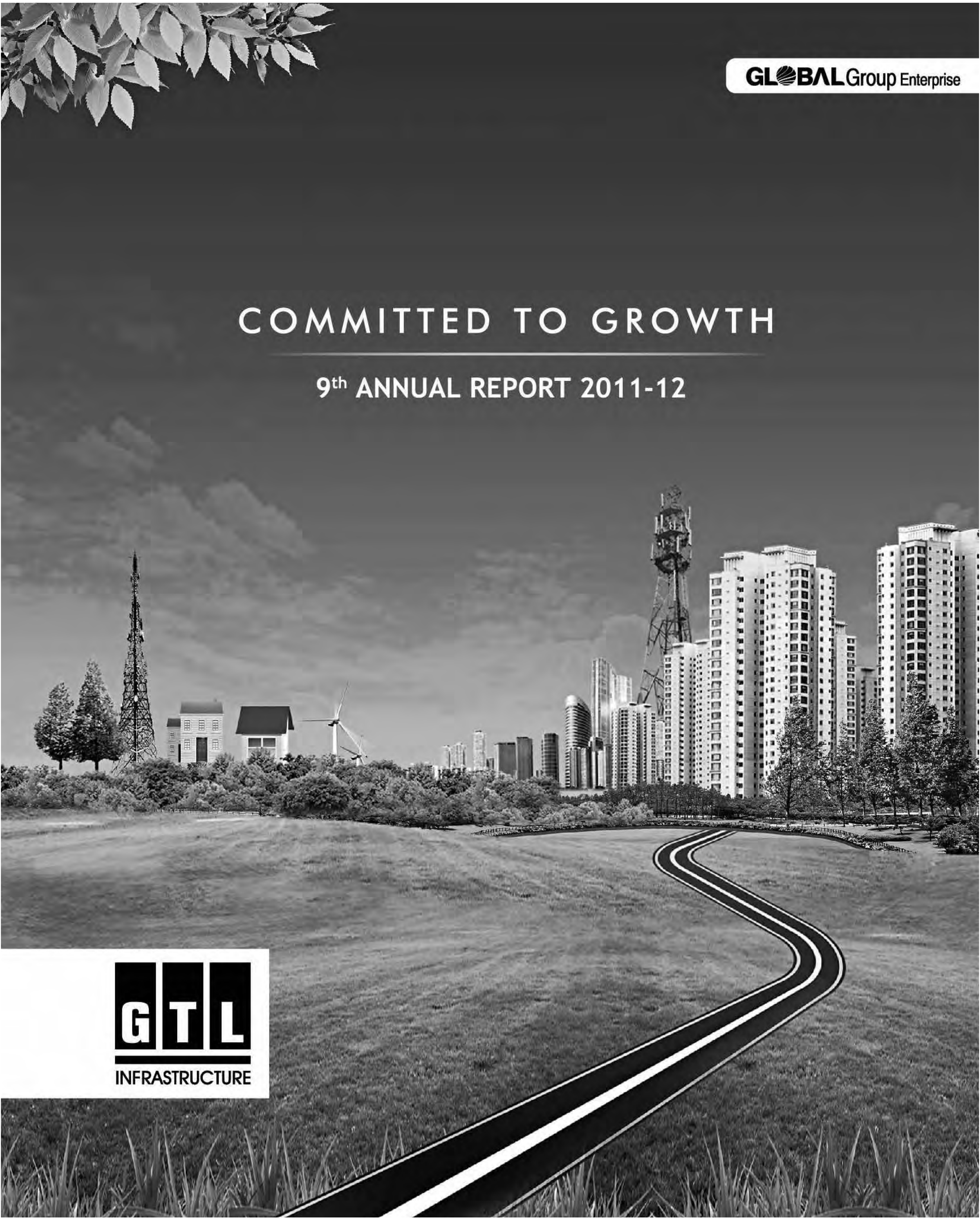
GLOBAL Group Enterprise

COMMITTED TO GROWTH

9th ANNUAL REPORT 2011-12



GTL INFRASTRUCTURE

Corporate Information

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman
Balasubramanian, N.	Vice Chairman
Ranjalkar, Prakash	Whole–time Director (upto December 31, 2011)
Naik, Milind	Whole–time Director & Co–COO (w.e.f. July 21, 2011)
Agarwala, Vinod	Director
Dr. Patkar, Anand	Director
Kulkarni, Vivek	Director
Naik, Charudatta	Director
Pathak, Vishwas	Director (upto December 27, 2011)
Ravi, A	Whole–time Director & CEO (from May 2, 2011 to July 21, 2011)
Talwar, Satya Pal	Director
Vij, Vijay	Director

COMPANY SECRETARY

Joshi, Suresh V.

REGISTERED OFFICE

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

For more information contact:
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Notice

Dear Shareholder,

"Tough times never last, but tough people do."

- Robert H. Schuller

The entire telecom sector went though a very difficult phase last year. The Supreme Court cancelled 122 new 2G licenses and Interest rates continued to rise, adding to the cost of operations. As a result telecom companies found it difficult to attract new capital either from banks or investors. This led to operators drastically cutting down their spending on capital expenditure and optimizing their operational expenditure. The slow take off of 3G services also forced operators to restrict the geographical expansion of their services and covering just about 40 major cities in the country. BWA operators have hardly started rolling out their networks.

This has had negative impact on the telecom tower industry. The industry witnessed a slow down in incremental tenants as operators stopped expanding their networks. The cancellation of 122 licenses by the supreme court has additionally caused a reduction in tenancies. This had a negative impact of about 6% to the Company's revenues. Correspondingly it had a negative impact on our EBIDTA margins.

Operational highlights (on consolidated basis)

In FY12, we continued to strengthen our position as the leading independent and neutral provider of telecom tower infrastructure in the country. The significant operational highlights are as follows:

- No. of towers including those under implementation are 32,578
- No. of tenants increased from 41,702 in FY11 to 42,007 in FY12

Financial highlights (on consolidated basis)

The financial performance highlights are as follows:

- Our Revenue is ₹ 1,397.96 Cr.
- Our EBIDTA is ₹ 761.13 Cr.
- EBIDTA margin of approximately 54%

Corporate Debt Restructuring (CDR)

We have restructured our debt from Banks and Financial Institutions. The details of the same are available on page 35. We are in the process of restructuring our Foreign Currency Convertible Bonds subject to the consent of our bondholders, lenders, shareholders and other regulatory bodies.

Industry Outlook

The telecom industry in India is going through a very difficult phase, with operators investing very little in expanding their networks. However, when the situation improves, the following factors could drive the demand for towers.

(a) Expansion by existing 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, clarity 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.

BWA operators have yet to start rolling out networks. We expect that they will start rolling out new networks within the next 12 months in all metros and other A and B class cities. This will lead to increase in demand for the rooftop towers in metros and large towns.

(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

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, and 3G, BWA license winners are expected to drive tenancy growth. In coming years, when the licenses for 4G services are issued, we expect that 4G will further drive tenancy on our towers.

Minimise capital expenditure

We are building new towers only if we have order from at least two operators for the same. This will ensure that we incur minimum capital expenditure and generate quicker returns.

Increasing efficiency and reducing our operational cost

We intend to improve our returns on our tower portfolio by entering into arrangement with other players in the industry on bilateral basis for single tenant towers.

We are also in the process of rationalizing our tower portfolio to reduce our operating cost. We will reduce the overlap between GTL Infra and acquired towers from Aircel. We are also planning to monetize some unoccupied towers. We expect that these efforts will result into rationalizing our tower portfolio by 10 to 15% and saving of operational cost.

We have centralized our network operations at Pune. We have also restructured our organization. Our employees have also offered their support by accepting pay cuts in the range of 10-20% and letting go of their several benefits and incentives. I myself am working at a salary of ₹ 1 to demonstrate my commitment to the business.

Processes

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

Human Capital

The number of employees of the company increased from 388 in FY 2011 to 451 (including CNIL) in FY 2012.

The Road Ahead

We expect that the policy clarity from the Government will be the single largest catalyst in the growth of telecom infrastructure business.

Mobile telephony has given communication tool to the rural India. We believe that the same will give access to Internet to rural India. The 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.

For us, this business is not about being the largest or biggest, but is about bringing in efficiency to the 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 for the same in future.

Place : Mumbai
Date : July 3, 2012

Manoj G. Tirodkar
Chairman

INDUSTRY STRUCTURE AND DEVELOPMENT

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

Indian Telecom Industry

Third largest in the world and the second largest among the emerging economies of Asia, the Indian Telecommunication industry has experienced stupendous growth in the last 4 to 5 years recording a subscriber's base of 951.34 million. 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.

While the mobile subscriber base was continuing to grow at an annual rate of around 20% coming into 2012, Average Revenue Per User (ARPU) has been steadily declining as competing operators offer cheaper tariffs; at the same time usage levels have remained reasonably high thus slowing the decline in revenues. There has been a major push in recent years to take mobile services into the poorer and rural areas of the country; this has also weighed heavily on ARPUs.

The Financial year 2011-12 could be termed as one of the worst year in the history of Indian telecom industry which was plagued by corruption, pricing war, regulatory uncertainty and over competition which lowered the investors' confidence in the sector. This has affected the business and thus the growth prospects of the Tower companies.

The cancellation of 122 mobile licenses by of the Supreme Court, has resulted in slowdown in the industry as the operators are not expanding their networks. At the same time the inability of the operators to raise fresh capital in the light of the current scenario of high interest rates and the unwillingness of banks to lend to the telecom operators due to uncertainties in the sector, has deferred the expansion plans.

There are some regulatory concerns with regard to bringing Infrastructure Provider – I category under the umbrella of Unified License which might result into 6% license fees for IP-I players as a part of revenue sharing and lowering of FDI limit to 74% from current 100%.

This has had a major negative impact on the revenues and growth of companies providing telecom towers and related services to the industry. The Sector thus awaits clear policy guidelines that shall define a cohesive direction for development and growth of this industry.

The effect of the recent regulatory challenges on the different telecom service providers is depicted below

Change of rules: Who wins, and who loses?

New rule of the game	Old players (pvt + PSU)	2008 New 2G Licensees	Pure-BWA player
Exorbitant spectrum charges	■	■	●
"Renewal" of license based on one-sided, government determined terms	■	▲	●
Re-farming of 800/900 MHz spectrum; need to completely redesign the network	■	●	●
Artificial scarcity of spectrum for auction	■	■	●
-₹ 20 Cr. for pan-India unified license	■	■	●
Zero termination charges	■	●	●
Allow Internet Telephony - anyone can offer voice	■	■	●
License fee on tower companies	■	■	●
Disallow 3G ICR arrangements	■	■	●

▲ Neutral ● Positive ■ Negative

Source: Hindu Business Line

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:

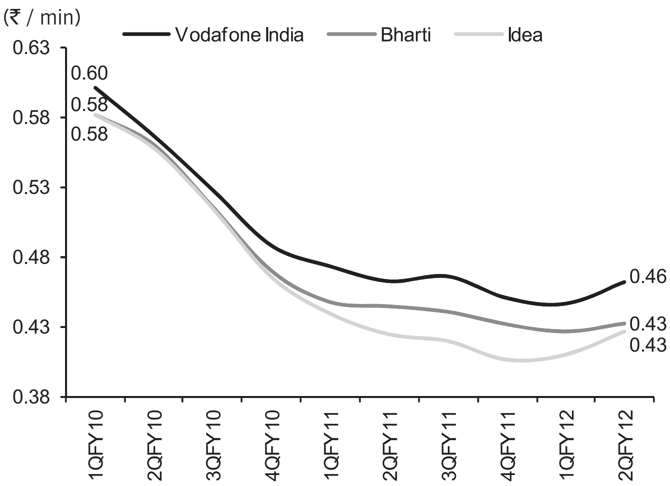
- Operator owned Tower companies (Bharti Infratel, Reliance Infratel, VIOM etc.)
- Operator owned Alliances (Indus, jointly owned by Bharti, Idea and Vodafone)
- Independent Tower companies (GTL Infra, American Towers, Tower Vision etc.)
- In addition to this, there are towers owned by Government Operators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

OPPORTUNITIES AND THREATS

Lesser demand for towers

Falling subscriber growth accompanied with falling MOU and falling ARPU have resulted into stagnation of revenues and lower profitability in the telecom industry. India averaged a growth rate of over 15 million subscriber additions until March 2011 and earlier, last 12 month have averaged about close to 5 million subscriber additions every month thus the network roll out is slow and hence tenancy growth is also slow.

Revenue per minute of Indian telcos



Source: Goldman Sachs

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.

Network Service Providers are scaling down their operations.

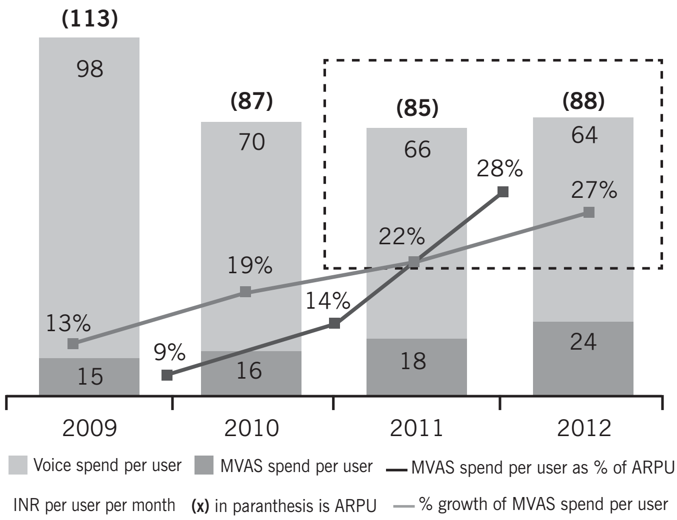
The cancellation of 122 2G licenses has led to slow roll out of new networks. New entrants who participated in the auction have suffered due to this decision. In light of uncertainties that continue in the telecom industry some operators have taken drastic decision to gradually scale down its operations following the uncertainty in spectrum availability and pricing.

Potential demand from 3G operators

The Industry is seeing growth in the 3G use. The 3G spectrum which was allotted at higher frequency of 2100 Mhz requires the operators to set up more cell sites to establish 3G coverage. At this juncture the cost of funding is high and new infrastructure is capital intensive. Also there has been substantial cash outflow towards license and slow revenue accretion has adversely affected operators' ability to further spend on building infrastructure. Thus it is 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. This could result into increase in number of tenancies for the telecom tower companies.

Also, the recent directive of the Department of Telecom that operators cannot share 3G networks means that each operator will have to set-up its own facilities and thus will lead to an increase in the tenancies of towers especially in the Urban areas. However rentals for 3G BTS are not same as that of 2G BTS, if the operator is already possessing 2G BTS on the same tower. In such cases the rentals are reduced to 10-30% of the 2G BTS. This will result into slower growth of the "revenue equivalent tenancies".

Per User Spent on MVAS



Source: IAMAI, Telecom Business report

Consolidation among tower companies

The Indian tower industry to be profitable on a sustainable basis, needs to consolidate, just like in mature markets where not more than two or three players exist. A fewer operators will mean a better competitive environment and increased tenancies, leading to better profitability.

Future growth drivers

This current slowdown is result of uncertainties in the industry due to policy paralysis and cancellation of licenses to be allotted once again. But in the light of these issues there are certain drivers that could lead to sharing of towers which are discussed below:

- Focus on Quality of Service: 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.

- Growth of Data Services in Indian Telecom Market: As smart phones, 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 The Indian market is likely to minic the trends in the mature markets of US and Europe, where the increase in the data usage has led to growth in the telecom towers that are required for maintaining the quality of experience
- Launch of 4G/BWA networks: Using 4G/BWA technology, Operators can provide high speed data services to subscribers. With internet penetration the growth of data services in expected to ride on easy availability of smart phones in India. The launch of these networks is expected to give further fillip to the requirement of telecom towers

Potential BWA market size in India

	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Fixed Broadband subs (Mn.)	9.0	11.9	15.6	20.0	25.3	31.7
Net adds (Mn.)	4.1	2.9	3.6	4.4	5.3	6.4
Fixed bband pent'n (Households)	4%	5%	7%	8%	11%	13%
Fixed bband pent'n (Pops)	1%	1%	1%	2%	2%	3%
3G handsets (Mn.)	13.9	27.8	49.0	77.7	111.8	139.8
3G subs(Mn.)	4.4	8.9	22.1	42.7	72.7	104.8
3G penetration (Pops)		1%	2%	4%	6%	8%
Tablet Users (Mn.)			6.2	12.0	25.3	38.0
Net adds (Mn.)				5.8	13.3	12.7
Tablet penetration (Households)			3%	5%	11%	16%
Tablet penetration (pops)			1%	1%	2%	3%
BWA ARPU (₹)			1,200	1,080	994	924
% change				-10%	-8%	-7%
BWA Revenue (US$ bn)			**2.0**	**3.5**	**6.7**	**9.4**

Source: Asia Telcos and Media, Goldman Sachs

- Rural Expansion: As on Mar'12 the teledensity has increased to 79.28% in Mar'12 from 70.89 % in Mar'11. Majority of the telecom growth over past decade has taken place in urban areas which is 64.83 % of the total subscriber base and saw a slow growth in the wireless teledensity from 150 in Mar'11 to 162.8 in Mar'12. However, rural areas continue to be unserved market but with great potential as it saw a rise in the wireless teledensity from 32.75 in Mar'11 to 38.33 in Mar'12. 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 tower industry plays a major role in enhancing the rural connectivity where dedicated tower is not financially justified due to lower ARPU. In these rural areas the tower companies are providing all infrastructure and services to the mobile operators and offer a very low network operating cost

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 32,578 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'12 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) Increasing efficiency and reducing operational cost

The Company intends to improve returns on its tower portfolio by entering into arrangement with other players in the industry bilateral basis for single tenant towers.

The Company also in the process of rationalising its tower portfolio to reduce its operating cost. The Company will reduce the overlap between its tower portfolio and CNIL tower portfolio . The Company is also planning to monetize some unoccupied towers. The Company expects that these efforts will result into rationalizing its tower portfolio by 10 to 15% and saving of operational cost.

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, 2012 across India is as shown in the table below.

Circle	TOTAL TOWERS
AP	1,134
AP - USO	288
Assam	1,603
Bihar	2,534
Chennai	1,611
Delhi	981
Gujrat	1,147
Haryana	281
HP	387
J & K	846
Jharkhand	166
Karnataka	2,027
Kerala	566
Kolkata	916
Maharashtra & Goa	2,927
MP	561
Mumbai	591
North East	682
Orissa	1,540
Punjab	607
Rajasthan	928
Tamil Nadu	4,319
UP (East)	2,513
UP (East) - USO	134
UP (WEST)	1,326
West Bengal	1,963
Total	**32,578**

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.

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

Post CDR of GTL Infra and CNIL, the financials and capital structure of both the Companies have changed substantially. Therefore the Company has decided to modify the Scheme of Arrangement and submit it afresh for the approval of the Hon'ble Courts.

FUTURE OUTLOOK

The Company intends to maintain its leadership position, as the leading third party Independent Telecom Tower Infrastructure Company in India. The Company plans to capitalize on the 3G & BWA 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.

Overall, the Company expects the tenancy growth to come from the expansion in the Rural areas and the growth in the 3G / 4G and BWA networks. The Government is working on a new telecom policy which is expected to provide the impetus for the next phase of growth. There are several policy decisions like refarming of spectrum, auction of spectrum, renewal of licenses etc which will have an impact on the growth prospects and profitability of the tower companies. Also, clarifications on the Retrospective Tax, GAAR and M&A norms for the industry will boost development and growth of the Industry.

INTERNAL CONTROL SYSTEM

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

The 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 451 (including CNIL) as on March 31, 2012. The Company continues to invest in resources and to recruit people through various sources.

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 and O&M 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 definition 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

DISCUSSION ON CONSOLIDATED FINANCIALS

The Financial Year ("FY") 2011-12 marked fifth 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 2011-12 and FY 2010-11 have been converted into US$, using the following conversion rates.

Particulars	FY 2011-12 (₹)	FY 2010-11 (₹)
Profit and Loss Account - 1 US$ equals to	49.95	45.71
Balance sheet - 1 US$ equals to	51.97	45.34

Note:

1) 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 FY2010-11 are as per last annual report.
2) The below mentioned financial analysis is based on the Consolidated Financials of the Company. The Consolidated Financials include Chennai Network Infrastructure Limited (CNIL), the subsidiary of GIL.
3) The current year figures are strictly not comparable with previous year as the subsidiary CNIL started its operations effectively from July 19, 2010 i.e. for a period of 8 months in FY 2010-11.

SEGMENT-WISE REPORTING

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

Result of Operations

Net Income from Operations

Net Income from operations of the Company for FY 2011-12 stood at ₹ 1,397.96 Cr. (US$ 279.87 Mn.) witnessing a y-o-y increase of 39% as compared to ₹ 1,007.57 Cr. (US$ 220.43 Mn.) in FY 2010-11. The increase in Net Income from operations during the year was due to increase in tenancy on Ready for Installation of Equipment (RFIE) and escalations in monthly 'provisioning fees' of 2.5% to 3% p.a.

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, currently, the Company has a Revenue Visibility of ₹ 1,425 to 1,475 Cr. (US$ 285 Mn. to 295 Mn.) for FY 2012-13.

Other Income

The other income was ₹ 9.82 Cr. (US$ 1.97 Mn.) in FY 2011-12 as compared to ₹ 75.07 Cr. (US$ 16.42 Mn.) in FY 2010-11. It consists of Interest Income, Profit on sale of Current investments and Miscellaneous Income.

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

The Infra O&M cost consists of rentals for cell site premises(however site rentals beyond a pre-agreed threshold are passed through and directly recovered from the customers) ,Cell site 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, 2012 was ₹ 514.60 Cr. (US$ 103.02 Mn.) as compared to ₹ 363.05 Cr. (US$ 79.42 Mn.).

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 ₹ 28.81 Cr. (US$ 5.77 Mn.) for FY 2011-12 as compared to ₹ 22.75 Cr. (US$ 4.98 Mn.) for FY 2010-11.

Other Expenses

The 'Other expenses' consist mainly of Professional and consulting fees, Office rent and related expenses, Travel costs, Insurance premium paid, Provision For Doubtful Debts, Advertisement & Business promotion expenses.

The 'Other Expenses' were ₹ 93.41 Cr. (US$ 18.70 Mn.) for FY 2011-12 as compared to ₹ 39.41 Cr. (US$ 8.62 Mn.) for FY 2010-11 mainly due to provision of ₹ 28.52 Cr. made towards doubtful debts on account of cancellation of 2G license of Operators etc.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

The EBIDTA for FY 2010-11 was ₹ 761.13 Cr. (US$ 152.38 Mn.) as compared to ₹ 582.39 Cr. (US$ 127.41 Mn.) in FY2009-10. The operating costs for a tower are relatively fixed and do not increase proportionately with additional tenancy.

Particulars	FY 2011-12	FY 2010-11	Y-o-Y change	FY 2011 -12	FY 2010-11
	(₹ Cr.)	(₹ Cr.)	(%)	(US$ Mn.)	(US$ Mn.)
Revenue	1,397.96	1,007.57	39%	279.87	220.43
Less: Infra O&M	514.60	363.05	42%	103.02	79.42
Less: Employee Cost	28.81	22.75	27%	5.77	4.98
Less: Administration Cost	93.41	39.39	137%	18.70	8.62
EBITDA	761.13	582.39	31%	152.38	127.41
EBITDA Margin	54%	58%		54%	58%

Depreciation

The depreciation / amortization charge for FY 2011-12 was ₹ 791.37 Cr. (US$ 158.43 Mn.) as compared to ₹ 574.77 Cr. (US$ 125.74 Mn.) in the previous year.

Interest and Finance charges (Net)

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

Particulars	FY 2011-12		FY 2010-11	
	Amount (₹ Cr.)	Amount (US$ Mn.)	Amount (₹ Cr.)	Amount (US$ Mn.)
Interest expense - (A)	899.99	180.18	638.13	139.60
Bank Charges - (B)	76.78	15.37	8.97	1.96
Total - (A+B)	976.77	195.55	647.10	141.56
Foreign Exchange Gain/(Loss) (Net) - (C)	0.54	0.11	9.94	2.17
Total - (A+ B - C)	977.31	195.66	657.04	143.74

The increase in Interest expenses is primarily attributable to servicing higher debt obligations related to Aircel Towers that were acquired. From July 1, 2011 ,the interest has been provided on effective yield of 10.75% over the tenure of the restructuring facility in terms of the the Company's Financial restructuring package approved by CDR Empowered Group (CDR EG) vide letter dated December 23, 2011 ('CDR Letter').

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$ 184.23 Mn.) as on March 31, 2012 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.

Particulars	Amount (₹ Cr.)	Amount (US$ Mn.)
Equity Capital (As on March 31, 2011)	957.35	184.23
Add: Conversion of FCCBs	Nil	Nil
Add: Conversion of ESOS	Nil	Nil
Equity Capital (As on March 31, 2012)	957.35	184.23

However, post the merger of the Subsidiary CNIL with the Company and the conversion of CCDs into equity, the shareholders' funds will be around ₹ 8,000 Cr.

Reserves & Surplus

As on March 31, 2012, Reserves & Surplus of The Company had a debit balance of ₹ 248.00 Cr. (US$ 47.72 Mn.).The movement in the Reserves and Surplus during FY 2011-12 is as follows:

Particulars	Amount (₹ Cr.)	Amount (US$ Mn.)
Reserves & Surplus (As on March 31, 2011)	440.85	84.83
Employee Stock option Outstanding (Net)	0.89	0.17
Deficit for the current Year	(689.74)	(132.72)
Reserves & Surplus (As on March 31,2012)	**(248.00)**	**(47.72)**

Loan Funds

Borrowings (including acceptances)

The Borrowings as on March 31, 2012 stood at ₹ 8,759.06 Cr. (US$ 1,685.40 Mn.) as against ₹ 10,618.23 Cr. (US $ 2,341.91 Mn.) as at March 31, 2011. It mainly comprises of:

Particulars	FY 2011-12		FY 2010-11	
	₹ Cr.	US$ Mn.	₹ Cr.	US$ Mn.
Rupee Term Loans:				
Banks	7,653.43	1,472.66	7,931.53	1,749.34
Financial Institutions	878.39	169.02	853.78	188.31
Foreign Currency Loans:				
Financial Institutions	83.37	16.04	51.21	11.29
Unsecured Loans				
From body Corporate	NIL	NIL	295.00	65.06
From banks	NIL	NIL	1000.00	220.56
Buyer's Credit	NIL	NIL	21.07	4.65
Acceptances	143.87	27.69	465.64	102.70
Total	**8,759.06**	**1,685.40**	**10,618.23**	**2,341.91**

Company's Financial Restructuring Package was approved by CDR Empowered Group (CDR EG) vide their letter dated

December 23, 2011 ('CDR Letter'). As per the above mentioned restructuring package, a part of the debt outstanding in respect of CDR lenders who have signed the agreement as on that date and CCD contribution received from promoters, aggregating to ₹ 1,099.48 Cr. has been disclosed as CCD Application Money in "Other Current Liabilities". Further to the same, CNIL has allotted Compulsorily Convertible Debentures (CCDs) (aggregating to ₹ 2,182.36 Cr.) against the conversion of part of debts outstanding as on the effective date aggregating to ₹ 1,423.83 Cr. pertaining to CDR lenders who have signed the agreement and ₹ 758.53 Cr. being the contribution received from the promoters. These CCDs form part of the Short term Borrowings in the financial statements as on March 31, 2012.

Fixed Assets

The Company's tower portfolio, at various stages of completion is 32,578 as on March 31, 2012. The Fixed Asset block (Net block + Capital Work In Progress) as on March 31, 2012 is ₹ 12,615.94 Cr. (US$ 2,427.54 Mn.). The Capital work-in-progress comprises mainly of carrying costs of sites under different stages of execution. These sites comprise of Ground Based and Rooftop Towers.

Investments

The total investments in the book of Company stood at ₹ 801.75 Cr. (US$ 154.27 Mn.) as on March 31, 2012 as compared to ₹ 33.25 Cr. (US$ 7.33 Mn.) as on March 31, 2011. The Company's investment of ₹ 1,815.72 Cr. (US$ 349.38 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.

Current Assets

The Current Assets of the Company excluding current investments were worth ₹ 1,006.47 Cr. (US$ 193.66 Mn.) as on March 31, 2012 as compared to ₹ 2,134.13 Cr. (US$ 470.69 Mn.) as on March 31, 2011. The Current assets primarily consist of Trade Receivables, Loans & Advances and Cash & Bank balance.

- **Trade Receivables**

  Trade Receivables as of March 31, 2012 stood at ₹ 93.46 Cr. (US$ 17.98 Mn.). This represents the outstanding amounts on account of Infrastructure Provisioning charges.

- **Loans and Advances**

  Loans and Advances were ₹ 582.56 Cr. (US$ 112.10 Mn.) as of March 31, 2012. The break up of Loans & Advances is as follows:

Particulars	FY 2011-12		FY 2010-11	
	Amount (₹ Cr.)	Amount (US$ Mn.)	Amount (₹ Cr.)	Amount (US$ Mn.)
Advances recoverable in cash or kind or value to be received	391.08	75.25	1,159.79	255.80
Deposits	20.34	3.91	19.26	4.25
Cenvat / Service Tax input credit entitlements	42.80	8.24	198.76	43.84
Advance Taxes (including Fringe Benefit Tax) (Net)	128.34	24.70	116.00	25.58
Total	**582.56**	**112.10**	**1,493.81**	**329.47**

- **Cash and Bank balance**

  The Cash and Bank balance of the Company as on March 31, 2012 was ₹ 150.54 Cr. (US$ 28.97 Mn.).

Current Liabilities & Provisions

The Current Liabilities of the Company excluding acceptances were worth ₹ 4,943.23 Cr. (US$ 951.17 Mn.) as on March 31, 2012. It primarily consists of Compulsorily Convertible Debentures (CCDs) of CNIL ₹ 2,182.36 Cr., Foreign Currency Convertible Bonds (FCCBs) ₹ 1,188.99 Cr. (Due for redemption in November 2012) and Application Money of ₹ 1,099.48 Cr. received towards issue of CCDs.

Provisions of ₹ 1.02 Cr. (US$ 0.2 Mn.) as on March 31, 2012 consist of provisions for Employee benefits such as Gratuity and Leave encashment.

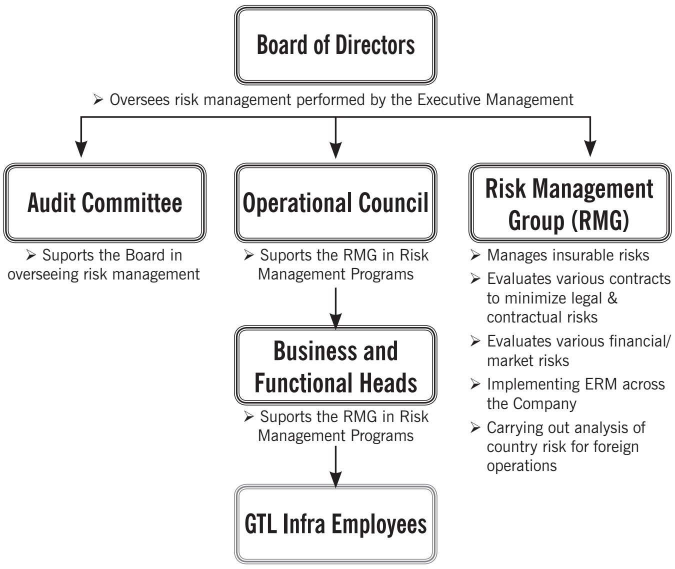
RISK MANAGEMENT

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.

Risk Management Structure



Overview

The Company faced a serious liquidity crunch from the beginning of this financial year due to unforeseen changes in the Telecom industry.

GIL took a decision to restructure its financial indebtedness and has now completed Corporate Debt Restructuring (CDR) of the entire debt in a way that it not only has successfully brought down the loan amount and has provided for a moratorium period but has helped ease the liquidity pressure. CDR details are outlined in the Directors Report.

GIL has thus been able to curb certain important risks.

I. FINANCIAL RISK

Market Risk

The global perspective

- Though the slowdown in high-income economies will be sharper, developing countries will also be affected. Downside risks related to the loss of markets confidence in the ability of one or more high-income countries to repay their debt remains a serious concern
- Global GDP growth forecast is significantly downgraded in latest World Bank Global Economic Prospects report. The global economy is now expected to expand 2.5 and 3.1 percent in 2012 and 2013 versus the 3.6 percent projected in June 2011 for both years
- The World Bank cut its forecast for growth in developing economies to 5.4 percent for 2012 from its previous forecast of 6.2 percent, saying expansion in Brazil and India and to a lesser extent Russia, South Africa and Turkey, had slowed already
- If the euro area debt crisis escalates, global growth would see a fall. Also, the negative outlook for many European countries due to the current debt crisis is affecting investor sentiment throughout the world
- Rise in global inflation and cost of financing has affected earnings of many companies and has led to a loss of investor confidence, thus making international financial markets extremely volatile
- The consequences of these global economic issues is that it may push the global economy slowly into an untimely recession thus Countries need to prepare for a Real Risk which constitutes for the escalation in euro area debt crisis that could tip the world economy in slump on par with the global downturn experienced in 2008-09

The Indian perspective

- Central Banks 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 and rising commodity prices has forced the RBI to maintain the high interest rates to tackle the runaway inflation

- The RBI has already hiked its key-policy rates thirteen times since March 2010 to curb demand and tame inflation. RBI is not comfortable with interest rate cuts as inflation is still an issue owing to lack of supply-side growth and the 2 per cent increase in excise which is potentially inflationary. It is expected that RBI shall undertake some rate cuts as inflation has come into the expected levels and GDP rate is dropping
- The union budget for 2012-13 has failed to provide any thrust to the slacking pace of economic growth, as no major reforms were announced, nor any concrete measures were introduced to enforce fiscal discipline
- Currently Market risk is moderate for the Company owing to the CDR that has been completed thus helped bring down both interest rate risks to the extent of the rupee term loan exposure. The domestic currency risk has thus been successfully postponed for 10 years
- The Company has External Commercial Borrowings in the form of FCCB of Euro 12 Mn. outstanding to be paid in tranches every 6 months. This poses both a foreign currency risk as this is un-hedged as well as a liquidity risk. The Company has requested the FCCB lenders to restructure the loan as part of the CDR process which is currently underway
- As the revenues from our existing business lines are all dependent on the sustainability of Telecom sector, we believe that macroeconomic factors, including the growth of the Indian economy, interest rates, as well as the political and economic environment, currently have a significant direct impact on our business, results of operations and financial position

Liquidity & Leverage Risk

- The Telecom industry, which is the only 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. If the telecom sector continues to be bleak, pressure will mount on liquidity of GIL
- Due to the sectoral developments in the beginning of the financial year 2011-12, the Company faced severe liquidity crunch and had referred itself to the CDR to restructure its debt which has been successfully implemented. At least liquidity pressure has been eased but it is not possible to raise further loans from banks in the immediate future
- The Company's market capitalization has been eroded considerably, Even though there is a slight rise in value it could make it difficult to raise further capital in the form of equity from financial markets or strategic investors. Thus, liquidity risks will continue to remain high in the near future
- The Merger of GIL and its subsidiary Chennai Network Infrastructure Ltd. (CNIL) has to be reviewed in light of the changed financial and ownership profile of both companies in light of the implementation of the CDR package. A modified scheme will now be placed before the honourable high courts and a new swap ratio will be announced
- A debt of ₹ 650 Cr. from ICICI bank has been transferred to CNIL as part of the CDR package. This debt may lead to further increase in liquidity pressure on the company. However, this is a 15 year debt with a ballooning interest payment structure and with a very negligible interest outgo in the first few years
- The External Commercial Borrowing (FCCB) which was due in November 2012 is currently being restructured subject to receipt of all regulatory and corporate approvals
- Thus this Rupee term loan restructuring and the settlements have helped GTL Infra emerge stronger from the crisis

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

- The telecom operator's growth plans have been affected due to various factors like low ARPU, lack of liquidity, high domestic interest rates and some operators who are facing various litigations due to the 2G scam. The Supreme Court has cancelled 122 licenses for mobile networks issued in 2008 and has asked the telecom regulator TRAI to make fresh recommendations on allotment of the licenses through auction within four months thus, affecting business of many operators in the long run
- Telecom Operators have also made significant investments in 3G licenses which have put a strain on finances. Also,

3G services have not been able to attract the desired level of customers and therefore, are yet to witness the estimated returns. But the roll out is slow as against the anticipation thus affecting the business prospects and growth

- The National Telecom Policy 2012 (NTP 2012) may be further delayed as the Department of Telecommunications (DoT) that was expected to unveil in January 2012. The delay is a consequence of the Supreme Court verdict, as well as due to waiting for the Telecom Regulatory Authority of India (TRAI) to complete its work on the specific guidelines to many of the clauses in the policy document. Thus strong regulations that can support the growth of the telecom sector are still not in place
- India's telecommunications sector is sending out mixed signals. India has the lowest mobile-phone penetration rate in Asia, and less than 10% of the population has access to broadband. This is likely to change. The number of mobile users will rise about 50% over the next five years and telecommunication-industry revenue will grow 37% to $30 billion by 2016, according to technology consultant Ovum. But the faulty practices and the after effects of the licence cancellation are bound to affect the growth of the industry therefore affecting the business of Tower companies in the long run
- The Government of India has announced that the 2G spectrum which has been released following the cancellation of the 122 2G licenses shall be auctioned. This will lead to operators increasing their tariffs and will lead to pressure on margins of operators which may be a positive as operators will be forced to reduce capital expenditure and share towers
- TRAI has recommended that the current spectrum which has been allocated should be refarmed and the 900 Mhz spectrum should be refarmed to the 1800 Mhz spectrum. If these recommendations are accepted by the DoT Operators will have to substantially increase the number of towers to cover the same geographical area and this could be a substantial benefit to tower operators
- Financial institutions and Banks are not willing to infuse more liquidity into this sector due to the uncertainties faced by the 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 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 reputation risk due to the multiple factors like sudden erosion in market capitalization, need for referral to the CDR process and overall telecom sector slowdown.

Supply Chain Risk

- The Liquidity crisis facing the Company has led to delay in payments to suppliers and vendors thus leading to delays and disruptions in delivery of materials and services required for timely execution of projects. This issue although substantially sorted out will have serious implications on the profitability and also on the working capital management of the Company
- Since the CDR is in place has smoothened vendor payments and business cycles
- 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 and hampering its ability to deliver projects on a timely basis
- As the projects of the Company are on a pan India basis, it

is imperative that supply chain automation is introduced on a war footing to control the quality and cost of supplies and services. If such automation is not introduced it may lead to substantial commercial losses due to pilferage, damage and other commercial losses

Manpower Risk

- 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, need for 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
- Subsequent to IFCI's invocation of the Pledged shares of GTL Infrastructure Limited by IFCI to itself in July, 2011 a negotiation was in process for retrieving those shares. The Company's subsidiary CNIL has agreed to a commercial settlement of its dispute with IFCI and in lieu of that settlement IFCI shall return the invoked shares and other pledged shares to GTL as part of the CDR package and in line with the order of the Honourable High Court of Delhi which held that IFCI continued to be a pledgee of the shares. This agreement is subject to approval by lenders and statutory approvals

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 3 Risks & Mitigation plans

	Type of Risks and Rating	Mitigation Plan
1	**Operations risk** ****	• Need to infuse liquidity in operations to reduce this risk • Need to focus on winning new contracts and consolidate business • Need to reduce penalties, control expenses and undertake effective cost cutting measures • Key insurance policies need to be undertaken to mitigate risks
2	**Liquidity & Leverage Risks** ****	• Corporate Debt Restructuring (CDR) package has eased liquidity pressure • GIL needs to adhere to this CDR plan and make sure there are no events of default • Reduction in operational costs and collection cycles • Improvement in operational cash flow by means of better credit terms from vendors • The Company needs to explore innovative financial structures to discount revenues to generate liquidity in the Company • FCCB settlement will ease liquidity pressures
3	**Strategic Risk** ****	• The company may be forced to consider the option of consolidating or partnering with other telecom tower companies in light of the current situation in the telecom industry

GTL INFRASTRUCTURE

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement entered into with the BSE 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, 2012, the Company has 9 Directors with a Non–Executive Chairman and a Non–Executive Vice Chairman. Of the 9 Directors, 8 (i.e.89%) are Non–Executive Directors and 6 (i.e.67%) 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	7	Yes	2	–	–
Mr. Prakash Ranjalkar *	Executive Director	6	Yes	N.A.	N.A.	N.A.
Mr. Milind Naik **	Executive Director	6	Yes	1	–	–
Dr. Anand Patkar	Independent Director	7	No	1	–	–
Mr.Charudatta Naik	Non–Independent / Non–Executive Director	7	Yes	2	–	–
Mr.Vivek Kulkarni	Independent Director	2	No	1	–	–
Mr.Vishwas Pathak #	Independent Director	0	No	N.A.	N.A.	N.A.
Mr.Vinod Agarwala	Independent Director	5	Yes	2	–	2
Mr.Vijay Vij	Independent Director	7	Yes	2	2	1
Mr.Satya Pal Talwar	Independent Director	5	No	11	4	5
Mr. A. Ravi^	Executive Director	1	N.A.	N.A.	N.A.	N.A.

All Directors are Non–Promoter Directors. 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).

@ Mr. Manoj Tirodkar is related to Promoter

* Mr. Prakash Ranjalkar resigned from the services of the Company from December 31, 2011

** Mr. Milind Naik was appointed as Whole–time Director since July 21, 2011

Mr. Vishwas Pathak has retired as Director of the Company at the Annual General Meeting held on December 27, 2011.

^ Mr. A. Ravi was appointed as Whole–time Director & CEO w.e.f. May 2, 2011 and has resigned on July 21, 2011

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

The Board of Directors met seven (7) 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
29th April, 2011	11	9
21st July, 2011	11	9
13th August, 2011	11	10
11th November, 2011	11	8
23rd November, 2011	11	9
29th December, 2011	10	9
9th February, 2012	9	6

3. Board Committees

I) Audit Committee

i) Composition: The Audit Committee of the Board comprises of three Independent Directors namely Mr. N. Balasubramanian, Mr. Vinod Agarwala, 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. N. Balasubramanian is the Chairman of the Committee.

Mr. Suresh V. Joshi 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 December 27, 2011 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, on April 29, 2011, August 13, 2011, November 11, 2011, November 23, 2011 and February 9, 2012. 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 2011–2012	
		Held	Attended
Mr. N. Balasubramanian, Chairman	Independent Director	5	5
Mr. Vinod Agarwala	Independent Director	5	3
Mr. Vijay Vij	Independent Director	5	5
Mr. Charudatta Naik	Non– Independent, Non Executive Director	5	5

The necessary quorum was present for all the meetings.

II) **Nomination & Remuneration Committee**

a. **Composition:** The Nomination & Remuneration Committee of the Board comprises of two Independent Directors namely Mr. Vijay Vij, Mr. N. Balasubramanian, and one Non–Executive/Non–Independent Director Mr. Charudatta Naik.

Mr. Suresh V. Joshi 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 four times during the year under review on April 29, 2011, July 21, 2011, November 23, 2011 and December 29, 2011. 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 2011–2012	
		Held	Attended
Mr. Vijay Vij, Chairman	Independent Director	4	4
Mr. N. Balasubramanian,	Independent Director	4	4
Mr. Charudatta Naik	Non– Independent, Non Executive Director	4	4
Mr. Vishwas Pathak#	Independent Director	3	0

Mr. Vishwas Pathak retired as Director of the Company at the Annual General Meeting held on December 27, 2011.

The necessary quorum was present for all the meetings.

d. **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).

e. Details of the Remuneration for the year ended March 31, 2012:

i. Executive Directors

Name of the Director and period of appointment	Salary (₹ Lakh)	Benefits Perquisites and Allowances (₹ Lakh)	Leave Encashment & Company's Contribution to PF (₹ Lakh)	Performance Linked Incentive (₹ Lakh)	Stock Options Held
Prakash Ranjalkar (period April 1, 2010 to December 31, 2011)	13.50	20.76	3.68	2.97	Nil
Milind Naik (w.e.f. July 21, 2011 for a period of 3 years)	13.99	14.85	*1.68	0	Nil
Mr. A. Ravi (period April 29, 2011 to July 21, 2011)	6.14	5.73	1.09	0	Nil

* This figure does not include Gratuity payable as per the rules of the Company and leave encashment at the end of the tenure.

The Whole–time Directors may 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 separate provision of 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	2.65	––	––	––
Mr. N Balasubramanian	3.27	04–05–2010	30.52	500,000
Dr. Anand Patkar	1.50	11–03–2008	33.60	100,000
		04–05–2010	30.52	300,000
Mr. Charudatta Naik	2.50	09–10–2007	19.90	175,000
Mr. Vishwas Pathak	–	04–05–2010	30.52	100,000
Mr. Vivek Kulkarni	0.40	11–03–2008	33.60	200,000
Mr. Vinod Agarwala	1.30	23–11–2009	24.37	200,000
		04–05–2010	30.52	300,000
Mr. Vijay Vij	2.50	23–11–2009	24.37	200,000
		04–05–2010	30.52	300,000
Mr. Satya Pal Talwar	1.00	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, 2012 are as under:

Name of Director	Number of Shares
Mr. Manoj Tirodkar	58,97,783
Mr. N Balasubramanian	5,00,000
Mr. Prakash Ranjalkar	Nil
Mr. Milind Naik	19,000
Dr. Anand Patkar	1,00,000
Mr. Charudatta Naik	13,25,900
Mr. Vishwas Pathak	Nil
Mr. Vivek Kulkarni	Nil
Mr. Vinod Agarwala	4,59,000
Mr. Vijay Vij	63,500
Mr. Satya Pal Talwar	Nil
Mr. Ravi A	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. Vinod Agarwala and one non–executive/non–independent director Mr. Manoj Tirodkar.

Mr. Suresh V. Joshi 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 November 23, 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 2011–2012	
		Held	Attended
Dr. Anand Patkar	Independent Director	1	1
Mr. Vishwas Pathak *	Independent Director	1	–
Mr. Vinod Agarwala**	Independent Director	N.A.	N.A.
Mr. Manoj Tirodkar	Non– Independent, Non–Executive Director	1	1

* Mr. Vishwas Pathak retired as Director of the Company at the Annual General Meeting held on December 27, 2011.

** Mr. Vinod Agarwala was appointed as a Member on February 9, 2012.

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 periodically 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
2008–09	July 10, 2009	12.30 p.m.	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703
2009–10	August 25, 2010	11.00 a.m.	
2010–11	December 27, 2011	10.30 a.m.	

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.

At the Annual General Meeting of the Company held on December 27, 2011, the following Special Resolutions were passed with requisite majority:

- 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.

b) Extraordinary General Meetings:

No Extraordinary General Meeting of the Members was held during the year 2011–12.

ii) Special/Ordinary Resolutions that were put through postal ballot last year, details of voting pattern .

a) A Special Resolution under applicable provisions of the Companies Act, 1956 authorizing Restructuring of Debts was passed through Postal Ballot. The Company received a total of 4416 postal ballot forms. After weeding out 89 forms on technical grounds, out of total valid 4,327 postal ballot forms, 629,055,362 equity shares representing 99.83%, were in favour of the Resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as Special Resolution on March 22, 2012.

b) A Special Resolution under the provisions of Section 81(1A) of the Companies Act, 1956 for issue of Compulsorily Convertible Debentures on Preferential Basis to Promoters and CDR Lenders was passed through Postal Ballot. The Company had received a total of 4416 postal ballot forms. After weeding out 95 forms on technical grounds, out of total valid 4,321 postal ballot forms, 629,049,889 equity shares representing 99.83%, were in favour of the Resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as Special Resolution on March 22, 2012.

c) A Special Resolution under the provisions of Section 81(3)(b) of the Companies Act, 1956 option to CDR Lenders for converting Loans into Equity Shares was passed through Postal Ballot. The Company had received a total of 4416 postal ballot forms. After weeding out 98 forms on technical grounds, out of total valid 4,318 postal ballot forms, 628,949,769 equity shares representing 99.82% were in favour of the Resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as Special Resolution on March 22, 2012.

d) Person who conducted the postal ballot exercise : Mr. Chetan A. Joshi, Practicing Company Secretary.

- **Whether special resolutions are proposed to be conducted through postal ballot :**

  No Special resolution is proposed to be conducted through postal ballot.

- **The procedure for postal ballot :**

  Shall be conducted as per the provisions of the Companies Act, 1956 as and when situations arise.

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 2009–10, 2010–11 and 2011–12 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 to 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 Navshakti (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.

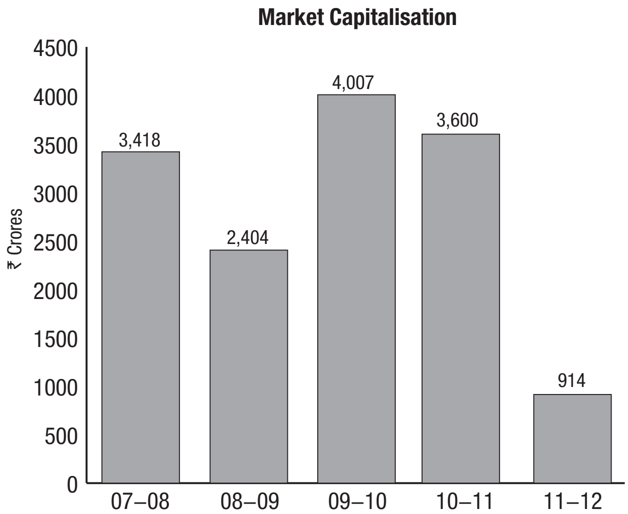
i.	AGM: Date, time and venue	Thursday, September 27, 2012 at 10.30 a.m. at Marathi Sahitya Mandir Sabhagruh, Sector 6, Vashi, Navi Mumbai 400 703.
ii.	Financial Calendar	
	For Financial Year 2012–2013:	
	First Quarter Results: Quarter ended 30–Jun–12	Within 45 days of the end of the Quarter
	Second Quarter Results: Quarter ended 30–Sep–12	Within 45 days of the end of the Quarter
	Third Quarter Results: Quarter ended 31–Dec–12	Within 45 days of the end of the Quarter
	Fourth Quarter and Audited Annual Results: Quarter ended 31–Mar–13	Within 60 days from the end of the Quarter / Year
iii.	Dates of book closure	September 26, 2012
iv.	Dividend Payment	No dividend has been recomended.
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 2012–13	• BSE/NSE listing fees for the financial year 2012–2013 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 of closing quotations and volume of shares on BSE and NSE are given below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Apr–2011	38.50	36.05	1,242,819	38.60	36.20	6,183,080
May–2011	35.75	32.85	1,334,198	35.80	32.75	6,910,746
Jun–2011	32.80	14.90	119,884,849	32.80	14.95	289,136,264
Jul–2011	16.45	13.75	38,197,750	16.50	13.75	94,722,489
Aug–2011	14.71	10.74	21,736,826	14.70	10.75	58,361,822
Sep–2011	13.82	11.77	45,676,858	13.80	11.80	82,839,723
Oct–2011	11.38	9.71	6,503,500	11.40	9.70	14,632,169
Nov–2011	10.40	8.35	7,167,179	10.40	8.35	14,198,584
Dec–2011	9.34	7.20	6,753,035	9.35	7.20	13,715,953
Jan–2012	13.07	9.03	16,869,077	13.05	9.05	31,695,162
Feb–2012	13.83	11.49	24,774,853	13.80	11.45	49,304,517
Mar–2012	12.15	9.58	8,553,507	12.10	9.60	16,726,152

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



Average daily traded volumes: The average daily traded volume in the Company's shares on BSE and NSE was 1,199,576 and 2,724,605 shares respectively, in the year ended March 31, 2012 as against 630,851 and 1,462,326 shares respectively in the previous financial year.

x. Registrar and Share Transfer Agents

GTL Limited (Investor Services Centre), Electronic Sadan II, MIDC, TTC Industrial Area, 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.

xi. 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 8840 (Previous year 5646).

xii. Distribution of Shareholding as on March 31, 2012:

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

No. of Shares	No. of Shareholders	% of Shareholders	Share amount (Rupees)	% to Total
Upto 500	157,330	82.10%	261,409,400	2.73%
501 – 1000	18,213	9.50%	152,084,860	1.59%
1001 – 2000	8,438	4.40%	129,850,810	1.36%
2001 – 3000	2,776	1.45%	71,427,580	0.74%
3001 – 4000	1,102	0.58%	39,965,930	0.42%
4001 – 5000	1,083	0.57%	51,768,990	0.54%
5001 – 10000	1,499	0.78%	112,940,450	1.18%
10001 & ABOVE	1,189	0.62%	8,754,038,020	91.44%
TOTAL	**191,630**	**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	4	381,960,169	39.90%
Promoters–Individual (PAC)	1	5,897,783	0.62%
Other Directors, their Relatives	8	2,472,400	0.26%
Bodies Corporate (Domestic) / Trust	2,294	47,225,335	4.93%
Banks	13	366,450	0.04%
Mutual Funds	3	314	0.00%
Financial Institutions (FIs)	4	178,352,839	18.63%
Foreign Institutional Investors (FIIs)	21	9,007,160	0.94%
Non–Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs) / Foreign Banks	1,138	228,425,400	23.86%
Resident Individuals	188,144	103,640,754	10.82%
TOTAL:	**191,630**	**957,348,604**	**100.00%**

c) **Top 10 Shareholders:**

Name(s) of Shareholders	Category	Shares	%
Technology Infrastructure Limited	Other Foreign Body	222,345,700	23.23%
Global Holding Corporation Pvt. Ltd. (Promoter Group)	Domestic Company	211,733,496	22.12%
IFCI Ltd.	Financial Institution	175,536,793	18.34%
GTL Ltd. (Promoter)	Domestic Company	170,226,673	17.78%
Bennett, Coleman and Company Limited	Domestic Company	8,820,000	0.92%
European Projects and Aviation Ltd.	Domestic Company	6,424,000	0.67%
Manoj Gajanan Tirodkar (PAC)	Director	5,897,783	0.62%
Dimensional Emerging Markets Value Fund	Foreign Institutional Investors (FII)	3,020,643	0.32%
Jumana Vahanvati	Non Resident Individual	2,877,182	0.30%
Ripple Brinechem Pvt Ltd.	Domestic Company	2,399,561	0.25%

xiii. 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 the depository systems in India – NSDL & CDSL. 99.95% of the Company's shares are held in dematerialized form as on March 31, 2012. The Company's equity shares are among the actively traded shares on the BSE & NSE.

xiv. 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.

xv. 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, 2012, the Company owns Telecom Towers across all 22 telecom circles in India. List of Branch Offices and addresses are provided elsewhere in this Annual Report.

xvi. 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 – Investor Services
GTL Limited (Investor Service Centre) Tel.:+91–22–27612929/27673000–Extn: 2232–35, Fax: +91–22–27680171
Email: gilshares@gtlinfra.com, Website: www.gtlinfra.com

xvii. 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

xviii. Investor Services – complaints, queries and correspondence:

Particulars	Op.Bal. April 1, 2011	Received	Resolved	Cl.Bal. March 31, 2012
Complaints	Nil	4	4	Nil
Other Correspondence	Nil	170	170	Nil
Total	Nil	174	174	Nil

xix. Compliance Officer:

Mr. Suresh V. Joshi, Company Secretary is heading the Company Secretariat and is the Compliance Officer under the Listing Agreement with the Stock Exchanges.

xx. Equity shares in the Suspense Account:

As stipulated under Clause 5A(II) of the Listing Agreement with the stock exchanges, the Company has already opened 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.

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, 2012, 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, 2011.	516	52,124
(ii)	Number of shareholders and shares claimed by the respective shareholders during the year ended March 31, 2012	20	1,754
(iii)	Number of shareholders to whom shares were transferred during the year ended March 31, 2012.	–	–
(iv)	Aggregate number of shareholders and shares remaining unclaimed as on March 31, 2012.	496	50,370

xxi. 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.

xxii. 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 of
GTL Infrastructure Limited

We have examined the compliance of conditions of corporate governance by GTL INFRASTRUCTURE LIMITED, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance 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 Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **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

Place : Mumbai
Date : July 3, 2012

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, 2012. Based on my 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, 2012;
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 within due date 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, July 3, 2012

Whole–time Director / CFO Certification

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

We, Milind Naik –Whole–time Director & Co–COO and Bhupendra Kiny – 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, 2012 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.

Milind Naik
Whole–time Director

Bhupendra Kiny
Chief Financial Officer

Place: Navi Mumbai
Dated: May 17, 2012

Declaration of Whole–time Director

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, 2012.

Milind Naik
Whole–time Director

Information on Directors Recommended for Appointment/ Re–Appointment at the ensuing Annual General Meeting

Mr. N. Balasubramanian

Mr. N. Balasubramanian, is a Non–Executive Independent Director. Currently, he is the Vice–Chairman of the Company. He is a post graduate in science and a post graduate in management from the Indian Institute of Management, Ahmedabad. He worked at Bank of Baroda for over three decades including an overseas tenure of five years. He was General Manager of Bank of Baroda before joining Small Industries Development Bank of India as Deputy Managing Director and was subsequently promoted as its Chairman and Managing Director. He was also associated with planning commission in preparing five years plan documents, focused on SME Financing as Chairman of the sub–committee. He was instrumental in starting rating agency for SME. Mr. Balasubramanian has also served on the board of IFCI as its Chairman for a short stint. He holds directorship in JP Morgan Mutual Fund India Private Limited, Brickwork Ratings India Private Limited, Global Rural Netco Limited, Bharat Wire Ropes Limited, Bees' Capital Advisory Private Limited, Mukambika Estate Private Limited, RE Techno Financial Services India Pvt Ltd and Chaz Insurance Brokers Private Limited.

Mr. Balasubramanian's shareholding in the Company is 500,000 equity shares and Nil equity shares are held by his family members/relatives.

Dr. Anand Patkar

Dr. Anand Patkar, aged 58 years, is a Non–Executive Independent Director of the Company. Dr. Patkar has been a member of the Board since October 8, 2007. He is a rank holder in management studies from Jamnalal Bajaj Institute of Management Studies and has done Ph.D in (Management) (Finance) from the Mumbai University. He has handled variety of assignments across all areas of finance, corporate planning, strategic management, mergers and acquisitions, collaborations and joint ventures, feasibility studies, budgetary control, human resource development, treasury and systems in diverse industries. His senior level assignments includes as Group Treasurer and Systems Head of Greaves Limited. He is a proprietor of Dr. A. Patkar Associates.He is also the author of the book "Master the Mind Monkey: Experience Your Excellence".

Dr. Patkar's shareholding in the Company is 100,000 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 Ninth Annual Report together with the Audited Accounts for the year ended March 31, 2012.

1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2010–11	2011–12	2010–11	2011–12
Total Income	1,082.64	1407.78	534.06	557.16
PBDIT	657.45	770.95	324.64	301.10
Depreciation	574.77	791.36	207.66	243.42
PBIT	82.68	(20.41)	116.98	57.68
Interest and Finance Charges (Net)	657.03	977.31	256.27	428.51
Profit / (Loss) Before Tax	(574.35)	(997.72)	(139.29)	(370.83)
Provision for Taxation	–	–	–	–
Net Profit / (Loss)	(574.35)	(997.72)	(139.29)	(370.83)

Figures regrouped / reclassified wherever necessary to make them comparable.

Financial Performance

Operating Profit / (Loss) was at ₹ 51.07 Cr. in comparison to previous year's Operating Profit / (Loss) of ₹ 73.34 Cr. Net Profit/(Loss) for the year was at (₹ 370.83) Cr. in comparison to previous year's net profit /(loss) of (₹ 139.29) Cr.

On a consolidated basis, total income for the year under review was at ₹ 1407.78 Cr. Operating Profit / (Loss) (profit before taxes excluding other income and finance costs) was at (₹ 30.23) Cr. Net Profit / (Loss) for the year was at (₹ 997.72) Cr.

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

The Management Discussion and Analysis 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. SUBSIDIARY COMPANY

Chennai Network Infrastructure Limited (CNIL), promoted by Global Group, became subsidiary of the Company during FY 2010–11.

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.

In the year 2010–11, the Company and its subsidiary, CNIL filed petitions in the High Courts of Judicature at Bombay & Madras respectively for approval of the Scheme of Arrangement between the Company and CNIL. The Hon'ble Bombay High Court had sanctioned Scheme of Arrangement for the merger of CNIL with the Company, however, approval is awaited from the Hon'ble Madras High Court.

In the meantime the Company and its subsidiary had approached the Lenders with a proposal to restructure its debts under the CDR Mechanism. Both the proposals of the Company and CNIL respectively have been approved by the CDR Empowered Group. Consequent to these approvals the financials and capital structure of both the Companies have changed substantially and therefore the Company has decided to modify the Scheme of Arrangement and submit it afresh for the approval of the Hon'ble Courts. Approval of the revised Scheme is not likely to be received on or before the date of convening of the ensuing Annual General Meeting, and therefore the financial statements of the Company for the financial year ended March, 31, 2012 are prepared without considering the CNIL financial statements and once the modifed merger scheme between CNIL and Company is approved by the Hon'ble Bombay and Madras High Courts, the Company's financial statements will be re–casted with effect from the Appointed Date as approved by the High Courts.

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

4. RECENT DEVELOPMENTS AT MACRO AND MICRO ECONOMIC LEVEL

The Indian telecom industry has shown minimal growth in the last year. The mobile subscriber base in India has increased to 919.17 Million at the end of March 2012, registering a growth of 0.88%. The share of Urban subscribers that was giving higher average revenue per user has declined to 65.23% from 65.59% whereas share of Rural subscribers has increased to 34.77% in the month of March 2012. With this, the overall Teledensity in India has reached 78.66 at the end of March, 2012.

The industry today is undergoing stress and has been dealing with several challenges on the financial, revenue and profitability fronts on one hand and Regulator, Government and Judiciary on the other hand.

Some of the developments that had negative impact on the sector are

- Cancellation of 122 2G licenses by Supreme Court
- TRAI recommendations for
  - ♦ Fixation of higher reserve price for spectrum auction
  - ♦ Re farming of 900 MHz spectrum leading to higher investment by all telecom operators
- Shutting down of Indian operations partially or fully by Etisalat DB, Loop Telecom, S–Tel and cancellation of all 122 2G licences.
- Slower than expected offtake of the 3G roll outs, and the delay in rolling out the BWA networks even after a year of paying out the license fees

The above factors have resulted in lack of investor interest in telecom sector. This had a direct impact on the telecom operator's ability to spend and has resulted into lower capital expenditure. The 3G rollouts were limited to the top 40 cities in India and the primary focus has been on upgrading and utilizing the existing infrastructure. However as the roll out spreads it will lead to the growth of telecom tower sector.

Since the operators have reduced their capital expenduture the expansion is happenning through sharing. The tower industry shifted its focus from building more towers to increasing tenancies. Single–tenant towers are not viable and tower sharing is likely to augment industry profitability.

Moving forward the growth drivers for the tower sector would be as follows

- Growth of Data Services in Indian Telecom Market: the increasing usage of smart phones, and the growth of Value added services and the resultant growth in the data usage would require further investments in augmenting the network
- Focus on rural expansion: with mobile coverage expected to increase, especially in rural areas, there will be a steady increase in tenancies and telecom towers in rural areas
- Rollout of 3G and BWA services: The expansion of the 3G networks and rollout of BWA networks will also impact positively, leading to growth in tenancies
- Quality of Service: the recently launched mobile number portability has encouraged competition amongst operators to lure new customers and retain the existing user base. This is expected to drive additional investment into tower infrastructure to support the Quality of Service (QoS) indicators and differentiation strategies for operators.

Pledge of Promoter shareholding in the Company

Further to the information furnished in the Directors' Report for the FY 2010–11, GTL Limited (GTL), Chennai Network Infrastructure Limited (CNIL) and IFCI Limited (IFCI) are at the final stage of settlement of the dispute, whereupon the shares appropriated by IFCI would be returned to GTL. Also as part of the settlement, IFCI is likely to convert its loan in CNIL into equity shares of CNIL, with the consent from CDR Lenders.

5. CORPORATE DEBT RESTRUCTURING

The Company had filed its proposal for Restructuring its Debts through CDR process in July 2011, which was admitted by the Corporate Debt Restructuring Empowered Group (CDR EG) on September 26, 2011. Further the Company received a Letter of Approval bearing Number BY.CDR(ATR)No./6117/2011–12 dated December 23, 2011 from the CDR EG approving the Restructuring Package, the salient features of which are as under;

1. The debt restructuring of the Company, involves the conversion of part of the Indian Rupee Debt of ₹ 1,062.29 Cr. from CDR lenders into Compulsorily Convertible Debentures ("CCDs") to be converted into equity shares. CCDs will also be issued to CDR lenders against part of the Funded Interest Term Loan of ₹ 78.78 Cr. and interest on CCDs of ₹ 6.67 Cr.
2. Promoter Contribution of ₹ 90.16 Cr. to be brought into the Company by Promoter (Global Holding Corporation Private Limited & and /or its affiliates) as stipulated in the CDR package, in the form of CCDs to be converted into equity shares.
3. Rescheduling of repayment of the balance rupee debt to CDR lenders of the Company which are part of the ongoing corporate debt restructuring process, over the period of 15 years and with a moratorium of one year and nine months, the repayment of which begins from quarter ending June 30, 2013.
4. Moratorium in the payment of interest for the period of one year and six months, requiring the payment of interest to begin from quarter ending March 31, 2013 and an overall reduction in the interest rate with an effective yield of 10.75% over the term of the facility.

Also, Promoter Group has contributed in the subsidiary of the Company, viz. Chennai Network Infrastructure Limited (CNIL) ₹ 82.72 Cr. towards equity through CCDs and ₹ 758.53 Cr. by way of conversion of unsecured loans into equity through CCDs. Thus the promoters of the Company have contributed ₹ 931.41 Cr. in aggregate in the Company and CNIL towards equity enhancement.

6. SHARE CAPITAL

During the year under review, there was no change in the Equity Share Capital of the Company. As on March 31, 2012 the Equity Share Capital of the Company was ₹ 957.35 Cr.

As per the Terms of the Master Restructuring Agreement executed between the Company and the Lenders a portion of Restructured Loan was to be converted into Equity, through Compulsorily Convertible Debentures (CCDs) to be allotted to them in tranches. The Promoters were also required to contribute additional amount as their contribution into the Equity Capital also through CCDs. The Company on April 21, 2012 had allotted 109,947,737 CCDs of face value of ₹ 100/– each to the Lenders and Promoters. Consequent to the conversion of the CCDs, the Company on May 5, 2012 allotted 869,839,670 Equity Shares of face value of ₹ 10/– per share at a Premium of ₹ 2.64 per share to the Lenders and Promoter thereby increasing the Paid–up Equity Share Capital of the Company to ₹ 18,271,882,740.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.

Particulars	No. of FCCBs (of US $ 1 Lac each)	No. of Equity Shares upon conversion (In Crore)
FCCBs allotted	3,000	22.23
Conversion till March 31, 2012	717	5.31
Balance as on March 31, 2012 / July 03, 2012	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, 2012, a total of 166 Employees (Previous Year 166) hold 13,495,004 Stock Options (Previous Year – 13,651,804) as under:

Particulars	No. of Options
No. of outstanding Options as on April 01, 2011	13,651,804
Add: No. of Options issued during the year	Nil
Less: No. of Options converted during the year	Nil
Less: No. of Options lapsed during the year	156,800
Outstanding Options as on March 31, 2012	13,495,004

If all the outstanding Options are converted into equity shares, the total share capital would go up by 13,495,004 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**

Consequent to the approval of the CDR proposals of the Company and its subsidiary and further to the revision to be made in the petitions by the Company and CNIL, the Company would be required to issue its equity shares to the shareholders of CNIL towards consideration on merger of CNIL with the Company as may be approved by Hon'ble High Courts of Bombay & Madras respectively.

d) **Conversion of CCDs**

Consequent to the conversion of CCDs proposed to be alloted to the CDR Lenders and Promoters in Tranche II and III the equity capital of the Company would increase.

7. **DIVIDEND**

The Company is in the business of providing telecom towers on a shared basis to multiple wireless telecom service providers which is capital intensive in nature. In view of high depreciation, interest and in absence of distributable profits, 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 Joint 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**

Dr. Anand Patkar, Mr. N. Balasubramanian and Mr. Vivek Kulkarni retire by rotation at the forthcoming Annual General Meeting and Dr. Anand Patkar & Mr. N. Balasubramanian being eligible offer themselves for re–appointment. Mr. Vivek Kulkarni, however, had expressed his desire to retire and not to seek re–appointment.

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 beside GTL 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 23.19% of the Company's Paid–up 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 Eighth 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, 2012 does not contain any qualification or adverse remarks.

13. COST AUDITORS

The Government of India, Ministry of Corporate Affairs have, vide its Notification dated 7th December, 2011, made rules namely Cost Accounting Records (Telecommunication Industry) Rules, 2011, which would be applicable to Infrastructure Provider (IP–1). Accordingly, the Board of Directors have appointed Mr. V. V. Deodhar, a Practicing Cost Auditor as a Cost Auditor of the Company for the financial year 2012–13, subject to approval of Central Government.

14. 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, 2012 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.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has enhanced its focus on reduction of diesel consumption at telecom tower sites through several initiatives of energy efficiency and fuel savings. Further, trials of various green energy solutions are carried out through deployment of Solar Photovoltaic, Methanol based Fuel Cells and Lithium Ion batteries. The details relating to conservation of energy and environmental improvement are given in the Annexure to this Report.

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.

In line with DoT directives dated January 23, 2012 on Green initiatives to Telecom Service Providers , the Company has worked out plan to outsource supply of Renewable energy through RESCO (Renewable Energy Service Providers) model in phase–wise manner, FY2012–13 onwards.

The particulars regarding Foreign Exchange Expenditures and Earnings appear as item numbers 33 and 34 respectively, in Notes on Financial Statements to the Balance Sheet as at March 31, 2012 forming part of this Annual Report.

16. 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, names and other particulars of the employees are required to be set out in an annexure to this Report. However, in terms of the Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office. None of the employees listed in the said annexure are related to any Director of the Company.

17. 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.

18. GENERAL

Notes forming parts of the Accounts are self–explanatory.

19. 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
July 03, 2012

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 Rs. 10/– each) at an exercise price mentioned against each grant to the employees.

Grant	Date of Allotment	No. of options allotted	Exercise Price
1.	26.11.05	1,550,000	₹ 10.00
2.	12.02.07	7,490,000	₹ 29.81 (re–priced at Rs. 19.90 per share on account of Right Issue compensation on 09.10.07)
3.	27.02.07	25,000	₹ 29.81 (re–priced at Rs. 19.90 per share on account of Right Issue compensation on 09.10.07)
4.	09.10.07	899,000	₹ 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 November 9 2006 and up to April 28, 2009: 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 April 29, 2009: 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	23,507,500
D	Options exercised	12,443,746
E	Total number of shares arising as a result of exercise of Options	12,443,756
F	Options lapsed	2,255,600
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">13,495,004</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 hare (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 11–12 (₹)</td><td>FY 10–11 (₹)</td></tr>
<tr><td>#EPS Intrinsic Value Method</td><td>(3.87)</td><td>(1.45)</td></tr>
<tr><td>EPS Fair Value Method</td><td>(3.87)</td><td>(1.50)</td></tr>
<tr><td colspan="3">(#For details please refer Note No. 22.1 to the Balance Sheet as at March 31, 2012 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 ₹ 8,921,353 (Previous year 47,289,175) for the year ended on March 31, 2012.

However, had the Company followed Fair Value Method for calculating Employee Compensation Costs, such cost for the year would have been lower by ₹ 72,81,869 (Previous Year ₹ 45,452,180) 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 (₹ 3.87) (#)</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 – ₹ 24.30 and Weighted–Average fair value of options outstanding as at the year end – ₹ 0.88.</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, 2012	Outstanding as on March 31, 2012
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 • Deployment of 6KV SPV (Solar PhotoVoltaic) systems pilot sites • Deployment of 10KV SPV (Solar PhotoVoltaic) systems pilot sites • 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 • Deployment of DC type Diesel Generator of smaller capacity at pilot sites
b.	Additional Investments and proposals, if any, being implemented for reduction of consumption of energy	• Deployment of Integrated Power Management Units for AC power line conditioning and AC to DC conversion • Remote monitoring of site health parameters through NOC (Network Operations Centre) • Lithium Ion batteries for faster charging • Upgradation of DC power plants with compatible high efficiency rectifiers
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 achieve savings in energy costs. 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	:	₹ 453,615
b.	Recurring	:	₹ 4,609,509
c.	Total	:	₹ 5,063,124
d.	Total Expenditure as a percentage of Revenue	:	0.09%

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
July 03, 2012

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, 2012 and also the Statement of Profit and Loss 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
   i. Note No. 27 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.
   ii. Note No. 4.3 regarding the accounting treatment of redemption premium on Foreign Currency Convertible Bonds (FCCB).
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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012, 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, 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, 2012;
      (ii) in the case of Statement of Profit and Loss, 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 : May 17, 2012

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. The discrepancies noticed at the time of such verification were properly dealt with in the books of accounts.

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

ii. In respect of its inventories:

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

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

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

iii. According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to or from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii) of Paragraph 4 of the Companies (Auditors' Report) Order 2003, is not applicable to the Company.

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 is no contract or arrangement 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 the 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, for the year, under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the services provided by the Company.

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

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

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable except for dues relating to Gram panchayat tax and municipal tax aggregating to ₹ 8,477,476.

   c. The disputed statutory dues aggregating to ₹ 132,061,680 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	2006–07 to 2010–11	65,964,066	Deputy Commissioner (Appeals)
		2007–08 to 2009–10	7,587,993	Additional Commissioner (Appeals)
		2008–09	42,482,942	Joint Commissioner (Appeal)
		2006–07 and 2008–09	16,026,679	Sales Tax Tribunal
		Total	**132,061,680**	

(*) Net of amount deposited under protest as mentioned in Note No. 25 (v) to Financial Statements.

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

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 incurred cash losses during the year but had not incurred cash losses in the immediately preceding financial year.

xi. Based on our audit procedures, information and explanations given by the mangagement and considering the Corporate Debt Restructuring (CDR) scheme, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or bond holders except for Foreign Currency Term Loan of ₹ 277,890,240 in respect of which the repayment terms have since been amended w.e.f. May 14, 2012 and after taking into consideration such revised terms, there is no overdue amount.

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 Comapny.

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 ₹ 10,810,000,000 for loans taken by the subsidiary company from banks and financial institutions as at 31st March, 2012. The subsidiary is in the process of the amalgamation with the Company as mentioned in Note No. 25. 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 term loans outstanding at the beginning of the year and those raised during the year were prima facie been used for the purpose for which they were raised.

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, 2012, 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 have not prima facie been utilized for long term purposes.

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. During the year covered by our report the Company has not raised any money by public issue.

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 : May 17, 2012

Balance Sheet As at March 31, 2012

(Amount in ₹)

	Notes		As at March 31, 2012		As at March 31, 2011
Equity and Liabilities					
Shareholders' Funds					
Share Capital	2	9,573,486,040		9,573,486,040	
Reserves and Surplus	3	3,097,918,430		6,797,270,053	
			12,671,404,470		16,370,756,093
Non–Current Liabilities					
Long–Term Borrowings	4	31,906,186,318		38,169,491,000	
Other Long–Term Liabilities	5	1,647,057,714		489,222,052	
			33,553,244,032		38,658,713,052
Current Liabilities					
Short–Term Borrowings	6	–		10,210,704,433	
Trade Payables	7	984,125,439		998,424,179	
Other Current Liabilities	8	26,170,127,135		9,480,457,207	
Short–Term Provisions	9	10,258,583		12,630,150	
			27,164,511,157		20,702,215,969
	Total		73,389,159,659		75,731,685,114
Assets					
Non–Current Assets					
Fixed Assets	10				
Tangible Assets		41,349,892,662		35,666,100,323	
Intangible Assets		2,073,474		6,403,964	
Capital Work–in–Progress		2,786,067,756		8,616,308,485	
		44,138,033,892		44,288,812,772	
Non–Current Investments	11	18,489,724,000		18,489,724,000	
Long–Term Loans and Advances	12	5,920,241,869		6,153,739,745	
			68,547,999,761		68,932,276,517
Current Assets					
Current Investments	13	35,000,000		–	
Inventories	14	11,661,286		10,948,462	
Trade Receivables	15	361,255,273		376,144,651	
Cash and Bank Balances	16	485,938,818		2,657,980,398	
Short–Term Loans and Advances	17	2,873,155,304		3,338,468,915	
Other Current Assets	18	1,074,149,217		415,866,171	
			4,841,159,898		6,799,408,597
	Total		73,389,159,659		75,731,685,114
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 39				

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 : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Statement of Profit and Loss For The Year Ended March 31, 2012

(Amount in ₹)

	Notes	For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
INCOME :			
Revenue from Operations (Net)	19	5,505,560,167	4,904,185,813
Other Income	20	66,125,501	436,431,190
	Total Revenue	5,571,685,668	5,340,617,003
EXPENSES :			
Infrastructure Operation & Maintenace Cost (Net)	21	1,837,907,548	1,532,881,778
Employee Benefits Expense	22	156,818,321	204,137,797
Other Expenses	23	565,919,053	357,141,760
	Total	2,560,644,922	2,094,161,335
Profit before Finance Costs, Depreciation/Amortization and Tax		3,011,040,746	3,246,455,668
Finance Costs	24	4,285,076,216	2,562,745,431
Depreciation and Amortization Expenses	10	2,434,237,506	2,076,596,606
LOSS BEFORE TAX		(3,708,272,976)	(1,392,886,369)
Tax Expenses		–	–
LOSS FOR THE YEAR		(3,708,272,976)	(1,392,886,369)
Earnings Per Equity Share of ₹ 10 each	30		
Basic and Diluted		(3.87)	(1.45)
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 39		

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 : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Cash Flow Statement For The Year Ended March 31, 2012

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) before tax as per Statement of Profit and Loss	(3,708,272,976)	(1,392,886,369)
	ADJUSTED FOR		
	Depreciation and amortization expenses	2,434,237,506	2,076,596,606
	Distribution of Surplus from Beneficiary Trust	–	(353,258,739)
	Loss / (Profit) on sale of fixed asset	99,908,238	(18,137,697)
	Interest Income	(64,612,533)	(41,640,431)
	Finance Costs	4,285,076,216	2,562,745,431
	Balances Written back (Net)	–	(5,508)
	Provision for Wealth Tax	–	32,000
	Employee Stock Option Cost	8,921,353	47,289,175
	Foreign Exchange (Gain) / Loss (Net) – unrealised	8,574,486	62,941,934
	Profit on sale of Investments	(64,983)	–
	Bad Debts	5,982,504	6,920,678
	Provision for Doubtful Debts / Advances (Net of Excess Provision Reversal)	127,353,912	86,134,274
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	3,197,103,723	3,036,731,354
	ADJUSTMENTS FOR		
	Trade and Other Receivables	585,690,086	(553,488,260)
	Inventories	(712,824)	28,464,599
	Trade Payables	239,948,056	980,420,581
	CASH GENERATED FROM OPERATIONS	4,022,029,041	3,492,128,274
	Direct taxes paid / Refund Received (Net)	88,183,448	(55,275,282)
	NET CASH FLOW FROM OPERATING ACTIVITIES	4,110,212,489	3,436,852,992
B.	**CASH FLOW FROM INVESTING ACTIVITES**		
	Purchase of Fixed Assets and Capital Work–in–progress	(3,778,526,813)	(10,921,640,564)
	Sale of Fixed Assets	1,159,950,107	4,895,980,789
	Advance to Subsidiary (Net)	(622,561,478)	(680,008,833)
	Purchase of Investments	(4,079,513,367)	(68,026,256,197)
	Sale of Current Investments	4,046,054,669	68,139,237,046
	Realised Gain / (Loss) on Settled Derivatives Contracts / Currency Swap Arrangement (Net)	(10,946,769)	(203,992,017)
	Distribution of Surplus from Beneficiary Trust	–	353,258,739
	Interest Income	192,048,159	107,048,154
	NET CASH USED IN INVESTING ACTIVITIES	(3,093,495,492)	(6,336,372,883)

Cash Flow Statement For The Year Ended March 31, 2012

(Amount in ₹)

	Particulars	For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
C.	**CASH FLOW FROM FINANCING ACTIIVITIES**		
	Refund of Unclaimed Share Application Money	**(1,850)**	–
	CCD Application Money	**452,500,000**	–
	Proceeds from Long Term Borrowings	**–**	5,821,348,351
	Repayment of Long Term Borrowings	**(1,384,679,551)**	(10,660,997,189)
	Short Term Loans (Net)	**(5,535,000)**	10,071,301,620
	Interest and Finance charges Paid	**(2,251,042,176)**	(4,276,678,077)
	Fixed Deposits with Banks pledged as Margin Money and Debt Service Reserve Account (Net)	**1,469,317,180**	(335,786,612)
	NET CASH FLOW/(USED) FROM/(IN) FINANCING ACTIVITIES	**(1,719,441,397)**	619,188,093
	NET DECREASE IN CASH AND CASH EQUIVALENTS	**(702,724,400)**	(2,280,331,798)
	Cash and Cash Equivalents (Opening Balance)	**944,024,416**	3,224,356,214
	Cash and Cash Equivalents (Closing Balance)	**241,300,016**	944,024,416

(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) Refer Note No. 16 for Cash and Cash Equivalents as at year end.
(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 : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 1 Significant Accounting Policies

i. 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.

ii. Use of Estimate:

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

iii. 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.

iv. 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.

v. 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:

Sr. No.	Asset	Years
i.	Shelters	20
ii.	Network Operation Assets	4 to 10
iii.	Air Conditioners	9
iv.	Electrical & Power Supply Equipments	6 to 9
v.	Computers	3
vi.	Office Equipments	3 to 5
vii.	Furniture & Fittings	5
viii.	Vehicle	5

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 the 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.

vi. 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.

vii. 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.

viii. 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 Statement of Profit & Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

ix. 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.

x. 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. Exchange difference arising on Long Term Foreign Currency Monetary Items related to acquisition of fixed asset are capitalized and depreciated over the remaining useful life of the asset.

e. All other exchange differences are recognized as income or expenses in the period in which they arise.

xi. Employee Benefits:

a. Short–Term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit & Loss 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 Statement of Profit and Loss 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 Statement of Profit & Loss.

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.

xii. 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 Statement of Profit & Loss.

xiii. 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.

xiv. 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 recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realised in the future.

xv. 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 Statement of 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.

xvi. 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.

xvii. 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 Statement of Profit and Loss.

xviii. Issue Expenses:

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

xix. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 2 Share Capital

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
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 fully 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

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	(₹)	Number	(₹)
Equity Shares at the beginning of the Year	**957,348,604**	**9,573,486,040**	957,348,604	9,573,486,040
Equity Shares at the end of the Year	**957,348,604**	**9,573,486,040**	957,348,604	9,573,486,040

2.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 Shares reserved for issue under options to :

(i) The Employee Stock Option Schemes (ESOS) holders under the ESOS have the option to exercise/convert ESOS into 13,495,004 (Previous Year 13,651,804) (Refer Note No. 22.1)

(ii) The Foreign Currency Convertible Bonds (FCCB) holders have the option to convert FCCB into 169,158,948 (Previous Year 169,158,948) (Refer Note No. 4.3)

(iii) Compulsorily Convertible Debenture (CCD) holders to be allotted pursuant to the Corporate Debt restructuring package (Refer Note No. 4.4)

(iv) Refer Note No. 27 in respect of shares to be issued pursuant to the Scheme of Arrangement.

2.4 Details of shareholders holding more than 5% shares in the Company

Name of share holders	As at March 31, 2012		As at March 31, 2011	
	Number of Shares held	% holding in Share Capital	Number of Shares held	% holding in Share Capital
GTL Limited	**170,226,673**	**17.78%**	346,794,892	36.22%
Global Holding Corporation Private Limited	**211,733,496**	**22.12%**	211,733,496	22.12%
Technology Infrastructure Limited	**222,345,700**	**23.23%**	222,395,700	23.23%
IFCI Limited	**175,536,793**	**18.34%**	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 3 Reserves and Surplus

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Reconstruction Reserve		**199,302,121**		199,302,121
Balance as per last Balance Sheet				
(Created in terms of the Scheme of Arrangement)				
Capital Reserve		**184,600,000**		184,600,000
Balance as per last Balance Sheet				
(On Forfeiture of Preferential Convertible Warrants)				
Securities Premium Account				
Balance as per last Balance Sheet		**8,649,701,157**		8,649,701,157
Employee Stock Option Outstanding				
Balance as per last Balance Sheet	**107,880,000**		90,650,885	
Add : Granted during the year	**–**		18,324,000	
Less : Options exercised / lapsed during the year	**1,466,080**		1,094,885	
	106,413,920		107,880,000	
Less: Deferred Employee Stock Compensation				
Balance as per last Balance Sheet	**13,987,233**		44,047,293	
Add : Granted during the year	**–**		18,324,000	
Less : Amortised / lapsed during the year.	**10,387,433**		48,384,060	
	3,599,800		13,987,233	
		102,814,120		93,892,767
Surplus / (Deficit)				
Balance as per last Balance Sheet	**(2,330,225,992)**		(937,339,623)	
Loss for the year	**(3,708,272,976)**		(1,392,886,369)	
		(6,038,498,968)		(2,330,225,992)
Total		**3,097,918,430**		6,797,270,053

Note – 4 Long–Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Secured Loans				
Rupee Term Loans from				
– Banks	**29,999,529,913**		26,255,317,574	
– Financial Institution	**1,072,985,685**		1,037,800,000	
		31,072,515,598		27,293,117,574
Foreign Currency Term Loan from				
– Financial Institution	**833,670,720**		512,051,120	
		31,906,186,318		27,805,168,694
Unsecured Loans				
Foreign Currency Convertible Bonds (FCCBs)		**–**		10,364,322,306
Total		**31,906,186,318**		38,169,491,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4.1 Term Loans from Banks & Financial Institutions are secured by way of

(i) Mortgage by first pari–passu charge on all immovable assets, both present and future and on all movable assets, both present and future, including first floating charge on all the current assets of the Company.

(ii) Sponsor support from Global Holding Corporation Private Limited (GHC) and Mr. Manoj Tirodkar (Promoter) towards debt servicing of CDR Lenders and Personal guarantee aggregating to ₹ 6,010,400,000 by Mr. Manoj Tirodkar.

4.2 Terms of Repayment

(i) Rupee Term Loans from Banks and Financial Institutions having an effective yield of 10.75% over the tenure of the facility aggreegating to ₹ 30,189,971,635 are repayable in 53 structured quarterly instalments starting from June 30, 2013 and ending on June 30, 2026.

The Maturity Profile of these loans is as set below:

2013–14	**2014–15**	**2015–16**	**2016–17**
₹ 22,642,479	₹ 150,949,858	₹ 301,899,716	₹ 905,699,149
2017–18	**2018–19**	**2019–20**	**2020–21**
₹ 1,811,398,298	₹ 2,113,298,014	₹ 2,415,197,731	₹ 2,717,097,447
2021–22	**2022–23**	**2023–24**	**2024–25**
₹ 3,320,896,880	₹ 3,773,746,454	₹ 3,773,746,454	₹ 3,773,746,454
2025–26	**2026–27**		
₹ 3,924,696,313	₹ 1,184,956,388		

(ii) Rupee Term Loans from Banks and Financial Institutions having an Interest rate of 3% p.a agreegating to ₹ 573,614,127 are repayable in 16 structured quarterly instalments starting from June 30, 2013 and ending on March 31, 2017.

The Maturity Profile of this loan is as set below:

2013–14	**2014–15**	**2015–16**	**2016–17**
₹ 85,002,822	₹ 114,967,366	₹ 172,451,049	₹ 201,192,890

(iii) The Foreign Currency Term Loan includes overdue amount of ₹ 277,890,240 as on March 31, 2012. Subsequently on May 14, 2012 the terms of the loan have been amended and as per the amended terms the repayment of loans will commence only from June 15. 2013 and is accordingly repayble in 32 equated quarterly instalments of Euro 375,000 starting from June 15, 2013 and ending on March 15, 2021. The loan carries Interest rate of 3 months Euribor+200 bps.

(iv) Rupee Term Loans from Banks having an Interest rate of 8% p.a aggregating to ₹ 308,929,836 are reapayble only after the Final Settlement date of all other restructured Loans, i.e., June 30, 2026.

4.3 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) :

(i) 2,283 Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each, aggregating to USD 228.30 Million were outstanding as on March 31, 2012 convertible at the option of the bondholders into Equity shares of the Company by November 22, 2012. In the event the FCCBs holders do not exercise their option by the due date, the FCCBs are redeemable at a premium of 40.4064 percent of the principal amount. The pro–rata premium as on March 31, 2012 works out to ₹ 4,073,033,598. At the time of redemption, the Company will adjust the premium on redemption to Securities Premium Account and it will not have any impact on profit or loss of the Company. Meanwhile, the Company has also initiated the process of restructuring the FCCB's.

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

(a) 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.

(b) 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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4.4 CDR Empowered Group (CDR EG) vide their letter dated December 23, 2011 ('CDR Letter') approved the Company's financial restructuring package under the corporate debt restructuring mechanism (CDR) effective from July 1, 2011. As per the above mentioned restructuring package, a part of the debts outstanding in respect of CDR lenders who have signed the agreement as on that date and CCD contribution received from promoters, aggregating to ₹ 10,994,773,700 has been disclosed as CCD Application Money in Note No. 8 "Other Current Liabilities". Further, as per the above package the balance Rupee debt of the CDR lender are repayable over the period of 15 years with a moratorium of one year nine months from the effective date carrying interest on step up basis with an effective yield of 10.75% over the tenure of the facility and payable after one year six months from the effective date. Subsequent to March 31, 2012 the Company allotted Compulsorily Convertible Debentures against the above CCD Application Money of ₹ 10,994,773,700. Further, on May 5, 2012 these CCD's have been converted into 869,839,670 equity shares of ₹ 10/– each fully paid up.

Note – 5 Other Long Term Liabilities

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Deposits from customers	**562,007,664**	489,222,052
Interest accrued but not due on borrowings*	**1,085,050,050**	–
Total	**1,647,057,714**	**489,222,052**

* Represents the difference between effective rate of interest and step–up interest rate, pursuant to CDR Scheme, payable after one year.

Note – 6 Short–Term borrowings

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Unsecured Loans				
Buyer's Credit	–		210,704,433	
From Banks	–	**–**	10,000,000,000	10,210,704,433
Total		**–**		10,210,704,433

Note – 7 Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Suppliers for goods and services	**984,125,439**	998,424,179
Total	**984,125,439**	998,424,179

7.1 Details of dues to Micro, Small & Medium Enterprises as defined under the MSMED Act, 2006

	Particulars	As at March 31, 2012	As at March 31, 2011
(i)	Principal amount remaining unpaid	**NIL**	NIL
(ii)	Interest due thereon	**NIL**	NIL
(iii)	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL
(iv)	Interest due and payable for the period of delay in payment	**NIL**	NIL
(v)	Interest accrued and remaining unpaid	**NIL**	NIL
(vi)	Interest remaining due and payable even in succeeding years	**NIL**	NIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 8 Other Current Liabilities

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Current maturities of long–term borrowings				
– Term Loans	–		1,634,300,564	
– Foreign Currency Convertible Bonds (Refer Note No. 4.3)	11,889,939,339		–	
		11,889,939,339		1,634,300,564
Application Money towards Compulsorily Convertible Debentures (CCD) (Refer Note No. 4.4)		10,994,773,700		–
Interest accrued but not due on borrowings		4,793,606		12,625,642
Interest accrued and due on borrowings		–		379,056,867
Unearned revenue		156,623,073		15,491,045
Advance received from customer		67,594,344		–
Unclaimed Share Application Money *		44,859		46,709
Others				
– Statutory dues	51,643,807		167,401,130	
– Capex Creditors (including Acceptances)	2,265,442,189		6,623,388,156	
– Other Payable**	739,272,218		648,147,094	
		3,056,358,214		7,438,936,380
Total		26,170,127,135		9,480,457,207

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

** Mainly includes expenses, salary and restructuring expenses payable.

Note – 9 Short–Term Provisions

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for compensated absences	10,258,583	7,794,150
Provision for mark–to–market losses on derivative contracts	–	4,836,000
Total	10,258,583	12,630,150

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE – 10 Fixed Assets

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	Upto March 31, 2011	For the Year	Deductions/ Adjustments	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Owned Assets										
A) Tangible Assets:										
Land	57,805,418	2,055,000	–	59,860,418	–	–	–	–	59,860,418	57,805,418
Buildings	3,284,531,907	392,556,468	466,375	3,676,622,000	404,629,979	276,282,014	104,871	680,807,122	2,995,814,878	2,879,901,930
Plant and Equipments	38,872,007,713	7,914,690,654	254,283,457	46,532,414,910	6,157,516,869	2,150,404,226	59,336,305	8,248,584,790	38,283,830,120	32,714,490,845
Office Equipments	70,778,705	242,336	–	71,021,041	67,753,864	674,373	–	68,428,237	2,592,804	3,024,842
Furniture & Fixtures	57,148,051	607,010	–	57,755,061	50,292,485	618,733	–	50,911,218	6,843,843	6,855,562
Vehicles	8,747,384	–	2,046,973	6,700,411	4,725,658	1,240,040	215,886	5,749,812	950,599	4,021,726
Total of Tangible Assets (A)	**42,351,019,178**	**8,310,151,468**	**256,796,805**	**50,404,373,841**	**6,684,918,855**	**2,429,219,386**	**59,657,062**	**9,054,481,179**	**41,349,892,662**	**35,666,100,323**
B) Intangible Assets :										
Softwares*	21,648,964	687,630	–	22,336,594	15,245,000	5,018,120	–	20,263,120	2,073,474	6,403,964
Total of Intangible Assets (B)	**21,648,964**	**687,630**	**–**	**22,336,594**	**15,245,000**	**5,018,120**	**–**	**20,263,120**	**2,073,474**	**6,403,964**
Total of (A) + (B)	**42,372,668,142**	**8,310,839,098**	**256,796,805**	**50,426,710,435**	**6,700,163,855**	**2,434,237,506**	**59,657,062**	**9,074,744,299**	**41,351,966,136**	**35,672,504,287**
Previous Year	35,162,245,308	7,452,704,219	242,281,386	42,372,668,142	4,686,677,660	2,076,596,606	63,110,411	6,700,163,855	35,672,504,287	–
Capital Work–in–progress									**2,786,067,756**	8,616,308,485

* Other than Internally Generated.

Note :

10.1 Buildings include properties having gross block of ₹ 86,259,650 (Previous Year ₹ 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.

10.2 Buildings include of ₹ 2,938,483,500 (Previous Year ₹ 2,568,351,868) towards Leasehold Improvements and Boundry Wall at Sites.

10.3 Additions to Plant & Equipments includes Net Foreign Exchange Difference of ₹ 1,108,415,769 (Previous Year ₹ NIL) and borrowing costs of ₹ 2,939,302,591 (Previous Year ₹ 704,822,189) Capitalised during the year.

10.4 During the year the Company has disposed off CWIP of ₹ 1,056,102,908 for ₹ 1,101,058,612 (Previous Year ₹ 4,698,672,117 for ₹ 4,771,641,315).

10.5 Capital Work–in–Progress includes

a) Materials at sites amounting to ₹ 1,726,883,133 (Previous Year ₹ 4,192,043,625).
b) Net Foreign Exchange Difference of ₹ 104,716,729 (Previous Year ₹ NIL).
c) Pre–operative expenses of ₹ 954,467,894 (Previous Year ₹ 4,424,264,860).

10.6 Details of Net Pre–operative Expenses Considered as Capital Work –In–Progress

(Amount in ₹)

	2011–12	2010–11
Opening Balance	4,424,264,860	2,707,891,315
Add:		
Expenditure Incurred during the year:		
Infrastructure Operation and Maintenance Cost	92,784,530	432,642,586
Salaries and Allowances	26,183,097	137,014,637
Contribution to Provident Fund and Other Fund	2,426,576	6,509,931
Rent	30,337,580	77,205,628
Insurance	–	97,462
Communication Cost	1,565,545	3,541,249
Travel and Conveyance	9,066,949	31,512,867
Legal and Professional Charges	57,903,329	148,815,631
Stamp Duty and Registration Charges	1,791,890	14,859,981
General and Administrative Expenses	64,156,016	212,076,312
Interest on Term Loan	264,011,994	1,618,047,186
Interest Others	106,955,618	287,786,342
Bank and Financial Charges	29,155,523	177,306,678
	5,110,603,507	5,855,307,806
Less:		
Interest Received	73,126,441	84,853,857
Dividend on Current Investments	–	–
Profit on Sale of Current Investments	1,476,319	17,980,851
	5,036,000,747	5,752,473,098
Less: Amount allocated to Fixed Assets	4,081,532,853	1,328,208,238
Closing Balance	**954,467,894**	**4,424,264,860**

10.7 Impairment of Assets

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, 2012.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 11 Non–Current Investments

(Long Term Trade)

(Amount in ₹)

Particulars	Number March 31, 2012	Number March 31, 2011	Face Value (₹)	As at March 31, 2012		As at March 31, 2011
Unquoted						
In Equity Shares Others – Fully Paid up Global Rural NETCO Ltd.	33,250,000	33,250,000	10	**332,500,000**		332,500,000
Investment in Corpus of Tower Trust (A Beneficiary Trust)				**18,157,224,000**		18,157,224,000
					18,489,724,000	18,489,724,000
			Total		**18,489,724,000**	18,489,724,000

11.1 Aggregate Amount of Unquoted Investments. **18,489,724,000** 489,724,000

11.2 The Company is the sole beneficiary in the Tower Trust and has contributed ₹ 18,157,224,000 towards the Corpus of the said Trust. The Trust has invested the aforesaid amount in "Chennai Network Infrastructure Ltd." (CNIL) a special purpose vehicle (SPV) and holds 1,815,722,400 Equity Shares of ₹ 10 each (Previous year 1,815,722,400) representing 51% of total issued and paid up Equity Share Capital of CNIL.

11.3 Refer Note No. 1 (vii) for basis of valuation.

Note –12 Long Term Loans & Advances

(Unsecured and Considered good)

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital advances	**5,754,858,143**	5,997,946,174
Security deposit*	**165,383,726**	155,793,571
Total	**5,920,241,869**	6,153,739,745

* Includes ₹ 20,000,000 (Previous Year ₹ 20,000,000) with a related party, refer Note No. 29

Note – 13 Current Investments

(Other then Trade)

(Amount in ₹)

Particulars	Number March 31, 2012	Number March 31, 2011	Face Value (₹)	As at March 31, 2012	As at March 31, 2011
Unquoted					
In Unit of Mutual Funds					
Birla Sunlife Floating Rate Fund– Short Term–IP–Growth	**140,823**	–	100	**20,000,000**	–
DWS Insta Cash Plus Fund – Super Institutional Plan Growth	**36,388**	–	100	**5,000,000**	–
ICICI Prudential Liquid Super Institutional Plan – Growth	**64,284**	–	100	**10,000,000**	–
			Total	**35,000,000**	–

Note : **35,000,000** –

13.1 Aggregate Amount of Unquoted Investments.

13.2 Refer Note No. 1 (vii) for basis of valuation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 14 Inventories

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Stores, Spares and Consumables		11,661,286		10,948,462
Total		11,661,286		10,948,462

Refer Note No. 1(ix) for basis of valuation

Note – 15 Trade Receivables

(Unsecured)

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Outstanding for a period exceeding six months from the date they are due for payment				
– Considered Good	57,092,549		50,639,614	
– Considered Doubtful	83,157,051		58,327,291	
	140,249,600		108,966,905	
Provision for doubtful receivables	83,157,051		58,327,291	
		57,092,549		50,639,614
Others				
– Considered Good	304,162,724		325,505,037	
– Considered Doubtful	23,820,522		–	
	327,983,246		325,505,037	
Provision for doubtful receivables	23,820,522		–	
		304,162,724		325,505,037
Total		361,255,273		376,144,651

Note – 16 Cash and Bank Balances

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Cash and cash equivalents				
Balances with Banks:				
– in current accounts	219,168,307		921,422,518	
– cheques in hand	21,466,411		21,589,745	
Cash on hand	665,298		1,012,153	
		241,300,016		944,024,416
Fixed Deposits with Banks pledged as Margin Money and Debt Service Reserve Account*		244,638,802		1,713,955,982
Total		485,938,818		2,657,980,398

* Includes ₹ 318,553 (Previous year ₹ 45,130,000) having maturity period of more than 12 months.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 17 Short–Term Loans and Advances

(Unsecured, Considered good unless otherwise stated) (Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Loan and advances to related parties (Refer Note No. 29)		**1,775,642,542**		681,541,955
Advance income–tax (net of provision for taxation)		**388,292,876**		476,476,325
Cenvat / Service Tax input credit entitelments		**404,004,478**		1,634,968,623
Prepaid expenses		**42,234,042**		249,865,016
Deposits*		**201,813,823**		192,164,159
Other Advances **				
Unsecured, considered good	**61,167,543**		103,452,837	
Doubtful	**465,953**		375,684	
	61,633,496		103,828,521	
Less: Provision for doubtful advances	**465,953**		375,684	
		61,167,543		103,452,837
Total		**2,873,155,304**		3,338,468,915

* Includes ₹ 1,600,000 (Previous Year ₹ 1,600,000) with a related party, refer Note No. 29.

** Mainly relating to advances to suppliers, employees and Interest receivables.

Note – 18 Other Current Assets

(Unsecured, Considered good unless otherwise stated) (Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Energy Recoverables				
Considered Good	**944,157,491**		323,796,920	
Considered Doubtful	**81,238,929**		33,066,985	
	1,025,396,420		356,863,905	
Provision for doubtful receivables	**81,238,929**		33,066,985	
		944,157,491		323,796,920
Unbilled Income		**129,991,726**		92,069,251
Total		**1,074,149,217**		415,866,171

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 19 Revenue from Operations

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Service Charges from Telecom/Network Infrastructure Facilities		6,053,291,766	5,385,521,018
Equipment Provisioning		9,078,804	10,720,354
Other Operating Income		–	2,963,200
		6,062,370,570	5,399,204,572
Less: Service Tax Recovered		556,810,403	495,018,759
	Total	5,505,560,167	4,904,185,813

Note – 20 Other Income

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Profit on Sale of Fixed Assets (Net)		–	18,137,697
Profit on Sale of Current Investments (Net)		64,983	–
Distribution of Surplus from Trust		–	353,258,739
Interest Income		64,612,533	41,640,431
Exchange differences (Net)		–	18,671,513
Miscellaneous Income		1,447,985	4,722,810
	Total	66,125,501	436,431,190

Note – 21 Infrastructure Operation & Maintenance Cost (Net)

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Site Rentals		759,686,055	565,762,766
Power, Fuel and Maintenance Charges		2,780,098,426	2,365,580,409
Repairs and Maintenance to Plant and Equipments		125,213,922	168,977,896
Stores & Spares consumption		429,600	3,164,101
Other Operating Expenditure		617,357,320	570,832,586
		4,282,785,323	3,674,317,758
Less: Recovered from Customers (Net of Service Tax)		2,444,877,775	2,141,435,980
	Total	1,837,907,548	1,532,88 1,778

21.1 Stores & Spares consumption includes

Particulars	2011–12		2010–11	
	₹	% of Total consumed	₹	% of Total consumed
Imported	NIL	NIL	NIL	NIL
Indigenous	429,600	100	3,164,101	100

Note – 22 Employee Benefits Expense

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Salaries and Allowances		124,024,616	131,074,414
Contribution to Providend Fund, Gratuity Fund and Other Funds		14,693,359	14,116,047
Employee stock option cost		8,921,353	47,289,175
Employee Welfare and other amenities		9,178,993	11,658,161
	Total	156,818,321	204,137,797

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22.1 Employee Stock Option Scheme:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

f. Pursuant to approval of Shareholders in Annual General Meeting held on July10, 2009 all the unvested Options as of April 29, 2009 were vested on April 29, 2009.

g. 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:–

Period of vesting from the date of grant	To Vest
At the end of twelve months	35%
At the end of twenty four months	35%
At the end of thirty six months	30%

h. 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 156,800 Options lapsed during the year. (Previous years options lapsed 117,100).

These Options vest over a period ranging from one to three years as follows:–

No. of Years of Service completed by employees 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%

i. On May 04, 2010 the Company granted 1,800,000 Options ("Grant 11") convertible into Equity Share 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:–

Period of vesting from the date of grant	To Vest
At the end of twelve months	35%
At the end of twenty four months	35%
At the end of thirty six months	30%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

j. 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	2011–12	2010–11
Net Profit / Loss as reported	(3,708,272,976)	(1,392,886,368)
Less:		
Employee Compensation expenses	(7,281,869)	45,452,180
P&L Adjusted proforma	(3,700,991,107)	(1,438,338,548)
Basic & Diluted Earning Per Share as reported	(3.87)	(1.45)
Proforma Basic & Diluted Earning Per Share	(3.87)	(1.50)

k. Following table summarises the Company's Stock Options Activity for ESOS:

(Amount in ₹)

Sr. No.	Particulars	For the year ended on March 31, 2012		For the Year ended on March 31, 2011	
		No. of options	Weighted average exercise price	No. of Options	Weighted average exercise price
A.	i. Outstanding at the beginning of the year	13,651,804	24.34	11,968,904	23.45
	ii. Granted during the year	NIL	NIL	1,800,000	30.52
	iii. Lapsed during the year	(156,800)	28.00	(117,100)	28.00
	iv. Exercised during the year ended	NIL	NIL	NIL	NIL
	v. Expired during the the year	NIL	NIL	NIL	NIL
B.	Outstanding at the end of the year	13,495,004	24.30	13,651,804	24.34
C.	Exercisable at the end of the year	11,900,454	22.30	10,034,904	22.71
D.	Weighted average remaining contractual life (in years)	2.15	–	3.15	–

22.2 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, 2012	For the Year ended on March 31, 2011
Employer's Contribution to Provident Fund	13,971,360	12,519,959
Employer's Contribution to Pension Fund	2,696,625	2,314,024
Total	16,667,985	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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Defined Benefit Obligation at beginning of the Year	**11,972,133**	6,793,112	**7,794,150**	5,476,076
Current Service Cost	**4,031,048**	4,008,106	**1,458,055**	1,167,275
Current Interest Cost	**987,701**	560,432	**643,017**	451,776
Actuarial (Gain) / Loss	**(4,428,976)**	2,899,058	**(1,696,479)**	790,369
Liability Transfer In	**7,111,945**	–	**5,828,203**	–
Benefits paid	**(2,154,020)**	(2,288,575)	**(3,768,364)**	(91,346)
Defined Benefit Obligation at the end of the Year	**17,519,831**	11,972,133	**10,258,582**	7,794,150

b. Reconciliation of opening & closing balances of fair value of plan assets

(Amount in ₹)

Particulars	Gratuity Funded	
	As at March 31, 2012	As at March 31, 2011
Fair Value of Plan Asset at beginning of the Year	**12,005,786**	7,849,083
Expected Return on Plan Assets	**990,477**	647,549
Actuarial Gain / (Loss)	**528,216**	956,022
Contributions	**3,617,758**	4,841,707
Fund Transfer In	**9,921,817**	–
Benefits paid	**(2,154,020)**	(2,288,575)
Fair Value of Plan Asset at the end of the Year	**24,910,034**	12,005,786

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

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Fair Value of Plan Assets at the end of the Year	**24,910,034**	12,005,786	**NIL**	NIL
Present Value of Defined Benefit Obligation at end of the Year	**17,519,831**	11,972,133	**10,258,583**	7,794,150
Liability / (Asset) recognised in the Balance Sheet	**(7,390,203)**	(33,653)	**10,258,583**	7,794,150

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

d. Expense Recognised During the year

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	For the year ended March 31, 2012	For the year ended March 31, 2011	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Current Service Cost	**4,031,048**	4,008,106	**1,458,055**	1,167,275
Interest Cost	**987,701**	560,432	**643,017**	451,776
Expected Return on Plan Assets	**(990,477)**	(647,549)	**NIL**	NIL
Actuarial (Gain) / Loss	**(4,957,192)**	1,943,037	**(1,696,479)**	790,369
Net Cost Recognised in Profit and Loss Account	**(928,920)**	5,864,025	**404,593**	2,409,420

e. Amounts for current and previous years: Gratuity

(Amount in ₹)

Particulars	2011–12	2010–11	2009–10	2008–09	2007–08
Defined Benefit Obligation	**17,519,831**	11,972,133	6,793,111	4,983,015	2,949,302
Plan Assets	**24,910,034**	12,005,786	7,849,083	6,968,743	2,623,310
Surplus / (Deficit)	**7,390,203**	33,653	1,055,972	1,985,728	(325,992)
Experience adjustment on Plan Assets (Gain) / Loss	**(528,216)**	(956,022)	(557,499)	*	*
Experience adjustment on Plan Liabilities Gain / (Loss)	**4,428,976**	(2,899,058)	(989,039)	*	*

* The details are not furnished as the informations are not available with the Company.

f. Amounts for current and previous years: Compensated Absences

(Amount in ₹)

Particulars	2011–12	2010–11	2009–10	2008–09	2007–08
Defined Benefit Obligation	**10,258,583**	7,794,150	5,476,076	4,635,942	3,133,368
Plan Assets	**NIL**	NIL	NIL	NIL	NIL
Surplus / (Deficit)	**(10,258,583)**	(7,794,150)	(5,476,076)	(4,635,942)	(3,133,368)
Experience adjustment on Plan Assets (Gain) / Loss	**NIL**	NIL	NIL	*	*
Experience adjustment on Plan Liabilities Gain / (Loss)	**1,696,479**	790,369	1,248,804	*	*

* The details are not furnished as the information is not available with the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

g. Assumptions used to determine the defined benefit obligation

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
	Mortality Table (LIC) (1994–96 Ultimate)		**Mortality Table (LIC) (1994–96 Ultimate)**	
Discount Rate (p.a.)	**8.75%**	8.25%	**8.75%**	8.25%
Estimated rate of return on Plan Assets (p.a.)	**8.75%**	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.

Note – 23 Other Expenses

(Amount in ₹)

Particulars	For the Year ended on March 31, 2012		For the Year ended on March 31, 2011
Rent		**77,686,368**	51,722,866
Rates and Taxes		**29,874,254**	22,207,312
Electricity		**12,860,869**	13,347,330
Repairs and Maintenance			
– Office Building		**1,019,342**	203,940
– Office Equipments		**2,487,355**	2,029,468
– Others		**2,234,952**	1,412,416
Insurance Premium		**9,698,229**	7,103,801
Communication Cost		**9,660,199**	11,513,593
Travel and Conveyance		**24,031,928**	27,603,599
Legal and Professional Charges		**87,511,928**	56,284,568
Payment to Auditors		**8,245,393**	6,700,000
Office Expenses		**19,526,129**	12,094,032
Printing and Stationery		**6,645,413**	12,532,746
Directors' Sitting Fees		**1,512,500**	1,420,000
Exchange differences (Net)		**8,761,409**	–
Advertisment and Business Promotion		**1,190,246**	5,143,464
Bad Debts	**36,423,922**		54,470,604
Less: Provision for Doubtful Debts Written Back	**(30,441,418)**		(47,549,926)
		5,982,504	6,920,678
Provision for Doubtful Debts		**127,353,912**	86,134,274
Loss on Sale of Fixed Assets (Net)		**99,908,238**	–
Miscellaneous Expenses		**29,727,885**	32,767,673
Total		**565,919,053**	357,141,760

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

23.1 Auditor's Remuneration includes

(Amount in ₹)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Audit Fees	3,000,000	3,000,000
Tax Audit Fees	1,200,000	1,200,000
Certification Fees	2,745,393	1,500,000
Other Matters	1,300,000	1,000,000
Total	8,245,393	6,700,000

Note – 24 Finance Costs

(Amount in ₹)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest	3,926,302,385	2,404,148,491
Other Borrowing Costs	353,373,801	59,202,235
Exchange difference to the extent considered as an adjustment to borrowing costs	5,400,030	99,394,705
Total	4,285,076,216	2,562,745,431

Note – 25 Contingent Liabilities

(Amount in ₹)

Sr. No.	Particulars	As at March 31, 2012	As at March 31, 2011
	Contingent Liabilities not provided for (No Cash Outflow is expected)		
i.	Bank Guarantees (Bank Guarantees are provided under contractual / legal obligation)	25,851,074	85,753,419
ii.	Corporate Guarantee (Given to Banks and Financial Institution for loans taken by the subsidiary company)	10,810,000,000	10,560,000,000
iii.	Claims against the Company not acknowledged as debts	15,234,109	11,504,898
iv.	Premium on Foreign Currency Convertible Bonds issued	4,073,033,598	4,187,849,528
v.	Disputed liability in respect of Sales Tax Matter under appeal (Amount deposited ₹ 38,869,569 (Previous Year ₹ 27,576,360)	170,931,249	108,202,338

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 26 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) as at March 31, 2012 is ₹ 12,031,399,019 (previous year ₹ 12,088,984,317) Cash outflow is expected on execution of such contracts on progressive basis.

Note – 27 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 sactioned 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. In terms of the CDR package (Refer note no 4.4), the above scheme of arrangement will be modified / revised and once the scheme is effective, these accounts will undergo change w.e.f. the appointed date.

Note – 28 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.

Note – 29 Related Party Disclosures

a Related Parties

I Subsidiary

Chennai Network Infrastructure Limited

II Trust

Tower Trust (The Company is sole beneficiary)

III Associates

a GTL Limited

b Technology Infrastructure limited

c Global Holding Corporation Private Limited

IV Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman

b. Mr. Prakash Ranjalkar, CEO & Whole–time Director (Upto December 31, 2011)

c. Mr. Milind Naik, Whole–time Director & Co–COO (w.e.f. July 21, 2011)

d. Mr. Ravi Ananth, Whole–time Director (w.e.f. April 29, 2011 upto July 21, 2011)

e. Mr. Prasanna Bidnurkar, Chief Financial Officer (Upto December 29, 2011)

f. Mr. Bhupendra J. Kiny, Chief Financial Officer (w.e.f. December 29, 2011)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b. Transactions with related parties:

(Amount in ₹)

Particulars	Subsidiary Company		Trust		Associates		Key Managerial Personnel	
	For the Year ended on March 31, 2012	For the Year ended on March 31, 2011	**For the Year ended on March 31, 2012**	For the Year ended on March 31, 2011	**For the Year ended on March 31, 2012**	For the Year ended on March 31, 2011	**For the Year ended on March 31, 2012**	For the Year ended on March 31, 2011
	(with I above)				**(with III (a) above)**		**(with IV above)**	
Deposit given	–	–	–	–	–	20,000,000	–	–
Purchase of Fixed Assets	–	–	–	–	863,038,886	7,890,238,713	–	–
Sale of Fixed Assets	–	–	–	–	–	252,744,091	–	–
Energy Recoverables assigned during the period	–	–	–	–	1,179,106,115	1,916,724,039	–	–
Miscellaneous Income	–	–	–	–	388,808	4,738,357	–	–
Finance Charges paid	–	–	–	–	23,326,595	42,282,932	–	–
Reimbursement of expenses from	–	–	–	–	1,151,740,900	802,156,937	–	–
Operations, Maintenance and Energy Management Cost	–	–	–	–	2,597,129,146	2,361,404,459	–	–
Legal and Professional Charges	–	–	–	–	2,121,653	9,295,373	–	–
Reimbursement of expense to	–	–	–	–	39,845,588	209,075,473	–	–
					(with III (b) above)			
Corporate Guarantee given	–	12,500,000,000	–	–	–	–	–	–
Sale of Fixed Assets	7,601,031	14,664,666	–	–	–	–	–	–
Reimbursement of expenses from	618,974,129	323,069,484	–	–	–	–	–	–
Reimbursement of expense to	4,013,684	2,630,536	–	–	–	–	–	–
Inventory given on loan	433,243,563	344,905,218	–	–	–	–	–	–
					(with III (c) above)			
Loan Repaid	–	–	–	–	–	2,800,000,000	–	–
Application Money Received Towards CCD	–	–	–	–	452,500,000	–	–	–
Advance Given	–	–	–	1,533,122	–	–	–	–
Distribution of Surplus from Trust	–	–	–	353,258,739	–	–	–	–
Salaries and Allowances (*)	–	–	–	–	–	–	14,195,251	6,036,446
Director sitting fees paid (**)	–	–	–	–	–	–	265,000	240,000
Outstanding As at	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
	(with I above)				**(with III (a) above)**		**(with IV above)**	
Sundry Creditors	–	–	–	–	890,142,549	1,305,504,951	–	–
Energy Recoverables.	–	–	–	–	38,295,546	425,938,573	–	–
Advances	–	–	–	–	–	–	–	–
Security Deposit received	–	–	–	–	2,500,000	2,500,000	–	–
Security Deposit given	–	–	–	–	21,600,000	21,600,000	–	–
	(with I above)				**(with III (b) above)**			
Advance Recoverable in cash or Kind	1,735,813,871	680,008,832	–	–	–	–	–	–
Corporate Guarantee	10,810,000,000	10,560,000,000	–	–	–	–	–	–
					(with III (c) above)			
			(with II above)					
Application Money Received Towards CCD	–	–	–	–	452,500,000	–	–	–
Investment in Corpus	–	–	18,157,224,000	18,157,224,000	–	–	–	–
Advance Recoverable in cash or Kind	–	–	1,533,122	1,533,122	–	–	–	–

(*) Salaries and Allowances includes ₹ 4,090,510 (Previous Year ₹ 4,809,000) paid to Mr. Prakash Ranjalkar (Whole–time Director), ₹ 3,922,001 (Previous Year ₹ 400,362) paid to Mr. Prasanna Bidnurkar (CFO) ₹ 1,295,844 Paid to Mr. Ravi Ananth, Whole–time Director, ₹ 3,052,029 paid to Mr. Milind Naik (Whole–time Director) & ₹ 1,834,867 paid to Mr. Bhupendra J. Kiny (CFO).
(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar ₹ 265,000 (Previous Year ₹ 240,000).
The above transactions are given for the period for which relationship exists.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 30 Earnings Per Share (Basic and Diluted)

(Amount in ₹)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit / (Loss) after tax attributable to Equity Share holders.	**(3,708,272,976)**	(1,392,886,368)
Weighted average no. of Equity Shares outstanding	**957,348,604**	957,348,604
Basic & Diluted Earning Per Share of ₹ 10 Each (₹)	**(3.87)**	(1.45)

The effects of Foreign Currency Convertible Bonds, Employee Stock Option Scheme (ESOS) and Application Money received towards Compulsorily Convertible Debentures, 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.

Note – 31 Deferred Tax Liability / (Assets)

As required by Accounting Standard 22 on 'Accounting for Taxes on Income' Deferred Tax Comprises of following items:

(Amount in ₹)

Particulars		As at March 31, 2012	As at March 31, 2011
Deferred Tax Liablities			
Related to Fixed Assets		**3,374,418,546**	2,259,478,473
	Total	**3,374,418,546**	2,259,478,473
Deferred Tax Assets			
Unabsorbed Depreciation		**4,174,279,881**	2,893,169,075
Disallowance under Income Tax Act		**69,638,410**	33,072,709
	Total	**4,243,918,291**	2,926,241,784
Net Deferred Tax Liability / (Asset)		**(869,499,745)**	**(666,763,311)**

As at March 31,2012, The Company has Net Deferred Tax Assets of ₹ 869,499,745 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 accounts in line with Accounting Standard 22 dealing with "Accounting for taxes on Income".

Note – 32 Financial & Other Derivative Instruments

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2012.
For Hedging Currency and Interest rate related risks:

(Amount in ₹)

Particular	As at March 31, 2012	As at March 31, 2011
Interest Rate Swaps	**NIL**	58,269,945

b. All Derivative & Financial Instruments acquired by the company are for the hedging purposes only.

c. Net Foreign Currency Exposures that are not hedged by derivative instruments or Forward contracts as at March 31, 2012 amount to ₹ 11,717,091,609 (Previous year ₹ 10,276,492,220).

Note – 33 Expenditure in Foreign Currency

(Amount in ₹)

Particulars		2011–12	2010–11
Interest		**30,699,045**	39,837,851
Bank and Other Charges		**10,326**	90,945
Foreign Travel		**937,346**	2,165,395
Professional & Consultancy		**4,314,777**	1,440,149
Others		**1,383,309**	1,392,319
	Total	**37,344,803**	44,926,659

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 34 Value of Imports Calculated on C.I.F. Basis

(Amount in ₹)

Particular	2011–12	2010–11
Capital Goods	59,268,758	343,562,669

Note – 35 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.

Note – 36 In the opinion of the Management, Non Current / Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

Note – 37 In accordance with clause 32 of Listing Agreement the details of advance is as under:

a. To Chennai Network Infrastructure Limited (CNIL), a Subsidiary, closing balance as on March 31, 2012 is ₹ 1,735,813,873 (Previous year ₹ 680,008,833). Maximum balance outstanding during the year was ₹ 1,735,813,873 (Previous year ₹ 680,008,833).

b. CNIL has not made investment in the shares of the Company.

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

Note – 38 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 is of the view that there will not be any liability on this account.

Note – 39 The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to make them comparable with those of the current year.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Financial Information of Subsidiary Company

Name of the Subsidiary Company		**Chennai Network Infrastructure Limited (CNIL)**
Country		**India**
Sr. No.	**Particulars**	**Amount (₹)**
a.	Capital	35,602,900,000
b.	Reserves	(10,323,050,474)
c.	Total Assets	107,458,900,889
d.	Total Liabilities	82,187,046,563
e.	Investment	7,649,999,900
f.	Turnover	8,473,997,032
g.	Loss before taxation	(6,285,257,155)
h.	Provision for taxation	–
i.	Loss after taxation	(6,285,257,155)
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 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 Shareholder.

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, 2012 and also the Consolidated Statement of Profit and Loss 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
   i. Note No. 30 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.
   ii. Note No. 4.4 regarding the accounting treatment of redemption premium on Foreign Currency Convertible Bonds (FCCB).
4. Attention is invited to the note no. 11 to the Financial Statements, wherein Share Application money by CNIL the subsidiary of the Company towards issue of Preference shares in GTL Limited amounting to ₹ 6,500,000,000 has been classified as a non current investments as against Long Term Loans and advances. This treatment is in preference to the requirement of schedule VI of the Company Act, 1956. This has resulted into non–current investments being higher by ₹ 6,500,000,000 and long term Loans and Advances lower by the same amount. However this has no impact on the total non–current assets as at March 31, 2012.
5. We did not audit the financial statements of the subsidiary company and Trust, whose financial statements reflect total assets of ₹ 107,468,551,934 as at 31st March 2012, total revenues of ₹ 8,506,068,449 and net cash outflows amounting to ₹ 1,035,707,091 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.
6. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements".
7. 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 *subject to our comments in paragraph 4 above* 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 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, 2012;
   ii. In so far as it relates to the Consolidated Statement of Profit and Loss, 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 : May 17, 2012

Consolidated Balance Sheet As at March 31, 2012

(Amount in ₹)

	Notes		As at March 31, 2012		As at March 31, 2011
Equity and Liabilities					
Shareholders' Funds					
Share Capital	2	9,573,486,040		9,573,486,040	
Reserves and Surplus	3	(2,480,002,271)		4,408,464,267	
			7,093,483,769		13,981,950,307
Minority Interest			12,387,307,331		15,467,128,354
Non–Current Liabilities					
Long–Term Borrowings	4	86,151,875,132		101,679,491,000	
Other Long–Term Liabilities	5	4,144,766,415		1,153,655,050	
			90,296,641,547		102,833,146,050
Current Liabilities					
Short–Term Borrowings	6	21,823,641,000		10,210,704,433	
Trade Payables	7	1,287,280,200		1,543,968,124	
Other Current Liabilities	8	27,749,843,651		15,970,131,059	
Short–Term Provisions	9	10,258,583		12,630,150	
			50,871,023,434		27,737,433,766
	Total		160,648,456,081		160,019,658,477
Assets					
Non–Current Assets					
Fixed Assets	10				
Tangible Assets		114,191,101,112		106,332,606,016	
Intangible Assets		9,118,957,169		9,622,955,138	
Capital Work–in–Progress		2,849,413,325		9,767,766,656	
		126,159,471,606		125,723,327,810	
Goodwill on Consolidation		15,862,850		15,862,850	
Non–Current Investments	11	6,832,500,000		332,500,000	
Long–Term Loans and Advances	12	16,390,903,146		12,606,631,530	
			149,398,737,602		138,678,322,190
Current Assets					
Current Investments	13	1,184,999,900		–	
Inventories	14	11,661,286		10,948,462	
Trade Receivables	15	934,571,354		724,980,315	
Cash and Bank Balances	16	1,505,403,736		4,713,152,406	
Short–Term Loans and Advances	17	5,825,568,300		14,938,111,290	
Other Current Assets	18	1,787,513,903		954,143,814	
			11,249,718,479		21,341,336,287
	Total		160,648,456,081		160,019,658,477
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 40				

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 : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Consolidated Statement of Profit and Loss For The Year Ended March 31, 2012

(Amount in ₹)

	Notes	For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
INCOME			
Revenue from Operations (Net)	19	13,979,557,199	10,075,731,930
Other Income	20	98,196,919	750,670,945
	Total Revenue	14,077,754,118	10,826,402,875
EXPENSES			
Infrastructure Operation & Maintenace Cost (Net)	21	5,146,020,600	3,630,489,990
Employee Benefits Expense	22	288,126,875	227,483,114
Other Expenses	23	934,061,046	393,900,970
	Total	6,368,208,521	4,251,874,074
Profit before Finance Costs, Depreciation/Amortization and Tax		7,709,545,597	6,574,528,801
Finance Costs	24	9,773,104,105	6,570,393,116
Depreciation and Amortization Expenses	10	7,913,650,405	5,747,659,756
LOSS BEFORE TAX		(9,977,208,913)	(5,743,524,071)
Tax Expenses		–	–
Loss for the year before Minority Interest		(9,977,208,913)	(5,743,524,071)
Minority Interest in Loss		(3,079,821,022)	(1,963,306,432)
LOSS FOR THE YEAR		(6,897,387,891)	(3,780,217,639)
Earnings Per Equity Share of ₹ 10 each	34		
Basic and Diluted		(7.20)	(3.95)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 40		

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 : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Consolidated Cash Flow Statement For The Year Ended March 31, 2012

(Amount in ₹)

	Particulars	For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Loss before tax as per Statement of Profit and Loss	(9,977,208,913)	(5,743,524,071)
	ADJUSTED FOR		
	Depreciation and amortization expenses	7,913,650,405	5,747,659,756
	Loss / (Profit) on sale of fixed asset	104,648,958	(17,226,375)
	Miscellaneous Expenditure Written Off	3,997,600	2,869,510
	Interest Income	(93,462,489)	(710,050,247)
	Finance Costs	9,773,104,105	6,570,393,116
	Balances Written back (Net)	–	(5,508)
	Provision for Wealth Tax	–	32,000
	Employee Stock Option Cost	8,921,353	47,289,175
	Foreign Exchange (Gain) / Loss (Net) – unrealised	8,574,486	62,941,934
	Profit on sale of Investments	(3,286,445)	–
	Bad Debts	5,982,505	6,920,678
	Provision for Doubtful Debts / Advances (Net of Excess Provision Reversal)	285,179,871	86,134,274
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	8,030,101,436	6,053,434,242
	ADJUSTMENTS FOR		
	Trade and Other Receivables	605,519,118	(10,966,067,941)
	Inventories	(712,824)	28,464,599
	Trade Payables	(251,878,963)	2,663,003,129
	CASH GENERATED FROM OPERATIONS	8,383,028,767	(2,221,165,971)
	Direct taxes paid / Refund Received (Net)	(123,397,456)	(679,148,623)
	NET CASH FLOW FROM OPERATING ACTIVITIES	8,259,631,311	(2,900,314,594)
B.	**CASH FLOW FROM INVESTING ACTIVITES**		
	Purchase of Fixed Assets and Capital Work–in–progress	(4,493,648,066)	(99,094,007,506)
	Inter Corporate Deposits (Net)	–	17,859,983,425
	Sale of Fixed Assets	1,163,492,694	4,895,069,465
	Purchase of Investments	(25,505,013,167)	(349,510,017,414)
	Sale of Current Investments	24,344,356,347	408,967,241,098
	Realised Gain / (Loss) on Settled Derivatives Contracts / Currency Swap Arrangement (Net)	(10,946,769)	(203,992,017)
	Interest Income	358,248,116	2,485,811,555
	NET CASH USED IN INVESTING ACTIVITIES	(4,143,510,845)	(14,599,911,394)

Consolidated Cash Flow Statement For The Year Ended March 31, 2012

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
C.	**CASH FLOW FROM FINANCING ACTIIVITIES**		
	Preference Share Application Money	**–**	4,450,000,000
	Refund of Unclaimed Share Application Money	**(1,850)**	–
	Proceeds Towards Issue of Compusorily Covertible Debentures	**452,500,000**	–
	Proceeds from Long Term Borrowings	**250,000,100**	18,278,783,967
	Repayment of Long Term Borrowings	**(2,337,408,567)**	(10,660,997,189)
	Short Term Loans (Net)	**–**	10,071,301,620
	Interest and Finance charges Paid	**(5,688,958,819)**	(10,464,151,528)
	Fixed Deposits with Banks pledged as Margin Money and Debt service Reserve Account (Net)	**2,245,040,360**	(335,786,612)
	NET CASH FLOW/(USED) FROM/(IN) FINANCING ACTIVITIES	**(5,078,828,776)**	11,339,150,258
	NET DECREASE IN CASH AND CASH EQUIVALENTS	**(962,708,310)**	(6,161,075,730)
	Cash and Cash Equivalents (Opening Balance)	**2,155,164,028**	8,316,239,758
	Cash and Cash Equivalents (Closing Balance)	**1,192,455,718**	2,155,164,028

(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) Refer Note No. 16 for Cash and Cash Equivalents as at year end.

(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 : May 17, 2012

For and on behalf of the Board of Directors

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VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 1 Significant Accounting Policies

i. 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.26 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. 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.

e. 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.

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

iii. Other Significant Accounting Policies:

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

Note – 2 Share Capital

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
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 fully 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

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Equity Shares at the beginning of the Year	**957,348,604**	**9,573,486,040**	957,348,604	9,573,486,040
Equity Shares at the end of the Year	**957,348,604**	**9,573,486,040**	957,348,604	9,5 73,486,040

2.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 Shares reserved for issue under options to :

(i) The Employee Stock Option Schemes (ESOS) holders under the ESOS have the option to exercise/convert ESOS into 13,495,004 (Previous Year 13,651,804) (Refer Note No. 22.1).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(ii) The Foreign Currency Convertible Bonds (FCCB) holders have the option to convert FCCB into 169,158,948 (Previous Year 169,158,948) (Refer Note No. 4.4).

(iii) Compulsorily Convertible Debenture (CCD) holders to be allotted pursuant to the Corporate Debt restructuring package (Refer Note No. 4.5).

(iv) Refer Note No. 30 in respect of shares to be issued pursuant to the Scheme of Arrangement.

2.4 Details of shareholders holding more than 5% shares in the company

Name of Share Holders	As at March 31, 2012		As at March 31, 2011	
	Number of Shares held	% holding in Share Capital	Number of Shares held	% holding in Share Capital
GTL Limited	170,226,673	17.78%	346,794,892	36.22%
Global Holding Corpoaration Private Limited	211,733,496	22.12%	211,733,496	22.12%
Technology Infrastructure Limited	222,345,700	23.23%	222,395,700	23.23%
IFCI Limited	175,536,793	18.34%	–	–

Note – 3 Reserves and Surplus

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Reconstruction Reserve		199,302,121		199,302,121
Balance as per last Balance Sheet				
(Created in terms of the Scheme of Arrangement)				
Capital Reserve		184,600,000		184,600,000
Balance as per last Balance Sheet				
(On Forfeiture of Preferential Convertible Warrants)				
Securities premium account				
Balance as per last Balance Sheet		8,649,701,157		8,649,701,157
Employee stock option outstanding				
Balance as per last Balance Sheet	107,880,000		90,650,885	
Add : Granted during the year	–		18,324,000	
Less : Options exercised / lapsed during the year	1,466,080		1,094,885	
	106,413,920		107,880,000	
Less: deferred employee stock compensation				
Balance as per last Balance Sheet	13,987,233		44,047,293	
Add : Granted during the year	–		18,324,000	
Less : Amortised/lapsed during the year.	10,387,433		48,384,060	
	3,599,800		13,987,233	
		102,814,120		93,892,767
Surplus/(Deficit)				
Balance as per last Balance Sheet	(4,719,031,778)		(938,814,139)	
Loss for the year	(6,897,387,891)		(3,780,217,639)	
		(11,616,419,669)		(4,719,031,778)
Total		(2,480,002,271)		4,408,464,267

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 4 Long Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Secured Loans				
Rupee Term Loans from				
– Banks	**76,534,361,878**		79,315,317,574	
– Financial Institution	**8,783,842,534**		8,537,800,000	
	85,318,204,412		87,853,117,574	
Foreign Currency Term Loan from				
– Financial Institution	**833,670,720**		512,051,120	
		86,151,875,132		88,365,168,694
Unsecured Loans				
Foreign Currency Convertible Bonds (FCCBs)		**–**		10,364,322,306
From Body Corporates		**–**		2,950,000,000
Total		**86,151,875,132**		101,679,491,000

4.1 Term Loans from Banks & Financial Institutions includes:

(i) ₹ 31,906,186,318 secured by way of mortgage by first pari–passu charge on all immovable assets, both present and future and on all movable assets, both present and future, including first floating charge on all the current assets of the Company.

(ii) ₹ 47,745,688,814 secured by way of mortgage by first pari–passu charge on all immovable assets, both present and future and on all movable assets, both present and future, including first floating charge on all the current assets of the Subsidiary Company (Except for ICICI Bank Limited of ₹ 6,500,000,000 who shall have Second Charge on the said security towards repayment of Principal).

4.2 Term Loans from Banks & Financial Institutions are further secured by Sponsor support from Global Holding Corporation Private Limited (GHC) and Mr. Manoj Tirodkar (Promoter) towards debt servicing of CDR Lenders and Personal guarantee aggregating to ₹ 15,447,400,000 by Mr. Manoj Tirodkar.

4.3 Terms of Repayment

(i) Rupee Term Loans from Banks and Financial Institutions having an effective yield of 10.75% over the tenure of the facility aggreegating to ₹ 76,951,644,156 are repayable in 53 structured quarterly instalments starting from June 30, 2013 and ending on June 30, 2026.

The Maturity Profile of these loans is as set below:

2013–14	**2014–15**	**2015–16**	**2016–17**
₹ 256,450,840	₹ 384,758,221	₹ 535,708,079	₹ 1,840,932,599
2017–18	**2018–19**	**2019–20**	**2020–21**
₹ 3,915,673,562	₹ 5,152,806,728	₹ 6,156,131,533	₹ 7,393,264,699
2021–22	**2022–23**	**2023–24**	**2024–25**
₹ 8,464,680,857	₹ 9,385,147,157	₹ 10,086,572,245	₹ 10,086,572,245
2025–26	**2026–27**		
₹ 10,237,522,103	₹ 3,055,423,288		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(ii) Rupee Term Loans from Banks and Financial Institutions having an Interest rate of 3% p.a agreegating to ₹ 573,614,127 are repayable in 16 structured quarterly instalments starting from June 30, 2013 and ending on March 31, 2017 and ₹ 984,016,293 are repayable in 21 structured quarterly instalments starting from March 31, 2013 and ending on March 31, 2018.

The Maturity Profile of these loans is as set below:

2012–13	2013–14	2014–15	2015–16
₹ 73,801,222	₹ 208,004,859	₹ 311,770,624	₹ 369,254,307
2016–17	**2017–18**		
₹ 397,996,149	₹ 196,803,259		

(iii) Rupee Term Loan from a Bank aggregating to ` 6,500,000,000 having an effective yield of 8 % over the tenure of the facility are repayable in 41 structured quarterly instalments starting from June 30, 2016 and ending on June 30, 2026.

The Maturity Profile of this loan is as set below:

2016–17	2017–18	2018–19	2019–20
₹ 130,000,000	₹ 325,000,000	₹ 487,500,000	₹ 617,500,000
2020–21	**2021–22**	**2022–23**	**2023–24**
₹ 650,000,000	₹ 715,000,000	₹ 780,000,000	₹ 812,500,000
2024–25	**2025–26**	**2026–27**	
₹ 845,000,000	₹ 845,000,000	₹ 292,500,000	

(iv) The foreign Currency Term Loan includes overdue amount of ₹ 277,890,240 as on March 31, 2012. Subsequently on May 14, 2012 the terms of the loan have been amended and as per the amended terms the repayment of loans will commence only from June 15. 2013 and is accordingly repayble in 32 equated quarterly instalments of Euro 375,000 starting from June 15 , 2013 and ending on March15 , 2021. The loan carries Interest rate of 3 months Euribor+200 bps.

(v) Rupee Term Loans from Banks having an Interest rate of 8% p.a aggregating to ₹ 308,929,836 are reapayble only after the Final Settlement date of all other restructured Loans, i.e., June 30, 2026.

4.4 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) :

(i) 2,283 Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each, aggregating to USD 228.30 Million were outstanding as on March 31, 2012 convertible at the option of the bondholders into Equity shares of the Company by November 22, 2012. In the event the FCCBs holders do not exercise their option by the due date, the FCCBs are redeemable at a premium of 40.4064 percent of the principal amount. The pro–rata premium as on March 31, 2012 works out to ₹ 4,073,033,598 . At the time of redemption, the Company will adjust the premium on redemption to Securities Premium Account and it will not have any impact on profit or loss of the Company. Meanwhile, the Company has also initiated the process of restructuring the FCCB's.

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

(a) 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.

(b) 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.

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

4.5 (a) CDR Empowered Group (CDR EG) vide their letter dated December 23, 2011 ('CDR Letter') approved the Company's financial restructuring package under the corporate debt restructuring mechanism (CDR) effective from July 1, 2011. As per the above mentioned restructuring package, a part of the debts outstanding in respect of CDR lenders who have signed the agreement as on that date and CCD contribution received from promoters, aggregating to ₹ 10,994,773,700 has been disclosed as CCD Application Money in Note No. 8 "Other Current Liabilities". Further, as per the above package the balance Rupee debt of the CDR lender are repayable over the period of 15 years with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

a moratorium of one year nine months from the effective date carrying interest on step up basis with an effective yield of 10.75% over the tenure of the facility and payable after one year six months from the effective date. Subsequent to March 31, 2012 the Company allotted Compulsorily Convertible Debentures against the above CCD Application Money of ₹ 10,994,773,700. Further, on May 5, 2012 these CCD's have been converted into 869,839,670 equity shares of ₹ 10/– each fully paid up.

(b) CDR EG vide their letter dated December 23, 2011 have also approved the CNIL's financial restructuring package under the CDR mechanism effective from July 1, 2011. As per the above mentioned restructuring package, CNIL has allotted Compulsorily Convertible Debentures (CCDs) aggregating to ₹ 21,823,641,000 (including ₹ 7,585,334,400 allotted to promoters) against the conversion of part of debts outstanding as on the effective date aggregating to ₹ 14,238,306,600 pertaining to CDR lenders who have signed the agreement and ₹ 7,585,334,400 being the contribution received from the promoters. Further, as per the above package the balance rupee debt (Principal) of the CDR lenders are repayable over the period of 15 years with a moratorium period of one year nine months from the effective date. It carries interest on step up basis with an effective yield of 10.75% over the tenure of the facility and payable after one year six months from the effective date.

Note – 5 Other Long Term Liabilities

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Deposits from customers	**1,321,403,085**	1,153,655,050
Interest accrued but not due on borrowings*	**2,823,363,330**	–
Total	**4,144,766,415**	1,153,655,050

* Represents the difference between effective rate of interest and step–up interest rate, pursuant to CDR Scheme, payable after one year.

Note – 6 Short–Term borrowings

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Secured Loans				
1% Compulsorily Convertible Debentures of CNIL		**14,238,306,600**		–
Unsecured Loans				
Buyer's Credit	**–**		210,704,433	
From Banks	**–**		10,000,000,000	
0% Compulsorily Convertible Debentures of CNIL	**7,585,334,400**		–	
		7,585,334,400		10,210,704,433
Total		**21,823,641,000**		10,210,704,433

6.1 1% Compulsorily Convertible Debentures (CCD) are secured by a first mortgage and charge on the Land situated at Raigarh, Maharastra.

6.2 The above CCDs are Convertible into such number of Equity Shares of ₹ 10 each of CNIL at par or at a such other price arrived at by Independent Valuer as may be mutually agreed.

Note – 7 Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Suppliers for goods and services	**1,287,280,200**	1,543,968,124
Total	**1,287,280,200**	1,543,968,124

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

7.1 Details of dues to Micro, Small & Medium Enterprises as defined under the MSMED Act, 2006

(Amount in ₹)

	Particulars	As at March 31, 2012	As at March 31,2011
(i)	Principal amount remaining unpaid	**NIL**	NIL
(ii)	Interest due thereon	**NIL**	NIL
(iii)	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL
(iv)	Interest due and payable for the period of delay in payment	**NIL**	NIL
(v)	Interest accrued and remaining unpaid	**NIL**	NIL
(vi)	Interest remaining due and payable even in succeeding years	**NIL**	NIL

Note – 8 Other Current Liabilities

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Current maturities of long–term borrowings				
– Term Loans		**–**	1,634,300,564	
– Foreign Currency Convertible Bonds (Refer Note No. 4.4)	**11,889,939,339**		–	
		11,889,939,339		1,634,300,564
Application Money towards Compulsorily Convertible Debentures (CCD) (Refer Note No. 4.5 (a))		**10,994,773,700**		–
Preference Share Application Money (Received by the Subsidiary Company)		**–**		4,450,000,000
Interest accrued but not due on borrowings		**4,793,606**		28,053,724
Interest accrued and due on borrowings		**–**		915,752,423
Unearned revenue		**383,843,722**		323,526,087
Advance received from customer		**67,594,344**		–
Unclaimed Share Application Money *		**44,859**		46,709
Others				
– Statutory dues	**108,723,959**		354,973,997	
– Capex Creditors (including Acceptances)	**2,702,086,663**		6,623,466,072	
– Other Payable**	**1,598,043,459**		1,640,011,483	
		4,408,854,081		8,618,451,552
Total		**27,749,843,651**		15,970,131,059

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

** Mainly includes expenses, salary and restructuring expenses payable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 9 Short–Term Provisions

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for compensated absences	**10,258,583**	7,794,150
Provision for mark–to–market losses on derivative contracts	**–**	4,836,000
Total	**10,258,583**	12,630,150

Note – 10 Fixed Assets

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	Upto March 31, 2011	For the Year	Deductions/ Adjustments	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Owned Assets										
A) Tangible Assets:										
Land	57,805,418	5,854,500	–	63,659,918	–	–	–	–	63,659,918	57,805,418
Buildings	7,409,890,268	392,556,468	466,375	7,801,980,361	692,578,859	687,645,770	104,872	1,380,119,757	6,421,860,604	6,717,311,409
Plant and Equipments	108,734,724,001	15,073,622,637	264,170,344	123,544,176,294	9,191,136,942	6,718,785,890	60,939,885	15,848,982,947	107,695,193,347	99,543,587,059
Office Equipments	70,778,705	242,336	–	71,021,041	67,753,864	674,373	–	68,428,237	2,592,804	3,024,841
Furniture & Fixtures	57,148,051	607,010	–	57,755,061	50,292,488	618,733	–	50,911,221	6,843,840	6,855,563
Vehicles	8,747,384	–	2,046,973	6,700,411	4,725,658	1,240,040	215,886	5,749,812	950,599	4,021,726
Total of Tangible Assets (A)	**116,339,093,827**	**15,472,882,951**	**266,683,692**	**131,545,293,086**	**10,006,487,811**	**7,408,964,806**	**61,260,643**	**17,354,191,974**	**114,191,101,112**	**106,332,606,016**
B) Intangible Assets :										
Softwares*	21,648,964	687,630	–	22,336,594	15,245,000	5,018,120	–	20,263,120	2,073,474	6,403,964
Customer Contracts*	9,966,045,368	–	–	9,966,045,368	349,494,194	499,667,479	–	849,161,673	9,116,883,695	9,616,551,174
Total of Intangible Assets (B)	**9,987,694,332**	**687,630**	**–**	**9,988,381,962**	**364,739,194**	**504,685,599**	**–**	**869,424,793**	**9,118,957,169**	**9,622,955,138**
Total	**126,326,788,159**	**15,473,570,581**	**266,683,692**	**141,533,675,048**	**10,371,227,005**	**7,913,650,405**	**61,260,643**	**18,223,616,767**	**123,310,058,281**	**115,955,561,155**
Previous year	35,162,245,308	91,406,824,237	242,281,386	126,326,788,159	4,686,677,660	5,747,659,756	63,110,411	10,371,227,005	115,955,561,155	
Capital Work–in–progress									**2,849,413,325**	**9,767,766,656**

* Other than Internally Generated

Note :

10.1 Buildings include properties having gross block of ₹ 86,259,650 (Previous Year ₹ 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.

10.2 Buildings include ₹ 7,067,641,361 (Previous Year ₹ 6,693,710,229) towards Leasehold Improvements and Boundry Wall at Sites.

10.3 Additions to Plant & Equipments includes Net Foreign Exchange Difference of ₹ 1,108,415,769 (Previous Year ₹ NIL) and borrowing costs of ₹ 4,267,633,769 (Previous Year ₹ 2,156,091,933) Capitalised during the year.

10.4 During the Period the company has disposed off CWIP of ₹ 1,056,102,908 for ₹ 1,101,058,612 (Previous Year ₹ 4,684,921,794 for ₹ 4,756,976,649).

10.5 Capital Work–in–Progress includes:

a) Materials at sites amounting to ₹ 1,790,228,702 (Previous Year ₹ 4,752,744,699).

b) Net Foreign Exchange Difference of ₹ 104,716,729 (Previous Year ₹ NIL).

c) Pre–operative expenses of ₹ 954,467,894 (Previous Year ₹ 5,015,021,957).

10.6 Gross Block of fixed assets includes assets aggregating to ₹ 78,292,900,000 acquired as slump purchase from Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited and classified under different class of assets based on the fair values as determined by Government Approved valuer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

10.7 Details of Net Pre–operative expenditure considered as Capital Work In Progress

(Amount in ₹)

Particulars	2011–12	2010–11
Opening Balance	**5,015,021,957**	3,161,252,490
Add:		
Expenditure Incurred during the year:		
Infrastructure Operation and Maintenance Cost	**342,174,827**	462,205,547
Salaries and Allowances	**33,227,663**	151,433,865
Contribution to Provident Fund and Other Fund	**2,426,576**	6,509,931
Rent	**30,341,485**	77,205,628
Insurance	**–**	97,462
Communication Cost	**1,565,545**	3,541,249
Travel and Conveyance	**9,098,585**	38,386,374
Legal and Professional Charges	**61,543,036**	662,088,491
Stamp Duty and Registration Charges	**1,825,218**	14,859,981
General and Administrative Expenses	**116,821,425**	239,077,616
Interest on Term Loan	**1,300,174,229**	4,354,260,730
Interest Others	**513,393,974**	287,786,342
Bank and Financial Charges	**29,157,058**	555,563,973
	7,456,771,578	10,014,269,679
Less:		
Interest Received	**187,395,854**	1,108,071,330
Profit on Sale of Current Investments	**20,457,284**	182,223,684
	207,853,138	1,290,295,014
Less: Amount allocated to Fixed Assets	**6,294,450,546**	3,708,952,708
Closing Balance	**954,467,894**	**5,015,0 21,957**

Note – 11 Non–Current Investments
(Long Term Trade)

(Amount in ₹)

Particulars	Number March 31, 2012	Number March 31, 2011	Face Value (₹)	As at March 31, 2012	As at March 31, 2011
Unquoted					
In Equity Shares Others – Fully Paid up Global Rural NETCO Ltd.	**33,250,000**	33,250,000	10	**332,500,000**	332,500,000
Share Application Money towards issue of Preference Shares pending allotment in GTL Limited an associate of the Company	**65,000,000**		100	**6,500,000,000**	–
			Total	**6,832,500,000**	332,500,000

11.1 Aggregate Amount of Unquoted Investments.	**6,832,500,000**	332,500,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note –12 Long Term Loans & Advances
(Unsecured and Considered good)

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital advances	**16,178,378,342**	12,442,699,499
Security deposit*	**212,524,804**	163,932,031
Total	**16,390,903,146**	12,606,631,530

* Includes ₹ 20,000,000 (Previous Year ₹ 20,000,000) with a related party, refer Note No. 33.

Note – 13 Current Investments
(Other then Trade)

(Amount in ₹)

Particulars	Number March 31, 2012	Number March 31, 2011	Face Value (₹)	As at March 31, 2012		As at March 31, 2011	
Unquoted							
In Unit of Mutual Funds							
DWS Insta Cash Plus Fund – Super Institutional Plan Growth	1,936,388	–	100	195,000,000		–	
IDBI Liquid Fund – Growth	180,000		1000	180,000,000		–	
Morgan Stanley Liquid Fund – Growth Plan	100,000		1000	100,000,000		–	
Reliance Liquid Fund – Treasury Plan – Institutional Option – Growth Plan	3,000,000		10	30,000,000		–	
Religare Liquid Fund – Super Institutional Growth	150,000		1000	150,000,000		–	
Union KBC Liquid Fund Growth	300,000		1000	299,999,900		–	
Birla Sunlife FLoating Rate Fund – Short Term – IP – Growth	140,823	–	100	20,000,000		–	
ICICI Prudential Liquid Super Institutional Plan – Growth	2,064,284	–	100	210,000,000		–	–
					1,184,999,900		
			Total		**1,184,999,900**		–

Note:

13.1 Aggregate Amount of Unquoted Investments. **1,184,999,900** –

Note –14 Inventories

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Stores, Spares and Consumables	**11,661,286**	10,948,462
Total	**11,661,286**	10,948,462

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note –15 Trade Receivables

(Unsecured)

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Outstanding for a period exceeding six months from the date they are due for payment				
– Considered Good	83,503,138		52,388,342	
– Considered Doubtful	142,439,533		58,327,291	
	225,942,671		110,715,633	
Provision for doubtful receivables	142,439,533		58,327,291	
		83,503,138		52,388,342
Others				
– Considered Good	851,068,216		672,591,973	
– Considered Doubtful	84,811,340		–	
	935,879,556		672,591,973	
Provision for doubtful receivables	84,811,340		–	
		851,068,216		672,591,973
Total		934,571,354		724,980,315

Note –16 Cash and Bank Balances

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
Cash and cash equivalents				
Balances with Banks:				
– in current accounts	1,150,624,795		2,112,614,464	
– cheques in hand	41,019,829		41,433,432	
Cash on hand	811,094		1,116,132	
		1,192,455,718		2,155,164,028
Fixed Deposits with Banks pledged as Margin Money and Debt Service Reserve Account*		312,948,018		2,557,988,378
Total		1,505,403,736		4,713,152,406

* Includes ₹ 2,795,073 (Previous year ₹ 45,230,000) having maturity period of more than 12 months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 17 Short–Term Loans and Advances

(Unsecured, Considered good unless otherwise stated)

(Amount in ₹)

Particulars		As at March 31, 2012		As at March 31, 2011
Loan and advances to related parties (Refer Note No. 33)		**38,295,546**		–
Advance income–tax (net of provision for taxation)		**1,283,396,415**		1,159,998,959
Cenvat / Service Tax input credit entitelments		**427,980,750**		1,987,644,423
Prepaid expenses		**317,325,945**		364,509,839
Deposits*		**203,483,939**		192,560,770
Other Advances **				
Unsecured, considered good	**3,555,085,705**		11,233,397,299	
Doubtful	**465,953**		375,684	
	3,555,551,658		11,233,772,983	
Less: Provision for doubtful advances	**465,953**		375,684	
		3,555,085,705		11,233,397,299
Total		**5,825,568,300**		14,938,111,290

* Includes ₹ 1,600,000 (Previous Year ₹ 1,600,000) with a related party, refer Note No. 33.

** Mainly relating to advances to suppliers, employees and Interest receivables.

Note – 18 Other Current Assets

(Unsecured, Considered good unless otherwise stated)

(Amount in ₹)

Particulars		As at March 31, 2012		As at March 31, 2011
Energy Recoverables				
Considered Good	**1,502,863,506**		762,468,843	
Considered Doubtful	**113,202,518**		33,066,985	
	1,616,066.024		795,535,828	
Provision for doubtful receivables	**113,202,518**		33,066,985	
		1,502,863,506		762,468,843
Unbilled Income		**276,655,197**		179,682,171
Miscellaneous Expenditure (to the extent not written off or adjusted)*		**7,995,200**		11,992,800
Total		**1,787,513,903**		954,143,814

* Represents the Share issue expenses incurred by the Subsidiary ammortised over a period of five years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 19 Revenue from Operations

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Service Charges from Telecom/Network Infrastructure Facilities		**15,286,247,775**	11,089,736,385
Equipment Provisioning		**9,078,804**	10,720,354
Other Operating Income		**–**	2,963,200
		15,295,326,579	11,103,419,939
Less: Service Tax Recovered		**1,315,769,380**	1,027,688,009
	Total	**13,979,557,199**	10,075,731,930

Note – 20 Other Income

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Profit on Sale of Fixed Assets (Net)		**–**	17,226,375
Profit on Sale of Current Investments (Net)		**3,286,445**	–
Interest Income		**93,462,489**	710,050,247
Exchange differences (Net)		**–**	18,671,513
Miscellaneous Income		**1,447,985**	4,722,810
	Total	**98,196,919**	750,670,945

Note – 21 Infrastructure Operation & Maintenance Cost (Net)

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Site Rentals		**2,408,714,346**	1,558,291,131
Power, Fuel and Maintenance Charges		**4,978,586,247**	3,520,534,062
Repairs and Maintenance to Plant and Equipments		**236,643,423**	169,573,836
Stores & Spares consumption		**429,600**	3,164,101
Other Operating Expenditure		**1,525,384,441**	1,335,511,598
		9,149,758,057	6,587,074,728
Less: Recovered from Customers (Net of Service Tax)		**4,003,737,457**	2,956,584,738
	Total	**5,146,020,600**	3,630,489,990

Note – 22 Employee Benefits Expense

(Amount in ₹)

Particulars		For the Year ended on March 31, 2012	For the Year ended on March 31, 2011
Salaries and Allowances		**255,310,786**	154,419,731
Contribution to Providend Fund, Gratuity Fund and Other Funds		**14,693,359**	14,116,047
Employee stock option cost		**8,921,353**	47,289,175
Employee Welfare and other amenities		**9,201,377**	11,658,161
	Total	**288,126,875**	227,483,114

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22.1 Employee Stock Option Scheme:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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

f. Pursuant to approval of Shareholders in Annual General Meeting held on July10, 2009 all the unvested Options as of April 29, 2009 were vested on April 29, 2009.

g. 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:–

Period of vesting from the date of grant	To Vest
At the end of twelve months	35%
At the end of twenty four months	35%
At the end of thirty six months	30%

h. 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 156,800 Options lapsed during the year. (Previous years options lapsed 117,100).

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%

i. On May 04, 2010 the Company granted 1,800,000 Options (“Grant 11”) convertible into Equity Share 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:–

Period of vesting from the date of grant	To Vest
At the end of twelve months	35%
At the end of twenty four months	35%
At the end of thirty six months	30%

j. 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	2011–12	2010–11
Net Profit / Loss as reported	**(6,897,387,891)**	(3,780,217,638
Less:		
Employee Compensation expenses	**(7,281,869)**	45,452,180
P&L Adjusted proforma	**(6,890,106,022)**	(3,825,669,818)
Basic & Diluted Earning Per Share as reported	**(7.20)**	(3.95)
Proforma Basic & Diluted Earning Per Share	**(7.20)**	(3.99)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

k. Following table summarises the Company's Stock Option Activity for ESOS:

(Amount in ₹)

Sr. No.	Particulars	For the Year ended on March 31, 2012		For the Year ended on March 31, 2011	
		No. of options	Weighted average exercise price	No. of Options	Weighted average exercise price
A.	i. Outstanding at the beginning of the year	**13,651,804**	**24.34**	11,968,904	23.45
	ii. Granted during the year	**NIL**	**NIL**	1,800,000	30.52
	iii. Lapsed during the year	**(156,800)**	**28.00**	(117,100)	28.00
	iv. Exercised during the year ended	**NIL**	**NIL**	NIL	NIL
	v. Expired during the the year	**NIL**	**NIL**	NIL	NIL
B.	Outstanding at the end of the year	**13,495,004**	**24.30**	13,651,804	24.34
C.	Exercisable at the end of the year	**11,900,454**	**22.30**	10,034,904	22.71
D.	Weighted average remaining contractual life (in years)	**2.15**		3.15	

22.2 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, 2012	For the Year ended on March 31, 2011
Employer's Contribution to Provident Fund	**13,971,360**	12,519,959
Employer's Contribution to Pension Fund	**2,696,625**	2,314,024
Total	**16,667,985**	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, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Defined Benefit Obligation at beginning of the Year	**11,972,133**	6,793,112	**7,794,150**	5,476,076
Current Service Cost	**4,031,048**	4,008,106	**1,458,055**	1,167,275
Current Interest Cost	**987,701**	560,432	**643,017**	451,776
Actuarial (Gain) / Loss	**(4,428,976)**	2,899,058	**(1,696,479)**	790,369
Liability Transfer In	**7,111,945**	–	**5,828,203**	–
Benefits paid	**(2,154,020)**	(2,288,575)	**(3,768,364)**	(91,346)
Defined Benefit Obligation at the end of the Year	**17,519,831**	11,972,133	**10,258,582**	7,794,150

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b. Reconciliation of opening & closing balances of fair value of plan assets

(Amount in ₹)

Particulars	Gratuity Funded	
	As at March 31, 2012	As at March 31, 2011
Fair Value of Plan Asset at beginning of the Year	**12,005,786**	7,849,083
Expected Return on Plan Assets	**990,477**	647,549
Actuarial Gain / (Loss)	**528,216**	956,022
Contributions	**3,617,758**	4,841,707
Fund Transfer In	**9,921,817**	–
Benefits paid	**(2,154,020)**	(2,288,575)
Fair Value of Plan Asset at the end of the Year	**24,910,034**	12,005,786

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

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Fair Value of Plan Assets at the end of the Year	**24,910,034**	12,005,786	**NIL**	NIL
Present Value of Defined Benefit Obligation at end of the Year	**17,519,831**	11,972,133	**10,258,583**	7,794,150
Liability / (Asset) recognised in the Balance Sheet	**(7,390,203)**	(33,653)	**10,258,583**	7,794,150

d. Expense Recognised During the year

(Amount in ₹)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	For the year ended March 31, 2012	For the year ended March 31, 2011	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Current Service Cost	**4,031,048**	4,008,106	**1,458,055**	1,167,275
Interest Cost	**987,701**	560,432	**643,017**	451,776
Expected Return on Plan Assets	**(990,477)**	(647,549)	**NIL**	NIL
Actuarial (Gain) / Loss	**(4,957,192)**	1,943,037	**(1,696,479)**	790,369
Net Cost Recognised in Profit and Loss Account	**(928,920)**	5,864,025	**404,594**	2,409,420

e. Amounts for current and previous years: Gratuity.

(Amount in ₹)

Particulars	2011–12	2010–11	2009–10	2008–09	2007–08
Defined Benefit Obligation	**17,519,831**	11,972,133	6,793,111	4,983,015	2,949,302
Plan Assets	**24,910,034**	12,005,786	7,849,083	6,968,743	2,623,310
Surplus / (Deficit)	**7,390,203**	33,653	1,055,972	1,985,728	(325,992)
Experience adjustment on Plan Assets (Gain) / Loss	**(528,216)**	(956,022)	(557,499)	*	*
Experience adjustment on Plan Liabilities Gain / (Loss)	**4,428,976**	(2,899,058)	(989,039)	*	*

* The details are not furnished as the information is not available with the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

f. Amounts for current and previous years: Compensated Absences

(Amount in ₹)

Particulars	2011–12	2010–11	2009–10	2008–09	2007–08
Defined Benefit Obligation	**10,258,583**	7,794,150	5,476,076	4,635,942	3,133,368
Plan Assets	**NIL**	NIL	NIL	NIL	NIL
Surplus / (Deficit)	**(10,258,583)**	(7,794,150)	(5,476,076)	(4,635,942)	(3,133,368)
Experience adjustment on Plan Assets (Gain) / Loss	**NIL**	0	NIL	*	*
Experience adjustment on Plan Liabilities Gain / (Loss)	**1,696,479**	790,369	1,248,804	*	*

* The details are not furnished as the informations are not available with the Company.

g. Assumptions used to determine the defined benefit obligation

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
	Mortality Table (LIC) (1994–96 Ultimate)		**Mortality Table (LIC) (1994–96 Ultimate)**	
Discount Rate (p.a.)	**8.75%**	8.25%	**8.75%**	8.25%
Estimated rate of return on Plan Assets (p.a.)	**8.75%**	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.

Note – 23 Other Expenses

(Amount in ₹)

Particulars	For the Year ended on March 31, 2012		For the Year ended on March 31, 2011
Rent		**92,830,262**	53,890,935
Rates and Taxes		**48,559,708**	35,387,583
Electricity		**14,508,730**	13,645,487
Repairs and Maintenance			
– Office Building		**1,019,342**	203,940
– Office Equipments		**2,487,355**	2,029,468
– Others		**3,100,248**	1,703,354
Insurance Premium		**19,930,421**	10,403,234
Communication Cost		**12,616,809**	13,627,387
Travel and Conveyance		**63,893,885**	27,931,461
Legal and Professional Charges		**185,766,974**	65,903,210
Payment to Auditors		**8,245,393**	6,700,000
Office Expenses		**28,575,143**	12,174,898
Printing and Stationery		**8,762,628**	14,386,146
Directors' Sitting Fees		**1,512,500**	1,420,000
Exchange differences (Net)		**8,761,409**	–
Advertisment and Business Promotion		**1,190,246**	5,143,464
Bad Debts	**42,012,993**		54,470,604
Less: Provision for Doubtful Debts Written Back	**(36,030,488)**		(47,549,926)
		5,982,505	6,920,678
Provision for Doubtful Debts		**285,179,871**	86,134,274
Loss on Sale of Fixed Assets (Net)		**104,648,958**	–
Miscellaneous Expenditure Written Off		**3,997,600**	2,869,510
Miscellaneous Expenses		**32,491,059**	33,425,941
Total		**934,061,046**	393,900,970

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 24 Finance Costs

(Amount in ₹)

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
Interest		**8,999,901,939**	6,381,279,865
Other Borrowing Costs		**767,802,136**	89,718,546
Exchange difference to the extent considered as an adjustment to borrowing costs		**5,400,030**	99,394,705
	Total	**9,773,104,105**	6,570,393,116

Note – 25 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

Note – 26 In respect of following items Accounting policies followed by the subsidiary company are different than that of the Company :–

(Amount in ₹)

Item	Particulars	As at March 31, 2012	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.	**4,160,036,064**	1,631,627,400	30%
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.	**7,995,200**	11,992,800	100%

Note – 27 Contingent Liabilities:

(Amount in ₹)

Sr. No.	Particulars	As at March 31, 2012	As at March 31, 2011
	Contingent Liabilities not provided for (No Cash Outflow is expected)		
i.	Bank Guarantees	**28,427,509**	2,726,273,346
	(Bank Guarantees are provided under contractual / legal obligation)		
ii.	Corporate Guarantee (Given To Banks and financial institutions for loans taken by the subsidiary company)	**–**	2,000,000,000
iii.	Claims against the Company not acknowledged as debts	**1,164,310,490**	638,812,998
iv.	Premium on Foreign Currency Convertible Bonds issued	**4,073,033,598**	4,187,849,528
v.	Disputed liability in respect of Sales Tax Matter under appeal (Amount deposited ₹ 38,869,569 (Previous Year ₹ 27,576,360)	**170,931,249**	108,202,338

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 28 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.

Note – 29 **Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) as at March 31, 2012 is ₹ 12,848,797,171 (previous year ₹ 15,690,886,567) Cash outflow is expected on execution of such contracts on progressive basis.

Note – 30 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 sactioned 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. In terms of the CDR package (Refer note no 4.4), the above scheme of arrangement will be modified/revised and once the scheme is effective, these accounts will undergo change w.e.f. the appointed date.

Note – 31 **Impairment of Assets**

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, 2012.

Note – 32 **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.

Note – 33 **Related Party Disclosures**

a Related Parties

I Associates

a GTL Limited

b Global Holding Corporation Private Limited

c Technology Infrastructure Limited

II Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman

b. Mr. Prakash Ranjalkar, CEO & Whole–time Director (Upto December 31, 2011)

c. Mr. Milind Naik, Whole–time Director & Co–COO (w.e.f. July 21, 2011)

d. Mr. Ravi Ananth, Whole–time Director (w.e.f. April 29, 2011 upto July 21, 2011)

e. Mr. Prasanna Bidnurkar, Chief Financial Officer (Upto December 29, 2011)

f. Mr. Bhupendra J. Kiny, Chief Financial Officer (w.e.f. December 29, 2011)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b. Transaction with Related Parties:

	ASSOCIATE	
	[with I (a) above]	
Nature of Transactions	**FY 2011–12**	FY 2010–11
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	268,341,096	155,323,319
Corporate guarantee given for	–	2,000,000,000
Deposit given	–	20,000,000
Purchase of Capital Goods	1,443,703,360	8,251,689,731
Sale of Fixed Assets	–	252,744,091
Energy Recoverables assigned during the Year	1,179,106,115	1,916,724,039
Miscellaneous Income	388,808	4,738,357
Finance Charges paid	23,326,595	42,282,932
Reimbursement of expenses from	3,429,273,639	2,220,377,460
Operations, Maintenance and Energy Management Cost	5,772,627,863	3,637,806,583
Legal and Professional Charges	2,121,653	9,295,373
Reimbursement of expense to	39,845,588	209,075,473
Non–Current Investment (Preference Share Application Money Pending Allotment)	6,500,000,000	–
0 % CCDs Issued (Against Preference Share Application Money)	4,450,000,000	–
0 % CCDs Issued (Against Unsecured Loan received & Interest thereon)	1,243,583,600	–
Loan Received	–	1,200,000,000
Interest On Unsecured Loan	118,638,904	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	157,500,934	91,589,041
Loan Repaid	–	3,350,000,000
Application Money Received Towards CCD	452,500,000	–
0 % CCDs Issued (Against Unsecured Loan received & Interest thereon)	1,891,750,800	–
Nature of Transactions	**Key Managerial Personnel**	
Salaries and Allowances (*)	14,195,251	6,036,446
Director sitting fees paid (**)	265,000	240,000
Closing Balances as on March 31, 2012	**Associate**	
	[with I (a) above]	
Sundry Creditors	1,325,696,577	1,946,267,138
Energy Recoverables	38,295,546.00	425,938,573
Security Deposit received	2,500,000	2,500,000
Security Deposit given	21,600,000	21,600,000
Unsecured Loan	–	1,200,000,000
Proceeds Towards Issue of CCD	452,500,000	–
	[with I (b) above]	
Unsecured Loan	–	1,750,000,000

(*) Salaries and Allowances includes ₹ 4,090,510 (Previous Year ₹ 4,809,000) paid to Mr. Prakash Ranjalkar (Whole–time Director), ₹ 3,922,001 (Previous Year ₹ 400,362) paid to Mr. Prasanna Bidnurkar (CFO) ₹ 1,295,844 Paid to Mr. Ravi Ananth, Whole–time Director. ₹ 3,052,029 paid to Mr. Milind Naik (Whole–time Director) & ₹ 1,834,867 paid to Mr. Bhupendra J. Kiny (CFO).

(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar ₹ 265,000 (Previous Year ₹ 240,000).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 34 Earnings Per Share (Basic and Diluted)

(Amount in ₹)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit / (Loss) after tax attributable to Equity Share holders	**(6,897,387,891)**	(3,780,217,639)
Weighted average no. of equity shares outstanding	**957,348,604**	957,348,604
Basic & Diluted Earning Per Share of ₹ 10 Each	**(7.20)**	(3.95)

The effects of Application Money received towards Compulsorily Convertible Debentures, 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.

Note – 35 Deferred Tax Liability / (Assets)

(Amount in ₹)

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
Deferred Tax Liabilities			
Related to Fixed Assets		**8,917,826,092**	5,187,716,948
	Total	**8,917,826,092**	5,187,716,948
Deferred Tax Assets			
Unabsorbed Depreciation		**12,442,654,691**	7,115,908,969
Disallowance under Income Tax Act		**119,031,669**	33,072,709
	Total	**12,561,686,360**	7,148,981,678
Net Deferred Tax Liability/(Asset)		**(3,643,860,268)**	(1,961,264,730)

As at March 31, 2012, The Company has Net Deferred Tax Assets of ₹ 3,643,860,268. In that 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 accounts in line with Accounting Standard 22 dealing with "Accounting for taxes on Income".

Note – 36 Financial & Other Derivative Instruments

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2012
For Hedging Currency and Interest rate related risks:

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Interest Rate Swaps	**NIL**	58,269,945

b. All Derivative & Financial Instruments acquired by the company are for the hedging purposes only.

c. Net Foreign Currency Exposures that are not hedged by derivative instruments or Forward contracts as at March 31, 2012 amount to ₹ 11,686,797,066 (Previous year ₹ 10,276,492,220.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note – 37 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.

Note – 38 In the opinion of the Management, Non Current/Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

Note – 39 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 is of the view that there will not be any liability on this account.

Note – 40 The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to make them comparable with those of the current year.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : May 17, 2012

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

MILIND NAIK
Whole–time Director

VIJAY VIJ
Director

CHARUDATTA NAIK
Director

SURESH JOSHI
Company Secretary

BHUPENDRA J. KINY
Chief Financial Officer

Notice for AGM

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of GTL Infrastructure Limited will be held on Thursday, September 27, 2012, at 10.30 a.m, at Marathi Sahitya Mandir Sabhagruh, Sector 6, Vashi, Navi Mumbai 400 703, Maharashtra, India, to transact the following business:

1. To consider and adopt the Balance Sheet as at March 31, 2012, 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. N. Balasubramanian, who retires by rotation and being eligible offers himself for re–appointment.
3. To appoint a Director in place of Dr. Anand Patkar, who retires by rotation and being eligible offers himself for re–appointment.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "**RESOLVED that** Mr. Vivek Kulkarni, Director of the Company, who retires by rotation and does not seek re–appointment, be not re–appointed as Director and the resultant vacancy be not filled up for the time being."
5. 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 Section 224A and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded for appointment of M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (FR No.101720W) and M/s. Yeolekar & Associates, Chartered Accountants, Mumbai (FR No.102489W) as Joint Auditors of the Company to hold office from conclusion of this Annual General Meeting, till conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed between the Board of Directors and the Joint Auditors."
6. 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 Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") (including any statutory amendments thereto or modifications or reenactments thereof for the time being in force), and the enabling provisions of the Memorandum and the Articles of Association of the Company and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI"), and in accordance with the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") including the provisions of the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, Foreign Exchange Management Act, 1999 Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993, (including any statutory amendments thereto or modifications or re–enactments thereof for the time being in force), the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the shares / Foreign Currency Convertible Bonds ("FCCBs") of the Company are listed, and the rules / regulations / guidelines, if any, prescribed by the Government of India (the "GOI") and / or any other statutory/ regulatory authority / the Reserve Bank of India ("RBI"), regulations issued by the Securities and Exchange Board of India ("SEBI Regulations"), and all other applicable laws and regulations; and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required from the GOI, the RBI, any and all governmental or regulatory authorities and all other institutions and bodies and the corporate debt restructuring lenders of the Company; and subject to such conditions and modifications as may be prescribed or imposed by any of them whilst granting such approvals, consents, permissions and sanctions, provided such conditions and modifications are accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include offering committee or any other committee constituted by the Board for the time being authorised by the Board to exercise the powers conferred on the Board by this resolution), the consent and approval of the Company be and is hereby accorded to the Board, to create, issue, offer and allot upto 200,00,00,000 (Two Hundred Crores) equity shares of the Company of face value of ₹ 10/– each (Rupees Ten Only) for cash or otherwise and at such premium, which issuance may be made in such manner and to be subscribed by one or more domestic / foreign investors including but not limited to Non – Resident Indians (NRIs), Foreign Institutional Investors (FIIs), Qualified Institutional Buyers (QIBs), mutual funds, banks, foreign banks, foreign nationals, companies and /or corporate bodies, insurance companies, other institutions / corporate bodies and/or FCCB holders and /or individuals or otherwise as the Board may think fit, whether or not such investors are members of the Company (collectively referred to as "Investors"), through a Qualified Institutional Placement ("QIP"), preferential issue and/or private placement and /or public issue of equity shares and/or equity shares through Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), FCCBs and/or any securities convertible into equity shares at the option of the company and/or holder(s) of the securities and/or securities linked to equity shares and/or securities with warrants including any instruments or securities representing either equity shares or a combination of the foregoing (hereinafter referred to as the "Securities"), on such terms and conditions and in such manner as the Board, in its absolute discretion, thinks fit including (but not limited to) in pursuance of one or more international or domestic offerings or by way of private placements / preferential allotments / rights issue / public issue or any combination thereof, in one or more currency, as may be deemed appropriate by the Board by offering the Securities in the foreign markets comprising one or more countries and/or the domestic market in any Foreign Currency or Indian Rupees, or in any other approved manner including through a prospectus, and/or letter of offer and/or on private placement memorandum and/or any offering memorandum and/or offering letter and/ or circular as the case may be from time to time, as may be deemed appropriate by the Board subject to such conditions as the Board may consider appropriate including pricing and conversion, the form and the persons to whom the Securities may be issued and, in such manner and at such premium as they may deem appropriate in their absolute discretion in one or more tranches, and if necessary, in consultation with the lead managers and / or underwriters (if any) and/or any other advisors / consultants of the Company concerned with the offering or issue appointed by the Board.

   RESOLVED FURTHER that the Company may enter into any arrangement with any agencies or bodies as are authorized by the Board for the issue of the Securities including the depository receipts (including by way of GDRs or ADRs or FCCBs) represented by underlying shares in the capital of the Company or such other Securities as may be required in the registered or bearer form with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and /or international practice and regulations , and under the norms and practices prevalent in the domestic/ international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

   RESOLVED FURTHER that the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of underlying equity shares as may be required to be issued and allotted upon conversion of the Securities referred to above not exceeding 200,00,00,000 (Two Hundred Crores) equity shares of the Company of the face value of ₹ 10/– each (Rupees Ten Only) and that the said equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing equity shares of the Company.

RESOLVED FURTHER that such of these Securities to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.

RESOLVED FURTHER that for the purpose of giving effect to any issuances, offerings or allotments of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offerings, including the class of investors to whom the Securities are to be allotted, the number of securities to be allotted, issue price, face value, premium amount on issue conversion of securities/ redemption of securities, discount (as per applicable law) rate of interest, additional interest, redemption period, prepayment, listing on one or more stock exchanges, whether abroad or in India, as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and, the Board be and is hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, entering into investment agreements and/or arrangements for managing, underwriting, marketing, listing, trading, depository and such other arrangements and agreements as may be necessary and appointing Lead Managers, Underwriters, Guarantor, Depositories, Custodians, Registrars, Trustees, Paying Agents, Consultants, Solicitors, Advisors, Accountants and such other agencies and / or intermediaries and to issue any offer documents including prospectus, offering documents and sign the same and all other required applications, filings, deeds, documents and writings and to pay any fees, commissions, remunerations and expenses relating to the issue and offerings and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue and offerings as the Board may, in its absolute discretion, deem fit without being required to seek any further clarification. Consent or approval of the members of the Company shall have deemed to have given their approval for all the actions of the Board for giving effect to this resolution and by the authority of this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"**RESOLVED that** subject to (i) provisions of the Companies Act, 1956, ("the Act") (including any statutory amendments thereto or modifications or reenactments thereof for the time being in force), and the enabling provisions of the Memorandum and the Articles of Association of the Company and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI"), and in accordance with the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") including the provisions of the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, Foreign Exchange Management Act 1999, Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993, (including any statutory amendments thereto or modifications or re–enactments thereof for the time being in force), the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the shares / Foreign Currency Convertible Bonds ("FCCBs") of the Company are listed, and the rules / regulations / guidelines, if any, prescribed by the Government of India (the "GOI") Central Government and / or any other statutory/ regulatory authority / the Reserve Bank of India ("RBI"), regulations issued by the Securities and Exchange Board of India ("SEBI Regulations"); and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required including the GOI, RBI, other institutions and bodies, the corporate debt restructuring lenders of the Company and /or any statutory and/ or governmental and / or regulatory authorities, and the conditions as may be prescribed by any of them while granting any such approval and/or consent; and the approval of the requisite majority of the holders of the USD 300 million zero coupon FCCBs due November 29, 2012 issued by the Company ("Outstanding FCCBs") and wherever necessary, in consultation with lead managers and / or other advisers, the Company be and is hereby authorized to restructure the outstanding amount of USD 320,547,811 of the Outstanding FCCBs (being the aggregate of the principal amount of USD 228,300,000 and the redemption premium payable at the maturity date i.e. November 27, 2012, Outstanding FCCBs), by amending the terms and conditions of the Outstanding FCCBs as may be agreed by the Board with the holders of the Outstanding FCCBs, and /or by issuing new FCCBs to replace /swap the Outstanding FCCBs by way of a cash less exchange offer, up to an amount of USD 320,547,811 ("New FCCBs"), pursuant to an extraordinary resolution to be passed by the holders of the Outstanding FCCBs, in accordance with the terms of the trust deed governing the Outstanding FCCBs, in consultation with lead managers, underwriters, consultants and / or other advisors, as maybe required and on such terms and conditions as may be decided and deemed appropriate by the Board.

RESOLVED FURTHER that, pursuant to the resolution set out above, the Board is hereby authorized to (i) approve, finalise and execute any terms incidental therewith, including but not limited to inter alia, any draft offer document, offering circular, trust deed, agency agreements, and/or exchange offer memorandum, and/or any amendments thereto; (ii) take decisions on the opening of the issue, decide date of opening and closing of the cashless exchange offer; (iii) approve and finalise any term sheets that may be entered into between the Company and the bondholders;(iv) approve, finalise and execute any power of attorneys agreements, deeds (including agreements in connection with the appointment of any intermediaries, underwriters, lead managers, investment/merchant bankers, consultants and/or advisors, alongwith terms of their remuneration, and/or agreements or any documents in connection with the creation of any security) as may be required, (v) arrange for the submission of the exchange offer documents and/or term sheets and / or agreements, or listing applications or otherwise, and any amendments and supplements thereto, with any stock exchanges, and/or other statutory and/or regulatory authorities, as may be required; (vi) to seek approvals for consents, permissions and sanctions as may be required including from the Government of India ("GOI"), the Reserve Bank of India ("RBI") any and all governmental or regulatory authorities and all other institutions and bodies including the corporate debt restructuring lenders of the Company and other lenders, if any; (vii) do all such incidental and ancillary acts and things as may be deemed necessary; (viii) give such directions that may be necessary or arise in regard to or in connection with the restructuring of the Outstanding FCCBs, including but not limited to the submission of requisite applications / letters to the Reserve Bank of India; (ix) authorize any director/s and/or officer/s and /or any other persons and/or committee of the Company to do any of the above mentioned acts and deeds, and, to execute the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorized persons may consider necessary, desirable or expedient, and, for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person and/or committee and/or Board, (as the case may be), as required from time to time."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"**RESOLVED that** pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from ₹ 3500,00,00,000/– (Rupees Three Thousand Five Hundred Crore Only) divided into 300,00,00,000 (Three Hundred Crore) Equity Shares of ₹ 10/– (Rupees Ten Only) each and 500,00,000 (Five Crore) Preference Shares of ₹ 100/– (Rupees One Hundred Only) each to ₹ 5000,00,00,000 /– (Rupees Five Thousand Crore Only) divided into

a. 450,00,00,000 (Four Hundred Fifty Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each by creation of 150,00,00,000 (One Hundred Fifty Crore Only) additional Equity Shares of ₹ 10/– (Rupees Ten only) each; and

b. 5,00,00,000 (Five Crore Only) Preference Shares of ₹ 100/– (Rupees One Hundred Only) each.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take all such steps and actions as may be considered necessary or expedient for giving effect to this resolution and to settle any questions that may arise in this regard.

RESOLVED FURTHER that the existing Clause V of the Memorandum of Association of the Company as to share capital be and is hereby deleted and in its place the following Clause V be substituted:–

'V

(a) The Authorised Share Capital of the Company is ₹ 5000,00,00,000/– (Rupees Five Thousand Crore Only) divided into 450,00,00,000 (Four Hundred Fifty Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 5,00,00,000 (Five Crore) Preference Shares of ₹ 100/– (Rupees One Hundred Only) each

(b) Minimum Paid up Capital shall be ₹ 5,00,000/– (Rupees Five Lacs Only)'

9. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and further subject to any other laws and regulations, as may be applicable, existing Article 3 (a) of the Articles of Association of the Company be substituted by the following new Article 3(a):

'3(a). The Authorised Share Capital of the Company is ₹ 5000,00,00,000/– (Rupees Five Thousand Crore Only) divided into 450,00,00,000 (Four Hundred Fifty Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 5,00,00,000 (Five Crore) Preference Shares of ₹ 100/– (Rupees One Hundred Only) each, with the rights, privileges and conditions attached thereto as provided by the Articles of Association of the Company for the time being in force and to divide the share capital of the Company for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force.'

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 No. 4 to 9 to be transacted at the 9th Annual General Meeting is annexed hereto.

3) The Register of Members and the Share Transfer Books of the Company shall remain closed on Wednesday, 26th September, 2012.

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 Agent 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 an 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) The Company's Equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Further, the Listing Fees in respect of Equity Shares of the Company have been paid to BSE and NSE for the Financial Year 2012–13. The Company's FCCBs are listed on Singapore Exchange (SGX) and Listing Fees for the year 2012, has been paid.

9) 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.

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

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

By Order of the Board of Directors

Suresh V. Joshi
Company Secretary

Date: July 3, 2012

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

Annexure to the Notice

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 4

Mr. Vivek Kulkarni, Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Kulkarni is associated with the Company in his capacity as an Independent Director since October 2007. He has conveyed that due to pre–occupation, he is not able to devote adequate time for the affairs of the Company and thus has expressed his desire not to seek re–appointment.

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

The Board commends passing of the resolution as set out at Item no. 4 of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of the Resolution.

Item No. 5

Section 224A of the Companies Act, 1956, ('the Act') provides that in case of a company of which not less than 25% of the Subscribed Capital is held either singly or in any combination by Public Financial Institutions, Government Companies, Nationalized Banks etc., the appointment or re–appointment of an auditor of that Company has to be made by a special resolution.

The shareholders of the Company in its 8th Annual General Meeting held on December 27, 2012, had appointed M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants as the Joint Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of next Annual General Meeting.

As the combined shareholding of banks / financial institutions exceeds 25% of Subscribed Share Capital of the Company, the re–appointment of M/s. Chaturvedi & Shah and M/s. Yeolekar & Associates as Joint Auditors of the Company is required to be made by Special Resolution.

As required under Section 224 of the Act, certificate has been obtained from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified in that Section.

The Board commends passing of the resolution as set out at Item no. 5 of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of the Resolution.

Item Nos. 6 & 7

The telecom industry today is undergoing stress and has been dealing with several challenges on the financial, revenue and profitability on account of the regulatory, government and judiciary concerns. Further, the Company in the recent past has faced difficulties due to less than expected growth in tenancies which is the primary source of revenues. In view thereof, the Company is in the process of restructuring its Outstanding FCCBs. The Board has at its meeting held on July 3, 2012 passed a resolution in connection with the restructuring of the Outstanding FCCBs. The present resolutions will authorize the Board to restructure the Outstanding FCCBs by amending the terms and conditions thereof, and issuing new foreign currency convertible bonds, up to a principal amount of USD 320,547,811 to replace /swap the Outstanding FCCBs by way of a cashless exchange offer, for the Outstanding FCCBs in a manner and on such terms, as deemed appropriate by the Board.

The present resolutions will also authorize the Board to issue / allot such number of equity shares pursuant to conversion of the Outstanding FCCBs of the Company.

The present borrowing limit of the Company is ₹ 25,000 crore which has been approved by the shareholders, under Section 293 (1) (d) of the Companies Act, 1956, at the Annual General Meeting held on August 25, 2010. The proposed restructuring of the Outstanding FCCBs along with existing borrowing of the Company shall be within the said limit of ₹ 25,000 crore for which the approval has been taken.

Under the provisions of Section 81 (1A) of the Companies Act, 1956, whenever at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that company made for the first time after its formation, whichever is earlier, if it is proposed to increase the subscribed capital of the Company by allotment of further shares, such further shares may be offered to any persons, whether or not those persons are at the date of the offer holders of the equity shares of the Company, if a special resolution to that effect is passed by the Company in its general meeting.

The Board recommends the resolution for approval of the members of the Company.

None of the Directors of the Company may be considered to be concerned or interested in passing of the resolutions.

Item Nos. 8 & 9

The Authorised Share Capital of the Company is 3500,00,00,000/– (Three Thousand Five Hundred Crore Only) divided into 300,00,00,000 (Three Hundred Crore Only) Equity Shares of ₹ 10/– each (Rupees Ten only) and 5,00,00,000 (Five Crore) Preference Share of ₹ 100/– (Rupees One Hundred only) each. So far the Company has issued 1,827,188,274 equity shares.

In view of the proposed restructuring of the Outstanding FCCBs as contemplated at Resolution Nos. 6 and 7, and as explained in the explanatory statement above, it is proposed to increase the Authorised Share Capital from ₹ 3500 Crore to ₹ 5000 Crore by creation of additional 150 Crore Equity Shares of ₹ 10/– each.

As per Section 94 of the Companies Act 1956, the increase of share capital by the Company requires the approval of shareholders. Accordingly Clause V of the Memorandum of Association of the Company and Article 3(a) of the Articles of Association of the Company are required to be amended in accordance with Sections 94 and 31 respectively of the Companies Act 1956, to reflect the increase in the Authorised Share Capital of the Company.

The Board commends passing of the resolutions as set out at Item Nos. 8 & 9 of the accompanying notice.

None of the Directors of the Company may be considered to be concerned or interested in passing of the Resolutions.

By Order of the Board of Directors

Suresh V. Joshi
Company Secretary

Date: July 3, 2012

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. : +91–22–3911 2300 Fax : +91–22–3913 7440 E–mail : gilshares@gtlinfra.com Website : www.gtlinfra.com

GTL INFRASTRUCTURE

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 Ninth Annual General Meeting of the Company being held on Thursday, September 27, 2012 at 10.30 a.m. at Marathi Sahitya Mandir Sabhagruha, Sector 6, 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. : +91–22–3911 2300 Fax : +91–22–3913 7440 E–mail : gilshares@gtlinfra.com Website : www.gtlinfra.com

GTL INFRASTRUCTURE

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 Ninth Annual General Meeting of the Company to be held on Thursday, September 27, 2012 at 10.30 a.m. or at any adjournment thereof.

Signed this ____________ day of ____________ 2012.

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
207/208, Navketan Bldg 62,
2nd Floor, Sarojini Devi Road,
Near Clock Tower,
Secunderabad – 500 003, 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

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
No. 5, 1st & 2nd Floor, Madiwala Layout,
1st Stage, 100 Feet Ring Road,
Bank Officer & Official House, CHS,
Bangalore – 560 076, India

KERALA
Door No 40/9643, Prabhu Tower,
1st Floor, Opp Chennai Silk,
M.G. Road, Cochin – 680 035,
Kerala, India

MADHYA PRADESH
Plot No. 30, Manav Niket,
Indira Press Complex, Zone – 1,
M.P. Nagar, Bhopal – 462 001,
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

NEW DELHI
3rd Floor,
Palm Court Building,
20/4, Sukhrali Chowk,
Gurgaon – 122 001, India

ORISSA
1st Floor, M. J. Plaza,
Plot No 760, Cuttak Road,
Bhubaneshwar – 751 009,
Orissa, India

PUNJAB & HARYANA
E–9, Phase 7,
Industrial Area,
S.A.S. Nagar, Mohali – 160 055,
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
6A, 2nd Floor,
Jeet Palace Sapru Marg,
Hazratganj, Lucknow – 226 001,
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,
Kolkata – 700 091, India

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

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STA to GTL Infrastructure Limited
Investor Service Centre, Global Vision, Electronic Sadan-II,
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E-mail: gilshares@gtlinfra.com **Website: gtlinfra.com**

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