives like IQMS (Integrated Quality Management system) which mapped the various quality standards to the Company's quality road map

Empowering a better world

Our network of over 32,650 towers is empowering millions of Indians to create a better life for themselves

DISCUSSION ON FINANCIALS

The Financial Year ("FY") 2010-11 marked the fourth 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 2010-11 and FY 2009-10 have been converted into US$, using the following conversion rates.

Particulars	FY 2010-11 (₹)	FY 2009-10 (₹)
Profit and Loss Account - 1 US$ equals to	45.71	46.83
Balance sheet - 1 US$ equals to	45.34	45.02

Notes: Due to fluctuation in conversion rate, the figures for current financial year mentioned in US$ Mn. are not truly comparable with those of previous year. The Exchange rates for FY2009-10 are as per last annual report.

The numbers for the FY 2010-11 are on consolidated basis as the Company had a subsidiary, CNIL in this financial year. Hence for Management Discussion and Analysis current years consolidated numbers are compared with previous years standalone numbers.

Segment-wise Reporting

The Company is predominantly in the business of providing "Telecom Towers" on shared basis and as such there are no separate reporatable segments.

Result of Operations (consolidated)

Net Income from Operations

Net Income from operations of the Company for FY 2010-11 stood at ₹ 1,007.57 Cr. (US$ 220.43 Mn.) witnessing a Y-O-Y increase of 190% as compared to ₹ 347.95 Cr. (US$ 74.30 Mn.) in FY2009-10. The increase in Net Income from operations during the year was due to the following:

- No. of telecom towers including those under implementation increased from 12,456 in FY2009-10 to 32,650 in FY2010-11 mainly on account of acquisition of 17,500 towers with 21,000 tenants by CNIL from Aircel
- Number of tenants increased from 13,221 in FY 2009-10 to 41,702 in FY 2010-11

Revenue Visibility

The Company's contracts yield monthly 'Provisioning fees' throughout the span of the contract with an escalation of 2.5% to 3% pa. As a result of these and based on the latest quarter revenue runrate, currently, the Company including it's Subsidiary has a Revenue visibility of ₹ 1,300 Cr. to 1,400 Cr. (US$ 284 Mn. to 306 Mn.) for FY 2011-12.

Other Income

The other income was ₹ 73.20 Cr. (US$ 16.01 Mn.) in FY2010-11 as compared to ₹ 33.37 Cr. (US$ 7.13 Mn.) in FY2009-10. 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, (however site rentals beyond a pre-agreed threshold are passed through and directly recovered from the customers), 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, 2011 was ₹ 363.05 Cr. (US$ 79.42 Mn.) as compared to ₹ 105.10 Cr. (US$ 22.44 Mn.). The Infra O&M cost increased during the year due to the higher number of cellsites under operations, 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 ₹ 22.75 Cr. (US$ 4.98 Mn.) for FY 2010-11 as compared to ₹ 20.60 Cr. (US$ 4.40 Mn.) for FY 2009-10.

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 ₹ 39.39 Cr. (US$ 8.62 Mn.) for FY2010-11 as compared to ₹ 31.45 Cr. (US$ 6.72 Mn.) for FY2009-10 as the company had pan India operations across all telecom circles and on account of higher number of cell sites under operation because of Aircel's tower acquisition.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

The EBIDTA for FY2010-11 was ₹ 582.39 Cr. (US$ 127.41 Mn.) as compared to ₹ 190.80 Cr. (US$ 40.74 Mn.) in FY2009-10. The operating costs for a tower, are relatively fixed and do not increase proportionately with additional tenancy. In FY2010-11 number of tenants increased from 13,221 in FY2009-10 to 41,702 resulting into increase in EBITDA margin from 55% in FY 2009-10 to 58% in FY2010-11.

Particulars	FY 2010-11	FY 2009-10	Y-o-Y change	FY 2010 -11	FY 2009-10
	(₹ Cr.)	(₹ Cr.)	(%)	(US$ Mn.)	(US$ Mn.)
Revenue	1,007.57	347.95	190%	220.43	74.30
Less: Infra O&M	363.05	105.10	245%	79.42	22.44
Less: Employee Cost	22.75	20.60	10%	4.98	4.40
Less: Administration Cost	39.39	31.45	25%	8.62	6.72
EBITDA	582.39	190.80	205%	127.41	40.74
EBITDA Margin	58%	55%		58%	55%

Depreciation

The depreciation/amortization charge for FY2010-11 was ₹ 574.77 Cr. (US$ 125.74 Mn.) as compared to ₹ 198.32 Cr. (US$ 42.35 Mn.) in the previous year. The depreciation has increased mainly on account of higher number of cell sites under operation because of Aircel's towers acquisition.

Interest and Finance charges (Net)

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

Particulars	FY 2010-11		FY 2009-10	
	Amount (₹ Cr.)	Amount (US$ Mn.)	Amount (₹ Cr.)	Amount (US$ Mn.)
Interest expense - (A)	**638.13**	**139.60**	**148.81**	**31.78**
On Term Loans from Banks	613.46	134.20	148.68	31.75
Others	24.67	5.40	0.13	0.03
Bank Charges - (B)	**8.97**	**1.96**	**3.71**	**0.79**
Total - (A+B)	647.10	141.56	152.52	32.57
Less: Foreign Exchange Gain/(Loss) (Net) - (C)	(8.07)	(1.77)	124.09	26.50
Total - (A+ B - C)	**655.17**	**143.33**	**28.43**	**6.07**

The increase in Interest expenses is primarily attributable to servicing higher debt obligations taken for acqusition of Aircel's tower assets and increase in overall interest rates as compared to FY 2009-10.

Balance Sheet items

Shareholder's Funds

Paid up Share Capital

There was no change in the paid up Share Capital of the Company. It was same at ₹ 957.35 Cr. (US$ 212.65 Mn.) as on March 31, 2011 as compared to previous year. This share capital is on a standalone basis without considering the effect of the merger of the subsidiary CNIL with the Company. The change in paid up capital during the year is, as stated below:

Particulars	Amount (₹ Cr.)	Amount (US$ Mn.)
Equity Capital (As on March 31, 2010)	957.35	212.65
Add: Conversion of FCCBs	Nil	Nil
Add: Conversion of ESOS	Nil	Nil
Equity Capital (As on March 31, 2011)	957.35	212.65

As on March 31, 2011 the promoter group holds 58% in the company.

The fully diluted Equity Capital, post the conversion of all convertible instruments in future, will be as follows:

Particulars	No. of shares (in Cr.)	Amount (₹ Cr.)	Amount (US$ Mn.)
Equity Share Capital (As on March 31, 2011)	**95.74**	**957.35**	**211.14**
Add: Conversion of remaining FCCBs	16.92	169.16	37.31
Add: Conversion of ESOS	1.37	13.65	3.01
Fully Diluted Equity Capital	**114.03**	**1,140.25**	**251.48**

Consideration to CNIL Shareholders for merger

In consideration of the merger of CNIL with the Company, and on completion of the merger the Company will issue and allot 89.01 Cr. equity shares to the CNIL shareholders. Consequently, the total share capital would go up by ₹ 890.07 Cr.

Reserves & Surplus

The Reserves and Surplus of the Company as on March 31, 2011 was ₹ 912.75 Cr. (US$ 201.31 Mn.).The addition to the Reserves and Surplus during FY 2010-11 is as follows:

Particulars	Amount (₹ Cr.)	Amount (US$ Mn.)
Reserves & Surplus (As on March 31, 2010)	908.03	200.27
Additions during the year:		
Securities Premium Reserve:	-	-
Capital Reserve	-	-
Employee Stock option Outstanding (Net)	4.72	1.04
Reserves & Surplus (As on March 31,2011)	**912.75**	**201.31**

This does not include Reserve Fund post merger which will go up to ₹ 3000 Cr. (US$ 661.70 Mn)

Loan Funds

Secured Loans

The total Secured loans as on March 31, 2011 stood at ₹ 9,082.30 Cr. (US$ 2,003.15. Mn.). It mainly comprises of:

Particulars	FY 2010-11		FY 2009-10	
	₹ Cr.	US$ Mn.	₹ Cr.	US$ Mn.
Rupee Term Loans:				
Banks	8,151.71	1,797.91	2,652.60	589.20
Financial Institutions	853.78	188.30	77.28	17.17
Foreign Currency Loans:				
Financial Institutions	76.81	16.94	96.94	21.53
Total	**9,082.30**	**2,003.15**	**2,826.82**	**627.90**

Unsecured Loans

The Unsecured loans of ₹ 2,361.73 Cr. (US$ 520.89 Mn.) as on March 31, 2011 also represents the outstanding FCCBs. The summary of the FCCB liability is as follows:

Particulars	No. of FCCBs	Amount (₹ Cr.)	Amount (US$ Mn.)
Outstanding as on April 1, 2010	2,283.00	1,028.04	**228.3**
Less: Conversion during the year	-	-	
Less: Gain due to Exchange rate fluctuation	-	(8.39)	
Outstanding as on March 31, 2011	**2,283.00**	**1,036.43**	**228.3**
Other Unsecured Loan	1,325.29		292.30
Total Unsecured Loan	**2,361.73**		**520.89**

The Company's need for long term funds in FY12 will arise mainly from the capital expenditures associated principally with its upgradation and maintenance capex. The Company plans to fund this requirement mainly through its internal accruals.

Fixed Assets

The Company's tower portfolio, at various stages of completion increased from 12,456 towers as on March 31, 2010 to 32,650 towers as on March 31, 2011. The Fixed Asset block (Net block + Capital Work In Progress) as on March 31, 2011 is ₹ 13,818.19 Cr. (US$ 3,047.68 Mn.). The Capital work-in-progress comprises mainly of carrying costs of sites under different stages of execution.

Investments

The total investments on consolidated basis stood at ₹ 33.25 Cr. (US$ 7.33 Mn.) as on March 31, 2011.This investment of ₹ 33.25 Cr. consists of the strategic investment in Global Rural NETCO Ltd, a shared active infrastructure initiative of Global Group. The Company's investment of ₹ 1,815.72 Cr. (US$ 400.45 Mn.) in its subsidiary company CNIL is not getting captured as this investment is getting eliminated while consolidating the financials as per accounting standard 21 of Indian GAAP. Thus total investment of the Company including its investment in its subsidiary is ₹ 1,848.97 Cr. (US$ 407.80 Mn.).

Current Assets

The Current Assets of the Company were worth ₹ 2,149.33 Cr. (US$ 474.05 Mn.) as on March 31, 2011 as compared to ₹ 771.30 Cr. (US$ 171.32 Mn.) as on March 31, 2010. The Current assets primarily consist of Sundry Debtors, Loans & Advances and Cash & Bank balance.

- Sundry Debtors : Sundry Debtors as of March 31, 2011 stood at ₹ 90.47 Cr. (US$ 19.95 Mn.). This represents the outstanding amounts on account of Infrastructure Provisioning charges
- Loans and Advances : Loans and Advances was ₹ 1,510.20 Cr. (US$ 333.08 Mn.) as of March 31, 2011. The break up of Loans & Advances is as follows:

Particulars	FY 2010-11		FY 2009-10	
	Amount (₹ Cr.)	Amount (US$ Mn.)	Amount (₹ Cr.)	Amount (US$ Mn.)
Advances recoverable in cash or kind or value to be received	1,159.79	255.80	8.87	1.97
Deposits	35.65	7.86	21.29	4.73
Cenvat / Service Tax input credit entitlements	198.76	43.84	191.04	42.43
Advance Taxes (including Fringe Benefit Tax) (Net)	116.00	25.58	42.12	9.36
Total	**1,510.20**	**333.08**	**263.32**	**58.49**

Cash and Bank balance

The Cash and Bank balance of the Company as on March 31, 2011 was ₹ 471.32 Cr. (US$ 103.95 Mn.). The Cash and Bank balance consists primarily of funds raised through the issue of debt which are awaiting utilization or are given as margins for non fund based facilities and DSRA (Debt Service Reserve Account) requirement. Thus the cash is mostly encumbered with the banks as margin money.

Current Liabilities & Provisions

The Current Liabilities of the Company were ₹ 1,611.77 Cr. (US$ 355.49 Mn.) as on March 31, 2011. It primarily consists of Sundry Creditors related to tower capex, Security deposits received from Operators, Creditors' Payments and Other liabilities.

Provisions consist of provisions for 'Mark to Market' losses on Derivative contracts, as per the ICAI recommendations, and Employee benefits such as Gratuity and Leave encashment. It was ₹ 1.26 Cr. (US$ 0.28 Mn.) as on March 31, 2011.

RISK MANAGEMENT

In today's dynamic business environment 'Risk Management' is an essential function to have a sustainable and effective business model in place. In India, 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".

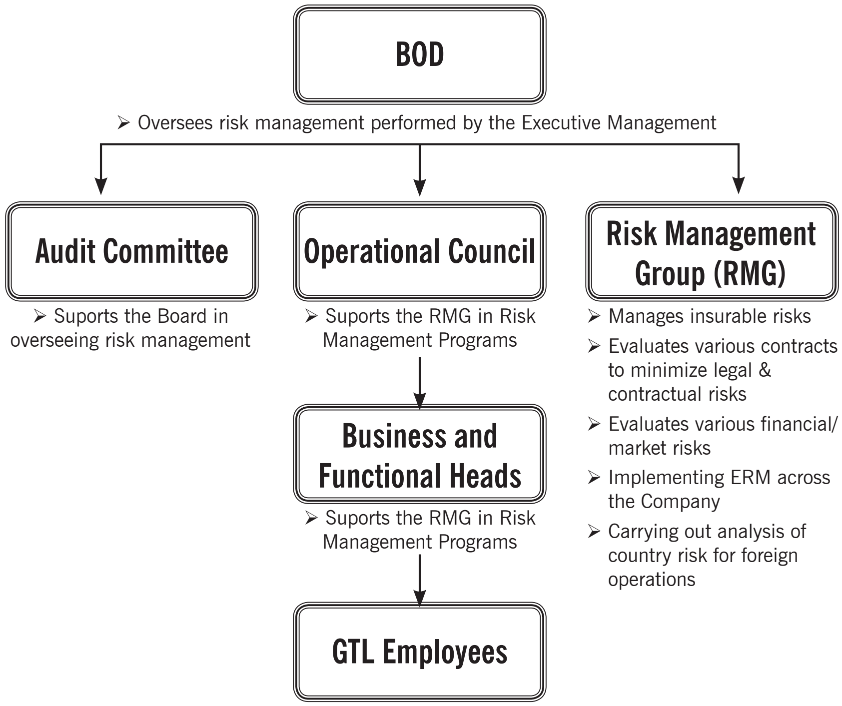
We at GTL Infra have a Risk Management Group (RMG) in place to facilitate the execution of risk management across the organization. Our approach is to identify, monitor and evaluate risk throughout the group companies and to manage these risks within our risk appetite. For the very purpose we have an Integrated ERM Framework in place.

This report is prepared in accordance with Clause 49 (IV) of the Listing Agreement with Stock Exchanges in India, sets out the ERM practiced by GTL Infra Limited (the Company). Shareholders and other readers are cautioned that the risks outlined here are not exhaustive and are for information purposes only. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us.

Major Risks

The Company is facing a serious liquidity crunch because of factors mentioned in the chairman's letter and discussed in other sections of the annual report. This condition poses many risks and these risks have been discussed in detail under various sections in this chapter. The Company has taken a decision to restructure its

Risk Management Structure



financial indebtedness and had made a referral to the Corporate Debt Restructuring (CDR) Empowered Group which has been accepted and the proposal is now with the CDR core committee for the restructuring process. The CDR proposal put forward by the Company, will allow the Company to manage this liquidity crunch and emerge stronger from the crisis provided stability returns to telecom industry that the Company and the Group are facing.

I. FINANCIAL RISK

Market Risk

The Global perspective

- The negative outlook for many European countries due to the current European debt crisis has affected investor sentiment throughout the world. Standard & Poors has downgraded the sovereign credit rating of developed countries and continues to do so for USA, Japan, Portugal, Italy, Greece, and Ireland among others irrespective of measure taken
- Rise in global inflation and cost of financing has affected earnings of many companies and led to a loss of investor confidence thus making international financial markets extremely volatile
- The consequences of some global economic issues is that it may push the global economy slowly into an untimely recession irrespective of the fact that major emerging market economies like China, India and the South East Asian Economies continue to experience robust growth

The Indian perspective

- Central bankers of developed nations are keeping their interest rates low to stimulate growth and are even willing to accept inflationary pressures in the short term. However, in India, consistently high food inflation as well as rising commodity prices has forced the RBI to consistently hike key interest rates to tackle the runaway inflation
- RBI has already hiked its key-policy rates thirteen times since March 2010 to curb demand and tame inflation. If inflationary tendencies persist the RBI may increase interest rates further. This tight monetary policy has already started showing signs of curbing growth and if this policy continues GDP growth may fall below the target of 8% set by the Indian Government. The increasing interest rates may have a direct impact on the CDR process as banks may not be able to provide the reduced rates of interest that the Company is seeking under its CDR package

  The Company has External Commercial Borrowings of Euro 12 Mn. outstanding to be paid in tranches every 6 months. This poses both a foreign currency risk as this is unhedged as well as a liquidity risk. The Company has requested the ECB lenders to restructure the loan as part of the CDR process

Liquidity & Leverage Risk

- The total corporate fund based secured and unsecured debt burden for the Company and its subsidiary CNIL is ₹ 10,408 Cr. approximately and thus the Corporate Debt Restructuring was necessary to ease the burden in the ongoing crisis
- Due to sectoral developments, the Company is facing a severe liquidity crunch and had referred itself to the CDR Cell to restructure its Debt which on approval is now in the standstill. Therefore, as a result of this it is not possible to raise further loans from banks in the immediate future
- The Company's market capitalization has been eroded by as much as 80%. This may make it difficult to raise further capital in form of equity from financial or strategic investors. Thus, liquidity risks will continue to remain high in the near future
- The Telecom industry, which is a significant contributor to the Company's revenues, is facing intense liquidity and cost pressures, which are adding to the strain on margins and timely payments to the Company from customers thus intensifying the liquidity pressure on the Company

Credit Risk

- The Company focuses on business of Shared Passive Telecom Infrastructure in India. Hence, the customer base is the Telecom Industry in India. As the Telecom sector is facing growth and profitability issues payments from customers continue to be delayed
- A significant portion of the Company's revenue contribution comes from a single telecom operator, viz. Aircel, which has a long-term contract with the Company. Any disruption in this arrangement due to delivery issues by the Company on account of the liquidity crunch or due to the external issues being faced by Aircel will have a significant impact on the Company's revenues

II. STRATEGIC RISK

Industry Risk

- Telecom operators' growth plans have been affected due to various factors like low ARPU's, lack of liquidity, high domestic interest rates and a few operators who are facing various investigations and litigations due to the 2G scam
- Telecom operators have made significant investments in 3G licenses which have put a strain on their finances. Also, 3G services have not been able to attract the desired level of customers and therefore is yet to witness the estimated returns

- DOT under proposed National Telecom Policy 2011 has proposed a new license fee of 3-6%. If this cost is not passed to the operators than it shall affect the margins considerably
- Financial institutions and Banks are not willing to infuse more liquidity into this sector as this is highly leveraged and there are uncertainties in this sector

Business Concentration Risk

- Historically, the Company has been in the telecom sector functioning as an ancillary to Telecom Operators and the customer profile has always been Telecom Operators. Also, historically almost 100% share of the Company's revenues came from India. Therefore, the element of customer concentration risk was always very high. The Company has recently acquired Aircel tower portfolio in its subsidiary CNIL, which is expected to contribute around 50-55% of the total tenancies of the Company in the current financial year. Therefore, the fortunes of the Company are very tightly integrated with those of some customers like Aircel and the Company should take steps to mitigate such concentration risks by getting additional customers diversifying its customer base
- Since the Company operates only in India, it faces geographical concentration risk as any political, social, economic and or technological factors that govern the country, change or lead to changes in telecom sector have major impact on the profitability of the Company

Competition Risk

- The competitive landscape for the Company is limited in the telecom side of the business as competition is rigorous from cartel run tower companies like Indus, Viom, Bharti Infratel and competition from operator run tower companies like BSNL, RComm etc. Thus the Company needs to market its independent status and leverage it to gain more tenancies

III. OPERATIONAL RISK

Reputation Risk

- The Company is facing a reputational risk due to the multiple factors like sudden erosion in market capitalization, referral to the CDR process and overall telecom sector

Supply Chain Risk

- The liquidity crisis facing the Company has led to delay in payments to suppliers and vendors which may lead to disruptions in delivery of materials and services required for timely execution of projects.
- The delay in supply of crucial materials and services may also see increased penalties and liquidated damages being imposed by customers
- Suppliers may tighten credit and other terms that they may be extending to the Company thereby increasing the liquidity strain on the Company may hamper its ability to deliver projects on a timely basis

Manpower Risk

- The Company has announced a variable pay of 10-20% across various levels. This may lead to increased levels of attrition and may lead to disruption in project execution and service delivery
- Also, this variable pay may act as a deterrent to recruitment of quality manpower to replace those who leave the Company for the reasons of pay deferral or otherwise.
- The Company's ESOS plans have also taken a significant value erosion and most options granted to employees are now out of the money therefore may not be a likely retention tool for employees in the near term leading to higher attrition rates
- The loss of reputation caused to the Company by the combined factors of loss of market value of the shares, referral to the CDR and variable pay means that recruitment of good quality manpower may suffer in the short to medium term

IV. LEGAL & COMPLIANCE RISK

Legal and Contractual Risk

- The Company stands the risk of not meeting the required performance standards which may lead to penalties and/or liquidated damages. The squeezing of working capital, higher attrition of manpower, supply chain issues among other things may see a significant increase in penalties and liquidated damages hampering profitability
- Litigations may arise from non-adherence to timely deliverables and (SLA), and also from violations of intellectual property rights, patents, trademarks, and copyrights
- The Company may face litigations and challenges in various forums if the Company's CDR package fails to meet the future obligations as assumed. Also, legal challenges could be faced from banks and financial institutions to enforce the Corporate Guarantees and other collateral given by the Company for loans taken by associate companies if the associate companies default on the loans. Litigations could also be faced from lenders to the Company like a few ECB lenders who are not part of the CDR process
- As has been discussed earlier in the section the Company has

initiated a suit against IFCI the consequences of which are discussed in the Strategic Risks section

- The Company has taken a decision to self insure a few risks to save on insurance premium costs. If these self insured risks fructify the company may face erosion the margins

Regulatory Risk

- The Company is not regulated by any regulatory agency and faces the general regulatory environment that is prevalent in the country. The customers on the telecom side are regulated by the Telecom Regulatory Authority of India (TRAI).

V. OTHER RISKS

These risks may not have direct impact on the organization and its activities. These risks could affect the stakeholders of the Company thus may affect the Company in the long run.

Political Risk

- The Company does not have any interface with the Government or any regulatory authority in its business.

Risk Rating Parameters

The Company has identified the following risks as the Top 5 risks facing the Company and these have been discussed in detail in this Chapter. The level of risk that is perceived by the RMG and the suggested mitigation plans are discussed in the following table.

Rating of risk practices	Relative status
Very low risk *	No or little risk. Manageable by routine procedures. No management intervention required.
Low risk **	Normal risk exists. Manageable by improving operating procedures (internal risks) or being alert (external risks).
Medium risk ***	More than normal risk exists. Requires strong operating procedures (internal risks) and management attention (external risks).
High risk ****	Significant risk. Urgent actions required to eliminate or reduce the foreseeable risk.
Very high risk *****	Substantial risk. Immediate actions required to contain risk. Should be kept on a continuous watch-list.

Top 5 Risks & Mitigation plans

	Type of Risks and Rating	Mitigation Plan
1	**Liquidity & Leverage Risk** *****	• Corporate Debt Restructuring (CDR) proposal has been presented to the CDR Cell and implementation of the CDR package would ease the liquidity position of the Company • Reduction in operational costs and collection cycles • Improvement in operational cash flow by means of better credit terms from vendors
2	**Strategic Risks** *****	• The Company needs to explore innovative financial structures to discount revenues to generate liquidity in the Company. An aggressive PR campaign will help rebuild the brand of the Company • The Company needs to bring in new strategic investors to bring in business expertise and ease the liquidity situation
3	**Market Risk** *****	• The CDR proposal would provide for a moratorium period and may help ease the interest rate risk
4	**Operations Risk** *****	• Need to infuse liquidity in operations to reduce this risk • Need to focus on winning new contracts • Need to reduce penalties, control expenses and undertake effective cost cutting and optimization measures
5	**Legal & Compliance Risk** *****	• Appropriate actions are being taken at operational level

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report on compliance of corporate governance at GTL Infrastructure Limited is given as under:

1. Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance as adopted by its Board of Directors is to:

- 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

a) Size and composition of the Board

The current policy is to have a appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2011, the Company has 10 Directors with a non-executive Chairman and a non-executive Vice Chairman. Of the 10 Directors, 9 (i.e.90%) are non-executive Directors and 7 (i.e.70%) are independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges.

The Board believes that the current size is appropriate and periodically evaluates the need for change in its composition and size.

All the Directors have informed the Company periodically about their Directorship and Membership on the Board Committees of other companies. As per disclosure received from Director(s), none of the Directors on the Board holds Membership in more than ten (10) Committees or Chairmanship in more than five (5) Committees.

The details of the composition, category of directorship, the number of meetings attended and the directorships in other companies of the Directors of the Company are as follows.

Name of Director	Category	Attendance		Number of Directorships in other Indian public limited companies	Number of Committee positions held in other Indian public limited companies	
		At the Board Meetings	At the last AGM		Chairman	Members
Mr. Manoj Tirodkar	Chairman, Non-Independent, Non-Executive Director	7	Yes	2	-	1
Mr. N Balasubramanian	Vice-Chairman, Independent Director	8	Yes	4	1	-
Mr. Prakash Ranjalkar	Executive Director	8	Yes	-	-	-
Dr. Anand Patkar	Independent Director	8	Yes	-	-	-
Mr.Charudatta Naik	Non-Independent / Non-Executive Director	7	Yes	2	-	-
Mr.Vivek Kulkarni	Independent Director	2	No	1	-	-
Mr.Vishwas Pathak	Independent Director	6	Yes	2	-	-
Mr.Vinod Agarwala	Independent Director	6	Yes	1	-	2
Mr.Vijay Vij	Independent Director	8	Yes	2	1	-
Mr.Satya Pal Talwar	Independent Director	5	Yes	10	4	4

Note:

- All Directors are Non-Promoter Directors.
- Mr. Manoj Tirodkar is related to Promoter.
- There are no inter-se relationships between our Board members.
- As required by Clause 49 of the Listing Agreement, the disclosure includes memberships / chairmanship of audit committee and investor grievance committee in Indian public limited companies (listed and unlisted).

b) Number of Board Meetings held and the dates on which held

The Board of Directors met eight (8) times during the year under review as against the minimum requirement of four (4) meetings. The maximum time gap between any two consecutive meetings did not exceed four (4) months. The details of the Board Meetings are as under:

Date of Board Meeting	Board Strength	No. of Directors Present
April 29, 2010	10	9
June 27, 2010	10	8
July 19, 2010	10	8
July 28, 2010	10	8
November 1, 2010	10	9
December 16, 2010	10	8
January 28, 2011	10	8
March 1, 2011	10	7

3. Board Committees

I) Audit Committee

i) Composition: The Audit Committee of the Board comprises three independent directors namely Mr. N. Balasubramanian, Mr. Vinod Agrawala, Mr. Vijay Vij and one non-executive/non-independent director Mr. Charudatta Naik. All the Members of the Audit Committee possess financial/accounting expertise/exposure. The composition of the Audit Committee meets the requirements of Clause 49 and Section 292A of the Companies Act, 1956.

Mr. Ravikumar Vemulakonda is the Secretary to the Audit Committee.

ii) Terms of Reference: The terms of reference of the Audit Committee are as under:

1. Oversight / Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the

monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. To review on quarterly / annual basis the uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), and make appropriate recommendations to the Board.
15. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
16. To review the CEO / CFO certificates.
17. To carry out any other function as required by the Listing Agreement of the stock exchanges, Companies Act and other regulations.
18. To review the following information:
    a) the management discussion and analysis of financial condition and results of operations;
    b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
    d) Internal audit reports relating to internal control weaknesses; and
    e) The appointment, removal and terms of remuneration of Chief Internal Auditor.

iii) The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings.

iv) The previous Annual General Meeting of the Company was held on August 25, 2010 and was attended by Mr. N. Balasubramanian, Chairman of the Audit Committee.

v) Number of Audit Committee Meetings held and the dates on which held

The Audit Committee met five (5) times during the year under review as against the minimum requirement of four (4) meetings. The details of attendance of each Member at the Audit Committee meetings held during the year are as under:

Name of the Committee Member	Category	No. of meetings during the year 2010-2011	
		Held	Attended
Mr. N. Balasubramanian, Chairman	Independent Director	5	5
Mr. Vinod Agarwala	Independent Director	5	4
Mr. Vijay Vij	Independent Director	5	5
Mr. Charudatta Naik	Non- Independent, Non Executive Director	5	4

vi) Five (5) Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

29th April, 2010; 28th July, 2010; 1st November, 2010; 28th January, 2011 and 1st March, 2011.

The necessary quorum was present for all the meetings.

II) Nomination & Remuneration Committee

a. Composition: The Nomination & Remuneration Committee of the Board comprises three independent directors namely Mr. Vijay Vij, Mr. N. Balasubramanian, Mr. Vishwas Pathak and one non-executive/non-independent director Mr. Charudatta Naik.

Mr. Ravikumar Vemulakonda is the Secretary to the Nomination & Remuneration Committee.

b. Terms of Reference: The terms of reference of the Nomination & Remuneration Committee are as under:

- 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

c. Number of Nomination & Remuneration Committee Meetings held and the dates on which held

The Nomination & Remuneration Committee met three times during the year under review. The details of attendance of each Member at the Nomination & Remuneration Committee meetings held during the year are as under:

Name of the Committee Member	Category	No. of meetings during the year 2010-2011	
		Held	Attended
Mr. Vijay Vij, Chairman	Independent Director	-	-
Mr. N. Balasubramanian (Chairman upto January 27, 2011)	Independent Director	3	3
Mr. Charudatta Naik	Non- Independent, Non Executive Director	3	3
Mr. Vishwas Pathak	Independent Director	3	3

Mr. Vijay Vij is appointed as the Chairman of the Nomination & Remuneration Committee with effect from 28th January, 2011.

d. Three Nomination & Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

29th April, 2010; 4th May, 2010 and 16th December, 2010.

The necessary quorum was present for all the meetings.

e. Remuneration Policy: The Company's Remuneration Policy 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)

f. Details of the Remuneration for the year ended March 31, 2011:

i. Executive Directors

Name of the Director and period of appointment	Salary (₹ Lakh)	Benefits Perquisites and Allowances (₹ Lakh)	Performance Linked Incentive (₹ Lakh)	Total Remuneration (₹ Lakh)	Stock Options Held
Mr. Prakash Ranjalkar (w.e.f. April 1, 2010 for a period of 3 years)	18.00	23.96	3.97	45.93	Nil

The above figures do not include Company's contribution towards Provident Fund, Gratuity payable as per the rules of the Company and leave encashment at the end of the tenure.

The tenure of office of Mr. Prakash Ranjalkar is for a period of 3 years w.e.f. April 1, 2010 be terminated by either party giving the other party three (3) months' notice or the Company paying three (3) months' salary in lieu thereof. There is no provision for payment of severance fees.

ii. Non-Executive Directors

Name of Director	Sitting Fees (₹ in Lakh)	Stock Options		
		Allotment Date	Grant Price (in ₹)	No.of Stock Options Held
Mr. Manoj Tirodkar	2.40	--	--	--
Mr. N Balasubramanian	2.90	04-05-2010	30.52	500,000
Dr. Anand Patkar	1.40	11-03-2008	33.60	100,000
		04-05-2010	30.52	300,000
Mr. Charudatta Naik	2.35	09-10-2007	19.90	175,000
Mr. Vishwas Pathak	1.20	04-05-2010	30.52	100,000
Mr. Vivek Kulkarni	0.20	11-03-2008	33.60	200,000
Mr. Vinod Agarwala	1.20	23-11-2009	24.37	200,000
		04-05-2010	30.52	300,000
Mr. Vijay Vij	1.65	23-11-2009	24.37	200,000
		04-05-2010	30.52	300,000
Mr. Satya Pal Talwar	0.90	23-11-2009	24.37	200,000
		04-05-2010	30.52	300,000

Note:

- Other relevant details of stock options are covered elsewhere in this Annual Report.
- Each option underlie equal number of equity share of face value of ₹ 10/-.
- Apart from above, the Company does not have any other pecuniary relationship or transaction with the Directors.
- Details of shares of the Company held by the Directors as on March 31, 2011 are as under:

Name of Director	Number of Shares
Mr. Manoj Tirodkar	5,965,283
Mr. N Balasubramanian	500,000
Mr. Prakash Ranjalkar	6,452,400
Dr. Anand Patkar	100,000
Mr. Charudatta Naik	1,325,900
Mr. Vishwas Pathak	Nil
Mr. Vivek Kulkarni	Nil
Mr. Vinod Agarwala	459,000
Mr. Vijay Vij	63,500
Mr. Satya Pal Talwar	Nil

III) Shareholders'/Investors' Grievance Committee

The Company has a Shareholders/Investors Grievance Committee of Directors to look in to the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports etc.

a. Composition: The Shareholders/Investors Grievance Committee of the Board comprises two independent directors' namely Dr. Anand Patkar, Mr. Vishwas Pathak, and one non-executive/non-independent director Mr. Manoj Tirodkar.

Mr. Ravikumar Vemulakonda is the Secretary to the Shareholders' / Investors' Grievance Committee.

b. Terms of Reference: The terms of reference of the Shareholders/Investors Grievance Committee are as under:

- 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;
- Review the certificate of the Practicing Company Secretary regarding timely action on transfer, sub-division, consolidation, renewal, exchange or endorsement of calls / allotment monies;
- Oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services;
- 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;
- 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
- To carry out any other function as required by the Listing Agreement of the stock exchanges, Companies Act and other Regulations.

c. One meeting of the Shareholders/Investors Grievance Committee was held during the year on March 1, 2011.

d. The composition of the Shareholders/Investors Grievance Committee and the details of meetings attended by its members are given as under:

Name	Category	Number of Meetings during the year 2010-2011	
		Held	Attended
Dr. Anand Patkar	Independent Director	1	1
Mr. Vishwas Pathak	Independent Director	1	1
Mr. Manoj Tirodkar	Non- Independent, Non-Executive Director	1	-

4. Subsidiary Monitoring Framework

Subsidiary of the Company is managed by its Board. The Company monitors performance of subsidiary inter alia, by the following means:

(a) Financial statements, in particular the investments made by the subsidiary are reviewed quarterly by the Audit Committee of the Company.

(b) All minutes of Board meetings of the subsidiary are placed before the Company's Board regularly.

(c) A statement containing all significant transactions and arrangement entered into by the subsidiary is perlodically placed before the Company's board.

The Company has appointed Mr. Vijay Vij, Independent Director of the Company as a Director on the Board of subsidiary.

5. General Body Meetings

i) General Meetings

a) Annual General Meetings:

Financial Year	Date	Time	Venue
2007-08	June 13, 2008	12.00 noon	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703
2008-09	July 10, 2009	12.30 p.m.	
2009-10	August 25, 2010	11.00 a.m.	

At the Annual General Meeting of the Company held on June 13, 2008, the following Special Resolutions were passed with requisite majority:

- Approval for raising of the foreign equity investment limit up to 74% (direct & indirect) of the paid-up capital.
- Approval for raising of funds by issue of equity/convertible instruments through various means including through Qualified Institutional Placement (QIP) upto 250 Crores equity shares.
- Approval for raising of funds through QIP up to 100 Crores equity shares.

At the Annual General Meeting of the Company held on July 10, 2009, the following Special Resolutions were passed with requisite majority:

- Approval for raising of funds by issue of equity / convertible / non convertible instruments through QIP up to 100 Cr. equity shares.
- Adoption of 'GTL Infrastructure Limited – Employees Stock Option Scheme 2005' with certain modifications.

At the Annual General Meeting of the Company held on August 25, 2010, the following Special Resolutions were passed with requisite majority:

- Appointment of Mr. Prakash Ranjalkar as a whole-time director of the Company for a period of 3(Three) years with effect from April 1, 2010.
- Amendment to the Articles of Association of the Company as per section 31 of the Companies Act, 1956.

b) Extraordinary General Meetings:

No Extraordinary General Meeting of the Members was held during the year 2010-2011.

ii) Postal Ballot

On September 9, 2010, the following Ordinary Resolution was passed through postal ballot procedure:

- 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 ₹ 25,000 Cr.

  This Ordinary Resolution was passed with requisite majority with 99.72% votes cast in favour and 0.28% votes cast against.

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 September 7, 2010.

On December 22, 2010, the following Special Resolutions were passed through postal ballot procedure:

- Special Resolution under the provisions of Section 81(1A) of the Companies Act, 1956 for issue of securities to Qualified Institutional Buyers.

  This Special Resolution was passed with requisite majority with 99.75% votes cast in favour and 0.25% votes cast against.

- Special Resolution under the provisions of Section 81 of the Companies Act, 1956 for issue of securities such as GDR, ADR, FCCB, equity shares, preference shares, QIP etc to residents and / or non residents in the domestic and / or international markets.

  This Special Resolution was passed with requisite majority with 99.75% votes cast in favour and 0.25% votes cast against.

- Special Resolution for sponsored GDS/ADS offerings under GDR / ADR regulations and two-way fungibility scheme.

  This Special Resolution was passed with requisite majority with 99.75% votes cast in favour and 0.25% votes cast against.

- Special Resolution for foreign holding upto 74% (direct and indirect) of the paid up equity share capital of the Company (including the FII / Sub-account holding upto the sectoral cap / statutory limit as applicable to the Company and / or the NRI holding upto 24%) or such other limits as may be permitted from time to time by the concerned authorities.

  This Special Resolution was passed with requisite majority with more than 99.99% votes cast in favour and less than 0.01% votes cast against.

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 December 21, 2010.

6. Disclosures

a) The necessary disclosures in respect to transactions with related parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

b) 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 2008-09, 2009-10 and 2010-11 respectively: NIL

c) The Company does not have any whistle blower policy. However, no personnel have been denied access to the senior management.

d) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I-D to the Clause 49 of the Listing Agreement with the stock exchanges:

i) 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.

ii) The Company has constituted a Nomination and Remuneration Committee and the full details of the same are available elsewhere in this Annual Report.

iii) 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.

iv) The Company endeavors to maintain a regime of unqualified statements.

v) Training of Board Members: All new Directors inducted in the Board are provided with policy dossier containing policies and procedures followed by the Company. Detailed presentation is made to the members of the Board / Committees by executive directors and senior management personnel providing insight of business strategy, business model, clientele, business prospects, nature of transaction etc. This provides a good opportunity for the Directors to understand the Company's business model and strategy.

vi) Mechanism for evaluating non-executive Board Members: Broad guidelines are given in the policy dossier on the functioning of the Board of Directors.

7. Means of Communication

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

8. General Shareholder Information:

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74210MH2004PLC144367.

i.	AGM: Date, time and venue	Tuesday the December 27, 2011 at 10.30 a.m. at Vishnudas Bhave Natyagriha, Sector 16A, Vashi, Navi Mumbai – 400 703.
ii.	Financial Calendar	
	For Financial Year 2011-2012:	
	First Quarter Results: Quarter ended 30-Jun-11	Declared on August 13, 2011
	Second Quarter Results: Quarter ended 30-Sep-11	Declared on November 11, 2011
	Third Quarter Results: Quarter ended 31-Dec-11	Within 45 days of the end of the Quarter
	Fourth Quarter and Audited Annual Results: Quarter ended 31-Mar-12	Within 60 days from the end of the Year
iii.	Dates of book closure	December 26, 2011
iv.	Dividend Payment	No dividend has been declared.
v.	Listing on Stock exchanges	• Equity shares listed at BSE and NSE • Foreign Currency Convertible Bonds (FCCB) issued by the Company are listed on Singapore Exchange Securities Trading Limited
vi.	Listing Fees for 2011-12	• BSE/NSE listing fees for the financial year 2011-2012 has been paid • Singapore Exchange Securities Trading Limited Listing fees have been paid
vii.	Stock Exchange Codes:	
	• BSE - Equity Shares	532775
	• NSE- Equity Shares	GTLINFRA
	• Reuters Code	GTLI.BO & GTLI.NS
	• Bloomberg ticker	GTLI:IN
	• Equity ISIN	INE221H01019
	• Singapore Exchange Securities Trading Limited	FCCB ISIN XS0329208457

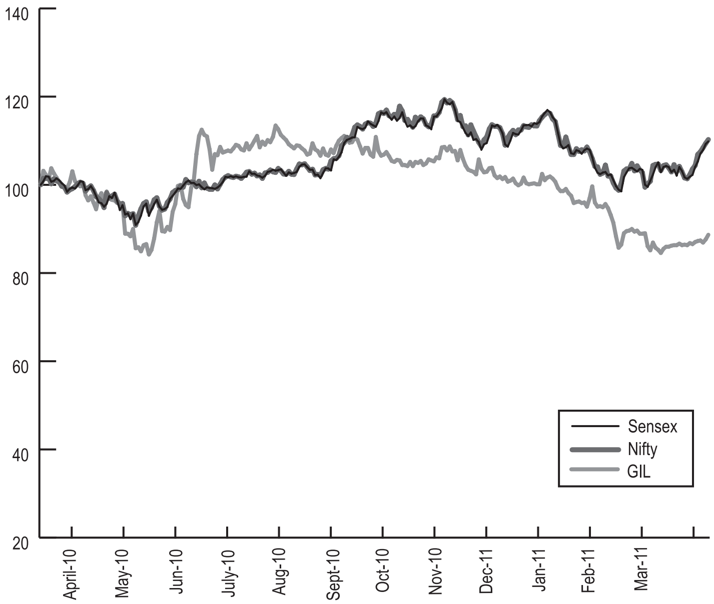
viii Market Price Data

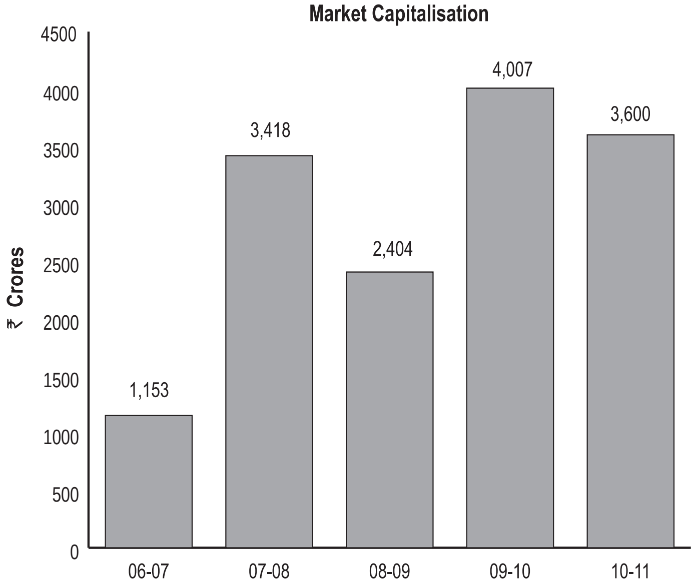
Monthly high and low price and volume of shares on BSE and NSE are given below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos)
Apr-2010	44.90	40.60	24,265,832	44.95	40.60	38,509,968
May-2010	44.00	35.55	21,551,808	42.20	35.85	29,406,356
Jun-2010	54.40	35.35	50,702,171	49.40	35.35	113,013,565
Jul-2010	47.75	43.20	24,809,720	47.85	43.10	62,117,730
Aug-2010	48.65	44.65	9,874,096	48.60	37.75	23,458,751
Sep-2010	48.15	42.35	10,660,764	48.15	42.00	30,190,950
Oct-2010	46.90	43.50	4,594,614	46.70	43.95	11,840,773
Nov-2010	47.00	42.35	4,478,699	46.50	42.25	10,056,874
Dec-2010	46.20	40.70	3,096,155	44.55	40.60	7,440,317
Jan-2011	44.10	39.10	2,395,345	44.10	39.70	28,993,000
Feb-2011	41.50	33.50	1,604,394	40.95	33.10	8,230,123
Mar-2011	38.05	34.50	2,202,697	38.20	34.50	8,172,404

Source: This information is compiled from the data available from the websites of BSE & NSE

ix. GTL Infra's performance in comparison to broad based indices:





x. Capital Market Developments

Trading Group and Future & Options (F&O) Segment: The Company's equity shares are listed with BSE under the category 'Group B' and forms part of BSE 500. The Company's equity shares are also listed on NSE and forms part of CNX 500. With effect from 21.08.2008 the Company's equity shares were introduced in the 'Futures & Options Segment (F&O)' and the same was taken out w.e.f. 26.08.2011.

Average daily traded volumes: The average daily traded volume in the Company's shares on BSE and NSE in the year ended March 31, 2011 was 630,851 and 1,462,326 shares respectively, as against 2,043,560 and 3,803,004 shares respectively in the previous financial year.

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. As majority of shares of the Company are held in electronic (demat) form, requests for transfer of shares in physical form are negligible. However, majority of share transfer requests are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfers / transmission etc. of the Company's securities to the Allotment and Transfer Committee of the Company, which meets regularly to approve the share transfers and other related work. A summary of transfer / transmission etc. of securities of the Company so approved by the said committee is placed quarterly at the Board Meetings. The Company obtains from a Company Secretary in Whole-time Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the stock exchanges and files a copy of the certificate with the stock exchanges.

The total number of physical shares transferred during the year under review were 5646 (Previous year 6867).

xiii. Distribution of Shareholding as on March 31, 2011:

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

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount (₹)	% to Total
Upto 500	143,179	87.10%	220,469,170	2.30%
501 - 1000	11,942	7.27%	96,987,640	1.01%
1001 - 2000	5,070	3.08%	75,375,990	0.79%
2001 - 3000	1,647	1.00%	41,604,620	0.43%
3001 - 4000	559	0.34%	19,810,300	0.21%
4001 - 5000	568	0.35%	26,761,050	0.28%
5001 - 10000	738	0.45%	54,510,900	0.57%
10001 & Above	675	0.41%	9,037,966,370	94.41%
TOTAL	164,378	100.00%	9,573,486,040	100.00%

b. Distribution of shares by categories of shareholders:

Category	Nos. of Shareholders	Nos. of Shares Held	Voting Strength
Promoters-Bodies Corporate	3	558,528,388	58.34%
Other Directors, their Relatives	14	15,419,124	1.61%
Bodies Corporate (Domestic) / Trusts	2,029	55,722,408	5.82%
Banks	12	261,243	0.03%
Mutual Funds	4	80,314	0.01%
Financial Institutions (FIs)	4	2,816,146	0.29%
Foreign Institutional Investors (FIIs)	38	28,146,931	2.94%
Non-Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs) / Foreign Banks	1,013	224,565,264	23.46%
Resident Individuals	161,261	71,808,786	7.50%
TOTAL:	164,378	957,348,604	100.00%

c. Top 10 Shareholders:

Name of shareholder	Category	Shares	%
GTL Ltd. (Promoter)	Domestic Company	346,794,892	36.22%
Technology Infrastructure Ltd	Other Foreign Body	222,395,700	23.23%
Global Holding Corporation Pvt. Ltd. (Promoter Group)	Domestic Company	211,733,496	22.12%
Bennett, Coleman and Company Ltd	Domestic Company	8,820,000	0.92%
Societe Generale	Foreign Institutional Investors (FII)	8,176,000	0.85%
Prakash Ranjalkar	Director	6,452,400	0.67%
Manoj Gajanan Tirodkar	Director	5,965,283	0.62%
Cordial Advisory Services Pvt. Ltd.	Domestic Company	5,794,293	0.61%
Incurve Trading Private Ltd	Domestic Company	4,284,859	0.45%
Barclays Capital Mauritius Ltd	Foreign Institutional Investors (FII)	4,058,334	0.42%

xiv. Dematerialization of shares and liquidity:

Trading in equity shares of the Company on the stock exchanges is permitted only in dematerialized form as per notification issued by the SEBI. The Shares of the Company are available for trading under both the depository systems in India – NSDL & CDSL. 99.95% of the Company's shares are held in dematerialized form as on March 31, 2011. The Company's equity shares are among the actively traded shares on the BSE & NSE.

xv. Outstanding Warrants or any Convertible instruments, conversion date and likely impact on equity:

The details are furnished in the Directors' Report under the heading Share Capital.

xvi. Plant Locations:

The Company is in the business of providing Telecom Towers on a shared basis to multiple wireless telecom service providers. As of March 31, 2011, the Company owned 15,150 Telecom Towers (including towers under various stages of completion) across all 22 telecom circles in India. List of Branch Offices and addresses are provided elsewhere in this Annual Report.

xvii. Address for correspondence:

Registered Office

GTL Infrastructure Limited,
3rd Floor, "Global Vision",
Electronic Sadan No. II,
MIDC, TTC Industrial Area,
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; GTL Limited (Investor Service Centre), Electronic Sadan No. II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai – 400710, Maharashtra,India.

Investor Service Centre

Contact Persons: Mr. Jayendra Pai, AVP -Shares & Systems
GTL Limited (Investor Service Centre), Tel.:+91-22-27612929/27684111–Extn: 2232-35, Fax: +91-22-27680171
Email: gilshares@gtlinfra.com Website: www.gtlinfra.com

xviii Queries relating to financial statements, the Company's performance etc. may be addressed to: Head – Investor Relations,
GTL Infrastructure Limited, 412, Janmabhoomi Chambers, 29, W. H. Marg, Ballard Estate, Mumbai 400 038, Maharashtra,India.
Tel : +91-22-22715000, Fax +91-22-22619649
Email : ir@gtlinfra.com

xix Investor Services – complaints, queries and correspondence:

Particulars	Op.Bal. April 1, 2010	Received	Resolved	Cl.Bal. March 31, 2011
Complaints	Nil	1	1	Nil
Other Correspondence	Nil	94	94	Nil
Total	Nil	95	95	Nil

xx Compliance Officer:

Mr. Ravikumar Vemulakonda, Company Secretary, heading the Company Secretariat, Corporate Governance and Compliance of the Company, is the Compliance Officer under the Listing Agreement with the stock exchanges.

xxi Equity shares in the Suspense Account:

As stipulated under Clause 5A(II) of the Listing Agreement with the stock exchanges (w.e.f. December 16, 2010), the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with one of the Depository Participants. All corporate benefits accruing on such unclaimed shares are also to be credited to the suspense account. The voting rights of those members shall remain frozen till the rightful owner claims the shares.

In compliance of said clause, the Company has already issued three reminders dated July 13, 2011 August 17, 2011 and September 26, 2011 to the applicable shareholders at their available address on record with the Company.

In response to the reminders, where the shareholders have responded, after proper verification, the share certificates were dispatched to them.

The Company is in the process of opening a Demat Suspense Account with a Depository Participant. The unclaimed shares will be transferred into one folio and dematerialised in the Demat Suspense Account in due course.

Claims/responses received pursuant to dematerialization into the Suspense Account, as stated above, shall be resolved, after proper verification, either by crediting the shares lying in the Demat Suspense Account to the demat account of the shareholder or by issuing share certificate after rematerislizing the same depending on the option chosen by the shareholder.

The Company has no cases as are referred to in Clause 5A (I) of the Listing Agreement with stock exchanges.

Details of the unclaimed shares as on March 31, 2011, are as under:

Sr.No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares as on April 1, 2010	521	52,888
(ii)	Number of shareholders and shares claimed by the respective shareholders during the year ended March 31, 2011	5	764
(iii)	Number of shareholders to whom shares were transferred during the year ended March 31, 2011.	-	-
(iii)	Aggregate number of shareholders and and shares remaining unclaimed as on March 31, 2011	516	52,124

xxii Statutory Compliance:

During the year under review, to the best of our knowledge and belief the Company has complied with all applicable provisions, filed all returns/forms and furnished all relevant particulars as required under the Companies Act, 1956 and allied Acts and Rules, the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreements with the Exchanges. The Company has voluntarily obtained a certificate of compliance from Mr. Chetan A. Joshi, a Company Secretary in whole-time practice, certifying compliance of the provisions of various applicable regulations and the same is reproduced elsewhere in this annual report.

xxiii Voting Rights:

All shares issued by the Company carry equal voting rights. Generally, matters of the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member – One Vote". If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

The Chairman may order to take a poll on his own motion. Any member or members present in person or proxy and holding shares in the Company, which confer a power to vote on the resolution, can also demand Poll in respect of any resolution.

Any member or members holding shares not less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up can demand a poll. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands. The person or persons who made the demand may withdraw the demand for poll at any time.

No poll has been demanded in any annual general meeting of the Company, till date.

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, 2011, 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
Firm Reg. No. – 101720W

R. Koria
Membership No. – 35629

For Yeolekar & Associates
Chartered Accountants
Firm Reg. No. – 102489W

S. S. Yeolekar
Membership No. – 36398

Place: Mumbai
Date: November 23, 2011

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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company ("the requirements") for the year ended March 31, 2011. Based on our examination as well as information and explanation furnished by the Company to me, I hereby report that:

1. The requisite statutory registers and other records required under the Act and the Rules made there under have been maintained in accordance with the Act either in physical or electronic mode as applicable;
2. The requisite forms, returns and documents required under the Act and the Rules made 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, 2011;
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.
9. The Company has not accepted any Fixed Deposits.
10. The Annual Returns and the Annual Reports have been filed as required under the Act;
11. 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.
12. 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

Thane, November 23, 2011

Certiicate of Whole-time Director and Chief Financial Officer on Financial Statements under Clause 49 of the Listing Agreement

To
The Board of Directors,
GTL Infrastructure Limited,
Navi Mumbai

We Prakash Ranjalkar -Whole-time Director and Prasanna Bidnurkar - 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, 2011 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 the 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
Dated: November 23, 2011

Prakash Ranjalkar
Whole-time Director

Prasanna Bidnurkar
Chief Financial Officer

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

Pursuant to the provisions of Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management Personnel of GTL Infrastructure Limited have affirmed compliance with the Code of Conduct for Directors and Senior Management for the Financial Year ended March 31, 2011.

Place: Mumbai
Dated: November 23, 2011

Prakash Ranjalkar
Whole-time Director

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

Mr. Manoj G. Tirodkar

Mr. Manoj Tirodkar is the Chairman of the Company. He is widely recognised for his efforts towards creating an efficient and environment friendly telecom industry. He has been championing the cause of shared telecom infrastructure model and green telecom. Under his leadership, Global Group of Companies have partnered with leaders in technologies like Qualcomm, Ericsson, Alcatel-Lucent, Nokia Siemens Networks, Huawei, ZTE etc to offer Network services across the world.

A firm believer in corporate social responsibility, Mr. Manoj Tirodkar supports a number of causes through GTL Foundation. He takes keen interest in educating the under privileged children in rural India, improving their health and helping the cause of visually challenged.

Mr. Tirodkar is the winner of CII Young Entrepreneurs Trophy 2001. He also has the honour of becoming the first Indian to win the World Young Business Achiever Award. Business Barons Taylors Nelson Sofres mode had ranked him 13th & 12th Best CEO of India for the year 2000 and 2001. He also received the Telecom Man of the Year Award in 1996.

He holds directorship in GTL Limited and GTL International Limited. He is a member of Shareholders/Investors Grievance Committee and Allotment & Transfer Committee of the Company.

Mr. Tirodkar's shareholding in the Company is 5,965,283 equity shares and 548,041 equity shares are held by his family members / relatives.

Mr. Charudatta Naik

Mr. Charudatta Naik is a non-executive non-independent Director of the Company. Mr. Charudatta Naik has an experience of over 23 years in the telecom industry spanning across segments such as technical support, sales & marketing and business operations. He is also a whole-time director of GTL Limited. He is also on the advisory board of GTL Foundation, the charitable arm of the Global Group. As a Whole-time Director of GTL Limited, he provides strategic guidance to GTL Limited to enhance the company's growth potential, globally. Mr. Charudatta Naik has earlier worked with companies like Crompton Greaves and Unitel Communications. He is an engineering graduate in electronics & telecom.

He holds directorship in GTL Limited and Global Rural Netco Limited. He is a member of Audit Committee and Nomination & Remuneration Committee of the Company.

Mr. Naik's shareholding in the Company is 1,325,900 equity shares and Nil equity shares are held by his family members / relatives.

Mr. Milind Naik

Mr. Milind Naik is having over 26 years experience in the field of accounts, banking & finance, treasury operations, foreign exchange, telecom turnkey project implementation, manufacturing of steel structures for telecom, transmission, wind energy and infrastructure industries, R & D and manufacturing of energy management solutions (EMS) for telecom operator's, EPC in EMS & renewable energy, procurement & logistics, taxation and administration. In the past he has worked with Syndicate Bank, Bank of India and Saraswat Co-op Bank Ltd before joining Global Group in 1984. Before joining the Company, he worked as a Managing Director of Global Towers Ltd., a Global Group Company. He has enormous experience within the country as well as abroad.

Mr. Naik's shareholding in the Company is 19,000 equity shares and Nil equity shares are held by his family members / relatives.

Directors' Report

To

The Members,

Your Directors are pleased to present their Eighth Annual Report together with the Audited Accounts for the year ended March 31, 2011.

1. FINANCIAL RESULTS

₹ in Crore

Particulars	Consolidated	Standalone	
	2010-2011	2010-2011	2009-2010
Total Income	1,080.77	532.19	381.32
PBDIT	655.59	322.78	224.17
Depreciation	574.77	207.66	198.32
PBIT	80.82	115.12	25.85
Interest and Finance Charges (Net)	655.17	254.41	28.43
Profit / (Loss) Before Tax	(574.35)	(139.29)	(2.58)
Provision for Taxation	-	-	-
Net Profit / (Loss)	(574.35)	(139.29)	(2.58)

Figures regrouped / reclassified wherever necessary to make them comparable.

Financial Performance

On a standalone basis for the year under review, total income at ₹ 532.19 Cr. was higher over the previous year's total income of ₹ 381.32 Cr. Operating Profit / (Loss) (profit before taxes excluding other income) was at ₹ (181.06) Cr. in comparision to previous year's Operating Profit / (Loss) of ₹ (35.94) Cr. Net Profit / (Loss) for the year was at ₹ (139.29) Cr. in comparision to previous year's net profit / (loss) of ₹ (2.58) Cr.

On a consolidated basis, total income for the year under review was at ₹ 1080.77 Cr. Operating Profit / (Loss) (profit before taxes excluding other income) was at ₹ (647.55) Cr. Net Profit / (Loss) for the year was at ₹ (574.35) Cr.

This increase in revenue was mainly driven by the growth in number of towers and tenancy. The Company's tower portfolio on a consolidated basis has increased from 12,456 in FY2009-10 to 32,650 in FY2010-11 mainly on account of the acquisition of 17,500 towers with 21,000 tenants by the Company's subsidiary Chennai Network Infrastructure Limited (CNIL) from Aircel. Accordingly, the Company's total number of tenants increased from 13,221 in FY 2009-10 to 41,702 in FY 2010-11.

The factors contributing to the financial performance are discussed more elaborately in the Management Discussion and Analysis Report which forms part of this Annual Report.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the stock exchanges in India, on the Company's performance, industry trends and other material changes with respect to the Company and its subsidiary, wherever applicable, is presented in a separate section forming part of this Annual Report.

3. ACQUISITION OF AIRCEL TOWERS

The Company through its subsidiary CNIL has acquired a tower portfolio of 17,500 towers from Aircel Limited and its subsidiaries (Aircel). Aircel's tower portfolio was acquired at an enterprise value of ₹ 8,026 Crore. Global Group had funded the deal in a mix of debt of ₹ 5,000 Cr. and the balance through equity. The deal was closed on July 19, 2010. Aircel entered into an agreement for a 15-year period with CNIL for using the towers for its operations and has also committed 20,000 tenancies over a period of three years, which CNIL can meet using the existing tower portfolio of CNIL or the tower portfolio of the Company or by using tower portfolio of other tower providers.

Post acquisition of Aircel's tower portfolio, the Company is in the process of merging CNIL with itself. Both the Company and CNIL have filed the requisite merger petitions with the High Court of Judicature at Bombay and Madras respectively. On July 22, 2011, the Hon'ble Bombay High Court has sanctioned the merger, and sanction from the Hon'ble Madras High Court is awaited. The Appointed Date of the merger is August 1, 2010.

Post merger the Company will be issuing one fully-paid equity share of the face value of ₹ 10/- each of the Company to the CNIL shareholders for every four fully paid equity shares of the face value of ₹ 10/- each held by them in CNIL. In consideration of the merger of CNIL with the Company and upon the coming into effect of the merger, the Company has to issue and allot 890,072,500 Equity Shares to the shareholders of CNIL. Consequently, the total share capital of the Company would go up by 890,072,500 new equity shares..

As on March 31, 2011, CNIL has a total tower portfolio of 17,500 towers with a tenancy of 1.37x on total portfolio basis.

4. SUBSIDIARY COMPANY

During the year under review, CNIL became subsidiary of the Company. The Company has contributed ₹ 1,815.72 Cr. towards the corpus of Tower Trust, with the sole beneficial ownership remaining with itself. Tower Trust has subscribed this amount in the equity share capital of CNIL and holds 1,815,722,400 equity shares of ₹ 10/- each representing 51% of its total issued and paid-up equity share capital.

In terms of the general approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its Circular No. 2/2011 dated February 8, 2011, copies of Balance Sheet, Profit & Loss Account and other documents of the subsidiary company have not been attached with the Balance Sheet of the Company. Financial information of the subsidiary company, as required by the said general approval has been furnished separately in the Consolidated Balance Sheet in this Annual Report. The Company will make available the Annual Accounts of the subsidiary company and related detailed information to the Company's and the subsidiary company's shareholders, seeking such information at any point of time. The Annual Accounts of the subsidiary company will also be kept open for inspection by any shareholder at the Registered/Head Office of the Company and that of the subsidiary company.

The Company sought requisite approval from the Office of the Registrar of Companies, Maharashtra, Mumbai for convening the Annual General Meeting of the Company on or before December 31, 2011, in view of the pending process of merger of CNIL with the Company.

Since the sanction for the merger of CNIL with the Company is awaited from the Hon'ble Madras High Court and it is not likely to be received on or before the date of convening of the ensuing Annual General Meeting, the financial statements of the Company for the financial year ended March, 31, 2011 are prepared without considering the CNIL financial statements and once the merger scheme between CNIL and Company is approved by the Hon'ble Madras High Court, the Company's financial statements will be re-casted with effect from the Appointed Date i.e. August 1, 2010.

The consolidated financial statements of the Company prepared in accordance with applicable accounting standards forms part of this Annual Report.

5. RECENT DEVELOPMENTS AT MACRO AND MICRO ECONOMIC LEVEL AND PRICE FALL IN THE COMPANY'S EQUITY SHARES

The Indian economy in general and the telecom industry in particular is witnessing turbulent times for over a year on socio, economic and business front though there is a stable government at the centre. For more than a year the country is facing problem of inflation which is hovering between 9-11% despite the various measures initiated by the government machinery viz., increase in REPO rates by Reserve Bank of India for 13 times since March 2010 to combat inflation at the cost of growth.

The corrective remedies taken by the Government on arresting spiralling inflationary trend by increasing REPO rates several times has increased the Lending rate, which was around 9% to the level of 13-14% p.a., this coupled with soaring prices of crude oil in international market had negative effect on our economy in last one year. Consumption of energy in the network and related input costs has also gone up as a result of the change and in the next fiscal this will result in cost escalation.

The telecom industry in particular is passing through a rough phase due to various issues such as 2G scam, minimal success of 3G services launched by operators, pressure on cash flow due to higher financing costs and lack of new equity investments resulting into the deferring of rollout and / or Capex plans by telecom operators and OEMs, stiff competition in retaining and attracting customers thereby lowering prices by telecom operators etc. This has adversely affected the business plans and income stream of players in telecom field inter-alia the Company. Some of the concerns faced by the telecom sector are:

1. Telecom operators deposited more than ₹ 1 Lac Cr. as spectrum money for 3G networks and BWA related networks. However, there has not been corresponding income related thereto;

2. The 2G scam and its impact on telecom rollout has been negative. Telecom operators have deferred Capex, new equity is not coming into telecom sector and FDI for telecom/tower space has been virtually non-existent last one year; and

3. Several International Investors have been engaged in various investigations and related issues resulting in lack of confidence in the telecom sector by International strategic investors.

On the backdrop of the above and with vicarious intentions, some unknown business rivals and/or bear operators hammered the stock of the Company along with its promoter company GTL Limited by about 12% on Friday, June 17, 2011. The market price of the equity shares of the Company which was about ₹ 32/- was brought down to about ₹ 28.25/- in the closing 30 minutes of trading session on June 17, 2011. The same was further hammered in the opening trading session on Monday, June 20, 2011 by about 43% to the level of ₹ 16.85/- and the current market price, as on the date of this report, is about ₹ 8.50/-. The unscrupulous elements in the stock market spread various rumors which were timely denied and appropriate communication was sent to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) in response to their letters. Further, the Company has also requested market regulator - Securities & Exchange Board of India for making necessary investigations for sharp fall in the Company's share price.

Pledge of Promoter shareholding in the Company

As on April 1, 2010, the Promoter, GTL Limited (GTL) was holding 31.30% of the equity share capital of the Company. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, GTL's holding increased to 36.22% of the equity share capital of the Company.

CNIL, subsidiary of the Company availed a Term Loan of ₹ 250 Cr. from IFCI Limited (IFCI). For securing the said loan, GTL had entered in to a Non Disposal of Shares Undertaking cum Escrow Agreement (NDU) with Power of Attorney on July 12, 2010 with IFCI for 122,000,000 equity shares held by GTL in the Company. Subsequently, GTL was required to top-up escrow account with IFCI with additional 151,729,000 equity shares held by it in the Company taking the total to 273,729,000 equity shares.

In view of the fall in share price of the Company, on July 13, 2011, IFCI by invoking security, created a pledge on the shares kept in escrow account. On July 18, 2011 and July 19, 2011, IFCI sold 100,000 shares each, thereby appropriating about ₹ 30 Lac. On July 20, 2011, IFCI informed GTL about invocation of pledge on 176,368,219 equity shares of the Company at the closing price of ₹ 14.25 per share on NSE, thereby appropriating the proceeds amounting to about ₹ 251 Cr. and has issued a No Dues Certificate to CNIL on July 22, 2011. As a result of the above invocation / sale of shares by IFCI, GTL's holding in the Company stands reduced from 36.22% to 17.78%.

GTL, the pledgor has contested this appropriation by IFCI. By an Order dated August 29, 2011, the Hon'ble Delhi High Court has held that IFCI was a lender to CNIL and its position was reverted to the position of a pledgee of the 176,368,219 shares held by GTL in the Company and it was further held that the appropriation of these shares to itself was incorrect. However, IFCI has not returned these 176,368,219 shares to GTL despite the order of the Hon'ble Delhi High Court on August 29, 2011.

GTL Limited thus continues to be the beneficial owner and shareholder of the 273,729,000 shares. The 176,368,219 shares are reduced by 831,426 shares sold by IFCI in the market. The Hon'ble Delhi High Court has granted GTL liberty to claim damages for the sale of shares by IFCI by its Order dated August 29, 2011.

On September 8, 2011, IFCI issued a notice to GTL and CNIL for redemption of the pledge of approximately 17.64 Cr. shares. GTL, CNIL and the Company have contested such action and the Divisional Bench of the Hon'ble Delhi High Court has granted Order on September 21, 2011 by which it was held that IFCI shall not sell any further shares of the Company which are pledged with them. Currently, both the matters are sub-judice.

Corporate Debt Restructuring

Considering the panic created thereby destabilizing the confidence of all stake holders, the Company on its own convened meeting of its Lenders on June 24, 2011 in Mumbai to update them the current events. The Company has proactively appointed SBI Capital Markets Limited (SBI Caps) and IDBI Capital Market Services Limited (IDBI Caps) to review and assess the present and future working of:

- the Sector
- Company, its financials and its obligations
- to suggest / advise any appropriate steps / remedies required to protect Lenders' interest

SBI Caps / IDBI Caps were requested to appraise and prepare a report within 30 days and on receipt of the flash report from SBI Caps / IDBI Caps, the Company referred a proposal for restructuring of its debt under Corporate Debt Restructuring (CDR) mechanism. The Company communicated these developments to BSE and NSE for information of general public.

As on March 31, 2011, the Company has a debt of ₹ 5,039 Cr. Primarily the debt has been used for capital expenditure and other business purposes.

Additionally, the slowdown in the telecom sector and deteriorating business scenario has had the following impact:

- The increase in interest rate has put severe pressure on cash flow. The Company also faced difficulty in raising cheaper sources of funding.
- The sudden slowdown in telecom sector has resulted in reduced tenancy.
- The weakness in the global markets and the Indian telecom sector has prevented the Company in raising equity and reduce its debt.

All these factors have impacted the ability of the Company to service and repay debt to lenders. As a result, the Company was compelled to go in for restructuring of its debt through CDR process and has filed requisite proposal for CDR in July 2011. The CDR exercise should help the Company tide over the liquidity issues.

Based on the proposal, the Corporate Debt Restructuring Empowered Group in its meeting held on August 12, 2011 admitted the Company's proposal under CDR mechanism with support of the super majority lenders and a communication to that effect was received by the Company from the CDR Cell on September 26, 2011.

6. SHARE CAPITAL

During the year under review, there was no change in the Equity Share Capital of the Company. As on March 31, 2011 the Equity Share Capital of the Company was ₹ 957.35 Crore. No new Equity Shares have been allotted subsequent to March 31, 2011.

The Equity Share Capital is subject to dilution on account of -

a) 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 ₹ 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.

(In Crore)

Particulars	No. of FCCBs (of US $ 1 Lac each)	No. of Equity Shares upon conversion
FCCBs allotted	3,000	22.23
Conversion till March 31, 2011	717	5.31
Balance as on 31.03.2011 / 23.11.2011	2,283	16.92

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) 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, 2011, a total of 166 Employees (Previous Year 173) hold 13,651,804 Stock Options (Previous Year – 11,968,904) as under:

Particulars	No. of Options
No. of outstanding Options as on April 01, 2010	11,968,904
Add: No. of Options issued during the year	1,800,000
Less: No. of Options converted during the year	Nil
Less: No. of Options lapsed during the year	117,100
Outstanding Options as on March 31, 2011	13,651,804

If all the outstanding Options are converted into equity shares, the total share capital would go up by 13,651,804 new equity shares.

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.

c) Consideration to CNIL Shareholders for merger

In consideration of the merger of CNIL with the Company, in terms of and upon the coming in to effect of the merger scheme, the Company shall, without any further application, issue and allot 890,072,500 equity shares to the CNIL shareholders. Consequently, the total share capital would go up by 890,072,500 new equity shares.

Further CNIL had received advance share application money of ₹ 445 Cr. from one of its shareholders towards Cumulative Redeemable Preference Shares of ₹ 100/- each. These Cumulative Redeemable Preference Shares are pending allotment by CNIL. In terms of and upon the coming in to effect of the merger scheme, the Company may have to issue and allot these Cumulative Redeemable Preference Shares of ₹ 100/- each.

7. DIVIDEND

The Company is in the business of providing telecom towers on a shared basis to multiple wireless telecom service providers and is capital intensive in nature. During the year under review it has acquired 17,500 towers from Aircel Limited and its subsidiaries (Aircel). In view of the acquisition of Aircel towers, the capital intensive nature of business, recent developments mentioned above and no profits on account of high depreciation and interest, no dividend has been proposed.

8. FIXED DEPOSITS

The Company has not invited or accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

9. 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.

10. DIRECTORS

Mr. Vishwas Pathak, Mr. Charudatta Naik and Mr. Manoj G. Tirodkar retire by rotation at the forthcoming Annual General Meeting and Mr. Charudatta Naik and Mr. Manoj G. Tirodkar being eligible offer themselves for re-appointment.

Mr. Vishwas Pathak is associated with the Company in his capacity as an independent Director since August 2005. Mr. Pathak has conveyed that he has relocated to Nagpur and thus expressed his desire not to seek re-appointment. The Board places on record its deep appreciation and respect for the valuable advice and guidance received from Mr. Pathak during his tenure as a Director of the Company.

The Board of Directors in its meeting held on April 29, 2011 appointed Mr. Ananth Ravi as an additional Director and Whole-time Director & Chief Executive Officer of the Company w.e.f. May 2, 2011. Due to personal reasons, on July 21, 2011, Mr. Ravi resigned as the Whole-time Director and Chief Executive Officer of the Company.

The Board of Directors in its meeting held on July 21, 2011 appointed Mr. Milind Naik as an additional Director and Whole-time Director & Chief Operating Officer of the Company with effect from July 21, 2011. Mr. Milind Naik will hold office till the date of the ensuing Annual General Meeting of the Company. The requisite notice together with necessary deposit has been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Milind Naik as a Director of the Company. Accordingly, necessary resolution has been incorporated in the notice of the ensuing Annual General Meeting for his appointment as a Director and Whole-time Director.

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

11. PROMOTER GROUP

The Company is a part of Global Group and is promoted by GTL Limited. The members may note that the Promoter Group comprises of Global Holding Corporation Private Limited and such other persons as defined under the SEBI Regulations. The Promoter Group holding in the Company is currently 39.90% of the Company's Equity Share Capital.

12. AUDITORS & AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants, were appointed as Joint Auditors of the Company at the Seventh Annual General Meeting of the Company to hold office from the conclusion of the said meeting till the conclusion of the next Annual General Meeting.

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

Accordingly, approval of the members 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 Auditors' Report to the shareholders on the Accounts of the Company for the financial year ended March, 31, 2011 does not contain any qualification or adverse remarks.

13. 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) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care 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 fraud and other irregularities; and

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

14. 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 focused on green energy solutions for reduction of GHG (Green House Gases) through deployment of SPV (Solar Photo Voltaic) power systems at over 75 sites in Uttar Pradesh, India. Through this solution, at each of these sites, diesel saving of average 750 liters per annum is achieved.

The Company is engaged in the business of providing Passive Infrastructure Services and has no manufacturing activities. 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 25 and 26 respectively, in Schedule, 'P' (Notes on Accounts) to the Balance Sheet as at March 31, 2011 forming part of this Annual Report.

15. 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, none of the employee of the Company is in receipt of the remuneration in excess of limits prescribed by the said rules.

16. 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. Members' attention is drawn to these items and Explanatory Statement annexed to the Notice.

17. 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 Central 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
November 23, 2011

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 up to 25% of the market price (latest available closing price) of each share at the time of grant up to 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 ₹ 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	₹ 10.00
2.	12.02.07	7,490,000	₹ 29.81 (re-priced at ₹ 19.90 per share on account of Right Issue compensation on 09.10.07)
3.	27.02.07	25,000	₹ 29.81 (re-priced at ₹ 19.90 per share on account of Right Issue compensation on 09.10.07)
4.	09.10.07	899,000	₹ 26.48
5.	09.10.07	1,007,500	₹ 10.00 (Issued to Grant 1 option holders towards Right Issue compensation)
6.	09.10.07	7,190,000	₹ 19.90 (Issued to Grant 2 option holders towards Right Issue compensation)
7.	09.10.07	25,000	₹ 19.90 (Issued to Grant 3 option holders towards Right Issue compensation)
8.	11.03.08	1,700,000	₹ 33.60
9.	23.11.09	600,000	₹ 24.37
10.	09.12.09	5,907,850	₹ 28.00
11.	04.05.10	1,800,000	₹ 30.52

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	28,194,350
B	Pricing formula	Prior to Listing: Face value of each share at the time of grant. After Listing i.e. after 09.11.06 and up to 28.04.09: At a discount up to 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	22,478,650
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	2,098,800
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 authorized to grant discount (to the Market Price) without any limit / restriction as against the limit of 25% to the Market Price authorized earlier.

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="3">Status</th></tr>
<tr><td>H</td><td>Money realized by exercise of Options</td><td colspan="3">₹ 231,902,384</td></tr>
<tr><td>I</td><td>Total number of Options in force</td><td colspan="3">13,651,804</td></tr>
<tr><td>J</td><td>Employee wise details of Options granted to:</td><td colspan="3"></td></tr>
<tr><td></td><td>(i) Senior Managerial Personnel</td><td colspan="3">Details are furnished herein below</td></tr>
<tr><td></td><td>(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.</td><td colspan="3">NIL</td></tr>
<tr><td></td><td>(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</td><td colspan="3">NIL</td></tr>
<tr><td rowspan="4">K</td><td rowspan="4">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”</td><td></td><td>FY 10-11 (₹)</td><td>FY 09-10 (₹)</td></tr>
<tr><td>#EPS Intrinsic Value Method</td><td>(1.45)</td><td>(0.03)</td></tr>
<tr><td>EPS Fair Value Method</td><td>(1.50)</td><td>(0.08)</td></tr>
<tr><td colspan="3">(#For details please refer Schedule P(6)(m) to the Balance Sheet as at March 31, 2011 forming part of this Annual Report).</td></tr>
<tr><td>L</td><td>Disclosure regarding the Employee Compensation Cost</td><td colspan="3">The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value Method and has amortised ₹ 47,289,175./- (Previous year ₹ 28,467,236) for the year ended on March 31, 2011.

However, had the Company followed Fair Value Method for calculating Employee Compensation Costs, such cost for the year would have been higher by ₹ 45,452,180/- (Previous Year ₹ 47,138,821/-) 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 ₹ (1.50) (#)</td></tr>
<tr><td>M</td><td>Weighted-Average exercise prices & Weighted-Average fair values of Options</td><td colspan="3">Weighted-Average exercise prices of the Options outstanding as at the year end - ₹ 24.34 and Weighted-Average fair value of options outstanding as at the year end – ₹ 23.70.</td></tr>
<tr><td>N</td><td>The description of the method and significant assumptions used during the year to estimate the fair value of the options.</td><td colspan="3">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 up to 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.</td></tr>
</table>

Details of Options granted to Senior Managerial Personnel:

Sr. No.	Name	Grants issued up to March 31, 2011	Outstanding as on March 31, 2011
1	Ashutosh Chandratrey	900,000	750,000
2	Bhupendra Kiny	Nil	Nil
3	M. R. Bharath	1,000,000	911,750
4	Milind Naik	Nil	Nil
5	Prakash Ranjalkar	6,592,000	Nil
6	Prasanna Bidnurkar	1,000,000	964,500
7	Ravikumar Vemulakonda	75,000	75,000
8	Rupinder Singh Ahluwalia	1,000,000	894,750
9	Savio F. Furtado	300,000	100,000

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 • Deployment of Integrated Power Management Units for AC power line conditioning and AC to DC conversion • 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 for VRLA batteries • Deep cycle batteries • 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 up to 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 Technology 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 installed SPV based Renewable Energy Solutions for reduction of fossil fuel consumption and for reduction of Green House Gases.

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	: ₹ 1,458,348
b.	Recurring	: ₹ 4,718,916
c.	Total	: ₹ 6,177,264
d.	Total R & D Expenditure as a percentage of total turnover	: 0.12%

Technology absorption, adaptation and innovation:

The Company has not absorbed, adopted and innovate any new technology. Hence, the details relating to technology absorption are not furnished.

For and on behalf of the Board of Directors

Mumbai
November 23, 2011

Manoj G. Tirodkar
Chairman

Auditors' Report

To
The Members of
GTL INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of GTL INFRASTRUCTURE LIMITED, as at March 31, 2011 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 (Auditor's 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. Without qualifying our opinion we draw your attention to the Note no 8 of Schedule P regarding Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 pending for the necessary approvals and preparation of accounts without giving any effects of this scheme and to give the effects as and when the scheme will be effective.

5. 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, 2011 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011, 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, 2011;

      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
Firm Reg. No. – 101720W

R. Koria
Partner
Membership No. – 35629

For Yeolekar & Associates
Chartered Accountants
Firm Reg. No. – 102489W

S. S. Yeolekar
Partner
Membership No. – 36398

Mumbai
Date: November 23, 2011

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

As required by the Companies (Auditor's 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 was 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. During the year the Company has not taken any Loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956 however the loan taken in the Financial Year 2009-10 was repaid during the year. The maximum amount involved in this respect was ₹ 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. As there was no amount outstanding as on March 31, 2011 the 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.

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.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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, 2011 for a period of more than six months from the date they became payable.

c. The disputed statutory dues aggregating to ₹ 80,625,978 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 ₹) (*)	Forum where dispute is pending
Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax / Trade Tax / VAT and Entry Tax	2007-08 to 2010-11	53,862,230	Deputy Commissioner (Appeal)
		2009-10	4,947,434	Additional Commissioner (Appeals)
		2007-08	3,654,110	Joint Commissioner (Appeal)
		2006-07 to 2008-09	18,162,204	Sales Tax Tribunal
Total			80,625,978	

(*) 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 except for interest accrued and due of ₹ 379,056,867, which has paid in the subsequent month.

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 (Auditor's 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. The Company has given corporate guarantees aggregating to ₹ 10,560,000,000 for loans taken by the subsidiary company from banks and financial institutions as at March 31, 2011. The subsidiary is in the process of the amalgamation with the Company as mentioned in Note no. 8 of Schedule P. The management is of the opinion that the terms and conditions are not prejudicial to the interests of the Company. We are, however, unable to comment on the same.

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 unutilized 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, 2011, related information 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 aggregating to ₹ 12,601,935,290 have been utilized for purchase of Fixed Assets and long term investments.

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

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xix. During the year, the company has not issued any debenture and hence clause 4 (xix) of Companies (Auditor's 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
Firm Reg. No. – 101720W

R. Koria
Partner
Membership No. – 35629

For Yeolekar & Associates
Chartered Accountants
Firm Reg. No. – 102489W

S. S. Yeolekar
Partner
Membership No. – 36398

Mumbai
Date: November 23, 2011

Balance Sheet As At March 31, 2011

	Schedule	₹	As At March 31, 2011 ₹	₹	As At March 31, 2010 ₹
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	A	9,573,486,040		9,573,486,040	
Reserves and Surplus	B	9,127,496,045		9,080,206,870	
			18,700,982,085		18,653,692,910
Loan Funds					
Secured Loans	C	29,726,293,733		28,268,209,786	
Unsecured Loans	D	20,667,259,131		16,436,846,889	
			50,393,552,864		44,705,056,675
	Total		69,094,534,949		63,358,749,585
APPLICATION OF FUNDS:					
Fixed Assets	E				
Gross Block		42,372,668,142		35,162,245,308	
Less: Depreciation		6,700,163,855		4,686,677,660	
Net Block		35,672,504,287		30,475,567,648	
Capital Work-in-progress		14,614,254,659		9,815,005,863	
			50,286,758,946		40,290,573,511
Investments	F		18,489,724,000		18,584,724,000
Current Assets, Loans and Advances	G				
Inventories		10,948,462		39,413,061	
Sundry Debtors		468,213,902		337,117,062	
Cash and Bank Balances		2,657,980,398		4,602,525,584	
Other Current Assets		323,796,920		100,780,465	
Loans and Advances		3,494,262,485		2,633,212,222	
		6,955,202,167		7,713,048,394	
Less: Current Liabilities and Provisions	H				
Current Liabilities		8,954,746,006		3,933,255,891	
Provisions		12,630,150		233,680,052	
		8,967,376,156		4,166,935,943	
Net Current Assets			(2,012,173,989)		3,546,112,451
Profit and Loss Account			2,330,225,992		937,339,623
	Total		69,094,534,949		63,358,749,585
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 : November 23, 2011

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Profit and Loss Account For The Year Ended March 31, 2011

	Schedule	For the Year ended on March 31, 2011 ₹	For the Year ended on March 31, 2010 ₹
INCOME			
Net Income from Operations	I	4,904,185,813	3,479,547,965
Other income	J	417,759,677	333,687,564
	Total	5,321,945,490	3,813,235,529
EXPENDITURE			
Infrastructure Operation & Maintenance Cost (Net)	K	1,532,881,778	1,051,072,789
Employee's Cost	L	204,137,797	205,971,459
Administration and Other Expenses	M	357,141,760	314,468,549
Interest and Finance Charges (Net)	N	2,544,073,918	284,306,692
Depreciation		2,076,596,606	1,983,211,939
	Total	6,714,831,859	3,839,031,428
PROFIT / (LOSS) BEFORE TAX		(1,392,886,369)	(25,795,899)
LESS :			
Provision for Taxation		-	-
PROFIT / (LOSS) AFTER TAX		(1,392,886,369)	(25,795,899)
ADD :			
Balance as per last Balance Sheet		(937,339,623)	(911,543,724)
BALANCE CARRIED TO BALANCE SHEET		(2,330,225,992)	(937,339,623)
EARNINGS PER SHARE (in ₹ -Per Equity Share of ₹ 10 each)			
- Basic		(1.45)	(0.03)
- Diluted		(1.45)	(0.03)
(Refer Note No. 14 of Schedule P)			
Significant Accounting Policies	O		
Notes on Accounts	P		

As per our report of even date

For and on behalf of the Board of Directors

For CHATURVEDI & SHAH Chartered Accountants	For YEOLEKAR & ASSOCIATES Chartered Accountants	MANOJ TIRODKAR Chairman	PRAKASH RANJALKAR Whole-time Director
R. KORIA Partner	S. S. YEOLEKAR Partner	PRASANNA BIDNURKAR Chief Financial Officer	RAVIKUMAR VEMULAKONDA Company Secretary

Mumbai
Date : November 23, 2011

Schedules Forming Part of the Balance Sheet

	As At March 31, 2011 ₹	As At March 31, 2011 ₹	As At March 31, 2010 ₹	As At March 31, 2010 ₹
SCHEDULE A : SHARE CAPITAL				
AUTHORISED:				
3,000,000,000 (Previous Year 3,000,000,000) Equity Shares of ₹ 10 each		30,000,000,000		30,000,000,000
50,000,000 (Previous Year 50,000,000) Preference Shares of ₹ 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 957,348,604) Equity Shares of ₹ 10 each fully paid-up		9,573,486,040		9,573,486,040
Total		9,573,486,040		9,573,486,040

Notes:

i. During the Year, the Company has allotted
   - (a) NIL (Previous Year 10,686,690) Equity Shares of ₹ 10 each on exercise of option by ESOS holders.
   - (b) NIL (Previous Year 10,002,825) Equity Shares of ₹ 10 each to FCCB holders on exercise of option at a Premium of ₹ 43.04 per share and
   - (c) NIL (Previous Year 120,495,015) Equity Shares of ₹ 10 each to Preferential Convertible Warrants holders at a Premium of ₹ 30 per share.

ii. The ESOS holders and FCCB holders have the option to exercise / convert ESOS and FCCB into 13,651,804 (Previous Year 11,968,904) and 169,158,948 (Previous Year 169,158,948) Equity Shares of ₹ 10 each respectively.

iii Refer Note No. 6 and 9 of Schedule P for terms of ESOS and FCCB respectively.

	As At March 31, 2011 ₹	As At March 31, 2011 ₹	As At March 31, 2010 ₹	As At March 31, 2010 ₹
SCHEDULE B : RESERVES AND SURPLUS				
Reconstruction Reserve				
Balance as per last Balance Sheet		199,302,121		199,302,121
(Created in terms of the Scheme of Arrangement)				
Capital Reserve				
Balance as per last Balance Sheet		184,600,000		184,600,000
(On Forfeiture of Preferential Convertible Warrants)				
Securities Premium Account				
Balance as per last Balance Sheet	8,649,701,157		4,462,984,349	-
Add: On Exercise of option by -				
Foreign Currency Convertible Bond holders	-		430,521,588	
Preferential Convertible Warrant holders	-		3,614,850,450	
ESOS holders	-		141,344,770	
		8,649,701,157		8,649,701,157
Employee Stock option Outstanding				
Balance as per last Balance Sheet	90,650,885		70,019,261	
Add : Granted during the year	18,324,000		60,116,398	
Less : Options exercised / lapsed during the year	1,094,885		39,484,774	
	107,880,000		90,650,885	
Less:Deferred Compensation Expense				
Balance as per last Balance Sheet	44,047,293		12,701,054	
Add : Granted during the year	18,324,000		60,116,398	
Less : Amortised / lapsed during the year	48,384,060		28,770,159	
	13,987,233	93,892,767	44,047,293	46,603,592
Total		9,127,496,045		9,080,206,870

Schedules Forming Part of the Balance Sheet

		As At March 31, 2011		As At March 31, 2010
	₹	₹	₹	₹
SCHEDULE C : SECURED LOANS				
Rupee Term Loans				
From Banks	27,633,592,578		26,524,011,457	
From a Financial Institution	1,037,800,000		772,800,000	
		28,671,392,578		27,296,811,457
Foreign Currency Loans				
From a Financial Institution		768,076,680		969,431,360
Interest Accrued and due on Loans		286,824,475		1,966,969
Total		29,726,293,733		28,268,209,786

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.

	₹	As At March 31, 2011 ₹	₹	As At March 31, 2010 ₹
SCHEDULE D : UNSECURED LOANS				
Long Term Loans				
Foreign Currency Convertible Bonds	10,364,322,306		10,280,367,264	
From Body Corporates	-		6,000,000,000	
		10,364,322,306		16,280,367,264
Short Term Loans				
Buyer's Credit	210,704,433		156,479,625	
From Banks	10,000,000,000		-	
		10,210,704,433		156,479,625
Interest Accrued and due on Loans		92,232,392		-
Total		20,667,259,131		16,436,846,889

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 ₹ 10 each at an initial Conversion Price of ₹ 53.04 per share translated from U.S. dollars at the Fixed exchange rate of ₹ 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 2,283) Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each are Outstanding as on March 31, 2011.

SCHEDULE E : FIXED ASSETS:

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2010	Additions	Deduction / Adjustments	As at March 31, 2011	Upto March 31, 2010	For the Year	Deductions / Adjustments	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
A) Tangible Assets:										
Land	57,805,418	-	-	57,805,418	-	-	-	-	57,805,418	57,805,418
Buildings	3,032,271,738	327,771,535	75,511,366	3,284,531,907	197,078,348	212,591,892	5,040,263	404,629,977	2,879,901,930	2,835,193,390
Plant and Equipments	31,975,090,858	7,119,586,448	151,890,888	38,942,786,418	4,428,221,234	1,845,132,284	48,082,787	6,225,270,731	32,717,515,687	27,546,869,624
Furniture & Fixtures	71,148,057	879,125	14,879,131	57,148,051	49,431,548	10,848,302	9,987,361	50,292,489	6,855,562	21,716,509
Vehicles	6,700,411	2,046,973	-	8,747,384	3,384,454	1,341,204	-	4,725,658	4,021,726	3,315,957
B) Intangible Assets:										
Softwares*	19,228,826	2,420,138	-	21,648,964	8,562,076	6,682,924	-	15,245,000	6,403,964	10,666,750
TOTAL	35,162,245,308	7,452,704,219	242,281,385	42,372,668,142	4,686,677,660	2,076,596,606	63,110,411	6,700,163,855	35,672,504,287	30,475,567,648
Previous Year	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	
Capital Work-in-progress									14,614,254,659	9,815,005,863

* Other than Internally Generated

Notes :

1. Buildings include properties having gross block of ₹ 86,259,650 (Previous Year ₹ 161,931,308) for which deeds of conveyance have yet to be executed in favour of the Company and ₹ 7,000 towards cost of 70 shares of ₹ 100 each in a Co-operative Housing Society.
2. Buildings include ₹ 2,568,351,868 (Previous Year ₹ 2,240,580,334) towards Leasehold Improvements and Boundry Wall at Sites.
3. During the year the Company has disposed off CWIP of ₹ 4,698,672,117 for ₹ 4,771,641,315 (Previous Year ₹ 3,305,804,103 for ₹ 3,329,682,464.)
4. Capital Work-in-Progress includes:
    a) Materials at sites amounting to ₹ 4,192,043,625 (Previous Year ₹ 4,262,672,644.)
    b) Capital Advances of ₹ 5,997,946,174 (Previous Year ₹ 2,844,441,904.)
    c) Pre-operative expenses of ₹ 4,424,264,860 (Previous Year ₹ 2,707,891,315.)

Schedules Forming Part of the Balance Sheet

	Number		Face Value (₹)		As at March 31, 2011 ₹	As at March 31, 2010 ₹
SCHEDULE F : INVESTMENTS						
PARTICULARS	March 31, 2011	March 31, 2010				
In Equity Shares Others - Fully Paid up	33,250,000	33,250,000	10	332,500,000		332,500,000
Global Rural NETCO Ltd.						
Investment in Corpus of Tower Trust				18,157,224,000		18,157,224,000
(A Beneficiary Trust) (Refer Note No. 7 of Schedule P)					18,489,724,000	18,489,724,000
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		18,489,724,000	18,584,724,000

Note:

1. Aggregate Value Of Investments

	March 31, 2011	March 31, 2010
Quoted Investments :		
Book Value	NIL	NIL
Market Value	NIL	NIL
Unquoted Investments:		
Book Value	18,489,724,000	18,584,724,000

2. Investments Purchased and Sold During The Year

	Face Value (₹)	Nos.	Cost (In ₹)
Mutual Fund Units			
Axis Liquid Fund - Institutional Growth	1000	1,331,895	1,385,800,000
Baroda Pioneer Liquid Fund - Institutional Growth Plan	10	373,545,393	4,041,000,000
Bharti Axa Liquid Fund - Institutional Plan - Growth	1000	225,529	249,000,000
Birla Sunlife Cash Manager - Institutional Plan - Growth	10	875,358	13,600,000
Birla Sunlife Cash Plus - Instl. Prem. - Growth	10	183,120,122	2,765,200,000
Canara Robeco Liquid Super Instt Growth Fund	10	28,300,534	324,200,000
DSP Blackrock Liquidity Fund - Institutional Plan - Growth	1000	412,810	566,900,000

Schedules Forming Part of the Balance Sheet

Mutual Fund Units	Face Value (₹)	Nos.	Cost (In ₹)
DSP Blackrock Liquidity Fund - Regular Plan - Growth	10	903,938	20,000,000
DWS Insta Cash Plus Fund - Super Institutional Plan Growth	10	184,676,852	2,230,741,839
Fidelity Cash Fund (Institutional) - Growth	10	1,670,798	21,500,000
Fidelity Cash Fund (Super Institutional) - Growth	10	36,712,630	468,800,000
HDFC Cash Management Fund - Savings Plan - Growth	10	140,842,621	2,720,000,000
HDFC Liquid Fund - Premium Plan - Growth	10	47,674,971	889,841,839
HDFC Liquid Fund - Premium Plus Plan - Growth	10	57,326,541	1,067,040,284
ICICI Prudential Liquid Super Institutional Plan - Growth	100	71,285,266	9,836,140,284
IDBI Liquid Fund - Growth	10	134,291,537	1,363,400,000
IDBI Liquid Fund - Growth	1000	14,289	15,000,000
IDFC Cash Fund - Super Inst Plan C - Growth	10	35,925,218	407,700,000
JP Morgan India Liquid Fund - Super Inst. Growth Plan	10	659,933,543	7,977,262,691
Kotak Floater Short Term - Growth	10	45,083,474	699,500,000
Kotak Liquid (Institutional Premium) - Growth	10	28,318,796	542,900,000
L&T Liq Sup Inst. Plan - Cumulative	10	40,932,265	539,400,000
LIC MF Liquid Fund - Growth Plan	10	173,498,105	2,973,901,420
Peerless Liquid Fund - Super Institutional Growth	10	17,132,362	179,500,000
Principal Cash Management Fund - Growth	10	41,736,189	613,300,000
Principal Cash Management Fund - Instl. Prem. Plan - Growth Plan	10	2,273,957	34,500,000
Principal Cash Management Fund - Liquid Option Instl. Prem. Plan - Growth	10	126,818,977	1,824,440,284
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	357,481,025	5,204,641,704
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	10	13,280,821	304,500,000
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	10	31,976,861	504,000,000
Reliance Liquidity Fund - Growth Option	10	282,212,338	4,050,940,284
Religare Liquid Fund - Super Institutional Growth	10	144,474,523	1,849,100,000
SBI Magnum Insta Cash Fund - Cash Option	10	92,596,337	1,903,225,000
SBI Premier Liquid Fund - Institutional - Growth	10	663,671	10,000,000
SBI Premier Liquid Fund - Super Institutional - Growth	10	493,705,600	7,217,800,000
Tata Liquid Super High Inv. Fund - Appreciation	1000	21,259	36,300,000
Taurus Liquid Fund - Super Institutional Growth	1000	685,036	701,000,000
Templeton India Treasury Management Account Super Institutional Plan - Growth	1000	36,210	50,600,000
UTI Liquid Cash Plan Institutional - Growth Option	1000	508,256	797,400,000
UTI Money Market Mutual Fund - Institutional Growth Plan	1000	1,565,483	1,626,180,568

Schedules Forming Part of the Balance Sheet

	As At March 31, 2011 ₹	₹	As At March 31, 2010 ₹	₹
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS				
i) Inventories (as taken, valued and certified by the management)				
Stores, Spares and Consumables		10,948,462		39,413,061
ii) Sundry Debtors (unsecured)				
Due for a period exceeding six months				
- Considered Good	51,193,495		22,432,116	
- Considered Doubtful	58,327,291		30,477,890	
Less: Provision for doubtful debts	58,327,291		30,477,890	
	51,193,495		22,432,116	
Others				
- Considered Good	417,020,407		314,684,946	
- Considered Doubtful	-		10,770,591	
Less: Provision for doubtful debts	-		10,770,591	
	417,020,407		314,684,946	
		468,213,902		337,117,062
iii) Cash and Bank Balances				
Cash on hand	1,012,153		772,037	
Balances with Schedule Banks				
- In Current Accounts				
With Banks (Including Cheques In Hand)	943,012,263		1,214,714,778	
- In Fixed Deposit Accounts	51,149,648		2,008,869,399	
- In Margin Accounts	1,154,161,134		849,236,536	
- In Fixed Deposits for Debt Service Reserve Account (Refer Note No. 10 of Schedule P)	508,645,200		528,932,834	
		2,657,980,398		4,602,525,584
iv) Other Current Assets				
Energy Recoverables				
(Refer Note No. 20 of Schedule P)				
- Considered Good	323,796,920		100,780,465	
- Considered Doubtful	33,066,985		11,566,599	
Less: Provision for doubtful debts	33,066,985		11,566,599	
		323,796,920		100,780,465
Total		3,460,939,682		5,079,836,172

Schedules Forming Part of the Balance Sheet

		As At March 31, 2011 ₹	As At March 31, 2011 ₹	As At March 31, 2010 ₹	As At March 31, 2010 ₹
(B)	LOANS AND ADVANCES				
	(Unsecured,Considered good unless otherwise stated)				
	Subsidiary Company*		680,008,833		-
	Advances recoverable in cash or in kind or for the value to be received				
	(Subject to confirmation)				
	- Considered Good	354,850,975		88,697,489	
	- Considered Doubtful	375,684		361,444	
	Less: Provision for doubtful debts	375,684		361,444	
			354,850,975		88,697,489
	Deposits		347,957,729		212,926,252
	Cenvat / Service Tax input credit entitlements		1,634,968,623		1,910,387,438
	Advance Taxes (including Fringe Benefit Tax) (Net)		476,476,325		421,201,043
	*Maximum Balance of Advance to Subsidiary ₹ 680,008,833 during the year				
	Total		3,494,262,485		2,633,212,222
	Total		6,955,202,167		7,713,048,394
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS					
(A)	CURRENT LIABILITIES				
	Acceptances		4,656,439,633		2,453,582,659
	Sundry Creditors				
	Dues to micro, small and medium enterprises	-		-	
	(Refer Note No. 22 of Schedule P)				
	Dues to others	2,965,372,702		267,853,255	
			2,965,372,702		267,853,255
	Unclaimed Share Application Money **		46,709		46,709
	Unearned Income		15,491,045		2,097,984
	Deposits Received		489,222,052		379,628,289
	Other Liabilities		815,548,223		812,103,399
	Interest accrued but not due on Loans		12,625,642		17,943,596
	Total		8,954,746,006		3,933,255,891
(B)	PROVISIONS				
	For Leave Encashment		7,794,150		5,476,076
	Provision for mark to market losses on Derivative Contracts		4,836,000		228,203,976
	Total		12,630,150		233,680,052
	Total		8,967,376,156		4,166,935,943

** 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, 2011 ₹	For the Year ended on March 31, 20010 ₹
SCHEDULE I : NET INCOME FROM OPERATIONS			
Service Charges from Telecom/Network Infrastructure Facilities		5,385,521,018	3,821,705,395
Equipment Provisioning		10,720,354	7,455,738
Other Operating Income		2,963,200	-
		5,399,204,572	3,829,161,133
Less: Service Tax Recovered		495,018,759	349,613,168
	Total	4,904,185,813	3,479,547,965
SCHEDULE J : OTHER INCOME			
Profit on Sale of Fixed Assets (Net)		18,137,697	12,833,305
Profit on Sale of Current Investments (Net)		-	21,020,984
Profit on Sale of Long Term Investments		-	3,051,245
Distribution of Surplus from Trust		353,258,739	-
Interest Received on Bank Deposits		40,776,602	283,746,455
[Tax Deducted at Source ₹ 1,081,473 (Previous Year ₹ 25,335,869)]			
Interest Received - Others		863,829	2,443,894
Miscellaneous Income		4,722,810	10,591,681
	Total	417,759,677	333,687,564
SCHEDULE K : INFRASTRUCTURE OPERATION & MAINTENANCE COST (NET)			
Site Rentals		565,762,766	349,840,095
Power, Fuel and Maintenance Charges		2,365,580,409	1,563,008,828
Repairs and Maintenance to Plant and Equipments		168,977,896	122,230,930
Stores & Spares Consumption		3,164,101	1,677,040
Other Operating Expenditure		570,832,586	562,870,410
		3,674,317,758	2,599,627,303
Less: Recovered from Customers (Net of Service Tax)		2,141,435,980	1,548,554,514
	Total	1,532,881,778	1,051,072,789
SCHEDULE L : EMPLOYEE COST (Including Managerial Remuneration)			
Salaries and Allowances		131,074,414	162,509,698
Contribution to Providend Fund, Gratuity fund and Other Funds		14,116,047	8,267,163
Employee Stock Option Cost		47,289,175	28,467,236
Employee Welfare and other amenities		11,658,161	6,727,362
	Total	204,137,797	205,971,459

Schedules Forming Part of the Profit and Loss Account

	₹	For the Year ended on March 31, 2011 ₹	For the Year ended on March 31, 20010 ₹
SCHEDULE M : ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Administrative Expenses			
Rent		51,722,866	49,625,544
Rates and Taxes		22,207,312	17,942,236
Electricity		13,347,330	10,548,394
Repairs and Maintenance			
- Office Building		203,940	282,615
- Office Equipment		2,029,468	2,386,016
- Others		1,412,416	1,816,436
Insurance Premium		7,103,801	7,891,182
Communication Cost		11,513,593	10,337,608
Travel and Conveyance		27,603,599	28,242,620
Legal and Professional Charges		56,284,568	53,644,812
Payment to Auditors		6,700,000	6,700,000
Office Expenses		12,094,032	9,910,927
Printing and Stationery		12,532,746	9,537,954
Directors' Sitting Fees		1,420,000	970,000
Miscellaneous Expenses		32,767,673	35,055,512
Selling Expenses			
Advertisment and Business Promotion		5,143,464	19,137,581
Other Expenses			
Bad Debts	54,470,604		34,819,510
Less: Provision for Doubtful Debts Written Back	(47,549,926)	6,920,678	(32,602,087)
Provision for Doubtful Debts		86,134,274	48,221,689
	Total	357,141,760	314,468,549
SCHEDULE N : INTEREST AND FINANCE CHARGES (Net)			
Interest			
- On Term Loans		2,328,743,588	1,486,774,631
- Others		75,404,903	1,329,675
Bank and Financial Charges		59,202,235	37,097,035
		2,463,350,726	1,525,201,341
Add:			
Foreign Exchange Loss / (Gain) (Net)		80,723,192	(1,240,894,649)
	Total	2,544,073,918	284,306,692

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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 year. The difference between the actual results and estimates are recognised in the year 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 eligible Cenvat and VAT less accumulated depreciation, amortisation and impairment loss, if any. All costs, including borrowing costs up to the date asset is ready to use are capitalised.

   b. The Fixed Assets at the cellular sites, which are ready to use in the first fifteen days of a month are capitalised on the fifteenth day of that month, whereas, if they are ready 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 the higher rates are applicable considering the estimated useful life as mentioned below and Towers:

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 towers have been depreciated on straight line method at the rate of 2.72% per annum in terms of specific approval received from Ministry of Corporate Affairs, Government of India vide Order no.45/2/2010-CL-III dated May 26, 2010 issued under Section 205(2)(d) of the Companies Act, 1956.

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

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

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

   f. 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 and titles in 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, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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 transaction.

    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, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE P: NOTES ON ACCOUNTS

1. Contingent Liabilities:
(No Cash Outflow is expected in near future)

(Amount in ₹)

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2010
	Contingent Liabilities not provided for:		
i.	Bank Guarantees	85,753,419	139,681,002
	(Bank Guarantees are provided under contractual / legal obligation)		
ii.	Corporate Guarantee	10,560,000,000	Nil
	(Given to Banks and Financial Intitution for loans taken by the susidiary company)		
iii.	Claims against the Company not acknowledged as debts	11,504,898	4,679,818
iv.	Premium on Foreign Currency Convertible Bonds issued (Refer Note 9 below)	4,187,849,528	4,153,926,318
v.	Disputed liability in respect of Sales Tax matter under appeal (Amount deposited ₹ 27,576,360 (Previous Year ₹ 3,170,596))	108,202,338	46,057,883

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) as at March 31, 2011 is ₹ 12,088,984,317 (Previous Year ₹ 10,418,448,426). 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, Sundry Creditors and Project Vendors. In respect of various parties, confirmations are still awaited.

4. The Ministry of Corporate Affairs, Government of India vide its Order no.45/2/2010-CL-III dated May 26, 2010 issued under Section 205(2)(d) of the Companies Act, 1956 has approved the Company to provide depreciation @2.72% on the original cost of the telecom towers based on the useful life with effect from April 1, 2010. This change in rate of depreciation has resulted into depreciation for the year ended March 31, 2011 lower by ₹ 454,388,931

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 Year 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 ₹ 10 each at an exercise price of ₹ 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 ₹ 10 each at an exercise price of ₹ 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 ₹ 19.90 per share in place of ₹ 29.81 per share.

   d. On October 9, 2007, the Company granted 650,000 Options (“Grant 4(A)”), convertible into Equity Shares of ₹ 10 each at an exercise price of ₹ 26.48 per share.

   e. On October 9, 2007, the Company also granted 249,000 Options (“Grant 4(B)”), convertible into Equity Shares of ₹ 10 each at an exercise price of ₹ 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 ₹ 10 each to (“Grant 1”) Option holders.

      ❖ 7,190,000 Options (“Grant 6”) at the exercise price of ₹ 19.90 to (“Grant 2”) Option holders.

      ❖ 25,000 Options (“Grant 7”) at the exercise price of ₹ 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 ₹ 10 each at an exercise price of ₹ 33.60 per share.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

h. Pursuant to approval of Shareholders in Annual General Meeting held on July 10, 2009 all the unvested Options as of April 29, 2009 were vested on April 29, 2009.

i. On November 23, 2009 the Company granted 600,000 Options ("Grant 9") convertible into Equity Share of ₹ 10 each at an exercise price of ₹ 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

j. On December 09, 2009 the Company granted 5,907,850 Options ("Grant 10") convertible into Equity Share of ₹ 10 each at an exercise price of ₹ 28 per share. Out of above 117,100 Options lapsed during the year. (Previous years options lapsed 28,500).

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%

k. On May 4, 2010 the Company granted 1,800,000 Options ("Grant 11") convertible into Equity Shares of ₹ 10/- each at an exercise price of ₹ 30.52 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

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

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

Particulars	Grant 11
No. of Options	1,800,000
Dividend Yield	NIL
Expected Life	6 years
Risk free Interest rate %	7.85%
Volatility %	17.10%

m. 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 ₹)

Particulars	2010-11	2009-10
Net Profit / (Loss) as Reported	(1,392,886,369)	(25,795,899)
Less: Employee Compensation Expense	45,452,180	47,138,821
Adjusted Proforma	(1,438,338,549)	(72,934,720)
Basic and Diluted Earnings per share as reported	(1.45)	(0.03)
Proforma Basic and Diluted Earnings per share	(1.50)	(0.08)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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

(Amount in ₹)

Sr. No.	Particulars	For the year ended on March 31, 2011		For the year ended on March 31, 2010	
		No. of Options	Weighted average exercise price	No. of Options	Weighted average exercise price
A.	i. Outstanding at the beginning of the year	11,968,904	23.45	16,179,644	16.57
	ii. Granted during the year	1,800,000	30.52	6,507,850	27.67
	iii. Lapsed during the year	(117,100)	28.00	(31,900)	27.84
	iv. Exercised during the year ended	NIL	NIL	(10,686,690)	15.96
	v. Expired during the year	NIL	NIL	NIL	NIL
B.	Outstanding at the end of the year	13,651,804	24.34	11,968,904	23.45
C.	Exercisable at the end of the year	10,034,904	22.71	5,489,554	18.47
D.	Weighted average remaining contractual life (in years)	3.15		3.89	

7. During the Financial year 2009-10, the Company formed a Trust namely "Tower Trust", wherein the Company is the sole beneficiary. The Company has contributed ₹ 18,157,224,000 towards the Corpus of the above Trust. The Trust has invested the aforesaid 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, Aircel Cellular Limited and Dishnet Wireless Limited. As on March 31, 2011 the Tower Trust holds 1,815,722,400 Equity Shares of ₹ 10 each (Previous year 514,500) representing 51% of total issued and paid up Equity Share Capital of CNIL. During the year, Company has received ₹ 353,258,739 being the distribution of surplus from the trust which has been accounted under the head Other Income in Schedule J.

8. The Board of Directors of the Company in its meeting held on December 16, 2010 had considered and approved the Scheme of Arrangement providing for Merger of "Chennai Network Infrastructure Limited" (CNIL) with the Company w.e.f. August 1, 2010 (the appointed date) subject to necessary approvals from various statutory authorities. On July 22, 2011, the Hon'ble High Court of Judicature at Bombay has sanctioned the above scheme of arrangement between Chennai Network Infrastructure Limited (CNIL) and GTL Infrastructure Limited and their respective shareholders (Scheme) under Section 391 to 394 of the Companies Act, 1956. Sanction of Hon'ble High Court of Judicature at Madras is awaited. Pursuant to the above scheme, the Company will be issuing one fully-paid Equity Share of the face value of ₹ 10/- each of the Company to the CNIL shareholders for every 4 fully-paid Equity Shares of the face value of ₹ 10/- each held by them in CNIL. Consequently, the Post- merger enhanced Equity Share Capital of the Company would be ₹ 18,474,211,040. Pending sanction of Hon'ble High Court of Judicature at Madras, these financial statements have been prepared without considering CNIL Accounts and once the Scheme is effective, these accounts will undergo change w.e.f. the Appointed Date, i.e. August 1, 2010.

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. 2,283 Foreign Currency Convetible Bonds (FCCBs) of USD 100,000 each, aggregating to USD 228.30 Mn were outstanding as on March 31, 2011 convertible at the option of the bond holders into Equity Shares of the Company by November 22, 2012. 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 the event the FCCB holders do not exercise their option by the due date, the FCCBs are redeemable at a premium of 40.4064% of principal amount. In such scenario the Company will adjust the premium on redemption to Securities Premium Account. The pro-rata premium as on March 31, 2011 in respect of outstanding FCCBs works out to ₹ 2,792,663,334. Meanwhile, the Company has also initiated the process of restructuring the FCCB's and has appointed international firm specializing in FCCB restructuring to renegotiate with the FCCB holders.

   If the options are exercised, 169,158,948 equity shares of ₹ 10 each will be allotted to the FCCB holders. Entire proceeds of Foreign Currency Convertible bonds have been utilised towards capital expenditure and issue expenses.

10. Balances with Banks include deposits with Indian Banks aggregating to ₹ 1,670,291,905 (Previous Year ₹ 1,378,476,515) pledged towards Debt Service Reserve Account, Margin Money for Letter of Credits, Bank Guarantees, and Sales Tax Authorities.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

11. Employee Benefits:

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

Defined Contribution Plan

(Amount in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Employer's Contribution to Provident fund	12,519,959	8,106,958
Employer's Contribution to Pension fund	2,314,024	1,213,820
Total:	14,833,983	9,320,778

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust maintained with 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 ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Defined Benefit Obligation at beginning of the year	6,793,112	4,983,015	5,476,076	4,635,942
Current Service Cost	4,008,106	2,596,851	1,167,275	1,125,302
Current Interest Cost	560,432	398,641	451,776	370,875
Actuarial (Gain) / Loss	2,899,058	(1,185,396)	790,369	1,082,160
Benefits paid	(2,288,575)	NIL	(91,346)	(1,738,203)
Defined Benefit Obligation at the end of the year	11,972,133	6,793,112	7,794,150	5,476,076

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

(Amount in ₹)

Particulars	Gratuity Funded	
	As at March 31, 2011	As at March 31, 2010
Fair Value of Plan Asset at beginning of the year	7,849,083	6,968,743
Expected Return on Plan Assets	647,549	557,499
Actuarial Gain / (Loss)	956,022	(557,499)
Contributions	4,841,707	880,340
Benefits paid	(2,288,575)	NIL
Fair Value of Plan Asset at the end of the year	12,005,786	7,849,083

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Fair Value of Plan Asset at the end of the year	12,005,786	7,849,083	NIL	NIL
Present Value of Defined Benefit Obligation at end of the year	11,972,133	6,793,111	7,794,150	5,476,076
Liability / (Asset) recognised in the Balance Sheet	(33,653)	(1,055,972)	7,794,150	5,476,076

d. Expense recognised during the year

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
Current Service Cost	4,008,106	2,596,851	1,167,275	1,125,302
Interest Cost	560,432	398,641	451,776	370,875
Expected Return on Plan Assets	(647,549)	(557,499)	NIL	NIL
Actuarial (Gain) / Loss	1,943,037	(627,897)	790,369	1,082,160
Net Cost Recognised in Profit and Loss Account	5,864,025	1,810,096	2,409,420	2,578,337

e. Amounts for the current and previous year Gratuity

(Amount in ₹)

Particulars	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	11,972,133	6,793,111	4,983,015	2,949,302
Plan Assets	12,005,786	7,849,083	6,968,743	2,623,310
Surplus / (Deficit)	33,653	1,055,972	1,985,728	(325,992)
Experience adjustment on Plan Assets (Gain) / Loss	(956,022)	(557,499)		
Experience adjustment on Plan Liabilities Gain / (Loss)	(2,899,058)	(989,039)		

f . Amounts for current and previous year :- Compensated Absences

(Amount in ₹)

Particulars	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	7,794,150	5,476,076	4,635,942	3,133,368
Plan Assets	NIL	NIL	NIL	NIL
Surplus / (Deficit)	(7,794,150)	(5,476,076)	(4,635,942)	(3,133,368)
Experience adjustment on Plan Assets (Gain) / Loss	NIL	NIL		
Experience adjustment on Plan Liabilities Gain / (Loss)	790,369	1,248,804		

g. Assumptions used to determine the defined benefit obligations

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Mortality Table (LIC) (1994-96 Ultimate)				
Discount Rate (p.a.)	8.25%	8.25%	8.25%	8.25%
Estimated rate of return on Plan Assets (p.a.)	8.25%	8.25%	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 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.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

12. 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.

13. Related Party Disclosures:

a. Related Parties:

I. Subsidiary

a. Towers Worldwide Limited (up to March 30, 2010)

b. Chennai Network Infrastructure Limited (with effect from July 12, 2010)

II. Trust

Tower Trust (The Company is Sole Beneficiary)

III. Associates

a. GTL Limited

b. Technology Infrastructure Limited

c. Global Holding Corporation Private Limited

d. Chennai Network Infrastructure Limited (up to July 11, 2010)

IV. Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman

b. Mr. Prakash Ranjalkar, CEO & Whole-time Director (C.E.O. w.e.f. July 01, 2010)

c. Mr. Shishir Parikh, Chief Financial Officer (up to June 04, 2010)

d. Mr. Prasanna Bidnurkar, Chief Financial Officer (w.e.f. March 01, 2011)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

b. Transactions with related parties:

(Amount in ₹)

Particulars	Subsidiary Company		Trust		Associates		Key Managerial Personnel	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
	[with I (a) above]				[with III (a) above]		[with IV above]	
Refund of advance	–	3,031,780,608	–	–	–	–	–	–
Interest received	–	66,959,652	–	–	-	–	–	–
Deposit given	–	–	–	–	20,000,000	–	–	–
Purchase of Fixed Assets	–	–	–	–	7,890,238,713	9,143,000,984	–	–
Sale of Fixed Assets	–	–	–	–	252,744,091	–	–	–
Energy Recoverables assigned during the year	–	–	–	–	1,916,724,039	1,057,913,940	–	–
Net Income from Services / Equipment Provisioning	–	–	–	–	–	562,223,366	–	–
Miscellaneous Income	–	–	–	–	4,738,357	11,074,474	–	–
Finance Charges paid	–	–	–	–	42,282,932	23,337,582	–	–
Reimbursement of expenses from	–	–	–	–	802,156,937	54,062,799	–	–
Operations, Maintenance and Energy Management Cost	–	–	–	–	2,361,404,459	1,168,482,180	–	–
Legal and Professional Charges	–	–	–	–	9,295,373	8,519,457	–	–
Reimbursement of expense to	–	–	–	–	209,075,473	22,955,236	–	–
	[with I (b) above]				[with III (b) above]			
Corporate Guarantee given	12,500,000,000	–	–	–	–	–	–	–
Sale of Fixed Assets	14,664,666	–	–	–	–	–	–	–
Reimbursement of expenses to	2,630,536	38,010	–	–	–	–	–	–
Expenses on behalf of	391,060,252	38,010	–	–	–	–	–	–
Advance given	332,145,297	–	–	–	–	–	–	–
Inventory given on loan	344,905,218	–	–	–	–	–	–	–
Advance Received	400,136,065	–	–	–	–	–	–	–
Equity Shares Alloted	–	–	–	–	–	577,443,000	–	–
Amounts received against Preferential Convertible Warrants	–	–	–	–	–	519,699,042	–	–
					[with III (c) above]			
Equity Shares Allotted	–	–	–	–	–	4,242,357,600	–	–
Amounts received against Preferential Convertible Warrants	–	–	–	–	–	3,818,121,840	–	–
Loan Taken	–	–	–	–	–	2,800,000,000	–	–
Loan Repaid	–	–	–	–	2,800,000,000	–	–	–
Interest Accrued	–	–	–	–	–	2,849,316	–	–
			[with II above]					
Investment in Corpus	–	–	–	18,157,224,000	–	–	–	–
Advance Given	–	–	1,533,122	100,000	–	–	–	–
Distribution of Surplus from Trust	–	–	353,258,739	–	–	–	–	–
Salaries and Allowances (*)	–	–	–	–	–	–	6,036,446	14,465,340
Director sitting fees paid (**)	–	–	–	–	–	–	240,000	190,000
ESOS Excercised	–	–	–	–	–	–	–	123,340,000
Refund of advance	–	–	–	100,000	–	–	–	–

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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

(Amount in ₹)

	Subsidiary Company		Trust		Associates		Key Managerial Personnel	
Outstanding As At	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	[with I (a) above]				[with III (a) above]		[with IV above]	
Sundry Creditors	–	–	–	–	1,305,504,951	–	–	–
Energy Recoverable	–	–	–	–	425,938,573	431,200,534	–	–
Capital Advances	–	–	–	–	–	64,704,105	–	–
Advance Recoverable in Cash or Kind	–	–	–	–	–	10,243,390	–	–
Security Deposit Received	–	–	–	–	2,500,000	2,500,000	–	–
Security Deposit Given	–	–	–	–	21,600,000	1,600,000	–	–
	[with I (b) above]				[with III (b) above]			
Advance Recoverable in Cash or Kind	680,008,833	–	–	–	–	–	–	–
Sundry Debtors	–	–	–	–	–	–	–	–
Corporate Guarantee	10,560,000,000	–	–	–	–	–	–	–
					[with III (c) above]			
Loan Taken	–	–	–	–	–	2,800,000,000	–	–
Interest Accrued	–	–	–	–	–	2,564,384	–	–
			[with II above]					
Investment in Corpus	–	–	18,157,224,000	18,157,224,000	–	–	–	–
Advance Recoverable in Cash or Kind	–	–	1,533,122	–	–	–	–	–

(*) Salaries and Allowances includes ₹ 4,809,000 (Previous Year ₹ 4,431,405) paid to Mr. Prakash Ranjalkar (CEO & Whole-time Director), ₹ 827,084 (Previous Year ₹ 10,033,935) paid to Mr. Shishir Parikh (CFO), ₹ 400,362 paid to Mr. Prasanna Bidnurkar (CFO).

(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar ₹ 240,000 (Previous Year ₹ 190,000).

The above transactions are given for the period for which relationship exists.

14. Earning Per Share (Basic and Diluted):

(Amount in ₹)

Particulars	For the year ended on March 31, 2011	For the year ended on March 31, 2010
Net Profit / (Loss) after tax attributable to Equity Shareholders.	(1,392,886,369)	(25,795,899)
Weighted average no. of equity shares outstanding	957,348,604	929,137,475
Basic & Diluted Earning Per Share of ₹ 10 Each (₹)	(1.45)	(0.03)

The effects of Foreign Currency Convertible Bonds and Employee Stock Option Scheme (ESOS) on the Earnings Per Share are anti-dilutive and hence, the same are not considered for the purpose of calculation of dilutive Earning Per Share.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

15. 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 ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities:		
Related to Fixed Assets	2,259,478,473	1,516,965,610
Total	2,259,478,473	1,516,965,610
Deferred Tax Assets:		
Unabsorbed Depreciation	2,893,169,075	1,703,191,105
Disallowance Under Income Tax Act	33,072,709	90,937,378
Total	2,926,241,784	1,794,128,483
Net Deferred Tax Liability / (Asset)	(666,763,311)	(277,162,873)

As at March 31, 2011, the Company has Net Deferred Tax Assets of ₹ 666,763,311/- 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”.

16. Managerial Remuneration:

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

(Amount in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary (including allowances)	4,593,000	4,215,405
Contribution to Provident Funds	216,000	216,000
Total:	4,809,000	4,431,405

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’s remuneration under Section 349 of the 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.

17. Auditor’s Remuneration:

(Amount in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Audit Fees	3,000,000	3,000,000
Tax Audit Fees	1,200,000	1,200,000
Certification Fees	1,500,000	1,500,000
Other Matters	1,000,000	1,000,000
Total	6,700,000	6,700,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

18. Details of Net Pre-operative Expenses considered as Capital Work-In-Progress:

(Amount in ₹)

Particulars	2010-11	2009-10
Opening Balance	2,707,891,315	1,414,005,661
Add:		
Expenditure Incurred during the year:		
Infrastructure Operation and Maintenance Cost	432,642,586	659,991,619
Salaries and Allowances	137,014,637	64,498,802
Contribution to Provident Fund and Other Fund	6,509,931	2,883,091
Rent	77,205,628	53,090,604
Insurance	97,462	1,813,099
Communication Cost	3,541,249	2,950,043
Travel and Conveyance	31,512,867	20,315,023
Legal and Professional Charges	148,815,631	109,069,251
Stamp Duty and Registration Charges	14,859,981	3,391,844
General and Administrative Expenses	212,076,312	154,623,133
Interest on Term Loan	1,618,047,186	1,144,334,517
Interest Others	287,786,342	338,458,546
Bank and Financial Charges	177,306,678	176,571,581
	5,855,307,806	4,145,996,812
Less:		
Interest Received	84,853,857	114,436,576
(TDS Current Year ₹ 2,250,485 previous year ₹ 10,275,009)		
Profit on Sale of Current Investments	17,980,851	57,009,773
	5,752,473,098	3,974,550,464
Less: Amount allocated to Fixed Assets	1,328,208,238	1,266,659,149
Closing Balance	4,424,264,860	2,707,891,315

19. 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, 2011.

20. Company has entered into an agreement for assignment of Energy Recoverables with GTL Ltd (An Associate Company) which is also in the business of providing the Operation and Maintenance Services and the Energy management at sites. The Energy recoverable assigned and derecognised in the Balance Sheet as on March 31, 2011 is ₹ 425,938,573 (Previous Year ₹ 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 ₹ 42,282,932 (Previous Year ₹ 23,337,582) incurred during the year has been charged to Profit and Loss account.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

21. Financial and Other Derivative Instruments:

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2011:

For Hedging Currency and Interest rate related risks:

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Forward Contracts	NIL	139,818,626
Interest Rate Swaps	58,269,945	969,431,360
Currency Swaps	NIL	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, 2011 amount to ₹ 10,276,492,220 (Previous Year ₹ 9,304,460,385).

d. Expenditure on account of premium on forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting year aggregates to ₹ NIL (Previous Years ₹ 864,634).

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

(Amount in ₹)

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2010
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

The above information has been based on information available with the Company.

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

(Amount in ₹)

Particulars	2010-11	2009-10
Capital Goods	343,562,669	NIL

24. Stores and Spares Consumed:

(Amount in ₹)

Particulars	2010-11		2009-10	
	₹	% of Total consumed	₹	% of Total consumed
Imported	NIL	NIL	NIL	NIL
Indigenous	3,164,101	100	1,677,040	100

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

25. Expenditure in Foreign Currency:

(Amount in ₹)

Particulars	2010-11	2009-10
Interest	39,837,851	42,568,478
Bank and Other Charges	90,945	2,711,998
Foreign Travel	2,165,395	375,289
Professional & Consultancy	1,440,149	8,219,569
Others	1,392,319	1,195,669
Total :	44,926,659	55,071,003

26. Earnings in Foreign Currency:

(Amount in ₹)

Particulars	2010-11	2009-10
Interest received	NIL	93,212,709
Profit on Sale of Investment in Subsidiary	NIL	3,051,245

27. 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.

28. During the year 2008-09 the Company had imported OFC (Optical Fibre Cable) on which the Custom department issued Show Cause Notice for the demand of Custom Duty of ₹ 9,294,731/-. The Company deposited the whole amount under protest and subsequently the Commissioner granted the relief to the Company upto amount of ₹ 7,794,792/-. As against the said order of the Commissioner the Custom department has filed the appeal with the CESTAT, Mumbai on October 11, 2010. The Company feels there will not be any liability on this account.

29. On September 28, 2010 the Income Tax Authorities carried out search and seizure operations at Company's Premises. Given the information provided so far and the investigation carried out at the time of operation, the Company believes that there will be no material tax liability on it. The amount of tax liability if any, shall be determined upon completion of the process by the Tax Authorities.

30. Corporate Debt Restructuring Empowered Group (CDR EG) in its meeting held on August 12, 2011 admitted the Company's proposal under CDR mechanism with support of the super majority lenders and the communication from CDR cell to the Company regarding its admission was made on September 26, 2011.

31. In accordance with clause 32 of Listing Agreement the details of advance is as under:

    a. To Chennai Network Infrastructure Limited, a Subsidiary , closing balance as on March 31, 2011 is ₹ 680,008,833 (Previous year NIL). Maximum balance outstanding during the year was ₹ 680,008,833 (Previous year ₹ NIL).

    b. None of the loanees 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.

32. 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

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Mumbai
Date : November 23, 2011

Cash Flow Statement For The Year Ended March 31, 2011

Particulars		For the Year ended on March 31, 2011 ₹	For the Year ended on March 31, 2010 ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) before tax as per Profit and Loss Account	(1,392,886,369)	(25,795,899)
	ADJUSTED FOR		
	Net Prior Year Adjustments	–	281,875
	Depreciation	2,076,596,606	1,983,211,939
	Distribution of Surplus from Beneficiary Trust	(353,258,739)	–
	Loss / (Profit) on sale of Fixed Asset	(18,137,697)	(12,833,305)
	Loss / (Profit) on sale of Current Investments	–	(21,020,984)
	Loss / (Profit) on sale of Long Term Investments	–	(3,051,245)
	Interest Income	(41,441,414)	(283,550,867)
	Interest Expenses	2,463,350,726	1,525,201,341
	Balances Written back (net)	(5,508)	(26,189)
	Provision for Wealth Tax	32,000	18,599
	Employee Stock Option Cost	47,289,175	28,467,236
	Foreign Exchange (Gain) / Loss (Net)	62,941,934	(2,061,563,320)
	Bad Debts (Net of Excess Provision Reversal)	6,920,678	2,217,423
	Provision for Doubtful Debts / Advances	86,134,274	48,221,689
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	2,937,535,664	1,179,778,293
	ADJUSTMENTS FOR		
	Trade and Other Receivables	(553,488,260)	38,521,708
	Inventories	28,464,599	(14,912,822)
	Trade Payables	980,420,581	167,342,879
	CASH GENERATED FROM OPERATIONS	3,392,932,584	1,370,730,058
	Net Prior Year Adjustments	–	(281,875)
	Direct taxes paid / Refund Recd (Net)	(55,275,282)	(161,264,183)
	NET CASH FLOW FROM OPERATING ACTIVITIES	3,337,657,302	1,209,184,000
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets and Capital Work-in-progress	(10,921,640,564)	(12,004,681,361)
	Sale of Fixed Assets	4,895,980,789	3,349,911,646
	Investment in Subsidiary	–	3,383,250
	Advance to Subsidiary (Given) \ Received (Net)	(680,008,833)	3,271,718,997
	Purchase of Investments	(68,026,256,197)	(222,120,051,887)
	Sale of Investments	68,139,237,046	203,613,358,644
	Realised Gain \ (Loss) on Settled Derivatives Contracts / Currency Swap Arrangement (Net)	(203,992,017)	–
	Distribution of Surplus from Beneficiary Trust	353,258,739	–
	Interest Income	106,849,140	498,918,104
	CASH USED IN INVESTING ACTIVITIES	(6,336,571,898)	(23,387,442,607)

Cash Flow Statement For The Year Ended March 31, 2010

Particulars		For the Year ended on March 31, 2011 ₹	For the Year ended on March 31, 2010 ₹
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Shares / Preferential Convertible Warrants	–	4,546,850,362
	Proceeds from Long Term Borrowings	5,821,348,351	15,146,249,323
	Repayment of Long Term Borrowings	(10,660,997,189)	(3,108,573,831)
	Short Term Loans (Net)	10,071,301,620	(266,014,931)
	Interest and Finance charges Paid	(4,177,283,372)	(3,184,963,422)
	NET CASH FLOW FROM FINANCING ACTIVITIES	1,054,369,410	13,133,547,501
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,944,545,186)	(9,044,711,106)
	Cash and Cash Equivalents (Opening Balance)	4,602,525,584	13,647,236,690
	Cash and Cash Equivalents (Closing Balance)	2,657,980,398	4,602,525,584

(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 ₹ 1,670,291,905 (Previous Year ₹ 1,378,476,515) which are provided as security as mentioned in the Note no. 10 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

Mumbai
Date : November 23, 2011

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

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

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	78,061,911	Total Assets	78,061,911
SOURCES OF FUNDS			
Paid-up Capital	9,573,486	Reserves & Surplus	9,127,496
Secured Loans	29,726,294	Unsecured Loans	20,667,259
APPLICATION OF FUNDS			
Net Fixed Assets	50,286,759	Investments	18,489,724
Net Current Assets	(2,012,174)	Misc. Expenditure	NIL
Accumulated losses	2,330,226		

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

Turnover (Gross Revenue)	5,321,945	Total Expenditure	6,714,832
Profit / (Loss) Before Tax	(1,392,886)	Profit / (Loss) After Tax	(1,392,886)
Earnings per Share in ₹	(1.45)	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.

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
GTL Infrastructure Limited,

1. We have audited the attached Consolidated Balance Sheet of 'GTL Infrastructure Ltd' ("the Company"), its Subsidiary company and a trust where the company is a sole beneficiary (collectively referred to as "the Group") as at March 31, 2011 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion we draw your attention to the Note no 12 of Schedule P regarding Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 pending for the necessary approvals and preparation of accounts without giving any effects of this scheme and to give the effects as and when the scheme will be effective.

4. We did not audit the financial statements of the subsidiary company and Trust, whose financial statements reflect total assets of ₹ 103,446,428,994 as at March 31, 2011, total revenues of ₹ 6,197,433,511 and net cash outflows amounting to ₹ 3,880,743,931 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on their reports.

5. We report that the Consolidated Financial Statement have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements".

6. Based on our audit and on the consideration of reports of other auditors on separate financial statements and on other financial information of the components, and to the best of information and according to the explanations given to us, we are of the opinion that the attached Consolidated financial statements read together with significant accounting policies and notes thereon, in particular Note No. 13 of Schedule P regarding the accounting treatment of redemption Premium on Foreign Currency Convertible bonds (FCCB), give a true and fair view in conformity with the accounting principles generally accepted in India: -

   i. In so far as it relates, to Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

   ii. In so far as it relates to the Consolidated Profit & Loss Account, of the loss of the Group for the year ended on that date; and

   iii. In so far as it relates to the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. – 101720W

R. Koria
Partner
Membership No. – 35629

For Yeolekar & Associates
Chartered Accountants
Firm Reg. No. – 102489W

S. S. Yeolekar
Partner
Membership No. – 36398

Mumbai
Date: November 23, 2011

Financial Information of Subsidiary Company

Name of the Subsidiary Company	Chennai Network Infrastructure Limited (CNIL)
Country	India

Sr. No.	Particulars	Amount in ₹
a.	Capital	35,602,900,000
b.	Reserves	–
c.	Total Assets	103,444,335,409
d.	Total Liabilities	71,891,221,528
e.	Investment	–
f.	Turnover	5,171,546,117
g.	Loss before taxation	4,033,664,830
h.	Provision for taxation	–
i.	Loss after taxation	4,033,664,830
j.	Proposed Dividend	–

The Ministry of Corporate Affairs, Government of India has on February 8, 2011 granted a general exemption under Section 212(8) of the Companies Act, 1956 from the requirement to attach detailed financial statements of the subsidiary companies.

The detailed annual financial statements, audit reports and other related information of Chennai Network Infrastructure Limited (CNIL) are available to the shareholders for inspection at the registered office of the Company at any point of time and upon request from a shareholder, your Company will arrange to sent the financial statements of CNIL to the said shareholder.

Consolidated Balance Sheet As At March 31, 2011

	Schedule	₹	As At March 31, 2011 ₹
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	A	9,573,486,040	
Reserves and Surplus	B	9,127,496,045	
			18,700,982,085
Minority Interest			15,467,128,354
Loan Funds			
Secured Loans	C	90,822,989,289	
Unsecured Loans	D	23,617,259,131	
			114,440,248,420
Total			148,608,358,859
APPLICATION OF FUNDS:			
Fixed Assets	E		
Gross Block		126,342,651,009	
Less: Depreciation / Amortisation		10,371,227,005	
Net Block		115,971,424,004	
Capital Work-in-progress		22,210,466,155	
			138,181,890,159
Investments (Other than associate)			332,500,000
Current Assets, Loans and Advances	F		
Inventories		10,948,462	
Sundry Debtors		904,662,486	
Cash and Bank Balances		4,713,152,406	
Other Current Assets		762,468,844	
Loans and Advances		15,102,043,320	
		21,493,275,518	
Less: Current Liabilities and Provisions	G		
Current Liabilities		16,117,701,246	
Provisions		12,630,150	
		16,130,331,396	
Net Current Assets			5,362,944,122
Miscellaneous Expenditure (to the extent not written off or adjusted)	H		11,992,800
Profit and Loss Account			4,719,031,778
Total			148,608,358,859
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 : November 23, 2011

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Consolidated Profit And Loss Account For The Year Ended March 31, 2011

	Schedule	For the Year ended on March 31, 2011 ₹
INCOME		
Net Income from Operations	I	10,075,731,930
Other income	J	731,999,432
Total		10,807,731,362
EXPENDITURE		
Infrastructure Operation & Maintenance Cost (Net)	K	3,630,489,990
Employee's Cost	L	227,483,114
Administration and Other Expenses	M	393,900,970
Interest and Finance Charges (Net)	N	6,551,721,603
Depreciation / Amortisation		5,747,659,756
Total		16,551,255,433
LOSS BEFORE TAX		(5,743,524,071)
LESS:		
Provision for Taxation		–
LOSS AFTER TAX BEFORE MINORITY INTEREST		(5,743,524,071)
Less: Minority Interest in Loss		1,963,306,432
LOSS FOR THE YEAR AFTER MINORITY INTEREST		(3,780,217,639)
ADD:		
Balance as per last Balance Sheet		(938,814,139)
BALANCE CARRIED TO BALANCE SHEET		(4,719,031,778)
EARNINGS PER SHARE (in ₹ - Per Equity Share of ₹ 10 each)		
- Basic		(3.95)
- Diluted		(3.95)
(Refer Note No. 19 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

Mumbai
Date : November 23, 2011

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Schedules Forming Part of the Consolidated Balance Sheet

	₹	As At March 31, 2011 ₹
SCHEDULE A : SHARE CAPITAL		
AUTHORISED:		
3,000,000,000 Equity Shares of ₹ 10 each		30,000,000,000
50,000,000 Preference Shares of ₹ 100 each		5,000,000,000
		35,000,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
957,348,604 Equity Shares of ₹ 10 each fully paid-up		9,573,486,040
Total		9,573,486,040

Notes:

i. The ESOS holders and FCCB holders have the option to exercise / convert ESOS and FCCB into 13,651,804 and 169,158,948 Equity Shares of ₹ 10 each respectively.

ii. Refer Note No. 11 and 13 of Schedule P for terms of ESOS and FCCB respectively.

	₹	As At March 31, 2011 ₹
SCHEDULE B : RESERVES AND SURPLUS		
Reconstruction Reserve		
Balance as per last Balance Sheet		
(Created in terms of the Scheme of Arrangement)		199,302,121
Capital Reserve		
Balance as per last Balance Sheet		184,600,000
(On Forfeiture of Preferential Convertible Warrants)		
Securities Premium Account		
Balance as per last Balance Sheet		8,649,701,157
Employee Stock Option Outstanding		
Balance as per last Balance Sheet	90,650,885	
Add: Granted during the year	18,324,000	
Less: Options exercised / lapsed during the year	1,094,885	
	107,880,000	
Less: Deferred Compensation Expense		
Balance as per last Balance Sheet	44,047,293	
Add: Granted during the year	18,324,000	
Less: Amortised/lapsed during the year	48,384,060	
	13,987,233	93,892,767
Total		9,127,496,045

Schedules Forming Part of the Consolidated Balance Sheet

		As At March 31, 2011
	₹	₹
SCHEDULE C : SECURED LOANS		
Rupee Term Loans		
From Banks	80,693,592,578	
From Financial Institutions	8,537,800,000	
		89,231,392,578
Foreign Currency Loans		
From a Financial Institution		768,076,680
Interest Accrued and due on Loans		823,520,031
Total		90,822,989,289

Notes:

Term Loans from Banks & Financial Institutions includes:

i. ₹ 29,726,293,733 secured by way of hypothecation by a first pari-passu charge on all movable assets, both present and future, including first floating charge on all the current assets and mortgage by first pari-passu charge basis on all immovable assets, both present and future, of the Company.

ii. ₹ 61,096,695,556 secured by way of 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 Subsidiary Company.

SCHEDULE D : UNSECURED LOANS		
Long Term Loans		
Foreign Currency Convertible Bonds	10,364,322,306	
From Body Corporate	2,950,000,000	
		13,314,322,306
Short Term Loans		
Buyer's Credit	210,704,433	
From Banks	10,000,000,000	
		10,210,704,433
Interest Accrued and due on Loans		92,232,392
Total		23,617,259,131

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 ₹ 10 each at an initial Conversion Price of ₹ 53.04 per share translated from U.S. dollars at the fixed exchange rate of ₹ 39.30 per U.S. dollars.

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 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each are Outstanding as on March 31, 2011.

SCHEDULE E : FIXED ASSETS:

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at April 01, 2010	Additions	Deduction / Adjustments	As at March 31, 2011	Upto April 1, 2010	For the Year	Deductions / Adjustments	Upto March 31, 2011	As At March 31, 2011
Goodwill on Consolidation	-	15,862,850	-	15,862,850	-	-	-	-	15,862,850
Land	57,805,418	-	-	57,805,418	-	-	-	-	57,805,418
Buildings	3,032,271,738	4,453,129,897	75,511,367	7,409,890,268	197,078,348	500,540,774	5,040,263	692,578,859	6,717,311,409
Plant and Equipments	31,975,090,858	76,982,302,736	151,890,888	108,805,502,706	4,428,221,234	4,878,752,358	48,082,786	9,258,890,806	99,546,611,900
Furniture & Fixtures	71,148,057	879,125	14,879,131	57,148,051	49,431,548	10,848,302	9,987,362	50,292,488	6,855,563
Vehicles	6,700,411	2,046,973	-	8,747,384	3,384,454	1,341,204	-	4,725,658	4,021,726
Intangible Assets :									
Softwares*	19,228,826	2,420,138	-	21,648,964	8,562,076	6,682,924	-	15,245,000	6,403,964
Customer Contracts*	-	9,966,045,368	-	9,966,045,368	-	349,494,194	-	349,494,194	9,616,551,174
Total	35,162,245,308	91,422,687,087	242,281,386	126,342,651,009	4,686,677,660	5,747,659,756	63,110,411	10,371,227,005	115,971,424,004
Capital Work-in-progress									22,210,466,155

* Other than Internally Generated

Notes :

1 Buildings include properties having gross block of ₹ 86,259,650 for which deeds of conveyance have yet to be executed in favour of the Company and ₹ 7,000 towards cost of 70 shares of ₹ 100 each in a Co-operative Housing Society.

2 Buildings include ₹ 6,693,710,229 towards Leasehold Improvements and Boundry Wall at Sites.

3 During the year the Company has disposed off CWIP of ₹ 4,684,921,794 for ₹ 4,756,976,649

4 Capital Work-in-Progress includes:

a) Materials at sites amounting to ₹ 4,752,744,699

b) Capital Advances of ₹ 12,442,699,499

c) Pre-operative expenses of ₹ 5,015,021,957

5 Additions to Fixed Assets includes assets acquired from Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited during the year aggregating to ₹ 78,292,900,000 which are valued at their fair values as determined by Government Approved valuer. (Refer Note No 8 of Schedule P)

Schedules Forming Part of the Consolidated Balance Sheet

		As At March 31, 2011
	₹	₹
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
(A) CURRENT ASSETS		
i) Inventories (as taken, valued and certified by the management)		
Stores, Spares and Consumables		10,948,462
ii) Sundry Debtors (unsecured)		
Due for a period exceeding six months		
- Considered Good	55,671,337	
- Considered Doubtful	58,327,291	
Less: Provision for doubtful debts	58,327,291	
	55,671,337	
Others		
- Considered Good	848,991,149	
	848,991,149	
		904,662,486
iii) Cash and Bank Balances		
Cash on hand	1,116,132	
Balances with Scheduled Banks		
- In Current Accounts		
With Banks (Including Cheques In Hand)	2,154,047,896	
- In Fixed Deposit Accounts	367,682,044	
- In Margin Accounts	1,154,161,134	
- In Fixed Deposits for Debt Service Reserve Account	1,036,145,200	
(Refer Note No. 15 of Schedule P)		4,713,152,406
iv) Other Current Assets		
Energy Recoverables		
(Refer Note No. 23 of Schedule P)		
- Considered Good	762,468,844	
- Considered Doubtful	33,066,985	
Less: Provision for doubtful debts	33,066,985	
		762,468,844
Total		6,391,232,198

Schedules Forming Part of the Consolidated Balance Sheet

			As At March 31, 2011
		₹	₹
(B)	LOANS AND ADVANCES		
	(Unsecured, Considered good unless otherwise stated)		
	Advances recoverable in cash or in kind or for the value to be received		
	(Subject to confirmation)		
	- Considered Good	11,597,907,138	
	- Considered Doubtful	375,684	
	Less: Provision for doubtful debts	375,684	
			11,597,907,138
	Deposits		356,492,800
	Cenvat / Service Tax input credit entitlements		1,987,644,423
	Advance Taxes (including Fringe Benefit Tax) (Net)		1,159,998,959
	Total		15,102,043,320
	Total		21,493,275,518

SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS

(A)	CURRENT LIABILITIES		
	Acceptances		4,656,439,633
	Sundry Creditors		
	Dues to micro, small and medium enterprises	–	
	Dues to others	3,510,994,563	
			3,510,994,563
	Unclaimed Share Application Money *		46,709
	Preference Share Application Money (Received by the Subsidiary Company)		4,450,000,000
	Unearned Income		323,526,087
	Deposits Received		1,153,655,050
	Other Liabilities		1,994,985,480
	Interest accrued but not due on Loans		28,053,724
	Total		16,117,701,246
(B)	PROVISIONS		
	For Leave Encashment		7,794,150
	Provision for mark to market losses on Derivative Contracts		4,836,000
	Total		12,630,150
	Total		16,130,331,396

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

SCHEDULE H : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Share Issue Expenses	19,988,000	
Less: Written off to the Profit and Loss Account	7,995,200	11,992,800
Total		11,992,800

Schedules Forming Part of the Consolidated Profit and Loss Account

		For the Year ended on March 31, 2011
	₹	₹
SCHEDULE I : NET INCOME FROM OPERATIONS		
Service Charges from Telecom / Network Infrastructure Facilities		11,089,736,385
Equipment Provisioning		10,720,354
Others		2,963,200
		11,103,419,939
Less: Service Tax Recovered		1,027,688,009
Total		10,075,731,930
SCHEDULE J : OTHER INCOME		
Profit on Sale of Fixed Assets (Net)		17,226,375
Interest Received		710,050,247
[Tax Deducted at Source ₹ 20,358,289]		
Miscellaneous Income		4,722,810
Total		731,999,432
SCHEDULE K : INFRASTRUCTURE OPERATION & MAINTENANCE COST (NET)		
Site Rentals		1,558,291,131
Power, Fuel and Maintenance Charges		3,523,698,163
Repairs and Maintenance to Plant and Equipments		169,573,836
Other Operating Expenditure		1,335,511,598
		6,587,074,728
Less: Recovered from Customers (Net of Service Tax)		2,956,584,738
Total		3,630,489,990
SCHEDULE L : EMPLOYEE COST (Including Managerial Remuneration)		
Salaries and Allowances		154,419,731
Contribution to Providend Fund, Gratuity Fund and Other Funds		14,116,047
Employee Stock Option Cost		47,289,175
Employee Welfare and other amenities		11,658,161
Total		227,483,114

Schedules Forming Part of the Consolidated Profit and Loss Account

		For the Year ended on March 31, 2011
	₹	₹
SCHEDULE M : ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Administrative Expenses		
Rent		53,890,935
Rates and Taxes		35,387,583
Electricity		13,645,487
Repairs and Maintenance		
- Office Building		203,940
- Office Equipments		2,029,468
- Others		1,703,354
Insurance Premium		10,403,234
Communication Cost		13,627,387
Travel and Conveyance		27,931,461
Legal and Professional Charges		64,893,210
Payment to Auditors		7,710,000
Office Expenses		12,174,898
Printing and Stationery		14,386,146
Directors' Sitting Fees		1,420,000
Miscellaneous Expenses		33,425,941
Selling Expenses		
Advertisement and Business Promotion		5,143,464
Other Expenses		
Bad Debts	54,470,604	
Less: Provision for Doubtful Debts Written Back	(47,549,926)	
		6,920,678
Provision for Doubtful Debts		86,134,274
Miscellaneous Expenditure Written Off		2,869,510
Total		393,900,970
SCHEDULE N : INTEREST AND FINANCE CHARGES (Net)		
Interest		
On Term Loans		6,134,565,878
Others		246,713,987
Bank and Financial Charges		89,718,546
		6,470,998,411
Add:		
Foreign Exchange Loss/(Gain) (Net)		80,723,192
Total		6,551,721,603

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE O : SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation:

The consolidated financial statements relate to the GTL Infrastructure Limited ('The Company'), and its subsidiary Company and a Trust where Company is a sole beneficiary (Collectively referred to as "The Group"). The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company, Subsidiary Company and the Trust are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 –"Consolidated Financial Statements".

b. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions mentioned in Note No.3 below and are presented to the extent possible, in the same manner as the Company's separate financial statements.

c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill, which is not being amortized, or Capital Reserve as the case may be.

d. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.

e. Minority Interest in share of net profit / loss of consolidated subsidiaries is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

f. Minority Interest in share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

2. Investments other than in Subsidiary and Trust have been accounted as per Accounting Standard (AS)-13 on Accounting for Investments.

3. **Other Significant Accounting Policies:**

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

SCHEDULE P: NOTES ON ACCOUNTS

1. Chennai Network Infrastructure Limited has became the subsidiary of the Company during the Year ended March 31, 2011. The Company was not required to prepare Consolidated Financial Statements as on March 31, 2010 and hence previous year's figures are not given.

2. Following entities are considered in the consolidated financial statements:

Name of the Entity	Country of Incorporation	Proportion of ownership interest
Chennai Network Infrastructure Limited	India	51%
Tower Trust *	India	100%

* A Trust where the Company is sole beneficiary.

3. In respect of following items Accounting policies followed by the subsidiary company are different than that of the Company :-

Item	Particulars	Amount involved For the Year Ended / As at March 31, 2011	Proportion of item
Depreciation	The subsidiary has charged depreciation on Towers at 4.75% p.a. being the rate prescribed in Schedule XIV to the Companies Act, 1956 whereas the Holding Company has charged the depreciation at 2.72% p.a. in terms of specific approval received from Ministry of Corporate Affairs, Government of India.	1,631,627,400	28.39%
Share Issue Expenses	The Subsidiary Company has amortised the Miscellaneous Expenditure over a period of 5 years whereas Holding Company has the policy of adjusting the same against Securities Premium Account.	11,992,800	100%

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

4. Contingent Liabilities:

(No Cash Outflow is expected in near future)

(Amount in ₹)

Sr. No.		Particulars	As At March 31, 2011
		Contingent Liabilities not provided for :	
i.		Bank Guarantees	2,726,273,346
		(Bank Guarantees are provided under contractual / legal obligation)	
ii.		Corporate Guarantee	2,000,000,000
		(Given to Bank and Financial Institution for loans taken by the Associate)	
iii.		Claims against the Company not acknowledged as debts	
	a.	Stamp Duty on Lease Agreements	220,000,000
	b.	Licence fees on towers	200,000,000
	c.	Others	218,812,998
iv.		Premium on Foreign Currency Convertible Bonds issued (Refer Note 13 below)	4,187,849,528
v.		Disputed liability in respect of Sales Tax Matter under appeal (Amount deposited ₹ 27,576,360)	108,202,338

5. In respect of Towers and other Equipments of the Subsidiary Company installed at some of the sites, there have been certain legal issues outstanding against the Company primarily relating to objections by local administration departments, residents residing in close vicinity and case pending for permanent injunction etc. If the cases are not decided in the favour of the Company, the Company will have to relocate the sites to other locations. Based on the available documents before the concerned court, the Management believes that more likely than not, the case will be decided in favour of the Company and accordingly no provision is made in the books of accounts.

6. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) as at March 31, 2011 is ₹ 15,690,886,567. Cash outflow is expected on execution of such capital contracts, on progressive basis.

7. 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, Sundry Creditors and Project Vendors. In respect of various parties, confirmations are still awaited.

8. Pursuant to the Scheme of Arrangement sanctioned by High Court of Judicature at Madras effective from July 20, 2010 for slump sale of 17,500 telecom towers, 21,097 active tenants with additional commitment (backed by Bank Guarantee) of 20,000 tenancies over next 3 years of Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited to CNIL, the net amount of consideration paid has been allocated between tangible and intangible assets based on the valuation made by Government approved valuer.

9. The Ministry of Corporate Affairs, Government of India vide its Order no. 45/2/2010-CL-III dated May 26, 2010 issued under Section 205(2)(d) of the Companies Act, 1956 has approved the Company to provide depreciation @2.72% on the original cost of the telecom towers based on the useful life with effect from April 1, 2010. This change in rate of depreciation has resulted into depreciation for the year ended March 31, 2011 lower by ₹ 454,388,931

10. 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.

11. 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 ₹ 10 each at an exercise price of ₹ 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 ₹ 10 each at an exercise price of ₹ 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 ₹ 19.90 per share in place of ₹ 29.81 per share.

d. On October 9, 2007, the Company granted 650,000 Options (“Grant 4(A)”), convertible into Equity Shares of ₹ 10 each at an exercise price of ₹ 26.48 per share.

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

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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 ₹ 10 each to ("Grant 1") Option holders.
- 7,190,000 Options ("Grant 6") at the exercise price of ₹ 19.90 to ("Grant 2") Option holders.
- 25,000 Options ("Grant 7") at the exercise price of ₹ 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 ₹ 10 each at an exercise price of ₹ 33.60 per share.

h. Pursuant to approval of Shareholders in Annual General Meeting held on July 10, 2009 all the unvested Options as of April 29, 2009 were vested on April 29, 2009.

i. On November 23, 2009 the Company granted 600,000 Options ("Grant 9") convertible into Equity Share of ₹ 10 each at an exercise price of ₹ 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

j. On December 09, 2009 the Company granted 5,907,850 Options ("Grant 10") convertible into Equity Share of ₹ 10 each at an exercise price of ₹ 28 per share. Out of above 117,100 Options lapsed during the year.

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 years	20%	20%	20%	20%	20%

k. On May 4, 2010 the Company granted 1,800,000 Options ('Grant 11") convertible into Equity Shares of ₹ 10/- each at an exercise price of ₹ 30.52 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

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

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

Particulars	Grant 11
No. of Options	1,800,000
Dividend Yield	NIL
Expected Life	6 years
Risk free Interest rate %	7.85%
Volatility %	17.10%

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

m. 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 ₹)

Particulars	2010 - 11
Net Profit / (Loss) as Reported	(3,780,217,639)
Less : Employee Compensation Expense	45,452,180
Adjusted Proforma	(3,825,669,819)
Basic and Diluted Earnings per share as reported	(3.95)
Proforma Basic and Diluted Earnings per share	(4.00)

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

(Amount in ₹)

Sr. No.		Particulars	For the Year ended on March 31, 2011	
			No of Options	Weighted average exercise price
a.	i.	Outstanding at the beginning of the year	11,968,904	23.45
	ii.	Granted during the year	1,800,000	30.52
	iii.	Lapsed during the year	(117,100)	28.00
	iv	Exercised during the year ended	NIL	NIL
	v.	Expired during the the year	NIL	NIL
b.	Outstanding at the end of the year		13,651,804	24.34
c.	Exercisable at the end of the year		10,034,904	22.71
d.	Weighted average remaining contractual life (in years)		3.15	

12. The Board of Directors of the Company in its meeting held on December 16, 2010 had considered and approved the Scheme of Arrangement providing for Merger of "Chennai Network Infrastructure Limited" (CNIL) with the Company w.e.f. August 1, 2010 (the appointed date) subject to necessary approvals from various statutory authorities. On July 22, 2011, the Hon'ble High Court of Judicature at Bombay has sanctioned the above scheme of arrangement between Chennai Network Infrastructure Limited (CNIL) and GTL Infrastructure Limited and their respective shareholders (Scheme) under Section 391 to 394 of the Companies Act, 1956. Sanction of Hon'ble High Court of Judicature at Madras is awaited. Pursuant to the above scheme the Company will be issuing one fully-paid Equity Share of the face value of ₹ 10/- each of the Company to the CNIL shareholders for every 4 fully-paid Equity Shares of the face value of ₹ 10/- each held by them in CNIL. Consequently, the Post- merger enhanced Equity Share Capital of the Company would be ₹ 18,474,211,040. Pending sanction of Hon'ble High Court of Judicature at Madras, these financial statements have been prepared without giving any effects and once the Scheme is effective, these accounts will undergo change w.e.f. the Appointed Date, i.e. August 1, 2010

13. 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. 2,283 Foreign Currency Convetible Bonds (FCCBs) of USD 100,000 each, aggregating to USD 228.30 Mn were outstanding as on March 31, 2011 convertible at the option of the bond holders into Equity Shares of the Company by November 22, 2012. 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 the event the FCCB holders do not exercise their option by the due date, the FCCBs are redeemable at a premium of 40.4064% of principal amount. In such scenario the Company will adjust the premium on redemption to Securities Premium Account. The pro-rata premium as on March 31, 2011 in respect of outstanding FCCBs works out to ` 2,792,663,334. Meanwhile, the Company has also initiated the process of restructuring the FCCB's and has appointed international firm specializing in FCCB restructuring to renegotiate with the FCCB holders.

If the options are exercised, 169,158,948 equity shares of ₹ 10 each will be allotted to the FCCB holders. Entire proceeds of Foreign Currency Convertible bonds have been utilized towards capital expenditure and issue expenses.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

14. Investment other than investment in associate includes :-

(Amount in ₹)

Particulars	Number of Shares	Face Value	As At March 31, 2011
Long Term Investments (Unquoted)			
In Equity Shares of Global Rural NETCO Ltd.	33,250,000	10	332,500,000
	Total :		332,500,000

15. Balances with Banks include deposits with Indian Banks aggregating to ₹ 2,200,886,905 pledged towards Debt Service Reserve Account, Margin Money for Letter of Credits, Bank Guarantees, and Sales Tax Authorities.

16. Employee Benefits:

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

Defined Contribution Plan

(Amount in ₹)

Particulars	For the Year ended on March 31, 2011
Employer’s Contribution to Provident fund	12,519,959
Employer’s Contribution to Pension fund	2,314,024
Total :	14,833,983

Defined Benefit Plan

The employee’s Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust maintained with 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 ₹)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	As at March 31, 2011	As at March 31, 2011
Defined Benefit Obligation at beginning of the year	6,793,112	5,476,076
Current Service Cost	4,008,106	1,167,275
Current Interest Cost	560,432	451,776
Actuarial Gain / (Loss)	2,899,058	790,369
Benefits paid	(2,288,575)	(91,346)
Defined Benefit Obligation at end of the year	11,972,133	7,794,150

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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

(Amount in ₹)

Particulars	Gratuity Funded
	As at March 31, 2011
Fair Value of Plan Asset at beginning of the year	7,849,083
Expected Return on Plan Assets	647,549
Actuarial Gain / (Loss)	956,022
Contributions	4,841,707
Benefits paid	(2,288,575)
Fair Value of Plan Asset at the end of the year	12,005,786

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

(Amount in ₹)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	As at March 31, 2011	As at March 31, 2011
Fair Value of Plan Asset at the end of the year	12,005,786	NIL
Present Value of Defined Benefit Obligation at end of the year	11,972,133	7,794,150
Liability / (Asset) recognised in the Balance Sheet	(33,653)	7,794,150

d. Expense recognised during the year

(Amount in ₹)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	For the Year ended on March 31, 2011	For the Year ended on March 31, 2011
Current Service Cost	4,008,106	1,167,275
Interest Cost	560,432	451,776
Expected Return on Plan Assets	(647,549)	NIL
Actuarial Gain / (Loss)	1,943,037	790,369
Net Cost Recognised in Profit and Loss Account	5,864,025	2,409,420

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

e. Experience adjustment

(Amount in ₹)

	Gratuity	Compensated Absences
Particulars	2010-11	2010-11
Experience adjustment on Plan Assets Gain / (Loss)	(956,022)	Nil
Experience adjustment on Plan Liabilities Gain / (Loss)	(2,899,058)	790,369

f. Assumptions used to determine the defined benefit obligations

(Amount in ₹)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	As at March 31, 2011	As at March 31, 2011
Mortality Table (LIC) (1994-96 Ultimate)		
Discount Rate (p.a.)	8.25%	8.25%
Estimated rate of return on Plan Assets (p.a.)	8.25%	Not Applicable
Expected rate of increase in salary (p.a.)	5.00%	5.00%

The estimates of rate of increase in salary 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.

17. 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.

18. Related Party Disclosures:

a. Related Parties (in terms of Accounting Standard 18) :

I. Associates

a. GTL Limited

b. Global Holding Corporation Pvt Limited

c. Technology Infrastructure Limited

II. Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman

b. Mr. Prakash Ranjalkar, CEO & Whole-time Director (C.E.O. w.e.f. July 01, 2010)

c. Mr. Shishir Parikh, Chief Financial Officer (Up to June 04, 2010)

d. Mr Prasanna Bidnurkar, Chief Financial Officer(w.e.f. March 01, 2011)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

b. Transactions with related parties:

(Amount in ₹)

Particulars	Associates
Nature of Transactions	[with I (a) above]
Equity Share Issued by the Subsidiary	10,677,860,000
Preference share application money	4,450,000,000
Interest on share application money	262,828,858
Interest expenses on Advance against Preference share application money	155,323,319
Corporate guarantee given for	2,000,000,000
Deposit given	20,000,000
Purchase of Capital Goods	8,251,689,731
Sale of Fixed Assets	252,744,091
Energy Recoverables assigned during the year	1,916,724,039
Miscellaneous Income	4,738,357
Finance Charges paid	42,282,932
Reimbursement of expenses from	2,220,377,460
Operations, Maintenance and Energy Management Cost	3,637,806,583
Legal and Professional Charges	9,295,373
Reimbursement of expense to	209,075,473
Loan Received	1,200,000,000
Interest On Unsecured Loan	6,101,918
Nature of Transactions	[with I (b) above]
Equity Share Issued by the Subsidiary	5,712,461,000
Loan Received	2,300,000,000
Interest on share application money	56,708,430
Interest on Unsecured Loan	91,589,041
Loan Repaid	3,350,000,000
Nature of Transactions	Key Managerial Personnel
Salaries and Allowances (*)	6,036,446
Director sitting fees paid (**)	240,000
Closing Balances as on 31st March 2011	Associate
	[with I (a) above]
Sundry Creditors	1,946,267,138
Energy Recoverables	425,938,573
Security Deposit received	2,500,000
Security Deposit given	21,600,000
Unsecured Loan	1,200,000,000
	[with I (b) above]
Unsecured Loan	1,750,000,000

(*) Salaries and Allowances includes ₹ 4,809,000 paid to Mr. Prakash Ranjalkar (CEO & Whole-time Director), ₹ 827,084 paid to Mr. Shishir Parikh (CFO), ₹ 400,362 paid to Mr. Prasanna Bidnurkar (CFO).

(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar ₹ 240,000.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

19. Earning Per Share (Basic and Diluted):

(Amount in ₹)

Particulars	For the Year ended on March 31, 2011
Net Profit / (Loss) after tax attributable to Equity Share holders	(3,780,217,639)
Weighted average no. of equity shares outstanding	957,348,604
Basic & Diluted Earning Per Share of ₹ 10 Each (₹)	(3.95)

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.

20. Deferred Tax Liability / (Assets):

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

(Amount in ₹)

Particulars	As at March 31, 2011
Deferred Tax Liabilities:	
Related to Fixed Assets	5,187,716,948
Total	5,187,716,948
Deferred Tax Assets:	
Unabsorbed Depreciation	7,115,908,969
Disallowance Under Income Tax Act	33,072,709
Total	7,148,981,678
Net Deferred Tax Liability / (Asset)	(1,961,264,730)

As at March 31, 2011, the Company has Net Deferred Tax Assets of ₹ 1,961,264,730. 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".

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

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

(Amount in ₹)

Particulars	As at March 31, 2011
Opening Balance	3,161,252,490
Add:	
Expenditure Incurred during the year:	
Infrastructure Operation and Maintenance Cost	462,205,547
Salaries and Allowances	151,433,865
Contribution to Provident Fund and Other Fund	6,509,931
Rent	77,205,628
Insurance	97,462
Communication Cost	3,541,249
Travel and Conveyance	38,386,374
Legal and Professional Charges	662,088,491
Stamp Duty and Registration Charges	14,859,981
General and Administrative Expenses	239,077,616
Interest on Term Loan	4,354,260,730
Interest Others	287,786,342
Bank and Financial Charges	555,563,973
	10,014,269,679
Less:	
Interest Received (TDS ₹ 31,736,198)	1,108,071,330
Profit on Sale of Current Investments	182,223,684
	1,290,295,014
Less: Amount allocated to Fixed Assets	3,708,952,708
Closing Balance	5,015,021,957

22. 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, 2011.

23. Company has 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 derecognized in the Balance Sheet as on March 31, 2011 is ₹ 425,938,573. 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 ₹ 42,282,932/- incurred during the year has been charged to Profit & Loss Account.

24. Financial and Other Derivative Instruments:

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2011:

For Hedging Currency and Interest rate related risks:

(Amount in ₹)

Particulars	As at March 31, 2011
Interest Rate Swaps	58,269,945

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, 2011 amount to ₹ 10,276,492,220.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

25. 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.

26. During the year 2008-09 the Company had imported OFC (Optical Fibre Cable) on which the Custom department issued Show Cause Notice for the demand of Custom Duty of ₹ 9,294,731/- The Company deposited the whole amount under protest and subsequently the Commissioner granted the relief to the Company upto amount of ₹ 7,794,792/-. As against the said order of the Commissioner the Custom department has filed the appeal with the CESTAT, Mumbai on October 11, 2010. The Company feels there will not be any liability on this account.

27. On September 28, 2010 the Income Tax Authorities carried out search and seizure operations at Company's Premises. Given the information provided so far and the investigation carried out at the time of operation, the Company believes that there will be no material tax liability on it. The amount of tax liability if any, shall be determined upon completion of the process by the Tax Authorities.

28. Corporate Debt Restructuring Empowered Group (CDR EG) in its meeting held on August 12, 2011 admitted the Company's proposal under CDR mechanism with support of the super majority lenders and the communication from CDR cell to the company regarding its admission was made on September 26, 2011.

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 : November 23, 2011

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Consolidated Cash Flow Statement For The Year Ended March 31, 2011

Particulars		For the Year ended on March 31, 2011 ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES	
	Net Profit / (Loss) before tax as per Profit and Loss Account	(5,743,524,071)
	ADJUSTED FOR	
	Depreciation	5,747,659,756
	Loss / (Profit) on sale of fixed asset	(17,226,375)
	Miscellaneous Expenditure Written Off	2,869,510
	Interest Income	(710,050,247)
	Interest Expenses	6,470,998,411
	Balances Written back (net)	(5,508)
	Employee Stock Option Cost	47,289,175
	Foreign Exchange (Gain) / Loss (Net)	62,941,934
	Provision for Wealth tax	32,000
	Bad Debts	6,920,678
	Provision for Doubtful Debts / Advances(Net off excess provision reversal)	86,134,274
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	5,954,039,537
	ADJUSTMENTS FOR	
	Trade and Other Receivables	(10,966,067,941)
	Inventories	28,464,599
	Trade Payables	2,663,003,129
	CASH GENERATED FROM OPERATIONS	(2,320,560,676)
	Direct taxes (paid) / Refund received (Net)	(679,148,623)
	NET CASH USED IN OPERATING ACTIVITIES	(2,999,709,299)
B.	CASH FLOW FROM INVESTING ACTIVITES	
	Purchase of Fixed Assets and Capital Work-in-progress	(99,094,007,506)
	Inter Corporate Deposits(Given) \ Received (Net)	17,859,983,425
	Sale of Fixed Assets \CWIP	4,895,069,465
	Purchase of Current Investments	(349,510,017,414)
	Sale of Current Investments	408,967,241,098
	Realised gain / (Loss) on Settled Derivatives Contracts / Currency Swap Arrangement (Net)	(203,992,017)
	Interest Income	2,485,811,555
	NET CASH USED IN INVESTING ACTIVITIES	(14,599,911,394)
C.	CASH FLOW FROM FINANCING ACTIIVITIES	
	Preference share application money	4,450,000,000
	Proceeds from Long Term Borrowings	18,278,783,967
	Repayment of Long Term Borrowings	(10,660,997,189)
	Short Term Loans (Net)	10,071,301,620
	Interest and Finance charges Paid	(10,364,756,823)
	NET CASH FLOW FROM FINANCING ACTIVITIES	11,774,331,575
	NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,825,289,118)
	Cash and Cash Equivalents (Opening Balance)	10,538,441,524
	Cash and Cash Equivalents (Closing Balance)	4,713,152,406

(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 ₹ 2,200,886,905 which are provided as security as mentioned in the Note no. 15 of Schedule 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

PRASANNA BIDNURKAR
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Company Secretary

Mumbai
Date : November 23, 2011

NOTICE FOR AGM

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of GTL Infrastructure Limited will be held on Tuesday, December 27, 2011, at 10.30 a.m, at Vishnudas Bhave Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400 703, to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manoj G Tirodkar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Charudatta Naik, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai and M/s. Yeolekar & Associates, Chartered Accountants, Mumbai as Joint Auditors and fix their remuneration.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that Mr. Vishwas Pathak, Director of the Company, who retires by rotation and does not seek re-appointment, be not re-appointed as Director of the Company and the resultant vacancy be not filled up for the time being."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act") or any statutory modification(s) or re-enactments thereof, Mr. Milind Naik, who was appointed an Additional Director pursuant to the provisions of Section 260 of the Act and Article 130 of the Articles of Association of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force (hereinafter referred to as the "Act") and all other applicable guidelines on managerial remunerations issued by the Central Government from time to time and subject to the approval of the Central Government, consent of the members of the Company be and is hereby accorded to the appointment of Mr. Milind Naik as a Whole-time Director of the Company for a period of 3 (Three) years with effect from July 21, 2011 on an enhanced remuneration not exceeding ₹ 1 Crore (₹ One Crore only) per annum, (excluding Provident Fund, Gratuity and Encashment of Leave as per the Rules of the Company) in such a manner as may be agreed to between the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) and Mr. Milind Naik on such terms and conditions, as may be approved by the Central Government and acceptable to the Board.

   RESOLVED FURTHER that till the receipt of the approval from the Central Government and till the period required for giving effect to the proposed remuneration, Mr. Milind Naik shall continue his employment as a Whole time Director of the Company and shall draw such remuneration by way of salary, dearness allowance, perquisites and other allowances within the limits specified in Section II of Part II of Schedule XIII to the Act.

   RESOLVED FURTHER that after the receipt of the approval from the Central Government, the remuneration payable to Mr. Milind Naik not exceeding ₹ 1 Crore be given effect from such date, as may be directed by the Central Government and agreed between the Board and Mr. Milind Naik, with a liberty to the Board to alter, vary and modify the terms and conditions, including the designation, in such manner as may be agreed to between the Board and Mr. Milind Naik.

   RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds, matters and things including settlement of any doubt, for giving effect to this resolution."

Notes:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy should, however, be deposited at the registered office of the Company not less than 48 (forty-eight) hours before the time of the meeting.

2) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 5, 6 & 7 to be transacted at the 8th Annual General Meeting is annexed hereto.

3) The Register of Members and the Share Transfer Books of the Company shall remain closed on Monday, December 26 , 2011.

4) All documents referred in the Notice and the accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days (except saturdays, sundays and holidays) between 10.00 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.

5) Members holding shares in physical form are requested to notify, any change in their name, address, e-mail address, Bank Account details, nominations, power of attorney, etc., to the Share Transfer Agents at GTL Limited-Investor Service Centre, Unit: GTL Infrastructure Ltd., Electronic Sadan No. II, M.I.D.C., T.T.C. Industrial Area, Mahape, Navi Mumbai 400 710. Members holding shares in electronic form should update such details with their respective Depository Participants.

6) Shareholders holding shares in physical form are requested to get their shares dematerialized by approaching their respective Depository Participants, if they are already operating a Demat Account. Shareholders who have not yet opened a Demat Account are requested to open an account and dematerialize their shares, as the shares of the Company are compulsorily traded in electronic form. For any assistance or guidance for dematerialization, Shareholders are requested to contact the Share Transfer Agent, GTL Limited or send email to gilshares@gtlinfra.com.

7) Members are requested to forward their queries on Annual Accounts or other sections of the Annual Report to the Company Secretary at least 10 days in advance for enabling the Company to furnish appropriate details.

8) In order to minimize paper cost / work, shareholders / investors are requested to forward their queries pertaining to Annual Accounts and other sections of Annual Report by e-mail to gilshares@gtlinfra.com.

9) Members/proxies are requested to bring the attendance slips duly filled in and signed for attending the Annual General Meeting.

10) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

11) The Ministry of Corporate Affairs (vide Circular Nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Share Transfer Agent, GTL Limited.

12. The Company has sought requisite approval from the office of the Registrar of Companies, Maharashtra, Mumbai for convening the Annual General Meeting of the Company by seeking extension of time to hold Annual General Meeting on or before December 31, 2011.

By Order of the Board of Directors

Sd/-
Ravikumar Vemulakonda
Company Secretary

Place: Navi Mumbai
Date: November 23, 2011

Registered Office:

3rd Floor, 'Global Vision',
Electronic Sadan No.II, M.I.D.C,
T.T.C. Industrial Area, Mahape,
Navi Mumbai 400 710

Explanatory Statement

As required by Section 173 of the Companies Act, 1956 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 5, 6 & 7 of the accompanying Notice dated November 23, 2011.

Item No. 5:

Mr. Vishwas Pathak, Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Pathak is associated with the Company in his capacity as an independent director since August 2005. He has conveyed that due to his relocation to Nagpur he is not able to devote much time for the affairs of the Company and thus expressed his desire not to seek re-appointment.

The Company has benefited from the vast and varied experience of Mr. Pathak. The Board places on record its deep appreciation and respect for the valuable guidance received during his tenure as Director of the Company.

The Board commends passing of the resolution as set out at Item no. 5 of the accompaying notice. None of the Directors of the Company are concerned or interested in passing of the Resolution.

Item No. 6:

The Board of Directors of the Company ("the Board"), under Section 260 of the Companies Act, 1956 ("the Act") and the Articles of Association of the Company, appointed Mr. Milind Naik on July 21, 2011, as Additional Director of the Company. In terms of Section 260 of the Act, Mr. Naik holds office up to the date of this Annual General Meeting.

The Company has received notice in writing from a Member along with a deposit of Rs.500/- , proposing the candidature of Mr. Naik for the office of Director of the Company under Section 257 of the Act.

Mr. Naik, has confirmed that he is not disqualified from being appointed as Director under Section 274 (1) (g) of the Act. Approval of the Shareholders is sought by way of Ordinary Resolution in the Annual General Meeting for his appointment as Director.

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the resume, expertise, Committee Membership and other Directorship of Mr. Naik proposed to be appointed as Director as per item Nos. 6 of the accompanying Notice is given under the Head 'Information on Directors recommended for Appointment / re-appointment at the ensuing Annual General Meeting' in the Corporate Governance Section of the Annual Report.

The Board commends passing of the resolutions as set out at Item No. 6 of the accompanying Notice. Mr. Naik is to be considered as interested in passing of the resolution pertaining to his appointment as Director of the Company. None of the other Directors of the Company is concerned or interested in passing of the resolution.

Item No. 7:

The Board of Directors of the Company in its meeting held on July 21, 2011, subject to the approval of the Shareholders had appointed Mr. Milind Naik as Whole-time Director and Chief Operating Officer of the Company for a period of 3 (three) years with effect from July 21, 2011 at a remuneration to be paid within the limits specified in Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

Further, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its Meeting held on November 23, 2011, subject to the approval of Shareholders and the Central Government, enhanced Mr. Milind Naik's remuneration at a sum not exceeding ₹ 1 Crore (₹ One Crore only) per annum, payable with effect from July 21, 2011.

The salient features of the appointment and remuneration payable to Mr. Milind Naik are as under:

Period : July 21, 2011 to July 20, 2014.

Remuneration: ₹ 666,666/- p.m. (in the scale of ₹ 666,666/- p.m. to ₹ 833,333/- p.m. subject to receipt of the Central Government's approval).

Other Benefits: As may be decided by the Board from time to time, subject to the condition that the same shall be within the remuneration limits stated above.

Other terms: The Company's contribution to Provident Fund and Group Gratuity or Annuity Fund to the extent not taxable under the Income Tax Act, Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of limits of the remuneration.

Minimum Remuneration: Till the pendency of approval from the Central Government or in the absence of the said approval and during the currency of the tenure of the Whole-time Director, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay remuneration by way of salary, dearness allowances, perquisites and other allowances not exceeding the limits specified in Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

The above may be treated as an abstract of the revised terms and conditions of appointment of Mr. Milind Naik, Whole-time Director & Chief Operating Officer pursuant to the provisions of Section 302 of the Act.

Accordingly, in terms of the proviso to Table B, the following information is furnished in connection with the appointment of Mr. Milind Naik:

I. GENERAL INFORMATION

1. Nature of Industry: The Company is engaged in providing telecom and network infrastructure.
2. Date or expected date of commencement of commercial production: The Company has already commenced its activity in the last quarter of the financial year ended March 31, 2005.
3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus:** Not applicable. Please refer serial number 2 above.
4. Financial performance based on given indicators:

₹ in Crore

Particulars	Year Ended 2010-2011	Year Ended 2009-2010
Total Income	532.19	381.32
PBDIT	322.78	224.17
Depreciation	207.66	198.32
PBIT	115.12	25.85
Interest and Finance Charges (Net)	254.41	28.43
Profit / (Loss) Before Tax	(139.29)	(2.58)
Provision for Taxation	-	-
Net Profit / (Loss)	(139.29)	(2.58)

5. Export performance and net foreign exchange collaborations: Nil
6. Foreign investments or collaborators, if any: Nil

II. INFORMATION ABOUT APPOINTEE

1. Background details: Mr. Milind Naik, Whole-time Director has over 26 years of experience in the field of accounts, banking & finance, treasury operations, foreign exchange, telecom turnkey project implementation, manufacturing of steel structures for telecom, transmission, wind energy and infrastructure industries, R & D and manufacturing of energy management solutions (EMS) for telecom operator's, EPC in EMS & renewable energy, procurement & logistics, taxation and administration. In the past he has worked with Syndicate Bank, Bank of India and Saraswat Co-op. Bank Ltd before joining Global Group in 1984. Before joining the Company, he worked as a Managing Director of Global Towers Ltd., a Global Group Company. He has enormous experience within the country as well as abroad.
2. Past Remuneration: Prior to his joining the Company on 21.07.2011, he was drawing a remuneration of ₹ 63 Lacs p.a. in his earlier employment.
3. Recognition or awards: Mr. Naik has been awarded the 'Manufacturing Icon Award' for the FY 2010-2011 from Stars of Industry Group in the Indian Innovation Summit 2011.
4. **Job profile & his suitability:** Mr. Naik, as WTD of the Company will be in charge and responsible for business operations. With his vast experience of over 26 years in the telecom industry including at senior levels in established companies, he is found suitable for the position.
5. Remuneration proposed: ₹ 666,666/- p.m. (in the scale of ₹ 666,666/- p.m. to ₹ 833,333/- p.m. subject to receipt of the Central Government's approval).

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):** The following are the particulars furnished by some of the telecom companies for the Financial Year 2009-2010 under Section 217 (2A) of the Companies Act, 1956 in their Annual Reports:

Sr. No.	Designation	Remuneration ₹ in Crs
1	Operations Director	1.88
2	Chief Operating Officer	6.52
3	Director Business Operations	3.55
4	Chief Operating Officer	1.3

The Company and its subsidiary together is a major independent telecom infrastructure provider having Pan India operations in all 22 telecom circles with more than approx 32,000 telecom towers. Thus, the proposed remuneration of Mr. Naik is competitive.

7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Apart from his employment and holding of 19,000 equity shares in the Company, Mr. Naik does not have any other pecuniary relationship with the Company or with any other managerial personnel.

III. OTHER INFORMATION

1. **Reasons of loss or inadequate profits:** The Company's business of providing shared infrastructure is capital intensive in nature. On account of high depreciation and increased rates of interest, the Company is incurring losses.

2. **Steps taken or proposed to be taken for improvement:** The Company through its subsidiary Chennai Network Infrastructure Limited (CNIL) has acquired a tower portfolio of 17,500 towers from Aircel Limited and its subsidiaries (Aircel). Aircel's tower portfolio was acquired at an enterprise value of ₹ 8,026 Cr. The deal was closed on July 19, 2010. Aircel entered into an agreement for a 15-year period with CNIL for using the towers for its operations and also has committed 20,000 tenancies over a period of three years, which CNIL can meet using the existing tower portfolio of CNIL or the tower portfolio of the Company or by using tower portfolio of other tower providers. On completion of this roll-out, the Company and the CNIL is expected to have a tenant portfolio of more than 50,000 plus tenants across India and also expects gradual improvement in operations in the coming years. The Company is also taking various steps for reducing the costs including on energy.

3. **Expected increase in productivity and profits in measurable terms:** The Company is in the process of merger of CNIL with itself and has a joint portfolio of approx. 32,000 towers. This merger will help the Company in achieving higher long term financial returns than would have been achieved by CNIL and the Company as separate entities; will make available assets, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of both CNIL and the Company leading to synergistic benefits, enhancement of future business potential, increased competitiveness, cost reduction and efficiencies, productivity gains and logistical advantages, thereby contributing to significant future growth and enhancement of shareholder value. The merger will result in rationalization and standardization of the business processes, economies of scale and consolidation of opportunities which will contribute to the profits of the Company thereby further enhancing the overall shareholder value. The Company feels that the merger will improve the financial performances of the Company leading to adequate profits.

III. DISCLOSURES: The following disclosures have been detailed in the Corporate Governance Report attached to the Directors Report.

a) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc of all the directors;
b) Details of fixed component and performance linked incentives along with the performance criteria;
c) Service contracts, notice period, severance fees, if any;
d) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

The Board commends passing of the resolution as set out at Item No. 7 of the accompanying Notice.

None of the Directors of the Company, except Mr. Naik is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

Sd/-
Ravikumar Vemulakonda
Company Secretary

Place: Navi Mumbai
Date: November 23, 2011

Registered Office:
3rd Floor, 'Global Vision',
Electronic Sadan No.II, M.I.D.C,
T.T.C. Industrial Area, Mahape,
Navi Mumbai 400 710

GTL INFRASTRUCTURE LIMITED

Regd. Office: 'Global Vision', 3rd Floor, Electronic Sadan No. II, MIDC, TTC Indl. Area,
Mahape, Navi Mumbai - 400 710, Maharashtra, India.
Tel. : +91-22-3913 7403 Fax : +91-22-3913 7440 E-mail : gilshares@gtlinfra.com Website : www.gtlinfra.com

ATTENDANCE SLIP

NAME AND ADDRESS OF THE MEMBER:

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Eighth Annual General Meeting of the Company being held on Tuesday, December 27, 2011 at 10.30 a.m. at Vishnudas Bhave Natyagriha, Sector 16-A, Vashi, Navi Mumbai - 400 703.

Name of the shareholder/proxy*	Signature of the shareholder/proxy*

* Strike out whichever is not applicable

GTL INFRASTRUCTURE LIMITED

Regd. Office: 'Global Vision', 3rd Floor, Electronic Sadan No. II, MIDC, TTC Indl. Area,
Mahape, Navi Mumbai - 400 710, Maharashtra, India.
Tel. : +91-22-3913 7403 Fax : +91-22-3913 7440 E-mail : gilshares@gtlinfra.com Website : www.gtlinfra.com

PROXY FORM

Folio No./Demat A/c. No. ______________________________

I/We, (Name/s) ______________________________ of

(Address) ______________________________

______________________________ being a Member/Members of GTL Infrastructure Limited hereby appoint

(Name) ______________________________ of

(Address) ______________________________

or failing him (Name) ______________________________ of

(Address) ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held on Tuesday, December 27, 2011 at 10.30 a.m. or at any adjournment thereof.

Signed this ______________ day of ____________ 2011.

Signed by the said ______________________________

Affix Revenue Stamp of 15 paise

Note : The proxy form shoud be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

GLOBAL Group Enterprise

LIST OF BRANCHES IN INDIA

ANDHRA PRADESH
White House, Black 3 A, 9th Floor, West Wing, 6-3-1192/1/1, New Life Style Green Lands, Kundan Bagh, Hyderabad - 500016, Andhra Pradesh, India

ASSAM
3rd Floor, Mayur Garden,
Opp. Rajeev Bhavan, ABC Bus Stop,
Bhangagarh, G.S. Road,
Guwahati - 781 005, India

BIHAR
C/o. Markandey Complex, 3rd Floor,
Gayatri Mandir Road, Near Paneer Wala,
Kankar Bagh, Patna - 800 020,
Bihar, India

COIMBATORE
1168, Sam Surya Towers,
2nd Floor, Behind Airtel Office,
Off Avinashi Road, P.N. Palayam,
Coimbatore - 641 037, India

DELHI
Building 5A, 21st Floor,
Cyber Terrace, DLF Phase III,
Gurgaon - 122 002,
India

GOA
Office No. 607, 6th Floor,
Kamat Towers, Patto Plaza,
Panjim - 403 001,
Goa, India

GUJARAT
B-303, Baleshwar Square,
Opp. Iskon Temple, S.G. Highway,
Ahmedabad - 380 054,
Gujarat, India

JAMMU & KASHMIR
1st Floor, Sunny Square,
Near J & K Bank, Gangyal,
Jammu - 180 010,
Jammu & Kashmir, India

JHARKHAND
3rd Floor, Commerce House,
Bargain Bazar, Sharda Babu Street,
Ranchi - 834 001,
Jharkhand, India

KARNATAKA
2nd Floor, East Wing, 18/2 B,
Ambleur Village, Sarjapur Road,
Bellandur Gate, Bangalore East Taluk,
Bangalore – 560103, India

KERALA
Door No 40/9643, Prabhu Tower,
1st Floor, Opp Chennai Silk,
M.G. Road, Cochin - 680035,
Kerala, India

MADHYA PRADESH
Plot No. 30, Manav Niket,
Indira Press Complex, Zone - 1,
M.P. Nagar, Bhopal - 462 023,
Madhya Pradesh, India

MAHARASHTRA & GOA
"Global House", Plot No. 72/1,
Lane No. 15, Prabhat Road, Erandwane,
Near Symboisis School, Pune - 411 004,
Maharashtra, India

ORISSA
1st Floor, M. J. Plaza,
Plot No 760, Cuttak Road,
Bhubaneshwar 751009,
Orissa, India

PUNJAB & HARYANA
E-9, Phase 7,
Industrial Area,
S.A.S. Nagar, Mohali 160055,
Punjab, India

RAJASTHAN
312 to 319, 3rd Floor, "Geetanjali Tower",
Near Bombay Walon ka Bagh,
Ajmer Road, Jaipur - 302 006,
Rajasthan, India

TAMILNADU
Samson Towers, Door No. 34/1 DL,
New No. 403, 7th Floor,
L. Pantheon Road, Egmore,
Chennai - 600 008, India

UTTAR PRADESH - EAST
6 A, 2nd Floor,
Jeet Plaza Sapru Marg,
Hazratganj, Lucknow 226001,
Uttar Pradesh, India

UTTAR PRADESH - WEST
1st Floor, Regalia Towers,
301/1, Mangal Pandey Nagar,
Near Kotak Mahindra Bank,
University Road, Meerut - 250 004, India

WEST BENGAL
Infinity Benchmark Tower, 14th Floor,
Plot No. G-1, Block - EP & GP Salt Lake,
Electronic Complex, Sector - 5,
Opp. RDB Bulebard, Kolkata - 700 091, India

For more information on the company,
please refer to 'FAQs ' in the 'Investors' section of www.gtlinfra.com

BOOK POST

If undelivered please return to:

GTL Limited
STA to GTL Infrastructure Limited
Investor Service Centre, Global Vision, Electronic Sadan-II,
MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400 710,
Maharashtra, India
Tel: +91-22-2761 2929 | Fax: +91-22-2768 0171
E-mail: gilshares@gtlinfra.com **Website: gtlinfra.com**

GTL INFRASTRUCTURE
GLOBAL Group Enterprise
www.gtlinfra.com
Global Vision, 3rd Floor, ES-II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400710, India
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