



23rd Annual Report 2010 - 11



Creating Energy Efficiency for a Sustainable World

BOARD OF DIRECTORS

Tirodkar, Manoj G.
 Patil, Sadanand D.
 Prof. Sahasrabudhe, S.C.
 Poddar, Dipak Kumar
 Ayyar, T.N.V.
 Sethi, Vinod
 Prof. Navathe, Shamkant B.
 Naik, Charudatta K.
 Vij, Vijay
 Balasubramanian, Nagarajan
 Roy, Sukanta Kumar
Company Secretary
 Apte, Vidyadhar A.

Chairman & Managing Director
 Senior Director
 Director
 Director
 Director (upto July 21, 2010)
 Director
 Director
 Whole-time Director
 Director
 Additional Director (w.e.f. July 27, 2010)
 Additional Director and Whole-Time Director & COO (w.e.f. July 27, 2010)

AUDITORS**GTL STANDALONE & CONSOLIDATED**

India M/s Godbole Bhawe & Co. and
 M/s Yeolekar & Associates

SUBSIDIARIES

| | | | |
|------------|-------------------|--------------|-------------------------------|
| Mauritius | Horwath Mauritius | Philippines | Ernst & Young |
| Bermuda | Horwath Mauritius | Saudi Arabia | Ernst & Young |
| Australia | BCA Assurance | Singapore | Ernst & Young |
| Bangladesh | Ernst & Young | Singapore | Kreston David Yeung |
| Canada | Ernst & Young | South Africa | L G Edwards & Co |
| China | Daxin CPA Ltd | Sri Lanka | Ernst & Young |
| Indonesia | Ernst & Young | Taiwan | First Horwath & Company, CPAs |
| Ireland | Ernst & Young | Tanzania | Ernst & Young |
| Kenya | Ernst & Young | UAE | Ernst & Young |
| Malaysia | Ernst & Young | UK | Ernst & Young |
| Nepal | Ernst & Young | USA | Ernst & Young |
| Nigeria | Ernst & Young | Vietnam | Ernst & Young |

BANKS / INSTITUTIONS

| | |
|-------------------------|-------------------------|
| INDIA | United Bank of India |
| Andhra Bank | Vijaya Bank |
| Bank of Baroda | |
| Bank of India | INTERNATIONAL |
| Canara Bank | Axis Bank |
| Catholic Syrian Bank | Bank Mandiri |
| Dena Bank | Bank Niaga |
| Development Credit Bank | Bank of Ayudhya |
| ICICI Bank | Bank of Baroda |
| IDBI Bank | Bank of India |
| Indian Bank | Banco De Oro |
| Indian Overseas Bank | Barclays |
| Punjab National Bank | China Construction Bank |
| SIDBI | CIMB |
| Standard Chartered Bank | CitiBank |
| State Bank of Hyderabad | Deutsche Bank |
| UCO Bank | EFG Bank |
| Union Bank of India | First Bank |

HSBC
 ICICI Bank
 Indian Bank
 Julius Baer
 Kasikorn Bank
 Kenya Commercial Bank
 Krungsri Ayudhya Bank
 Malayan Bank
 NatWest Bank
 NED Bank
 Oversea Chinese Banking Corporation
 Prime Bank
 Pt. Bank Central Asia
 Royal Bank of Scotland
 Sampath Bank
 Saudi British Bank
 Standard Chartered Bank
 State Bank of India

Swadesi Bank
 TD Canada Trust Bank
 Wachovia Bank
 Westpac Bank
 Zenith Bank

Registered Office

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| Particulars | GTL Consolidated (Audited) | | | | GTL Standalone (Audited) | |
|--|----------------------------|---------------------|------------------------|-----------------------|--------------------------|---------------------|
| | FY 2010-11* ₹ Cr. | FY 2009-10 ₹ Cr. | FY 2010-11* US\$ Mn | FY 2009-10 US\$ Mn | FY 2010-11* ₹ Cr. | FY 2009-10 ₹ Cr. |
| Total Income | 3,974.90 | 2,239.26 | 878.04 | 479.29 | 3,100.83 | 1,553.43 |
| Net Sales / Services | 3,964.16 | 2,236.54 | 875.67 | 478.80 | 3,091.71 | 1,551.13 |
| PBDIT | 627.15 | 341.66 | 138.54 | 73.13 | 505.96 | 267.69 |
| Depreciation | 104.40 | 59.43 | 23.06 | 12.72 | 87.56 | 48.01 |
| Profit Before Tax (PBT) | 287.22 | 245.81 | 63.44 | 52.61 | 215.62 | 196.66 |
| Profit After Tax (PAT) | 213.59 | 205.19 | 47.18 | 43.92 | 143.57 | 157.33 |
| Extraordinary & Prior Period Items | (1.44) | 0.89 | (0.32) | 0.19 | (1.39) | 1.03 |
| PAT After Extraordinary & Prior Period Items | 212.15 | 206.08 | 46.86 | 44.11 | 142.18 | 158.36 |
| Dividend (Per Share)* | 1.00 | 3.00 | 0.02 | 0.06 | 1.00 | 3.00 |
| EPS (Amount) | | | | | | |
| - Basic | 20.44 | 21.60 | 0.45 | 0.46 | 14.66 | 16.60 |
| - Diluted | 20.23 | 21.30 | 0.45 | 0.46 | 14.51 | 16.37 |
| Equity Share Capital | 97.27 | 96.72 | 21.69 | 21.49 | 97.27 | 96.72 |
| Reserves & Surplus | 1,509.38 | 1,316.30 | 336.54 | 292.45 | 1,187.80 | 1,045.52 |
| Net Worth | 1,606.65 | 1,413.02 | 358.23 | 313.93 | 1,285.07 | 1,142.25 |
| Gross Fixed Assets | 1,304.61 | 706.78 | 290.88 | 157.03 | 1,142.43 | 619.19 |
| Net Fixed Assets | 937.53 | 439.62 | 209.04 | 97.67 | 823.98 | 387.31 |
| Total Assets | 5,743.67 | 3,786.98 | 1,280.64 | 841.36 | 5,249.04 | 3,515.75 |

* FY 2010-2011 is for 15 months ending June 30, 2011

** Dividend for FY 2010-11 subject to the approval of shareholders, lenders and any other authorities. The lenders have not approved the same.

| Conversion Rate for 1 US\$ into INR (weighted average) | FY 2010-11 | FY 2009-10 |
|--|------------|------------|
| Profit and Loss Account | 45.27 | 46.72 |
| Balance Sheet Items | 44.85 | 45.01 |

Note: GTL generates 77% of its revenue from India. Dollar figures are given purely for reference purpose and may seem distorted due to substantial and abnormal fluctuations in the INR-US\$ exchange rate. Therefore, all the ratios have been calculated for Rupee values.

DISCLAIMER: The information and opinions contained in this report do not constitute an offer to buy any of GTL Limited's (GTL) securities, businesses, products or services. The report also contains forward-looking statements, qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit' and 'anticipates', and words of similar substance in connection with any discussion of future performance, that we believe to be true at the time of the preparation of the report. The actual events may differ from those anticipated in these statements because of risk, uncertainty or the validity of our assumptions and we do not guarantee that these forward looking statements will be realised, although we believe that we have been prudent in our assumptions. GTL does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. The Trade Marks, Service Marks, Logos of various Companies used in the report belong to the respective owners only and have been used in the report for representation purpose only.

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Dear Shareholders,

Last year, we communicated to you that the coming period is likely to provide tough challenges to the telecom sector. Financial Year 2010-11 started on a cautious note, in the backdrop of the intense competition between telecom operators that was beneficial to the end user but resulted into slow Network rollouts. The new 2G operators were likely to drive the growth of the telecom networks. However, the controversy in licences given to new 2G operators resulted into a cycle of events that slowed down the entire telecom sector. The entire sector finds it extremely difficult to raise any capital either from capital markets or from the Indian banking sector. This led to the operators spending minimum on network expansion. Even telecom tower companies are slowing down considerably on any fresh network and tower build out. This is likely to have a significant impact on our revenue from Network Services this financial year.

Business Overview & Outlook

The Financial Highlights of the year, (for the period of 15 months from April 2010 to June 2011) are as follows:

On a consolidated basis,

- Revenue increased by 42% on annualised basis to ₹ 3,964.16 Cr. (US\$ 875.67 Mn)
- Operating Profit increased by 47% on annualised basis to ₹ 627.15 Cr. (US\$ 138.54 Mn)
- Order visibility as on June 30, 2011 stood at ₹ 3,150 Cr. (US\$ 702.34 Mn)

We have started providing Energy Management Solutions to telecom operators and telecom tower companies. At the same time, we have entered into Power Management business by winning the contract for Power Distribution Franchise in Aurangabad region. These initiatives are likely to substitute the revenue drop in Network Services business.

Since these businesses are new, they are likely to generate lower margins initially. As a result, we are likely to generate substantially lower margins for near to medium term.

Corporate Debt Restructuring

We have total fund based and non-fund based debt of ₹ 5,965 Cr. Primarily the debt is used for the purpose of working capital for the Network Services business, capital expenditure requirement for the Energy Management Services and investment in GTL Infrastructure Limited's (GTL Infra) business. The working capital requirement of the Company has gone up given the delayed payment from the telecom operators and slow moving inventory. Our current working

capital requirement is almost ₹ 2,000 Cr. In addition to this, we have invested around ₹ 100 Cr. towards capital expenditure for Energy Management business. We have invested ₹ 2,404 Cr. in our group companies. Out of this, we have so far invested ₹ 2,106 Cr. in GTL Infra. This investment was strategic in nature as GTL Infra was likely to give us a revenue of ₹ 8,500 Cr. over a period of next five years. However, the slowdown in telecom sector has negatively impacted GTL Infra's growth plans, and as a result, it is currently going through a Corporate Debt Restructuring (CDR) exercise. This has the following impact on us -

- Our future revenue potential from GTL Infra has reduced from ₹ 8,500 Cr. to approx ₹ 3,500 Cr. As a result of the slowdown in the business of GTL Infra, there may be a revenue opportunity loss of ₹ 800-1,000 Cr. and corresponding EBIDTA loss of ₹ 120-140 Cr. in FY 2011-12.
- As GTL Infra has filed for Corporate Debt Restructuring, we may have to convert ₹ 445 Cr. given as share application money for CNIL preference shares into shares of GTL Infra as a part of CDR exercise, subject to necessary approvals of shareholders and lenders. Also, amount recoverable by us may be further delayed.

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

- The increase in interest rate from 8% (four years ago) to 12.5% has increased our annual interest outgo
- The sudden and massive slowdown in telecom sector has resulted in increase in inventory and receivables, thereby increasing our working capital needs
- The weakness in global markets and the Indian telecom sector has prevented us from monetising our investments in tower sector and use the proceeds from the same to reduce our debt.

All these factors have impacted our ability to service and repay our debt to our lenders. As a result, we have filed for Corporate Debt Restructuring. The debt restructuring exercise should help the Company tide over the liquidity issues.

Investment in GTL Infrastructure Limited (GTL Infra)

We are the promoters of GTL Infra and have invested ₹ 133 Cr. as initial capital in FY 2005-06. Subsequently, we subscribed to the rights issue of GTL Infra in 2007 increasing our investment to ₹ 266 Cr. Post our Creeping acquisitions from 2007 onwards, our investment in GTL Infra is ₹ 593.31 Cr. as on June 30, 2011. We also invested ₹ 1,068.12 Cr. in CNIL. Thus, our investments in tower business increased to ₹ 1,661.43 Cr. Additionally, we have

given ₹ 445 Cr. as share application money to CNIL. The same may be converted into shares of GTL Infra, subject to approval of shareholders and lenders. Thus, our total investments in tower business at cost will be ₹ 2,106.43 Cr.

Pledge of shares of GTL Infra

We had placed ₹ 27.37 Cr. shares of GTL Infra under a “Non-Disposal Undertaking” with IFCI on July 09, 2010. On July 13, 2011, IFCI created pledge on the said shares. Out of these pledged shares IFCI sold 5 lac shares in the market and invoked the pledge in respect of ₹ 17.64 Cr. shares on July 20, 2011. We believed that their action was inappropriate and we approached the Delhi High Court for justice. The Delhi High Court has found this appropriation to be breach to the law of pledge. We continue to account the above referred investment in shares of GTL Infra at acquisition cost. IFCI may appeal this order in higher courts or try to sell our shares.

New Growth Opportunities

Even though we are going through these tough times, we believe in the potential of the telecom sector, and our capability to address them. We are sure that with the capable management team, the Company will continue to focus on overcoming the challenges and creating new opportunities for growth.

3G and BWA Networks

India is likely to witness growth in data services over the next few years. The same will be addressed by telecom operators through roll-out of 3G and Broadband Wireless Access (BWA) Networks. All leading operators have already received licences for 3G and BWA. Although the take-off for 3G services is slow in India right now, in long term, this scenario is going to change with availability of cheaper 3G devices and reasonable tariffs. The BWA players are also expected to launch their services in the CY 2012. This area presents an opportunity to offer our Network Services.

Extending Network Deployment Capabilities in Power Sector

Our know how of implementation and maintenance of large telecom networks can be easily extended to power sector. Power sector represents a huge opportunity in Power Generation, Transmission and Distribution. Last year we executed orders worth ₹ 200 Cr. for MSEDCL (Maharashtra State Electricity Distribution Company Limited). At the end of FY 2010-11, our order book visibility for these services is in the range of ₹ 600 Cr.

Our services in this business include construction, erection, testing and commissioning of sub-transmission lines, distribution line and power transformers. We will also be responsible for augmentation

of existing substations & distribution transformers of varying capacities and renovation and modernization works.

Power Management Business

We have started providing services for the contract by MSEDCL to distribute power to Aurangabad Urban Circle (I & II). This contract is spread over 15 years and is likely to generate a revenue of ₹ 900 Cr. in the first year itself. We will be responsible for distribution of electricity to both industrial units and residential units from the grid. We can increase our profits by increasing the efficiency in distribution of electricity by cutting down AT&C losses.

We believe we can develop similar businesses in near future as Government and State Electricity Boards accelerate their effort to privatise Power Distribution.

Key Challenges

Increasing Recurring Revenue

We are making an attempt to move towards recurring revenue business. We believe that this will help us in increasing traction with our customers. Our diversification into providing Energy Management Solutions to telecom operators and tower companies coupled with our Power Management & EPC business has given greater stability to our business model.

Improving Profitability

As we are entering into new business areas of Power Management and Energy Management Solutions, our operating profit margins are likely to go down in the near term. We are focusing on increasing the productivity of our team and improving the efficiency in our business processes. We believe our efforts will realise into improved profitability over medium to long term.

Monetizing our Investments

Although currently the capital markets world over are going through a rough phase, we believe we can unlock a great value by monetizing our investments in telecom tower sector over a period of 3-5 years. The proceeds from the same will be used to reduce our debt by almost ₹ 2,000 Cr. to ₹ 2,500 Cr., subject to regulatory and other approvals.

People

We are committed to building a customer centric world-class organization by investing aggressively in training our manpower resources. During the year our employees and contracted associates grew from 7,066 to 9,612. We have designed programs like “Business Partner”, “Family Jewel” & “Club Orion” to attract and retain talent at all levels across the organisation.

Corporate Social Responsibility

We have focused our attention on areas like imparting education to underprivileged children and providing employment opportunities to women and physically challenged people. Our vast pool of human capital is helping our future progress not only in terms of business but also by its impact on the community. Over 3,466 hours of volunteering effort was contributed by GTLites, in the past year.

Our efforts in Energy Management will help in reducing the carbon footprint of the telecom industry in the coming years.

Conclusion

We are in the process of re-building the Company by diversifying into Power Management and EPC business. However, the margins in the initial years are likely to be on the lower side. While our Network Services business generated EBIDTA margin of 15-16% historically, our Power Management and EPC business is likely to generate EBIDTA margin of only 9-10%. As our revenue from Power Management and EPC business increases it is likely to reduce our overall EBIDTA margin. We have a debt of ₹ 5,965 Cr. and the recent increase in interest rates has increased our interest

cost substantially. As a result, although we will have operating profit from the business but we are likely to generate net losses if interest rates continues to remain high and telecom sector is under pressure.

We know that the process of restructuring our debt and achieving our business targets are key for sustained growth of our business. We are expecting to achieve this goal by providing services that can bring in efficiency in both telecom and power sectors. For us, our business is all about bringing in efficiency in telecom networks and power distribution, being environment friendly and creating employment in rural India.

For all that our Company has accomplished over the years, we would like to thank all our stakeholders, customers, financial institutions, partners and employees for their unwavering interest and support and look forward for the same in future.



Place: Mumbai
Date : Aug 29, 2011

Manoj G. Tirodgar
Chairman & Managing Director

BUSINESS SNAPSHOT

GTL provides Network Service solutions to telecom operators, OEMs & tower companies. It has also diversified into Power Management to address the growth opportunities in the Power sector in India.

GTL achieved a revenue of ₹ 3,964.16 Cr. (US\$ 875.67 Mn) in FY 2010-11, with more than 23% of the revenue contributed by its international operations. The Company has presence in more than 40 countries across the world and serves leading telecom operators, OEMs and utilities.

NETWORK SERVICES

Network Planning & Design and Professional Services

Network Planning and Design services deliver value by designing the most economical network with high Quality of Service to support the current and future technology and capacity requirements of the operators. To satisfy this, GTL engineers use technology expertise, sophisticated algorithms, world-class tools and disciplined design processes to provide end-to-end, multi-vendor design solutions. Network Planning and Design services cover Radio Frequency (RF) and Transmission Engineering, Fixed and Core Network Engineering for GSM, CDMA, Microwave Transmission, SDH, DWDM, WiMAX and Broadband networks.

GTL Professional Services Group has on board a distributed pool of skilled telecom resources. These skilled telecom resources have multi-vendor, multi-technology experience. The services of

these skilled resources are availed by global telecom OEMs and Operators across the telecom network lifecycle.

Network Deployment

GTL offers a comprehensive suite of Network Deployment services that support every phase of the deployment process. The offerings include active as well as passive infrastructure deployment for Wireless Networks.

GTL has a proven track record of successful Network rollouts. GTL's multi- skilled professionals, leverage mature processes and techniques, help to create turnkey solutions for managing, integrating, installing customer's multi-vendor networks.

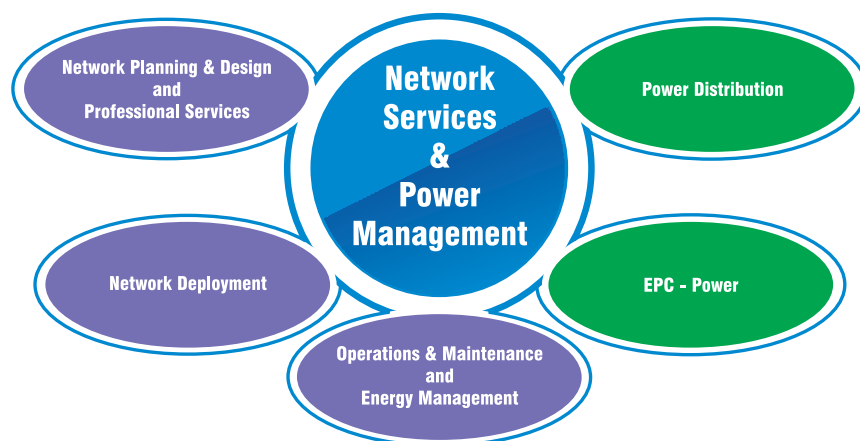
Network Operations & Maintenance and Energy Management

GTL's Network Operations and Maintenance services portfolio enables operators to focus on their core areas of business while GTL manages Network Operations and Maintenance activities. This approach helps the operators in owning a high performance network at reduced operational expenses (OPEX).

GTL has extensive experience on multi-technology products across geographies, maintenance systems and right shoring of operations. This enables GTL to manage operators' critical task of Network Operations & Maintenance seamlessly.

With the Network expansion in semi-urban and rural areas, uninterrupted supply of energy has become the biggest concern for operators in recent times. GTL's Energy Management Solutions are aimed at reducing the energy expenses by 5 - 8% through

GTL's Services Portfolio



CUSTOMER PROFILE

| Particulars | Apr 10 to Jun 11 | Apr 09 to Mar 10 |
|---|------------------|------------------|
| % of revenue from largest customer | 16% | 14% |
| % of revenue from top 5 customer | 43% | 46% |
| % of revenue from top 10 customer | 59% | 61% |
| customer accounting for more than 5% of total revenue | 6 | 4 |
| * Other than Associates Companies | | |

installation of energy efficient devices, energy audit of telecom infrastructure, process improvements, using alternate sources of energy like solar, wind etc. The solutions will benefit the service providers by reducing their operational expenditure and more importantly their carbon footprint.

GTL has entered into a multi-year Energy Management contract with Aircel and GTL Infra to provide EMS on GTL Infra's towers.

POWER MANAGEMENT

During the year, GTL established its foothold in Power Management business in India. GTL's service offerings include rollout of Transmission & Distribution (T&D) networks and Power Distribution Franchise.

Transmission & Distribution

GTL has extended its Network Deployment and Project Management capabilities to deploy distribution and transmission networks for power sector. The Turnkey Contract include construction, erection, testing and commissioning of sub-transmission lines, distribution lines, power transformers, distribution transformers, construction of new sub-stations, renovation and modernization works.

The Company has won multiple contracts from Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) and plans to extend its services to other electricity boards across the country.

Power Distribution Franchise

GTL has also entered into Power Distribution Franchise business. Under this contract, GTL undertakes distribution and supply of power, Operations and Maintenance, allotment and installation of new connections, meter reading, generation and distribution of bills and payment collection etc in the designated Distribution Franchise Area (DFA).

GTL has won a Power Distribution Franchise contract for Aurangabad Urban Circle (I & II) in Maharashtra. The contract is for a period of 15 years. The revenue from the contract is expected to be in the range of ₹ 900 Cr. in the first year. GTL plans to leverage its experience from the Aurangabad contract and bid for similar Power Distribution Franchise contracts across the country.

INDUSTRY STRUCTURE AND DEVELOPMENT

Over the past few years information and communications technology has changed in a dramatic manner driven by economic growth and increasing working-class population in emerging markets. Today, the world telecom industry has a more crucial role to play in world economy. The total revenue earned by this industry is about 3 percent of the world's GDP.

Rise in subscriber base and increased uptake of wireless broadband services has encouraged operators in developed countries to make investments in Network expansion and upgradation. In developing markets of South-east Asia, Africa, Central and Latin America inflationary market situation followed by rise in interest cost has led the operators to defer their Network rollout plan. However, with continued demand for Wireless Network for voice and broadband services, fresh round of capex cycle is expected to begin in next 2-3 years.

GTL acts as a Network Services Provider and typically receives & executes contracts from wireless operators, OEMs and tower companies to build, operate and maintain cellular Networks. GTL continuously develops an innovative range of solutions that meet the requirements of its customers. GTL's value proposition to its customers is as follows:

- Networking expertise on various technology platforms
- Global execution capability with experience in over 40 countries
- Access to over 9,612 trained and skilled employees and associates
- Relationships with OEMs and Service Providers
- Multi-Partner / Platform Expertise
- Operational Excellence

In order to leverage its experience and skill-sets in project execution and Network Deployment, GTL has entered into Power sector. Power acts a crucial catalyst for the progress of any economy. The demand for power is growing exponentially on account of the sector being plagued by a large gap in the demand and supply. This has escalated the need for capacity additions in generation, transmission and distribution leading to massive investments in the sector.

In power sector, GTL undertakes EPC contracts for Power Transmission & Distribution and has also won a Power Distribution Franchise Contract for Aurangabad Urban (I & II) circle.

OPPORTUNITIES AND THREATS

NETWORK SERVICES

Network Planning & Design

The overwhelming expansion of next-generation, content-rich services is creating a massive increase in consumer demand for data services and as a result is causing significant traffic overloads. Operators worldwide are facing an urgent need to extend their networks to support value-added services. This has shifted the focus of Services Providers towards improving network efficiency and thereby saving costs.

Some of the key markets for GTL for Network Planning & Design segment are as mentioned below:

India

The Indian telecom market is characterised by large subscriber base (886 Mn as on June 2011), low ARPU (US\$ 2.10 per month) and significant growth rate. However, the rapid increase in subscriber base is putting increased pressure on the existing Network Infrastructure of the operators, severely affecting their Quality of Service. With the launch of Mobile Number Portability, the operators are left with no choice but to improve the network quality leading to the need for Network Optimisation Services.

Further, with the introduction of 3G services, operators are now looking to switchover to non-voice based services on 3G platform creating significant opportunities in Network rationalisation and upgradation.

International Markets

The pent-up demand for data centric devices like smart phones and tablets has lead to Network clogging of the operators in APAC, European and US markets. A data application device generates about 30 times more data traffic as compared to other devices. Operators are now thinking of making investments for capacity addition on 3.5G & 4G services.

Through its acquisition of Genesis and ADA Cellworks, GTL has enhanced its skill sets of managing 3G technology and is well positioned to exploit growth opportunities in APAC and western markets.

Network Deployment

India

India is GTL's domestic and also the largest telecom market in the world. After a phase of robust growth over the past few years, the Indian telecom industry appears to be slowing down. At a time when there is a need of significant investments for 2G expansion in rural areas, the sector is witnessing a reverse trend due to slowdown in FDI investment on account of on-going 2G controversy and uncertainty on government telecom policy.

The slow pace of investment has also reflected in low tenancy ratio for telecom tower companies resulting into drop in rollout of new towers by tower companies. This has led to significant drop in Network Deployment activity in the region.

However, 3G & BWA services hold a significant assurance for future growth. The broadband subscription in India is low at 12.32 mn as on June 2011. The government has recognised the potential of wireless broadband and plans to enhance broadband coverage across the country.

Rollout of 3G & BWA network requires significantly more number of towers than a 2G network. Thus, fresh investments in 3G & BWA network rollout augurs well for growth of Network Deployment business for GTL.

International Markets

Middle East and Africa are GTL's biggest markets outside India. Continued demand for high speed internet in Middle East and poor fixed-line infrastructure and increasing use of wireless broadband services in Africa have prompted many operators to make investments in expanding and upgrading their Network in the region. GTL has significant presence in Middle East and has also set up offices in Africa to take advantage of growth opportunities in the region.

Operation & Maintenance & Energy Management

Network Operation & Maintenance

Network cost is one of the key margin drivers for telecom operators. Increased investments in improving Network coverage and capacity and rising operational cost have led to substantial cash outflow for operators.

Operators are looking to improve their financial performance by outsourcing Network functions to a partner who can provide higher efficiency and economies of scale. This outsourcing trend is creating demand for Managed Network Services.

According to Technology Business Research's recently published Telecom Infrastructure Services (TIS) Addressable Market Forecast, the global Managed Services market for 2011 is expected to be US\$ 77 bn. Going forward, the Managed Services market is expected to grow at a CAGR of more than 10% through 2015.

Energy Management Services

Energy consumption is one of the leading drivers of operating expenses for both fixed and mobile network operators. Reliable access to electricity is limited in many developing countries that are currently the high-growth markets for telecommunications.

In India, the Network expansion by existing and new operators in semi urban and rural areas is expected to drive the demand for towers in the region. These regions are plagued with shortage of power. Currently the power requirements are met through electricity mains, batteries and diesel generators.

Electricity from the grid has been the cheapest and viable source of energy and is the most preferred. However, as most of the towers are located in rural areas where grid power is largely unreliable, operators have to depend heavily on diesel generators, thus the shortage in power and energy availability from grid is hampering expansion plans of the telecom operators.

At GTL, Energy Management is an opportunity to address a critical need of our customers and contribute to the reduction of carbon footprint of the telecom industry. GTL proposes to provide uninterrupted power supply on telecom sites across the country with use of alternative energy sources like solar, wind power, free cooling solutions etc. GTL plans to use innovative methods and processes, products and solutions that can bring down this energy consumption by about 5-8%.

Power Management & EPC

The infrastructure sector in India has witnessed significant changes over the last few years and is one of the fastest developing sectors. Poor infrastructure is one of the biggest constraints faced by Indian economy, restricting its entry into the elite group of fast growing economic powers. The infrastructure projects require huge investments, estimated at almost about ₹ 54 trillion (USD 1.2 trillion) over the next ten years.

EPC of Power T&D

Power Transmission lines play an important role to provide seamless flow of power to end consumer. To realise this, an aggregate of 275,000 circuit Kilometers (ckm) of transmission lines is proposed in XIth and XIIth five year plan. With a proposed capital outlay of over ₹ 1,000 bn by Power Grid Corporation (PGCIL) and the state transmission utilities, Transmission & Distribution business presents significant growth opportunity to the companies operating in this segment.

Power Distribution Franchise

A vast network of sub-transmission and distribution system has been set up across the country so that the power from the generation stations can be brought to its consumers. However, the distribution system in India, has been plagued by consistently higher Aggregate Technical and Commercial (AT&C) losses. These can be reduced by improving metering efficiency, proper energy accounting & auditing and improved billing & collection efficiency.

The main profit drivers for franchisees are operational efficiency, increasing billing efficiency and reduction in AT&C losses. As per a research report from IIFCL, a franchisee can earn a project IRR of at least 20% over a 10-year period. IRR can be higher if the loss reduction target is achieved ahead of the franchisee's own forecast.

GTL has won the power Distribution Franchise Contract for Aurangabad Urban Circle (I & II) for a period of 15 years. In future, GTL plans to leverage its experience from the Aurangabad project by bidding for similar projects in other parts of the country.

Upcoming Franchise Projects in Maharashtra

| Utility | Prospective franchise pocket | ATC losses | Collection efficiency | Annual energy sales (MUs) | Revenue Opportunity (₹ Cr.) |
|---------|------------------------------|------------|-----------------------|---------------------------|-----------------------------|
| MSEDCL | Nashik | 26% | 93% | 1,666 | 833 |
| MSEDCL | Sholapur | 21% | 87% | 1,703 | 852 |
| MSEDCL | Navi Mumbai | 34% | 83% | 1,200+ | 600 |
| MSEDCL | Ahmednagar | 20% | 81% | 1,488 | 744 |

FUTURE OUTLOOK

GTL is a leading Network Services and Power Management Company with experience in more than 40 countries and serves leading telecom operators, OEMs and utilities.

GTL has outlined the following strategy for its growth.

Growing along with Partners

Over the years, GTL has strengthened its relationships with all global OEMs like Alcatel-Lucent, Ericsson, Huawei, Motorola, Nokia Siemens Networks and ZTE among others. These partnerships have helped GTL to expand its operations in overseas markets and acquire new customers. The Company's recent alliances with leading OEMs in Europe and APAC region are a step towards this direction.

Diversification into Power Sector

Indian Power Sector offers a huge growth opportunity in future. In order to leverage its experience and skill-sets in project execution and Network Deployment, GTL plans to foray into power sector. Expansion in Power sector would also help GTL to mitigate the business risk by reducing its dependence on Telecom sector.

During the year, GTL forayed into power sector with entry into Power Transmission and Distribution and Power Distribution Franchise businesses. GTL has won a 15 year Power Distribution contract for Aurangabad Urban Circle (I & II) and also undertakes several EPC Power Transmission and Distribution contracts from MSEDCL.

Increasing Contribution from Recurring Revenue streams

Last year, Network Deployment business contributed majorly towards GTL's revenue. However, in future, the demand for rollout of new towers is expected to taper off. GTL plans to increase contribution from recurring revenue businesses like Network Operation & Maintenance and Energy Management Services thereby improving the predictability of cash flow.

GTL has also entered into “Power Management and EPC” businesses. The diversification in Power Management business will bring about a shift in revenue profile of the Company from one-time project driven revenue model to a more diverse, long term and recurring revenue stream.

DISCUSSION OF CONSOLIDATED FINANCIALS

The financial year ending June 30, 2011 was for the period of 15 months. With a view to have better understanding and comparability of the financials, the year-on-year financial performance has been considered on annualised basis.

In FY 2010-11 GTL consolidated its position in Network Services business and made a foray in Power Management business by winning Transmission and Distribution contracts with MSEDCL and Power Distribution Franchise contract for Aurangabad Urban (I & II) circles.

For the purpose of financial analysis, the figures in rupees for the FY 2010-11 and FY 2009-10 are converted into US\$ as under:

| Particulars | FY 2010-11 (₹) | FY 2009-10 (₹) |
|--|-------------------|-------------------|
| Profit and Loss Account - 1 US\$ equals to | 45.27 | 46.72 |
| Balance Sheet- 1 US \$ equals to | 44.85 | 45.01 |

Pre-elimination and Post-elimination Revenues of the group for 15 months period

| Particulars | FY 2010-11 (₹ Cr.) | FY 2009-10 (₹ Cr.) | FY 2010-11 (US\$ Mn) | FY 2009-10 (US\$ Mn) |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| GTL (Standalone) | 3,091.71 | 1,551.33 | 682.95 | 332.05 |
| International Subsidiaries | 893.82 | 785.79 | 197.44 | 168.19 |
| Indian Subsidiaries | 8.35 | 7.43 | 1.84 | 1.59 |
| Pre elimination Group Revenues | 3,993.88 | 2,344.55 | 882.24 | 501.83 |
| Less: inter- company elimination entries | 29.72 | 107.61 | 6.57 | 23.03 |
| Post elimination Group Revenues | 3,964.16 | 2,236.94 | 875.67 | 478.80 |

Results of Operations

| Net Sales & Services | FY 2010-11 (₹ Cr.) | FY 2009-10 (₹ Cr.) | Annualised Y-o-Y Growth(%) | FY 2010-11 (US\$ Mn) | FY 2009-10 (US\$ Mn) |
|---------------------------------------|-----------------------|-----------------------|----------------------------------|-------------------------|-------------------------|
| - International | 898.40 | 747.25 | -4% | 198.45 | 159.94 |
| - Domestic | 3,065.76 | 1,489.69 | 65% | 677.22 | 318.89 |
| Total Net Sales & Services | 3,964.16 | 2,236.94 | 42% | 875.67 | 478.80 |

During the year GTL registered a revenue growth of 44% on annualised basis over FY 2009-10. GTL added two new revenue streams: Energy Management Services (EMS) and Transmission and Distribution business. Indian Power Sector offers a huge growth opportunity in future. To address to this potential, GTL during the year, forayed into power sector with entry into Power Transmission and Distribution and Power Distribution Franchise businesses.

The diversification in Power Management business has led to a significant shift from telecom centric one-time project driven revenue model to a more diverse, long term and recurring revenue stream. However, in the initial years, Power Management businesses are expected to generate lower margins as compared to high margin businesses of Network Services.

SEGMENT REPORTING

The Company earlier had one Reporting Segment “Network Services”. The Company has also commenced the operations of the Power Distribution Franchise and EPC Power T&D projects. The Company, therefore from now on, will have two reportable Segments viz. “Network Services” and “Power Distribution Franchise and EPC”.

“Network Services” comprises of Network Planning & Design, Network Deployment, Professional Services, Energy Management and Operation & Maintenance. “Power Distribution Franchise and EPC” comprises of Power Project – EPC and Power Distribution Franchise.

The Segment wise Revenue is as follows

| Segment Revenue | FY 2010-11 (₹ Cr.) | FY 2009-10 (₹ Cr.) | FY 2010-11 (US\$ Mn) | FY 2009-10 (US\$ Mn) |
|--------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Network Services | 3,784.85 | 2,236.94 | 836.06 | 478.80 |
| Power Distribution Franchise and EPC | 179.31 | NA | 39.61 | NA |
| Total Segment Revenue | 3,964.16 | 2,236.94 | 875.67 | 478.80 |

Cost of Sales, Services and Delivery

In the FY 2010-11 **cost of sales, services and delivery** stood at ₹ 3,065.28 Cr. (US\$ 677.08 Mn) (77.32% of revenue) as against ₹ 1,675.06 Cr. (US\$ 358.53 Mn) (74.88% of revenue) in FY 2009-10.

The **Selling and Marketing expenses** as a percentage of sales decreased from 2.65% (₹ 59.36 Cr.) (US\$ 12.71 Mn) in FY 2009-10 to 2.04% (₹ 80.82 Cr.) (US\$ 17.85 Mn) in FY 2010-11.

The **Administrative Expenses** as a percentage of sales also decreased from 7.30% (₹ 163.19 Cr.) (US\$ 34.93 Mn) in FY 2009-10 to 5.09% (₹ 201.65 Cr.) (US\$ 44.54 Mn) in FY 2010-11.

Interest and Finance Charges

The break up of Finance Cost and Other income is as provided below:

| Particulars | ₹ Cr. | | US\$ Mn | |
|--|-----------------|----------------|----------------|----------------|
| | FY 2010-11 | FY 2009-10 | FY 2010-11 | FY 2009-10 |
| Interest Income | 251.56 | 66.05 | 55.57 | 14.14 |
| Less: | | | | |
| Interest Expense | | | | |
| Interest - Term Loan | 359.23 | 89.41 | 79.35 | 19.14 |
| - Others | 30.47 | 3.88 | 6.73 | 0.83 |
| Total on Interest Expense | 389.70 | 93.29 | 86.08 | 19.97 |
| Net Interest Income | (138.14) | (27.24) | (30.51) | (5.83) |
| Finance Charges | 95.81 | 61.84 | 21.16 | 13.24 |
| Net Interest Income and Finance Charges (A) | (233.95) | (89.08) | (51.68) | (19.07) |
| | | | | |
| Other Financial Income | | | | |
| Dividend | | | | |
| From Subsidiaries | 10.00 | 10.75 | 2.21 | 2.3 |
| From Others | 0.02 | 0.01 | 0.00 | 0 |
| Total | 10.02 | 10.76 | 2.21 | 2.3 |
| Less: Elimination of Subsidiaries Dividend | 10.00 | 10.75 | 2.21 | 2.3 |
| Dividend (Net of Elimination) | 0.02 | 0.01 | 0.00 | 0 |
| Profit/(Loss) on sale of Investments | 6.64 | 14.21 | 1.47 | 3.04 |
| Exchange Gain/ (Loss) | 8.23 | 38.45 | 1.82 | 8.23 |
| Total of Other Financial Income (B) | 14.89 | 52.67 | 3.29 | 11.27 |
| Miscellaneous Income | 2.58 | 1.73 | 0.57 | 0.37 |
| Profit / (Loss) on sale of Assets | 1.95 | 0.59 | 0.43 | 0.26 |
| Balances and Claims written off (Net) | 6.22 | NIL | 1.37 | NIL |
| Total of Other Income (C) | 10.75 | 2.32 | 2.37 | 0.61 |

Interest (Net) and finance charges on net basis for the FY 2010-11 increased to ₹ 233.95 Cr. (US\$ 51.68 Mn) as against ₹ 89.08 Cr. (US\$ 19.07 Mn) in the last year. The increase in interest amount was mainly on account-

1. Increase in Unsecured Loans from ₹ 2,373.50 Cr. (US\$ 527.33 Mn) as on March 31, 2010 to ₹ 4,136.50 Cr. (US\$ 922.30 Mn) as on June 30, 2011. GTL's borrowings during the year increased mainly to fund its working capital requirement, capex requirement for Energy Management business and to finance its investments in CNIL, a subsidiary of GTL Infra, formed for the purpose of acquisition of Aircel Towers.
2. Rise in interest cost. The benchmark RBI policy rate was revised 11 times in last 10 months. GTL's average interest cost stands at 12-12.5%.

Exchange Variation

The Company and its subsidiaries execute projects in more than 40 countries and thus have exposure in several currencies related to bank deposits, payment to suppliers, receivables and loans e.g. ECB / Suppliers' credit. Fluctuations in currency exchange rates and interest rates are the potential risks in these transactions. The Company has used hedges, forex forward bookings, currency and interest rate swaps and related derivatives as part of overall strategy to manage its level of exposure to foreign currency.

During the year, due to devaluation rupee against US Dollar resulting in Exchange Loss of ₹ 8.23 Cr. (US\$ 1.82 Mn).

Provision for tax

Provision for tax (including deferred tax assets) as at June 30, 2011 stood at ₹ 73.63 Cr. (US\$ 16.42 Mn)

| Provision for Tax | ₹ Cr. | US\$ Mn |
|-------------------|--------------|--------------|
| Income Tax | 51.81 | 11.55 |
| Deferred Tax | 21.82 | 4.87 |
| Total Tax | 73.63 | 16.42 |

BALANCE SHEET ITEMS

Equity Share Capital

As on March 31, 2010 the equity share capital was ₹ 96.72 Cr. (US\$ 21.49 Mn). GTL's Share Capital as on June 30, 2011 is given as under:

| Particulars | No. of Equity Shares | ₹ Cr. | US\$ Mn |
|---|----------------------|--------------|--------------|
| Equity Capital as on March 30, 2010 | 96,724,465 | 96.72 | 21.57 |
| Add: Allotment of Equity Shares on account of Conversion of ESOPs | 543,368 | 0.54 | 0.12 |
| Equity Capital as on June 30, 2011 | 97,267,833 | 97.27 | 21.69 |

ESOPs

| Particulars | No. of ESOPs |
|---|------------------|
| No. of outstanding ESOPs as on March 31, 2010 | 3,038,980 |
| Add: Grants issued during the year | NIL |
| Less: No. of ESOPs Converted during the year | 5,43,368 |
| Less: Forfeited during the year | 13,250 |
| Total no. of outstanding ESOPs as on June 30, 2011 | 2,482,362 |

The resultant Fully Diluted Share Capital of the Company will be as under:

| Particulars | ₹ Cr. | US\$ Mn |
|-------------------------------------|--------------|--------------|
| Equity Capital on June 30, 2011 | 97.27 | 21.69 |
| Add : Full ESOP Conversion | 2.48 | 0.55 |
| Fully Diluted Equity Capital | 99.75 | 22.24 |

Reserves and Surplus

Reserves and Surplus as on June 30, 2011 was ₹ 1,509.38 Cr. (US\$ 336.54 Mn). The Board of Directors, in its meeting to review the annual results, has recommended a dividend of ₹ 1 per share for FY 2010-11, subject to approval from lenders, shareholders and all other statutory bodies. This dividend payout would be provided from the Profit of Current Year.

| Particulars | ₹ Cr. | US\$ Mn |
|--|-----------------|---------------|
| Reserves & Surplus on March 31, 2010 | 1,316.30 | 293.49 |
| Add: | | |
| Profits during the year (Excluding Extra-ordinary Income Profit/ Loss but after Prior Period Adjustment, Profit/ Loss on associates, Reserve on Consolidation) | 199.30 | 44.44 |
| Share Premium on ESOP conversion | 11.11 | 2.48 |
| Translation and Reserve & Consolidation | (5.25) | 1.17 |
| ESOP Reserve | (0.74) | (0.16) |
| Less: | | |
| Proposed Dividend (Return to Shareholders) and Dividend Tax | 11.34 | 2.53 |
| Reserves & Surplus on June 30, 2011 | 1,509.38 | 336.54 |

Loans

Loan as on June 30, 2011 was ₹ 4,136.50 Cr. (US\$ 922.30 Mn) as against ₹ 2,373.50 Cr. (US\$ 527.33 Mn). During the year GTL incurred capex on energy efficient devices on telecom sites for the EMS business. The liquidity crisis faced by the industry led to increase in working capital requirement. GTL has also used part of the loan proceeds to fund the purchase of Aircel tower assets through its investments in CNIL, an SPV formed for the purchase of Aircel tower assets by GTL Infra.

Corporate Debt Restructuring

The current slowdown in the telecom sector and worsening macro-economic situation has severely dented GTL's ability to service and repay debt. As a result, GTL, has been admitted to CDR Empowered Group for Corporate Debt Restructuring. GTL has appointed SBI Capital Markets Limited and IDBI Capital Market Services Ltd. as investment bankers for the same. The CDR exercise should help the Company tide over the liquidity issues. GTL is currently in the process of negotiating with the bankers and the final debt restructuring package that is expected to be finalized in next 3 to 6 months.

Net Fixed Assets

As on June 30, 2011 the net fixed assets were ₹ 937.53 Cr. (US\$ 209.04 Mn) as against ₹ 439.62 Cr. (US\$ 97.67 Mn) on March 31, 2010.

Financial Status and Liquidity – Investments and Cash Flow (Consolidated)

Cash and Cash equivalent on June 30, 2011 was ₹ 794.37 Cr. (US\$ 177.12 Mn) as against ₹ 1,573.80 Cr. (US\$ 349.66 Mn) on March 31, 2010. Following is the brief snapshot of Company's cash flow for the year:

| Particulars | ₹ Cr. | | US\$ Mn | |
|--|---------------|-----------------|---------------|---------------|
| | June 30, 2011 | Mar 31, 2010 | June 30, 2011 | Mar 31, 2010 |
| Cash and cash equivalent at the beginning of the period | 1,573.80 | 1,041.58 | 350.90 | 231.41 |
| Add: Net Cash provided/(used) by | | | | |
| Operating Activities | 152.78 | 338.54 | 34.06 | 75.21 |
| Investing Activities | (2,205.73) | (1,134.06) | (491.80) | (251.96) |
| Financing Activities | 1,273.52 | 1,327.74 | 283.95 | 294.99 |
| Cash and cash equivalent at the end of the period | 794.37 | 1,573.80 | 177.12 | 349.66 |

The Bank Balance includes ₹ 311.13 Cr. (US\$ 69.37 Mn) towards margin money against Letter of Credit, Purchase Bill, Sales Bills & suppliers' credit guarantees and other guarantees. The Company has pledged fixed deposit as on June 30, 2011 of ₹ 412.36 Cr. (US \$ 91.94 Mn)

Investments

As on June 30, 2011 GTL's investments stood at ₹ 2,452.29 Cr. (US\$ 546.78 Mn) as against ₹ 590.67 Cr. (US\$ 131.23 Mn) as on March 31, 2010. GTL's investment in GTL Infra and its subsidiary CNIL as on June 30, 2011 has been ₹ 2,106.43 Cr. (US\$ 469.66 Mn).

Thus, the unquoted and quoted investments are as given below:

| Quoted Investments | ₹ Cr. | | US\$ Mn | |
|--|-----------------|----------------|---------------|----------------|
| | June 30, 2011 | March 31, 2010 | June 30, 2011 | March 31, 2010 |
| Equity | | | | |
| Quoted Investments | 593.31 | 398.09 | 132.29 | 88.44 |
| Unquoted Investments | | | | |
| Equity | 1,198.96 | 221.19 | 267.33 | 49.14 |
| Preference Shares | 219.70 | NIL | 48.99 | NIL |
| Preference Shares – pending Allotment | 489.85 | | 109.22 | |
| Total Unquoted Investments | 1,908.51 | 221.19 | 425.53 | 49.14 |
| Total Investment | 2,501.82 | 619.28 | 557.82 | 137.59 |
| Less : Share of loss of Investment in Associates | (49.53) | (28.61) | (11.04) | (6.36) |
| Net Investment | 2,452.29 | 590.67 | 546.78 | 131.23 |

Funds Employed

During the year, Telecom sector faced severe liquidity crunch. In addition to this, GTL Infra, which contributed 28% of GTL's FY 2010-11 revenue, was admitted to Corporate Debt Restructuring. As a Result, receivables and Loans & Advance made to GTL Infra will take a long time to realise.

Slowdown in Telecom sector and deferment of GTL Infra's tower rollout plan has led to piling of inventory in GTL's books.

Inventory as on June 30, 2011 was ₹ 399.20 Cr. (US\$ 89.01 Mn) as against ₹ 255.82 Cr. (US\$ 56.84 Mn) on March 31, 2010.

Receivables increased from ₹ 367.63 Cr. (US\$ 81.68 Mn) as on March 31, 2010 to ₹ 1,018.74 Cr. (US\$ 227.14 Mn) on June 30, 2011. Delay in payments from customers and liquidity crunch with GTL Infra, GTL's biggest customer has led Daily Sales Outstanding (DSO) increased from 82 days to 117 days.

Contribution to Exchequer

| Particulars | ₹ Cr. | | US\$ Mn | |
|--------------------------------|---------------|--------------|--------------|--------------|
| | FY 2010-11 | FY 2009-10 | FY 2010-11 | FY 2009-10 |
| A. Direct Tax | | | | |
| Income Tax paid during period | 20.51 | 30.73 | 4.57 | 6.83 |
| B. Indirect Tax | | | | |
| Sales Tax/VAT/WCT/Cess | 18.00 | 15.04 | 4.01 | 3.34 |
| Service Tax | 55.29 | 24.99 | 12.33 | 5.55 |
| Total (B) | 73.28 | 40.03 | 16.34 | 8.89 |
| Total (A + B) | 93.79 | 70.76 | 20.91 | 15.72 |
| International Taxes (C) | 36.10 | 26.23 | 8.05 | 5.83 |
| Total Taxes (A + B + C) | 129.89 | 96.99 | 28.96 | 21.55 |

Related Party Transaction

| Nature of Transaction | Subsidiaries | | Associates | |
|---|--------------|---------|------------|---------|
| | ₹ Cr. | US\$ Mn | ₹ Cr. | US\$ Mn |
| Sales, Services & Re-imbursements | 26.41 | 5.83 | 1,556.66 | 343.86 |
| Other Income | 3.30 | 0.73 | 53.66 | 11.85 |
| Purchases and Expenses | 9.50 | 2.10 | 322.82 | 71.31 |
| Guarantees Given | 121.04 | 26.99 | NIL | NIL |
| Equity Contribution | | | | |
| Receivables | 13.87 | 3.09 | 201.61 | 44.95 |
| Advances / Deposits & Accrued Receivables | 5.38 | 1.20 | 173.34 | 38.65 |
| Payables, Advances Received | 10.36 | 2.31 | 55.76 | 12.43 |

Relationship:

Subsidiaries: GTL International, International Global Tele-systems Limited and their subsidiaries

Associates: GTL Infrastructure Limited, Global Rural Netco Limited, Chennai Network Infrastructure Limited

Ratios

| Financial Performance | FY 2010-11 | FY 2009-10 |
|-------------------------------------|------------|------------|
| As a % of Sales | | |
| International Sales | 22.66 | 33.31 |
| Domestic Sales | 77.34 | 66.69 |
| Cost of Sales, Services & Delivery | 77.32 | 74.88 |
| Selling & Marketing Expenses | 2.04 | 2.65 |
| Administration & Other Expenses | 5.09 | 7.30 |
| Income Tax & Deferred Tax / PBT (%) | 25.64 | 16.47 |
| Average no. of Employees | 8,035 | 6,286 |
| Sales Per Employees (₹ Lacs) | 49.34 | 35.59 |
| Profit Per Employees (₹ Lacs) | 2.66 | 3.28 |
| Profitability | | |
| Gross Profit Margin (%) | 22.88 | 25.16 |
| EBITDA Margin (%) | 15.78 | 15.22 |
| PBDT Margin (%) | 9.85 | 11.38 |
| PBT/ Total Income (%) | 7.23 | 11.02 |
| PAT/ Total Income (%) | 5.37 | 9.20 |
| PAT/ Networth (%) | 13.29 | 14.58 |
| Balance Sheet | | |
| Debt / Equity Ratio | 2.57 | 1.68 |
| Net Fixed Assets / Networth (%) | 58.35 | 31.11 |
| Debtors Turnover Days | 116.93 | 59.99 |
| Inventor Turnover Days | 45.82 | 41.74 |
| Current Ratio | 2.34 | 2.03 |
| Cash/ Total Assets (%) | 13.83 | 41.56 |

RISK MANAGEMENT REPORT

In today's dynamic business environment 'Risk Management' is an essential function to have a sustainable & effective business model in place. In India, Enterprise Risk Management (ERM) has evolved steadily in progressive companies. It is developing from being merely a risk identification and assessment process to building a risk portfolio that is continually assessed and monitored. The perception that "risk is not my responsibility" has evolved to a more realistic "risk is everybody's responsibility".

GTL has a Risk Management Group (RMG) in place to facilitate the execution of risk management across the organization. The Company's approach is to identify, monitor and evaluate risk throughout the group companies and to manage these risks within its risk appetite. For this very purpose GTL has an Integrated ERM Framework in place.

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

Risk Management Structure



Major Risks

The Company is facing a serious liquidity crunch because of factors as mentioned in the Chairman's letter and discussed in other sections of the annual report. The Company has taken a decision to restructure its financial indebtedness and has now made a referral to the Corporate Debt Restructuring (CDR) Empowered Group. This financial restructuring poses many risks and these have been discussed in detail under various sections in this chapter. The CDR proposal put forward by the Company, if finally agreed to and implemented by the lenders will allow the Company to ride out this liquidity crunch and emerge stronger from the crisis that is facing the Company and the Group.

I. FINANCIAL RISK

Market Risk

The global perspective

- Standard & Poor's has downgraded the sovereign credit rating of developed countries like the USA, Japan, Portugal, Greece, Ireland among others. Also, the negative outlook for many European countries due to the current debt crisis is affecting investor sentiment throughout the world

- Rise in global inflation and cost of financing has affected earnings of many companies and has led to a loss of investor confidence, thus making international financial markets extremely volatile
- The consequences of these global economic issues is that it may push the global economy slowly into an untimely recession irrespective of the fact that major emerging market economies like China, India and the South East Asian Economies continue to experience robust growth

The Indian perspective

- Central Banks of developed nations are keeping their interest rates low to stimulate growth and are even willing to accept inflationary pressures in the short term. However, in India, consistently high food inflation and rising commodity prices has forced the RBI to consistently hike interest rates to tackle the runaway inflation
- The RBI has already hiked its key-policy rates eleven times since March 2010 to curb demand and tame inflation. If these inflationary tendencies persist the RBI may increase the interest rates further. This tight monetary policy has already started showing signs of curbing GDP growth and if this policy continues growth may fall below the target of 8% set by the Indian Government. The increasing interest rates may have a direct impact on the CDR process as banks may not be able to provide the reduced rates of interest that the Company is seeking under its CDR package
- Currently Market risk is extremely high for the Company as it faces both interest rate risks and foreign exchange risks. The Company has exposure to both Rupee denominated loans facing high interest rate risks and foreign currency loans which face unhedged foreign exchange risk as the Company does not have sufficient foreign currency income to act as a natural hedge for these loans. Also because the Company is part of the CDR process, it does not have credit lines from banks to provide hedging limits
- The Company has External Commercial Borrowing of USD 150 mn due in September 2011. This poses both a foreign currency risk as this is unhedged as well as a liquidity risk. The Company has requested the ECB lenders to restructure the loan as part of the CDR process.

Liquidity & Leverage Risk

- As mentioned above, due to the sectoral developments, the Company is facing a severe liquidity crunch and has referred itself to the CDR Empowered Group to restructure its debt. Therefore, it is not possible to raise further loans from banks in the immediate future
- The Company's market capitalisation has been eroded by as much as 80%. This could make it difficult to raise further capital in the form of equity from financial markets or strategic investors. Thus, liquidity risks will continue to remain high in the near future

- The Telecom industry, which is a significant contributor to the Company's revenues, is facing intense liquidity and cost pressures which are adding to the strain on margins and timely payments to the Company from customers thus intensifying the liquidity pressure on the Company
- The Company has also given guarantees aggregating to ₹ 225 Cr. for various group companies and subsidiaries which are also facing similar liquidity and leverage situations. If those companies default on their financial commitments these guarantees could be invoked and this will put an additional immediate liquidity and leverage pressure on the Company. It could also jeopardize the CDR package being negotiated by the Company
- The Company has given a collateral security of approximately 27.29 Cr. shares of GTL Infra that it owns, for a ₹ 250 Cr. loan taken by its associate company CNIL. IFCI illegally invoked 17.63 Cr. shares of GTL infra and appropriated to itself the shares without notice. The Delhi High Court has found this appropriation to be not correct and maintained that IFCI continues to be a 'Pledgee' of the shares. IFCI may appeal this order and if the appeal is successful the Company will lose a valuable asset and it may have to make immediate write-down in its books
- There has also been a substantial erosion in the value of investments that the Company has in GTL Infra as its share price has gone down by 70%. The Company has also invested approximately ₹ 1,068 Cr. in Chennai Network Infrastructure Ltd. (CNIL), the SPV floated to acquire the tower assets of Aircel. CNIL is to be merged with GTL Infra and a swap ratio of 4 shares of CNIL to 1 share of GTL Infra has already been announced. This means that on the happening of the GTL Infra-CNIL merger, the market value of the investment will be significantly lower than the book value of the investment. The Company may have to take a write down on this investment if current market prices persist

Credit Risk

- A large part of the Company's business is to provide Network Services to the Telecom Operators and OEMs. Hence, the customer base is largely in the Telecom Industry. As the Telecom sector is facing growth and profitability issues payments from customers continue to be delayed
- The Company is diversifying its business in Power Distribution sector. The revenue contribution from this segment is expected to grow in current financial year. However, growth in revenues from this business is expected to be stagnant over a period of time unless the Company is able to win similar franchise arrangements in other cities
- A significant portion of the Company's revenue contribution comes from a single telecom operator - Aircel, which has a long term contract with the Company for Energy Management.

Any disruption in the arrangement due to delivery issues by the Company on account of the liquidity crunch or due to the external issues being faced by Aircel will have a significant impact on the Company's revenues

II. STRATEGIC RISK

Industry Risk

- The telecom operator's growth plans have been affected due to various factors like low ARPU, lack of liquidity, high domestic interest rates and some operators who are facing various litigations due to the 2G scam
- Telecom Operators have made significant investments in 3G licenses which have put a strain on finances. Also, 3G services have not been able to attract the desired level of customers and therefore, is yet to witness the estimated returns
- Financial institutions and Banks are not willing to infuse more liquidity into this sector as this is highly leveraged

Business Concentration Risk

- Historically, the Company has been in the telecom sector functioning as an ancillary to Telecom Operators. The customer profile has always been Telecom Operators, Original Equipment Manufacturers (OEMs) and tower companies. Also almost 65% of the Company's revenues has come from India. Therefore, the element of customer concentration risk was always very high. The Company has recently entered into the business of Energy Management and won a big contract with Aircel which is expected to generate around 33% of the revenues of the Company in the current financial year. Therefore, the fortunes of the Company are very tightly integrated with those of some customers like Aircel and the Company should take steps to mitigate such concentration risks by getting additional customers and also geographically diversifying operations and customer base
- Historically, the Company's customer base was solely in the telecom sector. This meant a high sector concentration risk. The Company has now diversified into Power Distribution sector, which is a significant development for the Company and this will help the Company diversify its business concentration risk

Competition Risk

- The Competitive landscape for the Company is limited in the telecom side of the business as most of the competition in network rollouts is from small fragmented players. The Energy Management business has been pioneered by the Company. The first contract of its kind has been signed in the country with Aircel. In Network Planning and Optimisation the competition is from IT firms but not from any telecom players
- The Power Distribution business is where the Company is a new entrant. There are established players in the field like

Reliance Energy, Tata Power, Torrent Power among others. However, once a contract is awarded the operator gets a virtual monopoly in the area where the distribution franchise is awarded. Though this model is changing in larger cities like Mumbai and Delhi where multiple distribution companies are in competition with each other and consumers have an option to choose their electricity provider

Takeover Risk

- The Company's equity value has eroded by more than 80% from its level in June 2011. ICICI Bank has invoked 29.3% of the equity of the Company and this leaves the present management led by Mr. Manoj Tirolkar with just about 22% stake in the Company. Therefore, if the current management team is not able to get back their 29.3% stake from ICICI, the Company could be vulnerable to a management takeover from financial or strategic investors. If a change of control is effected certain customers may invoke change of control clauses and may choose to take away business from the Company.

III. OPERATIONAL RISK

Reputation Risk

- The Company is facing a reputational risk due to the multiple factors like sudden erosion in market capitalization, referral to the CDR process, delayed payments to vendors, pay deferral and other issues discussed in this document

Project Risk

- It is critical for the Company to execute large & complex projects within budgeted cost and schedule to avoid penalties from customers. In most of the Company's contracts there are penalties/ liquidated Damages and any delayed or deficient delivery may lead to a loss of profitability for the company.
- The Power Distribution business of the Company may be subject to various new kinds of operational risks like short circuits, voltage fluctuations, power pilferages, third party damage, human loss, small scale and large scale fires and such other disasters. It will require the Company to constantly monitor safety standards and quality of service on a 24X7 basis. Any of the aforementioned events may lead to losses that may erode the profitability of the business. Adequate insurance policies to take care of these eventualities must be obtained to avoid catastrophic losses. Also, in cases of extreme negligence and catastrophic events, senior officers and directors may be held criminally liable for gross negligence or willful misconduct

Supply Chain Risk

- The Liquidity crisis facing the Company has led to delay in payments to suppliers and vendors thus leading to delays and disruptions in delivery of materials and services required for timely execution of projects. This issue if not sorted out will have serious implications on the profitability and also on the working capital management of the Company

- The delay in supply of crucial materials and services may also see increased penalties and liquidated damages being imposed by customers
- Suppliers may tighten credit and other terms that they may be extending to the Company thereby increasing the liquidity strain on the Company and hampering its ability to deliver projects on a timely basis
- As the projects of the Company are on a pan India basis, it is imperative that supply chain automation is introduced on a war footing to control the quality and cost of supplies and services. If such automation is not introduced it may lead to substantial commercial losses due to pilferage, damage and other commercial losses. The energy management business in particular requires the Company to introduce a high level of automation to be able to monitor and save on energy costs so that profitability can be improved

Manpower Risk

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

Automation, IT Security & Business Continuity Risk

- Service related business extensively depends on IT systems to provide connectivity across business functions through software, hardware and network systems. Any failure in IT systems or loss of connectivity or any loss of data arising from such failure can impact business continuity adversely
- The Company has implemented Disaster Recovery Plan and has effective back up systems in place to ensure business continuity
- The Company needs to introduce effective automation in various businesses like Energy Management and Power Distribution businesses to rationalize costs, improve efficiency in delivery and improve profitability. The current liquidity crisis may be an inhibitor in allowing the business to make investments in automation and if this investment is not made in the business it is less likely that these businesses will be able to achieve their desired level of profitability and business efficiency

Technology Risk

- The Company constantly strives to identify new technology requirements and adapts to provide new services to its customers. Investments are required in training in software and service architecture for certain businesses of the Company. The expenditure required for this is not large however the liquidity crunch may affect investments in training of manpower and newer software and this may lead to obsolescence in skill sets for certain services

IV. LEGAL & COMPLIANCE RISK

Legal and Contractual Risk

- The Company stands the risk of not meeting the required performance standards which may lead to penalties and/or liquidated damages. The squeezing of working capital, higher attrition of manpower, supply chain issues among other things may see a significant increase in penalties and liquidated damages hampering profitability
- Litigations may arise from non-adherence to timely deliverables and (SLA), and also from violations of intellectual property rights, patents, trademarks, and copyrights
- The Power Distribution business is consumer facing and this could lead to several small litigations from consumers who may complain about quality of service or billing complaints among other things. There could also be mishaps, damages, fires etc which could lead to lots of claims from the company. The company will have to maintain adequate insurance coverage and a good litigation team to cater to these issues
- The Company may face litigations and challenges in various forums if the company's CDR package fails to get approved by the lending banks. Also, legal challenges could be faced from banks and financial institutions to enforce the corporate guarantees and

other collateral given by the Company for loans taken by associate companies if the associate companies default on the loans. Litigations could also be faced from lenders to the Company like a few ECB lenders who are not part of the CDR process

- As has been discussed earlier in the section the Company has initiated a suit against IFCI the consequences of which are discussed in the Strategic Risks section

Regulatory Risk

- The Company is not regulated by any regulatory agency and faces the general regulatory environment that is prevalent in the country. The customers on the telecom side are regulated by the Telecom Regulatory Authority of India (TRAI)
- The Company's Power Distribution business is regulated by the Maharashtra Electricity Regulatory Commission (MERC) which controls the Quality of Service and Tariffs that can be charged to the consumers and the Tariff that can be charged by Maharashtra State Electricity Distribution Company Limited (MSEDCL) to the Company.

V. OTHER RISKS

These risks may not have direct impact on the organization and its activities. But it is a risk that could affect the stakeholders of the Company and thus may affect the Company in long run.

Political Risk

- The Company does not have any interface with the Government or any regulatory authority in its business. However, the Power Distribution business is heavily regulated by the MERC, MSEDCL. Electricity being a very politically sensitive subject could be subject to political risk if there is a change in the State Government in Maharashtra. However, this is unlikely as the contract is not dependent on the ruling party in the State.

TOP 5 RISKS & MITIGATION PLANS

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

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

| S. No | Type of Risks -- Current Risk Rating | Mitigation Plan |
|-------|--------------------------------------|--|
| 1 | Liquidity & Leverage Risk - ***** | <ul style="list-style-type: none"> Corporate Debt Restructuring (CDR) proposal has been presented to the CDR Empowered Group and on acceptance would ease liquidity pressure Reduction in operational costs and collection cycles Improvement in operational cash flow by means of better credit terms from vendors needs |
| 2 | Strategic Risk - ***** | <ul style="list-style-type: none"> The telecom sector slowdown indicates that GTL should focus on its Power Management business. This contract is long-term in nature (10 -15 yrs) and this business could bring in revenues of 1000 Cr. p.a. The Company needs to explore some innovative financial structures to discount revenues to generate liquidity in the Company The Network Services division needs to work on providing newer services to operators which deliver higher margins The Company should diversify its customer base in the energy management business as significant amount of its consolidated revenues comes from one customer An aggressive PR campaign will help rebuild the brand of the Company The Company needs to bring in new strategic investors to bring in business expertise and ease the liquidity situation To settle its issues with ICICI Bank and regain control of the 29.3% GTL shares that have been invoked Proceed to resolve its dispute with IFCI so that the value of the shares of GTL Infrastructure which have been illegally invoked are restored so that the value of this asset is available for repayments to banks |
| 3 | Market Risk - ***** | <ul style="list-style-type: none"> The CDR proposal if accepted would provide for moratorium period and may help ease the interest rate risk The Company needs to restructure the ECB component of its liability to avoid litigations & winding up petitions from ECB lenders |
| 4 | Operations Risk - ***** | <ul style="list-style-type: none"> Need to infuse liquidity in operations to reduce this risk Need to focus on winning new contracts Need to reduce penalties and curb expenses and undertake effective cost cutting measures |
| 5 | Manpower Risk - ***** | <ul style="list-style-type: none"> Need to rationalize duplicate manpower and put in place a scheme to retain the key and talented manpower of the Company Attracting fresh talent from the market will be extremely difficult, therefore it is imperative that the HR department along with the line managers reach out to current employees to stem the attrition levels |

INTERNAL CONTROL SYSTEM

The Company follows the COSO (Committee of Sponsoring Organization) model of Internal Control Framework and has designed Internal controls to provide compliance with the COSO standards.

The Internal Control Framework of the Company is devised to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

With the objective of safeguarding the Company's assets and ensuring financial compliance, there are well documented and established operating procedures in the Company and its subsidiaries, in India and overseas.

The Internal Control Framework of the Company is made up of five components. They are derived from the way the management runs an operation or functions and are integrated with the management process. The components of the internal control framework are:

Control Environment

The control environment of the Company sets the tone of an organisation, influencing the control consciousness of the employees. Control environment factors include the integrity, ethical values and competence of the Company's employees; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its employees and the attention and direction provided by the Company.

Risk Assessment

The Company has a system of risk assessment which covers the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed.

Control Activities

The Company has a well-defined set of control activities that includes the policies and procedures that ensure management directives are carried out. They include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.

Information and Communication

Information systems produce reports containing operational, financial and compliance-related information that make it possible to run and control the organization. The Information systems also ensure that effective communication occurs in a broader sense, flowing down, across and up the organization.

Monitoring

The Company has also a process to ensure that Internal Control Systems are properly monitored - a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations.

An independent review of the internal control systems is also carried out by the Statutory Auditors. Any significant deficiency in internal control along with the progress in implementation of recommended remedial measures is regularly presented to and reviewed by the Audit Committee of the Board.

Internal Audit

The Role of Internal Audit Department is in line with the role for Internal Auditors as laid down by the Institute of Chartered Accountants of India, as given below:

- Understanding and assessing the risk
- Identifying areas for systems improvement and strengthening controls
- Ensuring optimum utilization of the resources of the Company
- Ensuring proper and timely identification of liabilities
- 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 process is designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company's operations. The Internal audit department performs risk based audits, based on an internal audit plan, which is reviewed each year in consultation with statutory auditors and the Audit Committee. The Audit Committee reviews monthly Audit reports submitted by the Internal Auditors and tracks the

implementation of corrective actions. The Internal Audit Department is well staffed with experienced members.

Some significant features of the Internal Control systems are:

- Well-defined Corporate policies on accounting and major processes
- Well-defined processes for formulating and reviewing annual and long term business plans
- Preparation and monitoring of annual budgets for all operating and support functions
- Monthly meeting of the Operating Council to review operations and plans in key business areas
- A well established Internal Audit team, which reviews and reports monthly to management and the Internal Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations
- Audit Committee of Board of Directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any.

Thus effective internal controls enhance the organizational performance and contribute towards accomplishment of company objectives.

HUMAN RESOURCES

The primary objective of Human Resource (HR) function is to attract and retain talent with requisite competencies, especially for emerging businesses and focus on training and development to improve productivity thereby strengthening the competitive edge of the company.

As on June 30, 2011, GTL has 9,612 associates working for the Company as against 7,066 associates in March 31, 2010. The rise in the workforce of the Company was mainly on account of diversification in Power Management, increase in O&M business due to GTL Infra's acquisition of Aircel's Towers and Energy Management contract signed with Aircel & GTL Infra.

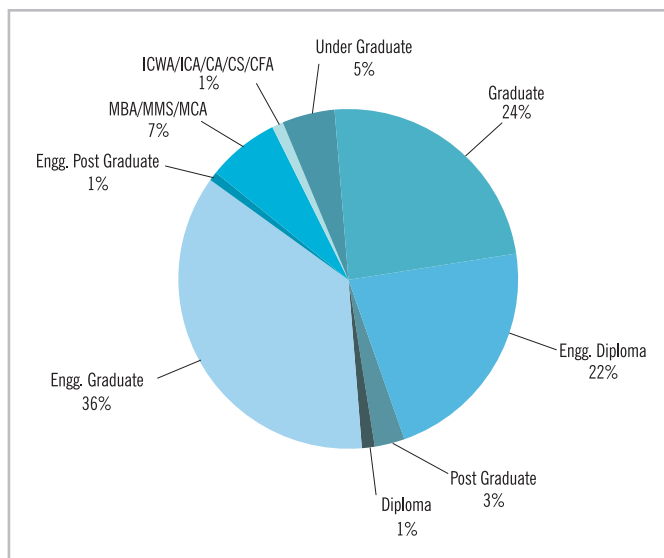
Employee Engagement

During the year GTL undertook several activities focused at improving employee engagement. These include "i-view", an in-house monthly e-magazine used to inform all employees about the key events for the Company, "Globali", a comprehensive and exhaustive intranet that houses all policies, procedures, initiatives and happenings.

The Company also maintained a team of experienced trainers to facilitate training programs and practical knowledge sharing at

various locations across the country and abroad. The Company conducted integration meets and induction for new employees to enable seamless integration in the GTL environment.

Qualification-wise break-up FY 10-11



Talent Management

Given the dynamic nature of business environment, nurturing the human capital becomes necessary for achieving sustainable growth. GTL recently forayed in the Power Management business and Human resource is a crucial element for success in this line of business. With long term objective in mind the company has identified several training and development programs to impart the employees with necessary skill-sets.

Learning and Development

The Company regularly undertakes talent assessment to understand their readiness to partner the business ambition in the medium and long term. During the year, the Company entered into tie-ups for education programs with IIM Ahmedabad, ISB Hyderabad, Welingkar Institute of Management and others to enable their experienced faculty to give management related training to the employees.

GTL is an employee friendly organisation and provides facilities to ensure a comfortable working environment for its employees. HR at GTL has also come up with employment scheme guidelines for children of the employees. Under this scheme jobs are offered to these children on merit basis as per requirement in the group companies and qualification and experience of the candidate.

Employee Benefits

| Talent Management Program | Objective | Benefits to Employees |
|---------------------------|---|---|
| Club Orion | To provide recognition & talent development to top-performers in the organisation | <ul style="list-style-type: none"> - Undergoes career discussion and performance enhancement action plan - Considered for succession planning for key roles and responsibilities |
| Family Jewel Program | Program for middle management intended to groom the finest talent in the organization | <ul style="list-style-type: none"> - Structured career progression through various career opportunities - Monetary advances in the form of attractive loans and incentives - Exclusive personal benefits |
| Business Partner Program | To nurture, develop and retain top management in GTL | <ul style="list-style-type: none"> - Structured career progression - Leadership role for new initiatives - Ownership through ESOPs - Exclusive personal benefits |

Health and Safety

As a leading engineering Company that caters to global customers, GTL takes its Health, Safety and Environment initiatives seriously and the HSE objectives form an integral part of the overall corporate strategy.

QUALITY AND PROCESSES

Our quality system has been laid on strong systems and processes in order to capture “Voice of Customers” and “Voice of Business” to help achieve our core value of “Delighting Customers through Superior Services”.

At GTL, our focus is on maturing and stabilizing world-class processes and procedures yielding the best possible quality. We have adopted holistic approach that affects and involve everyone – employees, customers, suppliers, shareholders and society.

Quality Initiatives at GTL

Quality initiatives at GTL are initiated to achieve excellence in Business, Operations and Processes.

Business Excellence

We adopted IMC’s Ramakrishna Bajaj Business Model based on Malcolm Baldrige Business Excellence Framework in 2004 and CII – ITC’s Business Sustainability Award Model in 2007. The adoption of these models helped us to fine tune our systems and processes to ensure sustainable growth and excellence.

Our efforts were recognized when GTL was awarded Ramkrishna Bajaj Performance Excellence Trophy in 2008-09 and Ramkrishna Bajaj Outstanding Achiever Trophy in 2009-10 for its exemplary performance in all aspects of Business Excellence. GTL was awarded Commendation Certificate for Strong Commitment towards Sustainability in 2009-10 by CII – ITC Centre of Sustainable Development.

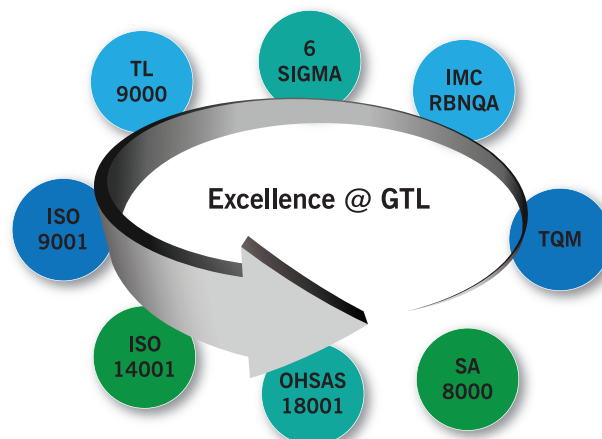
Our efforts were further validated on Global Quality Platform when **International Asia Pacific Quality Organization** awarded **GTL Limited** the “**World Class Award**”, the highest award, in the **Large Services** category for the “**Best Performing Organization in the World**” at an award ceremony held in Kathmandu, Nepal.

Process Excellence

GTL attained a number of milestones during the FY 2010-11.

- Recommended for continuation of TL 9000 Release 5.0 certification (a telecom sector specific quality standard)
- Recertified for the ISO 9001:2008 (Quality Management System) certification
- Recommended for continuation of the ISO 14001:2004 (Environment Management) certification
- Recommended for continuation of the OHSAS 18001:2007 (Occupational Health & Safety Management) certification
- Recommended for continuation of the SA 8001:2008 (Social Accountability Management) certification
- Entire Nepal Operations of GTL Limited i.e. GTL Nepal Limited was certified for ISO 9001:2008 Quality Management System

The above certifications are a testimony to GTL’s commitment to achieve the highest standards of quality. The cornerstone of these certifications is the in-house developed Business Management System, a vibrant, process-driven, people-oriented and customer-focused management system which is continuously evolving to cater to the requirements of the organization’s varied business offerings. Further several management tools like Six Sigma, Problem Solving are practiced to optimize the processes.



Operational Excellence

GTL’s operational excellence is a result of implementing a blend of Sustainability Initiatives. During the year extensive trainings related

to Environment, Health & Safety and Social Accountability were done.

Quality in Supply Chain: To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain. GTL and its suppliers are mutually dependent. We have not only established the incoming material inspection system and comprehensive evaluation system of suppliers, but also strengthened the mutual beneficial partner relationships with suppliers by realizing the following activities:

- Identifying and selecting key suppliers, reducing the scale of supply system
- Investigating the requirements of customers and develop new product jointly with suppliers
- Sharing information, technology, and resource with suppliers
- Acknowledging the improvement and achievement of suppliers
- Initiating joint improvement activities with suppliers
- Training for suppliers, sending quality teams to help suppliers improve their processes
- Supplier Performance Management system based on TL9000 standard

CORPORATE SOCIAL RESPONSIBILITY

As a company focused on sustainable & inclusive growth, GTL has adopted the CSR frame work that encourages it to simultaneously contribute towards creating a positive impact on its operations in the areas of Environment, Society and Governance (non financial parameters).

GTL's Social Accountability Management System is based on SA 8000:2001 standard that covers the vendors and employees. It has also adopted the OHSAS 18001:2007 to ensure that employees get a safe and healthy working environment.

Social issues are identified by the CSR group and the issues having high impact are addressed by CSR projects that are channelized through the Global Foundation; a not for profit initiative of the Global Group.

GTL provides up to 1% of its net profit for CSR. GTL's employees participate in CSR by volunteering their services as "Positrons" and financial support through "Payroll Giving Program". The focus areas for social contribution are Disability, Education, Health and Community Service.

Focus area – DISABILITY

With the advancements in technology it is now possible for the visually challenged individuals to work in the corporate sector / offices at par with the sighted, however due to lack of infrastructure

and availability of skilled trainers, such persons do not get suitable employment.

Global Foundation bridges the gap by providing specialized computer courses for the blind from its two Advanced Computer Centers in Mumbai and the recent third center at Chennai. Some of the initiatives taken in the field of disability are:

Project Netra – Computer literacy and personality enrichment for the visually challenged.

Visually impaired students learn the basic computer literacy program, 1-year advance software program and 4 month's hardware training program. The programs are also supplemented with Soft Skills training for personality enrichment and interview skills.

| Courses | Target 2010-2011 (No. of students) | Achievement 2010 –2011 (No. of students) | Target 2011-2012 (No. of students) |
|----------------------|---------------------------------------|--|--|
| Basic | 40 | 102 | 120 |
| Advance | 60 | 49 | 80 |
| Hardware | 20 | 19 | 30 |
| Soft Skills Training | 30 | 31 | 40 |
| Total Beneficiaries | 150 | 201 | 270 |

Project Swayam: Assisting the visually impaired in Job placements

Global Foundation helps the visually impaired in "Job Placements / On Job Training" by partnering with Global Innovsource, a Global Group company.

Summary of contribution

- Self employed students post Hardware Training – 10
- Students employed in corporate / public sector - 13

Project Drishti: Awareness on Eye donation through Global Foundation using mass media campaign & posters displayed at places with high foot falls by volunteers.

Talk 64: Chess Software "Talk 64" helps visually challenged to play chess. It's distributed free of cost through 'All India Chess Federation for the Blind'.

Focus area - EDUCATION

GTL executes O&M, Energy Management and Network deployment contracts in the rural and semi urban areas. During engagement with the local communities it was learnt that computer literacy is still away from the reach of rural population. Further, it's difficult for the underprivileged students to pursue and complete their education due to financial constraints.

Thus, GTL and Global Foundation started spreading computer literacy by providing computer labs and imparting computer skills in the rural areas.

Global Foundation also encourages underprivileged and meritorious children to pursue their education by granting them need cum merit based scholarships.

Project Gyan IT: Computer Literacy / skills and Computer Labs for the benefit of rural children

Over 100,000 students have benefited through this program in the last 7 years.

Summary of contribution

| Description | Target 2010-2011 | Achievement 2010 -2011 | Target 2011-2012 |
|---------------------------------------|---|---|--|
| Infrastructure set up | 18 schools | 12 schools | 20 schools |
| Students benefited | 6000 students | 3900 students | 8000 students |
| Computer Competition | 60 schools | 54 schools | 80 schools |
| Participation in Computer Competition | 60 schools 120 students and 60 teachers | 54 schools 112 students and 57 teachers | 80 schools 200 students and 100 teachers |

Project KNOW (Knowledge on Wheels): Mobile Computer Lab

Knowledge on Wheels is a mobile computer lab built by modifying a bus that reaches out to schools in the interiors and imparts computer skills to the children.

| Details | Target 2010-2011 | Achievement 2010 -2011 | Target 2011-2012 |
|--------------------|------------------|------------------------|------------------|
| Schools covered | 14 | 8 | 14 |
| Students benefited | 400 | 292 | 400 |

Project VKC (Village Knowledge Center): IT Education for adults

VKC's are centers for learning and awareness in the rural areas. They have benefited the housewives and adults. VKC's have also generated employment and improved the standard of living of rural women.

| Details | Target 2010 – 2011 | Achievement 2010 -2011 | Target 2011-2012 |
|---------------|--------------------|------------------------|------------------|
| No of VKCs | 4 | 4 | 4 |
| Women trained | 500 | 435 | 500 |

Project Gyanjyot: Education Scholarship

Gyanjyot is the scholarship scheme for the children of Low Income Group Families which covers Jr.Kg to Post Graduation.

Working population are also encouraged to add new skills / qualifications to improve their lives.

| Details | Target 2010 -2011 | Achievement 2010-2011 | Target 2011-2012 |
|---|-------------------|-----------------------|------------------|
| Financial Support given to students till date | 700 | 692 | 700 |
| Scholarships for working students | 20 | 18 | 25 |
| Total | 720 | 710 | 725 |

Focus area - HEALTH

Project Medical Assistance: Curative intervention for Emergency and Critical illness

Emergency Medical Assistance and relief to low income people suffering from life threatening disease, critical illness and fatal accidents. The scheme has benefited people who could not afford medical treatment.

GTL's positrons (volunteers) undertake spot fund raising, arrange blood and approach the hospitals to ensure affordable treatment for the needy.

| Details | Target 2010-2011 | Achievement in 2010-2011 | Target 2011-2012 |
|----------------------------|------------------|--------------------------|------------------|
| Critical illness cases | 50 | 4 | 30 |
| Emergency & Accident cases | 50 | 26 | 30 |
| Total | 100 | 30 | 60 |

Project Arogya: Preventive Rural Health Mission

Mobile health van with a doctor offers preventive medical support to people living in the interior parts of Kudal in Maharashtra. Several people have taken the benefits.

| Details | Target 2010-2011 | Achieved in 2010-2011 | Target 2011-2012 |
|-----------------------------|------------------|-----------------------|------------------|
| No of Health Check up Camps | 36 | 31 | 76 |
| No of people benefited | 6000 | 5334 | 10,000 |

Employee Volunteerism

GTL's volunteers known as "Positrons" are an integral part of the CSR frame work. They actively participate in the community work by volunteering their services and also contribute for the financial sustainability of the projects by way of Payroll Giving Program.

Summary of contribution

- 130 positrons ran in support of Visually impaired in Mumbai and Delhi Marathon
- 450 volunteers donated blood

- 850 Volunteerism Man-Hours are invested in the development of street children
- 1000 Volunteerism Man-Hours invested in soft skill development for visually challenged.

| Details | Target 2010-2011 | Achieved in 2010-2011 | Target 2011-2012 |
|------------------------|---------------------|--------------------------|---------------------|
| Volunteerism Man hours | 2000 Man-Hours | 3466 Man-Hours | 6000 Man-Hours |

Project: Education for Peace

Global Foundation truly believes that in order to work towards building a safer and more peaceful world than the one we live in today. Every individual should bring peace through education, secular culture, social justice, National Integration through education and finally Education for Peace as a lifestyle movement.

With this thought in mind the Foundation started Education for Peace program to bring empathy and goodwill towards each individual and live harmoniously in the society.

ENVIRONMENT EXCELLENCE

GTL Limited is an energy conscious, environment friendly business organisation. The company has been taking various measures to achieve the target of continual sustainable development and has put in a comprehensive Environment Management System.

GTL being a service provider has limited impact in terms of environmental pollution. It only consumes natural resources to a limited extent and is more involved in processing or utilising hazardous material or polluting substances.

Highlights for the year 2010-11

1) Statutory & Voluntary Compliances

Through the EMS framework GTL ensures that it complies with all the laws and provide for a work environment that is safe. It has demonstrated compliance with environment regulations in 2010-11.

GTL has adhered to the HSE management system based on ISO 14001:2004 and OHSAS 18001:2007 standards. GTL has a pool of certified ISO 14001:2004 auditors to drive the ISO 14001 initiatives across the organization.

2) Consumption of Natural Resources

Considering the scarcity of natural resources, Management programs have been identified for each of the resources i.e. Fuel, Energy, Water, Paper, under the Environment Management System and are tracked on monthly basis.

Reduction of consumption of natural resources for customers and innovating new business offering under EMS

As an offshoot from the EMS, GTL developed green energy based solutions for telecom towers under the Energy Management Solution. GTL's Energy Management Services help in reducing Electricity and Diesel consumption expenses of telecom sites. The Energy Management Solutions harness wind/solar/free cooling and other solutions that reduce the electricity and diesel requirements. These solutions coupled with energy audits and reduced power losses, help the telecom customers reduce their power consumption and carbon footprints.

3) Emissions, Effluents and Waste

GTL being a telecom service provider does not contribute significantly to the global e-waste scenario. Measures are taken to handle e-waste in a responsible manner by giving the e-waste to authorised e-waste recyclers. As a strategic approach only energy efficiency rated hardware is procured. Also;

- Biodegradable waste is converted to manure through organic composting. This manure is utilised in our campuses or donated as part of our CSR activity
- Used oil and batteries are given to the CPCB authorised recyclers

Green House Gas Emission

GTL has carried out an aggressive greening program around the Corporate office vicinity. Over the years the Company has planted more than 2000 trees. About 1800 sq. metres of the land is covered by green foliage which besides making the campus green also acts as carbon sink. Global Foundation has also undertaken tree plantation activities at Hellen Keller institute for deaf and blind as part of its CSR activities.

Car Pool Portal

GTL has also introduced Car Pool Portal to help its staff use lesser cars for commuting to office, thus reducing GHG emissions. PUC checking camps were also organised in FY 2010-11 for vehicles entering its Mahape office premises. The company adopts a policy of "NO PUC – NO ENTRY" for vehicles entering our registered office.

4) Awareness and Education

GTL drives major continuous awareness programs across various levels or geographies of the organisation. Health, Safety and Environment awareness/trainings are carried out through various forums like: Instructor led trainings & Web based trainings, Display of posters, Induction trainings, ISO 14001 initiatives training and certifications, Environment week celebrations etc.

As the Company is listed at BSE Limited and National Stock Exchange of India Limited, in terms of Clause 49 of the Listing Agreement of the Stock Exchanges (Clause 49), the Compliance Report on Corporate Governance (in the prescribed format) is given as under:

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

GTL's Philosophy on the Code of Governance as adopted by its Board of Directors:

- Ensure that quantity, quality and frequency of financial and managerial information which is shared with the Board, fully places the Board members in control of the Company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards stakeholders thereby ensuring high accountability.

II. BOARD OF DIRECTORS:

➤ Details of Directors

| NAME OF DIRECTOR | PD/ NPD * | ED/ NED/ ID* | Attendance in Board Meetings | | Attendance in last AGM | Other Companies | | | |
|-------------------------------|--------------|-----------------|---------------------------------|----------|---------------------------|--|-----------------------------|---|----------------------------------|
| | | | Held | Attended | | Board Directorship (including Chairmanship) ** | Board Chairmanship ** | Committee Membership (including Chairmanship) *** | Committee Chairmanship *** |
| Mr. Manoj Tirodkar | PD | ED# | 7 | 6 | Present | 1 | 1 | 1 | 0 |
| Mr. Sadanand D. Patil | NPD | NED/ ID | 7 | 5 | Present | 0 | 0 | 0 | 0 |
| Prof. S.C. Sahasrabudhe | NPD | NED/ID | 7 | 5 | Present | 2 | 0 | 0 | 0 |
| Mr. Dipak Poddar | NPD | NED/ ID | 7 | 7 | Absent | 8 | 1 | 3 | 1 |
| Mr. T.N.V. Ayyar | NPD | NED/ ID | 1 ## | 0 | Absent | - | - | - | - |
| Mr. Vinod Sethi | NPD | NED/ ID | 7 | 7 | Present | 10 | 1 | 9 | 1 |
| Prof. S.B. Navathe | NPD | NED/ ID | 7 | 2 ### | Present | 0 | 0 | 0 | 0 |
| Mr. Charudatta Naik | NPD | ED | 7 | 7 | Present | 2 | 0 | 1 | 0 |
| Mr. Vijay Vij | NPD | NED/ ID | 7 | 7 | Present | 2 | 0 | 1 | 0 |
| Mr. Balasubramanian Nagarajan | NPD | NED/ ID | 6^ | 4 | N.A. | 4 | 0 | 3 | 2 |
| Mr. Sukanta Kumar Roy | NPD | ED | 6^ | 4 | N.A. | 0 | 0 | 0 | 0 |

Note: There are no inter-se relationships between our Board members.

* PD — Promoter Director; NPD — Non-Promoter Director; ED — Executive Director; NED — Non Executive Director; ID — Independent Director.

** In Indian Public Limited Companies.

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

Re-designated as Non Executive Chairman w.e.f. April 1, 2011 and again re-designated as the Chairman & Managing Director w.e.f. August 18, 2011 .

Mr. TNV Ayyar retired as a Director w.e.f. July 21, 2010.

Prof. S.B. Navathe was granted leave of absence for the Board Meetings not attended by him on account of his occupation in USA.

^ Inducted into the Board w.e.f July 27, 2010.

➤ Details of Board Meetings held during the year:

| Date of Board Meeting | 20-04-10 | 27-07-10 | 03-11-10 | 20-12-10 | 24-01-11 | 01-04-11 | 28-04-11 |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| Board Strength | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| No. of Directors Present | 6 | 9 | 7 | 8 | 9 | 8 | 9 |

- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- The decision-making is transparent and documented through the minutes of the meetings of the Board / Committees thereof.
- Maximizing long term value of the stakeholders and the Company and to protect interest of minority shareholders.
- Ensure that core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other company of world class operating practices.

III. AUDIT COMMITTEE:

➤ Terms of reference / Role:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management.

- iv) Significant adjustments made in the financial statements arising out of audit findings.
- v) Compliance with listing and other legal requirements relating to financial statements.
- vi) Disclosure of any related party transactions.
- vii) Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same exists.
- 12A. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc., of the candidate.
13. Carrying out any other function as may be specifically referred to the Committee by the Board of Directors and / or other Committees of the Company.
14. To review periodically the report of executive management about controlling risk through means of a properly defined framework.

15. To review the financial statements, in particular, the investments made by the unlisted subsidiaries of the Company.
16. To review the following information:
 - i) Management discussion and analysis of financial condition and results of operations;
 - ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - iii) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - iv) Internal audit reports relating to internal control weaknesses; and
 - v) The appointment, removal and terms of remuneration of the Chief Internal Auditor.

➤ **Composition of Audit Committee and Attendance of Members:**

| Name of Director and position | Meetings/Attendance | | | | |
|-------------------------------|---------------------|----------|----------|----------|----------|
| | 20-04-10 | 27-07-10 | 03-11-10 | 24-01-11 | 28-04-11 |
| Mr. Vijay Vij, Chairman | P | P | P | P | P |
| Mr. Vinod Sethi, Member | P | P | P | P | P |
| Mr. Dipak Poddar, Member | P | P | P | P | P |

P-Present, A-Absent

IV. NOMINATION & REMUNERATION COMMITTEE (NRC):

Brief description of terms of reference:

- Frame the Company's policies on Board and Directors with the approval of the Board;
- Make recommendations to the Board in respect of appointment / re-appointment of Directors;
- Recommend the compensation payable to the Executive Directors;
- Approve promotions/salary revision of Members of Operating Council;
- Review of HR Policies/Initiatives & Senior Level Appointments;
- Administer and supervise Employees Stock Option Schemes including allotment of shares arising out of conversion of Employee Stock Option Scheme(s) or under any other employee compensation scheme;
- Frame suitable Policies and Systems for implementation, take appropriate decisions and monitor implementation of the following Regulations:
 - a. SEBI (Prohibition of Insider Trading) Regulations, 1992; and
 - b. SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to The Securities Market) Regulations, 1995.
- Perform such other functions consistent with regulatory requirements.

➤ **Composition of NRC and Attendance of Members:**

| Name of Director and Position | Meetings/Attendance | | | | | | |
|-----------------------------------|---------------------|----------|----------|----------|----------|----------|----------|
| | 20-04-10 | 27-07-10 | 29-10-10 | 18-11-10 | 03-12-10 | 14-01-11 | 28-04-11 |
| Mr. T.N.V. Ayyar, Chairman* | A | NA | NA | NA | NA | NA | NA |
| Mr. Sadanand D. Patil, Chairman** | P | P | P | P | P | P | P |
| Mr. Vinod Sethi, Member | P | P | P | P | P | P | P |
| Mr. Dipak Poddar, Member | P | P | P | P | P | P | P |

P-Present, A-Absent

* Retired as a Director and Chairman of Nomination & Remuneration Committee w.e.f. July 21, 2010.

** Appointed as Chairman of Nomination & Remuneration Committee w.e.f. July 27, 2010

➤ **Remuneration Policy:** The Policy Dossier approved by the Board at its meeting held on April 22, 2009 contains compensation policy (criteria on making payments) for Directors, which has been posted on the website of the Company, *inter alia*, provides for the following:

➤ **Executive Directors:**

- Salary and commission not to exceed limits prescribed under the Companies Act, 1956.
- Remunerate from time to time depending upon the performance of the Company, Individual Director's performance and prevailing Industry norms.

➤ **Details of remuneration to all the Directors during the year ended June 30, 2011.**

| Name of Director | Salary (₹) | Provident Fund (₹) | Perquisites (₹) | Commission (₹) | Performance linked bonus (along with Criteria) (₹) | Sitting fees (₹) | Total (₹) | Service Contract/ Notice period/ Severance fees/ Pension |
|-------------------------------|---------------|-----------------------|--------------------|-------------------|---|---------------------|--------------|--|
| Mr. Manoj Tirodkar \$ | 4,800,000 | 576,000 | 2,400,000 | @ | - | 20,000 | 7,796,000 | * |
| Prof. S.C. Sahasrabudhe | - | - | - | @ | - | 50,000 | 50,000 | Retirement by Rotation |
| Mr. Sadanand D. Patil | - | - | - | @ | - | 185,000 | 185,000 | Retirement by Rotation |
| Mr. Dipak Poddar | - | - | - | @ | - | 200,000 | 200,000 | Retirement by Rotation |
| Mr. T.N.V. Ayyar | - | - | - | @ | - | - | - | - |
| Prof. S.B. Navathe | - | - | - | @ | - | 20,000 | 20,000 | Retirement by Rotation |
| Mr. Vinod Sethi | - | - | - | @ | - | 135,000 | 135,000 | Retirement by Rotation |
| Mr. Charudatta Naik | 3,000,000 | 360,000 | 7,707,000 | - | @ | NA | 11,067,000 | Retirement by Rotation ** |
| Mr. Vijay Vij | - | - | - | @ | - | 95,000 | 95,000 | Retirement by Rotation |
| Mr. Balasubramanian Nagarajan | - | - | - | @ | - | 40,000 | 40,000 | Retirement by Rotation |
| Mr. Sukanta Kumar Roy | 2,149,323 | 257,919 | 4,458,836 | - | @ | NA | 6,866,078 | Retirement by Rotation *** |

\$ Re-designated as Non-Executive Chairman w.e.f April 1, 2011 and again re-designated as the Chairman & Managing Director w.e.f. August 18, 2011.

* 2 years w.e.f. August 18, 2011 / notice period 3 months or 3 months salary in lieu of the notice / Nil / Nil.

** 3 years w.e.f. October 1, 2010 / notice period 3 months or 3 months salary in lieu thereof / Nil / Nil.

*** 3 years w.e.f. July 27, 2010 / notice period 3 months or 3 months salary in lieu thereof / Nil / Nil.

@ in view of the proposed restructuring of debt by the Company either through Corporate Debt Restructuring or other mechanism, the Board of Directors decided non-payment of any commission to Managerial Personnel and Non-Executive Directors.

➤ **Details of ESOP Warrants allotted and converted:**

| Name of Director | No. of Warrants allotted | Date of Allotment | Exercise Price (₹) (including Premium) | Warrants Converted |
|-----------------------|--------------------------------|----------------------|---|-----------------------|
| Mr. Sadanand D. Patil | 25,000 | 03.08.99 | 100 | 25,000 |
| | 9,000 | 20.01.03 | 80 | 9,000 |
| | 9,000 | 27.02.04 | 80 | 9,000 |
| | 15,000 | 05.04.06 | 113 | 15,000 |
| | 100,000 | 05.10.06 | 134 | 100,000 |
| | 150,000 | 05.10.06 | 145 | 150,000 |

- No sitting fees.
- No ESOPs 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 ESOPs (other than Promoter Directors).

| Name of Director | No. of Warrants allotted | Date of Allotment | Exercise Price (₹) (including Premium) | Warrants Converted |
|--------------------------|--------------------------------|----------------------|---|-----------------------|
| Prof. S. C. Sahasrabudhe | 9,000 | 20.01.03 | 70* | 9,000 |
| | 9,000 | 27.02.04 | 70* | 9,000 |
| | 9,000 | 21.09.04 | 75* | 9,000 |
| Mr. Charudatta Naik | 6,500 | 08.07.99 | 100 | 6,500 |
| | 10,000 | 03.08.99 | 100 | 10,000 |
| | 10,000 | 03.11.01 | 75* | 10,000 |
| | 9,000 | 20.01.03 | 80 | 9,000 |
| | 12,000 | 27.02.04 | 80 | 12,000 |
| | 9,000 | 21.09.04 | 85 | 7,000 |
| | | | 75* | 2,000 |
| | 100,000 | 05.10.06 | 134 | - |
| | 150,000 | 05.10.06 | 145 | 1,000 |
| | 250,000 | 18.04.07 | 140 | - |
| Mr. Sukanta Kumar Roy | 6,500 | 31.03.99 | 100 | 6,500 |
| | 10,000 | 03.11.01 | 75 | 10,000 |
| | 6,000 | 20.01.03 | 80 | 6,000 |
| | 8,000 | 27.02.04 | 80 | 8,000 |
| | 9,000 | 21.09.04 | 85 | 9,000 |
| | 100,000 | 05.10.06 | 134 | 17,000 |
| | 100,000 | 05.10.06 | 145 | - |
| | 50,000 | 05.10.06 | 145 | - |

Notes:

- ESOP warrants are vested over a period of 1-4 years from the date of allotment of warrants. Upon vesting, warrants are exercisable within a period of 3 to 36 months (depending upon the Scheme) or such other higher period as may be determined by the Board from time to time.
- * The Exercise Price in respect of ESOP-2001 and ESOP-2002 Schemes has been re-priced by reducing ₹ 10/- per share as per the Special Resolution passed at the Extra-ordinary General Meeting held on April 5, 2006.
- The Company has taken on lease basis immovable property from Mr. Sadanand D. Patil and has paid ₹ 10.06 Lakh towards rent.
- Mr. Sadanand D. Patil, Prof. S. C. Sahasrabudhe, Mr. Dipak Poddar, Mr. Charudatta Naik and Mr. Sukanta Kumar Roy hold 114,307, 18,000, 1,60,000, 1,000 and 594 equity shares respectively in the Company as on June 30, 2011.
- Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

VI. DETAILS OF GENERAL MEETINGS:

- **Location and time of GTL's last three Annual General Meetings with details of special resolutions passed:**

| | 2007-08 | 2008-2009 | 2009-2010 |
|---------------------------------------|--|--|---|
| Date | June 13, 2008 | July 10, 2009 | July 21, 2010 |
| Time | 10.30 A.M. | 10.30 A.M. | 10.30 A.M. |
| Venue | Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400703 | Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400703 | Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai, 400703 |
| Details of Special Resolutions passed | <ol style="list-style-type: none"> Further issue of Securities in Domestic / Overseas Market. ESOP 2008 Scheme Authority to recover Fringe Benefit Tax on ESOPs from employees. Payment of Commission to Non- Executive Directors. | <ol style="list-style-type: none"> Amendment in Article nos. 123(b) and 168 respectively of the Articles of Association of the Company. | <ol style="list-style-type: none"> Alteration in Exercise period in respect of the Company's ESOP Schemes as detailed in the resolution. |

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

- A special resolution U/s 17 of the Companies Act, 1956, for insertion of new sub-clause 1(d) immediately after the existing sub-clause 1(c) under Clause III A of the Memorandum of Association of the Company was passed through Postal Ballot. The Company received a total of 999 postal ballot forms. After weeding out 10 forms on technical grounds, out of total valid 989 postal ballot forms for 6,58,66,916 equity votes, 960 forms consisting of 6,58,56,309 equity votes representing 99.98% of valid votes were in favor of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on February 22, 2011.
- A special resolution U/s 149(2A) of the Companies Act, 1956, for commencing business as detailed in paragraph 103 under the Other Objects of the Company was passed through Postal Ballot. The Company received a total of 999 postal ballot forms. After weeding out 20 forms on technical grounds, out of total valid 979 postal ballot forms for 6,58,66,297 equity votes, 947 forms consisting of 6,58,55,629 equity votes representing 99.98 % of valid votes were in favor of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on February 22, 2011.

V. SHAREHOLDERS'/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE:
Composition of Committee

| Name of Director | Position |
|------------------------|----------|
| Mr. Sadanand D. Patil | Chairman |
| Mr. Manoj G. Tirodkar* | Member |
| Mr. Charudatta Naik** | Member |
| Mr. Dipak Kumar Poddar | Member |

* was a member of Shareholders / Investors Grievance and Share Transfer Committee till March 31, 2011.

** inducted into the Committee w.e.f. April 1, 2011.

- Name of Non-Executive Director heading the Committee: Mr. Sadanand. D. Patil
- Name and Designation of compliance officer: Mr. Vidyadhar A. Apte, Company Secretary
- Number of shareholders complaints received during 2010-11: 09
- Number not solved to the satisfaction of shareholders: NIL
- Number of pending complaints: NIL

- An ordinary resolution U/s 293(1)(e) of the Companies Act, 1956, for contribution from time to time to 'GTL Foundation' and / or 'GTL Employee Welfare Trust' or such other Trust such amount as the Board may in its absolute discretion deem fit was passed through Postal Ballot. The Company received a total of 999 postal ballot forms. After weeding out 21 forms on technical grounds, out of total valid 978 postal ballot forms for 6,58,66,277 equity votes, 885 forms consisting of 6,44,02,723 equity votes representing 97.78% of valid votes were in favor of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as an ordinary resolution on February 22, 2011.
- Person who conducted the postal ballot exercise: Mr. Virendra G. Bhatt, Practicing Company Secretary.

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

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

- **The Procedure for postal ballot:**

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

➤ **Details of Extra-Ordinary General Meetings held in last three years:**

| Sr. No. | Date | Time | Venue | Purpose |
|---------|---|----------|--|--|
| 1. | March 25, 2009 (Date of announcement of result of Postal Ballot) | 11.00 am | 412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038. | a. Buyback of Equity shares of the Company. |
| 2. | July 20, 2009 (Date of announcement of result of Postal Ballot) | 11.00 am | 412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038. | a. Power to the Board for making investment or loan or giving guarantee or providing security in connection with a loan by banks/ financial institutions / other entities to any entity / body corporate which is either a subsidiary / group / associate / vendor company. |
| 3. | March 12, 2010 (Date of announcement of result of Postal Ballot) | 11.00 am | 412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038. | Power to the Board for: a. making investment either directly or through a Trust in the securities of other bodies corporate as they may in their absolute discretion deem beneficial and in the interest of the Company. b. granting loans to any body- corporate on such terms and conditions as to repayment thereof and interest thereon; and c. giving any guarantee or providing any security in connection with loans made by any banks / financial institutions / other entities to any entity / body corporate on such terms and conditions as the Board may think fit. <i>Inter-alia</i> in Global Rural Netco Limited (GRNL), GTL Infrastructure Limited (GIL), Chennai Network Infrastructure Limited / Special Purpose Vehicle (CNIL / SPV) formed for acquisition of Telecom Tower asset from Aircel. |
| 4. | February 22, 2011 (Date of announcement of result of Postal Ballot) | 11.00 am | 412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038. | a. Alteration/amendment of Object Clause of Memorandum of Association of the Company by inserting new sub-clause 1(d) immediately after the existing sub-clause 1(c) under Clause III A to bring more clarity in relation to projects undertaken in the field of power / energy b. Commencing the business as detailed in paragraph 103 under the Other Objects of the Company c. Power to the Board to contribute from time to time to "GTL Foundation" and/or "GTL Employee Welfare Trust" or such other Trust being set up for welfare of employees of the Company and/or for charitable and/or other purposes in discharge of its Corporate Social Responsibility. |

VII. DISCLOSURES:

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

The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

- 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:

GTL has complied with the requirement of regulatory authorities on Capital Markets and no penalties / strictures have been imposed against it in the last three years, on any matter related to Capital Markets.

- Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee:

The Company has formulated Ethical Practices Policy in line with the Whistle Blower Policy which is a channel for receiving and redressing employees' complaints. The details are provided in the section titled compliance with non-mandatory requirements of this report. No personnel of the Company were denied access to the Audit Committee.

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

Pursuant to sub-clause VII (2) of Clause 49, the Company confirms that it has complied with all mandatory requirements prescribed in Clause 49 of the Listing Agreement for the financial year 2010-11. The Company has obtained a certificate from Joint Auditors Certifying its compliance with the provisions of Clause 49 of the Listing Agreement. This certificate is annexed to the Directors' Report for the FY 2010-11.

- **Non Mandatory requirements**

• **The Board -**

Has an Executive Chairman and his office with required facilities is provided and maintained by the Company.

No policy has been fixed on tenure of Independent Directors.

• **Remuneration Committee -**

The Company has constituted a Nomination and Remuneration Committee; full details are furnished under item no. IV of Clause 49 Report.

• **Shareholders Rights -**

Financial Results for the half year / quarter ended September 30, 2010 and March 31, 2011 were published in Economic Times and Maharashtra Times newspapers and were also displayed on the Company's website www.gtllimited.com and posted on the website www.corpfiling.co.in hence separately not circulated to the shareholders.

• **Training of Board Members -**

All new Directors inducted into the Board are provided with Policy Dossier containing policies and procedures followed by the Company. Detailed presentation is made to the members of the Board / Committees by Executive Directors and Senior Management Personnel providing insight of business strategy, business model, clientele, business prospects, nature of transaction etc. This provides a good opportunity for the Directors to understand the Company's Business Model and strategy.

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

Broad guidelines are given in the Policy Dossier on functioning of the Board of Directors.

• **Whistle Blower Policy -**

The Company has formulated Ethical Practices Policy in line with the Whistle Blower Policy and any employee, if he / she so desires, has free access to communicate committee members any matter of concern..

IX. GENERAL SHAREOWNER INFORMATION:

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L40300MH1987PLC045657

| 1. | Date, time and venue of the 23 rd AGM | Wednesday, October 19, 2011, 10:30 a.m. at Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400703. | | | | | | | | |
|---|--|--|---------------|-----------------|--|--------------------------------|---|--------------------------------|--|---------------------------|
| 2. | Financial Calendar for F.Y.2011-2012 | <table><tr><th>Quarter Ended</th><th>To be Published</th></tr><tr><td>First Quarter Results (Quarter ended 30-Sep-11)</td><td>On or before November 14, 2011</td></tr><tr><td>Second Quarter Results (Quarter ended 31-Dec-11)</td><td>On or before February 14, 2012</td></tr><tr><td>Third Quarter Results (Quarter ended 31-Mar-12)</td><td>On or before May 30, 2012</td></tr></table> | Quarter Ended | To be Published | First Quarter Results (Quarter ended 30-Sep-11) | On or before November 14, 2011 | Second Quarter Results (Quarter ended 31-Dec-11) | On or before February 14, 2012 | Third Quarter Results (Quarter ended 31-Mar-12) | On or before May 30, 2012 |
| Quarter Ended | To be Published | | | | | | | | | |
| First Quarter Results (Quarter ended 30-Sep-11) | On or before November 14, 2011 | | | | | | | | | |
| Second Quarter Results (Quarter ended 31-Dec-11) | On or before February 14, 2012 | | | | | | | | | |
| Third Quarter Results (Quarter ended 31-Mar-12) | On or before May 30, 2012 | | | | | | | | | |
| 3. | Dates of book closure | Tuesday, October 11, 2011 to Thursday, October 13, 2011, both days inclusive. | | | | | | | | |
| 4. | Dividend Payment | On or after October 19, 2011, but within the statutory time limit of 30 days subject to approval from Lenders and if declared at AGM. | | | | | | | | |
| 5. | Listing on Stock Exchanges | BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE). Listing Fees for 2011-12: Paid to both the Stock Exchanges | | | | | | | | |

VIII. MEANS OF COMMUNICATION:

➤ **Quarterly Results**

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges where shares of the Company are listed, immediately after these are approved by the Board.

➤ **Publication of Quarterly Results**

The Quarterly Results along with Notes were published in the Newspapers as under:

| Newspapers | Date of publication of results for the Quarter ended | | | | |
|--|--|----------|----------|----------|----------|
| | 31-03-10 | 30-06-10 | 30-09-10 | 31-12-10 | 31-03-11 |
| Economic Times | 21-04-10 | 28-07-10 | 04-11-10 | 25-01-11 | 29-04-11 |
| Maharashtra Times/ Nav Bharat Times | 21-04-10 | 28-07-10 | 04-11-10 | 25-01-11 | 29-04-11 |

➤ **Website where displayed**

<http://www.gtllimited.com>

➤ **Whether it also displays official news releases**

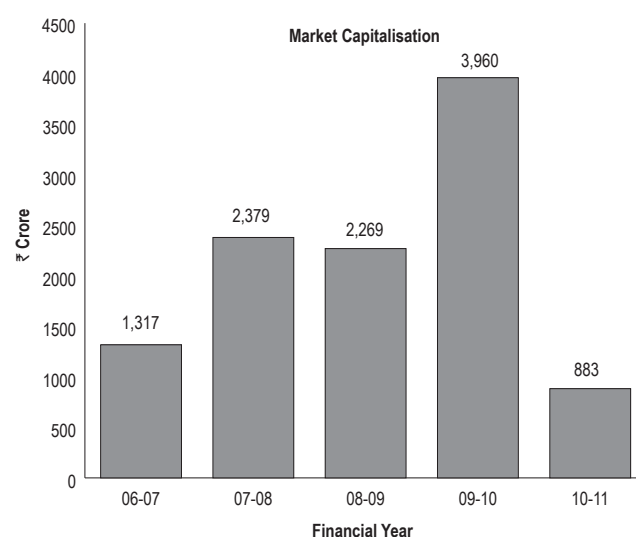
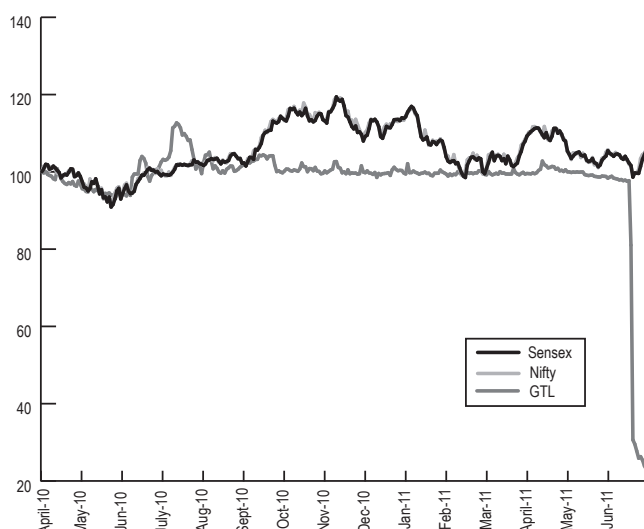
- The Company has made presentations to institutional investors, stock market analysts and news media. These were displayed on the website of the Company.
- The Company's Annual Report also contains a detailed Management Discussion and Analysis Report on the Company's financial performance and operations.
- The Annual Report, quarterly results, half yearly results, shareholding pattern are posted on the website www.corpfiling.co.in as per the requirements of Clause 52 of the Listing Agreement.

| | | |
|--|---|-------------------|
| 6. Stock Exchange Codes (Equity): | Stock Exchange / News Agency | Stock Code |
| | BSE | 500160 |
| | NSE | GTL |
| | Reuters Code | GTL.BO & GTL.NS |
| | Bloomberg ticker | GTS:IN |
| | Equity ISIN | INE043A01012 |
| | Non Convertible Debentures (Listing on BSE only) | |
| | Series I INE043A08017 | 946494 |
| | Series II INE043A08025 | 946495 |
| | Series III INE043A08033 | 946496 |
| | Series IV INE043A08041 | 946521 |
| | Series V INE043A08058 | 946522 |
| | Series VI INE043A08066 | 946523 |

7. Stock Market Data:

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

| Month | BSE | | | NSE | | |
|----------|----------|---------|---------------|----------|---------|---------------|
| | High (₹) | Low (₹) | Volume (Nos.) | High (₹) | Low (₹) | Volume (Nos.) |
| Apr-2010 | 418.25 | 401.40 | 4,729,421 | 420.90 | 401.95 | 5,740,592 |
| May-2010 | 403.75 | 389.55 | 279,984 | 403.90 | 388.20 | 1,278,034 |
| Jun-2010 | 434.35 | 391.25 | 1,130,782 | 434.20 | 391.55 | 2,187,869 |
| Jul-2010 | 470.50 | 416.00 | 1,158,342 | 470.55 | 415.65 | 2,305,449 |
| Aug-2010 | 439.25 | 414.95 | 470,688 | 438.85 | 416.10 | 1,257,588 |
| Sep-2010 | 434.60 | 415.35 | 1,350,348 | 435.95 | 416.45 | 4,411,644 |
| Oct-2010 | 426.10 | 415.05 | 401,239 | 427.20 | 415.40 | 1,331,934 |
| Nov-2010 | 428.00 | 415.00 | 669,958 | 428.65 | 415.05 | 1,567,163 |
| Dec-2010 | 424.85 | 410.95 | 786,515 | 426.35 | 411.50 | 2,789,866 |
| Jan-2011 | 419.50 | 413.50 | 173,157 | 419.50 | 412.95 | 393,201 |
| Feb-2011 | 418.95 | 411.65 | 104,944 | 418.75 | 413.15 | 1,005,769 |
| Mar-2011 | 419.45 | 413.60 | 99,189 | 421.00 | 414.20 | 621,475 |
| Apr-2011 | 427.95 | 415.55 | 123,367 | 429.25 | 415.35 | 319,175 |
| May-2011 | 418.90 | 411.30 | 277,342 | 419.80 | 411.95 | 787,048 |
| Jun-2011 | 411.60 | 90.75 | 108,933,887 | 412.80 | 90.80 | 233,993,335 |

8. GTL's share performance in comparison to broad-based indices:


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

9. Registrar and Share Transfer Agent:

The In-house Investor Service Centre (ISC) of the Company provides share registration and all the other related services to its shareholders. The ISC has also established connectivity with both the Depositories in India, viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISC is situated at the Registered Office of the Company.

The ISC is registered with the Securities and Exchange Board of India (SEBI) as a Category II Share Transfer Agent (STA) under Registration Code INR000003951 and the current certification is valid up to July 15, 2013.

The "Company Secretariat, Corporate Governance & Investor Services Centre" is accredited with ISO 9001:2000, certification.

10. Share transfers in physical form:

As majority of shares of the Company are held in electronic (demat)

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

The total number of physical shares transferred during the year under review were 10,360 (Previous year 6,180).

11. Distribution of shareholding as on June 30, 2011:

A. Distribution of shares according to size of holding

| No. of Shares | No. of Shareowners | % of Shareowners | Share Amount (₹) | % to Total |
|---------------|--------------------|------------------|--------------------|----------------|
| Upto 500 | 78,643 | 92.63% | 81,092,540 | 8.34% |
| 501 - 1000 | 3,231 | 3.80% | 25,950,050 | 2.67% |
| 1001 - 2000 | 1,415 | 1.67% | 21,591,270 | 2.22% |
| 2001 - 3000 | 456 | 0.54% | 11,758,730 | 1.21% |
| 3001 - 4000 | 234 | 0.27% | 8,390,240 | 0.86% |
| 4001 - 5000 | 175 | 0.21% | 8,175,150 | 0.84% |
| 5001 - 10000 | 323 | 0.38% | 23,805,740 | 2.45% |
| 10001 & ABOVE | 421 | 0.50% | 791,914,610 | 81.41% |
| TOTAL | 84,898 | 100.00% | 972,678,330 | 100.00% |

B. Distribution of shares by categories of shareholders

| Category | Nos. of Shareowners | Nos. of Shares Held | Voting Strength |
|--|---------------------|---------------------|-----------------|
| Promoters-Directors, their Relatives & Associates | 9 | 51,277,232 | 52.72%* |
| Other Directors, their Relatives | 9 | 448,901 | 0.46% |
| Bodies Corporate (Domestic) / Trusts / Clearing Members | 2,586 | 19,192,524 | 19.73% |
| Banks | 8 | 1,751 | 0.00%* |
| Mutual Funds | 4 | 46,164 | 0.05% |
| Financial Institutions (FIs) | 3 | 1,307,359 | 1.35% |
| Foreign Institutional Investors (FIIs) | 56 | 6,188,996 | 6.36% |
| Non-Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs) / Foreign National | 583 | 1,877,864 | 1.93% |
| Resident Individuals | 81,640 | 16,927,042 | 17.40% |
| TOTAL: | 84,898 | 97,267,833 | 100.00% |

C. Top 10 Shareowners

| Name(s) of Shareowners | Category (As per Depository) | Shares | % |
|---|--------------------------------------|------------|---------|
| Global Holding Corporation Private Limited (Promoter Group) | Domestic Company | 50,930,559 | 52.36%* |
| Indianivesh Securities Private Limited | Domestic Company | 1,519,952 | 1.56% |
| Mavi Investment Fund Ltd | Other Foreign Body | 1,229,806 | 1.26% |
| Life Insurance Corporation Of India | Financial Institution | 1,007,259 | 1.04% |
| Deutsche Securities Mauritius Limited | Foreign Institutional Investor (FII) | 971,292 | 1.00% |
| Somerset Emerging Opportunities Fund | Foreign Institutional Investor (FII) | 821,000 | 0.84% |
| Rhodes Diversified | Foreign Institutional Investor (FII) | 678,798 | 0.83% |
| | Other Foreign Body | 126,978 | |
| Reckon Trading Pvt Ltd | Domestic Company | 725,761 | 0.75% |
| Savyasachin Estates Limited | Domestic Company | 688,298 | 0.71% |
| Jumana Goolam Vahanvati | Resident Individual | 675,398 | 0.69% |

* on December 24, 2010, the Promoter / Promoter group furnished non-disposal undertaking (with POA) of 28,500,000 equity shares of the Company to ICICI Bank Limited (ICICI) which created pledge on the said shares on July 4, 2011. ICICI has invoked the pledge and transferred 28,500,000 equity shares in their account on July 26, 2011 and thus the promoters holding in the Company has reduced to 23.47% and holding of banks has gone up to that extent.

12. Dematerialisation of shares and liquidity:

Trading in equity shares of the Company on the Stock Exchanges is permitted only in dematerialised form as per notification issued by SEBI. The shares of the Company are available for trading under both the Depository Systems in India – NSDL & CDSL. 99.58% of the Company's shares are held in dematerialised form as on June 30, 2011 (99.55% up to March 31, 2010).

The Company's equity shares are among the actively traded shares on the BSE and NSE. Relevant data for the average daily traded volumes is provided in the Directors' Report under Capital Market Developments.

13. Outstanding Warrants or any Convertible instruments, conversion date and likely impact on equity:
Employees' Stock Option Plans (ESOPs)

The details are furnished in the Directors' Report under the heading Employees' Stock Option Plans (ESOPs).

14. Plant Locations:

List of Branch Offices and addresses provided elsewhere in this Annual Report.

15. Registered Office & Investor Service Centre (ISC):

GTL Limited

"Global Vision"

Electronic Sadan No. II, MIDC,

TTC Industrial Area, Mahape,

Navi Mumbai 400710 MAHARASHTRA, INDIA

16. Investor Correspondence:

All shareholders complaints/queries in respect of their shareholding may be addressed to the ISC at the Company's Registered Office.

Contact Persons:

Mr. Nagaraajan Iyer, General Manager, Investor Service Centre or

Mr. Divesh R. Sawant, Manager, Shares & Systems

Tel.: +91-22-27612929/27684111

Extn. Nos. 2232-2235 FAX: +91-22-27680171

Website: www.gtlimited.com

Email for Investor Grievance/s: gtlshares@gtlimited.com

Queries relating to financial statements, the Company's performance etc. may be addressed to:

Head - Investor Relations

GTL Limited,

412, Janmabhoomi Chambers, 29, W.H. Marg, Ballard Estate,

Mumbai 400038

Tel: +91-22-22715000 (extn:308)

Fax: +91-22-22619649

Email: ir@gtlimited.com

17. Investor Services – complaints, queries and correspondence:

| Particulars | Op. Bal. April 1, 2010 | Received | Resolved | Cl. Bal. as on June 30, 2011 |
|----------------------|---------------------------|-------------|-------------|------------------------------------|
| Complaints | Nil | 9 | 9 | Nil |
| Other Correspondence | Nil | 2135 | 2135 | Nil |
| Total | Nil | 2144 | 2144 | Nil |

18. Compliance Officer:

Mr. Vidyadhar A. Apte, Company Secretary, heading the Company Secretariat, Corporate Governance and Investor Service Centre of the Company, is the Compliance Officer under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

19. Legal Proceedings:

There are no proceedings pending against the Company that are material to affect adversely the profit or financial health of the Company.

As on June 30, 2011, there were 31 cases against the Company, pending in various Courts and other Dispute Redressal Forums. In 12 out of 31 cases, the Company has been implicated as proforma defendant i.e. there is no monetary claim against the Company. In most of these cases dispute is concerning the matters like loss of share certificate, title claim/ownership/transfer of the shares etc. The Company's implication in these matters is with a view to protect the interest of the lawful owners of the shares. Upon the final orders passed by the Court(s) the Company shall have to release the shares, which are presently under 'stop transfer', in this regard to the rightful claimants. There is no direct liability or adverse impact on the business of the Company on account of the said 12 cases.

In the balance 19 cases the contingent liability would be about ₹ 307.02 Lacs These cases are handled by the Company's Advocates, who have the necessary expertise on the subject. It is found that in most of the cases the claims are frivolous and without any basis and therefore the Company is resisting and defending these claims.

The Company has given a collateral security of 273,729,000 equity shares held by it in GTL Infrastructure Limited (GIL) to IFCI Ltd. for securing term loan of ₹ 250 crore availed by its associate company Chennai Network Infrastructure Ltd. IFCI sold 200,000 shares in the open market and invoked pledge on 176,368,219 equity shares of GIL and appropriated to itself the shares without notice. The Company approached the Delhi High Court for relief saying that this appropriation was bad in law as IFCI could not appropriate the shares to itself and

secondly a valid notice was not issued before the appropriation of the shares. The said matter is sub judice as on the date of this report.

20. Statutory Compliance:

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

21. Unpaid / Unclaimed Dividends:

Pursuant to provisions of Section 205 A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. After transfer of unpaid/unclaimed dividend amount to the IEPF, the amounts cannot be claimed by shareowners.

The Company has issued reminders to all shareholders in respect of the Unclaimed / Unpaid Dividend for the F.Y. 2003-04 during March 2011 and final reminder in July 2011. The Company has received 344 claims in response to the same and issued Demand Drafts in lieu of the unclaimed dividend. A statement showing the year / month(s) in which unpaid / unclaimed dividend(s) are due for transfer to the IEPF is given below:

| Dividend Particulars | Rate | Date of Declaration (AGM Date) | Date of Trf. to Unclaimed A/c | Due Date for Trf. to IEPF |
|----------------------|---------|--------------------------------|-------------------------------|---------------------------|
| FY 2003-2004 | 15.00% | September 16, 2004 | October 21, 2004 | October 20, 2011 |
| FY 2004-2005 | 18.00% | September 27, 2005 | October 28, 2005 | October 27, 2012 |
| FY 2005-2006 | 200.00% | September 27, 2006 | October 31, 2006 | October 30, 2013 |
| FY 2006-2007 | 25.00% | June 20, 2007 | July 26, 2007 | July 25, 2014 |
| FY 2007-2008 | 30.00% | June 13, 2008 | July 18, 2008 | July 17, 2015 |
| FY 2008-2009 | 30.00% | July 10, 2009 | August 14, 2009 | August 13, 2016 |
| FY 2009-2010 | 30.00% | July 21, 2010 | August 26, 2010 | August 25, 2017 |

22. Equity Shares in the Suspense Account

As stipulated under Clause 5A(II) of the Listing Agreement with the Stock Exchanges (w.e.f. December 16, 2010), the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with one of the Depository Participants. All corporate benefits accruing on such unclaimed shares are also to be credited to the suspense account. The voting rights of those members shall remain frozen till the rightful owner claims the shares. In compliance of said clause, the Company has already issued three reminders dated February 18, March 16 and May 02, 2011 to the applicable shareholders at their available address on record with the Company. The shares which remain unclaimed will be transferred into one folio in the name of "Unclaimed Suspense Account" and dematerialised in due course.

In response to the reminders, where the shareholders have responded, after proper verification, the share certificates were dispatched to them. The Company has already opened a Demat Suspense Account with a Depository Participant. The unclaimed shares will be transferred into one folio and dematerialised in the Demat Suspense Account in due course.

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

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

Details of the unclaimed shares as on June 30, 2011, are as under:

| Sr. No. | Particulars | No. of Shareholders | No. of Shares |
|---------|--|---------------------|---------------|
| (i) | Aggregate number of shareholders and the outstanding shares as on February 18, 2011 | 1,028 | 121,760 |
| (ii) | Number of shareholders and shares claimed by the respective shareholders till June 30, 2011. | 90 | 17,700 |
| (iii) | Balance number of shareholders and shares remaining unclaimed as on June 30, 2011. | 938 | 104,060 |

24. Voting Rights:

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

The Chairman may order to take a poll on his own motion. Any member or members present in person or proxy and holding shares in the

23. Changes to Equity Share Capital during the year ended June 30, 2011:

| Date | Particulars | Increase/(decrease) in Share Capital | | Cumulative Share Capital (₹) |
|--|----------------|--------------------------------------|------------|------------------------------|
| | | No of Shares | Amount (₹) | |
| Opening Share Capital as on April 01, 2010 | | - | - | 967,244,650 |
| 18-Nov-2010 | ESOP Allotment | 199,549 | 1,995,490 | 969,240,140 |
| 03-Dec-2010 | ESOP Allotment | 195,606 | 1,956,060 | 971,196,200 |
| 14-Jan-2011 | ESOP Allotment | 148,213 | 1,482,130 | 972,678,330 |
| Share Capital as on June 30, 2011 | | - | - | 972,678,330 |

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

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

CERTIFICATE AND STATEMENTS

COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

The Board of Directors,

GTL Limited

This is to confirm that:

- A. The Company has:
- (a) Maintained all the Statutory Registers.
 - (b) Filed all forms and returns and furnished all necessary particulars to the Registrar of Companies and / or other Authorities as required under the Companies Act, 1956.
 - (c) Registered all the charges created in favour of financial institutions, banks and others with the Registrar of Companies.
 - (d) Issued all Notices required to be given for Board Meetings and General Meetings within the time limit prescribed by law.
 - (e) Conducted the Board Meetings and General Meetings as per the Companies Act, 1956.
 - (f) Effected share transfers and dispatched certificates within the time limit prescribed by various authorities.
 - (g) Not exceeded the borrowing powers.
 - (h) Paid dividend to the shareholders within the time limit prescribed and has also transferred the unclaimed dividends to the Central Government within the time limit from time to time.
- B. No penalties or strictures have been imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to Capital Markets during the last three years.
- C. The Company has also complied with the regulations prescribed by the Stock Exchanges, SEBI and other Statutory authorities and also the statutory requirements under the Companies Act, 1956.

Vidyadhar A. Apte
Company Secretary

Place: Mumbai

Date: August 18, 2011

COMPANY SECRETARIAL COMPLIANCE CERTIFICATE

To
The Board of Directors,
GTL Limited

I have examined the registers, records, books and papers of GTL Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30th June, 2011 (Financial year 01/04/2010 to 30/06/2011). In our opinion and to the best of our information and according to the examinations carried out by me and explanations furnished to me by the Company, I am in opinion that in respect of the aforesaid financial year:

1. The Company is a listed Public Company.
2. All the requisite registers and other records required under the Act and the rules made there under have been maintained in accordance with the requirements.
3. All the requisite forms, returns and documents required under the Act and Rules made there under have been filed with the Registrar and other authorities as per the requirements.
4. The Board of Directors duly met seven times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The Annual General Meeting for the financial year ended 31st March, 2010 was held on 21st July, 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minute Book maintained for the purpose.
6. The Board of Directors of the Company is duly constituted. The Appointment of directors has been made in accordance with the provisions of the Act.
7. The Company has delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
8. The Company had made Allotment of 5,43,368 Equity shares of ₹ 10/- each for cash at a premium on the conversion of warrants under the ESOP scheme.
9. The Company has altered the provisions of Memorandum of Association with respect to the object clause of the company through postal ballot.
10. The requirement relating to declaration and payment of dividend and requirements relating to transfer of unpaid dividends to Investor Education and Protection Fund have been complied with.
11. Loans and investments have been made by the company in accordance with the requirements.
12. The Company has filed all the required documents with the stock Exchanges as per the Listing Agreement.
13. The Company has constituted the Audit Committee required as per Section 292A of the Act.

Virendra G. Bhatt
Practising Company Secretary
ACS – 1157/CP-124

Place: Mumbai
Date: 18th August, 2011

CEO / CFO CERTIFICATION

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

We Manoj G. Tirodkar – Chairman & Managing Director and Milind Bapat – Sr. VP Finance of GTL Limited hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the fifteen months period ended June 30, 2011 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of 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.

Manoj G. Tirodkar
Chairman & Managing Director

Milind Bapat
Sr. VP Finance

Place: Mumbai
Date: August 18, 2011

DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR

Pursuant to the provisions of Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management personnel of GTL Limited have affirmed compliance with the Code of Conduct for 'Directors and Senior Management' for the fifteen months period ended June 30, 2011.

Date: August 18, 2011
Place: Mumbai

Manoj G. Tirodkar
Chairman & Managing Director

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

Mr. Sadanand D. Patil, Senior Director

Mr. Patil was born on November 10, 1955. He has been a member of the Board since September 5, 1998.

Mr. Patil has more than 25 years of management experience. His areas of operations include finance, audit, logistics, distribution, customer service, human relations and administration. He holds directorship in GTL Europe Ltd.

In GTL Limited, he serves as a Chairman of Shareholders / Investor Grievance & Share Transfer Committee and Nomination & Remuneration Committee.

He does not hold Membership / Chairmanship of any Committees in other companies.

Mr. Patil's shareholding in the Company is 114,307 Equity Shares and Nil Equity Shares are held by his family members / relatives.

Mr. Vinod Sethi, Director

Mr. Sethi was born on May 25, 1962. He has been a member of the Board since July 30, 2001. He is a Chemical Engineer from IIT - Mumbai, and a MBA (Finance) and a Beta Gamma Sigma Graduate from New York University.

Mr. Sethi was the Managing Director of Morgan Stanley Investment Management, Inc., New York. He established the India business for Morgan Stanley and was its Chief Investment Officer for 12 years, during which, the India business grew in excess of USD 2 billion in assets under management. At its peak, Morgan Stanley was one of the largest investors in India. Assets under Mr. Sethi's management had been consistently ranked in the top-tier in the performance and in risk control.

Currently, he holds Directorship in Subex Limited, Geodesic Limited, KCP Sugar & Industries Corporation Limited, Mount Everest Mineral Water Limited, United Phosphorous Limited, Axsys Healthtech Limited, ITZ Cash Card Limited, Advanta India Limited, ISMT Limited, G.G. Dandekar Machine Works Limited, Sethi Funds Management Pvt. Limited and Durgamba Investments Private Limited.

He is the Chairman of the Audit Committee of ISMT Limited. He is also the member of the Audit Committee of Subex Limited, Geodesic Limited, KCP Sugar & Industries Corporation Limited, Mount Everest Mineral Water Limited, Axsys Healthtech Limited, Advanta India Limited and G.G. Dandekar Machine Works Limited and member of Investor Grievances Committee of ISMT Limited.

In GTL Limited, he serves as a Member of the Nomination & Remuneration Committee and Audit Committee.

He does not hold any shares of the Company either through himself or through his relatives.

Mr. Sukanta Kumar Roy, Additional Director and Whole-time Director & Chief Operating Officer.

Mr. Roy was born on August 17, 1956. He has been a member of the Board since July 27, 2010. He holds an MBA from IIM Calcutta, Bachelors and Master Degree in Engineering from Calcutta University. Mr. Roy as Whole-Time Director & Chief Operating Officer is responsible for Managing Growth, Profitability and Operations of the Company. Mr. Roy has an overall experience of over 28 years in Business Management, Strategic Planning, Sales and Marketing in IT services, Telecom & System Integration industries.

He has been associated with GTL for over 15 years and has worked as an Operational Head as well as pioneered & headed the Company's Consumer Telecom Business. Mr. Roy served as Deputy Chief Operating Officer (DCOO), prior to taking on his current role. In the past he has worked with companies like Philips and ET&T.

Mr. Roy holds directorship in GTL (USA) Inc., GTL Europe Limited, GTL (Singapore) Pte. Ltd., Ada Cellworks Pte. Ltd., GTL International Lanka (P) Limited, GTL Network Services Malaysia Sdn. Bhd., GTL Overseas (Middle East) FZ LLC, GTL Taiwan Company Limited, Ada Cellworks Wireless Engineering Pvt. Ltd.

In GTL Limited and other companies he is not a member in any Committee.

Mr. Roy's shareholding in the Company is 594 Equity Shares and Nil Equity Shares are held by his family members / relatives.

Mr. Charudatta Naik

Mr. Naik was born on November 9, 1965.

Mr. Charudatta Naik an Engineer by profession has specialization in Electronics and Telecom and is associated with the Company since 1995 in different capacities including that of Head – Enterprise Networks division, General Manager in the Company's JV at Abu Dhabi, President Network Engineering, Chief Operating Officer and past over three years he is functioning as a Whole-time Director. The current business operations of the Company are spearheaded under the direction and advice of Mr. Naik, who is instrumental in carving out infrastructure business into a separate entity through demerger. Mr. Naik is closely associated in various issues related to business strategy, planning, business development, acquisitions etc.

Currently he holds directorship in GTL Infrastructure Limited, Global Rural Netco Limited, Wireless Broadband Services (Kerala) Private Limited, Wireless Broadband Services (Haryana) Private Limited, Wireless Business Services Private Limited and Wireless Broadband Services (Delhi) Private Limited. He is a member of Audit Committee of GTL Infrastructure Limited.

In GTL Limited he is a member of Shareholder's / Investors Grievance and Share Transfer Committee and he does not hold Membership / Chairmanship in other companies.

Mr. Naik's shareholding in the Company is 1,000 Equity Shares and Nil Equity Shares are held by his family members / relatives.

Mr. Manoj G. Tirodkar

Mr. Tirodkar was born on October 5, 1964.

Mr. Tirodkar is a first generation entrepreneur, founded GTL Limited in 1987, when he was only 23 years old. With his vision and leadership qualities, he has taken GTL to great heights. Starting from scratch, today GTL is having annual turnover (consolidated) in excess of ₹ 3,964 Crore. As Chairman & Managing Director of the Company he has provided singular leadership and motivation to over 9,000 employees and associates of the Company to excel in their respective roles and also positioned GTL as a dominant player in the Network Services space. Mr. Tirodkar is the winner of CII Young Entrepreneurs Trophy 2001. He also has the honour of becoming the first Indian to win the World Young Business Achiever Award for 2000. Earlier he had won the Indian Young Business Achiever Award. Business Barons Taylors Nelson Sofres mode had ranked him 13th & 12th Best CEO of India for the year 2000 & 2001. He also received the Telecom Man of the Year Award in 1996.

He holds directorship in GTL Infrastructure Limited and GTL International Limited. He is a member of Shareholding / Investor's Grievances Committee and Allotment & Transfer Committee of GTL Infrastructure Limited.

In GTL Limited he was a member of Shareholder's / Investors Grievance and Share Transfer Committee till March 31, 2011.

Mr. Tirodkar's shareholding in the Company is 238,600 Equity Shares and 108,073 Equity Shares are held by his family members / relatives.

To the Members,

Your Directors take pleasure in presenting their Twenty Third Annual Report together with the Audited Accounts for the year ended June 30, 2011 (fifteen months).

1. FINANCIAL RESULTS

₹ crore

| Particulars | F.Y.2010-11 (15 months) | | F.Y.2009-10 (12 months) | |
|---|----------------------------|---------------|----------------------------|---------------|
| | Consolidated | Standalone | Consolidated | Standalone |
| Total Income | 3,974.90 | 3,100.83 | 2,239.26 | 1,553.43 |
| Profit before Depreciation, Interest and Financial Charges (Net) and Tax (PBDIT) | 627.15 | 505.96 | 341.66 | 267.69 |
| Profit before Depreciation and Tax (PBDT) | 391.62 | 303.18 | 305.24 | 244.67 |
| Less: Depreciation | 104.40 | 87.56 | 59.43 | 48.01 |
| Profit before Tax and extra-ordinary items | 287.22 | 215.62 | 245.81 | 196.66 |
| Less: Provision for Taxation | 73.63 | 72.05 | 40.62 | 39.33 |
| Profit after Tax (PAT) before Extra-ordinary and Prior Period items | 213.59 | 143.57 | 205.19 | 157.33 |
| Less: Prior Period Items | (1.44) | (1.39) | 0.89 | 1.03 |
| Add/(Less): Extra-ordinary Item | NIL | NIL | Nil | Nil |
| Add: Minority Interest | (0.08) | N.A. | 0.08 | N.A. |
| Add: Share Profits in Associates | (13.82) | N.A. | (0.08) | N.A. |
| Add: Reserve on Consolidation | (0.01) | N.A. | 0.07 | N.A. |
| Add : Excess Provision of Equity Dividend and Dividend Distribution Tax written back | 1.07 | 1.07 | | |
| Add: Balance brought forward from the last year | 563.04 | 248.39 | 463.07 | 196.21 |
| Profit available for Appropriation | 762.34 | 391.64 | 669.22 | 354.57 |
| Appropriations: | | | | |
| Recommended Equity dividend | 9.73 | 9.73 | 29.93 | 29.93 |
| Dividend Distribution Tax | 1.61 | 1.62 | 5.09 | 5.09 |
| Amount transferred to | | | | |
| - General Reserve | NIL | NIL | 20.00 | 20.00 |
| - Debenture Redemption Reserve | 140.00 | 140.00 | 51.16 | 51.16 |
| Balance Carried Forward | 611.00 | 240.29 | 563.04 | 248.39 |
| Total of Appropriation and Balance C/F | 762.34 | 391.64 | 669.22 | 354.57 |

In giving effect to the Accounting Standard 21 (AS 21) on Consolidated Financial Statements, brought out by the Institute of Chartered Accountants of India during the FY 2003-04, the Company has prepared its accounts on a consolidated basis.

The Company has accounted investment in its associates under the criteria set under AS-23 on "Accounting for Investment in Associate in Consolidated Financial Statement", using Equity method and has classified these Investments as long term.

The Company's Share in Associate, Global Rural Netco Limited is accounted for based on Un-audited financial results for the period ended June 30, 2011. The Company has, as at June 30, 2011 investment in GTL Infrastructure Limited (GIL) of ₹ 59,331.23 lakh and in Chennai Network Infrastructure Limited (CNIL) ₹ 151,312.20 lakh, aggregating ₹ 210,643.43 lakh. This included investment made for acquisition of tower assets from Aircel and its subsidiaries. CNIL has

proposed a merger with GIL. GIL and CNIL have filed requisite merger petitions with the High Court of Judicature at Bombay and Madras respectively. The proposed merger is effective from August 1, 2010 and will have impact on the Company's share in associates. In order to give appropriate financial impact, the share in associate in the resulting merged entity will be accounted post merger. This treatment being in preference to the Accounting Standard has been reported by Auditors. The Share in Associate, GIL is considered up to September 30, 2010.

GTL extended its FY 2010-11 for 15 months period ended on June 30, 2011. Hence, the financial results for FY 2009-10 and FY 2010-11 are not comparable with each other.

2. RESULTS OF OPERATIONS AND BUSINESS OVERVIEW

The revenue for the financial period under review was ₹ 3,964.16 crore as against ₹ 2,236.94 crore for the previous financial year registering an annualised revenue growth of 42%.

Other financial highlights for the year are as follows:

On a consolidated basis (for fifteen months),

- Revenue increased by 42% on annualised basis to ₹ 3,964.16 crore (US\$ 875.67 million)
- Operating Profit increased by 47% on annualised basis to ₹ 627.15 crore (US\$ 138.54 million)
- Profit after tax increased to ₹ 213.59 crore (US\$ 47.18 million)
- Order visibility as on June 30, 2011 stood at ₹ 3,150 crore (US\$ 702.34 million)
- The Board has recommended a dividend of ₹ 1/- per equity share, subject to approval of Lenders
- GTL provides Network service solutions to telecom operators, OEMs & tower companies. It has also diversified into Power Management, offering services like rolling out T&D network and Power Distribution Franchise. Few of the major contracts entered into by GTL during the year are given below:
 - » GTL has been awarded power distribution franchise contract by MSEDCL for designated Aurangabad Urban Divisions I and II. The commercial operation from Power Distribution Franchise has commenced from the month of May 2011.
 - » GTL entered into a multi-year energy management contract with GIL & Aircel to provide Energy Management solutions on GIL sites. The Service offering will include energy management on existing 32,633 towers and incremental towers rolled out by GIL in the future.

Business Overview

During the year, GTL increased its operations in power management segment in India.

The Indian telecom sector is going through tough times in the backdrop of controversies surrounding issue of new 2G licenses, uncertainty on the new telecom policy and rise in interest rates. This has led to negative investor outlook towards the sector making it difficult for the companies to raise any capital either from capital markets or from Indian banking sector.

As fallout of these events, the operators are expected to incur minimum capex for network rollout leading to substantial fall in fresh tower build out in the coming years. This is likely to have a significant negative impact on GTL's revenue from Network Services segment in this financial year.

In anticipation of a slowdown in telecom sector, the management of the Company, with a view to diversify its revenue streams has entered into the power management segment.

GTL's knowhow of implementation and maintenance of large telecom networks can be easily extended to power sector that currently represents huge opportunity in Power Generation, Transmission and Distribution. Last year, GTL executed orders worth ₹ 200 crore for MSEDCL (Maharashtra State Electricity Distribution Company Limited). At the end of FY 2010-11, its order book visibility for these services is in the range of ₹ 600 crore. During the year, GTL also won the Power Distribution franchise contract for urban division I & II of Aurangabad.

This contract is for a period of 15 years and is expected to generate a revenue of ₹ 900 crore in first year. Profitability from this business segment will be linked to its ability to bring down the Aggregate Technical & Commercial Losses (AT&C) in the city. GTL expects to participate in similar such contracts in near future as Government and State Electricity Boards accelerate their effort to privatize the power distribution, in their bid to improve the T & D losses and modernize the distribution networks.

In telecom sector, GTL continues to be confident on the growth opportunities presented by data services in India. An increase in uptake of data services by telecom subscriber will lead to renewed demand for network expansion by 3G operators. The BWA players are expected to start their services in the Calendar Year 2012. As has been witnessed in developed telecom markets of Europe, US and Asia-Pacific countries, an increase in data traffic over wireless network can result in fresh demand for GTL's Network Service offerings.

Investment in GTL Infrastructure Limited (GIL)

GTL is the promoter of GIL and has invested ₹ 133 crore as initial capital in FY 2005-06. Subsequently, GTL has subscribed to the rights issue of GIL in 2007 increasing its investment to ₹ 266 crore. Post its creeping acquisitions from 2007 onwards, GTL's investment in GIL is ₹ 593.31 crore as on June 30, 2011. In FY 2010-11, GTL had also invested ₹ 1,068.12 crore in CNIL. Thus, its investments in tower business increased to ₹ 1,661.43 crore. Additionally, GTL has given ₹ 445 crore as share application money to CNIL. The same may be converted into shares of GIL, subject to approval of shareholders and lenders. Thus, GTL's total investments in tower business at cost will be ₹ 2,106.43 crore.

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

The Indian economy is witnessing turbulent times for past over a year on socio, economic and business front though there is a stable government at the centre. For past more than a year the country is facing problem of inflation which is hovering between 6 – 9 % despite the various measures initiated by Government machinery inter-alia Reserve Bank of India has increased REPO rates for 11 times in the last 16 months to combat inflation at the cost of growth.

Despite corrective remedies taken by the Government on arresting spiraling inflationary trend is a matter of concern and has adversely affected the lending rate which was around 9% p.a. has gone to the level of 13 – 14% p.a. Also the soaring prices of crude oil in international market which has had negative effect in our economy has seen steep rise in fuel prices in last one year. Consumption of energy in the network and related input costs has also gone up as a result of the change and in the next fiscal this will result in cost escalation.

The telecom industry in particular is passing through a rough phase due to various issues such as 2G scam, deferring rollover and / or CAPEX plans by telecom operators and OEMs, stiff competition in retaining and attracting customers thereby lowering prices by telecom operators etc. This has adversely affected the business plans and income stream of players in telecom field *inter-alia* the Company. Some of the concerns faced by the telecom sector are:

1. Telecom operators deposited more than ₹ 1,00,000 crore as spectrum money for 3G networks and BWA related networks. However, there has not been corresponding income related thereto;
2. The 2G scam and its impact on telecom rollout has been negative. Operators have deferred capex, new equity is not coming into telecom sector and FDI for telecom/tower space has been virtually non-existent last one year; and
3. Several International Investors e.g. Etisalat, Telenor, Vodafone, Maxis Aircel have been engaged in various investigations and related issues resulting in lack of confidence in the telecom sector by International strategic investors.

In order to remain ahead in the competitive telecom market, the Company's associate namely GTL Infrastructure Limited (GIL) through its Special Purpose Vehicle - Chennai Network Infrastructure Limited (CNIL) had implemented ambitious business plan by acquiring about 17,500 telecom towers from Aircel and its subsidiaries for an enterprise value of about ₹ 8,026 crore. This deal was completed in July 2010. Further, the Company was also benefitted by entering into Energy Management Services (EMS) Contract with Aircel and its subsidiaries thereby getting assured business of ₹ 500 crore in the first year scaling up to ₹ 1,000 crore in the fifth year.

For supporting GIL's expansion plan, the Company being promoter of GIL, in addition to financing the Company's business in EMS and Power sector, the Company had resorted to making new borrowings to the tune of ₹ 3,000 crore. The increase in interest rates has added burden on it. The steep increase in cost of borrowing coupled with slow down of telecom business has dual edged effect on the Company.

On the backdrop of the above and with vicarious intentions, some unknown business rivals and/or bear operators hammered the stock of the Company along with GIL by about 22% on Friday, June 17, 2011. The market price of the equity shares of the Company which was about ₹ 410/- was brought down to about ₹ 338/- in the closing 30 minutes of trading session on June 17, 2011. The same was further hammered in the opening trading session on Monday, June 20, 2011 by about 62% to the level of ₹ 128/- and the current market price, as on the date of this report, is about ₹ 51/-. The unscrupulous elements in the stock market spread various rumors which were timely denied and appropriate communication was sent to BSE and NSE in response to their letters. Further, the Company has also requested market watchdog - Securities & Exchange Board of India for making necessary investigations for sharp fall in the Company's share price.

In view of the fall in share price of the Company, the promoters were required to top up pledge shares and also were required to give pledge to some of the existing lenders. Resultantly, prior to the artificial panic situation created as stated above, the promoters pledged shares which were 12.85% of the outstanding capital of the Company, has gone up to the extent of 52% of the outstanding capital or almost entire promoter shareholding has been pledged with the lenders (in accordance with covenant that required additional automatic cover).

Pledge of GIL shares

The Company's shareholding in GIL, an associate of the Company, as at April 1, 2010, was 31.30% of the Equity share capital of GIL. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, the Company's shareholding in GIL increased to 36.22% of the equity share capital of GIL.

Chennai Network Infrastructure Limited (CNIL), a Special Purpose Vehicle set-up by GIL for acquiring 17,500 telecom towers of Aircel and its subsidiaries, availed a Term Loan of ₹ 250 crore from IFCI Limited (IFCI). For securing the said loan, the Company had entered into a Non Disposal and Escrow Agreement (NDU) on July 12, 2010 with IFCI for 122,000,000 equity shares held by the Company in GIL. Subsequently the Company was required to top up escrow account with IFCI with additional 151,729,000 equity shares held by it in GIL taking the total to 273,729,000 equity shares. On July 13, 2011, IFCI by invoking security, created a pledge on the shares kept in escrow account.

On July 18, 2011 and July 19, 2011, IFCI sold 100,000 shares each, thereby appropriating about ₹ 30 lakh. On July 20, 2011 IFCI advised the Company about invocation of pledge on 176,368,219 equity shares of GIL at the closing price of ₹ 14.25 per share on NSE, thereby appropriating the proceeds amounting to about ₹ 251 crore and has issued a No Dues Certificate to CNIL on July 22, 2011. As a result of the above invocation/sale of shares by IFCI, the Company's holding in GIL stands reduced to 17.78% from 36.22%.

The Company (pledgor) has contested this appropriation by IFCI in Delhi High Court and accordingly beneficial ownership of IFCI is under dispute. The Company continues to account its above referred investment in shares of GIL at acquisition cost.

Pledge of Promoter & Promoter Group shareholding in the Company

As on April 01, 2010 Promoter and Promoter Group were holding 48.02% of the equity share capital of the Company. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, Promoter and Promoter groups' holding increased to 52.83% of the equity share capital of the Company. On account of further issue of shares pursuant to ESOP conversions, the Promoter and Promoter group shareholding was diluted to 52.72% as on January 14, 2011. On further acquisitions during June 2011, the promoter and promoter group shareholding increased to 52.77%.

On January 28, 2011, the Promoter and Promoter group pledged 12.85% comprising 12,500,000 equity shares of the Company with Syndicate Bank.

On June 23, 2011, the Promoter and Promoter Group pledged additional 9.77% comprising 9,500,000 equity shares, thereby taking the pledged quantity to a total of 22,000,000 equity shares being 22.62% of the equity share capital of the Company.

On December 22, 2010, the Company was sanctioned a long term loan of ₹ 500 crore by ICICI Bank Limited (ICICI). For securing the said loan, the Promoter and Promoter Group had furnished Non Disposal Undertaking (with POA) to ICICI on December 24, 2010 for 28,500,000 equity shares of the Company and on July 4, 2011 ICICI created pledge on the said shares, thus taking the aggregate of pledged shares to 50,500,000 representing 51.92% of the total outstanding equity capital of the Company.

On July 26, 2011, ICICI invoked the pledge on 28,500,000 equity shares by transferring it to their account resulting into a reduction of Promoter and Promoter Group holdings to 23.47% from 52.77%.

Corporate Debt Restructuring

Considering the panic created thereby destabilizing the confidence of all stake holders, the Company on its own convened meeting of its

lenders on June 24, 2011 in Mumbai to update them current events. The Company has proactively appointed SBI Capital Markets Limited (SBI Caps) & IDBI Capital Market Services Ltd. (IDBI Caps) to review and assess the present and future working of:

- The Sector
- Company, its Financials and its Obligations
- To suggest / advise any appropriate steps / remedies required to protect Lender's Interest.

SBI Caps / IDBI Caps has been requested to appraise and prepare a report within 30 days and on receipt of the flash report from SBI Caps / IDBI Caps, the Company referred a proposal for restructuring of its debt under Corporate Debt Restructuring (CDR) mechanism.

The Company communicated these developments to BSE and NSE for information of general public.

As on June 30, 2011, GTL has a debt of ₹ 5,965 crore. Primarily the debt has been used for investment in GIL and capital expenditure for energy management business and to meet its working capital requirements. The Company has so far invested ₹ 2,106 crore in tower business. This investment was strategic investment as GIL was likely to create a revenue opportunity of ₹ 8,500 crore over a period of next five years. However, the slowdown in telecom sector had negatively impacted GIL's growth plans, and as a result it is also currently going through a Corporate Debt Restructuring (CDR) exercise. This had the following impact on GTL:

- Its future revenue potential from GIL has reduced from ₹ 8,500 crore to about ₹ 3,500 crore. As a result of the slowdown in the business of GIL, there may be a revenue opportunity loss of ₹ 800-1,000 crore and corresponding EBITDA loss of ₹ 120-140 crore in FY 2011-12.
- Its receivables of more than ₹ 300 crore from GIL will have extended realization.

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

- The increase in interest rate has put severe pressure on cash flow, because of increase in interest costs. GTL also faced difficulty in raising cheaper sources of funding;
- The sudden slowdown in telecom sector has resulted in increase in inventory;
- The weakness in the global markets and the Indian telecom sector has prevented GTL from monetising its investments in GIL and use the proceeds of the same to reduce its debt.

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

4. DIVIDEND:

The Directors recommend a dividend of ₹ 1/- per share (10%) on the paid up Equity Share Capital of the Company for the Financial Year ended June 30, 2011, subject to approval of the Lenders.

5. SHARE CAPITAL, NON-CONVERTIBLE DEBENTURES AND EMPLOYEE STOCK OPTION PLANS (ESOPs)

i. Equity:

The movement of Equity Capital due to allotment of shares consequent upon conversion of ESOPs is as under:

| Particulars | No. of Equity Shares |
|---|----------------------|
| Equity Capital as on March 31, 2010 | 96,724,465 |
| Add: Allotment of Equity Shares on account of Conversion of ESOPs | 543,368 |
| Equity Capital as on June 30, 2011 | 97,267,833 |

ii. Preference:

During the year under review, the Company has not issued, allotted or redeemed any preference shares.

iii. Employee Stock Option Plans (ESOPs)

ESOP was introduced and implemented in FY 1998-99 to enable the employees of the Company to participate in the future growth and success of the Company. As on June 30, 2011 a total of 157 employees hold 2,482,362 stock options, allotted under various schemes. As required by Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of ESOPs are furnished in Annexure 'B' to this Report.

| | |
|---|------------------|
| No. of outstanding ESOPs as on March 31, 2010 | 3,038,980 |
| Add: Grants issued during the year | NIL |
| Less: No. of Options Exercised during the year | 543,368 |
| Less: Forfeited during the year | 13,250 |
| Total no. of outstanding ESOPs as on June 30, 2011 | 2,482,362 |

Assuming full conversion of options into equity shares to the eligible employees of the Company and its subsidiaries, the fully diluted equity capital of the Company would be as under:

| Particulars | No. of Equity Shares |
|-------------------------------------|----------------------|
| Equity Capital on June 30, 2011 | 97,267,833 |
| Add : Full ESOP Conversion | 2,482,362 |
| Fully Diluted Equity Capital | 99,750,195 |

6. CAPITAL MARKET DEVELOPMENTS:

Trading Group and Futures & Options (F&O) Segment

The Company's equity shares are listed with the BSE Limited (BSE) under the category 'Group B'. The Company's equity shares are listed with National Stock Exchange of India Limited (NSE) under the category 'CNX Midcap 200'. Effective December 29, 2006, the Company's equity shares were introduced in the 'Futures & Options Segment (F&O)' and w.e.f. July 22, 2011, the same were taken out of F&O.

The Rated Redeemable Unsecured Rupee Non-Convertible Debentures privately placed by the Company are listed with BSE under the Debt Segment.

Average daily traded volumes

The average daily traded volume in the Company's shares on BSE and NSE was 381,928 and 822,754 shares respectively, in the year ended June 30, 2011 (15 months period) as against 70,005 and 152,289 shares respectively in the previous financial year consisting of 12 months.

7. FIXED DEPOSITS

There are no unclaimed deposits lying with the Company and during the year under review, the Company has not accepted any fresh fixed deposits from Public or from its Shareholders.

8. SUBSIDIARIES

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

Further, pursuant to Accounting Standard 21 (AS 21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include financial information about its subsidiaries. The Company's revenue from its overseas subsidiaries for the year ended June 30, 2011, on a consolidated basis was ₹ 893.82 crore (US\$ 197.44 million.)

- b. GTL has given guarantees to its subsidiaries and affiliates in its normal course of business in India and abroad. The guarantees are given:
 - for performance of its Subsidiaries, Associates and affiliates for business obligations;
 - to enable its Subsidiaries & Associate companies to avail financial assistance.

9. CORPORATE GOVERNANCE

The Company is complying with Clause 49 of the Listing Agreement with the Stock Exchanges. A separate Corporate Governance Report on compliance on Clause 49 of the Listing Agreement with the Stock Exchanges, as reviewed and certified by M/s. Godbole Bhawe & Co., Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants the Joint Auditors of the Company is given elsewhere in this Annual Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis on the Company's performance, industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable is attached to this Report.

11. HUMAN RESOURCES

The Human Resource function at GTL, which successfully made its transition from being a support function into a strategic business partner, has further established its stronghold within the organisation as an anchor steering people resources and aligning their business activities to achieve business goals.

To adequately develop the talent pool of GTL and cater to the requirements of the Company as it moves ahead with its business strategy and to ensure employee development for optimal performance and growth is the objective of the Talent management System.

Over the last two decades, Global group of companies have expanded their operations and businesses at an exponential rate. The group has simplified its business model and is very focused on each of its distinct businesses.

Our HR strategy aims at attracting, retaining and developing talent in the organisation and continuously providing a sense of fulfilment to each employee.

Our associate base grew from 7,066 as on March 31, 2010 to 9,612 as on June 30, 2011.

For full details refer to the Human Resources write up in the MD&A Report.

12. AWARDS

In the Financial Year 2010-11 GTL received many prestigious awards, a brief of which is stated below:

| | |
|---|---|
| 1 | "Engineering Silver Partner" Award from Huawei Technologies Co Ltd, at their Global Engineering Partner's Convention (GEPC 2011) held in Feb 2011 |
| 2 | International Asia Pacific Quality Organization awarded the "World Class Award", the highest award, in the Large Services category for the "Best Performing Organization in the World" At an award ceremony held in Kathmandu, Nepal. |
| 3 | Greentech Environment Excellence Award 2010 in the Gold category in the telecom sector for the initiatives taken in reducing the carbon footprint |
| 4 | GTL's Operations in Middle East, Africa, Canada have received awards from Huawei, China's leading telecommunications equipment company, at their supplier conference awards |
| 5 | GTL MNS team in UK has received award for enabling Ericsson in delivering successfully managed services & systems integration consolidation project. |

13. RISKS

A separate section on risks and their management is provided as a part of this Annual Report. It is important for shareholders and investors to be aware of the risks that are inherent in the Company's businesses. The major risks faced by your Company have been outlined in this section to allow shareholders and prospective investors to take an independent view. We strongly urge Shareowners/ Investors to read and analyze these risks before investing in the Company.

14. SOCIAL COMMITMENTS

The Company continued, during the year under review, to contribute towards social causes as described in the MD&A Report under the caption 'Corporate Social Responsibility'.

15. DIRECTORS

Mr. Sadanand D. Patil and Mr. Vinod Sethi, Directors retire by rotation at the forthcoming Annual General Meeting and both the Directors being eligible offer themselves for re-appointment. Also the Company has incorporated appropriate resolution for appointing Mr. Manoj G. Tirodkar as the Chairman & Managing Director of the Company as detailed in the notice convening ensuing Annual General Meeting and Explanatory Statement annexed thereto.

The Board of Directors in its meeting held on July 27, 2010 appointed Mr. Balasubramanian Nagarajan as an Additional Director and Mr. Sukanta Kumar Roy as an Additional Director and Whole-time Director & Chief Operating Officer respectively w.e.f. July 27, 2010. They hold office up to the date of the ensuing Annual General Meeting. The Company having received notice under Section 257 of the Companies Act, 1956, proposes appointment of Mr. Roy as a Director, liable to retire by rotation. Also, the Board has placed an appropriate resolution for appointment of Mr. Roy as Whole-time Director & Chief Operating Officer for consideration of the members. Since Mr. Balasubramanian Nagarajan expressed wish not to get appointed as a Director on attaining an age of 65 years, the Company has not incorporated resolution for his appointment. Resultantly, he would cease to be a Director of the Company from the date of ensuing Annual General Meeting.

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

16. PROMOTER GROUP

The Company is a part of Global Group of Companies which is promoted by Mr. Manoj. G. Tirodkar. The promoter group holding in the Company currently is 23.47% of the Company's Equity Capital. The members may note that the Promoter Group, *inter-alia* comprises of the following persons / entities: (1) Mr. Manoj. G. Tirodkar and his relatives as defined under the Companies Act, 1956 (2) Global Holding Corporation Pvt. Ltd.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Conservation of Energy:

As the Company is engaged in Network Services and has no activity pertaining to manufacturing, furnishing of details on conservation of energy is not applicable. However, the Company is working towards incorporating energy management solutions while it carries out the deployment and maintenance of the cell sites. The Company has carried out energy audits to optimize energy consumption in its office premises. The Company continues to invest in research and development towards green energy for towers.

b. Technology Absorption:

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of technology absorption are set out in the Annexure 'A' to this Report.

c. Foreign Exchange Earnings & Outgo:

During the year under review the Company earned foreign exchange of ₹ 41.63 crore out of which the Company earned a dividend of ₹ 10.00 crore from all its overseas subsidiaries the details of which are appearing in the Note No. 16 of the Notes to the Accounts. The particulars regarding foreign exchange expenditure of ₹ 29.04 crore during the year are appearing in Note No. 17 of the Notes to the Accounts.

18. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, names and other particulars of the employees are required to be set out in an annexure to this Report. However, in terms of the Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office. None of the employees listed in the said annexure are related to any Director of the Company.

19. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956, we, the Directors of GTL Limited, in respect of the year ended June 30, 2011, state that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

20. AUDITORS

M/s Godbole Bhawe & Co., Chartered Accountants, Mumbai and M/s Yeolekar & Associates, Chartered Accountants, Mumbai, were appointed as Joint Auditors at the Twenty Second Annual General Meeting to hold office from conclusion of the said meeting till the conclusion of the next Annual General Meeting. The Company has received the necessary certificate from the Joint Auditors respectively pursuant to Section 224 (1B) of the Companies Act, 1956 regarding their eligibility for re-appointment. Accordingly, approval of members to the appointment of M/s. Godbole Bhawe & Co., Chartered Accountants, Mumbai and M/s Yeolekar & Associates, Chartered Accountants, Mumbai, as Joint Auditors of the Company is being sought at the ensuing Annual General Meeting.

21. SPECIAL BUSINESS

As regards the items of the Notice of the Annual General Meeting relating to Special Business, the Resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approval of members to those proposals. Members' attention is drawn to these items and Explanatory Statement annexed to the Notice.

22. GENERAL

Notes forming part of the Accounts are self-explanatory.

23. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the clients, vendors, bankers, financial institutions, investors, media

and both the Central and State Governments and their Agencies and look forward to their continued support. Your Directors also thank the employees at all levels, who through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

On behalf of the Board of Directors,

Mumbai
August 18, 2011

Manoj G. Tirodkar
Chairman & Managing Director

Annexure 'A' to Directors' Report
FORM B
(See rule 2)

Form for disclosure of particulars with respect to absorption.

1. Specific areas in which R&D carried out by the Company :
 - Deployment of Energy Management solutions to enhance energy conservation through installation of Free Cooling and Fuel Optimizing technologies & installation of Renewable energies technology
 - Tower Monitoring methodology for fault diagnostics and device monitoring in Telecom Tower sites through alarms and MIS reporting & Business Analytics Solution
 - Enhancement of Centralized Network Operations Center (NOC) to fully support the active and passive Infrastructure of customers
 - Various R&D efforts are taken in Renewable energy space & in Energy efficiency space to reduce the dependency of cell sites on Electricity Board & Diesel Generator.
2. Benefits derived as a result of the above R&D :
 - a. Various Energy efficiencies & Renewable Energy technologies deployed have enhanced the operations thereby reducing the dependency on Electricity Board & Diesel Generator Supply, thereby contributing to greener & cleaner environment
 - b. Enhanced ability to handle field failures & improved on-field productivity has largely benefited for efficient SLA management.
3. Future plan of action
 - a. Improved remote management solution for proactive monitoring, rectification and Energy Management of Telecom infrastructure through an Unified NOC
 - b. Taking proactive initiative by implementing various feasible renewable energy sources on telecom infrastructure to further reduce the carbon foot print & secure carbon credit & to establish as responsible corporate citizen
4. Expenditure on R&D

| | | |
|---|---|-------------------|
| Capital : | : | ₹ 980,587,729/- |
| Recurring | : | ₹ 41,052,173/- |
| Total | : | ₹ 1,021,639,902/- |
| Total R&D Expenditure as a percentage of total turnover | : | 3.30% |

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation.
 - a. Efforts have been taken by organisation to create new industry standard benchmarks
 - b. Entire team for Wi-Max and 3G are ready to serve the forthcoming rollout of these technologies in India.
 - c. In associations with various Telecom Equipment Providers (TEPs) and Key solutions providers like OEMs planning to create an IP services portfolio
 - d. Leadership Development program to align current and future leaders to business strategy, market focus and customer expectations
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :

As mentioned in points 1 and 2 above.
3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a. Technology imported
 - b. Year of import
 - c. Has technology been fully absorbed?
 - d. If not fully absorbed, the areas where this has not taken place, reasons therefor and future plans of action.

Not applicable

On behalf of the Board of Directors,

Manoj G. Tiroadkar

Chairman & Managing Director

Mumbai
August 18, 2011

**Annexure 'B' to Directors' Report
EMPLOYEE STOCK OPTION PLANS (ESOPs)**

ESOP 2001

The Company obtained approval of the shareholders at the 13th AGM held on July 30, 2001, for allocation of 1,500,000 warrants to employees of the Company and 1,000,000 warrants to employees of its subsidiaries at an exercise price, at a discount upto 25% of the closing market price of the Company's shares on the National Stock Exchange of India Ltd. (NSE) on the previous trading day of the date of allotment of warrants.

ESOP 2002

The Company obtained further approval of the shareholders at the 14th AGM held on July 25, 2002, for allocation of 3,000,000 warrants to employees of the Company and similarly 1,000,000 warrants to employees of its subsidiaries at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

ESOP 2004

The Company obtained further approval of the shareholders at the 16th AGM held on September 16, 2004, for allocation of 3,000,000 warrants to employees of the Company and similarly 500,000 warrants to employees of its subsidiaries at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

ESOP 2005

The Company obtained further approval of the shareholders at the 17th AGM held on September 27, 2005, for allocation of 3,500,000 warrants to employees of the Company and similarly 300,000 warrants to employees of its subsidiaries at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE or Bombay Stock Exchange Limited (BSE), as the case may be where the volume of shares traded is more, in the preceding six months of the month in which the Warrants are allotted.

ESOP 2008

The Company obtained further approval of the shareholders at the 20th AGM held on June 13, 2008, for allocation of 1,500,000 warrants to employees of the Company under this scheme at an exercise price at a discount up to 25% of the Average Price of the weekly high and low of the closing prices for the preceding six months of the month in which the warrants are allotted or the closing market price on the previous trading day on which the warrants are allotted, whichever is lower, on the NSE or BSE as the case may be where the volume of shares traded is more.

Summary of ESOP Disclosure

| | | |
|---|--|---|
| A | Total Options Granted | 11,372,730 |
| B | Pricing Formula | Pricing Formula of each ESOP Scheme given in the respective paragraphs |
| C | Options Vested | 2,482,362 |
| D | Options exercised | 6,507,975 |
| E | Total No. of shares arising as a result of exercise of option | 6,507,975 |
| F | Options lapsed | 2,944,463 options have been cancelled in terms of the Schemes on account of resignations of employees to whom options were granted |
| G | Variation of terms of options | ESOP 2004 Scheme- Extension of Exercise Period and Maximum period of vesting modified by taking shareholders approval in the 17th AGM held on September 27, 2005. ESOP 2001 and ESOP 2002 schemes were re-priced by reducing the exercise price by ₹ 10/- per warrant as per the Special Resolution passed at the Extra-ordinary General Meeting held on April 5, 2006. ESOP schemes were modified to authorise the Board to recover Fringe Benefit Tax (FBT) on ESOPs from employees as per the Special Resolution passed in the 20th AGM held on June 13, 2008. |
| H | Money realised by exercise of options | ₹ 767,723,752/- |
| I | Total number of options in force | 2,482,362 |
| J | Employee-wise details of options granted to: | |
| | i. Senior Managerial Personnel | Details are furnished herein below |
| | ii. Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year. | Nil |
| | iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | Nil |

| | | |
|---|---|---|
| K | Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option: | ₹ 14.51 |
| L | Disclosure Regarding the Compensation Cost: | For calculation of Employee Compensation costs, the Company has been using the intrinsic value method of ESOP valuation (as per SEBI Guidelines). Based on fair value of options as per the Black-Scholes Model (w.r.t. options granted on or after June 30, 2003), the profits for the year ended June 30, 2011 would have been lower by ₹ 143.91 lakh (Previous year lower by ₹ 60.44 lakh). Consequently, the basic and Diluted EPS would have been lower by ₹ 0.05 (previous year lower by ₹ 0.07) and ₹ 0.15 (previous year lower by ₹ 0.07) respectively. |
| M | Weighted average exercise price and Weighted average fair values | Weighted Average exercise prices of the options outstanding as at the Year end: ₹ 161.17 |
| N | The description of the method and significant assumptions used during the year to estimate the fair value of the options: | Weighted Average fair value of options outstanding as at the Year end: ₹ 84.70 I. Risk-free interest rate – This is the rate offered in the market with virtually zero risk. Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration. II. Expected life – Full life of the option is the period up to which it can be exercised. III. Expected volatility – Calculated by using the closing market prices of the Company's Shares during the last one year. IV. Expected dividends – yield has been calculated on the basis of dividend yield of the financial year. V. The price of underlying shares 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. |

Employee wise details of options granted to Senior Managerial Personnel:

| Sr. No. | Name | Grants Issued upto June 30, 2011 | Outstanding as on June 30, 2011 |
|---------|--------------------------------|----------------------------------|---------------------------------|
| 1 | Abhay P. Thite | 301,500 | 10,000 |
| 2 | Anand Parasramka | 7,950 | - |
| 3 | Anurag Maheshchandra Vashistha | 69,000 | - |
| 4 | Arun Gupta | 55,000 | - |
| 5 | Charudatta Kashinath Naik | 556,500 | 499,000 |
| 6 | Deven Vilas Buch | 69,000 | 20,743 |
| 7 | Eugene Savio Valles | 58,000 | - |
| 8 | Haritsinh Kanaksinhji Gohil | 282,400 | 226,000 |
| 9 | Laxmikant Yeshwant Desai | 250,000 | 250,000 |
| 10 | Mayur Taday | 55,500 | - |
| 11 | Milind Bengali | 25,000 | - |
| 12 | Milind Vasant Bapat | 72,000 | 50,000 |
| 13 | Nitin Janardhan Mandavkar | 278,500 | 242,000 |
| 14 | Omprakash Brijnath Singh | 50,500 | - |
| 15 | Pinakin Bhupendra Gandhi | 287,000 | 176,200 |
| 16 | Rahul Desai | 73,000 | 50,000 |
| 17 | Ravi Prakash Langer | 78,500 | 4,270 |

| Sr. No. | Name | Grants Issued upto June 30, 2011 | Outstanding as on June 30, 2011 |
|-----------------------------|----------------------------|----------------------------------|---------------------------------|
| 18 | Sharat Chandra | 200,000 | 24,500 |
| 19 | Shashikant Nilkanth Jadhav | 97,300 | 50,000 |
| 20 | Stephen Xavier Braganza | 40,000 | - |
| 21 | Sukanta Kumar Roy | 289,500 | 233,000 |
| 22 | Tulsidas Gopal Alai | 80,050 | - |
| 23 | V.P. Khanolkar | 44,700 | 7,690 |
| 24 | Vidyadhar Anant Apte | 80,500 | 26,400 |
| 25 | Vijay Walanju | 20,000 | - |
| 26 | Vikas Arora | 64,500 | 34,440 |
| 27 | Vinay Baporikar | 20,000 | - |
| 28 | Vinay Kale | 44,500 | 39,000 |
| Subsidiary Employees | | | |
| 1 | Gerard Francis Misquitta | 95,500 | - |
| 2 | Jeevan Umesh Rai | 86,200 | 39,000 |
| 3 | Kunal Yag Kapai | 69,000 | 15,000 |
| 4 | Retassh Arvind Bhansali | 55,500 | - |
| 5 | Seshagiri Rao Kanchi | 54,170 | - |

**Annexure 'C' to Directors' Report
AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of GTL Limited

We have examined the compliance of conditions of Corporate Governance by GTL Limited ("the Company"), for the fifteen months' period ended on June 30, 2011, as stipulated in Clause 49 of Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **GODBOLE BHAVE & Co.**
Chartered Accountants

A. S. Mahajan
Partner
Membership No.100483
FRN No. 114445W

Mumbai
August 18, 2011.

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

S. S. Yeolekar
Partner
Membership No.36398
FRN No. 102489W

Auditors' Report

1. We have audited the attached balance sheet of GTL Limited, as at 30th June 2011, the profit and loss account and also the cash flow statement for the period ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government 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 the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors were disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) Unsecured loan payable to ICICI Bank is subject to confirmation;
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comment in paragraph (vi) above 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:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 30th June, 2011.
 - (b) in the case of the profit and loss account, of the profit for the period ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the period ended on that date.

For **Godbole Bhawe & Co.**
Chartered Accountants

A.S. Mahajan
Partner
Membership Number 100483
FRN No. 114445W

For **Yeolekar & Associates**
Chartered Accountants

S.S. Yeolekar
Partner
Membership Number 36398
FRN No. 102489W

Mumbai
August 18, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date on the accounts of GTL Limited for the period ended 30th June, 2011

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

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

In our opinion, during the year, the Company has not disposed off substantial part of the Fixed Assets.

- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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.

On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- (iii) The Company has neither taken nor granted any loans, secured or unsecured, from/to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

- (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control procedure.

- (v) Based on the audit procedures applied by us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, which were required to be entered in the register maintained u/s 301 of the Companies Act, 1956, have been so entered.

In our opinion, the transactions made, during the year, aggregating in value of Rupees Five Lakhs or more per party, in pursuance of contracts or arrangements entered into register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except that in case of transaction of provisioning and availment of services, no comparable price instances were available in view of the uniqueness of these transactions.

- (vi) During the period, the Company has not accepted any deposits from public within the meaning of provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Therefore, the

provisions of clause 4 (vi) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

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

- (viii) As explained to us, the Central Government has not prescribed the maintenance of Cost records under clause (d) of sub section (i) of Section 209 Companies Act, 1956, in respect of the business activities of the Company.

- (ix) On the basis of our examination of the records of the Company, we are of the opinion that the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Cess and other applicable statutory dues. The company has not paid service tax dues of ₹ 2,821.32 lacs for the month April, May & June, 11.

On the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom duty, Excise-duty and Cess were outstanding, as at 30th June, 2011 for a period of more than six months from the date they became payable.

On the basis of the books of accounts and records of the Company as produced and examined by us, except for disputed Sales tax dues and Income Tax dues as detailed below, there are no dues of customs duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

| Name of the Statute | Nature of Dues | Amount (₹ in lakhs) | Year to which the amount relates | Forum where dispute is pending |
|---|-----------------|---------------------|--|--------------------------------|
| Income Tax Act, 1961 | Income Tax Dues | 195.72 | 2003-2004 | CIT (Appeal) |
| Central Sales Tax Act & Sales Tax Act of various States | Sales Tax Dues | 11,313.00 | 1995-1996, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010 & 2010-2011 | 1st Appellate Authority |
| | | 205.49 | 1997-1998, 2004-2005 & 2010-2011 | 2nd Appellate Authority |

- (x) The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

Annexure to Auditors' Report

- | | |
|--|---|
| <p>(xi) On the basis of our examination of the records of the Company, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders except for amount of ₹ 7,325.21 lacs due in respect of overdue bills of exchange.</p> <p>(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi/ Mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company's business activities do not comprise of dealing in shares, securities, debentures or other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xv) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions, are prima facie not prejudicial to the interest of the Company.</p> <p>(xvi) In our opinion the term loans have been applied for the purposes for which they were raised. Pending utilizations have been temporarily placed as fixed deposit with banks.</p> | <p>(xvii) On an overall examination of the Balance sheet of the Company as at 30th June,2011 and related information as made available to us and as represented to us, by the management, we are of the opinion that funds raised on short-term basis have not been used for long term purposes.</p> <p>(xviii) The company has not made preferential allotment of shares to parties and/or to the companies covered in the register maintained under section 301 of the Companies Act 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xix) The debentures issued on private placement basis by the Company are unsecured and therefore, the provisions of clause 4(xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xx) The Company has not raised any money through public issue during the year and therefore, the provisions of clause 4(xx) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.</p> <p>(xxi) To the best of our knowledge and belief and on the basis of our examination of the records of the Company, no material fraud on or by the Company has been noticed or reported during the course of our audit.</p> |
|--|---|

For **Godbole Bhawe & Co.**
Chartered Accountants

For **Yeolekar & Associates**
Chartered Accountants

A.S. Mahajan
Partner
Membership Number 100483
FRN No. 114445W

S.S. Yeolekar
Partner
Membership Number 36398
FRN No. 102489W

Mumbai
August 18, 2011

Balance Sheet as at June 30, 2011

| | Schedule | ₹ | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|---|----------|----------------|-----------------------------|------------------------------|
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| a) Share Capital | A | 972,678,330 | | 967,244,650 |
| b) Reserves and Surplus | B | 11,878,018,290 | | 10,455,213,648 |
| | | | 12,850,696,620 | 11,422,458,298 |
| Deferred Tax Liability | | | | |
| | | | 1,442,756 | NIL |
| Loan Funds | | | | |
| a) Secured Loans | C | NIL | | NIL |
| b) Unsecured Loans | D | 39,638,270,837 | | 23,735,000,000 |
| | | | 39,638,270,837 | 23,735,000,000 |
| TOTAL : | | | 52,490,410,213 | 35,157,458,298 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | | | | |
| Gross Block | E | 8,420,093,554 | | 5,197,680,964 |
| Less : Depreciation | | 3,184,499,169 | | 2,318,866,265 |
| Net Block | | 5,235,594,385 | | 2,878,814,699 |
| Capital Work-in-progress including Capital Advances | | 3,004,189,772 | | 994,261,651 |
| | | | 8,239,784,157 | 3,873,076,350 |
| Investments | | | | |
| | F | | 28,025,512,228 | 8,201,387,610 |
| Deferred Tax Asset | | | | |
| | | | NIL | 222,228,010 |
| Current Assets, Loans and Advances | | | | |
| a) Inventories | G | 3,330,701,254 | | 1,943,530,662 |
| b) Sundry Debtors | H | 6,688,496,834 | | 2,134,159,500 |
| c) Cash and Bank balances | I | 5,487,802,587 | | 13,283,533,627 |
| d) Other Current Assets | J | 424,795,843 | | 431,200,534 |
| e) Loans and Advances | K | 16,450,789,272 | | 13,225,602,122 |
| | | 32,382,585,790 | | 31,018,026,445 |
| Less : Current Liabilities and Provisions | | | | |
| a) Liabilities | L | 15,878,908,535 | | 7,533,759,639 |
| b) Provisions | L | 278,563,427 | | 623,500,478 |
| | | 16,157,471,962 | | 8,157,260,117 |
| Net Current Assets | | | 16,225,113,828 | 22,860,766,328 |
| TOTAL : | | | 52,490,410,213 | 35,157,458,298 |
| Statement of Significant Accounting Policies and Notes on Accounts form integral part of Accounts | S | | | |

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar

Chairman & Managing Director

Charudatta Naik
Whole-time Director

Vijay Vij
Director

Milind Bapat
Sr. Vice President - Finance

Vidyadhar Apte
Company Secretary

For Godbole Bhawe & Co.
Chartered Accountants

A.S. Mahajan
Partner
Membership No.100483
FRN No. 114445W
Mumbai
August 18, 2011

For Yeolekar & Associates
Chartered Accountants

S.S. Yeolekar
Partner
Membership No. 36398
FRN No. 102489W

Profit and Loss Account for the period ended June 30, 2011

| | Schedule | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|---|------------|-------------------------|-------------------------|
| INCOME | | | |
| Sales and Services (Net of Taxes) | | | |
| Exports | | 283,340,894 | 518,274,807 |
| Domestic | | 30,633,774,358 | 14,995,016,860 |
| | | 30,917,115,252 | 15,513,291,667 |
| Other Income | M | 91,171,630 | 20,992,864 |
| TOTAL INCOME | | 31,008,286,882 | 15,534,284,531 |
| EXPENDITURE | | | |
| Cost of Sales and Services | N | 22,284,310,068 | 10,328,016,030 |
| Cost of Delivery | O | 2,287,529,680 | 1,276,262,873 |
| Selling and Marketing Expenses | P | 156,995,200 | 148,054,714 |
| Administration and Other Expenses | Q | 1,219,813,790 | 1,105,054,606 |
| Finance Cost (Net) | R | 2,027,839,456 | 230,231,672 |
| Depreciation | | 875,581,145 | 480,062,540 |
| TOTAL EXPENDITURE | | 28,852,069,339 | 13,567,682,435 |
| Profit before Tax and Extraordinary and Prior Period items | | 2,156,217,543 | 1,966,602,096 |
| Less : Provision For Taxation for current year | | | |
| Income Tax (Net of MAT credit receivable) & Wealth Tax | | 496,798,869 | 362,500,000 |
| Deferred Tax | | 223,670,766 | 30,837,284 |
| | | 720,469,635 | 393,337,284 |
| Profit After Tax & Before Extraordinary & Prior Period Items | | 1,435,747,908 | 1,573,264,812 |
| Add / (Less) : Prior Period items | S (note 8) | (13,929,756) | 10,340,679 |
| Profit After Tax and Extra-ordinary & Prior period items | | 1,421,818,152 | 1,583,605,491 |
| Add: Excess Provision of Equity Dividend and Dividend Distribution Tax written back | | 10,666,369 | NIL |
| Add: Balance brought forward from Last Year | | 2,483,899,975 | 1,962,078,210 |
| Profit available for Appropriation | | 3,916,384,496 | 3,545,683,701 |
| APPROPRIATIONS | | | |
| Equity Dividend Proposed | | 97,267,833 | 299,290,335 |
| | | 97,267,833 | 299,290,335 |
| Dividend distribution Tax | | 16,154,971 | 50,864,392 |
| | | 16,154,971 | 50,864,392 |
| Amount transferred to: | | | |
| General Reserve | | NIL | 200,000,000 |
| Debenture Redemption Reserve | | 1,400,000,000 | 511,629,000 |
| | | 1,400,000,000 | 711,629,000 |
| Surplus carried to Balance Sheet | | 2,402,961,692 | 2,483,899,975 |
| | | 3,916,384,496 | 3,545,683,701 |
| Face Value of Equity Share - ₹ 10 each | | | |
| Earnings Per Share excluding extra-ordinary items - Basic | | 14.66 | 16.60 |
| - Diluted | | 14.51 | 16.37 |
| Earnings Per Share including extra-ordinary items - Basic | | 14.66 | 16.60 |
| - Diluted | | 14.51 | 16.37 |
| Statement of Significant Accounting Policies and Notes on Accounts form integral part of Accounts | S | | |

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar

Chairman & Managing Director

Charudatta Naik

Whole-time Director

Milind Bapat

Sr. Vice President - Finance

Vijay Vij

Director

Vidyadhar Apte

Company Secretary

For Godbole Bhawe & Co.

Chartered Accountants

A.S. Mahajan

Partner

Membership No. 100483

FRN No. 114445W

Mumbai

August 18, 2011

For Yeolekar & Associates

Chartered Accountants

S.S. Yeolekar

Partner

Membership No. 36398

FRN No. 102489W

Schedules to the Balance Sheet as at June 30, 2011

| Schedule | ₹ | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|--|---------------|-----------------------------|------------------------------|
| SCHEDULE A | | | |
| SHARE CAPITAL | | | |
| Authorised | | | |
| 120,000,000 Equity Shares of ₹ 10 each | | 1,200,000,000 | 1,200,000,000 |
| (120,000,000 Equity Shares of ₹ 10 each) | | | |
| 2,500,000 Preference Shares of ₹ 100 each | | 250,000,000 | 250,000,000 |
| (2,500,000 Preference Shares of ₹ 100 each) | | | |
| | | 1,450,000,000 | 1,450,000,000 |
| Issued, Subscribed and Paid Up | | | |
| 97,267,833 (96,724,465) Equity Shares of ₹ 10 each fully paid-up | S (note 1) | 972,678,330 | 967,244,650 |
| TOTAL | | 972,678,330 | 967,244,650 |
| SCHEDULE B | | | |
| RESERVES AND SURPLUS | | | |
| Share Premium | | | |
| As per last Balance Sheet | 2,248,807,612 | | 1,900,710,601 |
| Additions during the period : | | | |
| On Issue of Equity shares under ESOP | 111,104,847 | 2,359,912,459 | 348,097,011 |
| | | | 2,248,807,612 |
| Capital Reserve | | | |
| As per last Balance Sheet | | 7,725 | 7,725 |
| Capital Redemption Reserve | | | |
| As per last Balance Sheet | | 86,293,330 | 86,293,330 |
| General Reserve | | | |
| As per last Balance Sheet | 5,107,632,718 | | 4,907,632,718 |
| Transferred from Profit and Loss Account | NIL | | 200,000,000 |
| | | 5,107,632,718 | 5,107,632,718 |
| Debenture Redemption Reserve | | | |
| | S (Note 2) | | |
| As per last Balance Sheet | 511,629,000 | | NIL |
| Transferred from Profit and Loss Account | 1,400,000,000 | | 511,629,000 |
| | | 1,911,629,000 | 511,629,000 |
| Employee Stock Option Outstanding | | | |
| As per last Balance Sheet | 28,843,591 | | 67,337,932 |
| Addition / (Deletion) during the period | (15,869,576) | | (38,494,341) |
| | 12,974,015 | | 28,843,591 |
| Less : Deferred Compensation Expense | | | |
| As per last Balance Sheet | 11,900,303 | | 11,210,093 |
| Addition / (Deletion) during the period | (8,507,654) | | 690,210 |
| | 3,392,649 | | 11,900,303 |
| | | 9,581,366 | 16,943,288 |
| Surplus as per Profit and Loss Account | | 2,402,961,692 | 2,483,899,975 |
| TOTAL | | 11,878,018,290 | 10,455,213,648 |

Schedules to the Balance Sheet as at June 30, 2011

| | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|---|-----------------------------|------------------------------|
| SCHEDULE C | | |
| SECURED LOANS | NIL | NIL |
| | NIL | NIL |
| TOTAL | | |
| SCHEDULE D | | |
| UNSECURED LOANS | | |
| <u>Short Terms *</u> | | |
| From Banks | 10,232,520,837 | 2,000,000,000 |
| <u>Long Term **</u> | | |
| <u>From Banks</u> | 8,700,000,000 | 1,000,000,000 |
| External Commercial Borrowing from Banks | 6,705,750,000 | 6,735,000,000 |
| <u>From Others</u> | | |
| 8% Rated Redeemable Unsecured Rupee Non-convertible Debentures | 14,000,000,000 | 14,000,000,000 |
| TOTAL | 39,638,270,837 | 23,735,000,000 |
| * Includes amount due of ₹ 7,325.21 Lacs in respect of overdue bill of exchange (₹ NIL) | | |
| ** Payable within One Year ₹ 37,000 Lacs (₹ NIL) | | |

SCHEDULE E FIXED ASSETS

| (₹) | | | | | | | | | | |
|---|-----------------------|----------------------|------------------------|-----------------------|-----------------------|-----------------------------|---------------------|-----------------------|-----------------------|------------------------|
| PARTICULARS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
| | As at April 1,2010 | Additions | Sale / Adjustment | As at June 30,2011 | As at April 1,2010 | For the Period Additions | Sale/ Adjustment | As at June 30,2011 | As at June 30,2011 | As at March 31,2010 |
| Tangible Assets | | | | | | | | | | |
| Land - Freehold | 249,105 | NIL | NIL | 249,105 | NIL | NIL | NIL | NIL | 249,105 | 249,105 |
| Buildings (Including Leashold) | 581,642,852 | 289,970,135 | (10,182,360) | 861,430,627 | 71,329,285 | 19,852,701 | (2,602,993) | 88,578,993 | 772,851,634 | 510,313,567 |
| Plant and Equipments | 718,503,751 | 2,039,253,425 | (3,962,011) | 2,753,795,165 | 373,506,453 | 184,386,463 | (2,782,910) | 555,110,007 | 2,198,685,158 | 344,997,298 |
| Furniture and Fixtures | 136,805,370 | 13,190,845 | (55) | 149,996,160 | 74,743,922 | 23,399,309 | (55) | 98,143,176 | 51,852,984 | 62,061,448 |
| Office Equipments | 87,078,203 | 13,207,116 | (6,367) | 100,278,952 | 56,617,324 | 14,364,240 | (6,367) | 70,975,197 | 29,303,755 | 30,460,879 |
| Computers | 219,800,466 | 12,946,930 | (1,125,553) | 231,621,843 | 108,837,393 | 36,040,072 | (876,014) | 144,001,451 | 87,620,392 | 110,963,073 |
| Networking Assets | 2,541,647,547 | 817,094,957 | (6,293) | 3,358,736,211 | 1,350,083,118 | 395,232,376 | (549) | 1,745,314,945 | 1,613,421,266 | 1,191,564,429 |
| Test and Repair Equipments | 178,000,098 | 49,363,424 | (800,800) | 226,562,722 | 80,157,286 | 43,502,089 | (800,800) | 122,858,575 | 103,704,147 | 97,842,812 |
| Vehicles | 12,886,740 | 788,662 | (3,702,587) | 9,972,815 | 10,464,369 | 2,226,698 | (2,878,573) | 9,812,493 | 160,322 | 2,422,372 |
| SUB TOTAL (A) | 4,476,614,132 | 3,235,815,494 | (19,786,026) | 7,692,643,600 | 2,125,739,149 | 719,003,947 | (9,948,260) | 2,834,794,836 | 4,857,848,763 | 2,350,874,983 |
| Intangible Assets | | | | | | | | | | |
| Networking Software | 219,202,268 | NIL | NIL | 219,202,268 | 162,698,895 | NIL | NIL | 162,698,895 | 56,503,373 | 56,503,373 |
| Other than Networking Software | 501,864,564 | 6,383,122 | NIL | 508,247,686 | 30,428,221 | 156,577,216 | NIL | 187,005,438 | 321,242,249 | 471,436,343 |
| SUB TOTAL (B) | 721,066,832 | 6,383,122 | NIL | 727,449,954 | 193,127,116 | 156,577,216 | NIL | 349,704,332 | 377,745,622 | 527,939,716 |
| SUB TOTAL (A + B) | 5,197,680,964 | 3,242,198,616 | (19,786,026) | 8,420,093,554 | 2,318,866,265 | 875,581,164 | (9,948,260) | 3,184,499,169 | 5,235,594,385 | 2,878,814,699 |
| Capital work in progress including capital advances | 994,261,651 | 3,198,393,081 | (1,188,464,960) | 3,004,189,772 | NIL | NIL | NIL | NIL | 3,004,189,772 | 994,261,651 |
| TOTAL | 6,191,942,615 | 6,440,591,697 | (1,208,250,986) | 11,424,283,327 | 2,318,866,265 | 875,581,164 | (9,948,260) | 3,184,499,169 | 8,239,784,157 | 3,873,076,350 |
| PREVIOUS YEAR | 5,551,348,901 | 1,371,253,475 | (730,659,763) | 6,191,942,615 | 1,846,942,516 | 480,062,540 | (8,138,792) | 2,318,866,265 | 3,873,076,350 | 3,704,406,386 |

Notes

- Gross block of building includes subscription towards share capital of co-operative societies amounting to ₹ 2,750/- (previous year ₹ 2,750/-) and leased buildings amounting to ₹ 19,90,77,048/- (previous year ₹ 19,90,77,048/-).
- Software includes internally generated Assets ₹ 72,657,716/- (Previous Year ₹ 72,657,716/-)
- Capital Work In Progress includes Capital Advance of ₹ 1,226,554,250/- (Previous Year ₹ 804,587,480/-)

Schedules to the Balance Sheet as at June 30, 2011

| | | Number | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|--|--------------------|---------------|-----------------------------|------------------------------|
| SCHEDULE F | | | | |
| INVESTMENTS | | | | |
| <u>Long Term</u> | | | | |
| <u>Quoted (Trade)</u> | | | | |
| Equity Shares in listed Companies - Fully paid - up | | | | |
| GTL Infrastrucure Ltd. | Refer S (Note 5 a) | 346,794,892 | 5,933,123,374 | 3,980,864,381 |
| (Face Value of ₹ 10/- each) | | (299,686,460) | | |
| Total of Quoted Investments | (A) | | 5,933,123,374 | 3,980,864,381 |
| <u>Unquoted</u> | | | | |
| <u>Equity Investment in Subsidiary Companies - fully paid - up</u> | | | | |
| International Global Tele-systems Ltd. | | 2,762,615 | 95,879,488 | 95,879,488 |
| (Face Value of US \$1/- each) | | (2,762,615) | | |
| GTL International Ltd | | 3,000,000 | 119,640,000 | 119,640,000 |
| (Face Value of US \$1/- each) | | (3,000,000) | | |
| ADA Cellworks India Limited | | 90,000 | 134,550,000 | 134,550,000 |
| (Face Value of ₹ 10/- each) | | (90,000) | | |
| Total of Equity Investment in Subsidiary Companies | (B) | | 350,069,488 | 350,069,488 |
| <u>Preference Investment in Subsidiary Companies - fully paid -up</u> | | | | |
| 3.5 % Preference shares of GTL International Ltd | | 50,00,000 | 223,475,000 | 2,109,830,000 |
| (Face Value of US \$ 1/- each) | | (47,000,000) | | |
| 3.5 % Preference shares of International Global Tele-systems Limited | | 68,000,000 | 3,039,260,000 | 448,900,000 |
| (Face Value of US \$ 1/- each) | | (10,000,000) | | |
| Total of Preference Investment in Subsidiary Companies | (C) | | 3,262,735,000 | 2,558,730,000 |
| Total of Investment in Subsidiary Companies | D = (B + C) | | 3,612,804,488 | 2,908,799,488 |
| <u>Investment in Companies - other than Subsidiaries Trade</u> | | | | |
| <u>Equity Investments - fully paid up</u> | | | | |
| Europion Projects & Aviation Pvt.Limited | Refer S (Note 5 b) | 12,350,000 | 538,089,720 | 538,089,720 |
| (formerley known as Global Projects and Aviation Pvt. Limited) | | (12,350,000) | | |
| (Face Value of ₹ 10/- each) | | | | |
| Global Rural Netco Limited | Refer S (Note 5 c) | 75,000,000 | 750,000,000 | 750,000,000 |
| (Face Value of ₹ 10/- each) | | (75,000,000) | | |
| Chennai Networks Infrastructure Limited | Refer S (Note 5 d) | 1,068,121,960 | 10,681,219,600 | 3,359,600 |
| (Face Value of ₹ 10/- each) | | (335,960) | | |
| Total of Equity Investment | (E) | | 11,969,309,320 | 1,291,449,320 |

Schedules to the Balance Sheet as at June 30, 2011

| | Number | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|---|----------------------------|-----------------------------|------------------------------|
| Non- trade | | | |
| Equity Investment - fully paid - up | | | |
| Brickworks Ratings India Pvt.Ltd. (Face Value of ₹ 10/- each) | 80,000 (80,000) | 20,000,000 | 20,000,000 |
| Fareast Telecom Ltd (Face Value of US\$ 1/- each) | 1000 (1000) | 49,271 | 49,271 |
| Alfa Impex Telecom Ltd (Face Value of US\$ 1/- each) | 5,000 (5,000) | 225,150 | 225,150 |
| The Shamrao Vithal Co-operative Bank Ltd. (Face Value of ₹ 25 /- each) | 25 (NIL) | 625 | NIL |
| Total of Equity Investment - other than Subsidiary Companies - (Non-trade) | (F) | 20,275,046 | 20,274,421 |
| Total of Un-quoted Investments in Equity Shares | G = (E + F) | 11,989,584,366 | 1,311,723,741 |
| Investment in Partnership Firm (LLP) | | | |
| Corpxcel Advisory LLP | (H) | 740,000,000 | NIL |
| Preference Investment in Other Companies - fully paid -up | | | |
| 0.1 % Preference Shares of Global Proserve Limited (Face Value of ₹ 100/- each) | (I) | 1,300,000,000 | NIL |
| Preference Share Application Money (Pending Allotment) | | | |
| Chennai Networks Infrastructure Limited | (J) | 4,450,000,000 | NIL |
| TOTAL OF INVESTMENTS | L = (A + D +G + H + I + J) | 28,025,512,228 | 8,201,387,610 |

| | Book Value | | Market Value | |
|-----------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2011 | As at March 31, 2010 | As at June 30, 2010 | As at March 31, 2009 |
| Aggregate of Quoted Investments | 5,933,123,374 | 3,980,864,381 | 2,553,400,095 | 12,541,878,351 |
| Aggregate of Unquoted Investments | 22,092,388,854 | 4,220,523,229 | N.A. | N.A. |
| | 28,025,512,228 | 8,201,387,610 | 2,553,400,095 | 12,541,878,351 |

Schedules to the Balance Sheet as at June 30, 2011

Investments Purchased & Sold during the period April 01, 2010 to June 30, 2011

Mutual Fund Units

| Name of Investments | Face Value | Nos | Cost |
|---|------------|---------------|----------------|
| Aig India Liquid Fund-Super Institutional -Growth Option | 1000 | 16,665 | 20,000,000 |
| Axis Liquid Fund | 1000 | 9,809,894 | 10,250,450,000 |
| Axis Treasury Advantage Fund - Institutional Growth | 1000 | 527,878 | 550,086,504 |
| Baroda Pioneer Liquid Fund-Institutional Growth Plan | 10 | 22,824,529 | 251,500,000 |
| Bharti Axa Liquid Fund -Institutional Growth Plan | 1000 | 83,178 | 92,000,000 |
| Birla Sun Life Cash Manager*Institutional Plan-Growth | 10 | 61,531,462 | 950,000,000 |
| Birla Sun Life Cashplus -Instl Prem-Growth | 10 | 265,404,522 | 3,962,500,000 |
| Daiwa Asset Management | 1000 | 362,763 | 396,500,000 |
| DSP Black Rock Liquidity Fund-Institutional Plan-Growth | 1000 | 4,354,522 | 5,849,000,000 |
| DWS Insta Cash Plus Fund - Super Institutional Plan- Growth | 10 | 442,515,372 | 5,334,000,000 |
| Fidelity Cash Fund Super Institutional - Growth | 10 | 114,617,741 | 1,465,000,000 |
| GCCG IDFC Cash Fund Super Inst Plan C Growth | 10 | 6,187,080 | 70,000,000 |
| HDFC Cash Management Fund - Savings Plus Plan Growth * | 10 | 747,675,379 | 14,480,000,000 |
| HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Growth | 10 | 44,591,327 | 700,181,939 |
| HDFC Liquid Fund-Premium Plan-Growth | 10 | 351,334,578 | 6,570,500,000 |
| ICICI Prudential Liquid Super Institutional Plan - Growth | 100 | 110,269,012 | 15,174,400,000 |
| ING Vysya Liquid Fund Super Institutional -Growth Option | 10 | 215,389,310 | 3,016,100,000 |
| JM High Liquidity Fund- Institutional Plan -Growth (57) | 10 | 21,590,401 | 330,000,000 |
| JM High Liquidity Fund-Super Institutional -Growth (94) | 10 | 461,733,972 | 6,779,000,000 |
| JM High Money Manager Fund Super Plus Plan -Growth (172) | 10 | 225,796 | 3,000,000 |
| JPLGR-JP Morgan India Liquid Fund- Super Inst. Growth Plan | 10 | 2,312,939,690 | 28,092,000,000 |
| JPPGR-JP Morgan India Treasury Fund-Super Inst.Growth Plan | 10 | 41,217,397 | 500,000,000 |
| Kotak Flexi Debt Scheme Institutional Growth | 10 | 26,466,619 | 300,107,641 |
| Kotak Floater Short Term-Growth | 10 | 123,099,276 | 1,963,500,000 |
| Kotak Liquid (Institutional Premium) - Growth | 10 | 491,991,905 | 9,319,000,000 |
| L & T Liq Sup Inst. Plan-Cumulative | 10 | 82,903,485 | 1,073,000,000 |
| L & T Freedom Incom Stp-Inst-Cum-Org | 10 | 13,476,942 | 200,058,462 |
| LFG-IDBI Liquid Fund Growth | 10 | 471,284,541 | 5,201,508,497 |
| LICMF Liquid Fund - Growth Plan | 10 | 456,397,473 | 7,828,500,000 |
| NLFSG Canara Robeco Liquid-Super Inst Growth Fund | 10 | 1,082,365,393 | 12,327,500,000 |
| NLPSG Canara Robeco Treasury Advantage Super Inst Growth Fund | 10 | 21,566,542 | 300,040,200 |
| Pramerica Mutual Fund | 10 | 89,722,239 | 3,935,500,000 |
| Principal Cash Management Fund Liquid Option Inst.Prem Plan- Growth | 10 | 208,652,561 | 2,944,000,000 |
| Reliance Floating Rate Fund-Growth Plan-Growth Option | 10 | 681,116,588 | 9,896,000,000 |
| Reliance Liquid Fund-Growth Option | 10 | 1,208,032,580 | 17,660,000,000 |
| Reliance Money Manager Fund-Institutional Option - Growth Plan | 1000 | 995,249 | 1,250,310,293 |
| Religare Liquid Fund-Super Institutional Growth | 10 | 726,601,815 | 9,754,500,000 |
| Religare Ultra Short Term Fund - Institutional Growth | 10 | 27,616,034 | 350,047,041 |
| SBI Magnum Insta Cash Fund-Cash Option | 10 | 453,655,180 | 9,370,500,000 |
| SBI Premier Liquid Fund - Institutional- Growth | 10 | 10,120,987 | 152,500,000 |
| SBI Premier Liquid Fund - Super Institutional- Growth | 10 | 778,424,397 | 11,480,500,000 |
| SBNPP Money Fund Super Inst.Growth | 10 | 128,009,146 | 2,563,800,000 |
| SHINSEI Mutual Fund. | 1000 | 780,837 | 827,000,000 |
| Tata Liquid Super High Inv.Fund-Appreciation | 1000 | 2,687,156 | 4,599,500,000 |
| Taurus Liquid Fund -Super Institutional Growth | 1000 | 1,382,420 | 1,406,000,000 |
| Templeton India Treasury Management Account Super Institutional Plan-Growth | 1000 | 203,545 | 295,000,000 |
| UTI Liquid Cash Plan Institutional - Growth-Option | 1000 | 543,434 | 835,000,000 |
| UTI Money Market Mutual Fund - Institutional Growth Plan | 1000 | 6,244,606 | 6,534,500,000 |

Schedules to the Balance Sheet as at June 30, 2011

| | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|---|-----------------------------|------------------------------|
| SCHEDULE G | | |
| INVENTORIES | | |
| Stock - in trade (including stock in transit) | 3,279,086,922 | 1,882,556,675 |
| Work in Progress | 38,258,172 | 51,997,591 |
| Stores and Spares | 13,356,160 | 8,976,396 |
| TOTAL | 3,330,701,254 | 1,943,530,662 |
| SCHEDULE H | | |
| Trade: | | |
| SUNDRY DEBTORS (Unsecured) | | |
| Outstanding for over six months | | |
| Considered Good | 1,572,901,714 | 464,217,159 |
| Considered doubtful | 12,171,661 | 51,145,394 |
| Less : Provision for doubtful debts | (12,171,661) | (51,145,394) |
| | 1,572,901,714 | 464,217,159 |
| Other Debts (Considered Good) | 5,115,595,120 | 1,669,942,341 |
| TOTAL | 6,688,496,834 | 2,134,159,500 |
| SCHEDULE I | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 3,097,318 | 2,511,342 |
| Cash at bank | | |
| With Scheduled Banks | | |
| - In Current Accounts | 311,495,027 | 7,550,151,430 |
| - In Fixed Deposits | 5,172,314,330 | 5,619,910,772 |
| With Others | | |
| - In Non-Schedule Bank | 895,912 | 899,820 |
| Cheques in Hand & Funds in Transit (Since realised) | NIL | 110,060,263 |
| TOTAL | 5,487,802,587 | 13,283,533,627 |
| SCHEDULE J | | |
| OTHER CURRENT ASSETS | | |
| Receivable on Account of assignment S (Note 28) | 424,795,843 | 431,200,534 |
| TOTAL | 424,795,843 | 431,200,534 |

Schedules to the Balance Sheet as at June 30, 2011

| | As at June 30, 2011 ₹ | As at March 31, 2010 ₹ |
|---|-----------------------------|------------------------------|
| SCHEDULE K | | |
| LOANS AND ADVANCES (Unsecured) | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| Considered Good * | 16,020,014,020 | 1,726,958,032 |
| Considered doubtful | 11,961,848 | 3,561,354 |
| Less : Provision for doubtful Advances | (11,961,848) | (3,561,354) |
| | 16,020,014,020 | 1,726,958,032 |
| Advance Share Application Money towards Equity Investment in Chennai Network Infrastructure Limited | NIL | 10,677,860,000 |
| Deposits | 129,538,261 | 139,823,289 |
| Tax Paid/Deducted at Source (Net of Provision) | 301,236,991 | 680,960,801 |
| TOTAL | 16,450,789,272 | 13,225,602,122 |
| * Includes Advance to Subsidiaries ₹ 311.37 lacs (₹ 184.04 lacs) | | |
| Maximum balance during the period ₹ 311.37 lacs (₹ 320.40 lacs) | | |
| TOTAL OF CURRENT ASSETS, LOANS AND ADVANCES | 32,382,585,790 | 31,018,026,445 |
| SCHEDULE L | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| A) Current Liabilities: | | |
| Acceptances | 8,566,995,675 | 4,685,301,545 |
| Sundry Creditors | 5,187,091,824 | 1,957,259,314 |
| Due to Subsidiaries | 44,699,128 | 42,431,258 |
| Investor Education and Protection Fund * | 16,317,201 | 16,523,576 |
| Interest accrued but not due on loans | 335,810,964 | 162,141,426 |
| Advance from Customers | 945,153,999 | 289,655,749 |
| Other liabilities | 782,839,744 | 380,446,771 |
| TOTAL | 15,878,908,535 | 7,533,759,639 |
| B) Provisions | | |
| Provision for Gratuity | 53,980,780 | 51,175,283 |
| Provision for Leave Encashment | 26,208,265 | 28,930,983 |
| Provision for Derivatives Loss (MTM) | 84,951,578 | 193,239,485 |
| Proposed Dividend | 97,267,833 | 299,290,335 |
| Dividend distribution Tax | 16,154,971 | 50,864,392 |
| TOTAL | 278,563,427 | 623,500,478 |
| TOTAL OF CURRENT LIABILITIES & PROVISIONS | 16,157,471,962 | 8,157,260,117 |
| * Consist of Unclaimed Dividend and appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due | | |

Schedules to the Profit & Loss Account for the Period ended June 30, 2011

| | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|---|-------------------------|-------------------------|
| SCHEDULE M | | |
| OTHER INCOME | | |
| Miscellaneous Income | 26,428,296 | 15,088,166 |
| Profit on sale of fixed assets (Net) | 21,449,873 | 5,904,699 |
| Balances and Claims written off (Net) | 43,293,461 | NIL |
| TOTAL | 91,171,630 | 20,992,865 |
| SCHEDULE N | | |
| COST OF SALES AND SERVICES | | |
| Purchases | 23,671,480,659 | 9,808,806,285 |
| Add / (Less) Decrease / (Increase) in Inventory | (1,387,170,591) | 519,209,745 |
| TOTAL | 22,284,310,068 | 10,328,016,030 |
| SCHEDULE O | | |
| COST OF DELIVERY | | |
| Salaries | 632,818,122 | 373,025,606 |
| Contribution to Provident and Other Funds | 52,098,370 | 30,049,313 |
| Staff Welfare Expenses | 20,862,005 | 22,335,103 |
| Staff Training and Recruitment Expenses | 7,211,509 | 19,431,863 |
| Outsourced Manpower Cost | 1,205,719,263 | 596,042,671 |
| Travelling and Conveyance Expenses | 306,454,999 | 214,729,801 |
| Communication Expenses | 62,365,412 | 20,648,516 |
| TOTAL | 2,287,529,680 | 1,276,262,873 |
| SCHEDULE P | | |
| SELLING AND MARKETING EXPENSES | | |
| Salaries | 96,365,117 | 107,254,784 |
| Contribution to Provident & Other Funds | 12,092,957 | 6,629,471 |
| Staff Welfare Expenses | 4,937,929 | 5,923,742 |
| Staff Training & Recruitment Expenses | 864,557 | 222,628 |
| Outsourced Manpower Cost | 5,310,967 | 5,021,995 |
| Travelling & Conveyance Expenses | 14,716,969 | 13,422,117 |
| Communication Expenses | 1,371,450 | 1,171,428 |
| Advertisement Expenses | 3,106,373 | 1,071,070 |
| Business Promotion Expenses | 9,278,568 | 2,778,713 |
| Discount & Commission | 8,178,517 | NIL |
| Freight Charges | 771,796 | 1,318,644 |
| Marketing Expenses | NIL | 3,240,122 |
| TOTAL | 156,995,200 | 148,054,714 |

Schedules to the Profit & Loss Account for the Period ended June 30, 2011

| | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|--|-------------------------|-------------------------|
| SCHEDULE Q | | |
| ADMINISTRATION EXPENSES | | |
| Salaries | 244,437,980 | 315,904,176 |
| Contribution to Provident Fund & Others | 19,157,719 | 13,053,411 |
| Staff Welfare Expenses | 27,313,044 | 25,615,194 |
| Staff Training & Recruitment Expenses | 4,778,652 | 10,261,213 |
| Outsourced Manpower Cost | 48,640,757 | 2,881,460 |
| Rent | 61,063,542 | 120,602,196 |
| Electricity Charges | 43,245,048 | 31,713,175 |
| Insurance | 156,240,795 | 28,283,171 |
| Travelling & Conveyance Expenses | 33,202,024 | 38,147,480 |
| Communication Expenses | 40,672,331 | 68,229,516 |
| Legal and Professional Fees | 196,313,864 | 71,198,731 |
| Director's Sitting Fees | 745,000 | 650,000 |
| Commission to Non-Executive Directors | NIL | 7,374,000 |
| Auditor's Remuneration | 5,100,530 | 4,117,525 |
| Repairs & Maintenance | | |
| - Buildings | 4,401,121 | 2,102,720 |
| - Plant & Machinery | 3,878,332 | 270,470 |
| - Others | 85,266,167 | 67,723,812 |
| Provision for Doubtful Debts & Advances | 15,846,872 | 52,497,847 |
| Balances and Claims written off (Net) | NIL | 40,112,347 |
| Other Expenses | 229,510,012 | 204,316,162 |
| TOTAL | 1,219,813,790 | 1,105,054,606 |
| SCHEDULE R | | |
| FINANCE COST (NET) | | |
| Interest Income | | |
| Interest- Bank Deposits (Tax deducted at Source ₹ 161.85 lacs (₹ 53.87 lacs)) | 398,763,463 | 336,418,127 |
| - Others (Tax deducted at Source ₹ 752.78 lacs (₹ 375.43 lacs)) | 2,003,592,390 | 271,909,142 |
| Total of Interest Income | 2,402,355,853 | 608,327,269 |
| Less : | | |
| Interest Expense | | |
| Interest - Term loan | 2,086,903,122 | 737,639,921 |
| Interest - Debentures | 1,505,441,092 | 156,493,151 |
| Interest - Others | 26,208,559 | 9,495,052 |
| Total of Interest Expense | 3,618,552,773 | 903,628,124 |
| Net Interest Expense | (1,216,196,920) | (295,300,855) |
| Other Financial Income | | |
| Dividend | | |
| - from investments in Subsidiary Companies | 99,977,846 | 107,500,610 |
| - from other investments | 108,039 | 114,575 |
| Profit / (Loss) on sale of Short Term Investments (Net of diminution in value of Investment) | 66,357,354 | 92,762,189 |
| Profit / (Loss) on sale of Long Term Investments (Net of diminution in value of Investment) | NIL | 72,675,000 |
| Total of Other Financial Income | 166,443,239 | 273,052,374 |
| Total of Interest (Net) and Other Financial Income | (1,049,753,681) | (22,248,481) |
| Less: | | |
| Finance Charges | 901,583,022 | 567,236,510 |
| Exchange (Gain) / Loss | 76,502,753 | (359,253,319) |
| TOTAL | 2,027,839,456 | 230,231,672 |

SCHEDULE S:
SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2011 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2011
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
A. SIGNIFICANT ACCOUNTING POLICIES
1. Basis for 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 / materialized.

3. Revenue recognition:

Revenues are recognized when it is earned and when there is no significant uncertainty as to its measurement and realization .The specific revenue recognition policies are as under :

- Revenue from Turnkey Contracts, which are either Fixed Price or Cost Plus contracts, is recognized based on work completion of activity or achievement of milestone.
- Revenue from sale of products (excluding under Agency arrangements) is recognized upon passing of title of goods and/or on transfer of significant risk and rewards of ownership thereto.
- Revenue from Services is recognized on performance of Service
- Dividend income is recognized when the right to receive dividend is established.
- Income such as annual maintenance contracts, annual subscriptions, Interest excluding interest on overdue receivables of energy bills, Facility Management is recognized as per contractually agreed terms on time proportion basis.
- Other income is recognized when the right to receive is established.
- Interest on overdue receivables of energy bills (Power Distribution Franchise) is accounted as & when recovered

4. Fixed Assets, Intangible Assets & Capital Work in Progress:

Fixed Assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. All identifiable costs incurred up to the asset put to use are capitalized. Costs include purchase price (including non-refundable taxes/duties) and borrowing costs for the assets that necessarily take a substantial period of time to get ready for its intended use.

Intangible Assets are stated at the cost of acquisitions less accumulated amortisation. In case of an internally generated assets cost includes all directly allocable expenditures. Intangible assets exclude the operating software, which forms an integral part of the hardware.

Capital Work In Progress includes advances paid for acquisition of fixed assets and cost of fixed assets that are not yet ready for there intended use as at balance sheet date.

5. Depreciation :

The depreciation on fixed assets is provided pro-rata to the period of use of Assets using the straight-line method based on Economic useful lives estimated by the management. The aggregate depreciation provided on the basis of estimated economic useful life is not less than the depreciation as calculated at the rates specified in Schedule XIV of the Companies Act, 1956.

The Management's estimates of economic useful lives of the various fixed assets given below:-

| Asset | Economic Useful Life (Years) |
|--|------------------------------|
| 1. Buildings (including land for which no separate Valuation is available) | 58 |
| 2. Plant & equipments | 3 to 10 |
| 3. Furniture & fixtures | 5 |
| 4. Office equipments | 5 |
| 5. Computers and related operating systems | 5 to 7 |
| 6. Networks | 4 to 9 |
| 7. Test & Repair Equipments | 5 |
| 8. Vehicles | 5 |
| 9. Intangible Assets | |
| a) Networking Software | 4 to 9 |
| b) Other than Networking Software | 5 |

The company has secured power Distribution franchise during the period. The Management's estimates of economic useful lives of assets acquired for Power distribution franchise are as under.

| | |
|---|----|
| 10. Transformers, Switch Gears & Equipments | 13 |
| 11. Meters | 8 |
| 12. Distribution - Overhead | 13 |
| 13. Distribution - Underground | 20 |

The leasehold improvements are depreciated over lease period.

Assets costing individually ₹ 5,000 or less are depreciated fully in the year of purchase.

6. Impairment of Assets:

An asset is treated as impaired when the carrying amount 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 recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

7. Investments:

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

8. Inventories:

- a. Inventories including Work-in-process and stores and spares are valued at the lower of cost and net realizable value.
- b. Cost of inventories is generally ascertained on first in first out basis.

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 foreign currency items are reported at the exchange rates as at Balance Sheet date.
- c. In respect of transaction covered under 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
- d. Non-monetary foreign currency items are carried at cost.
- e. Any gains or losses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account
- f. Foreign branch operations being integral part of Company's operations, transactions thereat are reported as under:
 - i. Income and expenditure items at the exchange rate prevailing on the date of transaction.
 - ii. Monetary items using exchange rates at the Balance Sheet date.
 - iii. Non-monetary items at the exchange rates prevailing on the date of transaction.

10. Employee Benefits:

- a. Short-term employee benefits are recognized 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 recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized 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 recognized as deferred employee compensation expense, which are amortised over vesting period.

11. Provision for Current and Deferred Tax:

- a. **Current Tax:** Provision is made for income tax, under the tax payable method, based on the liability as computed after taking credit for allowances, exemptions and MAT credit entitlement for the year. Adjustments in books are made only after the completion of the assessment. In case of matters under appeal, due to disallowances or otherwise, full provision is made when the Company accepts the said liabilities.

- b. **Deferred tax:** The differences that result between the profit offered for income tax and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognized only to the extent there is virtual certainty that the asset will be realized in the future. Carrying values of Deferred tax asset is adjusted for its appropriateness at each balance sheet date.

12. Provisions, Contingent Liabilities & 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.

13. 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.

14. Borrowing Cost:

- a. Borrowing costs, less any income on the temporary investment out of those borrowings, that are directly attributable to acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of the cost of that asset
- b. Other borrowing costs are recognized as expense in the period in which they are incurred.

15. Leases:

- a. Assets taken on lease, under which the lessor effectively retains all the risks and rewards of ownership, are classified as operating lease. Operating lease payments are recognized as expense in the profit and loss account on a straight-line basis over the lease term.
- b. Assets acquired under leases where all the risks and rewards of ownership are substantially transferred to company are classified as Finance leases. Such leases are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

16. Provision for Doubtful Debts and Loans and Advances:

Provision is made in the Accounts for doubtful debts and loans and advances when the management considers the debts and loans and advances to be doubtful of recovery.

17. Research and Development:

- a. Revenue expenditure on Research and Development is charged to Profit and Loss Account in the period in which it is incurred.
- b. Capital expenditure on Research and Development is included under the relevant fixed assets and depreciation thereon is provided as given in policy no. 5 above

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL

Equity Share Capital

| Particulars | As at June 30, 2011 (Number of Shares) | As at March 31, 2010 (Number of Shares) |
|---|--|---|
| Additions during the period | | |
| Equity Shares allotted as fully paid on exercise of options under Employee Stock Options scheme at the rate of ₹ 10 each and premium as under | | |
| Exercise Price (₹) | Premium Class (₹) | Number of Shares |
| 65 | 55 | NIL 20 |
| 70 | 60 | 450 27,880 |
| 75 | 65 | 500 19,647 |
| 98 | 88 | NIL 300 |
| 113 | 103 | NIL 2,800 |
| 134 | 124 | NIL 134,000 |
| 140 | 130 | 141,812 755,999 |
| 145 | 135 | NIL 151,000 |
| 165 | 155 | 75,780 217,805 |
| 209 | 199 | 305,821 650,446 |
| 245 | 235 | 15,055 33,415 |
| 252 | 242 | 3,950 8,000 |
| Total no of Shares allotted on exercise of option under ESOP | 543,368 | 2,001,312 |

2. LOAN FUNDS

UNSECURED LOANS

₹ in Lacs

| Particulars | As at June 30, 2011 | As at March 31 2010 |
|--|---------------------------|---------------------------|
| a) Short Term Loan from banks* | 102,325.21 | 20,000.00 |
| b) Long Term Loan from banks* | 87,000.00 | 10,000.00 |
| c) External Commercial Borrowing | 67,057.50 | 67,350.00 |
| d) 8% Rated Redeemable Unsecured Rupee Non-convertible Debenture | 140,000.00 | 140,000.00 |
| Total | 3,96,382.71 | 2,37,350.00 |

* Includes amount due of ₹ 7,325.21 Lacs in respect of over due bill of exchange.

The Rated Redeemable Unsecured Rupee Non-Convertible Debentures (NCDs) of ₹ 140,000 Lacs are redeemable over the period of 3 to 5 years and in respect of the same, equivalent amount of Debenture Redemption Reserve is required to be created over the tenor of the Debentures on pro-rata basis. During the period, Debenture Redemption Reserve of ₹ 140,000 Lacs is created to the extent of available of profit for the period ended June 30, 2011.

3. OTHER SECURITIES CREATED

The Company avails fund-based facilities like sale bill discounting and non-fund based facilities like Letters of Credit, Bank Guarantees and Dealer Finance in the course of its operations. The aggregate of such sanctioned facilities as on June 30, 2011 is ₹ 4, 11,500.00 Lacs (₹ 225,400.00 Lacs). Out of these facilities, ₹ 2, 45,000.00 Lacs (₹ 45,500.00 Lacs) are unsecured facilities and ₹ 166,500.00 Lacs (₹ 179,900.00 Lacs) are secured facilities. The details of secured facilities are as under:

- Facilities of ₹ 22,200.00 Lacs (₹ 22,200.00 Lacs) are secured on a pari passu basis against the movable and immovable fixed assets & hypothecation of goods specifically procured.
- Facilities of ₹ 122, 500.00 Lacs (₹ 129,500.00 Lacs) are secured on hypothecation of goods specifically procured under the non-fund based facilities
- Facilities of ₹ 7500 Lacs (NIL) are secured on hypothecation on receivables arising out of Distribution ship Franchisee of MS&DCL
- Facilities of ₹ 14,300.00 Lacs (₹ 28,200.00 Lacs) are partly secured by Cash Margin in the form of pledge of Term deposits.

Bank Deposits are pledged towards margin money for Letter of Credit Facilities ₹ 7,324.33 lacs (₹ 7,140 lacs), Bank Guarantees ₹ 2,659.33 lac (₹ 2,650.84 lac) & Trade Finance of ₹ 41,713.94 lac (₹ 46,407.40), aggregating to ₹ 51,697.60 Lacs (₹ 56,198.57 Lacs). Subsequent to the balance sheet date the banks have invoked the pledge in respect of fixed deposits of ₹ 32,419.00 Lacs offered as security for trade finance facility.

4. CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND PROVISIONS FOR UNASCERTAINED EXPENSES.

₹ in Lacs

| Particulars | As at June 30, 2011 | As at March 31, 2010 |
|---|---------------------------|----------------------------|
| a. Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) (cash out flow is expected on execution of such contracts on progressive basis.) | 4,474.86 | 5,779.63 |
| b. Contingent Liabilities Not Provided for | | |
| i) Claims against the Company not acknowledge as debts | 307.02 | 167.69 |
| ii) Guarantees given by Banks on behalf of the Company | 49,860.07 | 50,451.74 |
| iii) Performance Guarantees issued to banks on behalf of Subsidiaries/ Associates & Affiliates | 12,103.64 | 37,929.74 |
| iv) Financial Guarantees given by Company to Subsidiaries/Associates & Affiliates | 22,500.00 | 21,000.00 |
| v) Performance Guarantees given by Company to Third Party/ies | 500.00 | 500.00 |
| vi) Disputed Sales tax liabilities in respect of pending cases appeals. (Amount deposited ₹ 182.12 lacs (₹ 93.54 lacs) lacs) | 1,518.49 | 9,498.23 |
| vii) Bill Discounted (Net of Margin & Insurance Cover) | 15,672.10 | 7,246.77 |
| viii) Disputed Income tax liability in respect of pending case before the Appellate Authorities. (Amount deposited ₹ NIL lacs (₹ 115.46)) | 195.72 | 115.46 |

No cash out flow is expected in near future in respect of items stated in 4 (b) (i) to 4 (b) (viii)

c. Provision For Unascertained Expenses
₹ in Lacs

| Particulars | Derivative Losses | | Warrantee | |
|---|---------------------|----------------------|---------------------|----------------------|
| | As at June 30, 2011 | As at March 31, 2010 | As at June 30, 2011 | As at March 31, 2010 |
| Opening Balance | 1,932.39 | 1,441.67 | 14.65 | 25.86 |
| Additional Provisions during the period | NIL | 490.72 | 127.53 | NIL |
| Less : Utilization during the period | 1082.88 | NIL | NIL | NIL |
| Unutilized provision reversed during the period | NIL | NIL | (93.34) | (11.21) |
| Closing Balance | 849.51 | 1,932.39 | 48.84 | 14.65 |

5. a) GTL Infrastructure Ltd (GIL) is an associate of the Company. The Company's holding in GIL, as at Balance Sheet date is 36.22%. (Previous year 31.30%) As a promoter of GIL, the Company has furnished following undertakings in respect of credit facilities of ₹ 352,900 Lacs sanctioned by various lending institutions for GIL's second phase project of setting up telecom sites.

- The Company along with Global Holding Corporation Private Limited (GHC) an associate shall not reduce the shareholding in GIL below 26% (Previous year 26%). The Company shall retain the management control of GIL.
- The Company shall bring or arrange Equity/ Preference Capital as envisaged by Phase II lenders.
- In case of cost overrun or shortfall, the Company shall bring and/or arrange additional capital within a period of 90 days from written demand by Creditor's Agent either in form of Equity or preference or subordinated loans.
- The Company shall ensure that GIL will not abandon the Project during the currency of Phase-II loans.
- The Company shall ensure that GIL is provided with requisite technical, financial and managerial expertise to perform/discharge its obligation under the project.

b. The Company's holding in European Projects & Aviation Private Limited (EPAL) (Formerly known as Global Projects & Aviation Private Limited (GPAL).) as at Balance Sheet date is 19% (Previous year 19%). EPAL has been sanctioned Working capital line of credit of ₹ 50,000 Lacs. . The Company has furnished various undertakings for the above referred line of credit which inter alia provide as under :

- The Company along with its associate Global Holding Corporation Private Limited (GHC) shall not reduce the shareholding in EPAL below 51%(fifty one percent). The Company shall retain the management control of EPAL during the tenor of credit facilities.
- The Company along with its associate GHC shall ensure conversion of Redeemable Preference Shares issued by EPAL in to Equity Shares or compulsorily convertible instrument or shall ensure that the same shall be redeemed out of infusion of fresh equity or compulsorily convertible instrument by the promoters of EPAL.
- The Company shall Contribute towards the shortfall in the funds required by EPAL to complete the projects as defined in terms and conditions of credit facilities.

c. Global Rural Netco Limited (GRNL) is an associate of the Company & holds 42.86% (Previous year 42.86%) Equity Capital of GRNL as at Balance Sheet date. GRNL has issued fully Convertible Debentures of

₹ 25, 000 Lacs. The Company has furnished following undertaking for the above referred issue of fully Convertible Debenture.

- The Company along with its associate Global Holding Corporation Private Limited (GHC) shall not reduce its shareholding in the total paid up equity capital of GRNL below 26% (twenty six percent) and retain the management control of GRNL till the sale of the FCDs and/or the conversion of FCDs by the Investor, whichever is later; and
 - The Company along with GHC shall purchase FCDs on Put option if exercised by the Investor as per the terms detailed in the letter of Intent.
- d.** Chennai Network Infrastructure Limited (CNIL) is an associate of the Company. The Company holds 30.00% (Previous year 33.60%) Equity Capital of CNIL as at Balance Sheet date. As sponsors to CNIL, the Company along with its associates Global Holding Corporation Private Limited and GTL Infrastructure Limited have agreed to hold and maintain at least 26% (Twenty Six percent) of the total paid-up Equity Share Capital of CNIL and to further contribute in the form of equity in future, if required to meet needs of CNIL and to replenish Debt Service Account Letter of Credit (DSRA LC), in the event DSRA LC is invoked by the lenders
- e.** The Company has investment of US \$ 5,000 in Alfa Impex Telecom Limited (AITL). In respect the borrowing by AITL, The Company has agreed for Put Option of US \$ 35 mn (equivalent to ₹ 15,697.50 lacs) in the event of default by AITL.
- 6.** As on April 01, 2010 Promoter and Promoter Group were holding 48.02% of the equity share capital of the Company. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, Promoter and Promoter groups' holding increased to 52.83% of the equity share capital of the Company. On account of further issue of shares pursuant to ESOP conversions, the Promoter and Promoter group shareholding was diluted to 52.72% as on January 14, 2011. On further acquisitions during June 2011, the promoter and promoter group shareholding increased to 52.77%.
- On January 28, 2011, the Promoter and Promoter group pledged 12.85% comprising 12,500,000 equity shares of the Company.
- On June 23, 2011, the Promoter and Promoter Group pledged additional 9.77% comprising 9,500,000 equity shares, thereby taking the pledged quantity to a total of 22,000,000 equity shares being 22.62% of the equity share capital of the Company.
- On December 22, 2010, the Company was sanctioned a long term loan of ₹ 500 Crore by ICICI Bank Limited (ICICI). For securing the said loan, the Promoter and Promoter Group had furnished Non Disposal Undertaking (with POA) to ICICI on December 24, 2010 for 28,500,000 equity shares of the Company and on July 4, 2011 ICICI created pledge on the said shares, thus taking the aggregate of pledged shares to 50,500,000 representing 51.92% of the total outstanding equity capital of the Company.
- On July 26, 2011, ICICI invoked the pledge on 28,500,000 equity shares by transferring it to their account resulting into a reduction of Promoter and Promoter Group holdings to 23.47% from 52.77%.
- 7.** The Company's shareholding in GTL Infrastructure Ltd. (GIL), an associate of the Company as at April 1, 2010, was 31.30% of the Equity share capital of GIL. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, the Company's shareholding in GIL increased to 36.22% of the equity share capital of GIL.

Chennai Network Infrastructure Limited (CNIL), a Special Purpose Vehicle set-up by GIL for acquiring 17,500 telecom towers of Aircel and its subsidiaries, availed a Term Loan of ₹ 250 Cr. from IFCI Limited (IFCI). For securing the said loan, the Company had entered into a Non Disposal and Escrow Agreement (NDU) on July 9, 2010 with IFCI for 273,729,000 equity shares held by the Company in GIL. On July 13, 2011, IFCI by invoking security, created a pledge on the shares kept in escrow account.

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

The Company (pledgor) has contested this appropriation and accordingly beneficial ownership of IFCI is under dispute and in view thereof the Company continues to account its investment in GIL.

8. PRIOR PERIOD ITEMS

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to Mar 10 |
|--|---------------------|--------------------|
| 1. Income | | |
| - Sales and Services | (0.56) | NIL |
| 2. Expenses | | |
| - Cost of Sales & Services | 61.73 | (89.84) |
| - Rates & Taxes | NIL | (26.33) |
| - Professional and Consultancy charges | 67.54 | NIL |
| - Interest and Finance Charges | 0.90 | 12.76 |
| 3. Excess provision for tax - net of interest received/(short) provision for income tax including interest & Tax Deducted at Source | 8.57 | NIL |
| Total | 139.30 | (103.41) |

9. EMPLOYEE STOCK OPTIONS

a. ESOP 2001

The Company obtained approval of the shareholders at the 13th AGM held on July 30, 2001, for allocation of 1,500,000 warrants convertible into equal number of equity shares to employees of the Company and 1,000,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP-2001) at an exercise price, at a discount upto 25% of the closing market price of the Company's shares on the National Stock Exchange of India Ltd. (NSE) on the previous trading day of the date of allotment of warrants. The vesting schedule from the date of allotment under this grant is as under:

15% after 12 months
15% after 18 months
15% after 24 months
15% after 30 months
15% after 36 months
15% after 42 months
10% after 48 months

In this ESOP 2001 Scheme, the Company had granted 2,159,800 warrants to its Employees and 72,550 warrants to employees of its subsidiaries. This includes 793,611 and 44,950 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

b. ESOP 2002

The Company obtained further approval of the shareholders at the 14th AGM held on July 25, 2002, for allocation of 3,000,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 1,000,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2002) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2002 Scheme, the Company had granted 4,189,130 warrants to its Employees and 1,219,850 warrants to employees of its subsidiaries. This includes 1,222,476 and 344,980 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

c. ESOP 2004

The Company obtained further approval of the shareholders at the 16th AGM held on September 16, 2004, for allocation of 3,000,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 500,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2004) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2004 Scheme, the Company had granted 3,191,000 warrants to its Employees and 223,900 warrants to employees of its subsidiaries. This includes 508,270 and 30,750 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

d. ESOP 2005

The Company obtained further approval of the shareholders at the 17th AGM held on September 27, 2005, for allocation of 3,500,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 300,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2005) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE or BSE, as the case may be where the volume of shares traded is more, in the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2005 Scheme, the Company had granted 316,500 warrants to its Employees This includes 5,500 warrants lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

e. ESOP 2008

The Company obtained further approval of the shareholders at the 20th AGM held on June 13, 2008, for allocation of 1,500,000 warrants convertible into equal number of equity shares to employees of the Company under this scheme (in the form of warrants under ESOP 2008) at an exercise price at a discount up to 25% of the Average Price of the weekly high and low of the closing prices for the preceding six months of the month in which the warrants are allotted or the closing market price on the previous trading day on which the warrants are allotted, whichever is lower, on the National Stock Exchange of India Limited or Bombay Stock Exchange Limited as the case may be where the volume of shares traded is more. In this ESOP 2008 Scheme, No grants have been issued to the Employees till date.

f. The vesting schedule for the grants issued under ESOP 2002, ESOP 2004, ESOP 2005 and ESOP 2008 Schemes is as under:

| No of Years of Service of Employee as on Allotment date | Conversion at the end of | | | | |
|---|--------------------------|-----------|-----------|-----------|-----------|
| | 12 Months | 18 Months | 24 Months | 30 Months | 36 Months |
| ≥ 5 years | 100% | NIL | NIL | NIL | NIL |
| ≥ 4 years | 80% | 20% | NIL | NIL | NIL |
| ≥ 3 years | 60% | 20% | 20% | NIL | NIL |
| ≥ 2 years | 40% | 20% | 20% | 20% | NIL |
| ≥ 1 year | 20% | 20% | 20% | 20% | 20% |

In order to give impetus of improved Stock market conditions to the employees and pursuant to the powers vested on the Board of Directors by the Shareholder, the Board in its meeting held on July 22, 2009 decided to permit eligible employees to vest their options after the initial lock-in-period of 12 months.

g. 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 basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated below :-

₹ in Lacs (Other than EPS)

| Particulars | For the period ended on June 30, 2011 | For the Year ended on March 31, 2010 |
|--|---------------------------------------|--------------------------------------|
| Net Profit/(Loss) as Reported | 14,218.18 | 15,836.05 |
| Less : Employee Compensation Expense | 143.91 | 60.44 |
| Adjusted Proforma | 14,074.27 | 15,775.61 |
| Basic Earnings per share as reported | 14.66 | 16.60 |
| Proforma Basic Earnings per share | 14.51 | 16.53 |
| Diluted Earnings per share as reported | 14.51 | 16.37 |
| Proforma Diluted Earnings per share | 14.36 | 16.30 |

The significant assumptions used during the Period to estimate the fair value of the options :

| Sr. No. | Particulars | 2010 - 11 | 2009 - 10 |
|---------|---|----------------|----------------|
| 1 | Risk-free interest rate (%) | 8.19 | 7.40 |
| 2 | Expected life (years) | 1 - 4 | 1 - 5 |
| 3 | Volatility (%) | 82.9 | 15.90 |
| 4 | Expected dividend yield (in ₹ per share) | 3.00 | 3.00 |
| 5 | The price of underlying shares in market at the time of option grant (since grant specific, varies from grant to grant) - in ₹ | 92.55 - 304.10 | 92.55 - 304.10 |

h. The following table summarize the Company's Stock option activity for ESOP

| Sr. No. | Particulars | For the period ended on June 30, 2011 | | For the Year ended on March 31, 2010 | |
|---------|--|---------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | | No. of Shares | Weighted average exercise price ₹ | No. of Shares | Weighted average exercise price ₹ |
| i. | Outstanding at the beginning of the period | 3,038,980 | 165.80 | 5,133,733 | 165.54 |
| ii. | Granted during the period | NIL | NIL | 73,500 | 239.31 |
| iii. | Forfeited during the period | 13,250 | 206.54 | (167,203) | 191.79 |
| iv. | Exercised during the period | 543,368 | 185.94 | (2,001,312) | 165.66 |
| v. | Expired during the period | NIL | NIL | NIL | NIL |
| vi. | Outstanding at the end of the period | 2,482,362 | 161.17 | 3,038,980 | 165.80 |
| vii. | Exercisable at the end of the period | 2,482,362 | 161.17 | 3,018,980 | 165.37 |
| viii. | Weighted average remaining contractual life (in years) | NA | 0.53 | NA | 1.02 |
| ix. | Weighted average Intrinsic value of options granted | NA | NA | NA | 52.56 |

10. Employee Benefits:

As per Accounting Standard 15 " Employee Benefit" the disclosure of Employee Benefit, as defined in Accounting Standard are given below: -
Defined Contribution Plan

₹ in Lacs

| Particulars | For the period ended on June 30, 2011 | For the year ended on March 31, 2010 |
|---|---------------------------------------|--------------------------------------|
| Employer's Contribution to Provident fund | 448.97 | 288.29 |
| Employer's Contribution to Pension fund | 103.15 | 68.87 |
| Total: - | 552.12 | 357.16 |

Defined Benefit Plan

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by 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 recognizes 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 recognized in same manner as gratuity.

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

₹ in Lacs

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|-------------------|------------------|---------------------------------|------------------|
| | Apr 10 to Jun 11 | Apr 09 to Mar 10 | Apr 10 to Jun 11 | Apr 09 to Mar 10 |
| Defined Benefit Obligation at beginning of the period (A) | 609.73 | 512.50 | 289.31 | 239.44 |
| Current/past Service Cost (B) | 516.58 | 41.00 | 166.07 | 19.16 |
| Current Interest Cost (C) | 67.26 | 110.07 | 29.31 | 50.88 |
| Actuarial (gain)/ loss (D) | (491.75) | (15.54) | (117.69) | (52.71) |
| Less : Benefits paid (E) | 78.88 | 38.30 | 104.92 | 32.54 |
| Defined Benefit Obligation at end of the period (A+B+C+D-E) | 622.94 | 609.73 | 262.08 | 289.31 |

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

₹ in Lacs

| Particulars | Gratuity (Funded) | |
|--|-------------------|------------------|
| | Apr 10 to Jun 11 | Apr 09 to Mar 10 |
| Fair Value of Plan asset at beginning of period (A) | 134.09 | 79.89 |
| Expected Return on Plan Assets (B) | 17.32 | 6.39 |
| Actuarial gain/ (loss) (C) | (34.53) | 3.20 |
| Contributions (D) | 81.44 | 60.16 |
| Less : Benefits paid (E) | 78.88 | (15.54) |
| Fair Value of Plan asset at the end of period (A+B+C+D-E) | 119.44 | 134.09 |

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

₹ in Lacs

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|---------------------|----------------------|---------------------------------|----------------------|
| | April 10 to June 11 | April 09 to March 10 | April 10 to June 11 | April 09 to March 10 |
| Fair Value of Plan asset at the end of period | 119.44 | 432.61 | NIL | NIL |
| Present value of Defined Benefit Obligation at end of the period | 539.81 | 609.73 | 262.08 | 289.31 |
| Liability/ (Asset) recognised in the Balance Sheet | 539.81 | (177.12) | 262.08 | 289.31 |

d) Expense recognised during the period

₹ in Lacs

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|---|---------------------|----------------------|---------------------------------|----------------------|
| | April 10 to June 11 | April 09 to March 10 | April 10 to June 11 | April 09 to March 10 |
| Current Service Cost (A) | 253.84 | 41.00 | 166.07 | 50.88 |
| Interest Cost (B) | 67.26 | 110.07 | 29.31 | 19.16 |
| Expected Return on plan Assets (C) | 17.32 | (6.39) | NIL | NIL |
| Actuarial (gain)/ loss (D) | (288.88) | (41.49) | (117.69) | 32.54 |
| Net Cost Recognised in Profit & Loss A/c (A+B-C+D) | 14.90 | 103.19 | 77.69 | 102.58 |

e) Assumptions used to determine the defined benefit obligations:

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|---------------------|--------------------|---------------------------------|--------------------|
| | April 10 to June 11 | April 09 to Mar 10 | April 10 to June 11 | April 09 to Mar 10 |
| Discount Rate (p.a.) | 8.50% | 8.00% | 8.50% | 8.00% |
| Estimated rate of return on plan assets (p.a.) | 8.50% | 8.00% | 8.25% | 8.00% |
| Expected rate of increase in salary (p.a.) | 5.50% | 5.50% | 5.50% | 5.50% |

The expected rate of increase in salary for actuarial valuation is based on consideration of inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is as per the certificate obtained from Actuary.

f. Amounts for current and previous four periods are as follows :
₹ in Lacs

| i) Gratuity (Funded) | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|----------|----------|----------|----------|----------|
| Defined Benefit Obligation | 622.94 | 609.73 | 512.50 | 352.34 | 422.90 |
| Plan Assets | 160.46 | 134.09 | 79.89 | 61.62 | 15.63 |
| Surplus / (Deficit) | (462.48) | (475.64) | (432.61) | (291.72) | (407.26) |
| Experience adjustments on plan assets | (3.21) | 0.35 | NIL | * | * |
| Experience adjustments on plan liabilities | (10.32) | 51.64 | 76.28 | * | * |

* The required information is not furnished since the necessary information is not available in actuarial valuation Certificate.

11. DISCLOSURE IN ACCORDANCE WITH SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The information required to be disclosed under the Micro, Small and Medium Enterprises Act, 2006, is furnished below. The same has been determined to the extent such parties have been identified on the basis of information available with the company.

₹ in Lacs

| Sr. No. | Particulars | As at June 2011 | As at March 2010 |
|---------|--|-----------------|------------------|
| a. | Principal amount remaining unpaid | 247.19 | NIL |
| b. | Interest due thereon | 80.87 | NIL |
| c. | Interest paid by the Company in term of Section 16 | NIL | NIL |
| d. | Interest due and payable for the period of delay in payment | 80.87 | NIL |
| e. | Interest accrued and remaining unpaid. | 80.87 | NIL |
| f. | Interest remaining due and payable even in succeeding years. | NIL | NIL |

12. AUDITOR'S REMUNERATION
₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to March 10 |
|------------------------|---------------------|----------------------|
| Statutory Audit Fees | 37.50 | 30.00 |
| Tax Audit Fees | 7.50 | 6.00 |
| Vat Audit Fees | 3.75 | 3.00 |
| Other Matters | 1.25 | 1.68 |
| Out of Pocket Expenses | 1.01 | 0.49 |
| Total: | 51.01 | 41.17 |

- The above amounts are excluding Service Tax.

13. Additional information pursuant to the provisions of paragraph 3 (ii) (d) of Part II of the Schedule VI to the Companies Act, 1956: -

The Company is in the business of providing Network Services involving Network Planning & Designing, Network Deployment, Operation and Maintenance, Professional Services and Energy Management. In view of the composite nature of business activities, the company has not furnished the quantitative information as required under paragraph 3 (ii) (d) of Part II of Schedule VI.

14. MANAGERIAL REMUNERATION

- a. Aggregate Managerial remuneration under Section 198 of the Companies Act, 1956 during the period/year is as under:

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to March 10 |
|--------------------------------|---------------------|----------------------|
| Salary | 250.15 | 109.84 |
| Contribution to Provident Fund | 11.94 | 8.64 |
| Commission | NIL | 473.74 |
| Performance Link Bonus | NIL | 250.00 |
| Leave Encashment | NIL | 0.16 |
| Total | 262.09 | 842.38 |

- b. Computation of net profit in accordance the Section 349 of the Companies Act, 1956 and calculation of commission payable to non-whole time directors :

₹ in Lacs

| Particulars | As at June 30 2011 | As at March 31 2010 |
|---|--------------------|---------------------|
| Profit after Tax but before Extraordinary items. | 14,218.18 | 15,836.05 |
| Add : Provision for Taxation charged in accounts. | 7,204.70 | 3,933.37 |
| Profit before Taxation as per Profit & Loss Account. | 21,422.88 | 19,769.42 |
| Add: Managerial remuneration charged in Profit & Loss Accounts | 262.09 | 842.38 |
| Add : Provision for bad debts & Advances | 158.47 | 524.58 |
| Less : Profit on sale of fixed assets | (214.50) | (59.05) |
| Less : Profit on sale of investment | (663.57) | (1,654.37) |
| Less : Amount w/off against provision | (497.04) | (356.43) |
| Net Profit under Section 198 of the Companies Act, 1956 | 20,468.32 | 19,066.53 |
| Maximum Remuneration allowable under the Companies Act (restricted to 11% of net profit) | 2,251.52 | 2,097.36 |
| a) Commission Payable to whole time director: | | |
| Chairman and Managing Director | NIL | 400.00 |
| b) Commission payable to Non-Executive Directors | NIL | 73.74 |
| Aggregate commission payable | NIL | 473.74 |
| Maximum Remuneration allowable under the Companies Act to non-Executive directors | 204.68 | 190.67 |

c. Employee Stock Options (ESOP) to directors:

| Particulars | As on June 30, 2011 (Number of Warrants) | As on March 31, 2010 (Number of Warrants) |
|---|---|--|
| Outstanding warrants as on April, 2010 | 499,000 | 777,000 |
| Add : Warrants issued earlier in respect of whole-time director and COO appointed during the period | 2,33,000 | NIL |
| Less : Converted into Equity Shares | NIL | 278,000 |
| Outstanding warrants as on June 30, 2011 | 732,000 | 499,000 |

15. VALUE OF IMPORTS OF MATERIAL ON C.I.F. BASIS

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to Mar 10 |
|---------------|------------------------|-----------------------|
| Capital Goods | 60.80 | 262.11 |
| Trading Goods | NIL | NIL |
| Total | 60.80 | 262.11 |

16. EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to Mar 10 |
|------------------------|------------------------|-----------------------|
| i) Bank Interest | NIL | NIL |
| ii) Other Interest | 330.24 | NIL |
| ii) Dividend | 999.78 | 1,075.01 |
| iii) Sales and Service | 2,833.41 | 5,182.75 |
| Total | 4,163.43 | 6,257.76 |

17. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to Mar 10 |
|---|------------------------|-----------------------|
| i) Travelling | 333.29 | 317.05 |
| ii) Interest | 1,813.88 | 3,288.57 |
| iii) Cost of Goods Sold & Services | 1,477.86 | NIL |
| iv) Commision to Non-executive Director | NIL | 4.50 |
| v) Others | 75.88 | NIL |
| Total | 3,700.91 | 3,610.12 |

18. REMITTANCE OF DIVIDEND IN FOREIGN EXCHANGE – NIL (NIL)

19. RELATED PARTY DISCLOSURES

a. Transactions with Related Party

| Sr.no. | Party Name | Transaction during the year April 10 to June 11 | | | | | | (₹ in lacs) |
|----------|---|---|-----------------------------|-----------------|------------|---------------------------|--------------------------|-----------------|
| | | Sales & Services | Reimbursement Expenses from | Dividend Income | Purchases | Reimbursement Expenses to | Purchase of Fixed Assets | Interest Income |
| 1 | Subsidiaries | | | | | | | |
| 1a | International Global Tele Systems Limited | NIL | NIL | 901.12 | NIL | NIL | NIL | 330.24 |
| 1b | GTL International Ltd. | (1,907.89) | (NIL) | (132.33) | (1,569.52) | (NIL) | (4,323.35) | (NIL) |
| | | 1,014.42 | NIL | 98.66 | 414.46 | NIL | NIL | (NIL) |
| | | (681.07) | (NIL) | (942.68) | (NIL) | (NIL) | (NIL) | (NIL) |
| 1c | Ada Cellworks Wireless Engineering Pvt. Ltd. | 590.93 | 24.01 | NIL | 4.76 | 269.99 | NIL | (NIL) |
| | | (NIL) | (52.99) | (NIL) | (796.64) | (2.58) | (NIL) | (NIL) |
| 2 | Fellow subsidiaries (Subsidiaries of GTL International Ltd.) | | | | | | | |
| 2a | GTL (Singapore) Pte Ltd | NIL | NIL | NIL | NIL | 3.71 | NIL | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (7.43) | (NIL) | (NIL) |
| 2b | IGTL Solutions (Saudi Arabia) Limited | 179.14 | 3.03 | NIL | NIL | NIL | NIL | (NIL) |
| | | (105.61) | (5.78) | (NIL) | (NIL) | (32.85) | (NIL) | (NIL) |
| 2c | GTL Overseas M.E. FZ LLC | NIL | 13.58 | NIL | NIL | (9.05) | (NIL) | (NIL) |
| | | (NIL) | (0.55) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2d | GTL International Nigeria Limited | 1.22 | 0.26 | NIL | NIL | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2e | Pt. GTL Solutions (Indonesia) Ltd. | 6.85 | 1.39 | NIL | NIL | NIL | (NIL) | (NIL) |
| | | (NIL) | (0.24) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2f | GTL Europe Limited (formerly Genesis Consultancy Limited) | NIL | NIL | NIL | NIL | (5.37) | (NIL) | (NIL) |
| | | (36.30) | (120.56) | (NIL) | (NIL) | NIL | (NIL) | (NIL) |
| 2g | IGTL Solutions (UK) Limited | NIL | NIL | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2h | A R Infrastructure (T) Ltd. | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (0.95) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2i | IGTL Solutions (Lanka) Private Limited (was subsidiary of GTL Limited for part of the year) | 0.99 | 16.40 | NIL | NIL | 17.80 | NIL | (NIL) |
| | | (NIL) | (3.86) | (NIL) | (NIL) | (6.20) | (NIL) | (NIL) |
| 2j | A R Infrastructure (Kenya) Ltd. | (NIL) | (5.16) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | 0.23 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2k | GTL Network Services Malaysia SDN BHD | 3.01 | 0.23 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (1.57) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2l | GTL Kenya Limited | 241.09 | 8.28 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (53.35) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2m | GTL USA Inc. | 258.63 | 0.82 | (NIL) | (NIL) | 2.04 | (NIL) | (NIL) |
| | | (89.42) | (2.03) | (NIL) | (NIL) | (2.04) | (NIL) | (NIL) |
| 2n | GTL Vietnam Co. Ltd. | NIL | 0.13 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2o | GTL International Bangladesh Pvt. Ltd. | 14.39 | 9.88 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2p | GTL Nepal Ltd. | 25.16 | 209.78 | (NIL) | 203.06 | 1.09 | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2q | IGTL Network Services Philippines INC | NIL | 0.37 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2r | GTL Tanzania Limited | 16.64 | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 3 | Associates | | | | | | | |
| 3a | GTL Infrastructure Limited | 111,852.50 | 3.80 | NIL | NIL | 12,713.53 | 2,527.44 | (NIL) |
| | | (96,712.22) | (229.55) | (NIL) | (5,382.79) | (NIL) | (NIL) | (NIL) |
| 3b | Global Rural Netco Limited | 6,806.17 | 769.15 | (NIL) | NIL | 3.36 | NIL | (NIL) |
| | | (50.85) | (13.95) | (NIL) | (NIL) | 19,565.44 | (NIL) | (NIL) |
| 3c | Chennai Network Infrastructure Limited | 33,979.59 | 2,254.97 | (NIL) | (NIL) | (NIL) | (NIL) | 5,366.20 |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |

| Sr.no. | Party Name | Balance as at Jun 30, 2011 | | | | |
|----------|---|----------------------------|-----------------|-------------|---------------------|-----------------------------------|
| | | (₹ in lacs) | | | | |
| | | Guarantees to | Guarantees from | Receivables | Advances / Deposits | Payables (incl. Advance received) |
| 1 | Subsidiaries | | | | | |
| 1a | International Global Tele Systems Limited | 11,212.62 | NIL | 330.24 | NIL | NIL |
| | | (8,912.64) | (NIL) | (941.73) | (183.04) | (NIL) |
| 1b | GTL International Ltd. | NIL | NIL | 418.56 | NIL | 352.29 |
| | | (NIL) | (NIL) | (681.07) | (NIL) | (NIL) |
| 1c | Ada Cellworks Wireless Engineering Pvt. Ltd. | NIL | NIL | 7.95 | 498.09 | 588.70 |
| | | (300.00) | (NIL) | (42.33) | (NIL) | (330.33) |
| 2 | Fellow subsidiaries (Subsidiaries of GTL International Ltd.) | | | | | |
| 2a | GTL (Singapore) Pte Ltd | NIL | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (3.74) |
| 2b | IGTL Solutions (Saudi Arabia) Limited | 468.82 | NIL | 137.47 | NIL | NIL |
| | | (3,228.79) | (NIL) | (0.27) | (NIL) | (NIL) |
| 2c | GTL Overseas M.E. FZ LLC | NIL | NIL | 6.81 | NIL | 2.09 |
| | | (NIL) | (NIL) | (0.23) | (NIL) | (25.60) |
| 2d | GTL International Nigeria Limited | NIL | NIL | 1.48 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2e | Pt. GTL Solutions (Indonesia) Ltd. | NIL | NIL | 8.24 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2f | GTL Europe Limited (formerly Genesis Consultancy Limited) | NIL | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (11.27) | (NIL) | (5.37) |
| 2g | IGTL Solutions (UK) Limited | NIL | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2h | A R Infrastructure (T) Ltd. | NIL | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2i | IGTL Solutions (Lanka) Private Limited (was subsidiary of GTL Limited for part of the year) | 422.33 | NIL | 17.39 | NIL | 2.43 |
| | | (801.23) | (NIL) | (0.79) | (NIL) | (8.63) |
| 2j | A R Infrastructure (Kenya) Ltd. | NIL | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2k | GTL Network Services Malaysia SDN BHD | NIL | NIL | 3.24 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2l | GTL Kenya Limited | NIL | NIL | 88.25 | NIL | 1.07 |
| | | (NIL) | (NIL) | (53.35) | (NIL) | (NIL) |
| 2m | GTL USA Inc. | NIL | NIL | 103.61 | 40.21 | 49.45 |
| | | (NIL) | (NIL) | (91.45) | (NIL) | (2.04) |
| 2n | GTL Vietnam Co. Ltd. | NIL | NIL | 0.13 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2o | GTL International Bangladesh Pvt. Ltd. | NIL | NIL | 24.26 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2p | GTL Nepal Ltd. | NIL | NIL | 222.61 | NIL | 39.64 |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2q | IGTL Network Services Phillipines INC | NIL | NIL | 0.37 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 2r | GTL Tanzania Limited | NIL | NIL | 16.64 | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) | (NIL) |
| 3 | Associates | | | | | |
| 3a | GTL Infrastructure Limited | NIL | NIL | 17,073.68 | 4,649.32 | 778.75 |
| | | (NIL) | (NIL) | (NIL) | (5,869.97) | (787.36) |
| 3b | Global Rural Netco Pvt. Ltd. | NIL | NIL | NIL | NIL | 86.36 |
| | | (NIL) | (NIL) | (65.23) | (NIL) | (NIL) |
| 3c | Chennai Network Infrastructure Ltd. | NIL | 20,000 | 3,087.07 | 12,685.12 | 4,711.03 |
| | | (NIL) | (NIL) | (NIL) | (106,779.00) | (NIL) |

The undertakings given by the Company for its associates are stated in Note No. 5.a, 5c, 5d herein above.

Disclosure of information as required by clause 32 of listing agreement

- The Company has not given any Loans or advances in the nature of Loans to Subsidiaries and Associates. Business Advance given to subsidiaries outstanding as at June 30, 2011 - ₹ 311.37 lacs (₹ 184.04 lacs) (Maximum Balance outstanding during the year was ₹ 311.37 lacs (₹ 324.04 lacs)) and to associates ₹ 12,000 Lacs (Previous Year ₹ Nil).
- None of the Subsidiaries to whom advances are given per se, have investment in the shares of the company.

b) KEY MANAGERIAL PERSONNEL

Particulars of remuneration and other benefits paid to key management personnel during the period/year end June 30, 2011, is set out below:

₹ in Lacs

| Particulars | Salary | Contributions to provident and other funds | ESOP Outstanding (Nos.) |
|----------------------|--------|--|-------------------------|
| April 10 to June 11 | 250.15 | 11.94 | 732,000 |
| April 09 to March 10 | 109.84 | 8.64 | 499,000 |

Name of the key managerial personnel

- Mr. Manoj Tirodkar, Chairman (Mr. Manoj Tirodkar is re-designated as a Non-Executive Chairman with effect from 01st April 2011)
- Mr. Charudatta Naik, Whole-time Director
- Mr. Sukanta Kumar Roy, Whole-time Director and COO with effect from 27th July 2010

20. EARNINGS PER SHARE

₹ in Lacs (Other than No. of Shares & EPS)

| Particulars | April 10 - June 11 | April 09 - March 10 |
|---|----------------------|---------------------|
| BASIC EARNINGS PER SHARE | | |
| Numerator for basic earning per share | | |
| Profit before Tax & extra-ordinary & prior period items | 21,562.18 | 19,666.02 |
| Provision for Income Tax, Deferred Tax & FBT | (7,204.70) | (3,933.37) |
| Adjustment to net earning: | | |
| Prior Period Adjustment | (139.30) | 103.41 |
| Net Profit after Tax & Prior period item | (a) 14,218.18 | 15,836.05 |
| Extra-ordinary items | (b) NIL | NIL |
| Net Profit after Tax, Prior period & Extra-Ordinary item | (c) 14,078.88 | 15,836.05 |
| Denominator for basic earning per share- | | |
| Weighted average number of shares | (d) 96,967,613 | 95,417,226 |
| Basic earning per share without Extra-ordinary Items | e=(a/d) 14.66 | 16.60 |
| Basic earning per share with Extra-ordinary Items | f=(c/d) 14.66 | 16.60 |
| Denominator for diluted earnings per share | | |
| Effect of dilutive securities-Weighted average number of shares | | |
| Weighted average number of shares | 96,967,613 | 95,417,226 |
| Possible Dilution: | | |
| Conversion of Stock Options (number of shares) | (g) 1,022,185 | 1,340,543 |
| Adjusted weighted average number of shares | h=(d+g) 97,989,798 | 96,757,770 |
| Diluted earning per share without Extra-ordinary items | i=(a/h) 14.51 | 16.37 |
| Diluted earning per share with Extra-ordinary items | j=(c/h) 14.51 | 16.37 |

21. DEFERRED TAX ASSET

The deferred Tax liability of ₹ 2,236.71 lacs (₹ 308.37 Lacs) is recognised in Profit & Loss Account for the period/year ended. Deferred Tax Liability as at period-end comprises of the following items:

₹ in Lacs

| Particulars | As at June 30, 2011 | As at Mar 31, 2010 |
|--|---------------------|--------------------|
| Related to Fixed Assets | 589.72 | (1,046.05) |
| MTM Derivative | (275.63) | (993.84) |
| Provision for Bad Debts | (39.49) | 0.65 |
| Gratuity and Items considered under Section 43B of IT act 1961 | (260.17) | (183.05) |
| Total Liability (Assets) | 14.43 | (2,222.29) |

22. FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS:

- Derivative contracts entered into by the Company and outstanding as at period end.

| Sr. No | Particulars | As at June 30, 2011 In USD Million | As at March 31, 2010 In USD Million |
|--------|---------------|---------------------------------------|--|
| 1 | Interest Swap | 150.00 | 150.00 |
| 2 | Currency Swap | NIL | NIL |
| 3 | Options | NIL | NIL |
| 4 | Forward Cover | NIL | 24.95 |

- All Derivatives and Financial instruments are for hedging purpose only.
- Net Foreign Currency exposures that are not hedged by the derivative instruments and forward contract as at June 30, 2011 for USD 153.20 mn (USD 152.06 mn).

| Sr. No | Particulars | As at Jun 30, 2011 In USD Million | As at March 31, 2010 In USD Million |
|--------|---|--------------------------------------|--|
| 1 | External Commercial Borrowings | 150.00 | 150.00 |
| 2 | Foreign Currency Letter of Credits/Bill's | 0.00 | 3.01 |
| 3 | Import Creditors | 1.00 | 0.77 |
| 4 | Export Debtors | 2.20 | 1.72 |
| | Total | 153.20 | 152.06 |

- Expenditure on account of premium on forward exchange contracts to be recognized in the profit and loss account of subsequent accounting period aggregates to ₹ NIL (₹ 25.92 lacs).

23. OPERATING LEASES

The Company's lease agreements are in respect of operating lease for office premises, guesthouse, warehouses and vehicles. These lease arrangements are cancellable by either parties there to as per the terms and condition of the agreements. The lease rental recognized to the profit & loss account during the period ended are ₹ 1,565.28 lacs (₹ 1,134.98 lacs). The lease obligations due within five-years are ₹ 2,326.69 lacs (₹ 1,814.41 lacs).

- The Bank Balance with Non-Scheduled bank as at year end and the maximum balance during the period/year is as follows.

| Name of the Bank | Bank Balance as on | | Maximum Balance during the year | |
|------------------|--------------------|----------------|---------------------------------|---------|
| | June 30, 2011 | March 31, 2010 | 2010-11 | 2009-10 |
| HSBC – Malaysia | 8.96 | 8.99 | 9.31 | 9.83 |

- On 28th September, 2010, the Income Tax authorities carried out search and seizure operations at the Company premises. The Company has provided necessary information required by the authorities. The Company believes that there will be no material tax liability. The amount of tax liability, if any, shall be determined upon completion of the proceedings by the Authorities.

- The Balances of Sundry Debtors and Sundry Creditors are subject to reconciliation and confirmation. Appropriate adjustment if necessary will be considered in the year of reconciliation.

27. In respect of Goods procured and supplied under agency arrangements, commission of ₹ 2,134.62 Lacs (Previous Year ₹ 2,598.38 lacs) is recognized as Income. During the period, as per the contractually agreed terms under these arrangements, the company has discharged its liability of principal for the goods procured through supplier's bill facility. The receivables from the principal for the same as at the period-end are ₹ 44,754.82 lacs (₹ 40,149.45 lacs). These receivables and the liability for acceptances referred above are presented net in the Financial Statements.

28. The Company has entered into "Agreement for Assignment of Receivable" with GTL Infrastructure Limited (GIL). In terms of the said agreement, GIL has assigned receivables from its customer with regards to Energy Management to the Company. Out of the assigned Receivable during the period of ₹ 20,057.81 lacs (₹ 10,579.14), outstanding amount of ₹ 4,247.95 lacs (₹ 4,312.01 lacs) as at June 30, 2011 is shown under 'Other Current Assets'.

29. SEGMENT REPORTING

Reporting as per Accounting Standard 17 based on consolidated Financial Statements is forming part Consolidated Financial Statement.

As per our report of even date

For Godbole Bhawe & Co.

Chartered Accountants

A.S. Mahajan

Partner

Membership No.100483

FRN No. 114445W

Mumbai

August 18, 2011

For Yeolekar & Associates

Chartered Accountants

S.S. Yeolekar

Partner

Membership No. 36398

FRN No. 102489W

30. IMPAIRMENT OF ASSETS

In Accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash-generating unit. On the basis of this review carried out by the management, there was no impairment loss on fixed assets during the period ended June 30, 2011.

31. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financials statements forming part of the accounts with the Auditors report thereon are attached herewith.

32. The Previous year's figures, wherever necessary, have been regrouped/rearranged/recast to make them comparable with those of the current period.

33. Figures in brackets relate to the previous year unless otherwise stated.

34. The figures for the 15 months period are not comparable to previous year, that being of 12 months.

For and on behalf of the Board

Manoj G. Tirodkar

Chairman & Managing Director

Charudatta Naik

Whole-time Director

Milind Bapat

Sr. Vice President - Finance

Vijay Vij

Director

Vidyadhar Apte

Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

| | | | |
|--------------------|-----------------------|------------|----|
| Registration No. | L40300MH1987PLC045657 | State Code | 11 |
| Balance Sheet Date | June 30, 2011 | | |

II CAPITAL RAISED DURING THE PERIOD (AMOUNT IN ₹ THOUSANDS)

| | | | |
|--------------|-------|-------------------|-----|
| Public Issue | 5,434 | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

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

| | | | |
|-------------------|------------|--------------|------------|
| Total Liabilities | 68,647,882 | Total Assets | 68,647,882 |
|-------------------|------------|--------------|------------|

SOURCE OF FUNDS

| | | | |
|-----------------|---------|-------------------|------------|
| Paid-up Capital | 972,678 | Resrves & Surplus | 11,878,018 |
| Secured Loans | NIL | Unsecured Loans | 39,638,271 |

APPLICATION OF FUNDS

| | | | |
|--------------------|------------|---------------------------|------------|
| Net Fixed Assets | 8,239,784 | Investments | 28,025,512 |
| Net Current Asset | 16,225,114 | Miscellaneous Expenditure | NIL |
| Accumulated Losses | NIL | Deferred Tax Liability | 1443 |

IV PERFORMANCE OF THE COMPANY (AMOUNT IN ₹ THOUSANDS)

| | | | |
|---------------------------------|------------|-------------------|------------|
| Total Income | 31,008,287 | Total Expenditure | 28,852,069 |
| Profit Before Tax | 2,156,218 | Profit After Tax | 1,435,748 |
| Earning per share (Basic) (₹) | 14.66 | Dividend Rate % | 10% |
| Earning per share (Diluted) (₹) | 14.51 | | |

V GENERAL NAMES OF THREE PRINCIPAL PRODUCT/SERVICES OF COMPANY (AS PER MONETARY TERMS)

| | |
|------------------------------|---------------|
| Product/Service Description | Item Code No. |
| Network Services | N.A. |
| Power Distribution Franchise | N.A. |

Cash Flow for the Period Ended 30th June, 2011

| Particulars | April 10 - June 11 ₹ | April 09 - March 10 ₹ |
|---|-------------------------|--------------------------|
| CASH FROM OPERATING ACTIVITIES | | |
| Net Profit before tax, prior period and extraordinary items: | 2,156,217,543 | 1,966,602,098 |
| Adjustments for: | | |
| Depreciation | 875,581,145 | 480,062,540 |
| Interest and Dividend Income | (2,502,441,738) | (715,942,454) |
| Provision for doubtful debts | 7,446,378 | 51,145,394 |
| Provision for doubtful advances | 8,400,494 | 1,352,453 |
| Debit/Credit balances and claims written off | (43,293,461) | 40,112,347 |
| (Profit)/Loss on sale of fixed assets | (21,449,873) | (5,904,699) |
| (Profit) on sale / redemption of Investments | (66,357,354) | (165,437,189) |
| Unrealised Exchange (Gain)/Loss | 260,361,164 | (595,015,392) |
| Employee Compensation Expenses under ESOP | (7,361,922) | (39,184,551) |
| Provision for Derivatives Loss (MTM) | (108,287,907) | 49,072,710 |
| Prior year adjustments | (13,929,756) | 10,340,679 |
| Operating profit before working capital changes | 544,884,712 | 1,077,203,936 |
| Adjustments for: | | |
| Inventories | (1,387,170,591) | 519,209,745 |
| Receivables | (502,210,457) | 774,413,220 |
| Loans and advances | (3,584,222,703) | 2,547,362,394 |
| Other Current Assets | 6,404,691 | (431,200,534) |
| Trade payables | 2,766,319,365 | (1,501,047,241) |
| Other current liabilities and provisions | 949,479,720 | (1,228,570,044) |
| Cash generated from operations | (1,206,515,263) | 1,757,371,476 |
| Interest paid | 3,618,552,773 | 903,628,124 |
| Financial Charges | 901,583,022 | 567,236,510 |
| Direct taxes paid | (117,075,059) | (381,005,684) |
| Cash flow from Operating Activities | 3,196,545,473 | 2,847,230,426 |
| Extraordinary items: | | |
| Extraordinary item | NIL | NIL |
| Net cash from operating activities: | 3,196,545,473 | 2,847,230,426 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (5,119,810,066) | (664,626,240) |
| Sale of fixed assets | 31,287,639 | 21,798,437 |
| Purchase of investments - Subsidiaries | (2,592,365,250) | (583,450,000) |
| Purchase of investments - other than Subsidiaries * | (246,324,210,198) | (290,032,784,651) |
| Share Application Money towards Equity Investment in Chennai Network Infrastructure Limited | NIL | (10,677,860,000) |
| Sale of investments - Other than Subsidiaries * | 227,270,447,934 | 289,589,866,550 |
| Sale of investments - Subsidiaries | 1,876,823,032 | NIL |
| Interest and Dividend Income | 2,502,441,738 | 715,942,454 |
| Net cash generated from/(used in) investing activities | (22,355,385,171) | (11,631,113,451) |

Cash Flow for the Period Ended 30th June, 2011

| Particulars | April 10 - June 11 ₹ | April 09 - March 10 ₹ |
|---|-------------------------|--------------------------|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 5,433,680 | 20,013,120 |
| Share Premium | 111,104,847 | 348,097,011 |
| Proceeds from Borrowings | 20,432,520,837 | 23,100,000,000 |
| Repayment of Borrowings | (4,500,000,000) | (8,600,000,000) |
| Interest paid | (3,444,883,235) | (815,466,969) |
| Financial Charges | (901,583,022) | (567,236,510) |
| Dividend paid | (290,173,395) | (284,169,459) |
| Dividend Distribution Tax | (49,314,963) | (48,294,600) |
| Net cash received from/(used in) financing activities (C) | 11,363,104,749 | 13,152,942,593 |
| Net increase in cash and cash equivalents (A+B+C) | (7,795,734,948) | 4,369,059,568 |
| Cash and cash equivalents (opening) | 13,283,533,627 | 8,914,390,710 |
| Cash and cash equivalents (closing) | 5,487,802,587 | 13,283,533,627 |
| Effect of Exchange rate changes | (3,908) | (83,349) |
| Cash and Cash equivalents as restated | 5,487,798,678 | 13,283,450,278 |

* Includes Purchase and Sale of Mutual Fund units of ₹ 2,270,240.91 (Previous year ₹ 2,884,032.07 lacs)

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 'Cash Flow Statement.
- Figures in brackets indicate outflows.
- Cash and Cash Equivalents at the end of the period include Deposits with Banks aggregating to ₹ 51,697.60 lacs (Previous year ₹ 56,198.57 lacs) which are pledged and also includes ₹ 163.17 lacs (Previous Year ₹ 165.24 lacs) towards amount payable for Unclaimed Dividend.
- Previous year's figures have been regrouped/rearranged/recast wherever necessary to make them comparable with those of current year.

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar

Chairman & Managing Director

For Godbole Bhawe & Co.

Chartered Accountants

A.S. Mahajan

Partner

Membership No.100483

FRN No. 114445W

Mumbai

August 18, 2011

For Yeolekar & Associates

Chartered Accountants

S.S. Yeolekar

Partner

Membership No. 36398

FRN No. 102489W

Charudatta Naik

Whole-time Director

Milind Bapat

Sr. Vice President - Finance

Vijay Vij

Director

Vidyadhar Apte

Company Secretary

Auditor's Report to the Board of Directors of GTL Limited on the Consolidated Financial Statements of GTL Limited and its Subsidiaries

1. We have audited the attached Consolidated Balance Sheet of GTL Limited (the Company) and its subsidiaries (collectively referred to as 'the group') as at June 30, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These Financial Statement 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 misstatements. 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. The Consolidated Financial Statements dealt with by this report include the financial results of the following subsidiaries which are not audited by us:
 - a) International Global Tele-systems Limited and it's subsidiaries,
 - b) GTL International Ltd and it's subsidiaries,
 - c) Ada Cellworks Wireless Engineering Pvt. Ltd; and
 - d) Corpexcel Advisory LLP.

The Consolidated Financial Statements reflect total assets of ₹ 13,382,990,276/- as at June 30, 2011, total revenues of ₹ 9,021,635,738/- and cash flows of ₹ 1,419,575/- for the period then ended of the above subsidiaries. We have been furnished unaudited consolidated financial statements/ financial statements of the above subsidiaries and our opinion insofar as it relates to the amounts included in respect of these subsidiaries is based solely on unaudited financial statements furnished to us as stated herein above.
 4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006 except for non consideration of share in associates namely GTL Infrastructure Ltd and Chennai Network Infrastructure Ltd as stated in paragraph (5) below.
 5. The Company has not considered in Consolidated Financial Statements the share of loss in it's associates GTL Infrastructure Ltd and Chennai Network Infrastructure Ltd. The Company's holding as on 30.06.2011 in above referred associates is 36.22% & 30% respectively. The latest available unaudited financial statements of GTL Infrastructure Ltd and Chennai Network Infrastructure Ltd are for the period ended June 30, 2011 and December 31, 2010 respectively. As per these financial statements, GTL Infrastructure Ltd has reported a loss of ₹ 22,324.22 lacs (Company has considered share in associates wrt loss of ₹ 3,550.36 out of the said loss in consolidated financial statements) and Chennai Networks Infrastructure Ltd has reported a loss of ₹ 25,698.10 lacs.
- In view of reasons stated in note no (17) of schedule S, the impact of non-consideration of Share of Loss in Associates as required by (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements" on Consolidated Profits for the period ended June 30, 2011 and on the Company's Investment in associates as at June 30, 2011 is not ascertained by the management and hence not quantified.
6. In our opinion and to the best of our information and according to the explanations given to us the Consolidated Financial Statements, subject to our comment in paragraph (5) above, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet of the state of affairs of the Group as at June 30, 2011;
 - b) in the case of the Consolidated Profit and Loss Account of the profit of the Group for the period ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the period ended on that date.

Mumbai
August 18, 2011

For Godbole Bhawe & Co.
Chartered Accountants

A.S. Mahajan
Partner

Membership No. 100483
FRN No. 114445W

For Yeolekar & Associates
Chartered Accountants

S.S. Yeolekar
Partner

Membership No. 36398
FRN No. 102489W

Consolidated Balance Sheet as at June 30, 2011

| | Schedule | ₹ | June 30, 2011 ₹ | March 31, 2010 ₹ |
|---|----------|----------------|-----------------------|-----------------------|
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| a) Share Capital | A | 972,678,330 | | 967,244,650 |
| b) Reserves and Surplus | B | 15,093,845,078 | | 13,162,989,776 |
| | | | 16,066,523,408 | 14,130,234,426 |
| Minority Interest | | | | |
| | | | 5,198,460 | 4,579,218 |
| Loan Funds | | | | |
| a) Secured Loans | C | NIL | | NIL |
| b) Unsecured Loans | D | 41,364,995,837 | | 23,735,000,000 |
| | | | 41,364,995,837 | 23,735,000,000 |
| TOTAL : | | | 57,436,717,705 | 37,869,813,644 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | | | | |
| Gross Block | E | 9,330,405,686 | | 6,073,584,909 |
| Less : Depreciation | | 3,670,808,248 | | 2,671,632,090 |
| Net Block | | 5,659,597,438 | | 3,401,952,819 |
| Capital Work-in-progress including Capital Advances | | 3,715,673,623 | | 994,261,651 |
| | | | 9,375,271,061 | 4,396,214,470 |
| Investments | F | | 24,522,944,298 | 5,906,690,891 |
| Deferred Tax Asset | | | 25,675,997 | 235,143,854 |
| Current Assets, Loans and Advances | | | | |
| a) Inventories | G | 3,991,968,809 | | 2,558,246,151 |
| b) Sundry Debtors | H | 10,187,393,274 | | 3,676,333,222 |
| c) Cash and Bank balances | I | 7,943,716,352 | | 15,738,027,820 |
| d) Other Current Assets | J | 424,795,843 | | 431,200,534 |
| e) Loans and Advances | K | 18,517,496,460 | | 14,292,573,743 |
| | | 41,065,370,738 | | 36,696,381,470 |
| Less : Current Liabilities and Provisions | | | | |
| a) Liabilities | L | 17,250,647,160 | | 8,724,174,248 |
| b) Provisions | | 301,897,229 | | 640,442,793 |
| | | 17,552,544,389 | | 9,364,617,041 |
| Net Current Assets | | | 23,512,826,349 | 27,331,764,429 |
| TOTAL : | | | 57,436,717,705 | 37,869,813,644 |
| Statement of Significant Accounting Policies and Notes on Accounts form integral part of Accounts | S | | | |

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

Charudatta Naik
Whole-time Director

Milind Bapat
Sr. Vice President - Finance

Vijay Vij
Director

Vidyadhar Apte
Company Secretary

For Godbole Bhawe & Co.
Chartered Accountants

A.S. Mahajan
Partner
Membership No. 100483
FRN No. 114445W
Mumbai
August 18, 2011

For Yeolekar & Associates
Chartered Accountants

S.S. Yeolekar
Partner
Membership No. 36398
FRN No. 102489W

Consolidated Profit and Loss Account for the period ended June 30, 2011

| | Schedule | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|---|----------|-------------------------|-------------------------|
| INCOME | | | |
| Sales and Services (Net of Taxes) | | | |
| Exports | | 8,983,925,087 | 7,472,481,914 |
| Domestic | | 30,657,646,838 | 14,896,937,538 |
| | | 39,641,571,925 | 22,369,419,452 |
| Other Income | M | 107,465,053 | 23,230,404 |
| TOTAL INCOME | | 39,749,036,978 | 22,392,649,856 |
| EXPENDITURE | | | |
| Cost of Sales and Services | N | 25,294,690,856 | 12,973,538,240 |
| Cost of Delivery | O | 5,358,053,959 | 3,777,030,360 |
| Selling and Marketing Expenses | P | 808,241,341 | 593,629,729 |
| Administration and Other Expenses | Q | 2,016,530,826 | 1,631,896,380 |
| Finance Cost (Net) | R | 2,355,294,519 | 364,154,376 |
| Depreciation | | 1,044,016,445 | 594,288,055 |
| TOTAL EXPENDITURE | | 36,876,827,946 | 19,934,537,140 |
| Profit before Tax and Extraordinary & Prior Period items | | 2,872,209,032 | 2,458,112,716 |
| Less : Provision For Taxation for current year | | | |
| Income Tax (Net of MAT credit receivable) & Wealth Tax | | 518,127,649 | 380,406,787 |
| Deferred Tax | | 218,170,340 | 25,846,076 |
| | | 736,297,989 | 406,252,863 |
| Profit After Tax & Before Extraordinary & Prior Period Items | | 2,135,911,042 | 2,051,859,852 |
| Add / (Less) : Prior Period items | | (14,366,582) | 8,913,144 |
| Profit After Tax and Extra-ordinary & Prior Period items | | 2,121,544,460 | 2,060,772,997 |
| Minority Interest | | (784,054) | 761,436 |
| Share of Profit / (Loss) in associates | | (138,232,400) | (784,048) |
| Reserve on consolidation | | (135,909) | 653,977 |
| Add: Excess Provision of Equity Dividend and Dividend Distribution Tax written back | | 10,666,369 | NIL |
| Add: Balance brought forward from Last Year | | 5,630,364,734 | 4,630,744,099 |
| Profit available for Appropriation | | 7,623,423,200 | 6,692,148,461 |
| APPROPRIATIONS | | | |
| Equity Dividend Proposed | | 97,267,833 | 299,290,335 |
| | | 97,267,833 | 299,290,335 |
| Dividend distribution Tax | | 16,154,971 | 50,864,392 |
| | | 16,154,971 | 50,864,392 |
| Amount transferred to: | | | |
| General Reserve | | NIL | 200,000,000 |
| Debenture Redemption Reserve | | 1,400,000,000 | 511,629,000 |
| | | 1,400,000,000 | 711,629,000 |
| Surplus carried to Balance Sheet | | 6,110,000,396 | 5,630,364,734 |
| | | 7,623,423,200 | 6,692,148,461 |
| Face Value of Equity Share - 10 each | | | |
| Earnings Per Share excluding extra-ordinary items - Basic | | 20.44 | 21.60 |
| Earnings Per Share excluding extra-ordinary items - Diluted | | 20.23 | 21.30 |
| Earnings Per Share including extra-ordinary items - Basic | | 20.44 | 21.60 |
| Earnings Per Share including extra-ordinary items - Diluted | | 20.23 | 21.30 |
| Statement of Significant Accounting Policies and Notes on Accounts form integral part of Accounts | S | | |

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar

Chairman & Managing Director

Charudatta Naik

Whole-time Director

Vijay Vij

Director

Milind Bapat

Sr. Vice President - Finance

Vidyadhar Apte

Company Secretary

For Godbole Bhawe & Co.

Chartered Accountants

A.S. Mahajan

Partner

Membership No.100483

FRN No. 114445W

Mumbai

August 18, 2011

For Yeolekar & Associates

Chartered Accountants

S.S. Yeolekar

Partner

Membership No. 36398

FRN No. 102489W

Schedules to the Consolidated Balance Sheet as at June 30, 2011

| | ₹ | June 30, 2011 ₹ | March 31, 2010 ₹ |
|--|-------------------|-----------------------|-----------------------|
| SCHEDULE A | | | |
| SHARE CAPITAL | | | |
| Authorised | | | |
| 120,000,000 Equity Shares of ₹ 10 each | | 1,200,000,000 | 1,200,000,000 |
| (120,000,000 Equity Shares of ₹ 10 each) | | | |
| 2,500,000 Preference Shares of ₹ 100 each | | 250,000,000 | 250,000,000 |
| (2,500,000 Preference Shares of ₹ 100 each) | | | |
| | | 1,450,000,000 | 1,450,000,000 |
| Issued, Subscribed and Paid Up | | | |
| 97,267,833 (96,724,465) Equity Shares of ₹ 10 each fully paid-up | | 972,678,330 | 967,244,650 |
| TOTAL | | 972,678,330 | 967,244,650 |
| SCHEDULE B | | | |
| RESERVES AND SURPLUS | | | |
| Share Premium | | | |
| As per last Balance Sheet | 2,248,807,612 | | 1,900,710,601 |
| Additions during the period : | | | |
| On Issue of Equity shares under ESOP | 111,104,847 | 2,359,912,459 | 348,097,011 |
| | | | 2,248,807,612 |
| Capital Reserve | | | |
| As per last Balance Sheet | 128,427,822 | | 25,374,301 |
| Addition during year - Acquisition of Subsidiary | NIL | | 103,053,521 |
| | | 128,427,822 | 128,427,822 |
| Capital Redemption Reserve | | | |
| As per last Balance Sheet | | 86,293,330 | 86,293,330 |
| General Reserve | | | |
| As per last Balance Sheet | 5,107,632,718 | | 4,907,632,718 |
| Transferred from Profit and Loss Account | NIL | | 200,000,000 |
| | | 5,107,632,718 | 5,107,632,718 |
| Debenture Redemption Reserve | | | |
| As per last Balance Sheet | 511,629,000 | | NIL |
| Transferred from Profit and Loss Account | 1,400,000,000 | 1,911,629,000 | 511,629,000 |
| | | | 511,629,000 |
| Translation Adjustment | | 14,050,570 | 61,851,662 |
| Reserve on Consolidation | | (633,682,584) | (628,960,390) |
| Employee Stock Option Outstanding | | | |
| As per last Balance Sheet | 28,843,591 | | 67,337,932 |
| Addition / (Deletion) during the period | (15,869,576) | | (38,494,341) |
| | 12,974,015 | | 28,843,591 |
| Less : Deferred Compensation Expense | | | |
| As per last Balance Sheet | 11,900,303 | | 11,210,093 |
| Addition / (Deletion) during the period | (8,507,654) | | 690,210 |
| | 3,392,649 | | 11,900,303 |
| Surplus as per Profit and Loss Account | | 9,581,366 | 16,943,288 |
| TOTAL | | 15,093,845,078 | 13,162,989,776 |

Schedules to the Consolidated Balance Sheet as at June 30, 2011

| | June 30, 2011 ₹ | March 31, 2010 ₹ |
|---|-----------------------|-----------------------|
| SCHEDULE C | | |
| SECURED LOANS | NIL | NIL |
| TOTAL | NIL | NIL |
| SCHEDULE D | | |
| UNSECURED LOANS | | |
| Short Terms * | | |
| From Banks | 10,232,520,837 | 2,000,000,000 |
| Long Term ** | | |
| From Banks | 8,700,000,000 | 1,000,000,000 |
| External Commercial Borrowing from Banks | 6,705,750,000 | 6,735,000,000 |
| From Others | | |
| 8% Rated Redeemable Unsecured Rupee Non-convertible Debentures | 14,000,000,000 | 14,000,000,000 |
| Convertible Loan Note | 1,726,725,000 | NIL |
| TOTAL | 41,364,995,837 | 23,735,000,000 |
| * Includes amount due of ₹ 7,325.21 Lacs in respect of overdues bill of exchange (₹ NIL) | | |
| ** Payable within One Year ₹ 37,000 Lacs (₹ NIL) | | |

SCHEDULE E FIXED ASSETS

₹

| PARTICULARS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|---|-------------------------|----------------------|------------------------|-----------------------|-----------------------|-----------------------------|---------------------|-----------------------|-----------------------|------------------------|
| | As at April 1,2010 | Additions | Sale / Adjustment | As at June 30,2011 | As at April 1,2010 | For the period Additions | Sale/ Adjustment | As at June 30,2011 | As at June 30,2011 | As at March 31,2010 |
| Tangible Assets | | | | | | | | | | |
| Goodwill | 256,988,766 | NIL | NIL | 256,988,766 | 11,362,569 | 56,399,716 | NIL | 67,762,285 | 189,226,481 | 245,626,197 |
| Land - Freehold | 249,105 | NIL | NIL | 249,105 | NIL | NIL | NIL | NIL | 249,105 | 249,105 |
| Leasehold | 7,438,000 | NIL | NIL | 7,438,000 | NIL | NIL | NIL | NIL | 7,438,000 | 7,438,000 |
| Buildings (including Leasehold) | 595,680,552 | 289,970,135 | (10,182,360) | 875,468,326 | 77,273,589 | 22,078,896 | (2,602,993) | 96,749,493 | 778,718,833 | 518,406,962 |
| Plant and Equipments | 805,564,130 | 2,083,348,425 | (7,450,728) | 2,881,461,827 | 562,200,949 | 221,316,758 | (20,775,415) | 762,742,292 | 2,118,719,535 | 243,363,182 |
| Furniture and Fixtures | 256,367,592 | 18,146,605 | (4,072,102) | 270,442,096 | 125,862,039 | 37,633,678 | (5,294,584) | 158,201,133 | 112,240,963 | 130,505,554 |
| Office Equipments | 176,645,059 | 23,019,584 | (1,305,486) | 198,359,157 | 85,012,329 | 16,581,624 | (2,359,291) | 99,234,662 | 99,124,495 | 91,632,730 |
| Computers (including Software) | 464,638,505 | 50,822,316 | (3,435,271) | 512,025,550 | 211,641,454 | 90,804,045 | (9,255,124) | 293,190,375 | 218,835,175 | 252,997,051 |
| Networking Assets | 2,543,621,583 | 765,717,125 | (6,293) | 3,309,332,415 | 1,303,561,186 | 393,242,060 | (549) | 1,696,802,697 | 1,612,529,718 | 1,240,060,397 |
| Test and Repair Equipments | 213,842,565 | 49,363,424 | (800,800) | 262,405,189 | 86,454,988 | 45,338,721 | (800,800) | 130,992,909 | 131,412,280 | 127,387,577 |
| Vehicles | 31,482,221 | 1,158,226 | (3,855,146) | 28,785,302 | 15,135,872 | 4,043,731 | (3,751,533) | 15,428,071 | 13,357,231 | 16,346,349 |
| SUB TOTAL (A) | 5,352,518,078 | 3,281,545,841 | (31,108,187) | 8,602,955,732 | 2,478,504,975 | 887,439,229 | (44,840,288) | 3,321,103,916 | 5,281,851,816 | 2,874,013,102 |
| Intangible Assets | | | | | | | | | | |
| Networking Software | 219,202,268 | NIL | NIL | 219,202,268 | 162,698,895 | NIL | NIL | 162,698,895 | 56,503,373 | 56,503,373 |
| Other than Networking Software | 501,864,564 | 6,383,122 | NIL | 508,247,686 | 30,428,221 | 156,577,216 | NIL | 187,005,438 | 321,242,249 | 471,436,343 |
| SUB TOTAL (B) | 721,066,832 | 6,383,122 | NIL | 727,449,954 | 193,127,116 | 156,577,216 | NIL | 349,704,332 | 377,745,622 | 527,939,716 |
| SUB TOTAL (A + B) | 6,073,584,909 | 3,287,928,963 | (31,108,187) | 9,330,405,686 | 2,671,632,090 | 1,044,016,445 | (44,840,288) | 3,670,808,248 | 5,659,597,438 | 3,401,952,819 |
| Capital work in progress including capital advances | 994,261,651 | 3,909,876,932 | (1,188,464,960) | 3,715,673,623 | NIL | NIL | NIL | NIL | 3,715,673,623 | 994,261,651 |
| TOTAL | 7,067,846,560 | 7,197,805,894 | (1,219,573,147) | 13,046,079,309 | 2,671,632,090 | 1,044,016,445 | (44,840,288) | 3,670,808,248 | 9,375,271,061 | 4,396,214,470 |
| PREVIOUS YEAR | 6,627,670,298 | 1,563,210,223 | (1,123,033,961) | 7,067,846,560 | 2,098,336,701 | 594,288,056 | (20,992,666) | 2,671,632,091 | 4,396,214,470 | 4,529,333,598 |

Notes

- Gross block of building includes subscription towards share capital of co-operative societies amounting to ₹ 2,750/- (previous year ₹ 2,750/-) and leased buildings amounting to ₹ 19,90,77,048/- (previous year ₹ 19,90,77,048/-).
- Software includes internally generated Assets ₹ 72,657,716/- (Previous Year ₹ 72,657,716/-)
- Capital Work In Progress includes Capital Advance of ₹ 1,226,554,250/- (Previous Year ₹ 804,587,480/-)

Schedules to the Consolidated Balance Sheet as at June 30, 2011

| Schedule | Number | June, 2011 ₹ | March, 2010 ₹ |
|--|----------------------------|------------------------------|----------------------|
| SCHEDULE F | | | |
| INVESTMENTS | | | |
| Short Term | | | |
| Unquoted - (Non-Trade) | | | |
| 5% Redeemable Preference Shares of City Windsor Ltd. of \$ 1/- each | | 897,000,000 | 900,200,000 |
| Total of Short Term Investments | (A) | 897,000,000 | 900,200,000 |
| Long Term | | | |
| Quoted (Trade) | | | |
| Equity Shares in listed Companies - Fully paid - up | | | |
| GTL Infrastrucure Ltd. (Face Value of ₹ 10/- each) | Refer S (Note 4 a) (B) | 346,794,892 (299,686,460) | 5,933,123,374 |
| Unquoted | | | |
| Investment in Companies - other than Subsidiaries | | | |
| Trade | | | |
| Equity Investments - fully paid up | | | |
| European Projects & Aviation Pvt.Limited (Face Value of ₹ 10/- each) | Refer S (Note 4 b) | 12,350,000 (12,350,000) | 538,089,720 |
| Global Rural Netco Limited (Face Value of ₹ 10/- each) | Refer S (Note 4 c) | 75,000,000 (75,000,000) | 750,000,000 |
| Chennai Networks Infrastructure Limited (Face Value of ₹ 10/- each) | Refer S (Note 4 d) | 1,068,121,960 (335,960) | 10,681,219,600 |
| Total of Equity Investment | (C) | 11,969,309,320 | 1,291,449,320 |
| Non- trade | | | |
| Equity Investment - fully paid - up | | | |
| Brickworks Rating India Pvt.Ltd. (Face Value of ₹ 10/- each.) | | 80,000 (80,000) | 20,000,000 |
| Fareast Telecom Ltd (Face Value of US\$ 1/- each) | | 1000 (1000) | 49,271 |
| Alfa Impex Telecom Ltd (Face Value of US\$ 1/- each) | | 5,000 (5,000) | 225,150 |
| The Shamrao Vithal Co-operative Bank Ltd. (Face Value of ₹ 25/- each) | | 25 (NIL) | 625 |
| Total of Equity Investment - other than Subsidiary Companies - (Non-trade) | (D) | 20,275,046 | 20,274,421 |
| Total of Un-quoted Investments in Equity Shares | E = (C + D) | 11,989,584,366 | 1,311,723,741 |
| Preference Investment in Other Companies - fully paid -up | | | |
| 0.1 % Preference Shares of Global Proserve Limited (Face Value of ₹ 100/- each) | (F) | 1,300,000,000 | NIL |
| Preference Share Application Money (Pending Allottment) | | | |
| Chennai Networks Infrastructure Limited | (G) | 4,450,000,000 | NIL |
| Global Infrastructure Services Ltd. | | 448,500,000 | NIL |
| Total of Preference Share Application Money (pending Allottment) | | 4,898,500,000 | NIL |
| TOTAL OF INVESTMENTS | H = (A+B +E+F+ G) | 25,018,207,740 | 6,192,788,122 |
| Less: Share of Loss of Investment in Associates (GTL Infrastructure Ltd. And Global Rural Netco Company Ltd) | (I) | (495,263,442) | (286,097,231) |
| NET INVESTMENT (Net of Share of Loss of Investment in Associates) | J = (H - I) | 24,522,944,298 | 5,906,690,891 |

Schedules to the Consolidated Balance Sheet as at June 30, 2011

Investments Purchased & Sold during the period April 01, 2010 to June 30, 2011

Mutual Fund

₹ in Lacs

| Name of Investments | Face Value | Nos | Cost |
|---|------------|---------------|----------------|
| Aig India Liquid Fund-Super Institutional -Growth Option | 1000 | 16,665 | 20,000,000 |
| Axis Liquid Fund | 1000 | 9,809,894 | 10,250,450,000 |
| Axis Treasury Advantage Fund - Institutional Growth | 1000 | 527,878 | 550,086,504 |
| Baroda Pioneer Liquid Fund-Institutional Growth Plan | 10 | 22,824,529 | 251,500,000 |
| Bharti Axa Liquid Fund -Institutional Growth Plan | 1000 | 83,178 | 92,000,000 |
| Birla Sun Life Cash Manager*Institutional Plan-Growth | 10 | 61,531,462 | 950,000,000 |
| Birla Sun Life Cashplus -Instl Prem-Growth | 10 | 265,404,522 | 3,962,500,000 |
| Daiwa Asset Management | 1000 | 362,763 | 396,500,000 |
| DSP Black Rock Liquidity Fund-Institutional Plan-Growth | 1000 | 4,354,522 | 5,849,000,000 |
| DWS Insta Cash Plus Fund - Super Institutional Plan- Growth | 10 | 442,515,372 | 5,334,000,000 |
| Fidelity Cash Fund (Super Institutional - Growth | 10 | 114,617,741 | 1,465,000,000 |
| GCCG IDFC Cash Fund Super Inst Plan C Growth | 10 | 6,187,080 | 70,000,000 |
| HDFC Cash Management Fund - Savings Plus Plan Growth * | 10 | 747,675,379 | 14,480,000,000 |
| HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Growth | 10 | 44,591,327 | 700,181,939 |
| HDFC Liquid Fund-Premium Plan-Growth | 10 | 351,334,578 | 6,570,500,000 |
| ICICI Prudential Liquid Super Institutional Plan - Growth | 100 | 110,269,012 | 15,174,400,000 |
| ING Vysya Liquid Fund Super Institutional -Growth Option | 10 | 215,389,310 | 3,016,100,000 |
| JM High Liquidity Fund- Institutional Plan -Growth (57) | 10 | 21,590,401 | 330,000,000 |
| JM High Liquidity Fund-Super Institutional -Growth (94) | 10 | 461,733,972 | 6,779,000,000 |
| JM High Money Manager Fund Super Plus Plan -Growth (172) | 10 | 225,796 | 3,000,000 |
| JPLGR-JP Morgan India Liquid Fund- Super Inst. Growth Plan | 10 | 2,312,939,690 | 28,092,000,000 |
| JPPGR-JP Morgan India Treasury Fund-Super Inst.Growth Plan | 10 | 41,217,397 | 500,000,000 |
| Kotak Flexi Debt Scheme Institutional Growth | 10 | 26,466,619 | 300,107,641 |
| Kotak Floater Short Term-Growth | 10 | 123,099,276 | 1,963,500,000 |
| Kotak Liquid (Institutional Premium) - Growth | 10 | 491,991,905 | 9,319,000,000 |
| L & T Liq Sup Inst. Plan-Cumulative | 10 | 82,903,485 | 1,073,000,000 |
| L & T Freedom Incom Stp-Inst-Cum-Org | 10 | 13,476,942 | 200,058,462 |
| LFG-IDBI Liquid Fund Growth | 10 | 471,284,541 | 5,201,508,497 |
| LICMF Liquid Fund - Growth Plan | 10 | 456,397,473 | 7,828,500,000 |
| NLFSG Canara Robeco Liquid-Super Inst Growth Fund | 10 | 1,082,365,393 | 12,327,500,000 |
| NLPSPG Canara Robeco Treasury Advantage Super Inst Growth Fund | 10 | 21,566,542 | 300,040,200 |
| Pramerica Mutual Fund | 10 | 89,722,239 | 3,935,500,000 |
| Principal Cash Management Fund Liquid Option Inst.Prem Plan- Growth | 10 | 208,652,561 | 2,944,000,000 |
| Reliance Floating Rate Fund-Growth Plan-Growth Option | 10 | 681,116,588 | 9,896,000,000 |
| Reliance Liquid Fund-Growth Option | 10 | 1,208,032,580 | 17,660,000,000 |
| Reliance Money Manager Fund-Institutional Option - Growth Plan | 1000 | 995,249 | 1,250,310,293 |
| Religare Liquid Fund-Super Institutional Growth | 10 | 726,601,815 | 9,754,500,000 |
| Religare Ultra Short Term Fund - Institutional Growth | 10 | 27,616,034 | 350,047,041 |
| SBI Magnum Insta Cash Fund-Cash Option | 10 | 453,655,180 | 9,370,500,000 |
| SBI Premier Liquid Fund - Institutional- Growth | 10 | 10,120,987 | 152,500,000 |
| SBI Premier Liquid Fund - Super Institutional- Growth | 10 | 778,424,397 | 11,480,500,000 |
| SBNPP Money Fund Super Inst.Growth | 10 | 128,009,146 | 2,563,800,000 |
| SHINSEI Mutual Fund. | 1000 | 780,837 | 827,000,000 |
| Tata Liquid Super High Inv.Fund-Appreciation | 1000 | 2,687,156 | 4,599,500,000 |
| Taurus Liquid Fund -Super Institutional Growth | 1000 | 1,382,420 | 1,406,000,000 |
| Templeton India Treasury Management Account Super Institutional Plan-Growth | 1000 | 203,545 | 295,000,000 |
| UTI Liquid Cash Plan Institutional - Growth-Option | 1000 | 543,434 | 835,000,000 |
| UTI Money Market Mutual Fund - Institutional Growth Plan | 1000 | 6,244,606 | 6,534,500,000 |

Schedules to the Consolidated Balance Sheet as at June 30, 2011

| Schedule | June 30, 2011 ₹ | March 31, 2010 ₹ |
|---|----------------------------------|-----------------------|
| SCHEDULE G | | |
| INVENTORIES | | |
| Stock-in trade (including stock in transit) | 3,681,430,355 | 2,343,686,361 |
| Work in Progress | 297,182,294 | 205,583,394 |
| Stores and Spares | 13,356,160 | 8,976,396 |
| TOTAL | 3,991,968,809 | 2,558,246,151 |
| SCHEDULE H | | |
| SUNDRY DEBTORS (Unsecured) | | |
| Outstanding for over six months | | |
| Considered Good | 1,641,704,319 | 615,990,231 |
| Considered doubtful | 12,171,661 | 51,145,394 |
| Less : Provision for doubtful debts | (12,171,661) | (51,145,394) |
| | 1,641,704,320 | 615,990,231 |
| Other Debts (Considered Good) | 8,545,688,954 | 3,060,342,991 |
| TOTAL | 10,187,393,274 | 3,676,333,222 |
| SCHEDULE I | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 3,097,818 | 11,772,255 |
| Cash at bank | | |
| With Scheduled Banks | | |
| - In Current Accounts | 344,608,830 | 7,560,905,021 |
| - In Fixed Deposits | 5,172,314,330 | 5,619,910,772 |
| With Others | | |
| - In Non-Schedule Bank | 895,912 | 899,820 |
| - In International Banks of Subsidiaries | 2,422,799,462 | 1,846,325,737 |
| Cheques in Hand & Funds in Transit (Since realised) | NIL | 698,214,215 |
| TOTAL | 7,943,716,352 | 15,738,027,820 |
| SCHEDULE J | | |
| OTHER CURRENT ASSETS | | |
| Receivable on Account of assignment | Refer S (Note 16) 424,795,843 | 431,200,534 |
| | 424,795,843 | 431,200,534 |

Schedules to the Consolidated Balance Sheet as at June 30, 2011

| Schedule | June 30, 2011 ₹ | March 31, 2010 ₹ |
|---|-----------------------|-----------------------|
| SCHEDULE K | | |
| LOANS AND ADVANCES (Unsecured) | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| Considered Good | 18,117,335,613 | 2,690,560,166 |
| Considered doubtful | 11,961,848 | 3,561,354 |
| Less : Provision for doubtful Advances | (11,961,848) | (3,561,354) |
| | 18,117,335,613 | 2,690,560,166 |
| Share Application Money towards Equity Investment in Chennai Network Infrastructure Limited | NIL | 10,677,860,000 |
| Deposits | 147,893,003 | 180,442,149 |
| Tax Paid/Deducted at Source (Net of Provision) | 252,267,844 | 743,711,428 |
| TOTAL | 18,517,496,460 | 14,292,573,743 |
| TOTAL OF CURRENT ASSETS, LOANS AND ADVANCES | 41,065,370,738 | 36,696,381,470 |
| SCHEDULE L | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| A) Current Liabilities: | | |
| Acceptances | 9,037,352,650 | 4,712,082,675 |
| Sundry Creditors | 5,552,319,001 | 2,678,845,095 |
| Investor Education and Protection Fund * | 16,317,201 | 16,523,576 |
| Interest accrued but not due on loans | 364,014,124 | 162,141,426 |
| Advance from Customers | 976,110,837 | 369,993,348 |
| Other liabilities | 1,304,533,348 | 784,588,128 |
| TOTAL | 17,250,647,160 | 8,724,174,248 |
| B) Provisions | | |
| Provision for Gratuity | 76,169,030 | 67,136,152 |
| Provision for Leave Encashment | 27,353,817 | 29,912,429 |
| Provision for Derivatives Loss (MTM) | 84,951,578 | 193,239,485 |
| Proposed Dividend | 97,267,833 | 299,290,335 |
| Dividend distribution Tax | 16,154,971 | 50,864,392 |
| | 301,897,229 | 640,442,793 |
| TOTAL OF CURRENT LIABILITIES & PROVISIONS | 17,552,544,389 | 9,364,617,041 |

* Consist of Unclaimed Dividend and appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due

Schedules to the Consolidated Profit and Loss Account for the period ended June 30, 2011

| | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|---|-------------------------|-------------------------|
| SCHEDULE M | | |
| OTHER INCOME | | |
| Miscellaneous Income | 25,794,036 | 17,325,705 |
| Profit on sale of fixed assets (Net) | 19,476,656 | 5,904,699 |
| Balances and Claims written off (Net) | 62,194,361 | NIL |
| TOTAL | 107,465,053 | 23,230,404 |
| SCHEDULE N | | |
| COST OF SALES AND SERVICES | | |
| Purchases | 26,728,413,513 | 12,474,874,525 |
| Add / (Less) : Decrease / (Increase) in Inventory | (1,433,722,657) | 498,663,715 |
| TOTAL | 25,294,690,856 | 12,973,538,240 |
| SCHEDULE O | | |
| COST OF DELIVERY | | |
| Salaries | 2,144,687,436 | 1,561,574,415 |
| Contribution to Provident and Other Funds | 52,098,370 | 30,049,313 |
| Staff Welfare Expenses | 141,868,999 | 160,585,117 |
| Staff Training and Recruitment Expenses | 17,051,118 | 30,852,894 |
| Outsourced Manpower Cost | 2,118,577,274 | 1,275,359,085 |
| Travelling and Conveyance Expenses | 775,626,160 | 608,367,850 |
| Communication Expenses | 108,144,602 | 110,241,686 |
| TOTAL | 5,358,053,959 | 3,777,030,360 |
| SCHEDULE P | | |
| SELLING AND MARKETING EXPENSES | | |
| Salaries | 394,827,980 | 287,961,380 |
| Contribution to Provident & Other Funds | 12,092,957 | 6,629,471 |
| Staff Welfare Expenses | 14,516,686 | 20,053,043 |
| Staff Training & Recruitment Expenses | 1,291,033 | 421,490 |
| Outsourced Manpower Cost | 203,089,404 | 71,871,114 |
| Travelling & Conveyance Expenses | 33,751,178 | 30,630,004 |
| Communication Expenses | 4,748,588 | 5,441,960 |
| Advertisement Expenses | 8,460,965 | 2,455,352 |
| Business Promotion Expenses | 121,460,603 | 161,762,532 |
| Discount and Commission | 8,178,517 | NIL |
| Freight Charges | 771,796 | 1,318,644 |
| Marketing Expenses | 5,051,633 | 5,084,739 |
| TOTAL | 808,241,341 | 593,629,729 |

Schedules to the Consolidated Profit and Loss Account for the period ended June 30, 2011

| | April 10 - June 11 ₹ | April 09- March 10 ₹ |
|--|-------------------------|-------------------------|
| SCHEDULE Q | | |
| ADMINISTRATION EXPENSES | | |
| Salaries | 443,514,493 | 460,653,662 |
| Contribution to Provident Fund & Others | 19,157,719 | 13,053,411 |
| Staff Welfare Expenses | 48,996,195 | 46,780,556 |
| Staff Training & Recruitment Expenses | 8,308,256 | 12,948,259 |
| Outsourced Manpower Cost | 54,366,369 | 2,951,163 |
| Rent | 120,298,631 | 168,226,387 |
| Electricity Charges | 50,379,109 | 37,077,299 |
| Insurance | 198,810,331 | 42,917,918 |
| Travelling & Conveyance Expenses | 129,883,235 | 73,118,093 |
| Communication Expenses | 63,152,018 | 85,455,076 |
| Legal and Professional Fees | 427,268,359 | 210,448,967 |
| Director's Sitting Fees | 745,000 | 650,000 |
| Commission to Non-Executive Directors | NIL | 7,374,000 |
| Auditor's Remuneration | 23,415,121 | 17,654,668 |
| Repairs & Maintenance | | |
| - Buildings | 4,401,121 | 2,102,720 |
| - Plant & Machinery | 3,878,332 | 270,470 |
| - Others | 139,145,827 | 83,486,157 |
| Provision for Doubtful Debts | 17,675,846 | 100,829,570 |
| Balances and Claims written off (Net) | NIL | 45,988,690 |
| Other Expenses | 263,134,865 | 219,909,313 |
| TOTAL | 2,016,530,826 | 1,631,896,380 |
| SCHEDULE R | | |
| FINANCE COST (NET) | | |
| Interest Income | | |
| Interest - Bank Deposits | 398,763,463 | 370,838,285 |
| - Others | 2,116,873,210 | 289,622,346 |
| Total of Interest Income | 2,515,636,673 | 660,460,631 |
| Less : | | |
| Interest Expense | | |
| Interest - Term loan | 2,086,903,122 | 737,639,921 |
| - Debentures | 1,505,441,092 | 156,493,151 |
| - Others | 304,664,001 | 38,762,514 |
| Total of Interest Expense | 3,897,008,215 | 932,895,586 |
| Net Interest Expense | (1,381,371,542) | (272,434,955) |
| Other Financial Income | | |
| Dividend | | |
| -from other investments | 159,145 | 114,575 |
| Profit on sale of Short Term Investments (Net of diminution in value of Investment) | 66,357,354 | 69,400,189 |
| Profit on sale / redemption of Long Term Investments | NIL | 72,675,000 |
| Total of Other Financial Income | 66,516,499 | 142,189,764 |
| Total of Interest (Net) and Other Financial Income | (1,314,855,043) | (130,245,191) |
| Less: | | |
| Finance Charges | 958,109,676 | 618,370,771 |
| Exchange (Gain) / Loss | 82,329,800 | (384,461,586) |
| TOTAL | 2,355,294,519 | 364,154,376 |

SCHEDULE S:
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE PERIOD END JUNE 30, 2011.
A. SIGNIFICANT ACCOUNTING POLICIES
1. Principles of Consolidation:

- a) The Financial statement relates to GTL Limited and its subsidiary companies. The list of companies considered for consolidation and basis of consolidation is as follows.

| Sr. No. | Name of the subsidiary company | Country of Incorporation | Proportion of ownership interest and relationship | Financial year ended on |
|-----------|---|--------------------------|--|-------------------------|
| 1 | International Global Tele-Systems Limited | Mauritius | 100% subsidiary of GTL Limited | 31st March |
| 1.a | IGTL Solutions (Mauritius) Limited | Mauritius | 100% subsidiary of International Global Tele-Systems Limited | 31st March |
| 2 | GTL International Ltd. | Bermuda | 100% subsidiary of GTL Limited | 31st March |
| 2.a | GTL (Singapore) Pte Ltd (formerly IGTL Solutions (S) pte Ltd) | Singapore | 100% subsidiary of GTL International Ltd | 31st March |
| 2.b | GTL Saudi Arabia Company Limited | Saudi Arabia | 90% subsidiary of GTL International Ltd | 31st December |
| 2.c | GTL Overseas (Middle East) FZ LLC (formerly IGTL Solutions M.E.FZ LLC) | UAE | 100% subsidiary of GTL International Ltd | 31st March |
| 2.d | GTL International Nigeria Limited (formerly IGTL Solutions (Nigeria) Limited) | Nigeria | 100% subsidiary of GTL International Ltd | 31st March |
| 2.e | Pt. GTL Indonesia (Indonesia) (formerly Pt. IGTL Solutions Indonesia Ltd) | Indonesia | 100% subsidiary of GTL International Ltd | 31st March |
| 2.f | GTL Europe Limited | UK | 100% subsidiary of GTL International Ltd | 31st March |
| 2.g | Genesis Consultancy Australia Pty Ltd | Australia | 100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited) | 31st March |
| 2.h | GTL Telecommunication Ireland Ltd (formerly Genesis Telecommunications Ireland Ltd) | Ireland | 100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Limited) | 31st March |
| 2.i | GTL Networks Services Malaysia Sdn Bhd (formerly Ada Cell works Sdn. Bhd.) | Malaysia | 100% subsidiary of GTL International Ltd | 31st March |
| 2.j | Ada Cellworks Thailand Co Ltd | Thailand | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.k | IGTL Network Services Philippines Inc. (formerly Ada Cellworks, Inc.) | Philippines | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.l | GTL China Ltd. (formerly Ada Cellworks Co. Ltd) | China | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.m | Ada Cellworks Pte Ltd | Singapore | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.n | GTL Taiwan Co. Ltd. (formerly Ada Cellworks (Taiwan) Co. Ltd) | Taiwan | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.o | GTL Australia Pty Ltd. (formerly Ada Cellworks Pty Ltd) | Australia | 100% subsidiary of GTL Networks Services Malaysia Sdn Bhd | 31st March |
| 2.p | GTL USA Inc. | USA | 100% subsidiary of GTL International Ltd | 31st March |
| 2.q | GTL Network Services SA (Proprietary) Limited | South Africa | 100% subsidiary of GTL International Ltd | 31st March |
| 2.r | GTL International Lanka (Private) Limited (formerly IGTL Solutions (Lanka) Private Limited) | Sri Lanka | 100% subsidiary of GTL International Ltd | 31st March |
| 2.s | GTL Kenya Limited (formerly A. R. Infrastructure (Kenya) Limited) | Kenya | 100% subsidiary of GTL International Ltd | 31st March |
| 2.t | GTL Tanzania Limited (formerly A. R. Infrastructure (Tanzania) Limited) | Tanzania | 100% subsidiary of GTL International Ltd | 31st March |
| 2.u | GTL International Bangladesh Pvt. Ltd | Bangladesh | 100% subsidiary of GTL Europe Limited | 31st March |
| 2.v | GTL Canada Inc. (formerly Global E Secure Canada Limited) | Canada | 100% subsidiary of GTL International Ltd | 31st March |
| 2.w | GTL Vietnam Company Limited | Vietnam | 100% subsidiary of GTL International Ltd | 31st March |
| 2.X | GTL Nepal Limited | Nepal | 100% subsidiary of GTL International Ltd | 31st March |
| 3. | ADA Cell works Wireless Engineering Pvt. Ltd. | India | 100% subsidiary of GTL Limited | 31st March |

Pt. ADA Cell works Indonesia (subsidiary of GTL Network Services Malaysia Sdn Bhd) merged with GTL Indonesia w.e.f. 01st April 2010.

- b) The financial statements of the company and its subsidiary companies 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 balance and intra-group transactions in accordance with Accounting Standard (AS – 21) “Consolidated Financial Statements”.
- c) All inter company balances and transactions between the Company, its subsidiaries and 2nd layer subsidiaries have been eliminated in the consolidation. The usual financial year-end of GTL Limited and GTL International Limited is March 31st.
- d) In case of foreign subsidiaries, being non-integral foreign operation, revenue items are converted at weighted average rate for the Financial Year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized as the “Translation Adjustment” and Shown in Reserves and Surplus.

2. Other Significant Accounting Policies:

These are set out under “Significant Accounting Policies” as given in the “Schedule S” of Standalone Financial Statements of GTL Limited

In view of the extended financial year, the financials for the period ending on June 30, 2011 are for 15 months. The previous year being of 12 months, the figures of previous year hence are not comparable.

B. NOTES TO ACCOUNTS

In view of the extended financial year, the financials for the period ending on June 30, 2011 are for 15 months. The previous year being of 12 months, the figures of previous year hence are not comparable.

1. SEGMENT REPORTING

- i. During the quarter April - June 2011, the Company commenced commercial operations of the “Power Distribution franchise” for re-distribution of power to its customers. In view of this beginning the quarter April - June 11, the Company has **two** Reportable Segments viz. “**Network Services**” and “**Power Management**” in terms of Accounting Standard 17 on Segment Reporting.
- ii. Segments have been identified in accordance with Accounting Standard (AS) 17 on Segment Reporting, considering risk / return profiles of the businesses, their organisational structure and the internal reporting system.
- iii. Segment Definition : **Network Services** comprises of Network Planning & Design, Network Deployment, Professional Services, Energy Management, Operational and Maintenance and Infrastructure Management. “**Power Management**” comprises Power Project – EPC and Power Distribution franchise.

- iv. Segment Revenue comprises of sales & services and operational income allocable specifically to a segment. Un-allocable expenditure mainly includes expenses incurred on common services provided to segments and other corporate expenses.

₹ in Lacs

| Particulars | 2010-11 |
|---|-------------------|
| Segment Revenue | |
| 1. Network Services | 378,484.54 |
| 2. Power Management | 17,931.18 |
| Total Segment Revenue | 396,415.72 |
| Segment Results (Profit before Interest and Tax) | |
| 1. Network Services | 51,522.97 |
| 2. Power Management | 886.51 |
| Sub - Total | 52,409.48 |
| Less : Interest Expenses | 23,552.96 |
| Unallocable Corporate Expenditure net of Income | 278.10 |
| Profit before Tax | 28,578.42 |
| Capital Employed (Segment Assets Less Segment Liabilities) | |
| 1. Network Services | 235,408.06 |
| 2. Power Management | (981.75) |
| Total Capital employed in the Segments | 234,426.31 |
| Un-allocable Corporate Assets less Liabilities | |
| - Investments | 245,229.44 |
| - Other than Investments | 94,711.43 |
| Total Capital Employed | 574,367.18 |

As the Company had “one” reportable segment viz. “Network Services” in the previous year, comparative Segmental information is not provided.

Geographical revenues are segregated based on the location of the respective clients. USA includes specific billing in United States of America, Asia/Europe comprises all Asian countries including India and Europe includes continental Europe (both east and the west) and the United Kingdom; Middle East and others include all other places except those mentioned above.

Geographical Segment

₹ in Lacs

| Particulars | USA | Asia/ Europe | Middle East | Others | Total |
|-------------------------------------|-----------|-----------------|----------------|-----------|------------|
| Sales & Services (Apr'10 to Jun'11) | 13,879.29 | 338,715.97 | 10,488.13 | 33,337.32 | 396,415.72 |
| Sales & Services (Apr'09 to Mar'10) | 13,880.24 | 163,975.39 | 10,417.95 | 35,420.61 | 223,694.19 |

2. RELATED PARTY DISCLOSURES

a) Transactions with Related party

₹ in Lacs

| Sr. No. | Party Name | Transaction during the year Apr 10 to Jun 2011 | | | | | | Balance as at June 30, 2011 | | | |
|---------|--|--|-----------------------------|-------------------|---------------------------|--------------------------|-------------------|-----------------------------|--------------------|---------------------------|-----------------------------------|
| | | Sales & Services | Reimbursement Expenses from | Purchases | Reimbursement Expenses to | Purchase of Fixed Assets | Interest income | Guarantees from | Receivables | Advances/ Deposits | Payables (Incl. Advance received) |
| 1 | Associates | | | | | | | | | | |
| | GTL Infrastructure Limited | 111,852.50 (96,712.22) | 3.80 (229.55) | NIL (5,382.79) | 1 2,713.53 (NIL) | 2,527.44 (NIL) | NIL (NIL) | NIL (NIL) | 17,073.68 (NIL) | 4,649.32 (5,869.97) | 778.75 (787.36) |
| 2 | Global Rural Netco Limited | 6,806.17 (50.85) | 769.15 (13.95) | NIL (NIL) | 3.36 (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (65.23) | NIL (NIL) | 86.36 (NIL) |
| 3 | Chennai Network Infrastructure Limited | 33,979.59 (NIL) | 2,254.97 (NIL) | NIL (NIL) | 19,565.44 (NIL) | NIL (NIL) | 5,366.20 (NIL) | 20,000 (NIL) | 3,087.07 (NIL) | 12,685.12 (106,779.00) | 4,711.03 (NIL) |

The undertakings given by the Company for its associates are stated in No. 4a, 4c, 4d herein below.

b) Key Managerial Personnel

Particulars of remuneration and other benefits paid to key management personnel during the period end June 30, 2011, is set out below:

₹ in Lacs

| Particulars | Salary | Contributions to provident and other funds | ESOP Outstanding (Nos) |
|----------------------|--------|--|------------------------|
| April 10 to June 11 | 250.15 | 11.94 | 732,000 |
| April 09 to March 10 | 109.84 | 8.64 | 499,000 |

Name of the key managerial personnel

- Mr. Manoj Tirodkar, Chairman (Mr. Manoj Tirodkar is re-designated as a Non-Executive Chairman with effect from 01st April 2011).
- Mr. Charudatta Naik, Whole-time Director
- Mr. Sukanta Kumar Roy, Whole-time Director and COO with effect from 27th July 2010

3. CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND PROVISIONS FOR UNASCERTAINED EXPENSES.

₹ in Lacs

| Particulars | As at June 30, 2011 | As at March 31, 2010 |
|---|---------------------|----------------------|
| a) CAPITAL COMMITMENTS | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) (Cash out flow is expected on execution of such contracts on progressive basis.) | 4,474.86 | 5,559.63 |
| b) CONTINGENT LIABILITIES NOT PROVIDED FOR | | |
| i) Claims against the Company not acknowledged as debts | 307.02 | 167.69 |
| ii) Guarantees given by Banks on behalf of the Company | 49,860.07 | 51,397.26 |
| iii) Performance Guarantees issued to banks on behalf of Subsidiaries / Associates & Affiliates | NIL | 22,800.00 |
| iv) Financial Guarantees given by Company to Subsidiaries/Associates & Affiliates | 22,500.00 | 21,000.00 |
| v) Performance Guarantees given by Company to Third Party/ies | 1,603.12 | 1,445.62 |
| vi) Disputed Sales tax liabilities in respect of pending appeals. (Amount deposited ₹ 182.12 lacs (₹ 93.54 lacs)) | 1,518.49 | 9,498.23 |
| vii) Bill Discounted (Net of Margin & Insurance Cover) | 15,672.10 | 7,246.77 |
| viii) Disputed Income tax liability in respect of pending case before the Appellate Authorities (Amount deposited ₹ NIL lacs (₹ 115.46)) | 195.72 | 115.46 |

No cash out flow is expected in near future in respect of Note number 3(b) (i) to (viii).

C) Provision For Unascertained Expenses

₹ in Lacs

| Particulars | Derivative Losses | | Warrantee | |
|---|---------------------------|----------------------------|---------------------------|----------------------------|
| | As at June 30, 2011 | As at March 31, 2010 | As at June 30, 2011 | As at March 31, 2010 |
| Opening Balance | 1,932.39 | 1,441.67 | 14.65 | 25.86 |
| Additional Provisions during the year | NIL | 490.72 | 127.53 | NIL |
| Less: Utilisation during the year | 1082.88 | NIL | NIL | NIL |
| Less: Unutilized provision reversed during the year | NIL | NIL | (93.34) | (11.21) |
| Closing Balance | 849.51 | 1,932.39 | 48.84 | 14.65 |

4. a. GTL Infrastructure Ltd (GIL) is an associate of the Company. The Company's holding in GIL, as at Balance Sheet date is 36.22%. (Previous year 31.30%) As a promoter of GIL, the Company has furnished following undertakings in respect of credit facilities of ₹ 352,900 Lacs sanctioned by various lending institutions for GIL's second phase project of setting up telecom sites.

- The Company along with Global Holding Corporation Private Limited (GHC) an associate shall not reduce the shareholding in GIL below 26%. (Previous year 26%) The Company shall retain the management control of GIL.
- The Company shall bring or arrange Equity/ Preference Capital as envisaged by Phase II lenders.
- In case of cost overrun or shortfall, the Company shall bring and/ or arrange additional capital within a period of 90 days from written demand by Creditor's Agent either in form of Equity or preference or subordinated loans.
- The Company shall ensure that GIL will not abandon the Project during the currency of Phase-II loans.
- The Company shall ensure that GIL is provided with requisite technical, financial and managerial expertise to perform/discharge its obligation under the project.

b. The Company's holding in European Projects & Aviation Private Limited (EPAL) (Formerly known as Global Projects & Aviation Private Limited (GPAL).) as at Balance Sheet date is 19% (Previous year 19%). EPAL has been sanctioned Working capital line of credit of ₹ 50,000 Lacs. The Company has furnished various undertakings for the above referred line of credit which interalia provide as under:

- The Company along with its associate Global Holding Corporation Private Limited (GHC) shall not reduce the shareholding in EPAL below 51% (fifty one percent). The Company shall retain the management control of EPAL during the tenor of credit facilities.
- The Company along with its associate GHC shall ensure conversion of Redeemable Preference Shares issued by EPAL in to Equity Shares or compulsorily convertible instrument or shall ensure that the same shall be redeemed out of infusion of fresh equity or compulsorily convertible instrument by the promoters of EPAL.
- The Company shall Contribute towards the shortfall in the funds required by EPAL to complete the projects as defined in terms and conditions of credit facilities.

c. Global Rural Netco Limited (GRNL) is an associate of the Company & holds 42.86% (Previous year 42.86%) Equity Capital of GRNL as at Balance Sheet date. GRNL has issued fully Convertible Debentures of ₹ 25,000 Lacs. The Company has furnished following undertaking for the above referred issue of fully Convertible Debenture.

- The Company along with its associate Global Holding Corporation Private Limited (GHC) shall not reduce its shareholding in the total paid up equity capital of GRNL below 26% (twenty six percent) and retain the management control of GRNL till the sale of the FCDs and/or the conversion of FCDs by the Investor, whichever is later; and
- The Company along with GHC shall purchase FCDs on Put option if exercised by the Investor as per the terms detailed in the letter of Intent.

d. Chennai Network Infrastructure Limited (CNIL) is an associate of the Company. The Company holds 30.00% (Previous year 33.60%) Equity Capital of CNIL as at Balance Sheet date. As sponsors to CNIL, the Company along with its associates Global Holding Corporation Private Limited and GTL Infrastructure Limited have agreed to hold and maintain at least 26% (Twenty Six percent) of the total paid-up Equity Share Capital of CNIL and to further contribute in the form of equity in future, if required to meet needs of CNIL and to replenish Debt Service Account Letter of Credit (DSRA LC), in the event DSRA LC is invoked by the lenders

e. The Company has investment of US \$ 5,000 in Alfa Impex Telecom Limited (AITL). In respect the borrowing by AITL, The Company has agreed for Put Option of US \$ 35 mn (equivalent to ₹ 15,697.50 lacs) in the event of default by AITL.

5. As on April 01, 2010 Promoter and Promoter Group were holding 48.02% of the equity share capital of the Company. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, Promoter and Promoter groups' holding increased to 52.83% of the equity share capital of the Company. On account of further issue of shares pursuant to ESOP conversions, the Promoter and Promoter group shareholding was diluted to 52.72% as on January 14, 2011. On further acquisitions during June 2011, the promoter and promoter group shareholding increased to 52.77%.

On January 28, 2011, the Promoter and Promoter group pledged 12.85% comprising 12,500,000 equity shares of the Company.

On June 23, 2011, the Promoter and Promoter Group pledged additional 9.77% comprising 9,500,000 equity shares, thereby taking the pledged quantity to a total of 22,000,000 equity shares being 22.62% of the equity share capital of the Company.

On December 22, 2010, the Company was sanctioned a long term loan of ₹ 500 Crore by ICICI Bank Limited (ICICI). For securing the said loan, the Promoter and Promoter Group had furnished Non Disposal Undertaking (with POA) to ICICI on December 24, 2010 for 28,500,000 equity shares of the Company and on July 4, 2011 ICICI created pledge on the said shares, thus taking the aggregate of pledged shares to 50,500,000 representing 51.92% of the total outstanding equity capital of the Company.

On July 26, 2011, ICICI invoked the pledge on 28,500,000 equity shares by transferring it to their account resulting into a reduction of Promoter and Promoter Group holdings to 23.47% from 52.77%.

6. The Company's shareholding in GTL Infrastructure Ltd. (GIL), an associate of the Company as at April 1, 2010, was 31.30% of the Equity share capital of GIL. Between April 2010 and June 2010, by way of creeping acquisitions in the open market, the Company's shareholding in GIL increased to 36.22% of the equity share capital of GIL.

Chennai Network Infrastructure Limited (CNIL), a Special Purpose Vehicle set-up by GIL for acquiring 17,500 telecom towers of Aircel and its subsidiaries, availed a Term Loan of ₹ 250 Crore from IFCI Limited (IFCI). For securing the said loan, the Company had entered into a Non Disposal and Escrow Agreement (NDU) on July 9, 2010 with IFCI for 273,729,000 equity shares held by the Company in GIL. On July 13, 2011, IFCI by invoking security, created a pledge on the shares kept in escrow account.

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

The Company (pledgor) has contested this appropriation and accordingly beneficial ownership of IFCI is under and in view thereof, the Company continues to account its investment in GIL.

7. PRIOR PERIOD ITEMS

₹ in Lacs

| Particulars | April 10 to June 11 | April 09 to Mar 10 |
|--|---------------------|--------------------|
| 1. Income | | |
| - Sales & Services | (0.56) | NIL |
| 2. Expenses | | |
| - Cost of Sales & Services | 61.73 | (75.56) |
| - Cost of Delivery | 4.37 | NIL |
| - Professional and Consultancy charges | 67.54 | NIL |
| - Rates & Taxes | NIL | (26.33) |
| - Interest and Finance Charges | 0.90 | 12.76 |
| 3. Excess provision for tax - net of interest received/(short) provision for income tax including interest & Tax Deducted at Source | 8.57 | NIL |
| Total | 143.67 | (89.13) |

8. EMPLOYEE STOCK OPTIONS

a) ESOP 2001

The Company obtained approval of the shareholders at the 13th AGM held on July 30, 2001, for allocation of 1,500,000 warrants convertible into equal number of equity shares to employees

of the Company and 1,000,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP-2001) at an exercise price, at a discount upto 25% of the closing market price of the Company's shares on the National Stock Exchange of India Ltd. (NSE) on the previous trading day of the date of allotment of warrants. The vesting schedule from the date of allotment under this grant is as under:

- 15% after 12 months
- 15% after 18 months
- 15% after 24 months
- 15% after 30 months
- 15% after 36 months
- 15% after 42 months
- 10% after 48 months

In this ESOP 2001 Scheme, the Company had granted 2,159,800 warrants to its Employees and 72,550 warrants to employees of its subsidiaries. This includes 793,611 and 44,950 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

b) ESOP 2002

The Company obtained further approval of the shareholders at the 14th AGM held on July 25, 2002, for allocation of 3,000,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 1,000,000 equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2002) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2002 Scheme, the Company had granted 4,189,130 warrants to its Employees and 1,219,850 warrants to employees of its subsidiaries. This includes 1,222,476 and 344,980 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

c) ESOP 2004

The Company obtained further approval of the shareholders at the 16th AGM held on September 16, 2004, for allocation of 3,000,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 500,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2004) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE, for the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2004 Scheme, the Company had granted 3,191,000 warrants to its Employees and 223,900 warrants to employees

of its subsidiaries. This includes 508,270 and 30,750 warrants respectively lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

d) ESOP 2005

The Company obtained further approval of the shareholders at the 17th AGM held on September 27, 2005, for allocation of 3,500,000 warrants convertible into equal number of equity shares to employees of the Company and similarly 300,000 warrants convertible into equal number of equity shares to employees of its subsidiaries (in the form of warrants under ESOP 2005) at an exercise price, at a discount up to 25% of the Average Price of the weekly high and low of the closing prices of the Company's shares on the NSE or BSE, as the case may be where the volume of shares traded is more, in the preceding six months of the month in which the Warrants are allotted.

In this ESOP 2005 Scheme, the Company had granted 316,500 warrants to its Employees This includes 5,500 warrants lapsed/cancelled till date due to resignation. The lapsed/cancelled warrants were added back to the kitty for reissuance to the eligible employees from time to time.

e) ESOP 2008

The Company obtained further approval of the shareholders at the 20th AGM held on June 13, 2008, for allocation of 1,500,000 warrants convertible into equal number of equity shares to employees of the Company under this scheme (in the form of warrants under ESOP 2008) at an exercise price at a discount up to 25% of the Average Price of the weekly high and low of the closing prices for the preceding six months of the month in which the warrants are allotted or the closing market price on the previous trading day on which the warrants are allotted, whichever is lower, on the National Stock Exchange of India Limited or Bombay Stock Exchange Limited as the case may be where the volume of shares traded is more. In this ESOP 2008 Scheme, No grants have been issued to the Employees till date.

f) The vesting schedule for the grants issued under ESOP 2002, ESOP 2004, ESOP 2005 and ESOP 2008 Schemes is as under:

| No of Years of Service of Employee as on Allotment date | | Conversion at the end of | | | | |
|---|---------|--------------------------|-----------|-----------|-----------|-----------|
| | | 12 Months | 18 Months | 24 Months | 30 Months | 36 Months |
| ≥ | 5 years | 100% | NIL | NIL | NIL | NIL |
| ≥ | 4 years | 80% | 20% | NIL | NIL | NIL |
| ≥ | 3 years | 60% | 20% | 20% | NIL | NIL |
| ≥ | 2 years | 40% | 20% | 20% | 20% | NIL |
| ≥ | 1 year | 20% | 20% | 20% | 20% | 20% |

In order to give impetus of improved Stock market conditions to the employees and pursuant to the powers vested on the Board of Directors by the Shareholder, the Board in its meeting held on July 22, 2009 decided to permit eligible employees to vest their options after the initial lock-in-period of 12 months.

- g)** 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 basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated below :-

| Particulars | ₹ in Lacs | |
|--|------------------------------------|--------------------------------------|
| | For the Period ended June 30, 2011 | For the Year ended on March 31, 2010 |
| Net Profit/(Loss) as Reported | 18,472.54 | 15,836.05 |
| Less : Employee Compensation Expense | 143.91 | 60.44 |
| Adjusted Proforma | 18,410.62 | 15,775.61 |
| Basic Earnings per share as reported | 19.06 | 16.60 |
| Proforma Basic Earnings per share | 19.00 | 16.53 |
| Diluted Earnings per share as reported | 18.88 | 16.37 |
| Proforma Diluted Earnings per share | 18.81 | 16.30 |

The significant assumptions used during the period ended to estimate the fair value of the options :

| Sr. No. | Particulars | 2010 - 11 | 2009 - 10 |
|---------|--|--------------|--------------|
| 1 | Risk-free interest rate (%) | 8.19 | 7.40 |
| 2 | Expected life (years) | 1 - 4 | 1 - 5 |
| 3 | Volatility (%) | 82.9 | 15.90 |
| 4 | Expected dividend yield (in ₹ per share) | 3.00 | 3.00 |
| 5 | The price of underlying shares in market at the time of option grant (since grant specific, varies from grant to grant) - in ₹ | 92.55-304.10 | 92.55-304.10 |

h) The following table summaries the Company's Stock option activity for ESOP

| Sr. No. | Particulars | For the Period ended June 30, 2011 | | For the Year ended on March 31, 2010 | |
|---------|--|------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | | No. of Shares | Weighted average exercise price ₹ | No. of Shares | Weighted average exercise price ₹ |
| i. | Outstanding at the beginning of the period | 3,038,980 | 165.80 | 5,133,733 | 165.54 |
| ii. | Granted during the period | NIL | NIL | 73,500 | 239.31 |
| iii. | Lapsed during the period | 13,250 | 206.54 | (167,203) | 191.79 |
| iv. | Exercised during the period | 5,43,368 | 185.94 | (2,001,312) | 165.66 |
| v. | Expired during the the period | NIL | NIL | NIL | NIL |
| vi. | Outstanding at the end of the period | 2,482,362 | 161.23 | 3,038,980 | 165.80 |
| vii. | Exercisable at the end of the period | 2,482,362 | 161.23 | 3,018,980 | 165.37 |
| viii. | Weighted average remaining contractual life (in years) | NA | 0.53 | NA | 1.02 |
| ix. | Weighted average Intrinsic value of options granted | NA | NA | NA | 52.56 |

9. Employee Benefits:

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

Defined Contribution Plan

₹ in Lacs

| Particulars | For the period ended June 30, 2011 | For the year ended on March 31, 2010 |
|---|------------------------------------|--------------------------------------|
| Employer's Contribution to Provident fund | 448.97 | 288.29 |
| Employer's Contribution to Pension fund | 103.15 | 68.87 |
| Total | 552.12 | 357.16 |

The employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by 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 recognizes 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 recognized in same manner as gratuity.

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

₹ in Lacs

| Particulars | | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|-------------|-------------------|------------------|---------------------------------|------------------|
| | | Apr 10 to Jun 11 | Apr 09 to Mar 10 | Apr 10 to Jun 11 | Apr 09 to Mar 10 |
| Defined Benefit Obligation at beginning of the period | (A) | 609.73 | 512.50 | 289.31 | 239.44 |
| Current/past Service Cost | (B) | 516.58 | 41.00 | 166.07 | 19.16 |
| Current Interest Cost | (C) | 67.26 | 110.07 | 29.31 | 50.88 |
| Actuarial (gain) / loss | (D) | (491.75) | (15.54) | (117.69) | (52.71) |
| Less : Benefits paid | (E) | 78.88 | 38.30 | 104.92 | 32.54 |
| Defined Benefit Obligation at end of the period | (A+B+C+D-E) | 622.94 | 609.73 | 262.08 | 289.31 |

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

₹ in Lacs

| Particulars | | Gratuity (Funded) | |
|--|-------------|-------------------|------------------|
| | | Apr 10 to Jun 11 | Apr 09 to Mar 10 |
| Fair Value of Plan asset at beginning of period | (A) | 134.09 | 79.89 |
| Expected Return on Plan Assets | (B) | 17.32 | 6.39 |
| Actuarial gain/ (loss) | (C) | (34.53) | 3.20 |
| Contributions | (D) | 81.44 | 60.16 |
| Less : Benefits paid | (E) | 78.88 | 15.54 |
| Fair Value of Plan asset at the end of period | (A+B+C+D-E) | 119.44 | 134.09 |

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

₹ in Lacs

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|---------------------|----------------------|---------------------------------|----------------------|
| | April 10 to June 11 | April 09 to March 10 | April 10 to June 11 | April 09 to March 10 |
| Fair Value of Plan asset at the end of period | 119.44 | 432.61 | NIL | NIL |
| Present value of Defined Benefit Obligation at end of the period | 539.81 | 609.73 | 262.08 | 289.31 |
| Liability/ (Asset) recognised in the Balance Sheet | 539.81 | 177.12 | 262.08 | 289.31 |

d) Expense recognised during the period

₹ in Lacs

| Particulars | | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|---|--|---------------------|----------------------|---------------------------------|----------------------|
| | | April 10 to June 11 | April 09 to March 10 | April 10 to June 11 | April 09 to March 10 |
| Current Service Cost (A) | | 253.84 | 41.00 | 166.07 | 50.88 |
| Interest Cost (B) | | 67.26 | 110.07 | 29.31 | 19.16 |
| Expected Return on (C) plan Assets | | 17.32 | 6.39 | NIL | NIL |
| Actuarial (gain)/ loss (D) | | (288.88) | (41.49) | (117.69) | 32.54 |
| Net Cost Recognised (A+B-C+D) in Profit & Loss A/c | | 14.90 | 103.19 | 77.69 | 102.58 |

e) Assumptions used to determine the defined benefit obligations:

| Particulars | Gratuity (Funded) | | Compensated Absences (Unfunded) | |
|--|---------------------|--------------------|---------------------------------|--------------------|
| | April 10 to June 11 | April 09 to Mar 10 | April 10 to June 11 | April 09 to Mar 10 |
| Discount Rate (p.a.) | 8.50% | 8.00% | 8.50% | 8.00% |
| Estimated rate of return on plan assets (p.a.) | 8.50% | 8.00% | 8.25% | 8.00% |
| Expected rate of increase in salary (p.a.) | 5.50% | 5.50% | 5.50% | 5.50% |

The expected rate of increase in salary for actuarial valuation is based on consideration of inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is as per the certificate obtained from Actuary.

f. Amounts for current and previous four periods are as follows :

₹ in Lacs

| Gratuity (Funded) | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|----------|----------|----------|----------|----------|
| Defined Benefit Obligation | 622.94 | 609.73 | 512.50 | 352.34 | 422.90 |
| Plan Assets | 160.46 | 134.09 | 79.89 | 61.62 | 15.63 |
| Surplus / (Deficit) | (462.48) | (475.64) | (432.61) | (291.72) | (407.26) |
| Experience adjustments on plan assets | (3.21) | 0.35 | NIL | * | * |
| Experience adjustments on plan liabilities | (10.32) | 51.64 | 76.28 | * | * |

* The required information is not furnished since the necessary information is not available in actuarial valuation certificate

10. EARNINGS PER SHARE

₹ in Lacs (Other than No. of Shares & EPS)

| Particulars | April 10 to June 11 | April 09 to March 10 |
|--|---------------------|----------------------|
| BASIC EARNINGS PER SHARE | | |
| <i>Numerator for basic earnings per share</i> | | |
| Profit before Tax & extra-ordinary & prior period items | 28,722.09 | 24,581.13 |
| Provision for Income Tax, Deferred Tax & FBT | (7,362.98) | (4,062.53) |
| Adjustment to net earnings: | | |
| Prior Period Adjustment | (143.67) | 89.13 |
| Minority Interest | (7.84) | 7.61 |
| Share of Profit/(Loss) in associates | (1,382.32) | (7.84) |
| Reserve on consolidation | (1.36) | 6.54 |
| Net Profit after Tax & Prior period item (a) | 19,823.92 | 20,614.04 |
| Extra-ordinary items (b) | NIL | NIL |
| Net Profit after Tax, Prior period & Extra-ordinary item (c) | 19,823.92 | 20,614.04 |
| Denominator for basic earnings per share - | | |
| <i>Weighted average number of shares</i> (d) | 96,967,613 | 95,417,226 |
| Basic earnings per share without Extra-ordinary items $e=[(a)/(d)]$ | 20.44 | 21.60 |
| Basic earnings per share with Extra-ordinary items $f=[(c)/(d)]$ | 20.44 | 21.60 |
| Denominator for diluted earnings per share | | |
| Effect of dilutive securities- <i>Weighted average number of shares</i> | 96,967,613 | 95,417,226 |
| Possible Dilution : | | |
| Conversion of Stock Options (number of shares) (g) | 1,022,185 | 1,340,543 |
| Adjusted weighted average number of shares $h=(d+g)$ | 97,989,798 | 96,757,770 |
| Diluted earnings per share without Extra-ordinary items $i=(a/h)$ | 20.23 | 21.30 |
| Diluted earnings per share with Extra-ordinary items $j=(c)/(h)$ | 20.23 | 21.30 |

11. DEFERRED TAX ASSET/LIABILITY

The Deferred Tax Liability of ₹ 2,181.70 Lacs (Deferred Tax Liability ₹ 258.46 Lacs) is recognized in Profit & Loss Account for the year ended. Deferred Tax Asset as at period-end comprises of the following items:

₹ in Lacs

| Particulars | As at June 30, 2011 | As at Mar 31, 2010 |
|--|---------------------|--------------------|
| Related to Fixed Assets | 318.53 | (1,179.94) |
| MTM Derivative | (275.63) | (993.84) |
| Provision for Bad Debts | (39.49) | 0.65 |
| Gratuity and items considered under section 43 B of the Income Tax Act, 1961 | (260.17) | (178.31) |
| Total | (256.76) | (2,351.44) |

12. FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS:

- a) Derivative contract entered into by the Company and outstanding as at year-end. For Hedging Currency and interest rate related risks:

| Sr. No. | Particulars | As at June 30, 2011 USD in Million | As at March 31, 2010 USD in Million |
|---------|---------------|------------------------------------|-------------------------------------|
| 1 | Interest Swap | 150.00 | 150.00 |
| 2 | Currency Swap | NIL | NIL |
| 3 | Options | NIL | NIL |
| 4 | Forward Cover | NIL | 24.95 |

- b) All derivatives and financial instruments by the company are for hedging purpose only.
- c) Net Foreign Currency exposures that are not hedged by the derivative instruments and forward contract as at March 31, 2011 for USD 153.20 mn (USD 152.06 mn).

| Sr. No. | Particulars | As at June 30, 2011 USD in Million | As at March 31, 2010 USD in Million |
|--------------|--|------------------------------------|-------------------------------------|
| 1 | External Commercial Borrowings | 150.00 | 150.00 |
| 2 | Foreign Currency Letter of Credits/ Bill's | 0.00 | 3.01 |
| 3 | Import Creditors | 1.00 | 0.77 |
| 4 | Export Debtors | 2.20 | 1.72 |
| Total | | 153.20 | 152.06 |

- d) Expenditure on account of premium on forward exchange contracts to be recognized in the profit and loss account of subsequent accounting period aggregates to ₹ NIL (₹ 25.92 lacs).

13. The Balances of Sundry Debtors and Sundry Creditors are subject to reconciliation and confirmation. Appropriate adjustment if necessary will be considered in the year of reconciliation.

14. On 28th September, 2010, the Income Tax authorities carried out search and seizure operations at the Company premises. The Company has provided necessary information required by the authorities.

The Company believes that there will be no material tax liability. The amount of tax liability, if any, shall be determined upon completion of the proceedings by the Authorities.

15. In respect of Goods procured and supplied under agency arrangements, commission of ₹ 2,134.62 lacs (Previous Year ₹ 2,598.38 lacs) is recognized as Income. During the period, as per the contractually agreed terms under these arrangements, the company has discharged its liability of principal for the goods procured through supplier's bill facility. The receivables from the principal for the same as at the period-end are ₹ 44,754.82 lacs (₹ 40,149.45 lacs). These receivables and the liability for acceptances referred above are presented net in the Financial Statements.
16. The Company has entered into "Agreement for Assignment of Receivable" with GTL Infrastructure Limited (GIL). In terms of the said agreement, GIL has assigned receivables from its customer with regards to Energy Management to Company. Out of the assigned Receivable during the period of ₹ 20,057.81 lacs (₹ 10,579.14 lacs), outstanding amount of ₹ 4,247.95 lacs (₹ 4,312.01 lacs) as at June 30, 2011 is shown under 'Other Current Assets'

17. INVESTMENTS IN ASSOCIATES IN CONSOLIDATED FINANCIAL STATEMENT (CFS)

The Company has accounted investment in its associates under the criteria set under (AS-23) on "Accounting for Investment in Associate in Consolidated Financial Statement", using Equity method and has classified these Investments as long term. The details of Company's holding in its associates as at June 30, 2011 are as follows.

| Name of the Asscoicate | % Holding as at June 30, 2011 |
|--|-------------------------------|
| GTL Infrastructure Limited | 36.22% |
| Chennai Network Infrastructure Limited | 30.00% |
| Global Rural Netco Limited | 42.86% |

The Company's Share in Associate, Global Rural Netco Limited is accounted for based on Un-audited financial results for the period ended June 30, 2011. The Company has as at June 30, 2011 investment in GTL Infrastructure Limited (GIL) of ₹ 59,331.23 lacs and in Chennai Network Infrastructure Limited (CNIL) ₹ 151,312.20 lacs aggregating

₹ 210,643.43 lacs. This included Investment made for acquisition of tower assets from Aircel and its subsidiaries. CNIL has proposed a merger with GIL. GIL and CNIL have filed requisite merger petitions with the High Court of judicature at Bombay and Madras respectively. The proposed merger is effective from August 1, 2010 and will have impact on the Company's share in associates. In order to give appropriate financial impact, the share in associate in the resulting merged entity will be accounted post merger. This treatment being in preference to the Accounting Standard has been reported by Auditors. The Share in Associate, GTL Infrastructure Limited is considered upto September 30, 2010.

iGTL Solutions Thailand Ltd

GTL Singapore Limited wholly owned subsidiary of GTL International Limited (wholly owned subsidiary of the Company) holds 49% Equity Shares of iGTL Solutions (Thailand) Ltd. In the Consolidated Financials of GTL International Limited, 100 % diminution in value of Investment in iGTL Solutions (Thailand) Ltd. is recognised in the Financial Year ended March 31st, 2008 and accordingly as per para 18 of (AS 23) on "Accounting for Investment in Associate in Consolidated Financial Statement", GTL International Limited has discontinued recognising its share of losses in its associate, iGTL Solutions (Thailand Limited)

18. IMPAIRMENT OF ASSETS

In Accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash-generating unit. On the basis of this review carried out by the management, there was no impairment loss on fixed assets during the Period-end June 30, 2011.

19. The Previous year's figures, wherever necessary, have been regrouped/ rearranged/recast to make them comparable with those of the current period.
20. Figures in brackets relate to the previous year unless otherwise stated.
21. The figures for the 15 month period are not comparable to previous year, that being of 12 months.

As per our report of even date attached

For Godbole Bhavé & Co.

Chartered Accountants

A.S. Mahajan

Partner

Membership No.100483

FRN No. 114445W

Mumbai

August 18, 2011

For Yeolekar & Associates

Chartered Accountants

S.S. Yeolekar

Partner

Membership No. 36398

FRN No. 102489W

For and on behalf of the Board

Manoj G. Tirodkar

Chairman

Charudatta Naik

Whole-time Director

Milind Bapat

Sr. Vice President - Finance

Vijay Vij

Director

Vidyadhar Apte

Company Secretary

Consolidated Cash Flow for the Period Ended June 30, 2011

| Particulars | April 10 - June 11 ₹ | April 09 - March 10 ₹ |
|---|-------------------------|--------------------------|
| CASH FROM OPERATING ACTIVITIES | | |
| Net Profit before tax, prior period and extraordinary items: | 2,872,209,034 | 2,458,112,716 |
| Adjustments for: | | |
| Depreciation | 1,044,016,445 | 594,288,055 |
| Interest and Dividend Income | (2,515,795,817) | (660,575,206) |
| Provision for doubtful debts | 9,275,352 | 99,477,117 |
| Provision for doubtful advances | 8,400,494 | 1,352,453 |
| Debit/Credit balances and claims written off | (62,194,361) | 45,988,690 |
| (Profit)/Loss on sale of fixed assets | (19,476,656) | (5,904,699) |
| (Profit)/Loss on sale of Investments (excluding Diminution in Value of Investment) | (66,357,354) | (142,075,189) |
| Unrealised Exchange (Gain)/Loss | 248,823,946 | (869,025,392) |
| Employee Compensation Expenses under ESOP | (7,361,922) | (39,184,551) |
| Diminution in value of investments | | |
| Provision for Derivatives Loss (MTM) | (108,287,907) | 49,072,710 |
| Prior year adjustments | (14,366,582) | 8,913,144 |
| Operating profit before working capital changes | 1,388,884,672 | 1,540,439,848 |
| Adjustments for: | | |
| Inventories | (1,433,722,657) | 498,663,715 |
| Receivables | (6,456,814,374) | 607,384,010 |
| Loans and advances | (4,695,678,043) | 2,883,502,191 |
| Other Current Assets | 6,404,691 | (431,200,534) |
| Trade payables | 6,866,221,860 | (1,628,535,685) |
| Other current liabilities and provisions | 1,024,042,693 | (942,796,504) |
| Cash generated from operations | (3,300,661,158) | 2,527,457,041 |
| Interest paid | 3,897,008,215 | 932,895,586 |
| Financial Charges | 958,109,676 | 618,370,771 |
| Direct taxes paid | (26,684,066) | (461,663,098) |
| Net cash from operating activities: (A) | 1,527,772,667 | 3,617,060,300 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (5,877,024,283) | (853,707,013) |
| Sale of fixed assets | 5,744,554 | 398,442,785 |
| Purchase of investments * | (246,032,710,198) | (290,032,784,651) |
| Share Application Money towards Equity Investment in Chennai Network Infrastructure Limited | | (10,677,860,000) |
| Sale of investments * | 227,270,447,934 | 289,687,304,551 |
| Interest and Dividend Income | 2,515,795,817 | 660,575,206 |
| Minority, Share of Loss in Associates & Reserve on Consolidation & Investment in Associates | 60,408,413 | (522,537,009) |
| Net cash generated from/(used in) investing activities (B) | (22,057,337,762) | (11,340,566,131) |

Consolidated Cash Flow for the Period Ended June 30, 2011

| Particulars | April 10 - June 11 ₹ | April 09 - March 10 ₹ |
|---|-------------------------|--------------------------|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 5,433,680 | 20,013,120 |
| Share Premium | 111,104,847 | 348,097,011 |
| Proceeds from Borrowings | 22,159,245,837 | 23,100,000,000 |
| Repayment of Borrowings | (4,500,000,000) | (8,600,000,000) |
| Interest paid | (3,695,135,517) | (844,734,431) |
| Financial Charges | (958,109,676) | (618,370,771) |
| Dividend paid | (290,173,395) | (284,169,459) |
| Dividend Distribution Tax | (49,314,963) | (48,294,600) |
| Translation adjustment | (47,801,092) | (26,876,511) |
| Net cash received from/(used in) financing activities (C) | 12,735,249,721 | 13,045,664,359 |
| Net increase in cash and cash equivalents (A+B+C) | (7,794,315,375) | 5,322,158,528 |
| Cash and cash equivalents (opening) | 15,738,027,820 | 10,415,785,944 |
| Cash and cash equivalents (closing) | 7,943,716,352 | 15,738,027,820 |

* Includes Purchase and Sale of Mutual Fund units of ₹ 2,270,240.91 (Previous year ₹ 2,884,032.07 lacs)

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 'Cash Flow Statement.
- Figures in brackets indicate outflows.
- Cash and Cash Equivalents at the end of the period include Deposits with Banks aggregating to ₹ 72,349.35 lacs (Previous year ₹ 47,437.76 lacs) which are pledged and also includes ₹ 163.17 lacs (Previous Year ₹ 165.24 lacs) towards amount payable for Unclaimed Dividend.
- Previous year's figures have been regrouped/rearranged/recast wherever necessary to make them comparable with those of current year.

As per our report of even date

For Godbole Bhawe & Co.
Chartered Accountants

A.S. Mahajan
Partner
Membership No.100483
FRN No. 114445W
Mumbai
August 18, 2011

For Yeolekar & Associates
Chartered Accountants

S.S. Yeolekar
Partner
Membership No. 36398
FRN No. 102489W

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

Charudatta Naik
Whole-time Director

Milind Bapat
Sr. Vice President - Finance

Vijay Vij
Director

Vidyadhar Apte
Company Secretary

Section 212(8) of Companies Act, 1956 for the financial year ended on 31 March, 2011
All figures are in the functional currency stated against the Company

| Sr.No. | Name of the subsidiary company | Functional Currency | Capital | Reserves | Total Liabilities | Total Assets | Details of investment (except in case of investment in subsidiaries) | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed dividend (Equity / Preference) | Remarks |
|----------|---|---------------------|---------------|------------------|-------------------|----------------|--|----------------|------------------------|------------------------|-----------------------|---|---------|
| A | International Global Tele-Systems Limited | USD | 65,762,615 | 67,296,589 | 32,432,593 | 165,491,797 | 28,000,000 | 57,471,457 | 7,350,652 | 89,000 | 7,261,652 | 1,447,304 | |
| A.1 | IGTL Solutions Mauritius Limited | | | | | | | | | | | | Note 2 |
| B | GTL International Ltd. | USD | 8,000,000 | 19,988,471 | 90,389,553 | 118,378,024 | - | 20,354,901 | 8,813,575 | - | 8,813,575 | 175,000 | |
| B.1 | GTL (Singapore) Pte Ltd | USD | 300,883 | 25,864,263 | 800,472 | 26,965,618 | - | 1,446,663 | 51,175 | (19,634) | 70,810 | - | |
| B.2 | GTL Saudi Arabia Company Limited (IGTL Solutions (Saudi Arabia) Limited) | SAR | 2,000,000 | 1,774,055 | 40,003,463 | 43,777,518 | - | 42,930,058 | 779 | 27,795 | (27,016) | - | |
| B.3 | GTL Overseas M.E. FZ LLC | AED | 500,000 | 54,741,461 | 7,679,791 | 62,921,252 | - | 30,935,641 | 3,894,411 | - | 3,894,411 | - | |
| B.4 | GTL International (Nigeria) Limited | USD | 78,125 | 130,714 | 2,672,198 | 2,881,037 | - | 5,061,412 | 292,890 | 29,443 | 263,447 | - | |
| B.5 | PL GTL Indonesia | IDR | 1,576,075,000 | (36,748,329,736) | 72,617,447,971 | 37,445,193,235 | - | 37,737,986,647 | (1,100,245,572) | - | (1,100,245,572) | - | |
| B.6 | GTL Europe Limited | GBP | 500,000 | 287,093 | 4,632,190 | 5,419,283 | - | 18,256,941 | 74,048 | - | 74,048 | - | |
| B.7 | Genesis Consultancy Australia Pty Ltd | AUD | 100 | 329,310 | 127,868 | 457,278 | - | 110,985 | (30,339) | - | (30,339) | - | |
| B.8 | GTL Telecommunications Ireland Ltd. | EUR | 1 | 376,310 | 1,325,793 | 1,702,104 | - | 1,347,362 | (233,422) | - | (233,422) | - | |
| B.9 | GTL Network Services Malaysia Sdn. Bhd. | MYR | 629,032 | 42,047,427 | 8,640,756 | 51,317,215 | - | 6,591,840 | (5,959,586) | - | (5,959,586) | - | |
| B.10 | Ada Cellworks Thailand Co Ltd | THB | 1,000,000 | (1,359,140) | 940,569 | 581,430 | - | - | - | - | - | - | Note 1 |
| B.11 | IGTL Network Services Philippines Inc. | Peso | 504,300 | 677,974 | 24,805,898 | 25,988,172 | - | 42,209,773 | (7,336,564) | - | (7,336,564) | - | |
| B.12 | GTL China Corporation Ltd. (Ada Cellworks Co. Ltd) | RMB | 1,241,505 | (469,396) | 11,590,894 | 12,363,003 | - | 20,709,850 | (15,112,126) | 2,421,371 | (17,533,497) | - | |
| B.13 | Ada Cellworks Pte Ltd | SGD | 100,000 | 705,763 | 5,763 | 811,526 | - | - | (2,206) | - | (2,206) | - | |
| B.14 | GTL Taiwan Co. Ltd. | NTD | 5,000,000 | 19,798,868 | 2,570,650 | 27,369,518 | - | 36,979,905 | 5,570,229 | - | 5,570,229 | - | |
| B.15 | GTL Australia Pty Ltd. | AUD | 100 | 269,180 | 48,020 | 317,300 | - | 75,909 | (23,516) | - | (23,516) | - | |
| B.16 | GTL USA Inc. | USD | 3,100,100 | (2,440,488) | 6,262,375 | 6,921,987 | - | 12,289,267 | 324,569 | 145,960 | 178,609 | - | |
| B.17 | GTL Managed Services (UK) Limited | GBP | 1 | (556,862) | 556,861 | - | - | - | - | - | - | - | |
| B.18 | GTL International Lanka (Private) Limited | SLR | 4,850,000 | (149,805,713) | 407,078,848 | 262,123,135 | - | 264,665,854 | (49,924,112) | - | (49,924,112) | - | |
| B.19 | GTL International Bangladesh Pvt. Ltd. | BDT | 3,570,000 | 72,661 | 273,608,019 | 277,250,680 | - | 402,176,181 | 19,671,534 | 11,681,186 | 7,990,348 | - | |
| B.20 | GTL Kenya Limited | KES | 100,000 | 58,924,234 | 172,534,872 | 231,559,106 | - | 396,367,464 | 74,261,023 | - | 74,261,023 | - | |
| B.21 | GTL Tanzania Limited | TSH | 1,000,000 | 440,627,480 | 467,601,032 | 909,228,512 | - | 1,563,197,028 | 360,904,346 | - | 360,904,346 | - | |
| B.22 | GTL Vietnam Company Limited | VND | 3,663,801,413 | (12,227,648,175) | 11,628,675,648 | 3,064,828,886 | - | 1,915,920,820 | (11,881,085,350) | - | (11,881,085,350) | - | |
| B.23 | GTL Canada Inc. | CAD | 100 | 87,588 | 424,004 | 511,692 | - | 1,477,510 | 32,248 | - | 32,248 | - | |
| B.24 | GTL Nepal Limited | NPR | 10,769,231 | 91,689,732 | 313,640,633 | 416,099,596 | - | 670,205,218 | 124,787,670 | 27,590,906 | 97,196,764 | - | |
| B.25 | GTL Network Services SA (Proprietary) Limited (TBSS Trading 18 Proprietary Limited) | ZAR | 100 | (52,549) | 76,486 | 24,037 | - | - | (52,549) | - | (52,549) | - | |
| C | ADA Cellworks Wireless Engineering Pvt. Ltd. | INR | 900,000 | 237,366,973 | 255,811,685 | 255,811,685 | 500,000 | 77,443,908 | 2,842,781 | 1,549,481 | 1,293,301 | NIL | |

Notes:

1. In the case of Ada Thailand, the figures are based on the management accounts of the Company.
2. iGTL Solutions Mauritius Ltd. closed during Financial Year 2010-11

Section 212(8) of Companies Act, 1956 for the financial year ended on 31 March, 2011
All figures are in Indian Rupees

| Sr No. | Name of the subsidiary company | Functional Currency | Capital | Reserves | Total Liabilities | Total Assets | Details of Investment (except in case of investment in subsidiaries) | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed dividend (Equity / Preference) | Remarks |
|----------|---|---------------------|---------------|---------------|-------------------|---------------|--|---------------|------------------------|------------------------|-----------------------|---|---------|
| A | International Global Tele-Systems Limited | USD | 2,946,493,965 | 3,015,223,670 | 1,453,142,329 | 7,141,859,965 | 1,254,540,000 | 2,515,279,176 | 334,496,602 | 4,050,008 | 330,446,595 | 65,860,589 | |
| A.1 | IGTL Solutions Mauritius Limited | | | | | | | | | | | | Note 2 |
| B | GTL International Ltd. | USD | 358,440,000 | 895,583,443 | 4,049,903,922 | 5,303,927,365 | - | 926,264,123 | 401,067,945 | - | 401,067,945 | 7,963,498 | - |
| B.1 | GTL (Singapore) Pte Ltd | USD | 13,481,063 | 1,158,848,304 | 35,865,148 | 1,208,194,514 | - | 66,831,420 | 2,328,776 | (893,470) | 3,222,246 | - | - |
| B.2 | GTL Saudi Arabia Company Limited (IGTL Solutions (Saudi Arabia) Limited) | SAR | 23,896,000 | 21,196,409 | 477,961,376 | 523,053,785 | - | 520,950,016 | 9,453 | 337,288 | (327,835) | - | - |
| B.3 | GTL Overseas M.E. FZ LLC | AED | 6,137,671 | 671,970,181 | 94,272,065 | 772,379,917 | - | 386,684,427 | 48,552,854 | - | 48,552,854 | - | - |
| B.4 | GTL International (Nigeria) Limited | USD | 3,500,391 | 5,856,641 | 119,727,831 | 129,084,863 | - | 230,323,122 | 13,328,166 | 1,339,824 | 11,988,341 | - | - |
| B.5 | PL GTL Indonesia | IDR | 8,195,435 | (191,087,696) | 377,603,578 | 194,711,317 | - | 194,206,668 | (5,662,067) | - | (5,662,067) | - | - |
| B.6 | GTL Europe Limited | GBP | 35,948,434 | 20,641,087 | 333,039,952 | 389,629,473 | - | 1,305,869,111 | 5,296,451 | - | 5,296,451 | - | - |
| B.7 | Genesis Consultancy Australia Pty Ltd | AUD | 4,693 | 15,455,676 | 6,001,295 | 21,461,664 | - | 4,966,302 | (1,357,595) | - | (1,357,595) | - | - |
| B.8 | GTL Telecommunications Ireland Ltd. | EUR | 63 | 23,822,281 | 83,929,242 | 107,751,586 | - | 82,795,660 | (14,343,828) | - | (14,343,828) | - | - |
| B.9 | GTL Network Services Malaysia Sdn. Bhd. | MYR | 9,305,262 | 622,007,055 | 127,822,594 | 759,134,911 | - | 99,038,011 | (89,538,815) | - | (89,538,815) | - | - |
| B.10 | Ada Cellworks Thailand Co Ltd | THB | 1,474,851 | (2,004,529) | 1,387,200 | 857,523 | - | - | - | - | - | - | Note 1 |
| B.11 | IGTL Network Services Philippines Inc. | Peso | 519,429 | 698,313 | 25,550,075 | 26,767,817 | - | 44,155,988 | (7,674,839) | - | (7,674,839) | - | - |
| B.12 | GTL China Corporation Ltd. (Ada Cellworks Co. Ltd) | RMB | 8,475,124 | (3,204,328) | 79,125,149 | 84,395,946 | - | 143,586,606 | (104,776,175) | 16,787,975 | (121,564,150) | - | - |
| B.13 | Ada Cellworks Pte Ltd | SGD | 3,539,334 | 24,979,311 | 203,972 | 28,722,617 | - | - | (76,905) | - | (76,905) | - | - |
| B.14 | GTL Taiwan Co. Ltd. | NTD | 7,599,529 | 30,092,415 | 3,907,146 | 41,599,090 | - | 57,084,978 | 8,598,627 | - | 8,598,627 | - | - |
| B.15 | GTL Australia Pty Ltd. | AUD | 4,693 | 12,633,564 | 2,253,747 | 14,892,004 | - | 3,396,739 | (1,052,282) | - | (1,052,282) | - | - |
| B.16 | GTL USA Inc. | USD | 139,535,501 | (109,846,365) | 281,869,499 | 311,588,635 | - | 574,201,033 | 15,165,091 | 6,819,803 | 8,345,288 | - | - |
| B.17 | GTL Managed Services (UK) Limited | GBP | 72 | (40,036,634) | 40,036,562 | - | - | - | - | - | - | - | - |
| B.18 | GTL International Lanka (Private) Limited | SLR | 1,940,642 | (59,942,118) | 162,885,434 | 104,883,957 | - | 106,723,780 | (20,131,384) | - | (20,131,384) | - | - |
| B.19 | GTL International Bangladesh Pvt. Ltd. | BDT | 2,285,055 | 46,508 | 175,128,676 | 177,460,239 | - | 261,447,296 | 12,788,100 | 7,593,723 | 5,194,377 | - | - |
| B.20 | GTL Kenya Limited | KES | 53,988 | 31,812,270 | 93,148,873 | 125,015,131 | - | 217,339,209 | 40,719,366 | - | 40,719,366 | - | - |
| B.21 | GTL Tanzania Limited | TSH | 32,004 | 14,101,653 | 14,964,903 | 29,098,560 | - | 50,810,274 | 11,730,862 | - | 11,730,862 | - | - |
| B.22 | GTL Vietnam Company Limited | VND | 8,418,288 | (28,095,373) | 26,719,119 | 7,042,034 | - | 4,471,042 | (27,726,009) | - | (27,726,009) | - | - |
| B.23 | GTL Canada Inc. | CAD | 4,611 | 4,038,972 | 19,552,226 | 23,595,810 | - | 69,198,400 | 1,510,318 | - | 1,510,318 | - | - |
| B.24 | GTL Nepal Limited | NPR | 6,893,077 | 58,687,978 | 200,752,408 | 266,333,463 | - | 435,688,015 | 81,122,156 | 17,936,338 | 63,185,818 | - | - |
| B.25 | GTL Network Services SA (Proprietary) Limited (TBSS Trading 18 Proprietary Limited) | ZAR | 653 | (343,120) | 499,418 | 156,950 | - | - | (350,027) | - | (350,027) | - | - |
| C | ADA Cellworks Wireless Engineering Pvt. Ltd. | INR | 900,000 | 237,366,973 | 255,811,685 | 255,811,685 | 500,000 | 77,443,908 | 2,842,781 | 1,549,481 | 1,293,301 | NIL | - |

Notes:

- In the case of Ada Thailand, the figures are based on the management accounts of the Company.
- IGTL Solutions Mauritius Ltd. closed during Financial Year 2010-11

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of GTL Limited will be held on Wednesday, October 19, 2011, at 10:30 a.m. at Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai 400 703, to transact the following business:

1. To consider and adopt the Balance Sheet for the fifteen months period ended as at June 30, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sadanand D. Patil who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Vinod Sethi who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. Godbole Bhawe & Co., Chartered Accountants, Mumbai and M/s. Yeolekar & Associates, Chartered Accountants, Mumbai as Joint Auditors and to fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that Mr. Sukanta Kumar Roy, who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and the Article 130 of the Articles of Association of the Company and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

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

“RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the said Act” including any modification(s) or re-enactment(s) thereof for the time being in force) approval of the members be and is hereby accorded for the appointment of Mr. Sukanta Kumar Roy as a Whole-time Director & Chief Operating Officer of the Company, with effect from July 27, 2010 for a period of three years i.e. up to July 26, 2013, as approved by the Board of Directors in its meeting held on July 27, 2010, on the terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances, perquisites and designation in such manner as may be agreed to between the Board and Mr. Sukanta Kumar Roy within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government and as may be agreed to between the Board and Mr. Sukanta Kumar Roy.

RESOLVED FURTHER that the Board be and is hereby authorised to execute all such documents, writings and agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution.”

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

“RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the said Act” including any modification(s) or re-enactment(s) thereof for the time being in force) approval of the members be and is hereby accorded for re-appointment of Mr. Charudatta Naik as a Whole-time Director of the Company, with effect from October 1, 2010 for a period of three years i.e. up to September 30, 2013, as approved by the Board of Directors in its meeting held on November 3, 2010, on the terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances, perquisites and designation in such manner as may be agreed to between the Board and Mr. Charudatta Naik within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government and as may be agreed to between the Board and Mr. Charudatta Naik.

RESOLVED FURTHER that the Board be and is hereby authorised to execute all such documents, writings and agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution.”

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

“RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the said Act” including any modification(s) or re-enactment(s) thereof for the time being in force) approval of the members be and is hereby accorded for appointment of Mr. Manoj G. Tirodkar as the Chairman & Managing Director of the Company, with effect from August 18, 2011 for a period of two years i.e. up to August 17, 2013, as approved by the Board of Directors in its meeting held on August 18, 2011, on the terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances, perquisites and designation in such manner as may be agreed to between the Board and Mr. Manoj G. Tirodkar within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government and as may be agreed to between the Board and Mr. Manoj G. Tirodkar.

RESOLVED FURTHER that the Board be and is hereby authorised to execute all such documents, writings and agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution.”

By Order of the Board of Directors,

Place: Mumbai
Date : August 18, 2011

Sd/-
Vidyadhar A. Apte
Company Secretary

Registered Office:
‘Global Vision’, Electronic Sadan No. II,
M.I.D.C., T.T.C. Industrial Area,
Mahape, Navi Mumbai - 400 710.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 2 and 6 to 9 to be transacted at the 23rd Annual General Meeting is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, October 11, 2011 to Thursday, October 13, 2011 (both days inclusive).

4. The dividend on Equity Shares as recommended by the Board of Directors, which is subject to the approval of lenders, if declared at the meeting, will be payable to those shareholders whose names appear on the Company's Register of Members after entertaining all valid requests for transfer of shares held in physical form, lodged with the Company on or before Monday, October 10, 2011. In respect of shares held in electronic form, the dividend shall be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at close of business hours on Monday, October 10, 2011, for this purpose. The dividend, if declared, will be payable on and after Wednesday, October 19, 2011.

5. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by Depositories for depositing dividends. Dividend will be credited to the Members' bank account, if declared at the ensuing Annual General Meeting, through the Reserve Bank of India's (RBI), National Electronic Clearing Service (NECS) or Electronic Clearing Service (ECS) wherever complete core banking details are available with the Company. In cases where core banking details are not available, dividend warrants will be issued to the Members with bank details / member's postal address printed thereon, as available in the Company's records. The payments through RBI's NECS/ECS by the Company would be extended to all such centres as may be made available to the Company by the dividend banker.

Members holding shares in electronic form are, therefore, requested to update their bank details, including 9 digit MICR number appearing on any cheque pertaining to the respective bank account, with their concerned Depository Participant (DP) to facilitate distribution of dividend through NECS/ECS. Members holding shares in physical form and desirous of receiving dividend through ECS are requested to furnish their bank details along with a photo copy of a Cheque leaf pertaining to their bank account containing the 9 Digit MICR Number to the Company at its Registered Office. For any clarification in this regard, shareholders may write to the Company at its Registered Office or email to gltshares@gtllimited.com.

6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends up to the Financial Year 2002-03 to the Central Government. All unclaimed dividends for the Financial Year 2003-04 will be transferred to the Investor Education and Protection Fund (IEPF) in October 2011. The Company has sent

reminders to the shareholders whose Dividend for financial year 2003-04 is unclaimed / unpaid and issued Demand Draft / Pay Orders to the shareholders who have responded to the reminders. The Members, who have not received their dividends, are requested to claim it from the Company sufficiently in advance. It may be noted that once the amounts in the unpaid / unclaimed dividend accounts are transferred to the IEPF, no claim shall lie against the Fund or the Company in respect thereof and the members would lose their right to claim such dividend.

7. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company at its 'Investor Service Centre', 'Global Vision', Electronic Sadan No. II, M.I.D.C., T.T.C. Industrial Area, Mahape, Navi Mumbai 400 710. Members holding shares in electronic form should update such details directly with their respective Depository Participants.

8. All documents referred to in the above Notice and the accompanying Explanatory Statement *inter alia* Register of Contracts and Directors' shareholding are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10.00 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.

9. The Company's Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and its privately placed Rated Redeemable Unsecured Rupee Non Convertible Debentures (NCDs) are listed with BSE under the Debt Segment. Further, the Listing Fees in respect of shares and NCDs of the Company have been paid to BSE and NSE for the financial year 2011-12.

10. The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from Depositories viz. NSDL / CDSL, will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report, etc., will also be displayed on its website <http://www.gtllimited.com> and the other requirements of the aforesaid MCA circular(s) will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Company at its Registered Office or by sending an email to gltshares@gtllimited.com quoting their folio number(s).

11. Members are requested to note that pursuant to recent insertion of clause 5A (II) in the Listing Agreement with the Stock Exchanges (w.e.f December 16, 2010), the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with one of the Depository Participants. All corporate benefits accruing on such unclaimed shares are also to be credited to the suspense account. The voting rights of those members shall remain frozen till the rightful owner claims the shares. In compliance of said clause, members are hereby informed that the Company has already issued three reminders dated February 18, March 16 and May 02, 2011 to the shareholders whose shares are unclaimed. The shares which remain unclaimed

will be transferred into one folio in the name of "Unclaimed Suspense Account" and dematerialised in due course.

12. Members are requested to forward their queries on Annual Accounts or other Sections of the Annual Report to the Company Secretary at least 10 days in advance for enabling it to furnish appropriate details.
13. In order to minimize paper cost / work, we request shareholders / investors to forward their queries pertaining to Annual Accounts and other Sections of Annual Report by e-mail to gtlshares@gtllimited.com.
14. Members are requested to bring their copy of the Annual Report to the Meeting.

Annexure to the Notice

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

Item No. 2

The passing of the resolution at Item No. 2 is not a special business and does not require an explanatory statement pursuant to Section 173 of the Companies Act, 1956. However, attention of the Members is drawn to the fact that the dividend on the Equity Shares as recommended by the Board of Directors is subject to obtaining approval of the Lenders, which may be obtained at any time prior to the date of the AGM. The said business will be taken up for transaction only if the required approval from Lenders is obtained.

Item No. 6

The Board of Directors in its meeting held on July 27, 2010 appointed Mr. Sukanta Kumar Roy as an Additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company. Accordingly, Mr. S. K. Roy holds office only up to the date of the 23rd Annual General Meeting. The Company has received a notice in writing along with the necessary amount as deposit from a member proposing candidature of Mr. S.K. Roy in terms of Section 257 of the Companies Act, 1956.

The Board commends passing of the Resolution as set out at Item No. 6 of the accompanying notice.

Except Mr. S.K. Roy no other Director is concerned or interested in passing of the Resolution.

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the resume, expertise, Committee Membership and other Directorship of Mr. Sadanand D. Patil, Mr. Vinod Sethi, Mr. Sukanta Kumar Roy and Mr. Manoj G. Tirodkar proposed to be appointed as Directors as per Item Nos. 3, 4, 6, 7, 8 & 9 of the accompanying notice is given under the Head 'Information on Directors recommended for Appointment / Re-appointment at the ensuing Annual General Meeting' in the Corporate Governance Section of the Annual Report.

Item No. 7

Considering the organic and inorganic growth, expansion plans and acquisition strategies, the Board of Directors of the Company in its meeting held on October 5, 2007 felt the need for appointing functional directors for sharing increasing demands of business in a phased manner and accordingly the Board elevated Mr. Charudatta Naik functioning as the Chief Operating Officer to the position of Whole-time Director & Chief Operating Officer.

Considering the diversity in the operations and the business growth and delegation of authority, Mr. Charudatta Naik was assigned responsibility at group level as Group CEO whilst he continued to be Whole-time Director of the Company and Mr. S. K. Roy was elevated to the position of Chief Operating Officer w.e.f. May 1, 2009. Since then Mr. Charudatta Naik is operating in his capacity as a Whole-time Director.

GTL's knowhow of implementation and maintenance of large telecom networks can be easily extended to power sector that currently represents huge opportunity in Power Generation, Transmission and Distribution. Last year, GTL executed orders worth ₹ 200 crore for MSEDCL (Maharashtra State Electricity Distribution Company Limited). At the end of FY 2010-11, its order book visibility for these services is in the range of ₹ 600 crore. During the year GTL also won the Power Distribution franchisee contract for Urban division I & II of Aurangabad. This contract is for a period of 15 years and is expected to generate a revenue of ₹ 900 crore in first year.

To spearhead the new opportunities, the Board in its meeting held on July 27, 2010 decided to elevate Mr. S. K. Roy from his position of Chief Operating Officer to Whole-time Director & Chief Operating Officer.

The salient features of the terms and conditions of appointment of Mr. Roy are as follows:

1. Period:

The appointment is effective from July 27, 2010 for a period of three years i.e. up to July 26, 2013.

2. Overall Remuneration:

Subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to all the Whole-time Directors in any financial year shall not exceed 10% (ten percent) of the net profits of the Company or such other limits as may be specified under the relevant legislation prevailing from time to time. Within the aforesaid ceiling, the remuneration payable to Mr. Roy shall be as follows:

| | | |
|----|---|--------------------------------|
| a. | Salary | : ₹ 1,88,000/- p.m. |
| b. | HRA | : ₹ 9,400/- p.m. |
| c. | Education Allowance | : ₹ 500/- p.m. |
| d. | Transport Allowance | : ₹ 800/- p.m. |
| e. | Flexi Benefit Plan | : ₹ 1,86,035/- p.m. |
| f. | Provident Fund | : ₹ 22,560/- p.m. |
| g. | Gratuity | : ₹ 7,520/- p.m. |
| h. | Variable Pay | : ₹ 45,535/- p.m. |
| i. | Performance Linked Bonus | : Up to ₹ 10 lacs per annum |
| j. | Benefits through Business Partner Program (BPP) | : Up to ₹ 26.50 lacs per annum |

The Board will decide the Annual increment based on merit.

The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. Minimum Remuneration:

During the currency of the tenure of the Whole-time Director & Chief Operating Officer, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay remuneration by way of Salary and Perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

4. Modification of Terms:

The terms and conditions of the appointment may, subject to the conditions laid down in Schedule XIII of the Companies Act, 1956, be altered and varied in such manner as may be agreed to between the Board and the Whole-time Director.

5. Termination:

The agreement may be terminated by either party by giving three months notice or the Company paying three months remuneration in lieu of the notice.

The Board commends passing of the Resolution at Item No. 7 of the accompanying notice.

Except Mr. Sukanta Kumar Roy, no other Director is concerned or interested in passing of the Resolution.

This may be treated as an abstract of the draft Agreement between the Company and Mr. S. K. Roy, pursuant to Section 302 of the Companies Act, 1956.

Item No. 8

Mr. Charudatta Naik was appointed as a Whole-time Director & Chief Operating Officer for a period of 3 years w.e.f. October 1, 2007. Subsequently, the Board of Directors of the Company in its meeting held on April 22, 2009 re-designated Mr. Naik as Whole-time Director w.e.f. May 1, 2009. Since the term of Mr. Naik as a Whole-time Director expired on September 30, 2010, it was required to re-appoint him for a fresh term of 3 years w.e.f. October 1, 2010. Accordingly, the Board in its meeting held on November 3, 2010 re-appointed Mr. Charudatta Naik as a Whole-time Director for a period of 3 years i.e. up to September 30, 2013 subject to approval of shareholders at a General Meeting.

The salient features of the terms and conditions of re-appointment of Mr. Charudatta Naik are as follows:

1. Period:

The re-appointment is effective from October 1, 2010 for a period of three years i.e. up to September 30, 2013.

2. Overall Remuneration:

Subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to all the Whole-time Directors in any financial year shall not exceed 10% (ten percent of the net profits of the Company), or such other limits as may be specified under the relevant legislation prevailing from time to time. Within the aforesaid ceiling, the remuneration payable to Mr. Charudatta Naik shall be as follows:

| | | |
|----|---|---|
| a. | Salary | : ₹ 2,00,000/- p.m. (in the scale of ₹ 200,000 - 25,000 - ₹ 250,000) |
| b. | HRA | : ₹ 34,600/- p.m. |
| c. | Education Allowance | : ₹ 1000/- p.m. |
| d. | Flexi Benefit Plan | : ₹ 1,37,130/- p.m. |
| e. | Provident Fund | : ₹ 24,000/- p.m. |
| f. | Gratuity | : ₹ 8,000/- p.m. |
| g. | Variable Pay | : ₹ 44,970/- p.m. |
| h. | Performance Linked Bonus | : Depending upon the profitability of the Company the Board will decide the quantum based on merit. |
| i. | Benefits through Business Partner Program (BPP) | : Up to ₹ 36.50 lacs per annum |

The Board will decide the Annual Increment based on merit.

In addition to the above, the Whole-time Director shall be entitled to perquisites like car and telephone at residence for use. The Company shall meet the running and maintenance expenses of car and telephone. However, the use of the Company's car for official purposes and use of telephone at residence (including payment for local calls and long distance official calls) shall not be treated as perquisites.

The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, 1961 Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. Minimum Remuneration:

During the currency of the tenure of the Whole-time Director, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay remuneration by way of Salary and Perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

4. Modification of Terms:

The terms and conditions of the appointment may, subject to the conditions laid down in Schedule XIII of the Companies Act, 1956, be altered and varied in such manner as may be agreed to between the Board and the Whole-time Director.

5. Termination:

The agreement may be terminated by either party by giving three months notice or the Company paying three months remuneration in lieu of the notice.

The Board commends passing of the Resolution at Item No. 8 of the accompanying notice.

Except Mr. Charudatta Naik, no other Director is concerned or interested in passing of the Resolution.

This may be treated as an abstract of the draft Agreement between the Company and Mr. Charudatta Naik, pursuant to Section 302 of the Companies Act, 1956.

Item No. 9

The Board of Directors of the Company in its meeting held on July 30, 2006 appointed Mr. Manoj G. Tirodkar as a Chairman & Managing Director for a term of 5 years i.e. up to July 30, 2011 and the shareholders approval for the same was accorded at the 18th Annual General Meeting held on September 27, 2006. The said term would have expired on July 30, 2011.

The Board of Directors in its meeting held on April 1, 2011 decided to re-designate Mr. Manoj Tirodkar from the Chairman & Managing Director to Non-Executive Chairman for giving impetus to overseas business having tremendous potential that required sincere efforts.

However, due to unprecedented situation at the macro and micro economic level coupled with soaring inflation rate, fuel prices and hammering of the Company's share price by bear cartel, from about ₹ 408/- on June 16, 2011 to ₹ 51/- per share currently, had resulted into creation / invocation of pledge on the promoters' shareholding by the lenders / bankers of the Company and delay in repayment of interest to the bankers/lenders.

In order to tackle the above situation, at the request of Mr. Tirodkar and recommendations of the Nomination & Remuneration Committee, the Board of Directors in its meeting held on August 18, 2011 re-designated / appointed Mr. Tirodkar as the Chairman & Managing Director.

The salient features of the appointment of Mr. Tirodkar as the Chairman & Managing Director are as follows:

1. Period:

Two years from August 18, 2011.

2. Salary:

A token of ₹ 1/- per month.

3. Perquisites

- a. In addition to the Salary of ₹ 12/- p.a. as stated above, Mr. Tirodkar will also be entitled to the following benefits as per rules of the Company:
 - i) Medical expenses reimbursement for self and family members for the actual amount incurred.
 - ii) Use of Company's chauffeur driven car for official purposes and telephones/fax/internet connection at residence (including payment for local calls and long distance official calls). Use of car for private purpose and personal long distance telephone calls shall be billed by the Company to the appointee.
- b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax rules wherever applicable.

In the absence of any such rules, perquisites shall be evaluated at actual cost.

Provided, use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- c. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid

4. Modification of Terms:

The terms and conditions of the appointment may, subject to the conditions laid down in Schedule XIII of the Companies Act, 1956, be altered and varied in such manner as may be agreed to between the Board and the Chairman & Managing Director.

5. Termination:

The agreement may be terminated by either party by giving three months notice or the Company paying three months remuneration in lieu of the notice.

The Board commends passing of the Resolution at Item No. 9 of the accompanying notice.

Except Mr. Manoj G. Tirodkar, no other Director is concerned or interested in passing of the Resolution.

This may be treated as an abstract of the draft Agreement between the Company and Mr. Manoj G. Tirodkar, pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors,

Place: Mumbai
Date : August 18, 2011

Sd/-
Vidyadhar A. Apte
Company Secretary

Registered Office:

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

GTL LIMITED

Regd. Office: 'Global Vision', Electronic Sadan No. II, MIDC, TTC Indl. Area, Mahape, Navi Mumbai - 400 710. MAH INDIA

Tel. : +91-22-2761 2929 Extn : 2232-2235, Fax : +91-22-2768 0171.

E-mail : gtlshares@gtllimited.com, Website : www.gtllimited.com



ATTENDANCE SLIP

NAME AND ADDRESS OF THE MEMBER:

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

I hereby record my presence at the Twenty Third Annual General Meeting of the Company being held on Wednesday, October 19, 2011 at 10.30 a.m. at Vishnudas Bhawe Natyagriha, Sector 16-A, Vashi, Navi Mumbai - 400 703.

Name of the shareholder/proxy*

Signature of the shareholder/proxy*

* Strike out whichever is not applicable

GTL LIMITED

Regd. Office: 'Global Vision', Electronic Sadan No. II, MIDC, TTC Indl. Area, Mahape, Navi Mumbai - 400 710. MAH INDIA

Tel. : +91-22-2761 2929 Extn : 2232-2235, Fax : +91-22-2768 0171.

E-mail : gtlshares@gtllimited.com, Website : www.gtllimited.com



PROXY FORM

Folio No./Demat A/c. No. _____

I/We, (Name/s) _____ of

(Address) _____

_____ being a Member/Members of GTL Limited hereby appoint

(Name) _____ of

(Address) _____

or failing him (Name) _____ of

(Address) _____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Wednesday, October 19, 2011 at 10.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

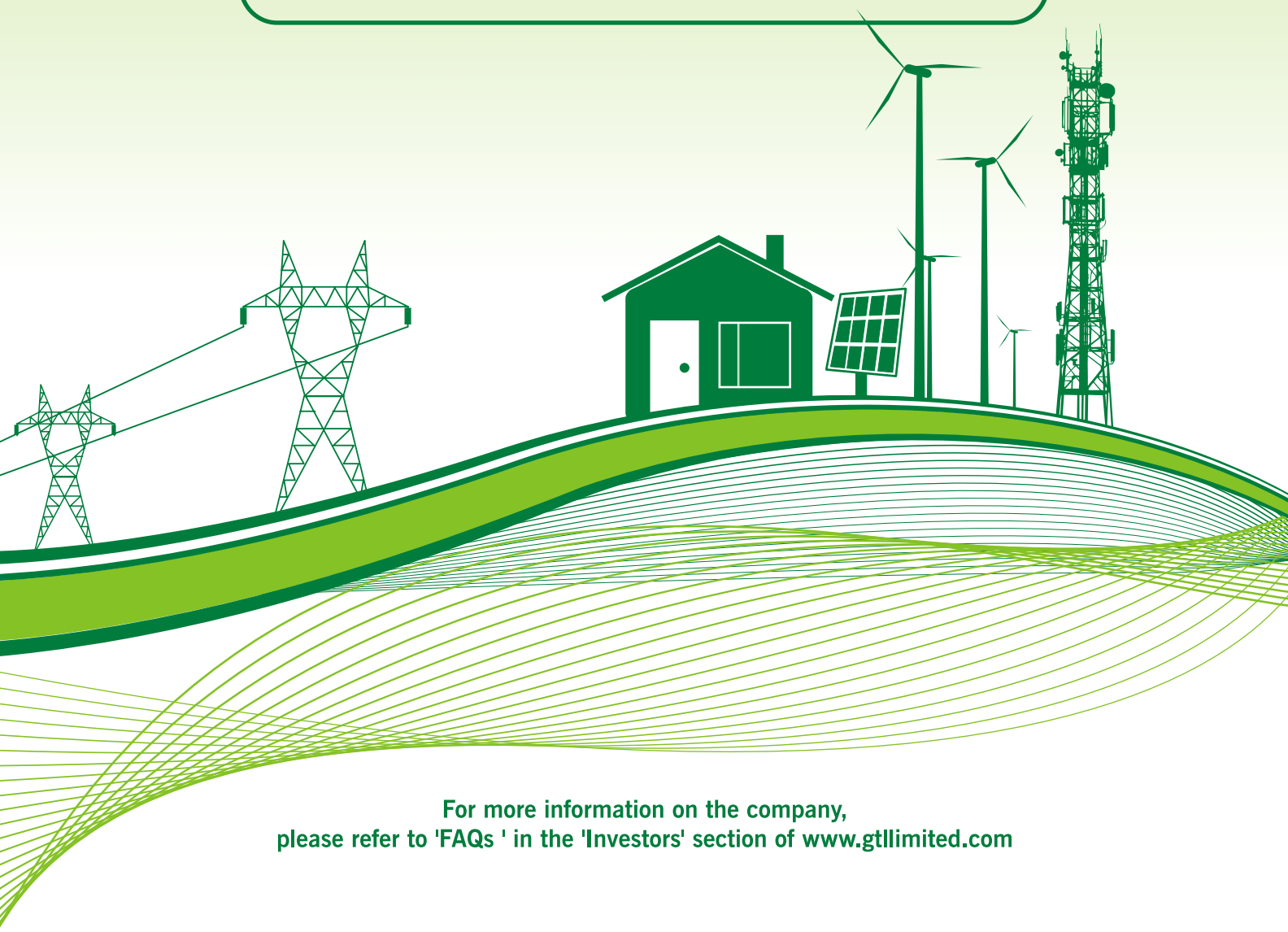
Signed by the said _____

Affix
Revenue
Stamp of
15 paise

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

Awards & Recognitions

- “Engineering Silver Partner” Award from Huawei Technologies Co Ltd, at their Global Engineering Partner’s Convention (GEPC 2011) held in Feb 2011
- International Asia Pacific Quality Organization awarded the “World Class Award”, the highest award, in the Large Services category for the “Best Performing Organization in the World” at an award ceremony held in Kathmandu, Nepal
- Greentech Environment Excellence Award 2010 in the Gold category in the telecom sector for the initiatives taken in reducing the carbon footprint
- GTL’s Operations in Middle East, Africa & Canada have received awards from Huawei, China’s leading telecommunications equipment company, at their supplier conference awards
- GTL’s MNS team in UK has received award for enabling Ericsson in delivering successfully managed services & systems integration consolidation project



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

LIST OF BRANCHES IN INDIA

Ahmedabad

303, Baleshwar Square,
Opp. Iskcon Temple, S. G. Highway,
Ahmedabad 380 054

Aurangabad

4-A Vithalachi Daya, Cannought Place,
Town Center, CIDCO,
Aurangabad 431 003

Bangalore

G.G.R. Towers, 2nd Floor, No.18/2B,
Amblipura Main Road, Sarjapur Road,
Bangalore 560 103

Chennai

City Centre, 3rd Floor, 186,
Purasaiwakkam High Road,
Chennai 600 010

Coimbatore

1168 / SAM, Surya Tower, 2nd Floor,
Opp. Avinashi Road, P.N. Palayam,
Coimbatore 641 037

Cochin

36/2178 (2) Survey No. 235(2), 1st Flr,
SYDA Bldg, Elamkulam Rd, Opp. ICICI
Bank, Kaloor P.O., Kochi 682 017

Gurgaon

6th Floor, DLF Square, Jacaranda Marg,
M-Block, DLF City Phase II,
Gurgaon 122 002, Haryana

Guwahati

Banphool Nagar Path, Opp. Rajdhani
Apartment-II, Basistha Road, Dispur,
Guwahati 781 006

Hyderabad

9th Floor, Whitehouse Block - III, Beside
Life Style, Greenlands, Begumpet,
Hyderabad 500 026

Indore

Surya-Sadhan, 3rd Floor, A.B. Road,
Unit-301, Chandra Nagar Chauraha,
Indore - 452 008

Jaipur

Geetanjali Tower, Unit No. 412 to 419,
4th Floor, Bombay Walon ka Bagh,
Ajmer Road, Jaipur 302 006

Kolkatta

Benchmark Tower, 14th Floor, Unit No.
Office -3, Plot-G1, Block-EP & GP,
Sector-V, Salt Lake, Kolkatta 700 091

Lucknow

Asha Bhavan,
Gokhale Marg,
Lucknow 226 001

Mohali

E-21, Phase-7,
Industrial Area, Sas Nagar,
Mohali 160 055

Mumbai

Global Vision, ES-II, MIDC,
TTC Industrial Area, Mahape,
Navi Mumbai 400 710

Orissa

N5/42, 2nd Floor, In front of RBI Colony
main gate, IRC Village, Nayapalli,
Bhubaneshwar 751 015

Patna

Markandey Complex, 3rd Floor, Above
Pais Celebrations, Gayatri Mandir Road,
Kankar Bagh, Patna 800 020

Pune

Survey No-61, 2/7, Plot No. 01, Off.
Salunke Vihar Road, Opp. Oxford Village
Wanowarie, Pune 411 440



GLOBAL Group Enterprise

www.gtllimited.com

Global Vision, ES-II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai - 400710, India

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