GLOBAL Group Enterprise

Sharing resources. Inspiring growth.

GTL INFRASTRUCTURE

6th Annual Report 2008 - 09

Sharing resources. Inspiring growth.

Success through fostering of sharing is what GTL Infra is all about. Sharing that drives growth and nurtures harmony. As pioneers in Shared Passive Telecom Infrastructure, we believe in allowing operators to make the best use of shared infrastructure and reach out to the remotest parts of India.

As a company that derives it's core strength from sharing, we have put together few glimpses of how our initiatives are impacting wireless communications in India.

GLOBAL Group Enterprise

Corporate Information

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman
Balasubramanian N.	Vice Chairman
Ranjalkar, Prakash	Whole-Time Director
Dawra S.S.	Director (Upto October 31, 2008)
Desai G.V.	Director (Upto July 3, 2008)
Dr. Patkar, Anand	Director
Kulkarni, Vivek	Director
Naik, Charudatta	Director
Pathak, Vishwas	Director
Samant, Prakash	Director
Vaidya, Deepak	Director

JOINT COMPANY SECRETARY

Vemulakonda, Ravikumar

REGISTERED OFFICE

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

JOINT AUDITORS

- Chaturvedi & Shah
- Yeolekar & Associates

LIST OF LENDERS

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

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Pinakin Gandhi
+91 22 2271 5000
ir@gtlinfra.com

Awards & Recognitions

GTL Infrastructure won the prestigious **'Innovative Infrastructure Company of the Year'** as part of 'The Infrastructure Excellence Awards 2009' initiated by Essar Steel and E18.

GTL Infrastructure has been voted as the **'Best Shared Infrastructure Provider'** in a survey conducted by the Tele.Net magazine, a leading Telecom industry magazine.

GTL Infrastructure received the **'Top Independent Infrastructure Provider of India'** award from Voice and Data, a leading Telecom industry magazine.

GTL Infrastructure received the **'Best Enterprise Wireless Project Award'** from Motorola, for it's Wi-Fi project in Manipal university.

The words 'tower' and 'cellsite' have been used interchangeably throughout this report.

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CONTENTS

The cellular wireless subscriber base in the country witnessed another year of consistent growth. It registered a growth of 50.1% over last year to touch 391.9 Mn. subscribers by end of March 2009. The monthly subscriber additions peaked in the last quarter of FY2008-09 by touching 13 Mn. in the month of February. The impending recession has not impacted the business growth of the Operators. This and the continued increase in mobile wireless data usage are pointers of the healthy growth witnessed in the cellular services usage in the country. Thus, passive telecom infrastructure sharing continues to grow in importance for the Operators, by facilitating the advancement of the coverage, speed and quality of their services.

FY09 presented unseen challenges across sectors due to the global financial crisis. The telecom Operators have responded by deferring their network expansion capital expenditure and outsourcing network expansion requirements. We expect this outsourcing trend to continue in this financial year and benefit our business.

Company's Performance

Operational highlights

In FY09, we continued to strengthen our position as the leading independent provider of shared passive telecom infrastructure in the country. The significant operational highlights are as follows:

- No. of towers increased to 9,411
- No. of tenants increased to 7,198
- Tenancy on Ready for Installation of Equipment (RFIE) towers is 0.96
- Portfolio presence extended to 19 circles
- All National level Operators, are now our customers

Financial highlights

The financial performance highlights are as follows:

- Y-o-Y Revenue growth of 77%
- Y-o-Y EBIDTA growth of 76%
- EBIDTA margin of 52%

Our steady EBIDTA margins show that we have been able to manage our revenue growth effectively for profitability.

Awards

Our efforts to achieve business excellence are being acknowledged and appreciated across the industry. We won the 'Most Innovative Infrastructure Company' award instituted by Essar Steel & E18. The award recognises our efforts to facilitate Operators with Pan India presence and providing users from rural and semi urban India with better connectivity experience. Our towers rolled out under the 'Mobile Operators Shared Towers' (MOST) program initiated by the Government of India, came in for special praise from the jury.

Industry Outlook

Demand for Towers

It is expected that India will have a wireless subscriber base of 600 Mn. by 2012. The country could require around 4,50,000 towers to meet the network coverage requirements of the Operators. This translates into an additional demand for approximately 2,00,000 towers over the next few years.

Our customers, the Cellular Operators, face significant challenges and opportunities in the times ahead. The continued strong subscriber growth has caused a tremendous increase in network usage and has resulted in capacity roadblocks on their networks. At the same time, the recent weakening of the financial sector has limited the access to capital for them in India and abroad.

Hence, the Tower sector is expected to experience sustained growth due to the demand for telecom infrastructure on the whole, and for shared passive infrastructure in particular. The expected main drivers for growth would be as follows:

(A) Expansion by existing and new Operators

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

The entry of new Operators will create an opportunity of tower-sharing in the metros and Class A circles initially, where first phase of their rollout is expected.

(B) Operator's efforts to improve service quality and network capacity

As subscribers are being added rapidly, the tolerance for gaps in coverage is diminishing, particularly as wireless networks are beginning to move towards data centric traffic. The service quality of Operators can be improved if they increase the number of cellsites in their network. The implementation of Mobile Number Portability (MNP) is likely to increase subscriber churn. These factors may act as a catalyst for demand for towers from the Operators.

(C) Introduction of 3G & WiMAX

The impending auction of third-generation (3G) licenses is expected to take place in India in the later half of 2009, followed by WiMAX licenses shortly thereafter. Industry experts suggest that this represents an opportunity that will equal or exceed half of the current overall tower portfolio in India. Since Operators will be making large investments in license fees, they will be more than willing to share passive infrastructure for a shorter break even period.

Strategy

- **Maximise utilisation of our tower capacity**

  We intend to continuously grow our per tower revenues and cash flows by utilising our towers with additional antenna space at lower incremental costs. Introduction of services by new Operators and 3G license winners is expected to drive tenancy growth.

- **Change in mix of GBT and RTT**

  Our current portfolio has 88% Ground Based Towers (GBT) and 12% Roof Top Towers (RTT). We are planning a shift in our GBT: RTT ratio, by rolling out more towers in urban areas. This is being done to cater to tenancy demand that we see arising from new and 3G Operators in metros and Tier-1 cities.

- **Introduction of energy management services**

  Operators who occupy antenna space on our towers need a variety of additional services, including energy management, tower Operations & Maintenance (O&M) and tower monitoring. Tenants often outsource these services to third parties. We are in the process of introducing advanced energy management solutions at our cellsites, resulting in significant cost savings in the monthly power and fuel charges for the Operators.

- **Improve customer mix**

  In FY09, the number of tenants grew by 79% over last year. The revenue contribution from the Company's top three customers is around 59%. We are undertaking efforts to diversify our customer base and reduce revenue concentration. We will strive that in future no single Operator contributes more than 20% to our revenues.

- **Inorganic growth**

  We believe there is a strong rationale for consolidation among tower companies. Through acquisitions, we expect to achieve competitive advantage and higher returns for a given amount of infrastructure provisioning revenue. The key operational criteria for considering targets comprises of their network footprint, capacity of the towers, future roll out commitments and the existing occupancy. We would also stress on cash flows per tower and recovering a pre-determined Internal Rate of Return (IRR).

  In FY09, we examined two acquisition targets, and had to forego both opportunities, as we felt that, these targets may not help us in enhancing shareholder value. The main deterrents were the unrealistic valuation expected per tower by sellers, limited portfolio tenancy upside and inadequacies of the assets.

> ***"We will continue to look for targets and hope to participate in the consolidation of the sector in the future."***

- **Capital adequacy**

  Our business is very capital intensive. Only companies with strong capital base can succeed in this industry. During financial years 2006-09, our equity / quasi equity offerings and debt requirements were well received by investors and banks.

  This has allowed the company to grow from a modest balance sheet size of Rs. 25 Crores (US$ 6.25 Mn.) in FY05 to Rs. 4902.43 Crores (US$ 943.31 Mn.) at the end of this year. It could potentially double in the next 2-3 years, as our rollout continues. We have been able to raise equity capital, within the debt equity limits set by our lenders.

  While, all other tower companies placed their equity to investors at very high valuations, majority of our original shareholders got their shares free during the company's de-merger from GTL Limited and for Rs. 10 (US$ 0.25) during the Rights issue in 2007. Thus the average price per share for our domestic Indian shareholders was Rs. 5 (US$ 0.13). To demonstrate Promoters faith in the business, they have committed to invest Rs. 670 Crores (US$ 128.92 Mn.) by subscribing to warrants issued to them in FY08. Till date they have, paid Rs. 288.18 Crores (US$ 58.45 Mn.), including Rs. 93.60 Crores (US$ 18.01 Mn.) in FY09.

It is perhaps important to also point out, that as a result of our financing structure, we are well equipped and will be able to use our capital as a competitive advantage.

Challenges

- **Operator-driven tower companies and alliances**

  The Operator-driven tower Companies own sizeable tower portfolios and have the advantage of having captive tenancy on all their cellsites.

  We believe, that we are complementing and not competing with the Operator driven tower companies. Except from the market leader, we have seen significant tower demand in FY09, from all other Operators who own tower companies. We expect this trend to continue. We believe that tower location and capacity, price and quality of service, efficiency and competitive pricing of O&M services, historically have been, and will continue to be the most significant factors for the Operators.

- **New technologies & sharing arrangements**

  The emergence of new technologies could reduce the need for tower-based transmission and reception, for example, the development and implementation of technologies that enhance spectral capacity and signal combining.

  Adoption of active network sharing or roaming arrangements by Operators may affect the demand for tower space.

  We are working on trial projects that entail a combination of passive and active infrastructure sharing. This will enable us to be ready for changes in tower sector, once the concept of active sharing gains prominence in India.

Processes

We continue to deploy advanced IT systems required to integrate and manage shared infrastructure and networks effectively. We are offering innovative solutions such as 'Site Locator' to our customers in order to help them to locate available towers and know their available capacity. We believe that such efforts are necessary to achieve our ultimate goal of elevating our relationship with each customer to that of being their business partner and not merely a vendor.

We are focusing on building strong administrative and support functions and have concurrently invested in systems for accounting, billing, legal, human resources, quality, and other assets.

> ***We believe that eventually three to four major players will exist in the Indian tower sector.***

People

The workforce strength on our payroll is 185, and the manpower involved in our project is more than 1,000 as on March '09. It is a balanced blend of youth and experience. A common culture flows through the entire company, which values persistence and focus. The 'Telecom circle' level staff is empowered to handle operations independently as they have a better understanding of the ground realities. We regard learning as an ongoing process, because, it's the industry expertise and skill sets we possess, that help us in understanding our customers better.

Way Ahead

Our customers continue to focus on expanding their networks. Several of our customers have announced high tower requirements spanning across years for their 2G/3G rollouts. The need for passive infrastructure is going to increase and we would like to address this opportunity. We have a long term goal of rolling out 23,700 towers by March 2011 and we are confident of our ability to build on our strengths in the years ahead.

The consolidation in tower sector has seen different phases. The first phase was of a regional Operator selling out its tower portfolio to an independent tower company i.e. Spice's sale of its tower portfolio. The second one was of an alliance between three major Operators i.e formation of Indus. This was followed by, phases of proposed stake sale by a major operator in it's tower arm (WTTIL-Quippo deal) and the sale of tower portfolio by an independent tower company (ATC-Xcel deal). Currently, almost all original independent tower companies are open to sale and to forge alliances. Given the fact that we have a portfolio of almost 9,500 towers and have the necessary funding to enhance the portfolio substantially, we believe that we will continue to be the largest Independent 'Tower Infrastructure Provider'.

We appreciate the continued support of our shareholders, and the significant number of investors and lenders who have stayed with us, and those who have increased their positions during the past year. We deeply appreciate your support, and confidence shown in us. I see a bright future for the company and for value-creation for our stakeholders.

I would like to thank you for the support and faith you have shown in us, and look forward to a fruitful relationship for years to come.

Place: Mumbai
Date: April 29, 2009

Manoj G. Tirodkar
Chairman

Industry structure

When everyone makes the best use of available resources, inclusive growth is inevitable.

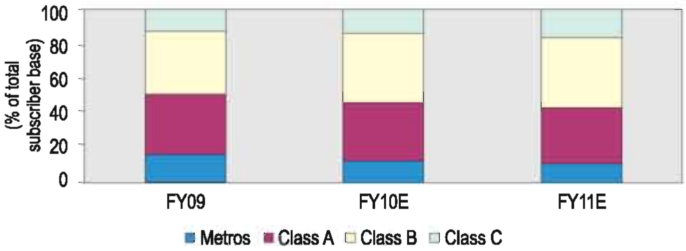
GTL Infra provides the infrastructure that acts as a catalyst to propel cellular telephony in the country. During the year FY2008-09, wireless telecom services subscriber base registered a growth of 50.1% over the previous year.

GTL Infra's towers are present in 19 out of the 22 telecom circles in the country

Indian Telecom industry

The development and growth of the telecom industry in India is directly related to the growth in the wireless subscriber base. During the FY2008-09, the wireless telecom subscriber base in India registered a Y-o-Y growth of 50.1% and touched 391.9 Mn. The increased usage of cell phone is driving wireless penetration in the country, which was almost 37% at the end of FY09. Additionally, Minutes of Usage (MoU) per subscriber increased from 464 minutes in FY08 to 496 minutes in FY09. The MoU is expected to continue its increasing trend, driven mainly by innovative tariff schemes, lifelong validity plans and bundled services introduced by the major wireless Operators. The introduction of low cost handsets has made wireless telephony more affordable for the lower income group giving further impetus to the subscriber growth in Class 'B' and 'C' circles.

The estimated change in all India subscriber mix (based on circle cluster) is as follows:



Source: Angel Research, COAI, AUSPI

In order to support and service this anticipated growth in telephony, wireless Operators in India have announced massive investments to augment the current infrastructure and install new networks. The investments are targeted mainly towards rolling out cellsites to support 2G centric voice services and next generation technologies such as 3G and Mobile WiMAX.

Indian Telecom Tower Sector

Emergence

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

Typically, a tower site has active and passive infrastructure components which constitute 35% and 65% respectively of the total cost at the build-out stage. Active components include the GSM antennae, base transceivers, feeder cables and microwave radio equipments. Passive components include the underlying land, tower, shelter, air conditioning equipment (AC), diesel generator (DG), battery, electrical supply, technical premises etc. In its simplest form, passive infrastructure sharing involves the sharing of tower space, and associated shelter, DG, AC etc.

Sector Eco-system

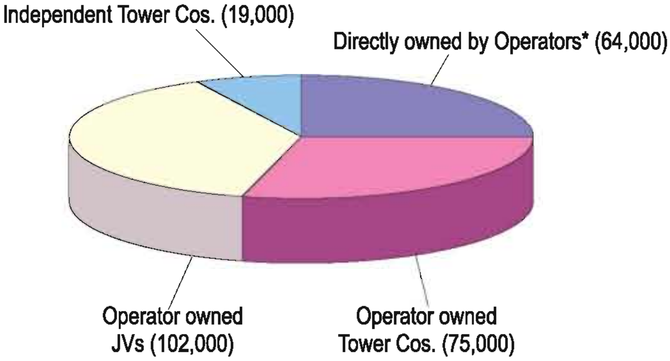
Tower sharing, which started as a cost reduction and rollout enhancement measure amongst Operators, has begun transforming into a full fledged industry by itself. GTL Infra played a pioneering part in establishing passive infrastructure sharing as an organised sector, by marketing this concept as a feasible and effective business model. It became the first 'independent' (No Operator background) player to offer cell sites for sharing. Several other independent tower companies spawned up in a short span, following its footsteps.

Most of the Operators who were making high investments to rollout cellsites, sensed the business opportunity and joined the fray to create value for their shareholders. They either set up their own tower arms, or got together to set up joint ventures between themselves or with independent tower companies. USA is the only other country where passive sharing evolved as rapidly, as it is happening in India.

Tower companies in India can be mainly classified into three groups viz.

- Operator owned Tower companies (Bharti Infratel, Reliance Infratel)
- Operator owned Joint ventures (Indus, WTTIL-Quippo)
- Independent Tower companies (GTL Infra, Essar Towers, ATC-Xcel etc.)

As of March 31, 2009, the country is estimated to have around 2,60,000 towers. The break-up of ownership of the towers in India, is as below:



* Consists of portfolios of BSNL, Aircel, MTNL etc.
Source: Industry reports & Internal estimates

Operators have the 'Right of First Use' on the tenancy capacity of the tower companies/Joint ventures owned by them, to cater to their existing and future demand, and new technology rollouts. As the stakeholders of these companies, are direct competitors, their individual rollouts have to be co-ordinated. Which enables, optimisation of number of sites with multiple tenants, avoid transmission frequency distortion and preservation of rollout speed.

Independent tower companies face a unique complexity, where most of their customers are also their major competitors through their tower arms/JVs. The business potential for them is both from Operators who own tower companies and Operators without tower companies. The demand from Operators who own tower companies is impacted by the following factors:

- Inability of Operators to accomplish, coordinate and prioritise their roll outs

- Unavailability of ready towers

Independent tower companies are expected to get a bigger share of the incremental demand of Operators not owning Tower companies and state owned Operators. Their neutrality and ready tower availability, which suits these Operators rollout strategy will be the main driver of this demand.

Demand for Towers

The tower sharing business in India is dependent on many factors which include:

- Consumer demand for wireless services
- Capital allocation by Operators
- Operator preference for owning or leasing of cell sites
- Governmental regulations on Licenses, spectrum, zoning & environment
- National and regional economic conditions
- Number of Operators in a circle
- Technological changes

The expected overall demand from Operators till the end of FY12 is as follows:

In '000

	FY09	FY10E	FY11E	FY12E
Bharti	68	88	103	115
Vodafone	52	68	82	91
BSNL (Including 3G)	45	67	88	102
RCom (Including GSM)	45	58	73	88
Idea	21	41	57	69
TTSL (Including GSM)	17	32	46	61
Aircel	15	30	48	69
Others	10	17	23	28
New Operators	0	25	70	125
3G Operators	0	10	54	98
Total	**273**	**436**	**644**	**846**

Source: PG Research, Industry estimates

Drivers for Sharing of Passive Infrastructure

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

(A) Expansion by Incumbent operators

At the start of FY09, on an average 5 Operators existed in most of the telecom circles. During the year, rapid expansion by Idea and Aircel has raised the current average to 6 in majority of the circles.

The government owned Operator BSNL, has begun to adopt a more liberal attitude towards sharing. Hence it is likely that BSNL's tower capacity procurement will be done from Independent tower companies. The regional Operator Aircel is aggressively rolling out a pan India network. On a net basis, substantial demand for towers, is expected to come from BSNL and Aircel.

RCOM has lined up full-scale pan India GSM plans. Hence it is likely to require significantly higher number of ready tower slots for its GSM rollout and is expected to outsource a section of its demand to independent tower companies like GTL Infra.

Idea and Vodafone are continuing their network expansions to achieve Pan India Coverage, which is expected to generate additional demand for towers.

(B) New Operators

Five new Operators received Pan India licenses in FY08. Out of which, Sistema-Shyam Teleservices has commenced its operations. Two other new players have been able to get a strategic partner in place and are likely to launch their services by the end of CY09.

Operator	No. of circles	
	Spectrum available	Services planned
Swan Telecom	13	13
Unitech	21	21
Sistema - Shyam	22	15*

* Services commenced in four circles (As on May 21, 2009)
Source: Industry sources

Telecom Regulatory Authority of India (TRAI) has set a period specific rollout targets for the new licensees. Failure to achieve these targets will result in penalties for the new Operators. They require tower infrastructure in place in a short period of time to garner subscribers, meet rollout obligations and face stiff competition from existing players.

Additionally, the expected tariff reduction post their entry, calls for a lean capital expenditure model, to enable them to run a start-up mobile operation profitably. All these factors would entail complete outsourcing of tower requirement to tower companies.

(C) 3G

The increasing data application needs of the subscribers has triggered the launch of 3G networks in the country. While the government owned Operators have launched 3G services, the 3G rollouts of private players will happen post the auction of 3G licenses.

Using 3G technology, Operators are likely to step up the peak data transfer speeds offered to consumers. The higher transmission frequency (2,100 MHZ) and the greater data rate that Operators would like to offer will necessitate more cell sites for 3G coverage. According to industry estimates, for effective coverage in all major cities, Operators will need one 3G BTS for every two 2G BTS. The high 3G licenses fees expected to be paid by the Operators, will make sharing unavoidable option for the Operators to start their rollouts.

(D) Rural expansion

As part of their long term strategy, Operators are continuously expanding their network footprint in semi urban and rural areas where nearly 70% of India's population resides. This poses cost optimisation challenges for the Operators, further accentuated by low Average Revenue per User (ARPU) in these areas.

It is estimated that incremental rural subscribers will be 20% less profitable than the existing rural subscribers. Thus, returns expected by Operators can be sustained in few areas only. For an Operator, the lower per subscriber profitability, higher cost of reach, and required operating leverage, justifies the need for infrastructure sharing in the rural areas. Shared Infrastructure offers a ready solution by reducing the expenditure incurred by the Operator on deploying and maintaining the Infrastructure, and increasing their market share in a cost effective way.

Sector Consolidation

Due to the change in investor sentiment and growing liquidity crunch, most of the smaller independent tower companies have started facing major problems such as inability to raise capital, managing inventory of unoccupied towers, and inability to cope with the cyclical nature of the industry. This environment is causing some of the heavily debt-laden companies to struggle in servicing debt, forcing them to look for sell-off opportunities. Thus, consolidation in the industry is being deemed necessary by all. The tower industry witnessed consolidation during FY09, through the joint venture between WTTIL and Quippo, and acquisition of Xcel by American Towers.

Along, with tower volumes, tower companies also intend to build a scalable platform for tenancy and revenue growth through acquisitions. Industry experts suggest that consolidation will definitely continue at much scaled-down valuations in the next 4-5 years, and the industry will eventually be dominated by 3-4 large tower companies.

Need for Energy Optimisation

The current expansion of telecom networks is primarily happening in semi urban & rural markets. The challenge for Operators lies in managing their power needs especially in rural parts of the country where grid power is available only for a few hours during the day, while in some parts there is no grid connectivity at all. Adding to the woes of telecom Operators, is the efforts required to arrange and transport diesel to the sites and preventing its theft. All this is forcing telecom companies to look for rationalising their operating expenses by reducing energy bills.

Since almost all the passive infrastructure needs of Operators are outsourced, the responsibility is shifting towards the tower companies to reduce energy consumption at cellsites. These problems have compelled them to look for Energy Management Solutions as the only means of controlling expenses without compromising on service quality.

Even for tower companies', seeking commercial power for new sites in remote areas is a challenge and they have to bear the costs for laying of lines, transformers and other auxiliaries. Thus the tower companies are adopting an approach which focuses on three main concepts:

- Reduce overall power consumption
- Reduce diesel generators running time
- Complete replacement of diesel generators

On account of complexities in managing energy resources to run networks, telecom Operators and tower companies are looking for green solutions to bring down opex. However as infrastructure costs for putting up renewable sources such as solar and wind energy are high, the tower companies are looking at innovative solutions such as energy-efficient equipment and use of alternate fuels.

Future Outlook

Emergence of 'Active infrastructure' sharing

Encouraged by the success of passive infrastructure sharing, last year the Government of India allowed sharing of active network infrastructure by Operators. This measure is expected to expedite network rollout, especially in rural areas. The Operators are expected to migrate towards an operating model with both passive and active sharing arrangements in future, to derive the maximum benefit from sharing. Hence, tower companies will have to collaborate with technology providers to enhance their shared infrastructure offerings.

Sector's Financial Approach

The tower industry in India has attracted significant equity investor interest and debt capital over the last 3 years. But the prevailing tight credit environment has squeezed growth capital in the short term for the tower companies. The macro economics of the tower business model will ensure that it finds favour amongst investors and lenders, once the financial markets stabilise. The tower companies will be focused on operating efficiencies along with financial discipline. They will have to begin de-leveraging and grow their EBIDTA and finally be free cash flow positive.

Passive infrastructure sharing is proving to be a critical catalyst in the growth of the cellular telephony in India and tower companies will be essential to the remarkable expansion of cell phone and wireless services in India.

GTL Infra wins the
"Innovative Infrastructure Company of the Year"

GTL Infra is India's leading independent passive telecom infrastructure provider. The company's approach towards Business growth and Delivery is focused on leveraging its leading position to take advantage of the growth opportunities in the rapidly expanding cellular telephony space.

Tower portfolio presence

The company owns 9,411 towers at various stages of completion in 19 telecom circles, rolled out in less than three years of full-fledged operations. Around 90% of the investments in towers is in semi urban and rural areas. The circle wise break-up of the company's portfolio is as shown below:

Circle	RFIE	CWIP	Total
Class A			
Maharashtra & Goa	1,366	351	1,717
Karnataka	796	134	930
Gujarat	648	399	1,047
Andhra Pradesh	480	-	480
Tamil Nadu	219	10	229
Class B			
UP(W)	197	150	347
UP(E)	989	237	1,226
Rajasthan	781	29	810
Madhya Pradesh	409	99	508
Punjab	459	2	461
Haryana	171	76	247
West Bengal	218	26	244
Class C			
Bihar	312	329	641
Orissa	204	15	219
Himachal Pradesh	133	15	148
Assam	40	2	42
Jammu & Kashmir	31	-	31
Metros			
Delhi	79	-	79
Mumbai	5	-	5
Total	**7,537**	**1,874**	**9,411**

Tower presence established in FY09

Note: **RFIE** - Ready for installation of equipment; **CWIP** - Capital work-in-progress

Operations strategy

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

(A) Enhancing Tenancy

The company has revised its tower rollout strategy aiming at better utilisation. The company develops those cellsites which are backed by 'Service Orders' received from the Operators who would be the 'Anchor Tenants' on those cellsites. The location co-ordinates of a site given by the Operator is analysed by the company for share-ability potential. The location analysis involves mapping the presence of towers in vicinity of the proposed location, coverage prediction, line of site prediction for microwave backhauling, etc. The company prioritises those sites which have multiple tenant demand, to get higher returns on its investment.

(B) Proficient Rollout Execution

The company capitalises on the increasing demand for towers by providing its customers with towers within stipulated deadlines. It also places a strong emphasis on quality control to ensure that the quality of towers meets its customers' requirements. Hence the company maintains a project management setup which ensures high tower build quality along with cost and time savings.

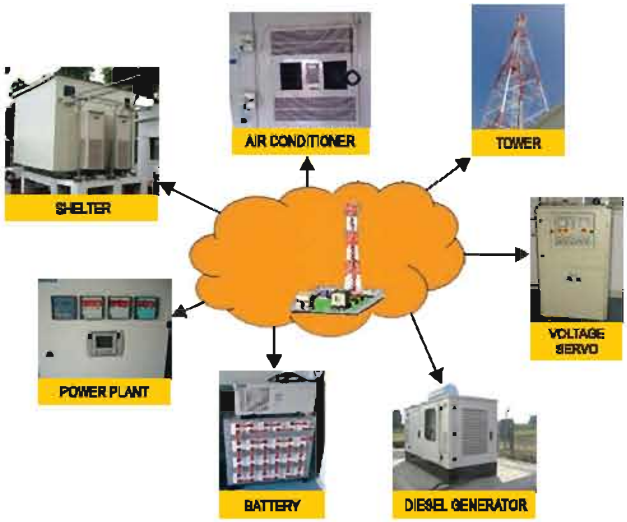
Portfolio Rollout Process

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

On successful completion of the cellsite rollout steps, the site is declared as 'Ready for Installation of Equipment (RFIE)'. Post this, the telecom Operator installs Base Transceivers and allied equipment at the site. During the year, company met the construction timelines for 95% of the rolled out sites.

Cellsite Components

The key components that constitute the passive infrastructure at a ground based cellsite are as follows:



Procurement & Vendor Management

The company's operational efficiency lies in sourcing high-quality cell site input components on a timely basis at favourable cost levels. To facilitate this and reduce the risk of over-dependance, the company sources each key input component from multiple suppliers. The company procures infrastructure equipment through a 'Request for Proposal (RFP)' process on a periodic basis.

The company maintains inventory stock in its national as well circle level warehouses to ensure timely availability of materials for approximately 100 tower sites per geographical region. Vendor development is treated as continuous process by the company. The company organises vendor meets to interact with its regular as well as prospective suppliers.

Project Execution Experience

The company's rollout is being led by a project management team that has been involved in the rollout of its existing portfolio since the inception of the company.

The management team has project and operational management expertise and understands the key opportunities and risks associated with the tower business. This allows the company to enjoy advantages in commercial negotiations with suppliers, identify areas for cost reductions and other efficiencies, anticipate and avoid execution roadblocks and complete expansion plans on time and within budget. The project management expertise extends upto the circle level staff which will prove to be a critical business strength as the company looks to expand its portfolio over the course of the coming years.

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, an GBT site can accommodate around 4-5 Operators, while a RTT site can accommodate upto 2-3 Operators. As on March 31, 2009, the company's average tenancy capacity was 3.8 hosting slots per tower.

Technology Independence

The company focuses on design and engineering activities to ensure fulfilment of all the requirements of its customers in terms of cellsite layouts, functionality, serviceability and for achieving the Service Level Agreements (SLA) parameters. Its sites are suitable for GSM, CDMA and Broadband wireless technologies thus making them technology independent.

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.

GBT: RTT split

As on March 31, 2009, 6,666 of the company's towers, or approximately 88% of the total RFIE towers portfolio, were ground based towers and the remaining 12% of the towers were rooftop based.

Circle group	GBT	RTT	Total
Class A	2,990	519	3,509
Class B	2,994	230	3,224
Class C	675	45	720
Metros	7	77	84
Total	**6,666**	**871**	**7,537**

Network Uptime

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

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

Tower Design & Height

In the last three years, the company has deployed around 12 ground based tower design variants certified by the Structural Engineering Research Centre (SERC) and Indian Institute of Technology (IIT), Mumbai. These designs ensure adherence to the requirements of multi-operator equipment loading and required wind speed resistance. For roof top towers, Lattice towers or Delta / Pole structures are deployed to suit the structure of the building on which they are based, along with the regular requirements.

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

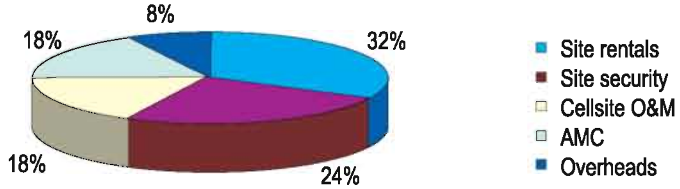
Tower Operations

Cellsite Operational expenditure

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

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

The typical break-up of the monthly opex for a ground based cellsite is as follows:



Site Ownership

The average size of the land plots on which the company's ground-based and roof top towers are located are approximately 4,000 square feet (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 and prioritises minimizing disruptions to its business. Measures employed by the company include the following:

- In case of Rooftop towers, the building owners take responsibility for maintaining security, as these buildings generally have dedicated security guards.
- Ground-based towers are typically protected by the following arrangements:
  - (i) Site security service arrangements with agencies which ensures security guards at all the cellsites.
  - (ii) Delegation of site security to the land lord of the cellsite premises.

The company is planning to install security automation systems at the tower sites which connect to the central control room and enable 24X7 remote site monitoring from the Network Operations Center (NOC).

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) co-ordination, 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. The diesel required for the running of generator sets is sourced from local fuel pumps. In certain areas where regularly extended electricity blackouts (up to seven or eight hours per day) are experienced, the company has on-site diesel storage facilities. 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.

Methods employed for energy saving

The technical solutions and measures adopted by the company for effective energy management and ensure maximum cellsite uptime are as follows:

(A) 'Free Cooling' concept of air-conditioning systems

The Company has deployed solutions for Free Cooling i.e. utilisation of cooler ambient air for cooling the shelter. This solution is effective in those regions where ambient temperature goes below 20 degrees for few hours in the day.

(B) 'Fuel Optimiser' method of operating diesel generators

The sites which do not have electricity connection or sites where electricity is not continuously available, diesel generator backup is used. These DG sets are operated through a logic of checking battery backup capacity and shelter temperature, before switching on. The logic control unit which is built into the DG set, ensures optimum utilisation of DG power and stored energy of battery.

(C) Usage of energy efficient products

The company has started fitting its cellsites with 'Wide Input Voltage Range' power supply devices which exhibit minimum derating at lower input voltages. It also uses 'Energy Star' rated products and appliances to lower power consumption.

Information Systems

The company has built its Information Systems and applications around its business requirements. The key components of the company's management information systems are sourced and maintained by third party vendors. The company's web based software tool called 'Site Locator' allows making the infrastructure provisioning process faster and enables effective response to customer inquiries. The company has an Enterprise Project Management system for close monitoring of the progress of the sites during their implementation stage across India.

In addition, the company uses Oracle Financial to make the processes of billing and accounts, efficient and accurate. The company is implementing a nation wide portal integrating the various Management Information Systems, which will provide selective access to concerned sales, planning, site implementation and O&M personnel.

Network Operating Centre (NOC)

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

Way ahead

The Company will extend its reach to all the 22 telecom circles across India with a balanced focus on rural, semi urban/urban and metro sites (driven by demand for capacity sites and 3G rollout). This will also help it to provide an attractive portfolio to the new licensees, who are expected to begin operations sometime in the second half of 2009.

Future Outlook

The Company intends to maintain its leadership position, as the largest third party Independent Telecom Tower Infrastructure company in India. Hence, it will continue to focus on providing value added services that address Operator concerns, and pursue 'Tower Infrastructure' acquisition opportunities in future.

Enhanced Offerings

The company has adopted some innovative steps for improving operational efficiencies and offering customer-friendly solutions.

(A) Innovative tower designs

The Company deploys reliable, systematically engineered, shareable uniform site designs at its cellsites. It is planning to introduce platforms on towers to provide easy access to technical personnel for testing and maintenance work on towers. To facilitate the telecom Operators' future plans of installing 3G equipment at its cellsites, the company has identified tower design up-gradations that will enable installation of 'Remote Radio Heads (RRH)'.

(B) Remote Monitoring Solutions (RMS)

The Company has integrated RMS into its central Network Operating Center. The company will enhance this RMS with Automated Meter Reading system (AMR). This system will enable faster and accurate preparation of monthly energy cost-sheets / debit notes of each cellsite and energy cost appropriation amongst the operator users.

Mergers & Acquisitions (M&A)

The company is aiming to evolve as a complete wireless infrastructure solutions partner for the Operators, and thereby capitalise on the enormous growth opportunities in the sector.

The size of tower portfolios targeted by the company for acquisitions could vary from small to medium ones. The Company may also undertake strategic investments into tower infrastructure companies being hived off by the Operators. Though presently the Company is looking for domestic acquisitions, it will also look at opportunities in South Asia, Asia Pacific and Africa regions, where acquisition of tower infrastructure could make good business sense in the future.

Internal Control System

The company's 'Internal Control' framework comprises of 'Internal Audit' and 'Budgetary Control' policies and procedures. The company's internal control systems assure effectiveness and efficiency of operations in all material respects, protection against significant misuse or loss of company assets, and compliance with applicable laws and regulations. The Company follows the Committee of Sponsoring Organization (COSO) model of Internal Control Framework and has designed its internal controls to comply with the relevant standards.

The internal control function in the company is carried out by the Internal Audit Department. It performs audit to ensure adequacy of the internal control systems and their adherence to management policies and statutory requirements.

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

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

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

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

Human Resources

When the team is in tune, everything falls into perfect harmony.

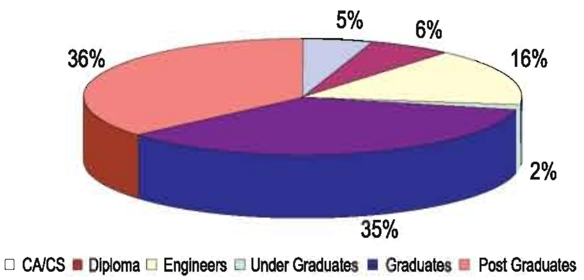
Our people are our key strength. The only reason why we prepare them up for every challenge as well as reward them, is for their success.

Our project management teams, are led by professionals with more than two decades of experience in network rollout and maintenance.

The long term vision of GTL Infra is to build an organization that believes in impacting people's lives by offering best of shared telecom infrastructure to the Telecom Operators. The company's manpower resources play an important role in the overall success of this vision.

Employee Profile

The number of employees are 185 as on March 31, 2009. The company selects its resources from a diverse mix of recruitment pools. The qualification wise break-up of employees is as follows:



GTL Infra's Human Resource development initiatives provide employees with training and career development opportunities and address organisational development aspects like performance management and development, succession planning and key employee identification. The HR initiatives and programs undertaken by the company are as follows:

Training and Development

The company has a robust Performance Management System (PMS) that helps in identifying the true potential of its employees. The PMS helps in identifying gaps related to employee performance and helps in identifying the training and development needs of the employees. It develops personal and organizational skills, knowledge and abilities of its employees. The technical, behavioral and functional training initiatives undertaken during the year are as follows:

- Need based technical training at the Training Center at Dhingrajwadi, Pune
- Behavioral trainings conducted on an ongoing basis which promote commitment at workplace and positive thinking amongst the employees
- Refresher training course conducted periodically to retrain employees on their functional knowledge and the various aspects of their professional life

Over 75% of the employees have attended various behavioral, functional and technical trainings in the current financial year.

Global Infrastructure & Telecom Academy (GITA)

The company has set up a state-of-the-art Telecom Infrastructure Training Center near Pune. It has been envisioned to create a resource pool for the company as well as the entire telecom sector. GITA will provide training to engineers, technical staff of GTL Infra, the Global Group and other telecom service providers.

In the first phase it will impart training on Project Management and Site Maintenance of Telecom Infrastructure. GITA has well-equipped labs for Civil, Electrical, Telecom and Computer Applications. It also has a well-stocked library and a hostel to accommodate the participants.

Talent Development & Retention

The objective of the Talent Management System (TMS) in the company is to attract the right talent, nurture them and retain high potential performers and leaders. A comprehensive TMS was put in place to recognise efforts, exemplary performance and achievements of the employees.

The initiatives under the TMS are as follows:

- Employee recognition and development programs 'Club Orion' and 'Family Jewel' were introduced in the month of July 2008
- Management Development Programs (MDP) were organised for employees inducted into 'Club Orion' and 'Family Jewel' programs
- Special orientation plan was designed and implemented for management trainees
- Programs were introduced to facilitate job rotation and inter-project exposure

Rewards and Recognition

The Company's 'Rewards & Recognition' program is an integral part in rewarding performance and encouraging excellence amongst employees. It recognizes and motivates individuals and teams who have delivered through their outstanding performances and have set an example for others to follow. The initiatives undertaken are as follows:

- Annual Excellence Awards instituted in 30 different categories
- Spot cash incentives and performance bonuses

Employee Engagement and Welfare

The Company fosters a culture of engagement amongst employees. A variety of formal and informal measures have been undertaken to promote the same, which are as follows:

- Encouraging healthy and harmonious relations among all employees by conducting open forums every six months
- Maintaining communication with employees, through circulation of a monthly e-magazine
- Counseling and Mentoring on an ongoing basis

The Employee Welfare schemes undertaken by the company are providing Medi-claim Insurance Coverage, Personal Accident Coverage, Life Insurance, Group Gratuity Scheme and Employee Stock Options Scheme (ESOS).

Way ahead

The Company believes that its HR initiatives and programs will enhance the organisation's culture and thus resulting patterns of employee behaviour would help integrate people, processes and technologies to promote a culture of excellence and innovation.

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

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

The quality initiatives have resulted in improvements of the business processes in the following areas:

- Timely execution of projects - increase in productivity
- Costs management - Reduction of the process overheads
- Assurance of adherence to internal & external standards in building sites- better quality product
- Continuous Improvement in all the business process objectives
- Keeping up with the Customer expectations
- Service delivery meeting SLA parameters

Highlights of the Year 2008-09

Process Redesigning & Integration with the Systems (Automation)

Due to its constantly increasing tower portfolio, the Company recognised a need to develop systematic approach towards standardization of all the activities across the organisation. It therefore redesigned and revamped the processes across the organisation and their measurements were reworked for effective delivery. As the volume of information and data required by the core business processes was high, the company integrated the information systems to unify them. It has implemented some of the best applications like Customer Relationship Management (CRM), Oracle Financials & Oracle Inventory to assist the business processes.

Quality Assurance & Compliance at Sites

The Company's site quality assurance system has been developed with a vision of strict adherence to quality standards and specifications. It achieves the organisation's quality objective 'To reduce the number of defects per site and ensure customer satisfaction'.

The quality check and inspections are conducted at circle level during and after completion of every new cellsite. The project manager is responsible to ensure corrective actions are taken to rectify the same on time. Follow-up inspections are conducted to determine if a corrective action plan is undertaken. Each technical staff is provided a copy of the 'quality checklists', standards and specifications while receiving the 'Quality improvement training'.

Regular audits are performed on existing cellsites. The frequency of these audits is decided by the circle level quality teams. Corrective and preventive actions are done using Root Cause Analysis based upon the audit/inspection reports submitted by the quality managers at circle level.

Environment & Employee safety

The Company is committed to protecting the environment, ensuring a safe and hazard free work environment for all its employees, and conserving natural resources.

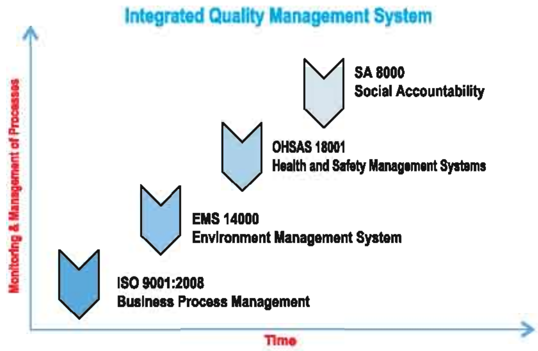
The Company has a well framed Environment Management System in place for its cellsites. The impact on environment is identified by using detailed aspect & impact study at various stages of site development. The Company has come up with the Environmental Management Program, based on the same.

All employees conduct themselves in a manner consistent with environmental and safety objectives and make efforts to continually improve the Company's Health, Safety & Environment (HSE) performance.

Integrated Quality Management Systems (IMS) - Approach

As we have different quality initiatives running parallel on standalone basis, which are difficult to monitor & manage, we have decided to take the Integrated Quality Management System (IMS) approach.

GTL Infra's IMS has led to the integration of International Quality standards like ISO 9001, EMS14000, OHSAS 18001 & SA 8000. The Company's IMS consists of all the common processes across the standards while complying with requirements of the individual standards. The description of the IMS at GTL Infra is as follows:



The benefits of integration of quality standards for the company are:

(A) Easy to implement, monitor & improve

(B) Reduced duplication & costs

(C) Optimum use of resources

(D) Formalise informal system

(E) Blending & optimising practices

(F) Improving inter organisation communication

One of the major tasks is to transit from the ISO 9001:2000 to ISO 9001:2008 & certify the same in the near future. The Company is thus geared towards the enhancement of various Process Excellence Models that represent its continuous progress on all fronts in terms of on-time delivery, predictability and cost reduction. All the quality initiatives will lay continuous emphasis in achieving the Company's aim of becoming a Global Infrastructure Provider.

The Financial Year (FY) 2008-09 marked the second full year of operations for the Company in the shared passive infrastructure business. 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 of the standalone results for the FY2008-09 and FY2007-08 have been converted into US$, using the following conversion rates.

Particulars	FY2008-09 (Rs.)	FY2007-08 (Rs.)
Profit and Loss Account - 1 US$ equals to	49.26	40.00
Balance sheet - 1 US$ equals to	51.97	40.10

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

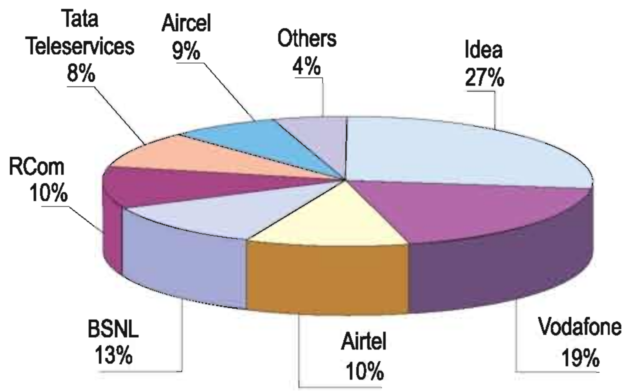
Result of Operations

Net Income from Operations

Net Income from Operations of the Company was Rs. 220.84 Crores (US$ 44.83 Mn.) for FY2008-09 as compared to Rs.124.58 Crores (US$ 31.14 Mn.) for FY2007-08 witnessing a Y-o-Y increase of 77%. The increase in Net Income from Operations during the year was due to increased utilisation of towers through tenant additions on towers owned at the start of FY2008-09 and the towers rolled out during the year.

Customers

The Company has entered into Master Service Agreements with all the major cellular Operators in India for a period of 10 to 15 years. During the year, the Company witnessed continued tenancy demand from existing Pan India Operators and New Operators. The customer wise break-up of Income during FY2008-09 is as follows:



Total Tenants - 7,198

Revenue Visibility

The Company's contracts yield monthly 'Provisioning Fees' throughout the span of the contract. As a result of these, the Company currently, has a Revenue Visibility of Rs. 280 Crores (US$ 56.84 Mn.) for FY2009-10. The company believes that the demand for cellsites in the future will be driven by rollouts of Operators who are in a Pan India expansion mode, new Operators and 3G license winners.

Other Income

The Other income was Rs. 53.74 Crores (US$ 10.91 Mn.) in FY2008-09 as compared to Rs. 27.58 Crores (US$ 6.90 Mn.) in FY2007-08. It consists of Interest Income, Profit on sale of Long term Investments and Miscellaneous Income. The increase in Other Income, is primarily due to higher Interest Income earned on funds pending project utilisation, kept in bank deposits.

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

The Infra O&M cost consists of:

- Rentals for cellsite premises
- Cellsite security costs
- Cellsite Operation & Maintenance costs
- Annual Maintenance charges for Towers, Diesel Generators, Air Conditioners and other Equipments
- Power & Fuel expenses

The Infra O&M cost for the year ended March 31, 2009 was Rs. 64.37 Crores (US$ 13.07 Mn.) as compared to Rs. 25.02 Crores (US$ 6.25 Mn.) for the year ended March 31, 2008. The Infra O&M cost increased during the year due to the higher number of cellsites rolled out. Generally, operating costs for a tower, are relatively fixed and do not increase significantly as additional tenants are added on it.

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 cellsites. These expenses are reimbursed in full, by the Operators through a pre-decided payment arrangement.

Employee Cost

The 'Employee Cost' includes employee compensation costs, employee related benefits & welfare costs and Employee Stock Option Scheme (ESOS) costs. It was Rs. 17.03 Crores (US$ 3.46 Mn.) for FY2008-09 as compared to Rs. 18.20 Crores (US$ 4.55 Mn.) in FY2007-08. The reduction was on account of lower ESOS costs and rationalisation of manpower costs.

Administrative, Selling & Other Expenses

The 'Administrative, Selling & Other expenses' consist mainly of:

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

The 'Administrative, Selling & Other Expenses' was Rs. 25.35 Crores (US$ 5.15 Mn.) for FY2008-09 as compared to Rs. 16.69 Crores (US$ 4.17 Mn.) for FY2007-08 as the Company expanded its operational presence in additional four circles during the year.

Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA)

The EBIDTA for FY2008-09 was Rs. 114.09 Crores (US$ 23.15 Mn.) as compared to Rs. 64.67 Crores (US$ 16.17 Mn.) in FY2007-08. The EBIDTA margin remained stable at 52% in FY 2008-09, as it was in FY2007-08. The EBIDTA margin is in line with the global average of tower companies in their initial years of operation.

Particulars	FY 2008-09 (Rs. Cr.)	FY 2007-08 (Rs. Cr.)	Y-o-Y Change (%)	FY 2008-09 (US$ Mn.)	FY 2007-08 (US$ Mn.)
Net Income from Operations	**220.84**	**124.58**	**77%**	**44.83**	**31.14**
Less: Infra O&M cost (Net)	64.37	25.02	157%	13.07	6.25
Less: Employee cost	17.03	18.20	-6%	3.46	4.55
Less: Administrative, Selling & Other expenses	25.35	16.69	52%	5.15	4.17
EBIDTA	**114.09**	**64.67**	**76%**	**23.15**	**16.17**
EBIDTA margin (%)	**52%**	**52%**	**-**	**52%**	**52%**

Depreciation

The Depreciation charge for FY2008-09 was Rs. 141.15 Crores (US$ 28.65 Mn.) as compared to Rs. 82.40 Crores (US$ 20.60 Mn.) in FY2007-08. The increase in Depreciation charges in FY2008-09 as compared to FY2007-08 is due to capitalisation of the incremental fixed assets during the year.

Interest and Finance charges (Net)

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

Particulars	FY2008-09		FY2007-08	
	Amount (Rs. Cr.)	Amount (US$ Mn.)	Amount (Rs. Cr.)	Amount (US$ Mn.)
Interest - (A)	100.67	20.44	36.99	9.25
On Term Loan	100.26	20.35	36.44	9.11
On Foreign Currency Convertible Bonds	-	-	0.01	0.00
Others	0.41	0.09	0.54	0.14
Bank & Financial Charges - (B)	1.84	0.37	0.96	0.24
Total - (A + B)	**102.51**	**20.81**	**37.95**	**9.49**
Less: Foreign Exchange Gain / (Loss) (Net)	5.05	1.03	8.15	2.04
Total	**97.46**	**19.78**	**29.80**	**7.45**

The increase in Interest and Finance charges (Net) is primarily attributable to increase in Interest expense incurred on higher debt obligations as compared to FY2007-08.

Balance Sheet items

Shareholders Funds

Paid up Share Capital

The Paid up Share Capital of the Company was Rs 816.16 Crores (US$157.04 Mn.) as on March 31, 2009 as compared to Rs.734.26 Crores (US$ 183.10 Mn.) as on March 31, 2008. The increase in Paid up Capital during the year is, as stated below.

Particulars	No. of shares (In Cr.)	Amount (Rs. Cr.)	Amount (US$ Mn.)
Equity capital (As on March 31, 2008)	**73.42**	**734.26**	**183.10**
Add: Conversion of Preferential Warrants	6.15	61.56	11.85
Add: Conversion of FCCBs	1.98	19.79	3.81
Add: Exercise of ESOS	0.06	0.55	0.11
Equity capital (As on March 31, 2009)	**81.61**	**816.16**	**157.04**

None of the promoters have pledged their shareholding in full or in part as on March 31, 2009. The fully diluted Equity Capital, post the conversion in future, of all the convertible instruments issued as on March 31, 2009, will be as follows:

Particulars	No. of shares (In Cr.)	Amount (Rs. Cr.)	Amount (US$ Mn.)
Equity capital (As on March 31, 2009)	**81.61**	**816.16**	**157.04**
Add: Conversion of remaining Warrants	12.05	120.50	23.19
Add: Conversion of remaining FCCBs	17.92	179.16	34.47
Add: Exercise of ESOS	1.61	16.18	3.11
Fully Diluted Equity Capital	**113.19**	**1,132.00**	**217.81**

Preferential Warrants

In November 2007, the Company approved issuance of Warrants on a preferential basis to a group of investors. These Warrants are convertible till May 29, 2009. Each Warrant carries a right of conversion into one Equity Share of Rs. 10 (US$ 0.25) at a premium of Rs. 30 (US$ 0.75). The summary of Warrants conversion till date and pending conversion is as follows:

Particulars	Total
No. of Warrants issued (In Cr.)	26.36
No. of Warrants converted till March 31, 2009 (In Cr.)	9.70
No. of Warrants pending conversion*(In Cr.)	12.05
Total amount received against Warrants (Rs. Cr.)	454.68
Total amount received against Warrants (US$ Mn.)	87.49
Total amount to be received from Warrant holders (Rs. Cr.)	433.78
Total amount to be received from Warrant holders (US$ Mn.)	83.47

* Post Adjustment for forfeited Warrants. During the FY2008-09, a Warrant holder who was entitled to 4.61 Crore Warrants and had paid the mandatory 10% consideration of Rs. 18.46 Crores (US$ 3.55 Mn.) for the same, expressed inability to pay remaining amount of Rs 166.14 Crores (US$ 31.97 Mn.) to exercise them. The Board of Directors forfeited the Warrants and the amount related thereto received has been transferred to the 'Capital Reserve' of the Company.

As on March 31, 2009, the conversion of Warrants have resulted into addition of Rs. 97 Crores (US$ 18.66 Mn.) to the Equity Capital and Rs.291.01 Crores (US$ 56.00 Mn.) to the Securities Premium Reserve since the date of their issue.

Reserves & Surplus

The Reserves and Surplus of the company as on March 31,2009 was Rs. 490.42 Crores (US$ 94.37 Mn.).The addition to the Reserves and Surplus during FY2008-09 is as follows:

Particulars	Amount (Rs. Cr.)	Amount (US$ Mn.)
Reserves & Surplus (As on March 31, 2008)	**201.37**	**38.75**
Additions during the year:		
Securities Premium Reserve:	268.29	51.63
- Conversion of FCCBs (Net)*	82.89	15.95
- Conversion of Preferential Warrants	184.69	35.54
- Exercise of ESOS	0.71	0.14
Capital Reserve	18.46	3.55
Employee Stock Option Outstanding (Net)**	2.30	0.44
Reserves & Surplus (As on March 31, 2009)	**490.42**	**94.37**

* Adjusted for issue expenses for FCCB; ** Adjusted for Deferred Compensation reserve

Loan Funds

Secured Loans

The total Secured Loans as on March 31,2009 was Rs. 2,239.76 Crores (US$ 430.97 Mn.).The break-up of Secured Loans is as follows:

Particulars	FY2008-09		FY2007-08	
	Amount (Rs. Cr.)	Amount (US$ Mn.)	Amount (Rs. Cr.)	Amount (US$ Mn.)
Rupee Term Loans:				
Banks	2,052.03	394.85	1,113.29	277.63
Financial Institutions	49.91	9.60	-	-
Foreign Currency Loans:				
Banks	-	-	159.31	39.73
Financial Institutions	137.82	26.52	126.40	31.52
Total	**2,239.76**	**430.97**	**1,399.00**	**348.88**

The company has approximately Rs. 4,999 Crores ($ 961.90 Mn.) of sanctioned credit facilities. The company draws down sanctioned debt in tranches, subject to Lenders' approval. The company is fully funded for its project capex plans.

Unsecured Loans

The Unsecured Loans of Rs. 1,307.89 Crores (US$ 251.66 Mn.) as on March 31, 2009 mainly represents the outstanding FCCBs. The summary of the FCCB liability is as follows:

Particulars	No. of FCCBs	Amount (Rs. Cr.)	Amount (US$ Mn.)
Outstanding as on April 1, 2008	2,685	1,076.69	2,68.50
Less: Conversion during the year	267	104.93	26.70
Add: Loss due to Exchange rate fluctuation	-	289.82	-
Outstanding as on March 31, 2009	**2,418**	**1,261.58**	**2,41.80**

Fixed Assets

The Company's tower portfolio, at various stages of completion increased from 6,010 towers as on March 31, 2008 to 9,411 towers as on March 31, 2009, thereby adding 3,401 towers to its portfolio. The Fixed Asset block (Net block + Capital Work In Progress including Advances) as on March 31, 2009 is Rs. 3,204.23 Crores (US$ 616.55 Mn.). The Capital work-in-progress comprises mainly of carrying costs of cellsites at various stages of completion.

Current Assets

The Current Assets of the Company were worth Rs. 2,016.85 Crores (US$ 388.08 Mn.) as on March 31, 2009 as compared to Rs. 1,665.35 Crores (US$ 415.30 Mn.) as on March 31, 2008. The Current Assets primarily consist of Sundry Debtors, Loans & Advances and Cash & Bank balance.

- **Sundry Debtors**

  Sundry Debtors as on March 31, 2009 stood at Rs 55.04 Crores (US$ 10.59 Mn.). This represents the outstanding amounts on account of Infrastructure Provisioning charges and reimbursements of 'Pass through' expenses.

- **Loans and Advances**

  Loans and Advances was Rs 594.64 Crores (US$ 114.41 Mn.) as on March 31, 2009. The break-up of Loans & Advances is as follows:

Particulars	FY2008-09		FY2007-08	
	Amount (Rs. Cr.)	Amount (US$ Mn.)	Amount (Rs. Cr.)	Amount (US$ Mn.)
Advance to Subsidiary Company*	327.17	62.95	-	-
Advances recoverable in cash or kind or value to be received	42.22	8.12	57.40	14.31
Inter Corporate Deposits	-	-	48.75	12.16
Deposits	16.06	3.09	10.16	2.53
Cenvat / Service Tax input credit entitlements	182.61	35.14	114.80	28.63
Advance Taxes (including Fringe Benefit Tax) (Net)	26.58	5.11	9.63	2.40
Total	**594.64**	**114.41**	**240.74**	**60.03**

*Since received Rs.135.12 Crores (US$ 26 Mn.), thus outstanding amount reduced to Rs. 192.05 Cr. (US$ 36.95 Mn.)

- **Cash and Bank balance**

  The Cash and Bank balance of the Company as on March 31, 2009 was Rs. 1,364.72 Crores (US$ 262.60 Mn.). The Cash and Bank balance consists primarily of funds raised through the issue of equity and debt which are awaiting utilization. The breakup of the overall Cash and Bank balance of the Company, including the Account wise break-up of Bank balance is as given on page no. 21.

Particulars	Amount (Rs. Cr.)	Amount (US$ Mn.)
Cash In Hand - (A)	**0.08**	**0.02**
Balances with Banks:		
- In Current Accounts		
With Scheduled Banks	95.61	18.40
With Non-Scheduled Banks	121.40	23.36
- In Fixed Deposit Accounts		
With Scheduled Banks	1,025.82	197.38
With Non-Scheduled Banks	1.04	0.20
- In Margin Accounts	72.94	14.04
- In Fixed Deposits for Debt Service Reserve Account	47.83	9.20
Total Bank balance - (B)	**1,364.64**	**262.58**
Total - (A+B)	**1,364.72**	**262.60**

The break-up of total Cash & Bank balance bank wise, including foreign currency is as follows:

Particulars	Amount (Rs. Cr.)	% of Total Bank Bal.
In Commercial, Scheduled & PSU Banks:		
Andhra Bank	3.82	0.28%
Axis Bank	111.78	8.19%
Bank of Baroda	233.62	17.12%
Bank of India	102.05	7.48%
Central Bank of India	100.00	7.33%
Corporation Bank	2.23	0.16%
Dena Bank	97.38	7.14%
HDFC Ltd. & HDFC Bank	132.04	9.67%
ICICI Bank	25.02	1.83%
IDBI Bank	1.73	0.13%
Indian Bank	62.23	4.56%
Indian Overseas Bank	8.28	0.61%
Oriental Bank of Commerce	12.15	0.89%
Punjab National Bank	71.49	5.24%
SBI & Others	0.41	0.03%
SIDBI	1.50	0.11%
Syndicate Bank	260.52	19.08%
UCO Bank	2.96	0.22%
Union Bank of India	8.00	0.59%
United Bank of India	5.00	0.37%
Total - (A)	**1,242.21**	**91.03%**
In Other Banks:		
Bank Julius Baer	122.43	8.97%
Total - (B)	**122.43**	**8.97%**
Total Bank balance - (A+B)	**1,364.64**	**100%**
Cash In Hand - ©	0.08	
Total Cash & Bank balance - (A+B+C)	**1,364.72**	

The company has pledged a sum of Rs. 458.58 Crores (US$ 88.24 Mn.) out of the Balances with domestic Indian Banks towards Debt Service Reserve Account, Margin Money for Letters of Credit, Bank Guarantees, Security for borrowing by Capital goods vendors and Sales Tax Authorities.

Current Liabilities & Provisions

The Current Liabilities of the Company were worth Rs 381.17 Crores (US$ 73.34 Mn.) as on March 31, 2009.It primarily consists of Sundry Creditors related to tower capex, Security Deposits received from Operators and Other Liabilities.

Provisions consist of provisions for 'Mark to Market' losses on Derivative contracts, as per the ICAI recommendations, and Employee benefits such as Gratuity and Leave encashment. It was Rs. 28.67 Crores (US$ 5.52 Mn.) as on March 31, 2009.

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

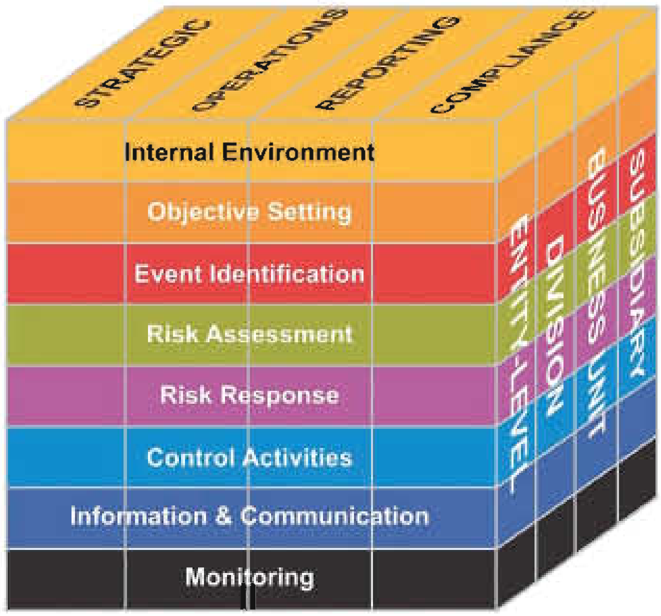
Risk Management - Significance & Approach

In India, since 2001, Enterprise Risk Management (ERM) has evolved steadily in progressive companies. It is developing from being merely a risk identification and assessment process to building a risk portfolio that is continually assessed and monitored.

There are several ERM frameworks to choose from (e.g. Aus/NZ, AIRMIC, Canada, COSO, etc.), however, the choice of a framework depends upon individual company's needs. The Company has prepared its own framework and adheres to the same. However, as a continual improvement measure, it has always been striving to adhere completely to COSO framework as well.

'COSO's Integrated ERM Framework' is the most popular ERM framework. This framework describes a direct relationship between an entity's objectives and ERM components spanning across various levels in the organisation. This relationship is portrayed as a three dimensional cube.

COSO Framework



Structure of Risk Management function

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

Level	Roles & Responsibilities
Board of Directors	• Oversees risk management performed by the Executive Management
Audit Committee	• Supports the Board in overseeing risk management
Operating Council / Risk Management Committee	• Supports Risk Management Group in risk management programs
Risk Management Group	• Facilitates the execution of risk management across the Company • Manages insurable risks by taking appropriate Insurance Policies • Evaluates various contracts to minimise legal & contractual risks • Implementing ERM across the Company through analysing operational gaps and then plugging them by establishing appropriate systems and procedures like Standard Operating Procedures • Provides assurance on risk management activities conducted by operations and support groups across the Company
Business and Functional Heads	• Take responsibility to manage their functions as per the Company's risk management philosophy
GTL Infra Employees	• The actual implementer of ascribed risk management actions • Provide feedback on the efficacy of risk management and early warnings for detection of risk events

Risks and Concerns

Strategic Risks

Current High Demand for Telecom Sites may plateau.

Our business is driven by the projected growth in the Indian cellular subscriber base. As on March 31, 2009, the overall tele-density was 36.98% with a telecom subscriber base reaching 429.72 Mn. registering a Y-o-Y growth of 42.7%. In the coming years, we may face the risk of the Indian wireless market not growing at the current growth rate as stated above resulting in stagnant/slowdown of tower demand.

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

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

- Consumer demand for wireless services
- The financial condition of wireless service providers
- The ability and willingness of wireless service providers to maintain or increase their capital expenditures
- The growth rate of wireless communications or of a particular wireless segment
- Governmental licensing of spectrum
- Mergers or consolidation among wireless service providers

- Increased use of network sharing arrangements for roaming and resale arrangements by wireless service providers
- Delays or changes in the deployment of 3G or other technologies
- Zoning, environmental, health and other government regulations
- Technological changes

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

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

Significant consolidation among our wireless service provider customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. The Indian wireless telecom market has experienced consolidation during the past couple of years. There are still 5-6 wireless Operators in each circle in India. There is potential for further consolidation among the operators to realise a larger operating scale and subscriber base.

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

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

In response to the above issues the Company has been focusing on increasing tenancy ratio and improving operations and maintenance business for servicing existing number of towers.

Customer Concentration Risks

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

The telecom sector presently has a limited number of players. Consequently our business is also dependent on few customers. In the event any major customer ceases to continue their business with us, our business may be adversely affected.

The Company strives to expand its customer base by providing quality services to customers.

Contractual Risks

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

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

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

Competition Risks

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

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

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

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

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

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

Regulatory Risks

Setting up of towers is subject to receipt of regulatory approvals; absence or delay in receipt of the requisite regulatory approvals could affect our business and results of operations.

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

We could have liability under environmental laws.

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

IT Risk

We rely extensively on our IT systems to provide connectivity across our business functions through our software, hardware and network systems.

Any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely.

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

Manpower Risk

Our success depends upon our ability to retain the key management and other personnel.

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

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

Financial Risks

Due to the long-term tower user agreements, the tower industry is sensitive to the creditworthiness of its users.

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

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

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

Technology Risk

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

The development and implementation of new technologies designed to enhance the efficiency of wireless networks could reduce the use and need for tower-based wireless services transmission and reception and have the effect of decreasing demand for tower space. New technologies may make our site provisioning services less desirable to potential users and result in decreasing revenues. In addition, the emergence of new technologies could reduce the need for tower-based broadcast services transmission and reception.

Conclusion:

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

Corporate Governance

When value systems and work ethics are coherent, good governance is inevitable.

GTL Infra believes in transparency within the organisation. Be it policies, procedures or the entire processes. This internal policy gives all our stakeholders a stark image of what the company embodies.

Corporate Governance

Corporate Governance Compliance Report

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

1. Company's philosophy on Code of Governance

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

2. Board of Directors

Details of Directors

Sr. No.	Name of Director	ED/NED ID/NID*	Attendance in Board Meetings	Attendance in last AGM	Other Board		
					Directorship **	Committee Chairmanship ***	Committee Membership (Including Chairmanship) ***
1.	Manoj Tirodkar, Chairman#	NED/NID	5	Present	1	0	1
2.	Balasubramanian N., Vice Chairman$	NED/ID	5	Present	4	0	0
3.	Prakash Ranjalkar	ED/NID	5	Present	0	0	0
4.	Anand Patkar	NED/ID	5	Present	0	0	0
5.	Charudatta Naik	NED/NID	4	Present	1	0	0
6.	Deepak Vaidya	NED/ID	3	Absent	5	3	5
7.	G. V. Desai @	NED/ID	2	Absent	N.A.	N.A.	N.A.
8.	Prakash Samant	NED/ID	5	Present	1	0	1
9.	S. S. Dawra @@	NED/ID	1	Present	N.A.	N.A.	N.A.
10.	Vishwas Pathak	NED/ID	5	Present	1	0	0
11.	Vivek Kulkarni	NED/ID	2	Present	2	0	0

All the Directors are Non-Promoter Directors.

* ED – Executive Director; NED – Non-Executive Director; ID – Independent Director; NID – Non-Independent Director.

** In Indian Public Limited Companies.

*** In Audit Committee and Shareholders'/Investors' Grievance Committee of Indian Public Limited Companies.

Related to promoter

$ Appointed as Vice Chairman w.e.f. April 18, 2008

@ Resigned as Director w.e.f. July 3, 2008

@@ Resigned as Director w.e.f. October 31, 2008

Details of Board Meetings held during the year ended March 31, 2009:

Date of Board Meeting	18.04.08	03.07.08	18.07.08	31.10.08	14.01.09
Board Strength	11	11	10	9	9
No. of Directors Present	8	9	9	7	9

3. **Audit Committee**

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

Brief description of terms of reference:

- Review the financial reporting process and disclosure of its financial information.
- Review with the Management the annual/quarterly financial statements before submission to the Board for approval.
- Review with the Management, the performance of Statutory Auditors, Internal Auditors and the adequacy of internal control systems.
- Review the Company's accounting policies.
- Look into reasons for substantial defaults, if any, in payment to depositors, shareowners and creditors.
- Recommend the appointment, re-appointment and replacement or removal of Statutory Auditors and fixation of Audit Fee.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Other functions as required by applicable Regulations.

Composition of Committee and Attendance of Members:

Sr. No.	Name of Director and position	Meetings held	Meetings attended
1.	Prakash Samant, Chairman	4	4
2.	Vishwas Pathak, Member	4	4
3.	Balasubramanian N., Member	4	4
4.	Anand Patkar, Member	4	4

4. **Nomination & Remuneration Committee**

Brief description of terms of reference:

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

Composition of Committee and Attendance of Members:

Sr. No.	Name of Director and Position	Meetings held	Meetings attended
1.	Balasubramanian N., Chairman	4	4
2.	Prakash Samant	4	4
3.	Deepak Vaidya	4	4

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

Executive Directors:

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

Non-Executive Directors:

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

Details of remuneration to all the Directors:

Sr. No.	Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Performance linked incentives	Sitting fees (Rs.)	Total (Rs.)	Stock Options	No. of shares held	Service Contract/ Notice period/ Severance fees
1.	Manoj Tirodkar	-	-	-	-	180,000	180,000	NIL	59,65,283	Retirement by Rotation
2.	Balasubramanian N.	-	-	-	-	245,000	245,000	∆ 5,00,000	NIL	Retirement by Rotation
3.	Prakash Ranjalkar	1,800,000	2,109,000	-	774,135	-	4,683,135	## 4,80,000 @ 29,00,000 $$ 3,12,000 ♠ 29,00,000	28,400	^
4.	Dr. Anand Patkar	-	-	-	-	80,000	80,000	∆ 2,00,000	2,500	Retirement by Rotation
5.	Charudatta Naik	-	-	-	-	40,000	40,000	# 5,00,000 @ 5,00,000 $ 3,25,000 ♠ 5,00,000	4,85,900	Retirement by Rotation
6.	Deepak Vaidya	-	-	-	-	60,000	60,000	Ψ 2,00,000 ΨΨ 2,00,000	1,40,000	Retirement by Rotation
7.	*G.V. Desai	-	-	-	-	20,000	20,000	@@ 2,00,000 ♠ ♠ 2,00,000	-	Retirement by Rotation
8.	Prakash Samant	-	-	-	-	90,000	90,000	@2,00,000 ♠ 2,00,000	NIL	Retirement by Rotation
9.	** S.S. Dawra	-	-	-	-	10,000	10,000	Ω 2,00,000 Ω Ω 2,00,000	-	Retirement by Rotation
10.	Vishwas Pathak	-	-	-	-	125,000	125,000	+ 2,00,000 ♠ 2,00,000	40,000	Retirement by Rotation
11.	Vivek Kulkarni	-	-	-	-	20,000	20,000	∆ 2,00,000	NIL	Retirement by Rotation

* Resigned as Director w.e.f . July 3, 2008 due to Company's retirement policy.

** Resigned as Director w.e.f . October 31, 2008 due to Company's retirement policy.

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

\# Granted on November 26, 2005 at the rate of Rs.10 per share, out of which 1,75,000 options got exercised into equity shares on February 23, 2007 and 1,75,000 options got exercised into equity shares on January 25, 2008.

@ Granted on February 12, 2007 at the rate of Rs.29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue.

$ Granted on October 9, 2007 at the rate of Rs.10 per share on account of Corporate Action namely Right Issue, out of which 1,75,000 options got converted into equity shares on January 25, 2008.

♠ Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Right Issue.

Ψ Granted on February 12, 2007 at the rate of Rs.29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue, out of which 70,000 options got exercised into equity shares on April 24, 2008.

ΨΨ Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Right Issue, out of which 70,000 options got exercised into equity shares on April 24, 2008.

\+ Granted on February 12, 2007 at the rate of Rs.29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue, out of which 40,000 options got exercised into equity shares on April 24, 2008.

@@ Granted on February 12, 2007 at the rate of Rs.29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue, out of which 10,000 options got exercised into equity shares on April 24, 2008 and 1,30,000 options have got lapsed on July 3, 2008 due to resignation.

♠ ♠ Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Right Issue, out of which 1,30,000 options have got lapsed on July 3, 2008 due to resignation.

\## Granted on November 26, 2005 at the rate of Rs.10 per share, out of which 1,68,000 options got exercised into equity shares on February 23, 2007.

$$ Granted on October 9, 2007 at the rate of Rs.10 per share on account of Corporate Action namely Right Issue.

Ω Granted on February 12, 2007 at the rate of Rs.29.81 per share and re-priced to Rs.19.90 on October 9, 2007 on account of Corporate Action namely Right Issue, out of which 70,000 options got exercised into equity shares on April 24, 2008 and 1,30,000 options have got lapsed on October 31, 2008 due to resignation.

Ω Ω Granted on October 9, 2007 at the rate of Rs.19.90 per share on account of Corporate Action namely Right Issue, out of which 70,000 options got exercised into equity shares on April 24, 2008 and 1,30,000 options have got lapsed on October 31, 2008 due to resignation.

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

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

Notes:

1. Each Option underlie equal number of equity share of face value of Rs. 10/-.
2. Apart from above, the Company does not have any other pecuniary relationship or transactions with the Directors.

5. Shareholders'/Investors' Grievance Committee

Brief description of terms of reference:

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

- ❑ Name of Non-Executive Director heading the Committee : Mr. Manoj Tirodkar
- ❑ Name and Designation of Compliance Officer : Mr. D. S. Gunasingh, Company Secretary upto December 4, 2008.
  : Mr. Ravikumar Vemulakonda, Joint Company Secretary w.e.f . December 4, 2008.
- ❑ Number of shareholders' complaints received so far : 40
- ❑ Number resolved to the satisfaction of shareholders : 40
- ❑ Number of pending complaints : Nil

6. General Meetings

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

Date	**September 27, 2006**	**June 20, 2007**	**June 13, 2008**
Time	12.30 p.m.	12.00 noon	12.00 noon
Venue	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703	Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703
Details of Special Resolutions passed in the AGM	1. Issue of equity shares under Section 81 (1A) of the Companies Act, 1956 ("Act"). 2. Investments in securities, extending loans, giving guarantees and providing securities under Section 372A of the Act. 3. Adoption/Ratification of 'GTL Infrastructure Limited-Employee Stock Option Scheme (ESOS 2005) along with amendment under Section 81 (1A) of the Companies Act, 1956. 4. Payment of commission to Non-Executive Directors of the Company.	1. Re-appointment of Mr. Prakash Ranjalkar as a Whole-time Director for a period of three years with effect from April 1, 2007 and fixing of his remuneration under Sections 198, 269, 309 and schedule XIII of the Companies Act, 1956. 2. Adoption of 'GTL Infrastructure Limited-Employees Stock Option Scheme (ESOS 2005) with certain modification under Section 81 (1A) of the Companies Act, 1956.	1. Raising of the Foreign equity investment limit upto 74% (direct & indirect) of the paid-up capital. 2. Raising of funds by issue of Equity/ Convertible instruments through various means (including through QIP) upto 250 crores Equity Shares. 3. Raising of funds through Qualified Institutional Placement (QIP) upto 100 crores Equity Shares.

- No special resolution was put through postal ballot in the last year.
- Special resolutions are proposed to be conducted through postal ballot.

7. **Disclosures**

- **Disclosures on materially significant related party transactions, that may have potential conflict with the interests of the Company:**

  The Company does not have any material related party transactions, which may have potential conflict with its interests. In any case disclosures regarding the transactions with related parties are given in the Notes to Accounts at Sr. No. 11 of Schedule Q of the Financial Statement.

- **Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets during the last three years.**

  There has been no instances of Non Compliance by the Company on matter related to Capital Markets during the last three years.

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

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

- **Disclosure on Whistle Blower Policy:**

  The Company does not have a Whistle Blower Policy. However, no personnel has been denied access to the Senior Management.

Disclosure on Non-Mandatory requirements:

- **The Board**

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

- **Remuneration Committee**

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

- **Shareholders Rights**

  The Company is publishing quarterly un-audited financial results in the newspapers and is also displaying it on the Company's website www.gtlinfra.com, apart from displaying in stock exchange website. Accordingly, it does not envisage to send the same separately to the households of the shareholders.

- **Audit Qualifications**

  The Company endeavours to maintain a regime of unqualified statements.

- **Training of Board Members**

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

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

  No policy has been laid down by the Company.

- **Whistle Blower Policy**

  The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, has free access to meet or communicate with the Senior Management and report any matter relating to unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

- **WTD/CFO Certification**

  Whole time Director & Chief Operating Officer and Chief Financial Officer have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is annexed and forms part of the Annual Report.

- **Declaration regarding Code of Conduct**

  Declaration by Whole time Director confirming compliance with the Code of Conduct as adopted by the Company is annexed and forms part of the Annual Report.

8. Means of Communication

- Quarterly results:

  The Company's quarterly financial statements are generally published in Free Press Journal/Business Standard (English language) and in Mumbai Lakshadweep/NavaKaal (local language). The financial statements are also displayed in the website of the Company.

- Website:

  http://www.gtlinfra.com.

- Official news releases and presentation: The Company displays official news releases, presentations made to institutional investors or to the analysts and other coverage in the above website.

9. Management Discussions and Analysis Report

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

10. General Shareholder Information

i.	AGM: Date, time and venue	Friday, the 10th July, 2009; Time at 12.30 P.M. Venue: Vishnudas Bhave Natyagruh, Sector 16A, Vashi, Navi Mumbai – 400 703.	
ii.	Financial Calendar for F.Y. 2009-2010	First Quarter Results	On or before July 31, 2009.
		Second Quarter Results	On or before October 31, 2009.
		Third Quarter Results	On or before January 31, 2010.
		Fourth Quarter & Audited Annual Results	On or before June 30, 2010.
iii.	Date of book closure	July 9, 2009	
iv.	Dividend Payment	No dividend has been declared.	
v.	Listing on Stock Exchanges	Equity Shares listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Foreign Currency Convertible Bonds (FCCB) issued by the Company are listed on Singapore Exchange Securities Trading Limited.	
vi.	Listing Fees for 2009-10	BSE/NSE listing fees for the financial year 2009-2010 have been paid. Singapore Exchange Securities Trading Limited Listing fees has been paid.	

vii. Stock Codes:

Stock Exchange	Stock Code
● Bombay Stock Exchange Limited (BSE) - Equity Shares	532775
● National Stock Exchange of India Limited (NSE) - Equity Shares	GTLINFRA
● Equity ISIN	INE221H01019
● Singapore Exchange Securities Trading Limited FCCB ISIN	XS0329208457

viii. Corporate Identity Number (CIN) L74210MH2004PLC144367

ix. Market Price Data

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

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-2008	50.70	44.45	26,708,151	50.85	44.35	31,751,848
May-2008	57.40	48.55	41,073,076	57.55	48.55	55,173,288
Jun-2008	46.30	41.35	14,496,836	46.35	41.20	20,294,095
Jul-2008	43.30	38.20	19,199,986	43.25	38.35	22,824,438
Aug-2008	41.30	37.90	42,412,654	41.45	37.95	57,999,509
Sep-2008	40.20	35.45	28,961,192	40.20	35.35	44,776,159
Oct-2008	38.35	34.75	15,851,429	38.30	34.85	23,413,434
Nov-2008	44.35	35.65	30,689,639	45.75	35.50	46,857,277
Dec-2008	39.15	28.60	15,178,558	39.20	28.65	28,097,559
Jan-2009	32.70	29.15	12,346,200	32.70	29.15	20,294,648
Feb-2009	32.30	28.60	8,031,810	32.25	28.50	13,892,710
Mar-2009	29.50	28.00	10,034,474	29.45	28.00	15,656,285

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

xi. **Registrar and Share Transfer Agents**

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

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

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

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

xiii. **Distribution of Shareholding as on March 31, 2009**

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

No. of Shares	No. of Shareowners	% of Shareowners	Share Amount (Rupees)	% to Total
Upto 500	166,453	86.36%	260,260,940	3.19%
501 – 1000	14,378	7.46%	116,267,010	1.43%
1001 – 2000	6,555	3.40%	96,108,710	1.18%
2001 – 3000	2,096	1.09%	52,237,970	0.64%
3001 – 4000	754	0.39%	26,765,630	0.33%
4001 – 5000	721	0.37%	33,702,410	0.41%
5001 – 10000	955	0.50%	70,527,040	0.86%
10001 & ABOVE	833	0.43%	7,505,771,030	91.96%
TOTAL	**192,745**	**100.00%**	**8,161,640,740**	**100.00%**

b. Distribution of shares by shareholder category:

Category	No. of Shareowners	No. of Shares Held	Voting Strength
Promoters-Directors, their Relatives & Associates (in 5 folios)	2	395,394,918	48.45%
Other Directors, their Relatives	11	7,098,124	0.87%
Bodies Corporate (Domestic)/Trusts	2,721	55,516,648	6.80%
Banks	13	254,425	0.03%
Mutual Funds	5	368,914	0.05%
Financial Institutions (FIs)	7	18,968,626	2.32%
Foreign Institutional Investors (FIIs)	24	25,281,494	3.10%
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs)/Foreign Banks	1,099	234,904,199	28.78%
Resident Individuals	188,860	78,376,726	9.60%
TOTAL	**192,742**	**816,164,074**	**100.00%**

c. Top 10 Shareholders;

Sr. No.	Name(s) of Shareowners	Category (As per Depository)	Shares	%
1.	GTL Ltd (Promoter)	Domestic Company	289,720,362	35.50%
2.	Technology Infrastructure Limited	Other Foreign Body (FDI)	207,959,625	25.48%
3.	Global Holding Corporation Pvt Ltd (GHC) (Promoter Group)*	Domestic Company	105,674,556	12.95%
4.	Somerset India Fund	Foreign Institutional Investors (FII)	23,050,000	2.85%
		Other Foreign Body	210,000	
5.	Infrastructure Development Finance Company Limited	Financial Institution	16,000,000	1.96%
6.	Somerset Emerging Opportunities Fund	Other Foreign Body	15,660,531	1.92%
7.	BCCL	Domestic Company	8,820,000	1.08%
8.	IL and FS Securities Services Limited	Domestic Company	6,826,561	0.84%
9.	Manoj Gajanan Tirodkar	Director	5,965,283	0.73%
10.	Reckon Trading Pvt Ltd	Domestic Company	2,978,270	0.36%

* GHC alongwith its Wholly Owned Subsidiaries namely GAH International Pte. Ltd. and GHC International Ltd. are treated as part of the Promoter Group.

xiv. Dematerialization of shares and liquidity

99.93% of the Company's shares are held in electronic form as on April 29, 2009.

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

a. Foreign Currency Convertible Bonds (FCCBs)

The Company had issued 3,000 FCCBs of the face value of USD 100,000 amounting to USD 300 million on 28.11.07 at the conversion price of Rs. 53.04 per share. If all the FCCBs are converted into equity shares, the total share capital would go up by Rs. 2,222,850,680 (on account of issue of 222,285,068 new equity shares). Out of 3,000 FCCB's issued 582 FCCBs got converted into 43,123,295 equity shares leaving balance of 2,418 FCCBs at the end of year 2008-09.

b. Convertible Warrants

The Company had issued 263,650,000 Convertible Warrants at a conversion price of Rs. 40 per share on 30.11.07. Out of 263,650,000 Warrants, 97,004,985 Warrants got converted into 97,004,985 Equity Shares and 46,150,000 Warrants got forfeited leaving balance of 120,495,015 Warrants pending for conversion.

c. Employee Stock Option Scheme (ESOS)

The shareholders have authorised issue of shares, not exceeding 5% of the issued equity capital of the Company, to its employees in the form of stock options. As on March 31, 2009 a total of 76 employees (Previous Year 77) hold 16,179,644 stock options (Previous Year 1,77,62,500) as set out in the Annexure to the Directors' Report. As per the Scheme, during the year, 553,056 Options got converted into 553,056 equity shares of the Company.

xvi. Plant Locations:

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

xvii. Address for correspondence Registered Office	GTL Infrastructure Limited Maestros House, MIDC Building No.2, Sector 2, Millennium Business Park, Mahape, Navi Mumbai – 400 710, Maharashtra, INDIA Tel.: +91-22-39112300 Fax: +91-22-39137440

Investor Correspondence

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

Contact Persons: Mr. Nagarajan Iyer, General Manager, Investor Service Centre & Mr. Divesh R. Sawant – Manager, Shares & Systems
Tel.:+91-22-27612929/27684111 Extn. Nos. 2232-2235 Fax: +91-22-27680171.

Website: www.gtlinfra.com
Email: gilshares@gtlinfra.com

Queries relating to Financial Statements, Company performance etc. may be addressed to:

Mr. Pinakin Gandhi
GTL Infrastructure Limited, 412, Janmabhoomi Chambers, 29, W. H. Marg, Ballard Estate, Mumbai 400 038
Tel. : +91-22-22715000 Fax +91-22-22715332 Email : pinaking@gtlinfra.com

Auditors' Certificate on Corporate Governance

To The Members,

GTL INFRASTRUCTURE LIMITED.

We have examined the compliance of conditions of Corporate Governance by GTL INFRASTRUCTURE LIMITED, for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement.

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

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Membership No. – 35629

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Membership No. – 36398

Mumbai
Date: April 29, 2009

Certificate of Practicing 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, 2009. Based on our examination as well as information and explanation furnished by the Company to me and the records made available to me, I hereby report that:

1. The requisite statutory registers and other records required under the Act and the Rules made there under have been maintained in accordance with the Act either in physical or electronic mode as applicable;
2. The requisite forms, returns and documents required under the Act and the Rules made there under to be filed with the Registrar of Companies and other authorities have been duly filed as per the requirements of the Act;
3. The requirements relating to the meetings of Directors and its Committee(s) thereof and of the Shareholders as well as relating to the minutes of the proceedings have been duly complied with;
4. 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, 2009;
7. The Company has, wherever required, obtained the necessary approvals of the Board, Committee thereof, Shareholders or any other authorities as per the requirements of the Act;
8. The Company has not defaulted in any of the provisions given under Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as a Director of any other Company. It may be stated that the Company has not accepted any Fixed Deposits. The Annual Returns and the Annual Reports have been filed as required under the Act;
9. The issue and allotment of Equity Shares / Convertible Warrants / FCCBs is/are in conformity with the requirements of Act;
10. The Company has complied with the requirements of the Act, FEMA, RBI Regulations and other allied Rules and Regulations in respect of the Foreign Direct Investment received by it.
11. The Company has granted options under the Employee Stock Option Scheme (ESOS) for its employees and during the year under review, the Company has complied with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 thereafter, in respect thereof.

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

Mumbai, April 29, 2009

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

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

a. We have reviewed financial statements and the cash flow statement for the Financial Year ended March 31, 2009 and that to the best of our knowledge and belief:

    i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee that:

    i. there have been no significant changes in internal control over financial reporting during the year;

    ii. there have been no significant changes in accounting policies during the year; and

    iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Navi Mumbai	**Prakash Ranjalkar**	**Shishir Parikh**
Dated: April 29, 2009	Whole-time Director	Chief Financial Officer

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

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

I confirm that the Company has in respect of the Financial Year ended March 31, 2009 received from each Member of the Board and Senior Management Personnel, a declaration of compliance with the Code of Conduct as applicable to each one of them.

Place : Navi Mumbai	**Prakash Ranjalkar**
Dated: April 29, 2009	Whole-time Director

The Information on Directors recommended for Appointment/ Re-appointment at the ensuing Annual General Meeting is as under:

Mr. Manoj Tirodkar, Non-Independent Director

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

Mr. Manoj Tirodkar, is a first generation entrepreneur and is the Founder, Chairman and Managing Director of GTL Limited (GTL). He is the force behind GTL's success, leading it from the front through his dynamic leadership, strategic vision and ability to manage change. Mr. Manoj Tirodkar has received several recognitions/ awards for his work like CII Young Entrepreneurs Trophy 2001, World Young Business Achiever Award 2000 and Indian Young Business Achiever Award, amongst others. The most recent award received being "National Level Entrepreneur Award" from Jagatik Marathi Chamber of Commerce & Industry.

Mr. Manoj Tirodkar is Chairman & Managing Director of GTL Limited, Mr. Manoj Tirodkar holds Directorships in International Global Tele Systems Limited, Mauritius, Global Holding Corporation Private Limited, GTL International Limited and Global Trusteeship Company Private Limited. He is a Member of Shareholders'/Investors' Grievance & Transfer Committee of GTL Limited. In GTL Infrastructure Limited, he is a Chairman of Allotment & Transfer Committee, Shareholders'/Investors' Grievance Committee, Securities Issuance Committee (FCCB 2007) and Securities Issuance Committee (Preference Issue) of the Board. He holds 59,65,283 shares of the Company. He does not hold any stock options under Employee Stock Option Scheme of the Company.

Mr. Vishwas Pathak, Independent Director

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

Mr. Vishwas Pathak is a Corporate Consultant providing all types of Corporate and Management Consultancy Services including Legal, Company Secretarial, Finance and Banking. He has a rich experience in handling various issues like Foreign Direct Investments, Foreign Currency Convertible Bonds and External Commercial Borrowings. He has also handled domestic and international cross border Amalgamations / Mergers and Acquisitions.

He is Member of Audit Committee, Shareholders'/Investors' Grievance Committee, Securities Issuance Committee (FCCB 2007) and Securities Issuance Committee (Pref). of the Company. He holds 40,000 shares & 3,60,000 options under Employee Stock Option Scheme of the Company.

Mr. Prakash Samant, Independent Director

Mr. Samant has been a Member of the Board since August 1, 2006. He retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Prakash Samant is a rank holder in Chartered Accountant and Company Secretary Examinations; handled variety of assignments in the areas of finance, legal and secretarial functions in diverse industries; has significant experience in investment analysis and due diligence for identifying investment opportunities in India and abroad both through private acquisition and divestment process of Govt. of India. His successful assignments include conceptualization to financial closure of large projects and finalization of Joint Venture with large MNCs. He has over 26 years of industry experience. Presently, he is serving as the Managing Director of Metmin Investment and Trading Pvt. Ltd., an NRI Group of Companies in Mumbai.

He is Managing Director in Metmin Investment & Trading Private Limited and holds Directorships in Metmin Finance and Holdings Private Limited, Metmin Exploration Private Limited, Asta India Private Limited, Rinac India Limited and MetTube India Private Limited. He is a Member of Audit Committee in Rinac India Limited. In GTL Infrastructure Limited, he is Chairman of Audit Committee and Member of Nomination and Remuneration Committee. He does not hold any shares of the Company. He holds 4,00,000 options under Employee Stock Option Scheme of the Company.

Accounts

One need not talk about efficiency when performance itself speaks volumes.

GTL Infra lets its portfolio and service offerings do the talking, and the results are out to see. With our uncompromising diligence, we have made efficiency an all pervasive element of our performance.

Directors' Report

To
The Members.

Your Directors are pleased to present the Sixth Annual Report along with the Audited Accounts for the year ended March 31, 2009.

1. Financial Results

Rupees in Crore

	Year Ended March 31, 2009 Standalone	Year Ended March 31, 2008 Standalone	Year Ended March 31, 2009 Consolidated
Total Income	274.58	152.16	274.66
PBDIT	167.83	92.25	167.82
Depreciation	141.15	82.40	141.15
PBIT	26.68	9.85	26.67
Interest	97.46	29.79	97.48
Profit / (Loss) before tax	(70.78)	(19.94)	(70.81)
Provision for taxation			
-Current	–	–	–
-Deferred	(74.21)	39.05	(74.21)
-Fringe Benefit	0.59	0.47	0.59
Net Profit / (Loss)	2.84	(59.47)	2.81

Figures regrouped / reclassified wherever necessary to make them comparable

2. Dividend

The Company is in the process of rolling out 23,700 towers. The execution of the project in respect of 9,411 sites is at various stages. Thus in view of the ongoing project execution, the capital-intensive nature of the business and inadequate profit on acount of high depereciation and interest, no dividend has been proposed.

3. Operations

During the year under review, the Company earned total revenue of Rs. 274.58 Crore (which includes net income from operations of Rs. 220.84 Crore and other income of Rs. 53.74 Crore) and capitalized assets worth Rs. 1,097.01 Crore. The revenues are in the form of infrastructure provisioning charges in respect of our passive infrastructure. The PBDIT is Rs. 167.83 Crore. While the Company has a depreciation charge of Rs. 141.15 Crore, Interest & Finance Charges (Net) is Rs. 97.46 Crore. The operations have resulted in a Profit/(Loss) before tax of Rs. (70.78 Crore). However the operations (before depreciation) have resulted in cash profit before tax of Rs. 70.38 Crore.

Business Strategy

As a strategic objective, the Company has been focusing on "Shared Telecom Infrastructure" and pursuing planned rollout of telecom towers across all the circles in India to reach its objective. Your Company is following a dual approach of erecting both Build to Suit and Proactive Towers.

To take advantage of the macro economic environement and the state of telecom tower sector in India, the Company has evloved its operational strategy to include enhancing tenancy, change in mix of Ground Based Towers and Roof Top Towers, introduction of enegy management services, improvement of customer mix and providing of high tower build quality along with cost and time savings.

As a part of the strategy, the Company apart from rolling out a pan India network of 23,700 towers by FY 2011 is also keeping its option open for inorganic growth.

New initiatives

As outsourcing of passive telecom infrastructure gathers momentum in India, the Company plans to provide a full range of services of maintaining these sites on a 24x7 basis. Also during the year 2009 the Company plans to design, implement, upgrade and optimise in-building solutions, the new opportunity in the industry. The Company is already in the process of building capabilities for the same.

Apart from the above, to enable the Company to be ready for changes in the tower sector, the Company is also working on trial projects that entail a combination of passive and active infrastructure sharing, in association with telecom operators and other service providers.

Consequent to the clarification of the Department of Telecommunications in enlarging the scope of IP-I Category providers to include active infrastructure together with passive infrastructure, there is a likelihood of operators outsourcing of active infrastructure as it is happening with passive infrastructure. Thus the gamut of telecom infrastructure service by IP-I category providers could include providing of dark fibre, right of way, duct space, tower, antenna, feeder cable, Node B, radio access network, transmission system etc.

Therefore, with a view to enlarge its infrastructure service offerings, the Global Group companies are taking steps to form a company to provide active sharing of telecom infrastructure as well.

As the operators might demand combined service offerings, the future of our business in passive could receive a boost if our company forms a strategic alliance with such service providers.

Accordingly, the Board of Directors have commended a resolution for making investment inter-alia in such alliance.

Future Outlook

The telecom industry in India is poised for continued growth with robust net additions and Shared Network Infrastructure has an important role to play in the coming future. Several new players have entered the telecom sector thereby expanding the list of clientele for the tower companies. In our opinion, the subscriber base is expected to touch 600 mn by 2012 requiring an additional 200k towers.

Allocation of 3G spectrum, implementation of WiMAX on commercial scale and roll-out of rural network will be the immediate growth drivers for the industry. The business model will develop as the industry matures and the regulatory issues are simplified.

With the Company having established project management teams in 19 circles, it is set for rapid growth and expansion to all 22 circles in the coming year. This will improve the time to market for the operators and is expected to improve the occupancy on the Company's cell sites.

4. Awards and Recognitions

During the year, the Company was awarded the "Innovative Infrastructure Company of the Year" Award by CNBC TV 18 for pioneering the concept of Shared Passive Telecom Infrastructure in the Indian wireless market. This Award along with the "Best Shared Infrastructure Provider" Award awarded by tele.net in 2008 and the "Top Independent Infrastructure Provider" rating given by Voice & Data in 2007 goes to prove the space it has carved out for itself in the telecom tower industry, within a short span of 3 years of commencement of passive infrastructure business.

5. Convertible Warrants

The Company allotted 26.37 Crore Convertible Warrants (Warrants) on November 30, 2007 to the promoter group / predemerger shareholders on preferential basis at a conversion price of Rs.40 per share, convertible into one equity share for each warrant within 18 months aggregating to Rs.1054.60 Crore for meeting the capital expenditure, acquisition and other expenses. The status of warrants issued is as under:

In Crore

Particulars	No. of Warrants	No. of Equity Shares upon conversion
Warrants Allotted	26.37	26.37
Less : Conversions upto 31.03.09/29.04.09	9.70	9.70
Balance as on 31.03.09/29.04.09	16.67*	16.67*

*During the year, one of the warrant holders, who is entitled to 4,61,50,000 Warrants and had paid the mandatory 10% consideration of Rs 18.46 Crore for the same, expressed its inability to pay the remaining amount of Rs 166.14 Crore to exercise the Warrants. Accordingly, on forfeiture of the said warrants, the amount paid in respect of the same has been transferred to the Capital Reserve of the Company. Consequently, the number of warrants outstanding for conversion is 12.05 Crore. The Promoter Group has paid all calls made todate.

6. Foreign Currency Convertible Bonds (FCCBs)

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

In Crore

Particulars	No. of FCCBs (of US $ 1 lac each)	No. of Equity Shares upon conversion
FCCBs allotted	3,000	22.23
Less : Conversion upto 31.03.09/29.04.09	582	4.31
Balance as on 31.03.09/29.04.09	2,418	17.92

The Company has neither offered nor accepted any discount to the conversion price to any warrant or FCCB holder, in spite of market meltdown.

7. Share Capital

The Equity Share Capital of the Company has increased from Rs. 734.26 Crore as on March 31, 2008 to Rs 816.16 Crore as of date as under:

In Crore

Particulars	Share Capital (Rs)
Share Capital as on 31.03.08	**734.26**
Allotment during the year	
Promoter Group / Pre-demerger Shareholders (on conversion of warrants issued on preferntial basis)	61.56
- FCCB Holders (On conversion of FCCBs)	19.79
- ESOS Holders (On conversion of ESOSs)	0.55
Share Capital as on 31.03.09 / 29.04.09	**816.16**

8. Liquidity

The Company has tied up funding for the total project cost of Rs. 7,265 Crore.

The paid-up share capital of the Company as at March 31, 2009 was Rs. 816.16 Crore. With a view to strengthen the capital base of the Company and also to improve on the Debt Equity ratio, the Company has raised US $ 300 million through Foreign Currency Convertible Bonds (FCCB), of which FCCBs aggregating to US$ 58.2 million have been converted into Equity Shares of the Company at Rs. 53.04 per share, as decided at the time of the Issue. The Company has also issued Convertible Warrants worth Rs. 1,054.60 Crore on preferential basis, out of which, on subscription by the warrantholders, 9.70 Crore warrants amounting to Rs. 388.02 Crore have been converted into Equity Shares of the Company. Accordingly, the total shareholders' funds aggregate to Rs. 1,354.78 Crore.

Out of the long term funding commitments received from the domestic and international lenders aggregating to Rs. 4,999 Crore, the Company has drawn Rs. 2,239.75 Crore as at March 31, 2009.

The Company has Cash and Bank balance of Rs. 1,364.72 Crore as at March 31, 2009.

9. Fixed Deposits

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

10. Listing

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Consequent to the issue of Foreign Currency Convertible Bonds (FCCBs) for US $ 300 Million, the said FCCBs of the Company are listed at Singapore Exchange Securities Trading Ltd, Singapore.

11. Corporate Governance

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

12. Particulars of Employees

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

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

13. Employee Stock Option Scheme

With a view to enable its employees to participate in its future growth and success, the Company introduced Employee Stock Option Scheme 2005 (ESOS 2005) in the FY 2005-06. The shareholders have authorized issue of shares, not exceeding 5% of issued equity capital of the Company, to its employees in the form of stock options. As on March 31, 2009, a total of 76 employees (Previous Year 77) hold 16,179,644 stock options (Previous Year – 17,762,500) as under:

Particulars	No of Options
No of Options Outstanding as on April 01, 2008	17,762,500
Add: No of Options issued during the year	Nil
Less: No of Options converted during the year	553,056
Less: No of Options lapsed during the year	1,029,800
Options Outstanding as on March 31, 2009	16,179,644

The Company's ESOS Scheme 2005 is in three parts viz Part A - Special Grant, Part B - Annual Grant and Part C - Executive Grant. While the vesting in respect of Special Grant takes place over a period of 3 years based on the period of holding the Option, the vesting in respect of Annual Grant takes place over a period of 3 years based on the number of years of service of the employee and the vesting in respect of Executive Grant under Part C would take place in 5 years based on the period of holding the Option. On account of the prolonged/staggered vesting period and the global meltdown, the Employees could not get the benefit of the Options granted. Accordingly, with a view to retain talent, it is proposed to make suitable amendments to the Scheme inter-alia for early vesting of the options granted.

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

14. Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The current expansion of telecom networks is primarily happening in semi urban and rural markets. The challenge for operators lies in managing their power needs especially in rural parts of the country, where grid power is available only for a few hours during the day, while in some parts there is no grid connectivity at all. Adding to the woes of telecom operators is the efforts required to arrange and transport diesel to the sites and preventing its theft. All this is forcing telecom companies to look for rationailising their operating expenses by reducing energy bills. On this background, the Company has taken various Energy Conservation Measures as listed out in the Annexure to the Directors' Report.

The Company is engaged in the business of providing Infrastructure Services and has no manufacturing activities. Its projects are under various stages of implementation.

During the period under review, the Company has not absorbed, adopted and innovated any new technology and it has also not carried out R & D activity. Hence the details relating to Technology Absorption are not furnished.

The particulars regarding Foreign Exchange Expenditures and Earnings appear as item numbers 22 and 23 respectively in the notes to the accounts.

15. Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Manoj G. Tirodkar, Mr. Vishwas Pathak and Mr. Prakash Samant retire by rotation at the ensuing Annual General Meeting (AGM). Mr. Manoj G. Tirodkar, Mr. Vishwas Pathak and Mr. Prakash Samant being eligible, offer themselves for re-appointment. Accordingly, their re-appointments forms part of the notice of the ensuing AGM.

During the year under review, Mr. G.V.Desai and Mr.S. S. Dawra resigned as Directors as they crossed the age limit then prescribed for retirement . The Board places on record its appreciation of the contribution of Mr. G.V. Desai and Mr. S. S. Dawra during their tenure as Directors of the Company.

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

16. Auditors

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants, were appointed as Joint Auditors of the Company at the 5th Annual General Meeting of the Company to hold office from the conclusion of the 5th AGM until the conclusion of the 6th AGM of the Company.

The Company has received necessary Certificates from the Joint Auditors pursuant to Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment. Accordingly, the approval of the shareholders for the appointment of M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants as Auditors of the Company is being sought at the ensuing AGM.

17. Auditors' Report

The Board has duly reviewed the Statutory Auditors' Report on the Accounts for the year ended March 31, 2009 and wish to report that the same does not have any reservation, qualification or adverse remarks.

18. Directors' Responsibility Statement

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

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

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the Profit of the Company for the year ended on that date;

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

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

19. Special Business

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

20. General

Notes forming part of the Accounts are self-explanatory.

21. Acknowledgements

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

For and on behalf of the Board of Directors

Mumbai
April 29, 2009

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 exercise price for conversion of options issued prior to listing of the shares of the Company is the face value of each share at the time of grant. However, the exercise price for conversion of options issued after listing of the shares of the Company i.e after November 9, 2006 will be at a discount up to 25% of the market price (latest available closing price) of each share at the time of grant.

The Company has granted 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 No.	Date of grant	No. of options granted	Exercise price
1.	26.11.05	1,550,000	Rs. 10/-
2.	12.02.07	7,490,000	Rs. 29.81 (re-priced at Rs.19.90 per share on account of Right Issue compensation on 09.10.07)
3.	27.02.07	25,000	Rs. 29.81 (re-priced at Rs.19.90 per share on account of Right Issue compensation on 09.10.07)
4.	09.10.07	899,000	Rs. 26.48
5.	09.10.07	1,007,500	Rs. 10/- (Issued to Grant 1 option holders towards Right Issue compensation)
6.	09.10.07	7,190,000	Rs. 19.90 (Issued to Grant 2 option holders towards Right Issue compensation)
7.	09.10.07	25,000	Rs. 19.90 (Issued to Grant 3 option holders towards Right Issue compensation)
8.	11.03.08	1,700,000	Rs. 33.60

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

Sl. No.	Particulars	Status
A	Options Granted	19,886,500
B	Pricing formula	Prior to Listing: The exercise price for conversion of each option into one equity share is the face value of each share at the time of grant. After Listing: The exercise price for conversion of each option into one equity share is at a discount up to 25% of the market price (latest available closing price) of each share at the time of grant
C	Options vested	12,663,300
D	Options exercised	1,757,056
E	Total number of shares arising as a result of exercise of Options	1,757,056
F	Options lapsed	1,949,800
G	Variation of terms of Options	As stated above
H	Money realized by exercise of Options	Rs. 22,872,564
I	Total number of Options in force	16,179,644
J	Employee wise details of Options granted to:	
	a. Senior Managerial Personnel	a. Details are furnished below**
	b. Any other employee who receives a grant in any one year of Option amounting to 5% or more Option granted during that year.	b. NIL
	c. 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;	c. NIL
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20 "Earning per Share"	**F.Y. 08-09 (Rs.)** / **F.Y. 07-08 (Rs.)** EPS Intrinsic Value Method# 0.04 / (0.80) EPS Fair Value Method (0.05) / (0.92) (#For details please refer Schedule Q(4) (i) to the Balance Sheet as at March 31, 2009 forming part of this Annual Report).
L	Disclosure regarding the employee compensation Cost	The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value method and has amortised Rs. 24,777,336 (Previous Period Rs. 30,286,097) for the year ended on March 31, 2009. However, had the Company followed Fair Value Method for calculating Employee Compensation Costs, such cost for the year would have been higher by Rs. 67,235,913 and the Net Profit after Taxes would have been lower by the like amount resulting in Loss and consequently, the Basic as well as Diluted EPS would have been lower by Rs. 0.09 (#)
M	Weighted-Average exercise prices & Weighted-Average fair values	Weighted-Average exercise prices of the Options outstanding as at the year end - Rs. 20.88 and Weighted-Average fair value of options outstanding as at the year end - Rs. 27.02

Sl. No.	Particulars	Status
N	The description of the method and significant assumptions used during the year to estimate the fair value of the options.	The Company has adopted Black-Scholes Model for determining the fair value of Options and the significant assumptions used are: (i) Risk-free interest rate : Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration. (ii) Expected life : Full life of the option is the period upto which it can be exercised. (iii) Expected volatility : Calculated by using the closing market prices of the company's shares during the last one year. (iv) Expected dividends : Yield has been calculated on the basis of dividend yield of the financial year preceding the date of the grant if any. (v) The price of the underlying share in market at the time of option grant : Closing market price on previous trading day on which the warrants are allotted on the Stock Exchange where the volume of shares traded is more.

**List of Senior Managerial Personnel and the Options granted till March 31, 2009 (Cumulative)

Sr. No.	Name	Options granted till March 31, 2009	Options outstanding as on March 31, 2009
1.	Dr. Anand Patkar	200,000	200,000
2.	Mr. Ashutosh Chandratrey	150,000	150,000
3.	Mr. B.R. Chatterji	200,000	200,000
4.	Mr. Charudatta Naik	1,825,000	1,300,000
5.	Mr. Deepak Vaidya	400,000	260,000
6.	Mr. N. Balasubramanian	500,000	500,000
7.	Mr. M. R. Bharath	347,750	321,500
8.	Mr. Prakash Ranjalkar	6,592,000	6,424,000
9.	Mr. Prakash Samant	400,000	400,000
10.	Mr. Prasanna Bidnurkar	400,000	400,000
11.	Mr. Ravi Pandit	600,000	600,000
12.	Mr. Rupinder Singh Ahluwalia	391,250	351,000
13.	Mr. Sadanand D. Patil	1,100,000	1,100,000
14.	Mr. Savio F. Furtado	200,000	200,000
15.	Mr. Shishir Parikh	902,000	608,000
16.	Mr. Vishwas Pathak	400,000	360,000
17.	Mr. Vivek Kulkarni	200,000	200,000

Conservation of Energy

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

Sr. No.	Particulars	Response
a.	Energy Conservation measures taken	• Installation of Free Cooling/Emergency Free Cooling systems to utilize cool ambient temperatures for saving electrical energy consumption of air-conditioning systems. • Installation of High Efficiency Rectifiers with wide input voltage range SMPS with minimum derating at lower input voltages. • Implemented Stage-wise capacity enhancement with upgradeability as and when site load Increased.
b.	Additional Investments and proposals, if any, being implemented for reduction of consumption of energy	• Specialized training to Operation and Maintenance engineers for generating awareness on Energy Management techniques and practices. • Remote controlling Shelter access • Tower designs with provision of mounting Remote Radio Head type BTS for saving RF power and air-conditioning energy
c.	Impact of measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production of goods	With the above solutions, the Company expects to reduce energy costs up to 6 to 8%

For and on behalf of the Board of Directors

Mumbai
April 29, 2009

Manoj G. Tirodkar
Chairman

Auditors' Report For The Financial Year Ended on March 31, 2009

To The Members of

GTL INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of **GTL INFRASTRUCTURE LIMITED,** as at March 31, 2009 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in Annexure referred to in para 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;

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

   d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received from the directors as on March 31, 2009 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, in particular Note No. 5 of Schedule Q regarding the accounting treatment of redemption premium on Foreign Currency Convertible Bonds (FCCB), give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

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

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

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Partner
Membership No. – 35629

Mumbai
Date: April 29, 2009

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No. – 36398

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

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

i. In respect of its fixed assets:

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

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

   c. During the year, the Company has disposed of 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 other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the clause 4(iii) of the Companies (Auditor's 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 are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.

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

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

viii. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of any of the services provided by the Company.

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

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

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

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, 2009 for a period of more than six months from the date they became payable.

c. The disputed statutory dues aggregating to Rs. 2,29,19,695, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (in Rs.)	Forum where dispute is pending
The Punjab VAT Act, 2005	Sales Tax	2007-08	1,65,683	Deputy Excise & Taxation Commissioner (Appeal)
The Central Sales Tax Act, 1956	Sales Tax	2008-09	1,81,28,394	Deputy Commissioner of Taxes (Appeal)
The Assam Entry Tax Act, 2008	Entry Tax	2008-09	46,25,618	Deputy Commissioner of Taxes (Appeal)
Total			**2,29,19,695**	

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

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

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

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

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

xv. The Company has given corporate guarantees by way of pledging it's fixed deposits with banks for loans taken by others from their bank. On the basis of representation and explanations provided to us, we are of the opinion that the terms and conditions there of are not prima facie prejudicial to the interest of the Company.

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

xvii. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at March 31, 2009, related informations as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis have not prima facie been utilized for long term purposes.

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

xviii. During the year the Company has made preferential allotments of 2,60,00,000 equity shares of Rs. 10 each, against the conversion of preferential convertible warrants, at a price of Rs. 40 per share to a Company covered under register maintained under Section 301 of the Companies Act, 1956. According to the information & explanation given to us these shares are issued in terms of Securities And Exchange Board Of India (Disclosure And Investor Protection) Guidelines, 2000 and accordingly, the prices at which these shares are issued are not prima facie prejudicial to the interest of the Company.

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

xx. We have verified the end-use of money raised by issue of Foreign Currency Convertible Bonds and the same is disclosed by the management in Note no. 5 of Schedule Q to accounts.

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

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Partner
Membership No. – 35629

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No. – 36398

Mumbai
Date: April 29, 2009

Balance Sheet As At March 31, 2009

	Schedule	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	A	8,161,640,740		7,342,637,280	
Preferential Convertible Warrants		481,980,060		912,835,760	
Reserves and Surplus	B	4,904,204,677		2,013,667,842	
			13,547,825,477		10,269,140,882
Loan Funds					
Secured Loans	C	22,397,551,379		13,990,047,138	
Unsecured Loans	D	13,078,932,880		10,766,850,000	
			35,476,484,259		24,756,897,138
Deferred Tax Liability (Net) (Refer Note No 13 of Schedule Q)			–		742,097,689
	Total		49,024,309,736		35,768,135,709
APPLICATION OF FUNDS:					
Fixed Assets	E				
Gross Block		24,291,122,540		13,344,107,171	
Less : Depreciation		2,716,045,993		1,310,834,305	
Net Block		21,575,076,547		12,033,272,866	
Capital Work-in-progress		10,467,261,705		7,904,951,325	
			32,042,338,252		19,938,224,191
Investments	F		332,005		663,363,000
Current Assets, Loans and Advances	G				
Inventories		24,500,239		–	
Sundry Debtors		550,387,416		514,433,323	
Cash and Bank Balances		13,647,236,690		13,731,617,281	
Loans and Advances		5,946,380,166		2,407,442,110	
		20,168,504,511		16,653,492,714	
Less: Current Liabilities and Provisions	H				
Current Liabilities		3,811,729,888		2,161,919,082	
Provisions		286,678,868		265,014,965	
		4,098,408,756		2,426,934,047	
Net Current Assets			16,070,095,755		14,226,558,667
Miscellaneous Expenditure (to the extent not written off or adjusted)	I		–		–
Profit and Loss Account			911,543,724		939,989,851
	Total		49,024,309,736		35,768,135,709
Significant Accounting Policies	P				
Notes on Accounts	Q				

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2009

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Profit and Loss Account For The Year Ended March 31, 2009

	Schedule		For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2008 Rupees
INCOME				
Net Income from Operations	J		**2,208,369,860**	1,245,815,168
Other income	K		**537,433,779**	275,751,035
		Total	**2,745,803,639**	1,521,566,203
EXPENDITURE				
Infrastructure Operation & Maintenance Cost (Net)	L		**643,671,625**	250,212,414
Employee's Cost	M		**170,251,011**	181,977,742
Administration and Other Expenses	N		**253,548,238**	166,872,823
Interest and Finance Charges (Net)	O		**974,580,977**	297,926,489
Depreciation	E		**1,411,513,993**	824,016,831
		Total	**3,453,565,844**	1,721,006,299
PROFIT / (LOSS) BEFORE TAX			**(707,762,205)**	(199,440,096)
LESS :				
Provision for Taxation				
- Current Tax			**–**	–
- Deferred Tax			**(742,097,689)**	390,545,081
- Fringe Benefit Tax			**5,889,357**	4,717,046
			(736,208,332)	395,262,127
PROFIT / (LOSS) AFTER TAX			**28,446,127**	(594,702,223)
ADD :				
Balance as per last Balance Sheet			**(939,989,851)**	(345,287,628)
Balance carried to Balance Sheet			**(911,543,724)**	(939,989,851)
EARNINGS PER SHARE (in Rupees-Per Equity Share of Rs.10 each)				
- Basic			**0.04**	(0.80)
- Diluted			**0.04**	(0.80)
(Refer Note No. 12 of Schedule Q)				
Significant Accounting Policies	P			
Notes on Accounts	Q			

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Mumbai
Date : April 29, 2009

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE A : SHARE CAPITAL				
AUTHORISED:				
3,000,000,000 (Previous Year 3,000,000,000) Equity Shares of Rs. 10 each		**30,000,000,000**		30,000,000,000
50,000,000 (Previous Year 50,000,000) Preference Shares of Rs. 100 each		**5,000,000,000**		5,000,000,000
		35,000,000,000		35,000,000,000
ISSUED, SUBSCRIBED AND PAID UP:				
816,164,074 (Previous Year 734,263,728) Equity Shares of Rs.10 each fully paid-up		**8,161,640,740**		7,342,637,280
Total		**8,161,640,740**		7,342,637,280

Notes:

i. During the year, the Company has allotted
   - (a) 553,056 (Previous Year 661,500) Equity Shares of Rs. 10 each on exercise of option by ESOS holders,
   - (b) 19,783,365 (Previous Year 23,339,930) Equity Shares of Rs. 10 each to FCCB holders on exercise of option at a Premium of Rs. 43.04 per share and
   - (c) 61,563,925 (Previous Year 35,441,060) Equity Shares of Rs. 10 each to Preferential Convertible Warrant holders at a Premium of Rs. 30 per share.

ii. The ESOS holders, FCCB holders and Preferential Convertible Warrant holders have the option to exercise/convert ESOS, FCCB and Warrants into 16,179,644 (Previous Year 17,762,500), 179,161,773 (Previous Year 198,945,138) and 120,495,015 (Previous Year 228,208,940) Equity Shares of Rs. 10 each respectively.

iii. Refer Note No. 4, 5, and 6 of Schedule Q for terms of ESOS, FCCB and Preferential Convertible Warrants respectively.

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE B : RESERVES AND SURPLUS				
Reconstruction Reserve				
Balance as per last Balance Sheet				
Created in terms of the Scheme of Arrangement		**199,302,121**		199,302,121
Capital Reserve				
Balance as per last Balance Sheet	**–**		–	
On Forfeiture of Preferential Convertible Warrants during the year	**184,600,000**		–	
(Refer Note No. 6 of Schedule Q)		**184,600,000**		–
Securities Premium Account				
Balance as per last Balance Sheet	**1,780,033,190**		–	
Add: On Exercise of option by:				
- Foreign Currency Convertible Bond holders	**851,476,030**		1,004,550,588	
- Preferential Convertible Warrant holders	**1,846,917,750**		1,063,231,800	
- ESOS holders	**7,093,664**		–	
	4,485,520,634		2,067,782,388	
Less: Foreign Currency Convertible Bonds and Rights Issue Expenses	**22,536,285**		287,749,198	
		4,462,984,349		1,780,033,190
Employee Stock Option Outstanding				
Balance as per last Balance Sheet	**75,322,980**		50,279,100	
Add: Granted during the year	**–**		25,043,880	
Less: Options exercised/lapsed during the year	**5,303,719**		–	
	70,019,261		75,322,980	
Less:Deferred Compensation Expense				
Balance as per last Balance Sheet	**40,990,449**		46,232,666	
Add: Granted during the year	**–**		25,043,880	
Less: Amortised/lapsed during the year	**28,289,395**		30,286,097	
	12,701,054	**57,318,207**	40,990,449	34,332,531
Total		**4,904,204,677**		2,013,667,842

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE C : SECURED LOANS				
Rupee Term Loans				
From Banks	**20,520,042,209**		11,132,411,189	
From Financial Institutions	**499,100,000**		–	
		21,019,142,209		11,132,411,189
Foreign Currency Loans				
From Financial Institutions	**1,378,194,600**		1,264,000,000	
From Banks	**–**		1,593,123,973	
		1,378,194,600		2,857,123,973
Vehicle Loans		**214,570**		511,976
Total		**22,397,551,379**		13,990,047,138

Notes:

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

(a) Hypothecation by a first pari-passu charge on all movable assets, both present and future, including first floating charge on all the current assets of the Company.

(b) Mortgage by first pari-passu charge basis on all immovable assets, both present and future, of the Company.

ii Vehicle loan is secured by way of hypothecation of the specific vehicle financed.

	As At March 31, 2009 Rupees	As At March 31, 2008 Rupees
SCHEDULE D : UNSECURED LOANS		
Long Term Loans		
Foreign Currency Convertible Bonds	**12,615,745,740**	10,766,850,000
Short Term Loans		
Buyer's Credit (Covered under Letter of Credit issued by the Bankers)	**463,187,140**	–
Total	**13,078,932,880**	10,766,850,000

Notes:

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

i Convertible by the 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 74,095 Equity Share with par value of Rs. 10 per share at an initial Conversion Price of Rs. 53.04 per share.

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

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

iv 2,418 (Previous year 2,685) Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each are Outstanding as on 31st March, 2009.

SCHEDULE E : FIXED ASSETS (Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2008	Additions	Deductions/ Adjustments	As at March 31, 2009	Upto March 31, 2008	For The Year	Deductions/ Adjustments	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
A) Tangible Assets:										
Land	6,146,550	48,728,788	–	54,875,338	–	–	–	–	54,875,338	6,146,550
Buildings	597,872,375	269,893,316	2,827,008	864,938,683	10,563,265	16,299,238	65,330	26,797,173	838,141,510	587,309,110
Plant and Equipments	12,661,153,907	10,635,521,315	14,405,067	23,282,270,155	1,285,348,452	1,376,749,602	4,592,665	2,657,505,389	20,624,764,766	11,375,805,455
Furniture & Fixtures	67,000,772	5,198,737	4,661,171	67,538,338	12,357,539	14,392,847	1,140,327	25,610,059	41,928,279	54,643,233
Vehicles	8,660,053	–	1,213,415	7,446,638	2,295,877	1,690,788	503,983	3,482,682	3,963,956	6,364,176
B) Intangible Assets :										
Softwares*	3,273,514	10,779,874	–	14,053,388	269,172	2,381,518	–	2,650,690	11,402,698	3,004,342
TOTAL	**13,344,107,171**	**10,970,122,030**	**23,106,661**	**24,291,122,540**	**1,310,834,305**	**1,411,513,993**	**6,302,305**	**2,716,045,993**	**21,575,076,547**	**12,033,272,866**
Previous Year	**4,824,827,070**	**8,623,977,206**	**104,697,105**	**13,344,107,171**	**519,077,854**	**824,016,831**	**32,260,380**	**1,310,834,305**	**12,033,272,866**	
Capital Work-in-progress									**10,467,261,705**	**7,904,951,325**

* Other than Internally Generated

Notes :

1. Buildings include properties having gross block of Rs. 170,172,044 (Previous Year Rs. 172,721,384) for which deeds of conveyance have yet to be executed in favour of the Company and Rs. 7,000 towards cost of 70 shares of Rs. 100 each in a Co-operative Housing Society.
2. Buildings having net book value of Rs. 72,200,609 and building under construction (Included in CWIP) of Rs. 153,215,561 are held for disposal. The Company does not anticipate any loss on the same.
3. During the year the Company has disposed of CWIP of Rs .2,613,041,426 for Rs.2,614,503,105.
4. Capital Work-in-Progress includes:
   a) Materials at sites amounting to Rs. 4,324,418,822. (Previous Year Rs. 2,744,515,012)
   b) Capital Advances of Rs. 2,636,861,691. (Previous Year Rs. 609,099,454)
   c) Pre-operative expenses of Rs. 1,414,005,661. (Previous Year Rs. 1,231,326,220)

Schedules Forming Part of The Balance Sheet

(Amount In Rupees)

	Number March 31, 2009	Number March 31, 2008	Face Value	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2008
SCHEDULE F : INVESTMENTS							
Long Term Investments (Unquoted)							
In Equity Shares of Subsidiary Company - Fully Paid up Towers Worldwide Limited (Formerly known as Spark India 2 Limited)	1	–	USD 1	**332,005**		–	
In Other Equity Shares (Non Trade) - Fully Paid up Global Projects & Aviation Private Limited. (Formerly known as GTL Management Services & Projects Pvt. Limited)	–	336,300	10	–	**332,005**	3,363,000	3,363,000
Current Investments (Non-Trade, Unquoted) **In Unit of Mutual Funds**							
AIG Short Term Fund Inst. Growth	–	50,000	1000	–		50,000,000	
HDFC Fmp 90d January 2008(VI)- Wholesale Plan Growth	–	10,000,000	10	–		100,000,000	
Lotus India Fmp 3 Months Series XXIV Growth	–	12,000,000	10	–		120,000,000	
Lotus India Fmp 3 Months Series XXV Growth	–	6,000,000	10	–		60,000,000	
Lotus India Fmp 1 Month Ser.VII-Growth	–	5,000,000	10	–		50,000,000	
UTI Fixed Income Interval Fund - Monthly Series	–	11,613,503	10	–		120,000,000	
UTI Fixed Maturity Plan HFMP 03/08 -I-Inst. Growth Plan	–	10,000,000	10	–		100,000,000	
UTI Fixed Maturity Plan- QFMP - Inst. Growth Plan	–	6,000,000	10	–	–	60,000,000	660,000,000
			Total		**332,005**		663,363,000

Note:

1. **Aggregate Value Of Investments**

	March 31, 2009	March 31, 2008
Quoted Investments :		
Book Value	**Nil**	Nil
Market Value	**Nil**	Nil
Unquoted Investments:		
Book Value	**332,005**	663,363,000

2. **Investments Purchased And Sold During The Year**

Mutual Fund Units	**Face Value**	**Nos.**	**Cost**
AIG India Liquid Fund Institutional Growth	1000	38,116	40,000,000
AIG India Liquid Fund Super Institutional Growth	1000	230,692	250,000,000
Bharti Axa Liquid Fund Institutional Growth Plan	1000	392,965	400,000,000
Birla Cash Plus- Inst. Prem. - Growth	10	58,165,325	760,100,000
Birla Sun Life Floating Rate Fund - Short Term - Growth	10	11,331,245	152,800,000
Birla Sunlife Cash Manager - Inst. Plan- Growth	10	7,067,786	95,900,000
Birla Sunlife Cash Plus - Inst. Prem. - Growth	10	165,777,274	2,264,884,682
Birla Sunlife Floating Rate Fund - Short Term - IP - Growth	10	16,565,294	183,420,000
BOB Liquid Fund - Growth Plan	10	7,107,811	105,500,000
Canara Robeco Floating Rate Short Term Growth Fund	10	11,719,341	147,476,000
Canara Robeco Liquid Fund - Institutional - Growth	10	64,022,236	975,400,000
Canara Robeco Liquid Super Instt. Growth Fund	10	187,726,984	1,932,386,000
DBS Chola Liquid Inst. Plus - Cumulative	10	17,651,400	296,126,000
DBS Chola Liquid Super Inst. Plan - Cumulative	10	174,512,328	2,139,800,000
DBS Chola Short Term Floating Rate - Cumulative	10	11,879,432	146,100,000

Schedules Forming Part of The Balance Sheet

(Amount In Rupees)

Mutual Fund Units	Face Value	Nos.	Cost
Dspml Fmp 1m Series 1 - Growth - Mat. Date 06-Oct-08	10	25,000,000	250,000,000
Dws Insta Cash Plus Fund - Inst. Plan - Growth	10	11,559,291	147,700,000
Dws Insta Cash Plus Fund - Super Institutional Plan Growth	10	302,771,520	3,385,306,566
Fidelity Cash Fund - Inst. - Growth	10	3,965,874	44,300,000
Fidelity Cash Fund (Super Institutional) - Growth	10	35,519,665	412,600,000
HDFC Cash Management Fund - Savings Plan - Growth	10	91,929,879	1,655,200,000
HDFC Liquid Fund - Premium Plan - Growth	10	367,045,115	6,358,274,289
HDFC Liquid Fund - Premium Plus Plan - Growth	10	103,593,255	1,781,430,100
HSBC Cash Fund - Institutional - Growth	10	7,646,722	100,000,000
HSBC Cash Fund - Institutional Plus - Growth	10	49,511,460	650,700,000
HSBC Floating Rate Fund - Long Term Plan - Institutional Option - Growth	10	22,771,536	300,085,579
ICICI Prundential Institutional Liquid Plan Super Insitutional Growth	10	259,372,761	3,177,028,000
ING Liquid Fund Inst. - Growth Option	10	15,346,427	200,000,000
ING Liquid Fund Super Institutional - Growth Option	10	124,272,863	1,535,700,000
JM High Liquidity Fund - Super Institutional Plan - Growth(94)	10	3,824,823	50,000,000
JP Morgan India Liquid Fund - Growth Plan	10	34,385,512	371,223,000
JP Morgan India Liquid Fund - Super Inst. Growth Plan	10	356,062,128	3,962,798,774
JP Morgan India Liquid Plus Fund - Growth Plan	10	13,814,290	149,554,889
JP Morgan India Liquid Plus Fund - Super Inst. Growth Plan	10	45,551,415	509,538,316
Kotak Floater Short Term - Growth	10	61,388,486	836,900,000
Kotak Liquid (Institutional Premium) - Growth	10	52,774,546	893,032,000
LIC Mf Floating Rate Fund - Short Term Plan - Growth Plan	10	623,415,836	8,602,645,372
LIC Mf Liquid Fund - Growth Plan	10	876,584,440	13,692,720,870
Lotus India Liquid Fund - Inst. Growth	10	32,391,135	366,000,000
Lotus India Liquid Fund - Super Institutional Growth	10	130,990,673	1,511,300,000
Mirae Asset Liquid Fund Super Inst. - Growth Option	1000	191,803	200,000,000
Principal Cash Management Fund Smp Inst Option Growth Plan	10	6,492,227	82,400,000
Principal Cash Management Fund - Liquid Option Instl. Prem. Plan - Growth	10	356,800,277	4,746,145,155
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	452,979,559	6,197,200,285
Reliance Liquid Fund - Cash Plan Growth Option - Growth Plan	10	10,465,652	150,000,000
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	20	41,978,838	870,000,000
Reliance Liquid Plus Fund Inst. Option - Growth Plan	1000	17,990	20,004,692
Reliance Liquidity Fund - Growth Option	10	205,110,902	2,660,467,057
SBI Magnum Insta Cash Fund - Cash Option	10	158,240,250	3,444,517,000
SBI Magnum Insta Cash Fund Liquid Floater Plan - Growth	10	55,443,864	833,800,000
SBI Premier Liquid Fund - Inst. - Growth	10	7,697,341	100,000,000
SBI Premier Liquid Fund - Super Institutional - Growth	10	57,239,848	787,100,000
Standard Chartered Liquidity Manager - Plus - Growth	1000	51,567	60,000,000
Standard Chartered Liquidity Manager - Plus - Growth	10	1,031,984	13,000,000
Sundaram Bnp Paribas Floater St Inst. - Growth	10	2,478,433	31,200,000
Sundaram Bnp Paribas Money Fund Super Inst. Growth	10	2,911,174	50,000,000
Tata Floating Rate Short Term Inst. Plan - Growth	10	39,225,331	502,800,000
Tata Liquid High Investment Fund - Growth	1000	136,440	185,000,000
Tata Liquid Super High Inv. Fund - Appreciation	1000	1,068,048	1,647,601,300
Templeton Floating Rate Income Fund Short Term Plan Institutional Option - Growth	10	122,144,282	1,585,360,320
Templeton Fr Income Fund St Plan Retail Option - Growth	10	3,643,012	53,600,000
Templeton India Treasury Management A/c Super Institutional Plan - Growth	1000	636,424	802,800,000
UTI - Liquid Plus Fund Institutional Plan Growth Option	1000	196,971	226,954,593
UTI Liquid Cash Plan Institutional - Growth Option	1000	1,878,808	2,657,280,951
UTI Money Market Fund - Growth Plan	20	228,660,653	5,516,809,728

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS				
i) **Inventories** (as taken, valued and certified by the management)				
Stores, Spares and Consumables		24,500,239		–
ii) **Sundry Debtors (unsecured)**				
Due for a period exceeding six months				
- Considered Good	7,589,273		67,611,868	
- Considered Doubtful	33,955,642		–	
Less: Provision for doubtful debts	33,955,642		–	
	7,589,273		67,611,868	
- Others				
- Considered Good	542,798,143		446,821,455	
- Considered Doubtful	3,396,155		–	
Less: Provision for doubtful debts	3,396,155		–	
	542,798,143		446,821,455	
		550,387,416		514,433,323
Notes : Sundry Debtors include Rs. 272,189,826 (Previous Year Rs. 216,652,684) due for recoveries on account of diesel, electricity, etc.				
iii) **Cash and Bank Balances**				
Cash on hand	819,273		370,482	
Balances with Banks (Including Cheques in hand)				
- In Current Accounts				
With Scheduled Banks	956,074,229		1,153,413,140	
With Non-Scheduled Banks*	1,213,952,141		1,088,749,576	
- In Fixed Deposit Accounts				
With Scheduled Banks	10,258,229,521		7,065,619,984	
With Non-Scheduled Banks*	10,403,786		3,983,135,126	
- In Margin Accounts with Scheduled Banks	729,440,388		179,518,431	
- In Fixed Deposits for Debt Service Reserve Account with Scheduled Banks	478,317,352		260,810,542	
(Refer Note No 7 of Schedule Q)		13,647,236,690		13,731,617,281
Total		14,222,124,345		14,246,050,604
*Julius Bear, Maximum Balance Rs. 8,090,380,269 (Previous Year Rs. 7,779,596,150)				
(B) LOANS AND ADVANCES				
(Unsecured, Considered good unless otherwise stated)				
Subsidiary Company		3,271,718,997		–
Advances recoverable in cash or in kind or for the value to be received (Subject to confirmation)				
- Considered Good	422,182,451		574,013,291	
- Considered Doubtful	205,124		–	
Less: Provision for doubtful debts	205,124		–	
		422,182,451		574,013,291
Inter Corporate Deposits		–		487,500,000
Deposits		160,554,422		101,593,956
Cenvat / Service Tax input credit entitlements		1,826,098,079		1,148,045,404
Advance Taxes (including Fringe Benefit Tax) (Net)		265,826,217		96,289,459
Total		5,946,380,166		2,407,442,110
Total		20,268,504,511		16,653,492,714

Schedules Forming Part of The Balance Sheet

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS				
(A) CURRENT LIABILITIES				
Acceptances		2,630,699,554		1,330,095,268
Sundry Creditors				
Dues to micro, small and medium enterprises (Refer Note No 19 of Schedule Q)	–		–	
Dues to others	255,756,219		169,352,880	
		255,756,219		169,352,880
Unclaimed Share Application Money *		54,649		–
Unearned Income		138,518,453		92,382,022
Deposits Received		261,366,078		200,915,399
Other Liabilities		513,318,482		358,600,783
Interest accrued but not due on Loans		12,016,453		10,572,730
Total		3,811,729,888		2,161,919,082
(B) PROVISIONS				
For Gratuity		–		325,992
For Leave Encashment		4,635,942		3,133,368
Provision for Fringe Benefit Taxes		5,889,357		4,717,046
Provision for mark to market losses on Derivative Contracts		276,153,569		256,838,559
Total		286,678,868		265,014,965
Total		4,098,408,756		2,426,934,047

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

	Rupees	As At March 31, 2009 Rupees	Rupees	As At March 31, 2008 Rupees
SCHEDULE I : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)				
Share Issue Expenses	–		21,619,600	
FCCB Issue Expenses	22,536,285		271,347,808	
	22,536,285		292,967,408	
Less: Written off to the Profit and Loss Account	–		5,218,210	
	22,536,285		287,749,198	
Less: Written off against Securities Premium Account	22,536,285		287,749,198	
Total		–		–

Schedules Forming Part of The Profit and Loss Account

		For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2008 Rupees
SCHEDULE J : NET INCOME FROM OPERATIONS			
Service Charges from Telecom/Network Infrastructure Facilities		**2,453,613,806**	1,388,567,321
Equipment Provisioning		**9,221,950**	9,995,196
		2,462,835,756	1,398,562,517
Less: Service Tax Recovered		**254,465,896**	152,747,349
	Total	**2,208,369,860**	1,245,815,168
SCHEDULE K : OTHER INCOME			
Profit on Sale of Fixed Asset (Net)		**–**	61,231,163
Profit on Sale of Long Term Investments (Net)		**3,363,000**	950,001
Interest Received		**533,878,311**	212,755,198
[Tax Deducted at Source Rs. 18,756,587 (Previous Year Rs. 19,595,011)]			
Balances Written Back		**188,106**	673,580
Miscellaneous Income		**4,362**	141,093
	Total	**537,433,779**	275,751,035
SCHEDULE L : INFRASTRUCTURE OPERATION & MAINTENANCE COST (NET)			
Site Rentals (Net)		**161,477,654**	69,371,299
Power and Fuel Charges		**859,279,003**	421,472,628
Repairs and Maintenance to Plant and Equipments		**5,808,382**	3,786,698
Other Operating Expenditure		**448,967,154**	176,919,167
		1,475,532,193	671,549,792
Less: Recovered from Customers (Net of Service Tax)		**831,860,568**	421,337,378
	Total	**643,671,625**	250,212,414
SCHEDULE M : EMPLOYEES COST (Including Managerial Remuneration)			
Salaries and Allowances		**131,545,813**	139,154,925
Contribution to Providend Fund, Gratuity Fund and Other Funds		**6,519,334**	6,137,235
Employee Stock Option cost		**24,777,336**	30,286,097
Employee Welfare and other amenities		**7,408,528**	6,399,485
	Total	**170,251,011**	181,977,742

Schedules Forming Part of The Profit and Loss Account

		For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2008 Rupees
SCHEDULE N : ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Administrative Expenses			
Rent		**28,696,213**	14,216,322
Rates and Taxes		**9,770,752**	3,087,269
Electricity		**7,524,099**	6,040,254
Repairs and Maintenance			
- Office Building		**279,268**	384,464
- Office Equipments		**2,322,183**	1,614,500
- Others		**2,490,961**	1,677,578
Insurance Premium		**10,358,178**	5,490,882
Communication Cost		**11,278,041**	7,617,604
Travel and Conveyance		**24,482,222**	29,941,349
Legal and Professional Charges		**23,622,890**	35,182,600
Payment to Auditors		**4,780,000**	1,919,000
Office Expenses		**16,280,144**	19,619,681
Printing and Stationery		**11,677,223**	6,962,964
Directors' Sitting Fees		**890,950**	1,609,387
Miscellaneous Expenses		**38,830,819**	20,240,939
Selling Expenses			
Advertisement and Business Promotion		**7,043,202**	6,049,820
Other Expenses			
Bad Debts		**12,486,178**	–
Provision for Doubtful Debts		**37,556,922**	–
Loss on Sale of Fixed Asset (Net)		**3,177,993**	–
Miscellaneous Expenditure Written Off		**–**	5,218,210
	Total	**253,548,238**	166,872,823
SCHEDULE O : INTEREST AND FINANCE CHARGES (Net)			
Interest			
- On Term Loans		**1,002,632,836**	364,389,250
- On Foreign Currency Convertible Bonds		**–**	144,713
- Others		**4,151,285**	5,356,698
Bank and Financial Charges		**18,359,611**	9,569,279
		1,025,143,732	379,459,940
Less :			
Foreign Exchange Gain (Net)		**50,562,755**	81,533,451
	Total	**974,580,977**	297,926,489

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

SCHEDULE P: SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation of Financial Statements:**

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

2. **Use of Estimate:**

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

3. **Revenue Recognition:**

   a. Revenue from Infrastructure/Equipment provisioning are recognised in accordance with the Contract / Agreement entered into. Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes service tax, wherever applicable.
   b. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

4. **Fixed Assets:**

   a. Fixed Assets are stated at cost net of cenvat less accumulated depreciation, amortisation and impairment loss, if any. All costs, including borrowing costs up to the date asset is put to use are capitalised.
   b. The Fixed Assets at the cellular sites, which are put to use in the first fifteen days of a month are capitalised on the fifteenth day of that month, whereas, if they are put to use in the second half of a month, they are capitalised on the last day of that month.
   c. Expenses incurred relating to project, prior to commencement of commercial operation, are considered as pre-operative expenditure and shown under Capital Work-In-Progress.

5. **Depreciation:**

   a. Depreciation on Fixed Assets is provided using the Straight Line Method based on the useful life as estimated by the Management or at the rates as provided in the Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly, the estimated useful life of Fixed Assets is as shown below:

		Economic Useful Life (Years)
Buildings	:	58
Plant and Machinery		
Towers (including foundation and related Civil Work)	:	20
Shelters	:	20
Network Operation Assets	:	4 to 10
Air Conditioners, Generators and Electrical Equipments	:	9
Electrical Equipments (Others)	:	6
Computers	:	3
Office Equipments	:	3 to 5
Furniture and Fittings	:	5
Vehicles	:	5

   b. The leasehold improvements have been depreciated over lease period.
   c. In respect of additions forming an integral part of existing assets depreciation has been provided over residual life of the respective fixed assets.
   d. In respect of Fixed Assets whose actual cost does not exceed Rs. 5,000, depreciation is provided at 100% in the year of addition.
   e. In respect of Fixed Assets acquired upon demerger pursuant to the Scheme of Arrangement between GTL Infrastructure Limited and GTL Limited, depreciation is provided for the balance period of economic useful life of those assets referred to in (a) above.

6. **Intangible Assets:**

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

7. **Investments:**

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

8. **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.

9. **Foreign Currency transactions:**

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

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

   c. Non monetary foreign currency items are carried at cost.

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

10. **Employee Benefits:**

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

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

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

11. **Borrowing costs:**

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

12. **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.

13. **Provision for Current and Deferred Tax:**

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

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

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

14. **Impairment of Assets:**

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

15. **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.

16. **Financial Derivatives Hedging Transactions:**

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

17. **Issue Expenses:**

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

18. **Provision for Doubtful Debts and Loans and Advances:**

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

SCHEDULE Q: NOTES ON ACCOUNTS

1. Contingent Liabilities:

(Amount in Rupees)

Sr. No.	Particulars	As At March 31, 2009	As At March 31, 2008
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	16,030,962,514	2,109,888,496
	(cash outflow is expected on execution of such capital contracts, on progressive basis)		
b.	Contingent Liabilities not provided for :		
	i. Bank Guarantees (Bank guarantees are provided under contractual / legal obligation)	110,080,894	25,459,540
	ii. Claims against the Company not acknowledged as debts	2,479,568	1,811,840
	iii. Premium on Foreign Currency Convertible Bonds issued [Refer Note 5 below]	5,097,568,687	4,350,496,478
	iv. Disputed liability in respect of Income-tax demand (including interest) matter under appeal (Amount deposited Rs. 232,664)	232,664	232,664
	v. Disputed Liability in respect of Sales Tax Matter under appeal (Amount deposited Rs.3,055,230)	25,974,925	220,913
	vi. Disputed liability in respect of Custom Duty (Amount deposited Rs.9,294,371)	9,294,371	NIL

No cash outflow is expected in near future in respect of Note number 1(b) (i), (ii), (iii) and (v).

2. The Company has entered into Master Services Agreement (MSA) with the Telecom Operators for a period of 10-15 years. Invoices are raised on these operators for provisioning fees and recovery of pass through expenses as part of the said MSA which are recoverable in full. The Company has requested for the balance confirmations from Sundry Debtors as on March 31, 2009 which are awaited. The Company has obtained balance confirmations from major Sundry Creditors.

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

4. Employee Stock Option Scheme:

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

b. On November 26, 2005, the Company granted 1,550,000 Options ("Grant 1") convertible into Equity Shares of Rs. 10 each to 15 employees. The Exercise Price of the Options was fixed at Rs. 10 each for conversion into one Equity Share of the Company.

During the year, out of above Options 9,000, Options have been lapsed. (Previous year Options lapsed NIL).

c. On February 12, 2007 and February 27, 2007, the Company granted 7,490,000 Options ("Grant 2") and 25,000 Options ("Grant 3"), both, convertible into Equity Shares of Rs. 10 each, to 42 employees. The Exercise Price of the Options was fixed at Rs. 29.81 each for conversion into one Equity Share of the Company.

Pursuant to clause 15 of Employee Stock Option Scheme 2005, on October 9, 2007, consequent to the issue of shares on Rights basis, the Exercise Price of the Options in respect of ("Grant 2") and ("Grant 3") was refixed to Rs.19.90 in place of Rs.29.81.

During the year, out of Options so granted under ("Grant 2"), 497,250 Options have been lapsed. (Previous year Options lapsed 600,000).

d. On October 9, 2007, the Company granted 650,000 Options ("Grant 4"), convertible into Equity Shares of Rs. 10 each to 3 employees. The Exercise Price of the Options was fixed at Rs. 26.48 each for conversion into one Equity Share of the Company.

e. On March 11, 2008, the Company granted 1,700,000 Options ("Grant 8"), convertible into Equity Shares of Rs. 10 each to 5 employees. The Exercise Price of the Options was fixed at Rs. 33.60 each for conversion into one Equity Share of the Company.

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

- ("Grant Number 5") consisting of 1,007,500 Options at the exercise price of Rs. 10 each against ("Grant 1").
- ("Grant Number 6") consisting of 7,190,000 Options at the modified exercise price of Rs. 19.90 each in place of Rs. 29.81 each against ("Grant 2").
- ("Grant Number 7") consisting of 25,000 Options at the modified exercise price of Rs. 19.90 each in place of Rs. 29.81 each against ("Grant 3").

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

During the year out of the Options granted under ("Grant 5"), 9,000 Options have been lapsed. (Previous year Options lapsed NIL).

During the year out of Options granted under ("Grant 6"), 497,250 Options have been lapsed. (Previous year Options lapsed 300,000).

The above Options vest over a period ranging from one to three years as follows:

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

g. On October 9, 2007, the Company also granted 249,000 Options ("Grant 4"), convertible into Equity Shares of Rs. 10 each, to 58 employees. The Exercise Price of the Options was fixed at Rs. 26.48 each for conversion into one Equity Share of the Company.

During the year out of above Options 17,300 Options have been lapsed. (Previous year Options lapsed 20,000).

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

Number of Years of Service of Employee in the Company and GTL Limited (*) as on date of allotment	Conversion at the end of 12 Months	18 Months	24 Months	30 Months	36 Months
≧ 5 years	100%	-	-	-	-
≧ 4 years	80%	20%	-	-	-
≧ 3 years	60%	20%	20%	-	-
≧ 2 years	40%	20%	20%	20%	-
≧ 1 year	20%	20%	20%	20%	20%

(*) As per the scheme, number of years of service of an employee in GTL Limited (Associate of the Company) is also considered for calculation of aforesaid period.

h. All the Options granted till date have an exercise period of Thirty Six months from the date of their vesting.

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

(Amount in Rupees)

Particulars	2008-09	2007-08
Net Profit/(Loss) as Reported	28,446,127	(594,702,223)
Less : Employee Compensation Expense	67,235,913	91,692,462
Adjusted Proforma	(38,789,786)	(686,394,685)
Basic and Diluted Earnings per share as reported	0.04	(0.80)
Proforma Basic and Diluted Earnings per share	(0.05)	(0.92)

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

(Amount in Rupees)

Sr. No.	Particulars	2008-09 No. of Shares	2008-09 Weighted average exercise price	2007-08 No. of Shares	2007-08 Weighted average exercise price
a.	i. Outstanding at the beginning of the year	**17,762,500**	**20.80**	8,522,500	27.47
	ii. Granted during the year	**NIL**	**NIL**	10,821,500	21.70
	iii. Lapsed during the year	**(1,029,800)**	**14.93**	(920,000)	20.05
	iv. Exercised during the year	**(553,056)**	**17.83**	(661,500)	10.00
	v. Expired during the year	**NIL**	**NIL**	NIL	NIL
b.	Outstanding at the end of the year	**16,179,644**	**16.57**	17,762,500	20.80
c.	Exercisable at the end of the year	**10,906,244**	**14.97**	5,264,000	19.10
d.	Weighted average remaining contractual life (in years)	**2.56**		3.68	
e.	Weighted average Intrinsic value of Options granted		**7.15**		7.17

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

5. **Foreign Currency Convertible Bonds:**

In the year 2007-08, the Company issued 3,000 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each. The bonds are redeemable only if there is no conversion of the bonds earlier. Hence, the payment of premium on redemption is contingent in nature, the outcome of which is dependent on uncertain future events and accordingly, no provision is considered necessary nor has been made in the accounts in respect of such premium. In case the bonds are redeemed then in such scenario the Company intends to adjust the premium on redemption to Securities Premium Account. The pro-rata premium as on March 31, 2009 works out to Rs. 1,363,627,510.

The details of bonds conversion during the year ended on March 31, 2009 is as under:

Particulars	Amount of FCCB in USD	Number of Equity Shares @ Rs. 10 each	Balance of FCCBs in Rupees
Balance As At April 1, 2008	268,500,000	198,945,138	10,766,850,000
Less : Converted during the Year	26,700,000	19,783,365	1,049,309,680
Less : Exchange Difference	NIL	NIL	(2,898,205,420)
Balance As At March 31, 2009	**241,800,000**	**179,161,773**	**12,615,745,740**

Rs. 6,568,655,443 out of the proceeds of the above Foreign Currency Convertible Bonds have been used for capital expenditure, issue expenses and advance to wholly owned subsidiary for acquisitions. Pending utilisation, the balance of Rs. 9,400,218,142 has been kept in Fixed Deposits with banks.

6. In the year 2007-08 the Company had issued 263,650,000 Preferential Convertible Warrants (Exercise Price of Rs. 40 each) on preferential basis to various investors, against which it has received Rs. 4,546,779,460 till March 31, 2009. Each warrant carries a right to convert the same into one Equity Share of Rs. 10 each at a premium of Rs. 30 each (as per the formula prescribed under the SEBI (DIP) guidelines) over a period of 18 months from date of allotment.

Of the above 97,004,985 warrants have been converted into the Equity Shares and a warrant holder holding 46,150,000 warrants who had paid 10% consideration of Rs.184,600,000 expressed inability to pay remaining amount of Rs. 1,661,400,000. Accordingly, the Board of Directors forfeited the same and credited the amount received against those warrants to Capital Reserve.

Rs.481,980,060 being 10% of the exercise price for 120,495,015 warrants outstanding as on March 31, 2009 has been shown as “Preferential Convertible Warrants’’ in the Balance Sheet.

Out of the Preferential Convertible Warrants proceeds of Rs. 4,546,779,460, Rs. 1,949,440,000 has been utilised towards passive telecom infrastructure as on March 31, 2009. The unutilised proceeds have been invested in Fixed Deposits with the banks.

7. Balances with Banks include deposits with Indian banks aggregating to Rs. 4,585,787,689 (Previous Year Rs. 466,010,417) pledged towards Debt Service Reserve Account, Margin Money for Letter of Credits, Bank Guarantees, Security for borrowings by capital goods vendors and Sales Tax Authorities.

8. **Prior Period Items:**

Prior Period Items included in the Profit and Loss Account:

(Amount in Rupees)

Particulars	Schedule No.	2008-09	2007-08
Income/ Expenses :			
Infrastructure Operation and Maintenance Cost	L	75,000	NIL
Salaries and Allowances	M	2,222	828,897
Rent	N	4,000	25,000
Electricity	N	32,517	NIL
Communication Cost	N	73,966	NIL
Travel and Conveyance	N	393,367	157,408
Legal and Professional Charges	N	347,218	NIL
Miscellaneous Expenses	N	765,669	333,056
Foreign Exchange (Gain) / Loss	O	NIL	(7,450,000)
Total :		**1,693,959**	(6,105,639)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

9. 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 Rupees)

Particulars	2008-09	2007-08
Employer's Contribution to Provident fund	8,472,927	6,917,666
Employer's Contribution to Pension fund	1,380,971	1,211,785
Total :	**9,853,898**	8,129,451

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 Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2008-09	2007-08	**2008-09**	2007-08
Defined Benefit Obligation at beginning of the year	2,949,302	1,041,989	3,133,368	528,742
Current Service Cost	2,207,831	993,875	2,330,173	489,460
Current Interest Cost	235,944	83,359	250,669	42,299
Actuarial (Gain) / Loss	(410,062)	830,079	227,540	3,151,917
Benefits paid	NIL	NIL	(1,305,808)	(1,079,050)
Defined Benefit Obligation at end of the year	**4,983,015**	2,949,302	**4,635,942**	3,133,368

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

(Amount in Rupees)

Particulars	Gratuity Funded	
	2008-09	2007-08
Fair Value of Plan Asset at beginning of the year	2,623,310	1,667,172
Expected Return on Plan Assets	209,865	133,374
Actuarial Gain/ (Loss)	349,396	75,477
Contributions	3,786,172	747,287
Benefits paid	NIL	NIL
Fair Value of Plan Asset at the end of the year	**6,968,743**	2,623,310

c. Reconciliation of present value of obligations and fair value of Plan Assets

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2008-09	2007-08	**2008-09**	2007-08
Fair Value of Plan Asset at the end of year	6,968,743	2,623,310	NIL	NIL
Present Value of Defined Benefit Obligation at end of the year	4,983,015	2,949,302	4,635,942	3,133,368
Liability/ (Asset) recognised in the Balance Sheet	**(1,985,728)**	325,992	**4,635,942**	3,133,368

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

d. Expense recognised during the year

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2008-09	2007-08	**2008-09**	2007-08
Current Service Cost	2,207,831	993,875	2,330,173	489,460
Interest Cost	235,944	83,359	250,669	42,299
Expected Return on Plan Assets	(209,865)	(133,374)	NIL	NIL
Actuarial (Gain)/ Loss	(759,458)	754,602	227,540	3,151,917
Net Cost Recognised in Profit and Loss Account	**1,474,452**	1,698,462	**2,808,382**	3,683,676

e. Assumptions used to determine the defined benefit obligations

(Amount in Rupees)

Particulars	Gratuity Funded		Compensated Absences Unfunded	
	2008-09	2007-08	**2008-09**	2007-08
Mortality Table (LIC) (1994-96 Ultimate)				
Discount Rate (p.a.)	8%	8%	8%	8%
Estimated rate of return on Plan Assets (p.a.)	8%	8%	Not Applicable	Not Applicable
Expected rate of increase in salary (p.a.)	5%	5%	5%	5%

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.

10. Segment Reporting:

The Company is in the business of providing “Shared User Infrastructure” facilities on “Build, Own and Operate” basis and as such there are no separate reportable segments. The Company’s operations are predominantly only in India.

11. Related Party Disclosures:

a. Related Parties:

I. Subsidiary Company

Towers Worldwide Limited (with effect from May 12, 2008)

II. Associates

a. GTL Limited
b. Technology Infrastructure Limited

III. Key Managerial Personnel

a. Mr. Manoj Tirodkar, Chairman
b. Mr. Prakash Ranjalkar, Whole-time Director
c. Mr. Shishir Parikh, Chief Financial Officer

IV. Enterprise in which Key Managerial Personnel III (a) has significant influence

Global Holding Corporation Private Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

b. Transactions with related parties:

(Amount in Rupees)

Particulars	Subsidiary Company		Associates		Key Managerial Personnel		Enterprise in which Key Managerial Personnel has significant influence	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
	[with I above]		[with II (a) above]		[with III above]		[with IV above]	
Investments	**332,005**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Advance to Subsidiary	**4,282,212,800**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Refund of advance	**1,773,809,535**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Interest received	**61,377,243**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Purchase of Fixed Assets	**NIL**	NIL	**8,935,266,301**	7,282,846,350	**NIL**	NIL	**4,166,700**	NIL
Refund of advance	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL	**500,000**	NIL
Sale of Fixed Assets	**NIL**	NIL	**11,890,671**	56,221,264	**NIL**	NIL	**NIL**	NIL
Net Income from Services / Equipment Provisioning	**NIL**	NIL	**737,892,210**	593,534,136	**NIL**	NIL	**NIL**	NIL
Reimbursement of expenses from	**NIL**	NIL	**23,574,212**	7,609,869	**NIL**	NIL	**NIL**	NIL
Infrastructure Operation and Maintenance Cost	**NIL**	NIL	**162,754,359**	290,457,278	**NIL**	NIL	**NIL**	NIL
Rent	**NIL**	NIL	**2,691,513**	3,588,684	**NIL**	NIL	**NIL**	NIL
Legal and Professional Charges	**NIL**	NIL	**8,655,210**	1,649,307	**NIL**	NIL	**NIL**	NIL
Reimbursement of expenses to	**NIL**	NIL	**72,850,330**	192,636,743	**NIL**	NIL	**NIL**	NIL
			[with II (b) above]					
Equity Shares Allotted	**NIL**	NIL	**1,422,557,000**	NIL	**NIL**	NIL	**1,040,000,000**	1,417,642,400
Amounts Received against Preferential Convertible Warrants	**NIL**	NIL	**1,280,301,300**	200,000,000	**NIL**	NIL	**936,000,000**	1,945,878,160
Salaries and Allowances (*)	**NIL**	NIL	**NIL**	NIL	**11,036,843**	9,885,884	**NIL**	NIL
Director's sitting fees paid (**)	**NIL**	NIL	**NIL**	NIL	**180,000**	210,000	**NIL**	NIL
Outstanding As At	**March 31, 2009**	March 31, 2008	**March 31, 2009**	March 31, 2008	**March 31, 2009**	March 31, 2008	**March 31, 2009**	March 31, 2008
	[with I above]		[with II (a) above]		[with III above]		[with IV above]	
Investments	**332,005**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Advance given to subsidiary	**3,271,718,997**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Interest Receivable	**46,670,110**	NIL	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Security Deposit received	**NIL**	NIL	**2,500,000**	2,500,000	**NIL**	NIL	**NIL**	NIL
Security Deposit given	**NIL**	NIL	**1,600,000**	1,600,000	**NIL**	NIL	**NIL**	NIL
Sundry Debtors	**NIL**	NIL	**NIL**	378,551	**NIL**	NIL	**NIL**	NIL
Capital Advances (Net)	**NIL**	NIL	**306,607,521**	221,256,940	**NIL**	NIL	**NIL**	4,666,700
			[with II (b) above]					
Preferential Convertible Warrants (Advance for Conversion)	**NIL**	NIL	**57,744,300**	200,000,000	**NIL**	NIL	**424,235,760**	528,235,760

(*) Salaries and Allowances includes Rs. 4,683,135 (Previous Year Rs. 4,956,400) paid to Mr. Prakash Ranjalkar (Whole-time Director) and Rs. 6,353,708 (Previous Year Rs. 4,929,484) paid to Mr. Shishir Parikh (Chief Financial Officer).

(**) Director's Sitting Fees paid is amount paid to Mr. Manoj Tirodkar Rs. 180,000 (Previous Year Rs. 210,000).

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

12. Earning Per Share (Basic and Diluted):

(Amount in Rupees)

Particulars	2008-09	2007-08
Net Profit after tax attributable to Equity Shareholders for Basic EPS	28,446,127	(594,702,223)
Weighted average number of equity shares outstanding for Basic EPS	763,453,188	743,630,866
Basic Earning Per Share of Rs.10 Each	**0.04**	(0.80)
Net Profit after tax attributable to Equity Shareholders for Diluted EPS	28,446,127	(594,702,223)
Weighted average number of equity shares outstanding for Basic EPS	763,453,188	743,630,866
Add:- Potential Equity Shares (Options)	4,494,864	11,976,693
Number of Shares used for Calculating Diluted EPS	767,948,052	755,607,559
Diluted Earning Per Share of Rs.10 Each	**0.04**	(0.80)

The effect of Warrants and Foreign Currency Convertible Bonds on the Earning Per Share are anti-dilutive and hence, the same is ignored for the purpose of calculation of dilutive earning per share.

13. Deferred Tax Liability/(Assets):

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

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
Deferred Tax Liabilities:		
Related to Fixed Assets	921,061,541	743,285,222
Total	**921,061,541**	743,285,222
Deferred Tax Assets:		
Unabsorbed Depreciation	1,124,377,725	NIL
Disallowance under Income Tax	21,557,584	1,187,533
Total	**1,145,935,309**	1,187,533
Net Deferred Tax Liability / (Asset)	**(224,873,768)**	742,097,689

As at March 31, 2009, the Company has Net Deferred Tax Assets of Rs. 224,873,768. In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, the same has not been recognised in the books of account in line with Accounting Standard 22 dealing with “Accounting for Taxes on Income”.

14. Managerial Remuneration:

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

(Amount in Rupees)

Particulars	2008-09	2007-08
Salary (including allowances)	4,467,135	4,740,400
Contribution to Provident Funds	216,000	216,000
Total :	**4,683,135**	4,956,400

Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above.

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

15. Auditor's Remuneration:

(Amount in Rupees)

Particulars	2008-09	2007-08
Audit Fees	2,400,000	1,200,000
Tax Audit Fees	600,000	400,000
Certification Fees	1,280,000	234,000
Other Matters	500,000	85,000
Total :	**4,780,000**	1,919,000

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

(Amount in Rupees)

Particulars	2008-09	2007-08
Opening Balance	1,231,326,220	815,327,848
Add :		
Expenditure Incurred during the year		
Infrastructure Operation and Maintenance Cost	547,318,363	121,533,591
Salaries and Allowances	76,248,067	52,519,419
Contribution to Provident Fund and Other Funds	3,939,658	2,681,853
Rent	81,756,222	23,104,581
Insurance	2,657,872	8,862,261
Communication Cost	6,180,860	6,268,326
Travel and Conveyance	35,307,026	25,588,246
Legal and Professional Charges	334,214,138	110,166,859
Stamp Duty and Registration Charges	8,156,285	4,484,794
General and Administrative Expenses	313,208,225	113,322,027
Interest on Term Loans	1,033,730,068	567,066,403
Interest Others	434,791,916	64,789,920
Bank and Financial Charges	423,714,582	62,239,023
	4,532,549,502	1,977,955,151
Less:		
Interest Received	61,927,031	19,303,117
(TDS Current Year 14,032,665 Previous Year 4,374,086)		
Dividend on Current Investments	NIL	7,094,517
Profit on Sale of Current Investments	93,171,557	182,746,202
	4,377,450,914	1,768,811,315
Less : Amount allocated to Fixed Assets	2,963,445,253	537,485,095
Closing Balance	**1,414,005,661**	1,231,326,220

17. 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, 2009.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

18. Financial and Other Derivative Instruments:

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2009:

For Hedging Currency and Interest rate related risks:

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
Forward Contract	465,411,909	NIL
Currency Swaps	1,000,000,000	1,350,000,000
Options	NIL	911,473,054

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

c. Net Foreign Currency exposures that are not hedged by derivative instruments or Forward Contracts as at March 31, 2009 amount to Rs. 3,472,121,392 (Previous Year Rs. 206,070,860).

d. Expenditure on account of premium on forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting period aggregates to Rs.1,744,555 (Previous Year Rs. 24,420,767).

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

(Amount in Rupees)

Sr. No.	Particulars	As at March 31, 2009	As at March 31,2008
a.	Principal amount remaining unpaid	NIL	NIL
b.	Interest due thereon	NIL	NIL
c.	Interest paid by the Company in term of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
d.	Interest due and payable for the period of delay in payment	NIL	NIL
e.	Interest accrued and remaining unpaid	NIL	NIL
f.	Interest remaining due and payable even in succeeding years	NIL	NIL

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

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

(Amount in Rupees)

Particulars	2008-09	2007-08
Capital Goods	158,747,112	320,132,515

21. Stores and Spares Consumed:

Particulars	2008-09		2007-08	
	Rupees	% of Total consumed	Rupees	% of Total consumed
Imported	NIL	NIL	NIL	NIL
Indigenous	223,064	100	NIL	NIL

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

22. Expenditure in Foreign Currency:

(Amount in Rupees)

Particulars	2008-09	2007-08
Interest	3,311,079	40,296,770
Bank and Other Charges	94,126,082	6,982,228
Foreign Travel	1,497,413	2,340,135
Professional and Consultancy	7,287,803	NIL
FCCB Issue Expenses	10,787,500	223,346,907
Others	756,056	535,476
Total:	**117,765,933**	273,501,516

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

23. Earnings in Foreign Currency:

(Amount in Rupees)

Particulars	2008-09	2007-08
Interest received	406,848,019	115,039,992

24. 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.

25. The Ministry of Corporate Affairs, Government of India vide its Letter Number 47/04/2009-CL-III dated January 21, 2009 issued under Section 212 (8) of the Companies Act, 1956 has exempted the Company from attaching the Balance Sheet and Profit and Loss account of it's subsidiary under Section 212 (1) of the Companies Act, 1956.

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

a. To Tower Worldwide Limited, a wholly owned subsidiary closing balance as on March 31, 2009 is Rs.3,271,718,997. Maximum balance outstanding during the year was Rs.4,282,212,800.

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

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

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

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2009

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Cash Flow Statement For The Year Ended March 31, 2009

	For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	**(707,762,205)**	(199,440,096)
ADJUSTED FOR		
Net Prior Year Adjustments	**1,693,959**	(6,105,639)
Depreciation	**1,411,513,993**	824,016,831
Loss/(Profit) on sale of fixed asset	**3,177,993**	(61,231,163)
Profit on sale of Investments	**(3,363,000)**	(950,001)
Interest Income	**(533,878,311)**	(212,896,291)
Interest and Finance charges	**1,025,143,732**	379,459,940
Balances Written back (net)	**(188,106)**	(673,580)
Provision for Wealth Tax	**50,000**	156,850
Employee Stock Option Cost	**24,777,336**	30,286,097
Foreign Exchange (Gain)/Loss (Net)	**(50,562,755)**	(81,533,451)
Bad Debts	**12,486,178**	5,218,210
Provision for Doubtful Debts/Advances	**37,556,922**	–
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	**1,220,645,736**	676,307,707
ADJUSTMENTS FOR		
Trade and Other Receivables	**339,938,101**	(1,960,128,177)
Inventories	**(24,500,239)**	–
Trade Payables	**1,669,153,631**	673,771,509
CASH GENERATED FROM OPERATIONS	**3,205,237,229**	(610,048,961)
Net Prior Year Adjustments	**(1,693,959)**	6,105,639
Direct taxes paid / Refund	**(179,284,550)**	(75,266,591)
NET CASH FLOW FROM OPERATING ACTIVITIES	**3,024,258,720**	(679,209,913)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-progress	**(14,409,797,537)**	(10,867,875,042)
Sale of Fixed Assets	**2,626,667,789**	367,029,902
Investment in Subsidiary	**(332,005)**	–
Advance to Subsidiary	**(3,271,718,997)**	–
Purchase of Current Investments	**(94,257,971,517)**	(42,136,597,605)
Sale of Current Investments	**95,017,869,074**	42,971,273,045
Realised gain on settled Derivative Contracts/Currency Swap Arrangement	**–**	465,722,097
Movement in Loans (Net)	**487,500,000**	–
Interest Income	**445,070,910**	212,896,291
CASH FLOW FROM INVESTING ACTIVITIES	**(13,362,712,283)**	(8,987,551,312)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares/Preferential Convertible Warrants	**2,227,133,864**	5,407,007,122
Issue Expenses	**(22,536,286)**	–
Proceeds from Long Term Borrowings	**12,867,811,223**	18,578,351,255
Repayment of Long Term Borrowings	**(4,524,175,380)**	–
Short Term Loans (Net)	**338,103,775**	–
Interest and Finance charges	**(2,915,071,820)**	(1,073,555,286)
NET CASH USED IN FINANCING ACTIVITIES	**7,971,265,376**	22,911,803,091

Cash Flow Statement For The Year Ended March 31, 2009

	For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2008 Rupees
D. EFFECTS OF EXCHANGE DIFFERENCES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS	**2,282,807,596**	182,370,085
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(84,380,591)**	13,427,411,951
Cash and Cash Equivalents (Opening Balance)	**13,731,617,281**	304,205,330
Cash and Cash Equivalents (Closing Balance)	**13,647,236,690**	13,731,617,281

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
(ii) Figures in brackets indicate Outflows.
(iii) Cash and cash equivalents at the end of the period include deposits with banks aggregating to Rs. 4,585,787,689 which are pledged as mentioned in the Note no. 7 of Schedule Q.
(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 : April 29, 2009

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I.	**REGISTRATION DETAILS**			
	Registration No	U74210MH20004PLC144367	State Code	11
	Balance Sheet Date	31-Mar-09		
II.	**CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)**			
	Public Issue	NIL	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	615,639
III.	**POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)**			
	Total Liabilities	53,122,718	Total Assets	53,122,718
	SOURCES OF FUNDS			
	Paid-up Capital	8,161,641	Reserves & Surplus	4,904,205
	Secured Loans	22,397,551	Unsecured Loans	13,078,933
	APPLICATION OF FUNDS			
	Net Fixed Assets	32,042,338	Investments	332
	Net Current Assets	16,070,096	Misc. Expenditure	NIL
	Accumulated losses	911,544		
IV.	**PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)**			
	Turnover (Gross Revenue)	2,745,804	Total Expenditure	3,453,566
	Profit / (Loss) Before Tax	(707,762)	Profit / (Loss) After Tax	28,446
	Earnings per Share in Rs.	0.04	Dividend Rate %	NIL
V.	**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)**			
	Item Code No.			
	Product/Service Description	TEL.INFRA.		

Auditors' Report on Consolidated Financial Statements

To The Board of Directors
GTL Infrastructure Limited

1. We have audited the attached Consolidated Balance Sheet of **GTL Infrastructure Limited** (the Company) and its Subsidiary (collectively referred to as "the Group") as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These 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 financial statements based on our audit.

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

3. Financial statement of subsidiary which reflects total assets of Rs. 3,334,828,786 as at March 31, 2009 total revenue of Rs. 62,187,056 and cash flows amounting to Rs. 246,338 for the year then ended, have been audited by Horwath (Mauritius).

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.

5. Based on our audit as aforesaid, and on consideration of report of another auditors on the separate financial statements as explained in paragraph 3 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read in particular with Note no. 8 of Schedule P regarding the accounting treatment of redemption premium on Foreign Currency Convertible Bonds (FCCB), give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2009;

   (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants

R. Koria
Partner
Membership No. – 35629

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No. – 36398

Mumbai
Date: April 29, 2009

Financial Information of Subsidiary Company

Name of the Wholly owned Subsidiary Company	**Towers Worldwide Limited**
Country	**Mauritius**
Reporting Currency	**USD**

Sr. No.	Particulars	Amount in Rupees
1.	Capital	52
2.	Reserves	109,079
3.	Total Assets	3,335,192,368
4.	Total Liabilities	3,333,100,471
5.	Details of Investment	–
6.	Turnover	–
7.	Profit before taxation	2,037,395
8.	Provision for taxation	54,629
9.	Profit after taxation	1,982,766
10.	Proposed Dividend	–

The Company undertakes that annual accounts of the subsidiary Company and the related detailed information will be made available to the subsidiary Company investors seeking such informations at any point of time. The annual accounts of the subsidiary Company will also be kept for inspection by any investor in its head office and that of the subsidiary Company concerned and a note to the above effect will be included in the annual report of the Company.

Company has considered 1 USD = Rs. 51.97 as on March 31, 2009

Consolidated Balance Sheet As At March 31, 2009

	Schedule	Rupees	As At March 31, 2009 Rupees
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	A	8,161,640,740	
Preferential Convertible Warrants		481,980,060	
Reserves and Surplus	B	4,919,926,199	
			13,563,546,999
Loan Funds			
Secured Loans	C	22,397,551,379	
Unsecured Loans	D	13,078,932,880	
			35,476,484,259
	Total		49,040,031,258
APPLICATION OF FUNDS:			
Fixed Assets	E		
Gross Block		24,291,818,075	
Less : Depreciation		2,716,045,993	
Net Block		21,575,772,082	
Capital Work-in-progress		10,467,261,705	
			32,043,033,787
Current Assets, Loans and Advances	F		
Inventories		24,500,239	
Sundry Debtors		550,387,416	
Cash and Bank Balances		13,647,483,028	
Loans and Advances		5,962,573,507	
		20,184,944,190	
Less: Current Liabilities and Provisions	G		
Current Liabilities		3,813,109,913	
Provisions		286,733,497	
		4,099,843,410	
Net Current Assets			16,085,100,780
Miscellaneous Expenditure (to the extent not written off or adjusted)	H		–
Profit and Loss Account			911,896,691
	Total		49,040,031,258
Significant Accounting Policies	O		
Notes on Accounts	P		

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Mumbai
Date : April 29, 2009

Consolidated Profit and Loss Account For The Year Ended March 31, 2009

	Schedule	For the Year ended on March 31, 2009 Rupees
INCOME		
Net Income from Operations	I	2,208,369,860
Other income	J	538,243,593
	Total	2,746,613,453
EXPENDITURE		
Infrastructure Operation & Maintenance Cost (Net)	K	643,671,625
Employee's Cost	L	170,251,011
Administration and Other Expenses	M	254,465,360
Interest and Finance Charges (Net)	N	974,772,007
Depreciation	E	1,411,513,993
	Total	3,454,673,996
PROFIT / (LOSS) BEFORE TAX		(708,060,543)
LESS :		
Provision for Taxation		
- Current Tax		54,629
- Deferred Tax		(742,097,689)
- Fringe Benefit Tax		5,889,357
		(736,153,703)
PROFIT / (LOSS) AFTER TAX		28,093,160
ADD :		
Balance as per last Balance Sheet		(939,989,851)
Balance carried to Balance Sheet		(911,896,691)
EARNINGS PER SHARE (in Rupees-Per Equity Share of Rs. 10 each)		
- Basic		0.04
- Diluted		0.04
(Refer Note No. 15 of Schedule P)		
Significant Accounting Policies	O	
Notes on Accounts	P	

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
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S. S. YEOLEKAR
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Whole-time Director

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Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Mumbai
Date : April 29, 2009

Schedules Forming Part of The Consolidated Balance Sheet

		Rupees	As At March 31, 2009 Rupees
SCHEDULE A : SHARE CAPITAL			
AUTHORISED:			
3,000,000,000	Equity Shares of Rs. 10 each		**30,000,000,000**
50,000,000	Preference Shares of Rs.100 each		**5,000,000,000**
			35,000,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
816,164,074	Equity Shares of Rs. 10 each fully paid-up		**8,161,640,740**
	Total		**8,161,640,740**

Notes:

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

ii. The ESOS holders, FCCB holders and Preferential Convertible Warrant holders have the option to exercise/convert ESOS, FCCB and Warrants into 16,179,644, 179,161,773 and 120,495,015 Equity Shares of Rs. 10 each respectively.

iii. Refer Note No. 7, 8 and 9 of Schedule P for terms of ESOS, FCCB and Preferential Convertible Warrants respectively.

	Rupees	As At March 31, 2009 Rupees
SCHEDULE B : RESERVES AND SURPLUS		
Reconstruction Reserve		
Balance as at March 31, 2008		
Created in terms of the Scheme of Arrangement		**199,302,121**
Capital Reserve		
Balance as at March 31, 2008	**–**	
On Forfeiture of Preferential Convertible Warrants during the year	**184,600,000**	
(Refer Note No 9 of Schedule P)		**184,600,000**
Securities Premium Account		
Balance as at March 31, 2008	**1,780,033,190**	
Add: On Exercise of option by -		
Foreign Currency Convertible Bond holders	**851,476,030**	
Preferential Convertible Warrant holders	**1,846,917,750**	
ESOS holders	**7,093,664**	
	4,485,520,634	
Less: Foreign Currency Convertible Bonds and Rights Issue Expenses	**22,536,285**	
		4,462,984,349
Employee Stock Option Outstanding		
Balance as at March 31, 2008	**75,322,980**	
Less: Options exercised/lapsed during the year	**5,303,719**	
	70,019,261	
Less: Deferred Compensation Expense		
Balance as at March 31, 2008	**40,990,449**	
Less: Amortised/lapsed during the year	**28,289,395**	
	12,701,054	**57,318,207**
Foreign Currency Translation Reserve		**15,721,522**
Total		**4,919,926,199**

Schedules Forming Part of The Consolidated Balance Sheet

	Rupees	As At March 31, 2009 Rupees
SCHEDULE C : SECURED LOANS		
Rupee Term Loans		
From Banks	20,520,042,209	
From Financial Institutions	499,100,000	
		21,019,142,209
Foreign Currency Loans		
From Financial Institutions		1,378,194,600
Vehicle Loans		214,570
Total		22,397,551,379

Notes:

i. Term loans from Banks and Financial Institutions are secured by way of

(a) Hypothecation by a first pari-passu charge on all movable assets, both present and future, including first floating charge on all the current assets of the Company.

(b) Mortgage by first pari-passu charge basis on all immovable assets, both present and future, of the Company.

ii. Vehicle loan is secured by way of hypothecation of the specific vehicle financed.

	Rupees	As At March 31, 2009 Rupees
SCHEDULE D : UNSECURED LOANS		
Long Term Loans		
Foreign Currency Convertible Bonds		12,615,745,740
Short Term Loans		
Buyer's Credit (Covered under Letter of Credit issued by the Bankers)		463,187,140
Total		13,078,932,880

Notes:

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

i. Convertible by the 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 74,095 Equity Share with par value of Rs. 10 per share at an initial Conversion Price of Rs. 53.04 per share.

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

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

iv. 2,418 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each were Outstanding as on March 31, 2009.

SCHEDULE E : FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at April 01, 2008	Additions	Deductions/ Adjustments	As at March 31, 2009	Upto March 31, 2008	For The Year	Deductions/ Adjustments	Upto March 31, 2009	As at March 31, 2009
Goodwill on Consolidation	–	695,535	–	695,535	–	–	–	–	695,535
Land	6,146,550	48,728,788	–	54,875,338	–	–	–	–	54,875,338
Buildings	597,872,375	269,893,316	2,827,008	864,938,683	10,563,265	16,299,238	65,330	26,797,173	838,141,510
Plant and Equipments	12,661,153,907	10,635,521,315	14,405,067	23,282,270,155	1,285,348,452	1,376,749,602	4,592,665	2,657,505,389	20,624,764,766
Furniture & Fixtures	67,000,772	5,198,737	4,661,171	67,538,338	12,357,539	14,392,847	1,140,327	25,610,059	41,928,279
Vehicles	8,660,053	–	1,213,415	7,446,638	2,295,877	1,690,788	503,983	3,482,682	3,963,956
Intangible Assets :									
Softwares*	3,273,514	10,779,874	–	14,053,388	269,172	2,381,518	–	2,650,690	11,402,698
Total	**13,344,107,171**	**10,970,817,565**	**23,106,661**	**24,291,818,075**	**1,310,834,305**	**1,411,513,993**	**6,302,305**	**2,716,045,993**	**21,575,772,082**
Capital Work-in-progress									**10,467,261,705**

* Other than Internally Generated

Notes :

1. Buildings include properties having gross block of Rs. 170,172,044 for which deeds of conveyance have yet to be executed in favour of the Company and Rs. 7,000 towards cost of 70 shares of Rs.100 each in a Co-operative Housing Society.
2. Buildings having net book value of Rs. 72,200,609 and building under construction (Included in CWIP) of Rs. 153,215,561 are held for disposal. The Company does not anticipate any loss on the same.
3. During the year the Company has disposed of CWIP of Rs. 2,613,041,426 for Rs. 2,614,503,105.
4. Capital Work-in-Progress includes:
   a) Materials at sites amounting to Rs. 4,324,418,822.
   b) Capital Advances of Rs. 2,636,861,691.
   c) Pre-operative expenses of Rs. 1,414,005,661.

Schedules Forming Part of The Consolidated Balance Sheet

	Rupees	As At March 31, 2009 Rupees
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
(A) CURRENT ASSETS		
i) **Inventories** (as taken, valued and certified by the management)		
Stores, Spares and Consumables		24,500,239
ii) **Sundry Debtors** (unsecured)		
Due for a period exceeding six months		
- Considered Good	7,589,273	
- Considered Doubtful	33,955,642	
Less: Provision for doubtful debts	33,955,642	
	7,589,273	
- Others		
- Considered Good	542,798,143	
- Considered Doubtful	3,396,155	
Less: Provision for doubtful debts	3,396,155	
	542,798,143	
		550,387,416
Notes :		
Sundry Debtors include Rs.272,189,826 due for recoveries on account of diesel, electricity, etc.		
iii) **Cash and Bank Balances**		
Cash on hand	819,273	
Balances with Banks (Including Cheques in hand)		
- In Current Accounts		
With Scheduled Banks	956,320,567	
With Non-Scheduled Bank	1,213,952,141	
- In Fixed Deposit Accounts		
With Scheduled Banks	10,258,229,521	
With Non-Scheduled Bank	10,403,786	
- In Margin Money Account with Scheduled Banks	729,440,388	
- In Fixed Deposits for Debt Service Reserve Account with Scheduled Banks	478,317,352	
(Refer Note No 10 of Schedule P)		13,647,483,028
Total		14,222,370,683
(B) LOANS AND ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for the value to be received (Subject to confirmation)		
- Considered Good	3,710,094,789	
- Considered Doubtful	205,124	
Less: Provision for doubtful debts	205,124	
		3,710,094,789
Deposits		160,554,422
Cenvat / Service Tax input credit entitlements		1,826,098,079
Advance Taxes (including Fringe Benefit Tax) (Net)		265,826,217
Total		5,962,573,507
Total		20,184,944,190

Schedules Forming Part of The Consolidated Balance Sheet

		Rupees	As At March 31, 2009 Rupees
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS			
(A) CURRENT LIABILITIES			
Acceptances			2,630,699,554
Sundry Creditors			
Dues to micro, small and medium enterprises		–	
Dues to others		255,756,219	
			255,756,219
Unclaimed Share Application Money *			54,649
Unearned Income			138,518,453
Deposits Received			261,366,078
Other Liabilities			514,698,507
Interest accrued but not due on Loans			12,016,453
	Total		3,813,109,913
(B) PROVISIONS			
For Leave Encashment			4,635,942
Provision for Income Tax			54,629
Provision for Fringe Benefit Taxes			5,889,357
Provision for mark to market losses on Derivative Contracts			276,153,569
	Total		286,733,497
	Total		4,099,843,410

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

		Rupees	As At March 31, 2009 Rupees
SCHEDULE H : MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Share Issue Expenses		–	
FCCB Issue Expenses		22,536,285	
		22,536,285	
Less: Written off to the Profit and Loss Account		–	
		22,536,285	
Less: Written off against Securities Premium Account		22,536,285	
	Total		–

Schedules Forming Part of The Consolidated Profit and Loss Account

		For the Year ended on March 31, 2009 Rupees
SCHEDULE I : NET INCOME FROM OPERATIONS		
Service Charges from Telecom/Network Infrastructure Facilities		2,453,613,806
Equipment Provisioning		9,221,950
		2,462,835,756
Less: Service Tax Recovered		254,465,896
	Total	2,208,369,860
SCHEDULE J : OTHER INCOME		
Profit on Sale of Long Term Investments (Net)		3,363,000
Interest Received		534,688,125
(Tax Deducted at Source Rs. 18,756,587)		
Balances Written Back		188,106
Miscellaneous Income		4,362
	Total	538,243,593
SCHEDULE K : INFRASTRUCTURE OPERATION & MAINTENANCE COST (NET)		
Site Rentals (Net)		161,477,654
Power and Fuel Charges		859,279,003
Repairs and Maintenance to Plant and Equipments		5,808,382
Other Operating Expenditure		448,967,154
		1,475,532,193
Less: Recovered from Customers (Net of Service Tax)		831,860,568
	Total	643,671,625
SCHEDULE L : EMPLOYEES COST (Including Managerial Remuneration)		
Salaries and Allowances		131,545,813
Contribution to Providend Fund, Gratuity Fund and Other Funds		6,519,334
Employee Stock Option Cost		24,777,336
Employee Welfare and other amenities		7,408,528
	Total	170,251,011

Schedules Forming Part of The Consolidated Profit and Loss Account

	For the Year ended on March 31, 2009 Rupees
SCHEDULE M : ADMINISTRATIVE, SELLING AND OTHER EXPENSES	
Administrative Expenses	
Rent	28,696,213
Rates and Taxes	9,891,587
Electricity	7,524,099
Repairs and Maintenance	
- Office Building	279,268
- Office Equipments	2,322,183
- Others	2,490,961
Insurance Premium	10,358,178
Communication Cost	11,278,041
Travel and Conveyance	24,482,222
Legal and Professional Charges	23,622,890
Payment to Auditors	4,893,298
Office Expenses	16,872,101
Printing and Stationery	11,677,223
Directors' Sitting Fees	981,982
Miscellaneous Expenses	38,830,819
Selling Expenses	
Advertisement and Business Promotion	7,043,202
Other Expenses	
Bad Debts	12,486,178
Provision for Doubtful Debts	37,556,922
Loss on Sale of Fixed Asset (Net)	3,177,993
Total	**254,465,360**
SCHEDULE N : INTEREST AND FINANCE CHARGES (Net)	
Interest	
On Term Loans	1,002,632,836
Others	4,151,285
Bank and Financial Charges	18,550,641
	1,025,334,762
Less :	
Foreign Exchange Gain (Net)	50,562,755
Total	**974,772,007**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

SCHEDULE O: SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

The consolidated financial statements relate to the GTL Infrastructure Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company 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. In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as the foreign currency translation reserve.

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.

2. Other significant accounting policies :

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of GTL Infrastructure Limited.

SCHEDULE P: NOTES ON ACCOUNTS

1. The consolidated financial statements are prepared for the first time as the subsidiary is acquired in current year, accordingly the previous year's figures are not presented.

2. Following subsidiary company is considered in the consolidated financial statements:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
Towers Worldwide Limited	Mauritius	100%

3. Contingent Liabilities:

(Amount in Rupees)

Sr. No.	Particulars	As At March 31, 2009
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	16,030,962,514
	(cash outflow is expected on execution of such capital contracts, on progressive basis)	
b.	Contingent Liabilities not provided for :	
	i. Bank Guarantees (Bank guarantees are provided under contractual / legal obligation)	110,080,894
	ii. Claims against the Company not acknowledged as debts	2,479,568
	iii. Premium on Foreign Currency Convertible Bonds issued [Refer Note 8 below]	5,097,568,687
	iv. Disputed liability in respect of Income-tax demand (including interest) matter under appeal (Amount deposited Rs. 232,664)	232,664
	v. Disputed Liability in respect of Sales Tax Matter under appeal (Amount deposited Rs. 3,055,230)	25,974,925
	vi. Disputed liability in respect of Custom Duty (Amount deposited Rs. 9,294,371)	9,294, 371

No cash outflow is expected in near future in respect of Note number 3(b) (i), (ii), (iii) and (v).

4. The Company has entered into Master Services Agreement (MSA) with the Telecom Operators for a period of 10-15 years. Invoices are raised on these operators for provisioning fees and recovery of pass through expenses as part of the said MSA which are recoverable in full. The Company has requested for the balance confirmations from Sundry Debtors as on March 31, 2009 which are awaited. The Company has obtained balance confirmations from major Sundry Creditors.

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

6. The Financial Statements of Tower Worldwide Limited reflect total income of Rs. 62,187,056 and total expenditure of Rs. 1,452,776 for the period ended March 31, 2009 and total assets of Rs. 3,334,828,786 and total liabilities of Rs. 2,984,741 as on March 31, 2009 are prepared as per the International Financial Reporting Standards (IFRS). The proportion of Income, Expenditure, Assets and Liabilities are 2.26%, 0.04%, 6.39%, and 0.01% respectively to the Consolidated Financial Statements.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

7. Employee Stock Option Scheme:

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

b. On November 26, 2005, the Company granted 1,550,000 Options (“Grant 1”) convertible into Equity Shares of Rs. 10 each to 15 employees. The Exercise Price of the Options was fixed at Rs. 10 each for conversion into one Equity Share of the Company.

During the year, out of above Options 9,000, Options have been lapsed.

c. On February 12, 2007 and February 27, 2007, the Company granted 7,490,000 Options (“Grant 2”) and 25,000 Options (“Grant 3”), both, convertible into Equity Shares of Rs. 10 each, to 42 employees. The Exercise Price of the Options was fixed at Rs. 29.81 each for conversion into one Equity Share of the Company.

Pursuant to clause 15 of Employee Stock Option Scheme 2005, on October 9, 2007, consequent to the issue of shares on Rights basis, the Exercise Price of the Options in respect of (“Grant 2”) and (“Grant 3”) was refixed to Rs.19.90 in place of Rs.29.81.

During the year, out of Options so granted under (“Grant 2”) 497,250 Options have been lapsed.

d. On October 9, 2007, the Company granted 650,000 Options (“Grant 4”), convertible into Equity Shares of Rs. 10 each to 3 employees. The Exercise Price of the Options was fixed at Rs. 26.48 each for conversion into one Equity Share of the Company.

e. On March 11, 2008, the Company granted 1,700,000 Options (“Grant 8”), convertible into Equity Shares of Rs. 10 each to 5 employees. The Exercise Price of the Options was fixed at Rs. 33.60 each for conversion into one Equity Share of the Company.

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

- (“Grant Number 5”) consisting of 1,007,500 Options at the exercise price of Rs. 10 each against (“Grant 1”).
- (“Grant Number 6”) consisting of 7,190,000 Options at the modified exercise price of Rs. 19.90 each in place of Rs. 29.81 each against (“Grant 2”).
- (“Grant Number 7”) consisting of 25,000 Options at the modified exercise price of Rs. 19.90 each in place of Rs. 29.81 each against (“Grant 3”).

During the year out of the Options granted under (“Grant 5”), 9,000 Options have been lapsed.

During the year out of Options granted under (“Grant 6”), 497,250 Options have been lapsed.

The above Options vest over a period ranging from one to three years as follows:

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

g. On October 9, 2007, the Company also granted 249,000 Options (“Grant 4”), convertible into Equity Shares of Rs. 10 each, to 58 employees. The Exercise Price of the Options was fixed at Rs. 26.48 each for conversion into one Equity Share of the Company.

During the year out of above Options 17,300 Options have been lapsed.

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

Number of Years of Service of Employee in the Company and GTL Limited (*) as on date of allotment	Conversion at the end of 12 Months	18 Months	24 Months	30 Months	36 Months
≧ 5 years	100%	–	–	–	–
≧ 4 years	80%	20%	–	–	–
≧ 3 years	60%	20%	20%	–	–
≧ 2 years	40%	20%	20%	20%	–
≧ 1 year	20%	20%	20%	20%	20%

(*) As per the scheme, number of years of service of an employee in GTL Limited (Associate of the Company) is also considered for calculation of aforesaid period.

h. All the Options granted till date have an exercise period of Thirty Six months from the date of their vesting.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

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

(Amount in Rupees)

Particulars	2008-09
Net Profit/(Loss) as Reported	28,093,160
Less : Employee Compensation Expense	67,235,913
Adjusted Proforma	(39,142,753)
Basic and Diluted Earnings per share as reported	0.04
Proforma Basic and Diluted Earnings per share	(0.05)

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

(Amount in Rupees)

Sr. No.	Particulars	2008-09	
		No. of Shares	Weighted average exercise price
a.	i. Outstanding at the beginning of the year	17,762,500	20.80
	ii. Granted during the year	NIL	NIL
	iii. Lapsed during the year	(1,029,800)	14.93
	iv. Exercised during the year	(553,056)	17.83
	v. Expired during the the year	NIL	NIL
b.	Outstanding at the end of the year	16,179,644	16.57
c.	Exercisable at the end of the year	10,906,244	14.97
d.	Weighted average remaining contractual life (in years)	2.56	
e.	Weighted average Intrinsic value of Options granted		7.15

8. Foreign Currency Convertible Bonds:

In the year 2007-08, the Company issued 3,000 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each. The bonds are redeemable only if there is no conversion of the bonds earlier. Hence, the payment of premium on redemption is contingent in nature, the outcome of which is dependent on uncertain future events and accordingly, no provision is considered necessary nor has been made in the accounts in respect of such premium. In case the bonds are redeemed then in such scenario the Company intends to adjust the premium on redemption to Securities Premium Account. The pro-rata premium as on March 31, 2009 works out to Rs. 1,363,627,510.

The details of bonds conversion during the year ended on March 31, 2009 is as under:

Particulars	Amount of FCCB in USD	Number of Equity Shares @ Rs. 10 each	Balance of FCCBs in Rupees
Balance As At April 1, 2008	268,500,000	198,945,138	10,766,850,000
Less: Converted during the Year	26,700,000	19,783,365	1,049,309,680
Less: Exchange Difference	NIL	NIL	(2,898,205,420)
Balance As At March 31, 2009	**241,800,000**	**179,161,773**	**12,615,745,740**

9. In the year 2007-08 the Company had issued 263,650,000 Preferential Convertible Warrants (Exercise Price of Rs. 40 each) on preferential basis to various investors, against which it has received Rs. 4,546,779,460 till March 31, 2009. Each warrant carries a right to convert the same into one Equity Share of Rs. 10 each at a premium of Rs. 30 each (as per the formula prescribed under the SEBI (DIP) guidelines) over a period of 18 months from date of allotment.

Of the above 97,004,985 warrants have been converted into the Equity Shares and a warrant holder holding 46,150,000 warrants who had paid 10% consideration of Rs.184,600,000 expressed inability to pay remaining amount of Rs. 1,661,400,000. Accordingly, the Board of Directors forfeited the same and credited the amount received against those warrants to Capital Reserve.

Rs. 481,980,060 being 10% of the exercise price for 120,495,015 warrants outstanding as on March 31, 2009 has been shown as "Preferential Convertible Warrants" in the Balance Sheet.

Out of the Preferential Convertible Warrants proceeds of Rs. 4,546,779,460, Rs. 1,949,440,000 has been utilised towards passive telecom infrastructure as on March 31, 2009. The unutilised proceeds have been invested in Fixed Deposits with the banks.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

10. Balances with Banks include deposits with Indian banks aggregating to Rs. 4,585,787,689 pledged towards Debt Services Reserve Account, Margin Money for Letter of Credits, Bank Guarantees, Security for Borrowings by capital goods vendors and Sales Tax Authorities.

11. Prior Period Items:

Prior Period Items included in the Profit and Loss Account:

(Amount in Rupees)

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

12. 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 Rupees)

Particulars	2008-09
Employer's Contribution to Provident fund	8,472,927
Employer's Contribution to Pension fund	1,380,971
Total:	**9,853,898**

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 Rupees)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	2008-09	**2008-09**
Defined Benefit Obligation at beginning of the year	2,949,302	3,133,368
Current Service Cost	2,207,831	2,330,173
Current Interest Cost	235,944	250,669
Actuarial (Gain) / Loss	(410,062)	227,540
Benefits paid	NIL	(1,305,808)
Defined Benefit Obligation at end of the year	**4,983,015**	**4,635,942**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

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

(Amount in Rupees)

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

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

(Amount in Rupees)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	2008-09	**2008-09**
Fair Value of Plan Asset at the end of the year	6,968,743	NIL
Present Value of Defined Benefit Obligation at the end of year	4,983,015	4,635,942
Liability/ (Asset) recognised in the Balance Sheet	**(1,985,728)**	**4,635,942**

d. Expense recognised during the year

(Amount in Rupees)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	2008-09	**2008-09**
Current Service Cost	2,207,831	2,330,173
Interest Cost	235,944	250,669
Expected Return on Plan Assets	(209,865)	NIL
Actuarial (Gain)/ Loss	(759,458)	227,540
Net Cost Recognised in Profit and Loss Account	**1,474,452**	**2,808,382**

e. Assumptions used to determine the defined benefit obligations

(Amount in Rupees)

Particulars	Gratuity Funded	Compensated Absences Unfunded
	2008-09	**2008-09**
Mortality Table (LIC) (1994-96 Ultimate)		
Discount Rate (p.a.)	8%	8%
Estimated rate of return on Plan Assets (p.a.)	8%	Not Applicable
Expected rate of increase in salary (p.a.)	5%	5%

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.

13. Segment Reporting:

The Company is in the business of providing “Shared User Infrastructure” facilities on “Build, Own and Operate” basis and as such there are no separate reportable segments. The Company’s operations are predominantly only in India.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

14. Related Party Disclosures:

a. Related Parties:

I. Associates
  a. GTL Limited
  b. Technology Infrastructure Limited
  c. GTL International Limited

II. Key Managerial Personnel
  a. Mr. Manoj Tirodkar, Chairman
  b. Mr. Prakash Ranjalkar, Whole-time Director
  c. Mr. Shishir Parikh, Chief Financial Officer

III. Enterprise in which Key Managerial Personnel II (a) has significant influence
  Global Holding Corporation Private Limited

b. Transactions with Related Parties:

(Amount in Rupees)

Particulars	Associates	Key Managerial Personnel	Enterprise in which Key Managerial Personnel has significant influence
	2008-09	2008-09	2008-09
	[with I (a) above]	[with II above]	[with III above]
Purchase of Fixed Assets	8,935,266,301	NIL	4,166,700
Refund of Advance	NIL	NIL	500,000
Sale of Fixed Assets	11,890,671	NIL	NIL
Net Income from Services / Equipment Provisioning	737,892,210	NIL	NIL
Reimbursement of expenses from	23,574,212	NIL	NIL
Infrastructure Operation and Maintenance Cost	162,754,359	NIL	NIL
Rent	2,691,513	NIL	NIL
Legal and Professional Charges	8,655,210	NIL	NIL
Reimbursement of expenses to	72,850,330	NIL	NIL
	[with I (b) above]		
Equity Shares Allotted	1,422,557,000	NIL	1,040,000,000
Amounts Received against Preferential Convertible Warrants	1,280,301,300	NIL	936,000,000
Salaries and Allowances (*)	NIL	11,036,843	NIL
Director's sitting fees paid (**)	NIL	180,000	NIL
	[with I (c) above]		
Advance Received	410,905	NIL	NIL
Outstanding As At	**March 31, 2009**	**March 31, 2009**	**March 31, 2009**
	[with I (a) above]	[with II above]	[with III above]
Security Deposit received	2,500,000	NIL	NIL
Security Deposit given	1,600,000	NIL	NIL
Capital Advances (Net)	306,607,521	NIL	NIL
	[with I (b) above]		
Preferential Convertible Warrants (Advance for Conversion)	57,744,300	NIL	424,235,760
	[with I (c) above]		
Advance	410,905	NIL	NIL

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

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

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

15. Earning Per Share (Basic and Diluted):

(Amount in Rupees)

Particulars	2008-09
Net Profit after tax attributable to Equity Shareholders for Basic EPS	28,093,160
Weighted average number of equity shares outstanding for Basic EPS	763,453,188
Basic Earning Per Share of Rs.10 each	0.04
Net Profit after tax attributable to Equity Shareholders for Diluted EPS	28,093,160
Weighted average number of equity shares outstanding for Basic EPS	763,453,188
Add:- Potential Equity Shares (Options)	4,494,864
Number of Shares used for Calculating Diluted EPS	767,948,052
Diluted Earning Per Share of Rs.10 each	0.04

The effect of Warrants and Foreign Currency Convertible Bonds on the Earning Per Share are anti-dilutive and hence, the same is ignored for the purpose of calculation of dilutive earning per share.

16. Deferred Tax Liability / (Assets):

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

(Amount in Rupees)

Particulars	As at March 31, 2009
Deferred Tax Liabilities:	
Related to Fixed Assets	921,061,541
Total	921,061,541
Deferred Tax Assets:	
Unabsorbed Depreciation	1,124,377,725
Disallowance under Income Tax	21,557,584
Total	1,145,935,309
Net Deferred Tax Liability / (Asset)	(224,873,768)

As at March 31, 2009, the Company has Net Deferred Tax Assets of Rs. 224,873,768. In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, the same has not been recognised in the books of account in line with Accounting Standard 22 dealing with "Accounting for Taxes on Income".

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

(Amount in Rupees)

Particulars	2008-09
Opening Balance	1,231,326,220
Add :	
Expenditure Incurred during the year	
Infrastructure Operation and Maintenance Cost	547,318,363
Salaries and Allowances	76,248,067
Contribution to Provident Fund and Other Funds	3,939,658
Rent	81,756,222
Insurance	2,657,872
Communication Cost	6,180,860
Travel and Conveyance	35,307,026
Legal and Professional Charges	334,214,138
Stamp Duty and Registration Charges	8,156,285
General and Administrative Expenses	313,208,225
Interest on Term Loans	1,033,730,068
Interest Others	434,791,916
Bank and Financial Charges	423,714,582
	4,532,549,502
Less:	
Interest Received	61,927,031
(TDS Current Year 14,032,665)	
Profit on Sale of Current Investments	93,171,557
	4,377,450,914
Less: Amount allocated to Fixed Assets	2,963,445,253
Closing Balance	**1,414,005,661**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

18. 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, 2009.

19. Financial and Other Derivative Instruments:

a. Derivative contracts entered into by the Company and outstanding as on March 31, 2009:

For Hedging Currency and Interest rate related risks:

(Amount in Rupees)

Particulars	**As At March 31, 2009**
Forward Contract	465,411,909
Currency Swaps	1,000,000,000

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

c. Net Foreign Currency exposures that are not hedged by derivative instruments or Forward Contracts as at March 31, 2009 amount to Rs. 3,405,681,713.

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

20. 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.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2009

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

Consolidated Cash Flow Statement For The Year Ended on March 31, 2009

		For the Year ended on March 31, 2009 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Net Profit before tax as per Profit and Loss Account	(708,060,543)
	ADJUSTED FOR	
	Net Prior Year Adjustments	1,693,959
	Depreciation	1,411,513,993
	Loss/(Profit) on sale of fixed asset	3,177,993
	Profit on sale of Investments	(3,363,000)
	Interest Income	(534,688,125)
	Interest and Finance charges	1,025,334,762
	Balances Written back (net)	(188,106)
	Provision for Wealth Tax	50,000
	Employee Stock Option Cost	24,777,336
	Foreign Exchange (Gain)/Loss (Net)*	(34,841,233)
	Bad Debts	12,486,178
	Provision for Doubtful Debts/Advances	37,556,922
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	1,235,450,136
	ADJUSTMENTS FOR	
	Trade and Other Receivables	336,529,763
	Inventories	(24,500,239)
	Trade Payables	1,670,533,656
	CASH GENERATED FROM OPERATIONS	3,218,013,316
	Net Prior Year Adjustments	(1,693,959)
	Direct taxes paid / Refund	(179,284,550)
	NET CASH FLOW FROM OPERATING ACTIVITIES	3,037,034,807
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Purchase of Fixed Assets and Capital Work-in-progress	(14,410,493,072)
	Sale of Fixed Assets	2,626,667,789
	Purchase of Current Investments	(94,257,971,517)
	Sale of Current Investments	95,017,869,074
	Movement in Loans (Net)	(2,797,004,000)
	Interest Income	445,880,724
	CASH FLOW FROM INVESTING ACTIVITIES	(13,375,051,002)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from Issue of Shares/Preferential Convertible Warrants	2,227,133,864
	Issue Expenses	(22,536,286)
	Proceeds from Long Term Borrowings	12,867,811,223
	Repayment of Long Term Borrowings	(4,524,175,380)
	Short Term Loans (Net)	338,103,775
	Interest and Finance Charges	(2,915,262,850)
	NET CASH USED IN FINANCING ACTIVITIES	7,971,074,346
D.	**EFFECTS OF EXCHANGE DIFFERENCES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS**	2,282,807,596
	NET INCREASE IN CASH AND CASH EQUIVALENTS	(84,134,253)
	Cash and Cash Equivalents As At 1st April, 2008	13,731,617,281
	Cash and Cash Equivalents (Closing Balance)	13,647,483,028

* Includes exchange difference on account of translation of Foreign Subsidiary Company's Financial Statements.

Notes :

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
(ii) Figures in brackets indicate Outflows.
(iii) Cash and cash equivalents at the end of the period include deposits with banks aggregating to Rs. 4,585,787,689 which are pledged as mentioned in the Note no. 10 of Schedule P.
(iv) Consolidated cash flows are prepared for the first time as the subsidiary is acquired in current year, accordingly the previous year's figures are not presented.

As per our report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

R. KORIA
Partner

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. YEOLEKAR
Partner

Mumbai
Date : April 29, 2009

For and on behalf of the Board of Directors

MANOJ TIRODKAR
Chairman

PRAKASH RANJALKAR
Whole-time Director

SHISHIR PARIKH
Chief Financial Officer

RAVIKUMAR VEMULAKONDA
Joint Company Secretary

NOTES

GLOBAL Group Enterprise

The only way to secure the future is to be prepared for what it may bring along.

At GTL Infra, we identify opportunities, invest in them and make them a success. No wonder we are constantly evolving new initiatives to increase connectivity.

We plan to rollout 23,700 towers by March 2011.

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

GTL

INFRASTRUCTURE

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