GTL

24th Annual Report 2011 - 12

BOARD OF DIRECTORS

Tirodkar, Manoj G.	Chairman & Managing Director
Patil, Sadanand D.	Senior Director
Prof. Sahasrabudhe, S.C.	Director
Poddar, Dipak Kumar	Director (upto October 20, 2011)
Sethi, Vinod	Director (upto August 23, 2011)
Prof. Navathe, Shamkant B.	Director
Naik, Charudatta K.	Whole-time Director
Vij, Vijay	Director
Balasubramanian, Nagarajan	Additional Director (upto October 19, 2011)
Roy, Sukanta Kumar	Whole-Time Director & COO
Gunasingh, D.S.	Additional Director (w.e.f. December 29, 2011)
Kripalani, Navin	Additional Director (w.e.f. December 29, 2011)
Desai, Hemant	Additional Director (w.e.f. December 29, 2011)

Company Secretary

Apte, Vidyadhar A.

AUDITORS

GTL STANDALONE & CONSOLIDATED

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

SUBSIDIARIES

Mauritius	Crowe Horwath Mauritius
Bermuda	Crowe Horwath Mauritius
Australia	Bradfield Partners
Bangladesh	S.S. Ahmed & Co.
Canada	Israel off trattner & Co.
China	Daxin CPA Ltd.
Indonesia	Gatot Victor
Ireland	Broc Accounting Services Ltd.
Kenya	Sunil Davda & Co.
Malaysia	Crowe Horwath Kualalumpur
Nepal	Joshi & Bhandari
Nigeria	Iyantan & Co.
Philippines	Villaruz, Villaruz & Co.
Saudi Arabia	Ernst & Young
Singapore	Rohanmah & Partners
Singapore	Kreston David Yeung
South Africa	L G Edwards & Co.
Sri Lanka	Aiyar & Co.
Taiwan	First Crowe Horwath & Co.
Tanzania	D.G. Patel & Co.
UAE	Crowe Horwath Mauritius
UK	Kajaine Ltd.
USA	Israel off trattner & Co.
Vietnam	Nam viet Auditing & Accounting Financial Consulting Services Co. Ltd.

BANKS / INSTITUTIONS

INDIA

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Catholic Syrian Bank
Dena Bank
IDBI Bank
Indian Bank
Indian Overseas Bank
Punjab National Bank
SIDBI
Standard Chartered Bank
State Bank of Hyderabad
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

INTERNATIONAL

Axis Bank
Bank Mandiri
Bank Niaga
Bank of Ayudhya
Bank of Baroda
Bank of India
Banco De Oro
Barclays
China Construction Bank
CIMB
Citibank
Dutch Bangla Bank
First Bank
HSBC
Indian Bank
Kasikorn Bank
Kenya Commercial Bank
Krungsri Ayudhya Bank
Malayan Bank
Nabil Bank
NatWest Bank
NED Bank
Oversea Chinese Banking Corporation
Prime Bank
Pt. Bank Central Asia
Royal Bank of Scotland
Sampath Bank
Saudi British Bank
Saudi Hollandi Bank
Standard Chartered Bank
State Bank of India
Swadesi Bank
TD Canada Trust Bank
Wachovia Bank
Westpac Bank
Zenith Bank

Registered Office

GTL Limited
'Global Vision',
Electronic Sadan No.II,
MIDC, TTC Industrial Area,
Mahape, Navi Mumbai 400710.
Fore more information, contact:
Investers Service Centre
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gtlshares@gtllimited.com
ir@gtllimited.com

Particulars	GTL Consolidated (Audited)				GTL Standalone (Audited)	
	FY 2011-12* ₹ Crs.	FY 2010-11** ₹ Crs.	FY 2011-12* US$ Mn.	FY 2010-11** US$ Mn.	FY 2011-12* ₹ Crs.	FY 2010-11** ₹ Crs.
Total Income	1,914.02	4,214.77	381.12	931.03	1,550.85	3,352.56
Net Sales / Services	1,864.69	3,943.15	371.30	871.03	1,506.99	3,082.03
PBDIT	87.08	631.31	17.34	139.45	105.35	520.63
Depreciation	101.71	104.40	20.25	23.06	88.57	87.56
Profit Before Tax (PBT)	(437.68)	285.86	(87.15)	63.15	(385.45)	214.30
Profit After Tax (PAT)	(457.38)	212.15	(91.08)	46.86	(400.73)	142.18
PAT After Extraordinary & Prior Period Items	(457.38)	212.15	(91.08)	46.86	(400.73)	142.18
Dividend (Per Share)	NIL	NIL	NIL	NIL	NIL	NIL
EPS (Amount)						
- Basic	(47.50)	20.44	(9.26)	0.45	(41.20)	14.66
- Diluted	(47.50)	20.23	(9.26)	0.45	(41.20)	14.51
Equity Share Capital	97.27	97.27	18.96	21.69	97.27	97.27
Reserves & Surplus	1,138.39	1,509.38	221.95	336.54	798.66	1,187.80
Net Worth	1,236.13	1,606.65	241.01	358.23	895.93	1,285.07
Gross Fixed Assets	1,244.99	1,304.61	242.74	290.88	1,047.81	1,142.43
Net Fixed Assets	778.17	814.87	151.72	181.69	641.38	701.32
Total Assets	8,189.99	7,499.98	1,596.80	1,672.24	7,470.01	6,864.86

* FY 2011-2012 is for 9 months ending March 31, 2012

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

Conversion Rate for 1 US$ into INR (weighted average)	FY 2011-12	FY 2010-11
Profit and Loss Account	50.22	45.27
Balance Sheet Items	51.29	44.85

Note: GTL generates 80.38% 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.

CONTENTS

Dear Shareholders,

Last year was probably the toughest year that we have seen since the inception of our business. The telecom sector in India continues to endure a very difficult phase. The inability of the operators in this industry to raise fresh capital in the light of high interest rates and the unwillingness of banks to lend them due to uncertainties in the sector, has deferred their expansion plans. This has put huge pressure on pricing for Network Services players like us. The Supreme Court cancelled 122 2G licences, which has resulted in slowdown in the industry as the operators are not rolling out any new networks. The telecom sector is awaiting clear policy guidelines that shall define a cohesive direction for development and growth of this industry.

The increase in interest rate has put a burden on our annual interest outgo and reduced our profit margins. 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.

Even, in the power franchisee business, the input costs of power and operational costs have gone up and these are not being passed on to the end consumer. Recently some of the state governments like Tamil Nadu, Delhi etc. have raised the tariffs. In other major states like Rajasthan, the power distribution companies are restructuring their loans with state governments. The situation may improve with the increase in tariffs and legislation to curb losses.

We had informed you about this likely negative scenario last year and as expected it had negative impact, both on our revenue and profitability.

Business Overview & Outlook

The Financial Highlights of the year, are as follows:

On a consolidated basis, (for the period of 9 months from July 2011 to March 2012)

- Revenues of ₹ 1864.69 Crs. (US$ 371.30 Mn.)
- PBDIT of ₹ 87.08 Crs. (US$ 17.34 Mn.)
- Order visibility as on March 31, 2012 stood at ₹ 2800 Crs. (US$ 557.55 Mn.)

*(US$ 1 = ₹ 50.22 as on March 31, 2012)

We are providing Energy Management Solutions to telecom operators and telecom tower companies. We have also entered into Power Management business by winning the contract for Power Distribution Franchise in Aurangabad region.

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 (CDR)

The Company has completed the process of restructuring debt from domestic lenders and is waiting for certain approvals to restructure debt from ECB and NCD lenders. Expressing confidence in the business the promoters have also contributed ₹ 83.45 Crs. towards the equity of the company.

The highlights of the CDR are covered in the director's report on page no. 39.

New Growth Opportunities

Even though our industry is going through a very difficult phase, 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.

Extending Network Deployment Capabilities in Power Sector

Our know how of implementation and maintenance of large telecom networks has been extended to power sector. Power sector represents a huge opportunity in Power Generation, Transmission and Distribution, though it too, has challenges across several areas.

Power Management Business

We are distributing power to Aurangabad Urban Circle (I & II) on behalf of the local distribution company. This contract is spread over 15 years and is likely to generate revenue of ₹ 900 Crs. in the first year and ₹ 1,000 Crs. from the next year onwards.

We will be responsible for distribution of electricity to both industrial and residential units from the grid. We are increasing the efficiency in distribution of electricity by cutting down Aggregate Technical and Commercial (AT&C) losses.

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

We are taking several initiatives like Automated Meter Reading Infrastructure, Distribution Automation etc. that will further improve the AT&C losses. We are making efforts to minimize the losses incurred on account of leakage and theft of power. We are also in the process of modernizing the distribution infrastructure that should enable us to improve the quality of power.

Key Challenges

Increasing Recurring Revenue

Our Power Franchisee business along with Energy Management business for telecom operators has helped us to build a business model that has recurring revenue. We are now focusing on wining similar business that shall add recurring revenues.

Phase out the low margin Network Services business in Indian telecom market that requires higher working capital

As Indian telecom sector is going through its toughest phase, the operators have deferred their capital expenditure and expansion plans. In addition to this they have reduced the pricing for Network Services players like us, and are asking for better payment terms impacting our margins and working capital. This has resulted into business becoming unviable. Hence we have decided to discontinue loss making projects and continue only with those which offer higher margins and require lower working capital. This will result into lower revenue but will have positive impact on future working.

Introduce new services to the customers in LTE space

Globally the telecom sector is likely to witness growth in data services over the next few years. This growth is likely to ride on implementation of LTE networks. GTL has begun offering new services like Benchmarking the networks, Network Design in the LTE space to the operators in USA. As the Network evolves in the other markets similar services can be offered in Europe and Middle east in the next two years and Africa, APAC and SAARC over the period of three to four years.

Focus on Cost

As we are entering into new business areas of Power Management and Energy Management, our operating profit margins are likely to go down in the near term. Looking at the external environment and the difficult phase we are going through, the company has already initiated several measures that would bring down the administration and wage costs.

Monetizing our Investments

Although currently both the capital markets and telecom sector in India are going through a rough phase, we believe we can monetize our investments in telecom tower sector over a period of 3-5 years and reduce our debt.

People

Restructuring of our business in Indian market required churning of skill set of our employees. As a result, our employees and contracted associates reduced from 9,612 to 8,204 as on June 30, 2012.

Our employees have also contributed to the cost saving efforts by taking a salary cut ranging from 10-30% and have foregone several other benefits. I for myself have been taking a token salary of ₹ 1.

Corporate Social Responsibility

We have focused our attention on areas like imparting education to the underprivileged children and providing employment opportunities to women and physically challenged people. Our employees are helping our progress not only in terms of business but also by its impact on the community by volunteering their free time. Our efforts in Energy Management will also help in reducing the carbon footprint of the telecom industry in the coming years.

Conclusion

The cancellation of the 122 licenses and the uncertainty pertaining to the telecom sector has had a substantial impact on our revenue. The impact has not only been on the current order backlog but on the future opportunities as well.

With the power distribution companies being in distress, the power sector is expecting reforms like revision in tariffs by state governments. The power sector provides recurring revenue model, but in current situation the margins are under pressure.

Given this scenario both telecom and power sector are under pressure. As a result, even though we may have operating profit from the business but are likely to generate net losses post Interest and depreciation.

The past year had been a difficult year and our focus is now to stabilize and grow the business. It would be our endeavour to bring 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 : July 3, 2012

Manoj G. Tirodkar
Chairman & Managing Director

BUSINESS SNAPSHOT

GTL, a Global Group Enterprise, is a diversified technology and Infrastructure services company focused on Telecom and Power. In the telecom segment the company providers Network Service solutions to telecom operators, OEMs & tower companies. In the power sector the company offers EPC services, Distribution Franchisee and Smart Grid solutions to Utilities and distribution companies.

GTL achieved a revenue of ₹ 1864.69 Crs. (US$ 371.30 Mn.) in FY 2011-12. The international business has contributed 19.60% to the revenue.

TELECOM

Network Planning & Design

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 3G, 4G, Microwave Transmission, SDH, DWDM, WiMAX and Broadband networks.

Benchmarking & Optimization

GTL's Benchmarking and Optimization solutions are aimed at improving the performance of an operators network, post the network roll out. With ever changing data traffic demands with the usage of smart phones and pressures on managing the operational costs, service providers are increasingly looking at Benchmarking and Optimization services for meeting the needs of customers and save on capital and operational expenditure.

GTL's trained resources offer their expertise across 3G and 4G technologies for benchmarking the operators services against competition and also on optimizing the current network for increased performance.

Network rollout

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 roll outs. GTL's multi skilled professionals leverage mature processes and techniques, help to create turnkey solutions for managing, integrating, installing customers multi vendor networks.

Operations & Maintenance

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.

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.

Managed Services

GTL's Managed Services allow operators to free themselves from non-differentiating tasks of building and operating the network and focus on their customers and products.

GTL's Managed Network Services offerings are based on the Build-Operate-Manage (BOM) model and offer KPI/SLA based end-to-end services from Network Planning & Design, System Engineering, Installation & Commissioning, System Integration, Optimisation, Network Operations and Field Maintenance.

Energy Management

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 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.

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, Power Distribution Franchise and Smart Grids.

Transmission & Distribution – Distribution and Balance of Plant

GTL has extended its Network Deployment and Project Management capabilities to deploy distribution and transmission networks for power sector. The Engineering, Procurement and Construction (EPC) services are offered in the Distribution and Balance of Plant – generation segments.

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 is currently operating a Power Distribution Franchise contract for Aurangabad Urban Circle (I & II) in Maharashtra. GTL plans to leverage its experience from the Aurangabad contract and bid for similar Power Distribution Franchise contracts across the country.

Smart Grids

GTL is planning to offer services that provides advanced information, automation and control capabilities to help utilities distribute, measure and use energy more efficiently, reliably, safely and sustainably – all the way from the point of bulk power generation of various types to consumer-owned generation and appliances. Smart Grid provides embedded computer processing capability and two-way communications to the current electricity infrastructure.

INDUSTRY STRUCTURE AND DEVELOPMENT

GTL, a Global Group Enterprise, is a diversified technology and Infrastructure services company focused on Telecom and Power.

The global economic downturn continues to adversely affect the performance of operators in markets around the world. Growth naturally slowed, abetted by constrained credit markets, and thus accelerated the commoditization of traditional telecom services, while reducing the valuations of operators large and small. As a result, operators are focused on cutting costs and increasing operational efficiency to protect profitability. 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.

The Indian telecom industry has shown minimal growth in the last year. The mobile subscriber base in India has increased to 919.17 Mn. at the end of March 2012, registering a growth of only 0.88%. The share of urban subscribers that was giving higher average revenue per user has declined to 65.23% from 65.59% whereas share of rural subscribers has increased to 34.77% in the month of March 2012. But revenues have not increased parallel to this growth. The Indian telecom players are already grappling with the falling average revenue per user (ARPU).

Thus owing to the facts stated above and the plight of the Current Indian Telecom sector that is suffering from handicapped policy reforms and the after effects of the supreme court verdict of cancellation of 122 2G licences; the growth prospects of the telecom business have been hampered.

GTL has shifted its focus from being only telecom centric company to a company that also focuses on the power sector. In order to leverage its experience and skill-sets in project execution and Network Deployment GTL is working towards development of business in Power Transmission & Distribution by undertaking EPC contracts and also is concentrating on acquiring new Power Distribution franchise contracts.

OPPORTUNITIES AND THREATS

TELECOM

Network Services

GTL operates in six regions – namely USA, Europe, Middle East, Asia Pacific, Africa and SAARC. Some of these markets like SAARC and Africa are in high growth phase while the others like USA, Europe, Middle East, APAC are in matured phase.

The Growth markets of Africa, SAARC and Middle East region continues to offer opportunities for the Network Deployment Operations & Maintenance services. The matured markets of USA and UK offer opportunities for Network Planning, Design, Optimization and Benchmarking services. While the developing market offers opportunities in 2G and 2.5 G networks, developed markets offer opportunity in 3G and 4G space.

In the light of such events we have decided to discontinue loss making projects and continue only with those which offer higher margins and require lower working capital. GTL continues to concentrate to develop the Network Services business in international markets. GTL shall continue to offer its services of Energy Management for the Telecom business domestically.

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.

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 plans to use innovative methods and processes, products and solutions that can bring down this energy consumption by about 5-8%.

POWER

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.

GTL has 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.

FUTURE OUTLOOK

GTL has outlined the following strategy for its growth.

Focus on annuity driven high margin business

GTL will focus on annuity driven high margin business like network operations & maintenance. This has got very good stickiness with the customer as it is mission critical for the network of the operators.

Phase out the low margin Network Deployment business that requires higher working capital

GTL will slowly phase out network deployment business. Historically, this business was accounting for almost 80% of our revenue. GTL will focus on this business only in high growth areas like Africa and SAARC. GTL has exited from its Network Planning and Deployment operations in India since the margins were low and growth prospect is tarnish.

Introduce new services to the customers in LTE space

GTL has begun offering new services like Benchmarking the Networks, Network Design in the LTE space to the operators in USA. As the Network evolves in the other markets similar services can be offered to Europe and Middle east in next two years and African, APAC and SAARC over a period of three to four years.

Growing the Power Distribution Business.

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 has forayed into power sector.

During the year 2010-11, GTL forayed into power sector with entry into Power Transmission and Distribution and Power Distribution Franchise businesses. GTL has in hand a 15 year Power Distribution contract for Aurangabad Urban Circle (I & II) and has undertaken several EPC Power Transmission and Distribution contracts from MSEDCL.

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. Expansion in Power sector will also help GTL to mitigate the business risk by reducing its dependence on Telecom sector.

DISCUSSION OF CONSOLIDATED FINANCIALS

In FY 2011-12 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.

The financial year ending March 31, 2012 was for the period of 9 months where as FY 2010-11 was for 15 months.

For the purpose of financial analysis, the figures in rupees for the FY 2011-12 and FY 2010-11 are converted into US$ as under:

Particulars	FY 2011-12 (₹)	FY 2010-11 (₹)
Profit and Loss Account - 1 US$ equals to	50.22	45.27
Balance Sheet- 1 US $ equals to	51.29	44.85

Pre-elimination and Post-elimination Revenues of the group

Particulars	FY 2011-12 (₹ Crs.)	FY 2010-11 (₹ Crs.)	FY 2011-12 (US$ Mn.)	FY 2010-11 (US$ Mn.)
GTL (Standalone)	1,506.99	3,082.03	300.08	680.82
International Subsidiaries	365.60	882.50	72.80	194.94
Indian Subsidiaries	1.18	8.34	0.23	1.84
Pre elimination Group Revenues	1,873.77	3,972.87	373.11	877.59
Less: inter- company elimination entries	9.08	29.72	1.81	6.57
Post elimination Group Revenues	**1,864.89**	**3,943.15**	**371.34**	**871.03**

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, Operational and Maintenance and Infrastructure Management. **"Power Distribution Franchise and EPC"** comprises Power Project – EPC and Power Distribution franchise.

The Segment wise Revenue is as follows:

Segment Revenue	FY 2011-12 (₹ Crs.)	FY 2010-11 (₹ Crs.)	FY 2011-12 (US$ Mn.)	FY 2010-11 (US$ Mn.)
Network Services	1,202.67	3,784.85	239.47	836.06
Power Distribution Franchise and EPC	662.02	179.31	131.82	39.61
Total Segment Revenue	**1,864.69**	**3,964.16**	**371.29**	**875.67**

Cost of Sales, Services and Delivery

In the FY 2011-12 **Cost of Material and Services** stood at ₹ 1,406.89 Crs. (US$ 280.15 Mn.) (75.47% of revenue) as against ₹ 2,647.69 Crs. (US$ 584.87 Mn.) (66.15% of revenue) in FY 2010-11.

The **Employee Benefit expenses** stood at ₹ 266.94 Crs. (US$ 53.14 Mn.) (13.95% of revenue) as against ₹ 474.58 Crs. (US$ 104.83 Mn.) (11.94% of revenue) in FY 2010-11

The **Other Expenses** includes Travelling, Conveyance, Rent, Consultancy and other expenses stood at ₹ 124.23 Crs. (US$ 24.74 Mn.) (6.66% of revenue) as against ₹ 216.08 Crs. (US$ 47.73 Mn.) (5.48% of revenue) in FY 2010-11

Interest and Finance Charges

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

Particulars	₹ Crs.		US$ Mn.	
	FY 2011–12	FY 2010–11	FY 2011–12	FY 2010–11
Interest Expense	451.93	486.15	89.99	107.38
Other Income				
Interest Income	28.88	245.10	5.75	54.14
Dividend from other investments	3.78	5.67	0.75	1.25
Profit on sale of Current Investments (Net of diminution in value of Investments)	1.17	6.64	0.23	1.47
Lease & Rent Income	6.66	10.68	1.33	2.36
Profit on sale of fixed assets (Net)	2.99	1.88	0.60	0.42
Gain on Foreign Currency	0.70	NIL	0.14	NIL
Other Non-Operating Income	5.15	1.65	1.03	0.36

Exchange Variation

The Company and its subsidiaries execute projects in more than 30 countries and thus has 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.

Provision for tax

Provision for Tax	FY 2011-12		FY 2010-11	
	₹ Crs.	US$ Mn.	₹ Crs.	US$ Mn.
Income Tax	21.42	4.18	51.88	11.56
Deferred Tax	(1.72)	(0.34)	21.82	4.87
Total Tax	**19.70**	**3.84**	**73.70**	**16.43**

Balance Sheet Items

Equity Share Capital

As on June 30, 2011 the equity share capital was ₹ 97.27 Crs. (US$ 18.96 Mn.). GTL's Share Capital as on March 31, 2012 is given as under:

Particulars	No. of Equity Shares	₹ Crs.	US$ Mn.
Equity Capital as on June 30, 2011	97,267,833	97.27	21.69w
Add: Allotment of Equity Shares on account of Conversion of ESOPs	NIL	NIL	NIL
Equity Capital as on March 31, 2012	**97,267,833**	**97.27**	**18.96**

Reserves and Surplus

Reserves and Surplus as on March 31, 2012 was ₹ 171.85 Crs. (US$ 33.51 Mn.). In view of the loss during the period, company has not created Debenture Redemption Reserve.

Particulars	₹ Crs.	US$ Mn.
Reserves & Surplus on June 30, 2011	**1509.38**	294.28
Add:		
Profit during the year (Excluding Extra-ordinary Income Profit/ Loss but after Prior Period Adjustment, Profit/Loss on associates, Reserves on Consolidation	(438.67)	(85.53)
Share Premium on ESOP conversion	NIL	NIL
Translation and Reserve & Consolidation	67.89	13.24
ESOP Reserve	0.24	0.05
Reserves & Surplus on March 31, 2012	**1138.86**	**222.04**

Corporate Debt Restructuring

Due to the factors affecting economies at macroeconomic and industry related issues, your Company had referred proposal for restructuring its debts to CDR Cell and the Company received approval vide their Letter of Approval dated December 23, 2011. We give herein below in nutshell the restructuring proposal approved to the Company:

a) Out of the outstanding Credit Facilities in Rupee terms as of cut-off date viz. July 1, 2011, part of the amount viz. ₹ 2,299.42 Crs. shall continue as Rupee Term Loan, repayable within 10 years (by March 2021) having 21 months moratorium for repayment viz. till March 31, 2013 and some facilities would continue in the form of Continuing Working Capital facilities of about ₹ 495.96 Crs.

b) Interest on Term Loan from cut-off date till March 31, 2013 is converted into Funded Interest Term Loan repayable from FY 2014 to FY 2017;

c) Overall reduction in interest rates during the term of the loan;

d) Part of the outstanding credit facilities as of cut-off date will be converted into Compulsorily Convertible Debentures (CCDs) to be issued to CDR Lenders carrying coupon rate of 1% per annum. After completion of formalities inter-alia obtaining various approvals, the Company has allotted CCDs amounting ₹ 187.84 Crs. to the CDR Lenders on April 28, 2012 and the same were converted into Equity Shares on June 12, 2012;

e) Credit Facilities of ₹ 650 Crs. availed by the Company from ICICI Bank have been transferred to Chennai Network Infrastructure Limited (CNIL). Accordingly, the Company owes an amount of ₹ 650 Crs. to CNIL;

f) Outstanding amount towards Non-Convertible Debentures (NCDs) issued by the Company of ₹ 1,400 Crs. plus interest outstanding thereon would also be restructured on the same basis as other CDR loans;

g) Credit Facilities availed by the Company in the form of External Commercial Borrowings (ECBs) of US$ 150 Mn. are being restructured separately. ECB of US$ 66.67 Mn. (₹ 333.34 Crs.) would be converted into Rupee Term Loan under the CDR mechanism and balance US$ 83.33 Mn. to be continued as ECB, subject to regulatory clearances and would correspondingly be restructured;

h) CCDs worth ₹ 83.45 Crs. would be issued to the Promoters of the Company against their contribution.

Loans

Long term borrowing as on March 31, 2012 was ₹ 3,392.67 Crs. (US$ 756.43 Mn.) as against ₹ 4,035.95 Crs. (US$ 786.88 Mn.) on June 30, 2011.

Net Fixed Assets

As on March 31, 2012 the net fixed assets were ₹ 778.17 Crs. (US$ 151.72 Mn.) as against ₹ 937.53 Crs. (US$ 181.68 Mn.) on June 30, 2011.

Investments

As on March 31, 2012 GTL's investments stood at ₹ 2,329.33 Crs. (US$ 454.15 Mn.) as against ₹ 2,452.29 Crs. (US$ 546.77 Mn.) as on June 30, 2011. GTL's investment in GTL Infra and its subsidiary CNIL as on March 31, 2012 was ₹ 1,901.56 Crs. (US$ 370.74 Mn.) as against ₹ 2,056.91 Crs. (US$ 458.62 Mn.) as on June 30, 2011.

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

Investments	₹ Crs.		US$ Mn.	
	March 31, 2012	June 30, 2011	March 31, 2012	June 30, 2011
Quoted				
Equity Share	291.23	593.31	56.78	132.29
Total Quoted	**291.23**	**593.31**	56.78	132.29
Unquoted				
Equity Share	1,198.95	1,198.95	233.76	267.87
Preference Shares	296.89	709.57	57.88	158.21
Debentures	569.36	NIL	111.01	NIL
Total Unquoted	**2,065.02**	**1,908.50**	**402.62**	**425.53**
Limited Liability Partnership	0.05	NIL	0.01	NIL
Share of Loss of Investment in Associates	(27.15)	(49.53)	(5.29)	(11.04)
Total Investment	**2,329.33**	**2,452.28**	**454.15**	**546.77**

Receivables increased from ₹ 1018.74 Crs. (US$ 81.68 Mn.) as on June 30, 2011 to ₹ 1307.18 Crs. (US$ 227.14 Mn.) on March 31, 2012. Delay in payments from customers due to declaration of CDR & resultant uncertainity has led to increase in Daily Sales Outstanding (DSO) from 117 to 193 days.

Funds Employed

During the year, Telecom sector faced severe liquidity crunch. In addition to this, GTL Infra, which contributed 28% of GTL's FY 2011-12 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 for us.

Inventory as on March 31, 2012 was ₹ 431.61 Crs. (US$ 84.15 Mn.) as against ₹ 399.20 Crs. (US$ 89.01 Mn.) as on June 30, 2011.

Contribution to Exchequer

Particulars	₹ Crs.		US$ Mn.	
	FY 2011–12	FY 2010–11	FY 2011–12	FY 2010–11
A. Direct Tax				
Income Tax paid during period	11.43	20.51	2.23	4.57
B. Indirect Tax				
Sales Tax/VAT/WCT/Cess	5.56	18.00	1.08	4.01
Service Tax	50.23	55.29	9.79	12.33
Total (B)	**55.79**	**73.28**	**10.88**	**16.34**
Total (A+B)	**67.22**	**93.79**	**13.11**	**20.91**
International Taxes (C)	32.51	36.10	5.83	8.05
Total Taxes (A+B+C)	99.73	129.89	18.94	28.96

Related Party Transaction during the period

Nature of Transaction	Associates	
	₹ Crs.	US$ Mn.
Sales & Services	393.22	78.29
Reimbursement Expenses from	58.47	11.64
Dividend Income	NIL	NIL
Purchases	0.01	NIL
Reimbursement Expenses to	283.70	56.49
Interest Income	15.45	3.08
Claims towards Invocations of share	302.08	58.90
Investment	569.36	111.01

Relationship:

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

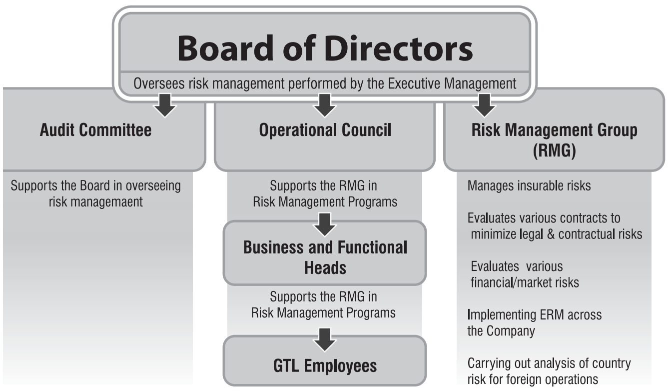
RISK MANAGEMENT REPORT

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



Overview

The Company faced a serious liquidity crunch during this financial year due to unforeseen circumstances in the Telecom industry.

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

I. FINANCIAL RISK

Market Risk

The global perspective

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

The Indian perspective

- Central Banks of developed nations are keeping their interest rates low to stimulate growth and are even willing to accept inflationary pressures in the short term. However, in India, consistently high food inflation and rising commodity prices has forced the RBI to maintain the high interest rates to tackle the runaway inflation
- The RBI has already hiked its key-policy rates thirteen times since March 2010 to curb demand and tame inflation. RBI is not comfortable with interest rate cuts as inflation is still an issue owing to lack of supply-side growth and the 2 per cent increase in excise which is potentially inflationary. It is expected

that RBI shall undertake consecutive rate cuts as inflation has come into the expected levels and GDP rate is dropping

- The union budget for 2012-13 failed to provide any thrust to the slacking pace of economic growth, as no major reforms were announced, nor any concrete measures were introduced to enforce fiscal discipline
- Currently Market risk is moderate for the Company owing to the CDR that has been completed thus helped bring down both interest rate risks to the extent of the rupee term loan exposure. The domestic currency risk has thus been successfully postponed for 7 years
- The Company also has exposure to foreign currency loans in form of External commercial borrowings of US$ 150 Mn. which are overdue, and hence Company faces un-hedged foreign exchange risk and does not have sufficient foreign currency income to act as a natural hedge for these loans. The Company is negotiating with the ECB lenders to restructure this loan. As part of their restructuring US$ 66 Mn. shall be converted to Rupee term loans
- As the revenues from our existing business lines are all dependent on the sustainability of Telecom sector, we believe that macroeconomic factors, including the growth of the Indian economy, interest rates, as well as the political and economic environment, currently have a significant direct impact on our business, results of operations and financial position

Liquidity & Leverage Risk

- The Telecom industry, which is 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. If the telecom sector continues to be bleak, pressure will mount on liquidity of GTL
- Due to the sectoral developments in the beginning of the financial year 2011-12, the Company faced severe liquidity crunch and had referred itself to the CDR to restructure its debt which has been successfully implemented. At least liquidity pressure has been eased but it is not possible to raise further loans from banks in the immediate future
- The Company's market capitalization has been eroded by as much as 80% from its peak. Even though there is a slight rise in value. 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 Company has also given guarantees aggregating to ₹ 18.39 Crs. for various group companies and subsidiaries which are also facing liquidity and leverage situations. These companies have also initiated restructuring of their debt
- The Company had given a collateral security of approximately 27.29 Crs. shares of GTL Infra that it owns, for a ₹ 250 Crs. loan taken by its associate company CNIL from IFCI, who in their opinion, illegally invoked 17.63 Crs. shares of GTL infra and appropriated to itself the shares without notice. But after legal action they agreed to continue to be a 'Pledgee' of the shares. And now GTL is in the process of principally settling this dispute with IFCI where the later have agreed to convert its debt portion to equity of CNIL and shall restore the shares to GTL as part of the restructuring subject to Court/CDR lenders approval
- The Company has also invested approximately ₹ 1,068 Crs. 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 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
- In the light of Restructuring of Debt and the transfer of liability of ICICI's loan from GTL's books to that of CNIL's the debt burden has gone down
- The External commercial borrowing which was due in June 2012 is currently being restructured subject to regulatory approvals
- Thus this Rupee term loan restructuring and the settlements have helped GTL emerge stronger from the crisis

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. We shall be discontinuing the Indian operations and thus concentrating on high margin International operations
- 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
- The Company has diversified 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

- However as the business is diversified we do not expect major credit risk

II. STRATEGIC RISK

Industry Risk

- The telecom operator's growth plans have been affected due to various factors like low ARPU, lack of liquidity, high domestic interest rates and some operators who are facing various litigations due to the 2G scam. The Supreme Court has cancelled 122 licenses for mobile networks issued in 2008 and has asked the telecom regulator TRAI to make fresh recommendations on allotment of the licenses through auction within four months thus, affecting business of many operators in the long run
- Telecom Operators have also made significant investments in 3G licenses which have put a strain on finances. Also, 3G services have not been able to attract the desired level of customers and therefore, are yet to witness the estimated returns. But the roll out is slow as against the anticipation thus affecting the business prospects and growth
- The National Telecom Policy 2012 (NTP 2012) may be further delayed as the department of telecommunications (DoT) that was expected to unveil in January 2012. The delay is consequence of the 2 February Supreme Court verdict, as well as due to waiting for the Telecom Regulatory Authority of India (TRAI) to complete its work on the specific guidelines to many of the clauses in the policy document. Thus strong regulations that can support the growth of the telecom sector are still not in place
- India's telecommunications sector is sending out mixed signals. The potential comes through loud and clear. India has the lowest mobile-phone penetration rate in Asia, and less than 10% of the population has access to broadband. That is changing fast

  The number of mobile users will rise about 50% over the next five years and telecommunication-industry revenue will grow 37% to $30 billion by 2016, according to technology consultant Ovum. But the faulty practices and the after effects of the scam are bound to affect the growth of the industry therefore affecting the business of Tower companies in the long run
- Financial institutions and Banks seem unwilling to infuse more liquidity into this sector due to the uncertainties faced by the sector

Business Concentration Risk

- Historically, the Company has been in the telecom sector functioning as an ancillary to Telecom Operators. 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

III. OPERATIONAL RISK

Reputation Risk

- The Company is facing a reputation risk due to the multiple factors like erosion in market capitalization, need for 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
- Since the CDR is in place this is expected to smoothen vendor payments and business cycles
- The delay in supply of crucial materials and services may also see increased penalties and liquidated damages being imposed by customers
- Suppliers may tighten credit and other terms that they may be extending to the Company thereby increasing the liquidity strain on the Company and hampering its ability to deliver projects on a timely basis
- As the projects of the Company are on a pan India basis, it is imperative that supply chain automation is introduced on a war footing to control the quality and cost of supplies and services. If such automation is not introduced it may lead to substantial commercial losses due to pilferage, damage and other commercial losses. 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 uncertainties in the Telecom sector may lead to increased levels of attrition and lead to disruption in project execution and service delivery. However we did not see significant attrition
- Also, pay deferral have been undertaken which 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, need for 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

- Till date company's customers have co operated and we have not seen significant penalties arise
- 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

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, MSEB and 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 3 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

Sr. No.	Type of Risks -- Current Risk Rating	Action Required
1	Liquidity & Leverage Risk - *****	• Need to adhere to this Corporate Debt Restructuring (CDR) plan and make sure there are no events of default • Need to reduce operational costs and collection cycles • Need to explore innovative financial structures to discount revenues to generate liquidity in the Company
2	Strategic Risk - *****	• Need to bring in new strategic investors to bring in business expertise and ease the liquidity situation • Need to adhere to the obligations listed in the MRA documents signed under the CDR plan to avoid any event of default • Need to concentrate and grow the Power Distribution Franchisee business
3	Operations Risk - *****	• Need to infuse liquidity in operations to reduce this risk • Need to focus on winning new contracts and consolidation of business catering to Telecom Industry • Need to reduce penalties, control expenses and undertake effective cost cutting measures • Need to Phase out of Low margin Businesses • Key insurance policies need to be undertaken to mitigate risks • Need to focus on power business and win new contracts

INTERNAL CONTROL SYSTEM

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, 2012, GTL has 8,204 associates working for the Company as against 9,612 associates in June 30, 2011.

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, Wellingkar Institute of Management and others to enable their experienced faculty to give management related training to the employees.

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. A holistic approach is adopted to involve everyone – employees, customers, suppliers, shareholders and society to achieve operational excellence.

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 at various national and international forums when GTL received awards in various categories as follows:

- Ramkrishna Bajaj Performance Excellence Trophy in 2008-09
- Ramkrishna Bajaj Outstanding Achiever Trophy in 2010-11 for its exemplary performance in all aspects of Business Excellence. GTL was awarded
- Commendation Certificate for Strong Commitment towards Sustainability in 2010-11 by CII – ITC Centre of Sustainable Development
- 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” for year 2010-11

Process Excellence

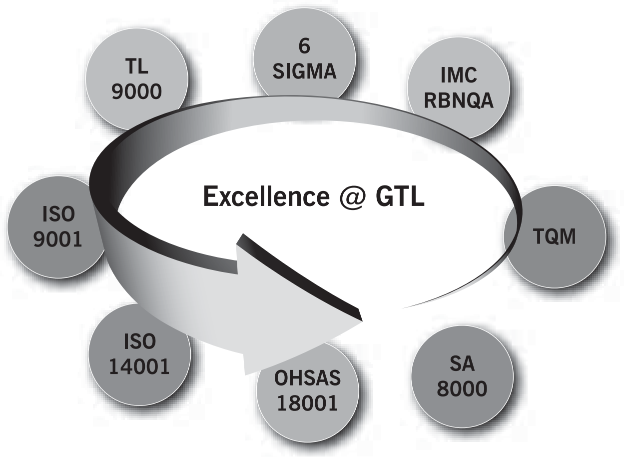
Reinforcing its commitment to high levels of quality, best-in-class project management and robust service delivery practices GTL attained a number of milestones during the FY 2011-12.

Recertified for TL 9000 Release 5.0 certification (a communications industry specific quality standard developed by QuEST Forum)

- Recommended for continuation of the ISO 9001:2008 (Quality Management System requirements) 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 Pvt. Limited was recommended for continuation of ISO 9001:2008 Quality Management System certification

Apart from this, GTL Limited is actively associated and involved in the QuEST Forum India Hub initiatives and activities.

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 for employees and suppliers.

Quality in Supply Chain: To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain. GTL believes that organization and its suppliers are mutually dependent. And hence partner relationships are strengthened through various initiatives such as:

- Identifying and selecting key suppliers, reducing the scale of supply system
- Sharing knowledge, technology, and other resources with suppliers
- Acknowledging the improvement and achievement of suppliers
- Initiating joint improvement activities
- Training for suppliers, sending quality teams to help suppliers improve their processes
- Supplier Performance Management system based on TL9000 standard requirements

CORPORATE SOCIAL RESPONSIBILITY

At GTL CSR means accountability & transparency to its stakeholders & employees which are a key to conducting business in a responsible manner. CSR at GTL represents the integrity with which it governs itself, fulfills its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities.

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 with high impact value are identified by GTL's CSR team and addressed in an extremely organized manner. The work is channelized through Global Foundation, a not for profit organization of the Global Group. Global Foundation has taken up projects in the areas of Education, Health, Disability and Community Work.

Employees of Global Group Volunteer for various initiatives taken up by the Foundation and also support through the Art of Giving program wherein they contribute to the Foundation by donating a part of their salary.

Focus Areas

Disablity

Project Netra: The Foundation has initiated Project Netra to bring about positive change in the lives of visually challenged through IT training and Education. Global Foundation has currently one Advanced Computer center in Mumbai and one in Chennai. Students are trained by visually challenged trainers in Basic, Advanced & Hardware courses in Computers. Students are also given additional training in Soft skills, Maths & preparing them for

Interviews too. 78 visually challenged students trained by Global Foundation have found job opportunities in the IT sector, Banks, Offices etc and have become self reliant.

Project Talk 64: Foundation has developed a Chess Software called Talk 64 which helps a visually challenged person to play chess. This Chess software is being distributed all over the world free of cost through the All India Chess Federation for the Blind. More than 2000 visually challenged play Chess with this software.

Project Drishti: Global Foundation creates awareness on Eye donation through mass media campaign & posters displayed by its volunteers. The impact of this campaign has been seen, Globalites have pledged to donate eyes and also create awareness.

Gyan IT: The Foundation has set up a series of static computer centres in schools of Sindhudurg and Thane districts during the past 8 years. At present more than 120 such labs are operational, over 1,24,000 students have become computer literate and are able to choose their career in ICT or opt for higher studies such as BCA and MCA.

Education

Project Knowledge on Wheels (KNOW) Mobile Computer Lab: Global Foundation under project 'KNOW', reaches out to the rural students through its mobile computer lab along with a qualified instructor. This unique mobile computer lab traverses through rural areas to promote IT literacy, 24000 students have been covered by this program during the last five years.

Project VKC (Village Knowledge Center) – IT Education for Women & Adults livelihood skill training program.

VKC has benefited housewives, generated employment and improved the standard of living of rural women. It's also a center for learning and awareness in rural areas which benefits the rural populace in a big way.

Project Gyanjyot – Financial Support Program: The Foundation had started this Educational Financial Support scheme in order to support children from economically backward families. The objective of the scheme is to provide financial assistance to the poor and meritorious students belonging to poor families so as to enable them to pursue uninterrupted education. Every year about 700 students are supported financially under this program.

Health

Access to health care varies across countries, groups and individuals, largely influenced by social and economic conditions as well as the health policies in place. Global Foundation felt the need to provide medical care in remote rural areas of Sindhudurg district, Maharashtra.

Project Medical Assistance: It is a well-accepted fact that a patient who receives basic care from trained professionals and is transported to the nearest healthcare facility immediately in an emergency has the greatest chance of survival. Emergency financial assistance for treatment is an essential part of the overall healthcare provided by Global Foundation as it saves lives by providing immediate medical attention. Positrons play an integral part in raising emergency funds for such cases where the patient or the relative is unable to bear medical expenses on their own.

Project Arogya: Global Foundation has set up a mobile health van with a doctor to offer preventive medical support to people living in the interior parts of Sindhudurg district of Maharashtra. The medical van is fitted with modern medical instruments and has a qualified doctor on board; this van travels to the remote hilly regions and raises health awareness through free health checkup camps.

Community Service

Global Foundation launched Employee Volunteerism Program to give opportunities to group employees for community service. Our Volunteers are known as "Positrons" and are the primary stakeholders of the Foundation. Some of their accomplishments are:

- 100 volunteers participated in Mumbai Marathon 2012
- 30 volunteers participated in Delhi Marathon
- More than 500 volunteers have donated blood
- 850 Volunteerism Man-Hours were put in the educational development of AASARA children
- 1000 Volunteerism Man-Hours were put in soft skill development program for visually challenged students

ART OF GIVING (Payroll Giving Initiative): Art of Giving is a voluntary pay roll giving initiative of Global Foundation through which Global Group employees provide financial contributions for the long-term sustainability of all the projects. More than 600 Global Group employees are regularly donating to the Foundation.

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. A number of seminars have been conducted for teachers in Navi Mumbai, Sindhudurg district of Maharashtra and Chennai.

Global Foundation's support to NGOs during the FY 2011-2012

- AASARA Children's Home: Support to the Educational development / counselling program for the children staying at

AASARA, a shelter home in Navi Mumbai

- All India Chess Federation for Blind: For distribution of Talk 64 chess software, free of cost
- Amar Seva Sangh, Tamil Nadu: Sponsored computers for their computer lab
- Eye Bank Co-ordination and Research Center: Partner for Eye Donation Awareness campaign under project Drishti
- FICCI FLO: Support towards building toilets for rural women
- Gyanamrut Shikshan Mandal: Support to the Non-formal school benefiting tribal children
- Stree Mukti Sanghatana: Support the livelihood training of 50 adolescent girls
- Think Foundation: Partnered for Blood Donation Camp
- Yuvak Prathishthan: Support for children's notebooks

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 2011-12

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 2011-12.

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 2011-12 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.
- 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.

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 as on March 31, 2012			
			Held	Attended		Board Directorship (including Chairmanship) **	Board Chairmanship **	Committee Membership (including Chairmanship) ***	Committee Chairmanship ***
Mr. Manoj Tirodkar	PD	ED@	4	4	Present	2	1	2	0
Mr. Sadanand D. Patil	NPD	NED/ ID	4	4	Present	0	0	0	0
Prof. S.C. Sahasrabudhe	NPD	NED/ID	4	2	Present	1	0	0	0
Mr. Dipak Poddar	NPD	NED/ ID	1#	1	Absent	NA	NA	NA	NA
Mr. Vinod Sethi	NPD	NED/ ID	1##	1	NA	NA	NA	NA	NA
Prof. S.B. Navathe	NPD	NED/ ID	4	2 $	Absent	0	0	0	0
Mr. Charudatta Naik	NPD	ED	4	4	Present	2	0	1	0
Mr. Vijay Vij	NPD	NED/ ID	4	4	Present	2	0	2	0
Mr. Balasubramanian Nagarajan	NPD	NED/ID	1###	1	Present	NA	NA	NA	NA
Mr. Sukanta Kumar Roy	NPD	ED	4	3	Present	0	0	0	0
Mr. D. S. Gunasingh	NPD	NED/ ID	2^	2	NA	1	0	1	0
Mr. Navin J. Kripalani	NPD	NED/ ID	2^	2	NA	0	0	0	0
Mr. Hemant Desai	NPD	NED/ ID	2^	2	NA	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.

@ 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. Dipak Poddar Ceased to be the Director w.e.f. October 20, 2011.

\## Mr. Vinod Sethi Ceased to be the Director w.e.f. August 23, 2011.

\### Mr. Balasubramanian Nagarajan retired as a Director at the 23rd Annual General Meeting held on October 19, 2011.

$ 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. December 29, 2011.

- **Details of Board Meetings held during the year**

Date of Board Meeting	18–Aug–11	14–Nov–11	29–Dec–11	09–Feb–12
Board Strength	10	7	10	10
No. of Directors Present	10	5	8	9

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 Auditors including Cost Auditors and the fixation of audit fees.
3. Approval of payment to Statutory Auditors including Cost Auditors for any other services rendered by them.
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 Auditors including Cost Auditors 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 including Cost 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		
	18–Aug–11	14–Nov–11	09–Feb–12
Mr. Vijay Vij, Chairman	P	P	P
Mr. Dipak Kumar Poddar*	P	N.A	N.A
Mr. Vinod Sethi**	P	N.A	N.A
Mr. Manoj Tirodkar #	N.A	P	N.A
Mr. Sadanand Patil #	N.A	P	N.A
Mr. D. S. Gunasingh, Member^	N.A	N.A	P
Mr. Navin J. Kripalani, Member^	N.A	N.A	P

P–Present, A–Absent

* Resigned as a Director and Member of Audit Committee w.e.f. October 20, 2011.

** Resigned as a Director and Member of Audit Committee w.e.f. August 23, 2011.

Were members of the Audit Committee from November 3, 2011 to December 29, 2011.

^ Inducted into the Board and Audit Committee w.e.f. December 29, 2011.

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				
	18–Aug–11	14–Nov–11	29–Dec–11	09–Feb–12	22–Feb–12
Mr. Sadanand D. Patil, Chairman	P	P	P	P	P
Mr. Vinod Sethi, Member*	P	N.A	N.A	N.A	N.A
Mr. Dipak Poddar, Member**	P	N.A	N.A	N.A	N.A
Prof. S. C. Sahasrabudhe#	N.A	A	A	N.A	N.A
Mr. Vijay Vij, Member##	N.A	P	P	P	P
Mr. D. S. Gunasingh, Member###	N.A	N.A	N.A	P	P

P–Present, A–Absent

* Resigned as a Director and Member of NRC w.e.f. August 23, 2011.

**Resigned as a Director and Member of NRC w.e.f. October 20, 2011.

Was member of NRC from November 3, 2011 to December 29, 2011.

Appointed as member of NRC w.e.f. November 3, 2011.

Inducted into the Board and NRC w.e.f. December 29, 2011.

➢ **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.
- 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).

➢ **Details of remuneration to all the Directors during the year ended March 31, 2012.**

Name of Director	Salary (₹)	PF / Pension Fund (₹)	Perquisites (₹)	Commission (₹)	Performance linked bonus (along with Criteria) (₹)	Sitting fees (₹)	Total (₹)	Service Contract/Notice period/ Severance fees/ Pension
Mr. Manoj Tirodkar $	7	–	906,667$$	@	@	10,000	916,674	*
Prof. S.C. Sahasrabudhe	–	–	–	@	–	20,000	20,000	Retirement by Rotation
Mr. Sadanand D. Patil	–	–	–	@	–	135,000	135,000	Retirement by Rotation
Mr. Dipak Poddar	–	–	–		–	40,000	40,000	#
Prof. S.B. Navathe	–	–	–	@	–	20,000	20,000	Retirement by Rotation
Mr. Vinod Sethi	–	–	–	@	–	20,000	20,000	##
Mr. Charudatta Naik	1,800,000	216,000	3,344,690	–	@	NA	5,360,690	Retirement by Rotation **
Mr. Vijay Vij	–	–	–	@	–	130,000	130,000	Retirement by Rotation
Mr. Balasubramanian Nagarajan	–	–	–			10,000	10,000	###
Mr. Sukanta Kumar Roy	1,692,000	203,040	2,421,570	–	@	NA	4,316,610	Retirement by Rotation ***
Mr. D. S. Gunasingh^	–	–	–	–	@	50,000	50,000	Retirement by Rotation
Mr. Navin Kripalani^	–	–	–	–	@	25,000	25,000	Retirement by Rotation
Mr. Hemant Desai^	–	–	–	–	@	20,000	20,000	Retirement by Rotation

$ 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.

$$ Amount paid pertains to the earlier contract period.

Ceased to be the Director w.e.f. October 20, 2011.

Ceased to be the Director w.e.f. August 23, 2011.

Retired as a Director at the 23rd Annual General Meeting held on October 19, 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 ongoing restructuring of debt by the Company through Corporate Debt Restructuring mechanism and the loss incurred during the period under consideration, the Board of Directors decided non–payment of any Commission / Performance Linked Bonus to Managerial Personnel and Non–Executive Directors.

^ Inducted into the Board w.e.f. December 29, 2011.

➢ **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	3–Aug–99	100	25,000
	9,000	20–Jan–03	80	9,000
	9,000	27–Feb–04	80	9,000
	15,000	5–Apr–06	113	15,000
	1,00,000	5–Oct–06	134	1,00,000
	1,50,000	5–Oct–06	145	1,50,000
Prof. S. C. Sahasrabudhe	9,000	20–Jan–03	70*	9,000
	9,000	27–Feb–04	70*	9,000
	9,000	21–Sep–04	75*	9,000
Mr. Charudatta Naik	6,500	8–Jul–99	100	6,500
	10,000	3–Aug–99	100	10,000
	10,000	3–Nov–01	75*	10,000
	9,000	20–Jan–03	80	9,000
	12,000	27–Feb–04	80	12,000
	9,000	21–Sep–04	85	7,000
			75*	2,000
	1,00,000	5–Oct–06	134	–
	1,50,000	5–Oct–06	145	1,000
	2,50,000	18–Apr–07	140	–
Mr. Sukanta Kumar Roy	6,500	31–Mar–99	100	6,500
	10,000	3–Nov–01	75	10,000
	6,000	20–Jan–03	80	6,000
	8,000	27–Feb–04	80	8,000
	9,000	21–Sep–04	85	9,000
	1,00,000	5–Oct–06	134	17,000
	1,00,000	5–Oct–06	145	–
	50,000	5–Oct–06	145	–

Notes:

1. The vesting schedules for all the ESOP Warrants issued were revised on July 22, 2009, whereby all options allotted are vested after their initial lock–in period of 12 months from their respective dates of allotment and are exercisable within a period of 3–36 months (depending on the Scheme) or such other higher period as may be determined by the Board from time to time.
2. *The Exercise Price in respect of ESOP–2001 and ESOP–2002 Schemes was re–priced by reducing ₹ 10/– per share as per the Special Resolution passed at the Extra–ordinary General Meeting held on April 5, 2006.
3. The Company has taken on lease basis immovable property from Mr. Sadanand D. Patil and has paid ₹ 5.68 Lakh towards rent (including service tax).
4. Mr. Sadanand D. Patil, Prof. S. C. Sahasrabudhe, Mr. Charudatta Naik, Mr. Sukanta Kumar Roy and Mr. D. S. Gunasingh hold 114,307, 18,000, 1,000, 594 and 100 equity shares respectively in the Company as on March 31, 2012.
5. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

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. Dipak Poddar**	Member
Mr. Charudatta Naik***	Member
Mr. Vijay Vij****	Member

* inducted into the Committee w.e.f. December 29, 2011.

** was a member of Shareholders / Investors Grievance Committee till October 20, 2011.

*** was a member of Shareholders / Investors Grievance Committee till December 29, 2011.

**** inducted into the Committee w.e.f. November 14, 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 2011–12: 11

➢ Number not solved to the satisfaction of shareholders: NIL

➢ Number of pending complaints: NIL

VI. DETAILS OF GENERAL MEETINGS:

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

	2008–2009	2009–2010	2010–2011
Date	July 10, 2009	July 21, 2010	October 19, 2011
Time	10.30 A.M.	10.30 A.M.	10.30 A.M.
Venue	Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai, 400703	Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai, 400703	Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai, 400703
Details of Special Resolutions passed	Amendment in Article nos. 123(b) and 168 respectively of the Articles of Association of the Company.	Alteration in Exercise period in respect of the Company's ESOP Schemes as detailed in the resolution.	NIL

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

1. An ordinary resolution U/s 94 of the Companies Act, 1956, for alteration of Clause V of the Memorandum of Association of the Company pertaining to Authorised Share Capital was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 81 forms on technical grounds, out of total valid 2,542 postal ballot forms for 26,628,502 equity votes, 2,400 forms consisting of 26,237,987 equity votes representing 98.53% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as an ordinary resolution on March 22, 2012.
2. A special resolution U/s 31 of the Companies Act, 1956 for Alteration of Article 3 of the Articles of Association of the Company pertaining to Capital Clause was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 99 forms on technical grounds, out of total valid 2,524 postal ballot forms for 26,626,391 equity votes, 2,373 forms consisting of 26,235,284 equity votes representing 98.53% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on March 22, 2012.
3. A special resolution, under the applicable provisions of the Companies Act, 1956, authorizing Restructuring of Debts was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 91 forms on technical grounds, out of total valid 2,532 postal ballot forms for 26,625,513 equity votes, 2,363 forms consisting of 26,225,812 equity votes representing 98.50% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on March 22, 2012.
4. A special resolution U/s 81(1A) of the Companies Act, 1956, for issue of Compulsorily Convertible Debentures on a Preferential Basis was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 91 forms on technical grounds, out of total valid 2,521 postal ballot forms for 26,624,843 equity votes, 2,300 forms consisting of 26,196,224 equity votes representing 98.39% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on March 22, 2012.
5. A special resolution U/s 81(3)(b) for grant of option to CDR lenders for converting loans into Equity Shares was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 104 forms on technical grounds, out of total valid 2,519 postal ballot forms for 26,624,759 equity votes, 2,280 forms consisting of 26,207,078 equity votes representing 98.43% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as a special resolution on March 22, 2012.
6. An ordinary resolution U/s 293(1)(d) of the Companies Act, 1956 for increasing the borrowing limit of the Company was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 104 forms on technical grounds, out of total valid 2,519 postal ballot forms for 26,624,887 equity votes, 2,259 forms consisting of 26,203,882 equity votes representing 98.42% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as an ordinary resolution on March 22, 2012.
7. An ordinary resolution U/s 293(1)(a) of the Companies Act, 1956 for delegation of authority to the Board for creation of charge/ mortgage was passed through Postal Ballot. The Company received a total of 2,623 postal ballot forms. After weeding out 106 forms on technical grounds, out of total valid 2,517 postal ballot forms for 26,623,614 equity votes, 2,254 forms consisting of 26,202,654 equity votes representing 98.42% of valid votes were in favour of the resolution. Accordingly, based on the report of the scrutinizer, the resolution was declared as passed as an ordinary resolution on March 22, 2012.
8. 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.	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.	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.
2.	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 i. 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; ii. granting loans to any body corporate on such terms and conditions as to repayment thereof and interest thereon; and iii. 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. *Inter–alia* 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.
3.	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) under Clause III A to bring more clarity in relation to projects undertaken in the field of 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.
4.	March 22, 2012 (Date of announcement of result of Postal Ballot)	11.00 am	412, Janmabhoomi Chambers, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai 400038.	i. Alteration of Clause V of the Memorandum of Association of the Company pertaining to Authorised Share Capital. ii. Alteration of Article 3 of the Articles of Association of the Company pertaining to Capital Clause. iii. Authorizing Restructuring of Debts. iv. Issue of Compulsorily Convertible Debentures on a Preferential Basis. v. Grant of options to CDR lenders for converting loans into Equity Shares. vi. Increasing the borrowing limit. vii. Delegation of authority to the Board for creation of charge/ mortgage.

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 2011–12. 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 2011–12.

➢ **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 December 31, 2011 and March 31, 2012 were published in the Free Press Journal and Navshakti newspapers and were also displayed on the Company's website www.gtllimited.com and disseminated to the Stock Exchanges (i.e. BSE & NSE) wherein its equity shares are listed, 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.

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		
	30–Jun–11	30–Sep–11	31–Dec–11
Economic Times / Free Press Journal	19–Aug–11	15–Nov–11	10–Feb–12
Maharashtra Times / Navshakti	19–Aug–11	15–Nov–11	10–Feb–12

➢ Website where displayed

http://www.gtllimited.com

➢ Whether it also displays official news releases

- Press Releases made by the Company from time to time are also displayed on the Company's website.
- A Management Discussion and Analysis Report is a part of the Company's Annual Report.

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 24th AGM**	Wednesday, September 12, 2012, 10:30 a.m. at Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai 400703.	
2.	**Financial Calendar for F.Y. 2012–2013**	**Quarter Ended**	**To be Published**
		First Quarter Results (Quarter ended 30–Jun–12)	On or before August 14, 2012
		Second Quarter Results (Quarter ended 30–Sep–12)	On or before November 14, 2012
		Third Quarter Results (Quarter ended 31–Dec–12)	On or before February 14, 2013
		Fourth Quarter Results (Quarter ended 31–Mar–13)	On or before May 30, 2013
3.	**Dates of book closure**	Tuesday, September 11, 2012.	
4.	**Dividend Payment**	NA, Since the Board has not recommended any dividend.	
5.	**Listing on Stock Exchanges**	BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).	
		Listing Fees for FY 2012–13: Paid to both the stock exchanges.	

6. Stock Exchange Codes (Equity):

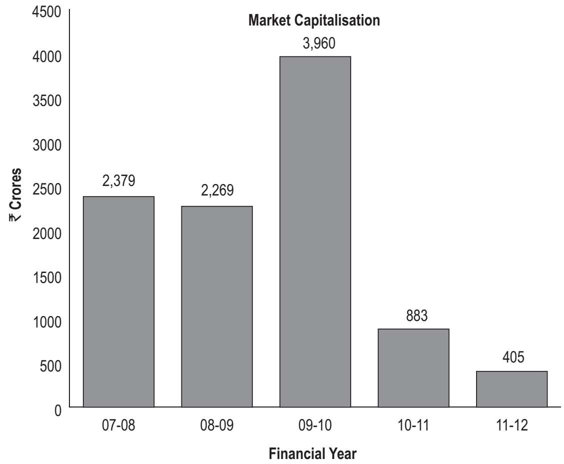
Stock Exchange / News Agency		Stock Code
BSE		500160
NSE		GTL
Reuters Code		GTL.BO & GTL.NS
Bloomberg Ticker		GTS:IN
Equity ISIN		INE043A01012
Non Convertible Debentures (Listing on BSE only)		
Series I	INE043A08017	946494
Series II	INE043A08025	946495
Series III	INE043A08033	946496
Series IV	INE043A08041	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 Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) are given below.

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jul–2011	97.20	68.20	62,947,994	97.20	68.00	129,133,012
Aug–2011	72.55	48.40	28,954,588	72.70	48.35	60,660,263
Sep–2011	72.05	49.80	86,237,831	72.05	49.75	184,953,484
Oct–2011	55.85	46.95	13,476,228	55.80	46.90	24,000,792
Nov–2011	51.25	36.75	15,793,068	51.35	36.80	27,293,636
Dec–2011	40.40	30.45	14,057,602	40.45	30.60	27,668,205
Jan–2012	47.55	35.70	23,995,641	47.75	35.70	39,803,813
Feb–2012	59.75	45.40	33,141,045	59.95	45.40	54,676,586
Mar–2012	51.90	40.90	11,381,619	51.65	41.05	19,030,930

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



[Source : BSE & NSE websites]

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 9001:2008, 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 2,228 (Previous year 10,360).

11. Distribution of shareholding as on March 31, 2012:

A. Distribution of shares according to size of holding

No. of Shares	No. of Shareholders	% of Shareholders	Share amount (₹)	% to Total
Upto 500	91,289	89.45%	109,727,830	11.28%
501 – 1000	5,663	5.55%	45,483,300	4.68%
1001 – 2000	2,664	2.61%	40,639,440	4.18%
2001 – 3000	846	0.83%	21,757,130	2.24%
3001 – 4000	385	0.38%	13,845,290	1.42%
4001 – 5000	292	0.29%	13,763,910	1.41%
5001 – 10000	453	0.44%	33,377,750	3.43%
10001 & ABOVE	463	0.45%	694,083,680	71.36%
TOTAL	**102,055**	**100.00%**	**972,678,330**	**100.00%**

B. Distribution of shares by categories of shareholders

Category	Nos. of Shareholders	Nos. of Shares Held	Voting Strength
Promoter & Promoter Group	3	22,719,159	23.36%
Other Directors, their Relatives	7	137,780	0.14%
Bodies Corporate (Domestic) / Trusts / Clearing Members	2,112	11,954,161	12.29%
Banks	11	28,507,001	29.31%
Mutual Funds	2	164	0.00%
Financial Institutions (FIs)	2	1,307,259	1.34%
Foreign Institutional Investors (FIIs)	25	961,226	0.99%
Non–Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs) / Foreign National	709	1,171,805	1.20%
Resident Individuals	99,184	30,509,278	31.37%
TOTAL:	**102,055**	**97,267,833**	**100.00%**

C. Top 10 Shareholders

Name(s) of Shareholders	Category	Shares	%
ICICI Bank Ltd.	Bank	28,500,000	29.30%*
Global Holding Corporation Private Limited (Promoter Group)	Domestic Company	22,480,559	23.11%*
M Kiran Kumar	Resident Individual	1,015,200	1.04%
Life Insurance Corporation Of India	Financial Institution	1,007,259	1.04%
Master Capital Services Ltd.	Domestic Company	387,315	0.40%
Karvy Stock Broking Ltd.	Domestic Company	334,077	0.34%
General Insurance Corporation of India	Financial Institution	300,000	0.31%
Jumana Goolam Vahanvati	Non Resident Individual	290,068	0.30%
Future Fund Board of Guardians Managed by Arrowstreet Capital LP	Foreign Institutional Investor (FII)	261,788	0.27%
Manoj Gajanan Tirodkar (Promoter)	Director	238,600	0.25%

* The Company's shares held by one of the promoters viz. Global Holding Corporation Private Limited (GHC) and pledged with ICICI Bank (ICICI) that were subsequently appropriated by ICICI Bank have been transferred back to GHC subsequent to the transfer of the Company's loan availed from ICICI to the group company namely Chennai Infrastructure Limited under the CDR Package. Resultantly, as of the report date the Promoter shareholding in the Company has been restored back to 52.66% based on the outstanding capital of the Company as on March 31, 2012.

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. 99.70% of the Company's shares are held in dematerialised form as on March 31, 2012 (99.58% up to June 30, 2011).

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:

The details are furnished in the Directors' Report.

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. Jayendra Pai, Associate Vice President, Investor Services or

Mr. Divesh R. Sawant, Manager, Investor Services

Tel.: +91–22–27612929 / 27673000

Extn. Nos. 2232–2235 **FAX:** +91–22–27680171

Website: www.gtllimited.com

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

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

Mr. Rahul Desai – Head Investor Relations

GTL Limited,

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

Mumbai 400038

Tel: +91–22–22715000 (Extn: 347)

Fax: +91–22–22619649

Email: ir@gtllimited.com

17. Investor Services – complaints, queries and correspondence:

Particulars	Op. Bal. July 1, 2011	Received	Resolved	Cl. Bal. as on March 31, 2012
Complaints	Nil	11	11	Nil
Other Correspondence	Nil	559	559	Nil
Total	Nil	570	570	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 March 31, 2012, there were 125 cases against the Company, pending in various Courts and other Dispute Redressal Forums, out of which 32 cases are pertaining to the telecom business of the company and the rest 93 cases are pertaining to the power business of the company.

In 11 out of 125 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 11 cases.

21 cases are pertaining to the Company's telecom business and 93 cases are pertaining to the Company's Power distribution franchisee business. These cases are handled by the Company's Advocates, who have the necessary expertise on the subject and no liability shall arise except in few cases where the consumer is seeking some compensation from the Company. It is found that in most of these cases the claims are frivolous and without any basis and therefore the Company is resisting and defending these claims. The contingent liability on account of such claims is ₹ 1,98,54,370/–.

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 such shareholders in respect of the Unclaimed / Unpaid Dividend for the F.Y. 2004–05 during May 2012 whose dividends remain unclaimed, as is customarily sent by the Company every year, before crediting the balance Unclaimed Dividend Amount to the IEPF. 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 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

Members are requested to note that in compliance of Clause 5A (II) in the Listing Agreement with the Stock Exchanges, the Company has dematerialised all the unclaimed shares into "GTL Limited – Unclaimed Shares Demat Suspense Account" with one of the Depository Participants. The voting rights of those members shall remain frozen till the rightful owner claims the shares.

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

As stipulated under Clause 5A(II) of the Listing Agreement with the Stock Exchanges, the Company reports the following details of equity shares lying in the suspense account:

Details of the unclaimed shares as on March 31, 2012, are as under:

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares as on July 1, 2011	938	104,060
(ii)	Number of shareholders and shares (Additions during the period July 1, 2011 to March 31, 2012)	18	1,797
(iii)	Number of shareholders and shares claimed by the respective shareholders during the period July 1, 2011 to March 31, 2012	25	2,700
(iv)	Balance number of shareholders and shares remaining unclaimed as on March 31, 2012.	931	103,157

23. Changes to Equity Share Capital during the year ended March 31, 2012:

Date	Particulars	Increase/(decrease) in Share Capital		Cumulative Share Capital (₹)
		No. of Shares	Amount (₹)	
Opening Share Capital as on July 01, 2011		–	–	972,678,330
Share Capital as on March 31, 2012		–	–	972,678,330

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 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: July 3, 2012

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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012 (Period 01/07/2011 to 31/03/2012). 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 four 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 30th June, 2011 was held on 19th October, 2011 after giving due notice to the members of the Company, and the resolutions passed there at were duly recorded in the Minute Book maintained for the purpose.

6. The Board of Directors of the Company is duly constituted. During the period three directors have vacated office and three directors have been appointed as Additional Directors. 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. During the period, there was no Allotment of shares made.

9. The Company has altered the provisions of Memorandum of Association and Articles of Association with respect to increase in authorised share capital of the company through postal ballot. The Company has also passed 5 other resolutions by postal ballot viz. authorization of restructuring of debts, issue of compulsorily convertible debentures on preferential basis, option to CDR lenders for converting loans into equity shares, increase in the borrowing limits and vesting of power to the board to create charge / mortgage.

10. No dividend has been declared and paid during the period. The requirement relating to transfer of unpaid dividends for financial year 2003–04 to Investor Education and Protection Fund has 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: May 8, 2012

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 financial year ended March 31, 2012 and that to the best of our knowledge and belief:

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

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

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the 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: May 22, 2012

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 nine months period ended March 31, 2012.

Date: July 3, 2012
Place: Mumbai

Manoj G. Tirodkar
Chairman & Managing Director

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

Mr. Vijay M. Vij – Director

Mr. Vijay M. Vij was born on September 21, 1970, is a Practicing Chartered Accountant and has an experience of over 18 years in almost every facet of taxation, auditing and consulting profession. Mr. Vij is a commerce graduate from Mumbai University and became Chartered Accountant from ICAI in 1995.

Mr. Vij is a Partner of P. Parekh & Associates, Chartered Accountants, and is an expert in Direct Taxation, Valuations, Financial Modeling, Business consultancy and M & A. He has effectively advised several companies on business restructuring and start up ventures, and helped them compete in tough Business environment. He has hands on experience in providing advice on tax efficient entry strategy for India, transfer pricing and tax treaty implications.

Currently he holds directorship in GTL Infrastructure Limited and Chennai Network Infrastructure Limited. He is a member of Audit Committee of GTL Infrastructure Limited.

In GTL Limited, he serves as the Chairman in Audit Committee and is a member of the Nomination & Remuneration Committee, Shareholders / Investors Grievance and Share Transfer Committee and CDR Committee.

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

Mr. D. S. Gunasingh – Additional Director

Mr. D.S. Gunasingh was born on March 1, 1949. He has been a member of the Board since December 29, 2011.

Mr. Gunasingh is a Company Secretary by profession and is presently engaged as a Consultant on Corporate Law and other allied matters.

He has over 35 years of work experience in large corporates in India, in the fields of Secretarial, Corporate Governance, Legal and Taxation. His professional assignments include managing affairs of boards and shareholders of large public listed companies; handling of issues for raising funds through equity and debt instruments in the Domestic Market and Bonds Issues in the International Markets; merger, demerger and takeover of companies; establishment of globally recognized corporate governance practices; legal representation before Income–Tax Appellate Tribunal and Company Law Board; practice as Advocate; and authoring a book on taxation.

Currently he holds directorship in Chennai Network Infrastructure Limited. He is the Member of Audit Committee and Nomination & Remuneration Committee of Chennai Network Infrastructure Limited.

In GTL Limited he is the member of CDR Committee, Audit Committee and Nomination & Remuneration Committee.

Mr. Gunasingh's shareholding in the Company is 100 Equity Shares and Nil Equity Shares are held by his family members / relatives.

Mr. Navin J. Kripalani – Additional Director

Mr. Navin J. Kripalani was born on April 6, 1949. He has been a member of the Board since December 29, 2011.

Mr. Kripalani is a Governing Council Member of TiE, Pune Chapter. He is one of the Founders, and a Governing Council Member, of Innovations Society, a small part of the Kirloskar Brothers Ltd. group. He is an Advisor to the Board at Indiasoft Technologies Pvt. Ltd., a Software Company in Pune.

In 1965, he was in the National Defence Academy, Khadakwasla, training to join the Indian Armed Forces. In 1977, He was one of the first few employees of Xerox Ltd. In 1985, he was the Managing Director of Kilobytes India Ltd., a company in SEEPZ, manufacturing and exporting 1 Million 5.25" Floppy Discs each month. This company was supported by ICICI.

He has specialization in Managing Cultural Change, Critical Appraisal of Business, Getting Processes into your DNA, Assessing & Profiling Human Resource needs, Financial Services, including Debt & Equity Solutions and Strategic Business Initiatives.

In GTL Limited he is the member of the Audit Committee.

Mr. Kripalani does not hold any shares of the Company and 3,750 Equity Shares are held by his family members / relatives.

Mr. Hemant Desai – Additional Director

Mr. Hemant Desai was born on March 16, 1962. He has been a member of the Board since December 29, 2011. He is a Bachelor of Arts with specialization in Economics.

Mr. Desai is the Promoter Director of Tradewell International Pvt. Ltd. (an Indo–Saudi joint venture group) having a strong presence in India and also in Saudi Arabia, U.A.E., Egypt, Kuwait.

He has extensive work exposure in Distribution and marketing of electronic goods and Supply chain management, distribution and marketing for FMCG industries. Consultancy for development of export market, particularly in Saudi Arabia, Sri Lanka and Nepal.

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

Mr. Desai does not hold any shares of the Company and 29 Equity Shares are held by his family members / relatives.

Your Directors take pleasure in presenting their Twenty Fourth Annual Report together with the Audited Accounts for the year ended March 31, 2012 (Nine months).

1. FINANCIAL RESULTS

₹ in Crores

Particulars	F.Y. 2011–12 (9 months)		F.Y. 2010–11 (15 months)	
	Consolidated	Standalone	Consolidated	Standalone
Total Income	1,914.02	1,550.85	4,214.77	3,352.56
Profit before Depreciation, Interest and Financial Charges (Net) and Tax (PBDIT)	87.08	105.35	631.31	520.63
Profit before Depreciation and Tax (PBDT)	(335.97)	(296.88)	390.26	301.86
Less: Depreciation	101.71	88.57	104.40	87.56
Profit before Tax and extra–ordinary items	(437.68)	(385.45)	285.86	214.30
Less: Provision for Taxation (incl. Short Provision for Income Tax and Deferred Tax)	19.70	15.28	73.70	72.12
Profit after Tax (PAT) before Extra–ordinary and Prior Period items	(457.38)	(400.73)	212.16	142.18
Add/(Less): Extra–ordinary Item	NIL	NIL	NIL	NIL
Add: Minority Interest	(0.23)	N.A.	(0.08)	N.A.
Add: Share Profits in Associates	(1.46)	N.A.	(13.82)	N.A.
Add: Excess Provision of Equity Dividend and Dividend Distribution Tax written back	20.41	11.35	1.06	1.07
Add: Balance brought forward from the last year	611.00	240.30	563.04	248.39
Profit available for Appropriation	172.34	(149.09)	762.34	391.64
Appropriations:				
Recommended Equity dividend	NIL	NIL	9.73	9.73
Dividend Distribution Tax	N.A.	N.A.	1.62	1.62
Amount transferred to				
– General Reserve	NIL	NIL	NIL	NIL
– Debenture Redemption Reserve	NIL	NIL	140.00	140.00
Balance Carried Forward	172.34	(149.09)	611.00	240.30

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 March 31, 2012. The Company has, as at March 31, 2012 investment in GTL Infrastructure Limited (GIL) of ₹ 291.23 Crs. and in Chennai Network Infrastructure Limited (CNIL) ₹ 1,637.48 Crs., aggregating ₹ 1,928.71 Crs., which includes investment made for acquisition of tower assets from Aircel and its subsidiaries.

GIL and CNIL have proposed a merger and merger petitions were filed with the High Courts at Bombay and Madras respectively. The Bombay High Court has granted its approval for the proposed merger; however, the approval from the High Court at Madras is awaited.

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. Resultantly, the FY 2011–12 consists of 9 months period and hence, the financial results for FY 2010–11 and FY 2011–12 are not comparable.

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

2. RESULTS OF OPERATIONS AND BUSINESS OVERVIEW

Results of Operations

The financial highlights for the year are as follows:

On a consolidated basis,

- Revenue for the financial period under review was ₹ 1,864.69 Crs. as against ₹ 3,943.15 Crs. for the previous financial year.
- Order visibility as on March 31, 2012 stood at ₹ 2,800 Crs.

GTL, a Global Group Enterprise is a diversified technology and Infrastructure services Company focused on Telecom and Power. Over the last year the Company has diversified into the Power sector.

Some of the significant contracts received are as follows:

- GTL won its first contract in the Canadian market for offering Network Planning & Design Service of a 3G network for a new integrated communications company.
- GTL Power Division bagged two separate turnkey contracts worth ₹ 188 Crs. approx. (USD 35 Mn. approx.) to be implemented over a period of 24 months from Maharashtra State Electricity Development Corporation Limited (MSEDCL) under Re–structured Accelerated Power Development and Reform Program (R–APDRP) Part–B scheme for Jalgaon and Kalyan Zone, Maharashtra State.
- GTL Americas awarded a prestigious contract by AT&T. It's the first project of its kind where a specialised application is used on Android Handsets (Smartphone's & Tablets) to measure Quality of Service and Key performance indicators on AT&T's LTE Network.
- GTL Africa recently won its first Managed Services contract from Huawei in Uganda for a duration of two years.

Business Overview

Last year, GTL shifted its focus from being only telecom centric company to a company that also focuses on the power sector. The Indian telecom industry has shown minimal growth in the last year. The mobile subscriber base in India has increased to 919.17 Mn. at the end of March 2012, registering a growth of 0.88%. The share of urban subscribers that was giving higher average revenue per user has declined to 65.23% from 65.59% whereas share of rural subscribers has increased to 34.77% in the month of March 2012. With this, the overall tele–density in India has reached 78.66 at the end of March, 2012.

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

Some of the developments we belive that had negative impact on the sector are:

i) Cancellation of 122 – 2G licenses by Supreme Court;

ii) TRAI recommendations for fixation of higher reserve price (13 times) for spectrum auction;

iii) Re–farming of 900 MHz spectrum leading to higher investment by all telecom operators;

iv) Shutting down of Indian operations by Etisalat DB, Loop Telecom and S Tel & divestment by Qualcomm;

v) Slower than expected off take of the 3G roll outs, and the delay in rolling out the BWA networks even after a year of paying out the license fees.

As a result, the telecom sector has great difficulty to raise any capital from banks or investors. This has a direct impact on the telecom operators' ability to spend and has resulted into lower capital expenditure. The 3G rollouts were limited to the top 40 cities in India and the primary focus has been on upgrading and utilizing the existing infrastructure. However, as the roll out spreads it will lead to growth of telecom sector.

This has led to reduced opportunities for Network Services Companies in India. The factors that will drive growth for network services business in India are as follows:

i) Growth of Data Services in Indian Telecom Market: the increasing usage of smart phones, and the growth of Value Added Services and the resultant growth in the data usage would require further investments in augmenting the network;

ii) Focus on rural expansion: with mobile coverage expected to increase, especially in rural areas, the operators are expected to invest in rural region;

iii) Rollout of 3G and BWA services: The expansion of the 3G networks and rollout of BWA networks will also impact positively, leading to growth in network services;

iv) Quality of Service: the recently launched mobile number portability has encouraged competition amongst operators to lure new customers and retain the existing user base. This is expected to drive consulting revenue in term of benchmarking networks.

Global uncertainties, especially in Europe have led to reduced spending by telecom operators and OEMs across the world. The operators are focusing on optimizing their existing networks and are spending minimum on rolling out new networks.

Investment in GTL Infrastructure Limited (GIL)

GTL is the promoter of GIL and has invested ₹ 291.23 Crs. in Equity Capital. GTL has also invested in CNIL, a subsidiary of GIL, ₹ 1,068.12 Crs. in Equity Capital and ₹ 569.36 Crs. in 0% Unsecured Compulsorily Convertible Debentures. Thus GTL's total investment in Tower business at cost is ₹ 1,928.71 Crs.

GTL is in negotiations for resolution of dispute with IFCI and based on such negotiations, the proposed return of pledged/invoked 17.65 Crs. Equity Shares of Company's investment in GIL, GTL's total investment in Tower business at cost will be ₹ 2,230.79 Crs.

3. MACRO & MICRO ECONOMIC SCENARIO, CORPORATE DEBT RESTRUCTURING AND PLEDGE OF PROMOTER/PROMOTER GROUP SHAREHOLDING IN THE COMPANY.

Global Macro Economic Scenario

The sluggish recovery shall remain the most likely global macro economic scenario, where the world economy will continue to recover from the 2009 recession at a moderate pace, returning to trend growth rates with persistent unemployment and budget deficits in developed markets.

FY 2011–12 saw deleveraging efforts, elevated unemployment levels, lingering real estate market problems, and a shift of policy priorities towards fiscal consolidation which will continue to constrain growth in a number of high–income economies. At the same time, the solid economic pace in emerging markets will limit the risk of a 'double–dip' recession.

There is a downside risk to the outlook, which has risen and may continue through FY 2012–13. The global economy is facing headwinds coming from every major region of the world. The continuation of the economic recovery depends on all of the following:

- There is a need to maintain the momentum of the US economic recovery which incorporates unresolved issues of the medium–term fiscal consolidation plan and the debt ceiling and which if ensured would help preserve market confidence;
- The Euro Zone has been fighting to prevent the debt problems affecting peripheral sovereigns from spreading to larger countries vis–a–vis European–wide financial system;
- The Chinese and Indian economies are also not insulated from the global economic conditions as the economies need engineering of a 'soft landing' for the overheating faced by both the countries. If these factors are taken care of, they will help restart the growth engines, compensating for the degrowth in other economies;
- There is also the concern that lingers which is the inflation in commodity prices world wide. An oil supply–side shock could not only have direct negative implications for growth but could also contribute to inflationary pressures and consequent increases in interest rates.

Thus Global Macro economic condition is very fluid due to various socio–economic, socio–political reasons.

Indian Macro Economic Scenario and Telecom Industry

Economists have viewed that the global macro economic situation would not have much impact on the Indian economy considering the large population thereby generating automatic demand for industrial products. The Indian economy is also experiencing turbulences for past about two years due to various factors such as high interest rates, increase in cost of fuel mainly due to dependency of our economy on import of large quantum of fuel from overseas market, policies addressing various issues affecting our economy due to political compulsions etc. Certain Global Credit rating agencies have downgraded India's economic prospective as downside risks to India have increased, most recently with the sharp depreciation of the currency, which will add to already–high inflationary pressures. With growth decelerating quite rapidly, this leaves policy makers with a dilemma. If they raise rates to protect the currency, the headwinds to demand will worsen, but if they cut rates to support output, the currency may fall further. But if the country is able to boost demands and bring harmony to the varied policies and stabilize its political scenario there could be a probable upgrade in the credit rating.

Besides the uncertainty prevailing in Indian Economy, the telecom sector has been affected to a great extent due to ongoing investigations in 2G Scam and the aftermath, uncertainty on new telecom policy and order passed by the Supreme Court in the recent past thereby cancelling 122 telecom licenses and utter confusion prevailing as to re–allotment of these licenses through bidding process. Due to various negative actions or inaction by the government in implementing right policies, the overseas telecom operators who have entered the Indian Telecom Market have moreover decided to exit from the Indian market that will have further blow on investment climate in the country and particularly the Telecom Sector. This has major adverse effect on development of the telecom industry as the uncertainty created over licensing and pricing by various authorities including Telecom Regulatory Authority of India and Department of Telecommunication is likely to make the telecom business unviable. The steep increase in the cost of license and telephone rates would result in creating low demand for telecom products thereby affecting the revenue and profitability of telecom operators. Players in the Telecom business are reeling under various pressures as narrated under:

a) Telecom operators deposited more than ₹ 1,00,000 Crs. as spectrum money for 3G networks and BWA related networks. However, there has not been corresponding income related thereto;

b) The 2G scam and its impact on telecom rollout has been negative. Operators have deferred Capex, new equity is not coming into the telecom sector and FDI for telecom / tower space has been virtually non–existent for last about two years;

c) 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;

d) The landmark judgment passed by the Honorable Supreme Court of India on February 2, 2012 thereby cancelling 122 telecom licenses; and

e) Dampening investment climate in the Telecom Sector by announcing the exit by one of the service providers Etisalat due to after effect of cancellation of its telecom license and likelihood of other foreign telecom partners / operators following suit.

Recent recommendations by TRAI about re–farming of spectrum and putting up a reserve price for spectrum auction has further vitiated the already confused regulatory scenario and has led to a huge uproar from the incumbent telecom operators who have made representations to the Telecom ministry to relook at the TRAI recommendations.

Due to the uncertain scenario at the Global and Indian macro level, many overseas reputed companies were witness to face liquidation and similarly Indian companies from different industries are also reeling under pressure of demand supply mechanism, unviable business conditions that turned many companies from black into red resulting into unviable business units in the current scenario. To overcome various pressures, some companies are required to restructure their debts and refer it to Corporate Debt Restructuring Cell (CDR Cell).

Corporate Debt Restructuring

Due to the factors affecting economies at macroeconomic and industry related issues, your Company had referred proposal for restructuring its debts to CDR Cell and the Company received approval vide their Letter of Approval dated December 23, 2011. We give herein below in nutshell the restructuring proposal approved to the Company:

a) Out of the outstanding Credit Facilities in Rupee terms as of cut–off date viz. July 1, 2011, part of the amount viz. ₹ 2,299.42 Crs. shall continue as Rupee Term Loan, repayable within 10 years (by March 2021) having 21 months moratorium for repayment viz. till March 31, 2013 and some facilities would continue in the form of Continuing Working Capital facilities of about ₹ 495.96 Crs.

b) Interest on Term Loan from cut–off date till March 31, 2013 is converted into Funded Interest Term Loan repayable from FY 2014 to FY 2017;

c) Overall reduction in interest rates during the term of the loan;

d) Part of the outstanding credit facilities as of cut–off date will be converted into Compulsorily Convertible Debentures (CCDs) to be issued to CDR Lenders carrying coupon rate of 1% per annum. After completion of formalities *inter–alia* obtaining various approvals, the Company has allotted CCDs amounting ₹ 187.84 Crs. to the CDR Lenders on April 28, 2012 and the same were converted into Equity Shares on June 12, 2012;

e) Credit Facilities of ₹ 650 Crs. availed by the Company from ICICI Bank have been transferred to Chennai Network Infrastructure Limited (CNIL). Accordingly, the Company owes an amount of ₹ 650 Crs. to CNIL;

f) Outstanding amount towards Non–Convertible Debentures (NCDs) issued by the Company of ₹ 1,400 Crs. plus interest outstanding thereon would also be restructured on the same basis as other CDR loans;

g) Credit Facilities availed by the Company in the form of External Commercial Borrowings (ECBs) of US$ 150 Mn. are being restructured separately. ECB of US$ 66.67 Mn. (₹ 333.34 Crs.) would be converted into Rupee Term Loan under the CDR mechanism and balance US$ 83.33 Mn. to be continued as ECB, subject to regulatory clearances and would correspondingly be restructured;

h) CCDs worth ₹ 83.45 Crs. would be issued to the Promoters of the Company against their contribution.

Pledge of Promoter & Promoter Group shareholding in the Company

Further to the information furnished in the Directors' Report for the FY 2010–11, the Company's shares held by one of the promoters and pledged with ICICI Bank that were subsequently appropriated by ICICI Bank have been transferred back to the Promoter. Resultantly, the Promoter shareholding in the Company has been restored to original level of 52.66% from 23.47% based on the outstanding capital of the Company as on March 31, 2012.

The Promoters shareholding in the Company is about 41.17% based on the expanded capital post allotment of Equity Shares upon conversion of Compulsorily Convertible Debentures issued to CDR Lenders and Promoter under the CDR Scheme.

4. **DIVIDEND:**

Since your Company is currently under Corporate Debt Restructuring Mechanism, your Directors express their inability for recommending any dividend on the paid up Equity Share Capital of the Company for the financial year ended March 31, 2012.

5. **SHARE CAPITAL, EMPLOYEE STOCK OPTION PLANS (ESOPs) AND COMPULSORILY CONVERTIBLE DEBENTURES (CCDs):**

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 June 30, 2011	97,267,833
Add: Allotment of Equity Shares on account of Conversion of ESOPs	NIL
Equity Capital as on March 31, 2012	**97,267,833**

ii. Preference:

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

iii. 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 March 31, 2012 a total of 143 employees hold 2,370,903 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.

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 March 31, 2012	97,267,833
Add: Full ESOP Conversion	2,370,903
Fully Diluted Equity Capital	**99,638,736**

iv. CCDs:

Consequent upon allotment of CCDs worth ₹ 187.84 Crs. and ₹ 45.15 Crs. to CDR Lenders and the Promoter respectively on April 28, 2012 under the CDR Scheme and its conversion into equity shares on June 12, 2012, the Share Capital of the Company has gone up from ₹ 97.27 Crs. to ₹ 148.53 Crs.

6. CAPITAL MARKET DEVELOPMENTS:

Trading Group

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 'S&P CNX 500'. 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 1,550,725 and 3,033,266 shares respectively, in the year ended March 31, 2012 (9 months period) as against 381,928 and 822,754 shares respectively in the previous financial year consisting of 15 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 and 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 information about its subsidiaries. The Company's revenue from its overseas subsidiaries for the period ended March 31, 2012, on a consolidated basis was ₹ 359.90 Crs. (US$ 71.66 Mn.).

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; and
- 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 Bhave & 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

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

Our associate base stood at 8,204 as on June 30, 2012 as against 9,612 as on June 30, 2011. For full details refer to the Human Resources write up in the MD&A Report.

12. 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.

13. 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’.

14. DIRECTORS

Prof. S. C. Sahasrabudhe, Mr. Charudatta Naik and Mr. Vijay Vij, Directors retire by rotation at the forthcoming Annual General Meeting. Mr. Vijay Vij – Independent Director being eligible offers himself for re–appointment.

Prof. Sahasrabudhe has conveyed that he would be crossing age of 70 years in July 2012, and in view of the maximum age stipulated for the Directors in the Company’s Policy Dossier viz. 70 years, he is not opting for re–appointment as a Director of the Company at the ensuing Annual General Meeting. Also Mr. Charudatta Naik, Whole–time Director, being associated with the Company as well as with Group Company viz. GTL Infrastructure Limited, in order to avoid any conflict of interest, has decided not to seek re–appointment.

Mr. Dipak Kumar Poddar, Mr. Vinod Sethi and Mr. N. Balasubramanian, Directors have relinquished from the Board w.e.f. October 20, August 23 and October 19, 2011, respectively.

The Board places on records its deep appreciation and respect for the valuable advice and guidance received from Mr. Poddar, Mr. Sethi and Mr. Balasubramanian during their tenure as Directors of the Company.

The Board of Directors in its meeting held on December 29, 2011 appointed Mr. D. S. Gunasingh, Mr. Navin Kripalani and Mr. Hemant Desai as Additional Directors. 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. D. S. Gunasingh, Mr. Navin Kripalani and Mr. Hemant Desai as Directors, liable to retire by rotation.

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

15. 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 41.17% 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 (2) Global Holding Corporation Pvt. Ltd.

16. 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 ₹ 9.97 Crs. and incurred foreign exchange expenditure of ₹ 21.66 Crs. the particulars of which are appearing in Note No. 2.28 of the Notes to the Accounts.

17. 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.

18. 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 March 31, 2012, 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 loss 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.

19. AUDITORS

M/s Godbole Bhave & Co., Chartered Accountants, Mumbai and M/s. Yeolekar & Associates, Chartered Accountants, Mumbai, were appointed as Joint Auditors at the Twenty Third 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 certificates from the Joint Auditors respectively pursuant to Section 224(1B) of the Companies Act, 1956 regarding their eligibility for re–appointment. Accordingly, approval of members to the appointment of M/s. Godbole Bhave & 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.

20. COST AUDITORS

The Cost Audit Branch of Government of India, Ministry of Corporate Affairs (MCA), New Delhi, vide Cost Order No. 52/26/CAB/2010 dated May 2, 2011 have issued industry wise Orders for appointment of Cost Auditors from FY 2011–12 onwards for companies carrying Electricity activity. Also, as per the provisions of The Companies (Cost Accounting Records) Rules, 2011, applicable to all other products / activities of the Company and The Companies (Cost Accounting Records) Rules, 2011, the Board of Directors of the Company has appointed M/s. V. G. Phadke & Co., Cost Accountants, Mumbai, as the “Cost Auditor” and “Cost Accountant” under Section 233B and Section 209(1)(d) of the Companies Act, 1956 for the Financial year 2011–12.

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, employees, vendors, bankers, financial institutions, investors, media and both the Central and State Governments and their Agencies and look forward to their continued support.

On behalf of the Board of Directors,

Mumbai
July 3, 2012

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 :
   - Tower Monitoring methodology by connecting directly to OSS alarm feeds across leading OEMs like Ericsson, NSN, ZTE & Huawei, 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.
   - Development of Automatic Meter Reading System for remotely metered data read on open standard protocol over a secure communication network. It will provide measurement of detailed, time–based information and frequent acquisition and transmittal of information to the central server. This will facilitate supply failure detection, leakage and tampering detection, tampering notification, demand forecasting, alarm and event management.
   - Design and engineering of Meter Data Management System to manage, validate, edit and estimate meter data, calculate billing determinants, aggregate consumption data and device management.
   - Design and engineering of Geographical Information System for managing and planning, designing, decision making and network analysis of the electrical network.
2. Benefits derived as a result of the above R&D :
   a) Enhanced ability to handle field failures & improved on–field productivity has largely benefitted efficient SLA management and network uptime.
   b) System provides automatic transmittal of data from meter to central server thus reducing operational costs and improving bill accuracy. It also reduces meter read to bill cycle.
   c) Early detection of meter tampering or error, theft prevention, thereby preventing loss of revenue.
   d) More accurate estimation based on historic consumption pattern & consumer profile helps in locating loss making areas and load control & planning.
   e) Spatial view of entire network brings in efficient maintenance management, more focused network engineering like network augmentation, network planning etc.
   f) The hierarchical structure helps in energy auditing at different stages in the network and also does asset management.
3. Future plan of action
   a) Enhanced remote management solution for proactive monitoring, rectification and Energy Management of Telecom Infrastructure by using data mining and analytics solution through Unified NOC.
   b) Improved meter reading by implementing Automatic Meter Reading system and Meter Data Management System.
   c) This system will be used for Supply Vs. Demand balancing and peak load management to avoid interruptions in supply.
   d) Continuous update of network in GIS system to achieve above mentioned benefits.
4. Expenditure on R&D

a) Capital:	:	₹ 75.93 Crs.
b) Recurring:	:	₹ 1.55 Crs.
c) Total:	:	₹ 77.48 Crs.
d) Total R&D Expenditure as a percentage of total turnover:	:	4.16%

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation.
   a) Significant efforts and inroads have been achieved by organisation in network planning services in new geographies with operators & OEMs.
   b) In association with various Telecom Equipment Providers (TEPs) and Key solutions providers like OEMs planning to create Managed Services Portfolio.
   c) Significant efforts have been taken by organisation to create new industry standard benchmarks.
   d) Entire implementation team is ready to implement this solution for captive requirement as well as offer it as a solution to other Utilities.
   e) Technology training of resources through technology providers has been organized
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, 2 & 3 above overall cost reduction by >15% with improved SLAs.
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 thereof and future plan of action.

   Not applicable

On behalf of the Board of Directors,

Mumbai
July 3, 2012

Manoj G. Tirodkar
Chairman & Managing Director

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 upto 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 upto 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 it's subsidiaries at an exercise price, at a discount upto 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 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 upto 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	2,370,903
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	3,055,922 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	2,370,903
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, calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share':	(₹ 41.20)
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 loss for the year ended March 31, 2012 would have been higher by ₹ 0.24 Crs. (Previous year profit would have been lower by ₹ 1.44 Crs.). Consequently, the basic and Diluted EPS would have been lower by ₹ 0.03 (previous year lower by ₹ 0.05) and ₹ 0.03 (previous year lower by ₹ 0.15) respectively.
M	Weighted average exercise price and Weighted average fair values	Weighted Average exercise prices of the options outstanding as at the Year end: ₹ 160.29. Weighted Average fair value of options outstanding as at the Year end: ₹ 52.26.
N	The description of the method and significant assumptions used during the year to estimate the fair value of the options, including	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 March 31, 2012	Outstanding as on March 31, 2012
1	Anurag Maheshchandra Vashistha	69,000	–
2	Charudatta Kashinath Naik	556,500	499,000
3	Deven Vilas Buch	69,000	20,743
4	Eugene Savio Valles	58,000	–
5	Haritsinh Kanaksinhji Gohil	282,400	226,000
6	Milind Bengali	25,000	–
7	Milind Vasant Bapat	72,000	50,000
8	Nitin Janardhan Mandavkar	278,500	242,000

Sr. No.	Name	Grants Issued upto March 31, 2012	Outstanding as on March 31, 2012
9	Omprakash Brijnath Singh	50,500	–
10	Pinakin Bhupendra Gandhi	287,000	176,200
11	Rahul Desai	73,000	50,000
12	Ravi Prakash Langer	78,500	4,270
13	Sukanta Kumar Roy	289,500	233,000
14	Vidyadhar Anant Apte	80,500	26,400
15	Vijay Walanju	20,000	–

On behalf of the Board of Directors,

Mumbai
July 3, 2012

Manoj G. Tirodkar
Chairman & Managing Director

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 nine months period ended on March 31, 2012, 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

For **YEOLEKAR & ASSOCIATES**
Chartered Accountants

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

Mumbai
July 3, 2012.

Auditors' Report to the Members of GTL Limited

1. We have audited the attached Balance Sheet of GTL Limited, as at 31st March 2012, Statement of Profit And Loss 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 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, Statement of Profit And Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet, Statement of Profit And Loss 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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub–section (1) of section 274 of the Companies Act, 1956;

   (vi) The balances of Funded interest Term Loan from banks aggregating to ₹ 77,41,64,733/– are not confirmed and are subject to reconciliation.

   (vii) We invite your attention to note no.2.3, wherein Company's liability of ₹ 1,400 Crore towards debenture holders has been classified as non current liability. As per the maturity profile of the debenture liability furnished in note no.2.3.5 an amount of ₹ 470 Crores is due for repayment within Twelve months of the balance sheet date i.e 31st March, 2012 and accordingly should have been classified as current maturities of long term debts under the heading current liabilities as required by Schedule VI of the Companies Act, 1956. In view of the above the company's non current liabilities have been shown higher by ₹ 470 Crores and correspondingly the current liabilities have been shown lower to that extent.

   We further invite attention to note no 2.25 wherein the net exchange gain of ₹ 6.08 Crore has been classified as other expenses. The same should have been classified as other income as required by Schedule VI of the Companies Act,1956. In view of the above the company's other expenses have been shown lower by ₹ 6.08 Crore and correspondingly the other income has been shown lower to that extent. This however does not have any impact on loss for the period.

   (viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon ***subject to our comment in paragraph (vI) and (vii)*** 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 31st March 2012.

      (b) in the case of Statement of Profit And Loss, of the loss 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 Bhave & Co.**	For **Yeolekar & Associates**
Chartered Accountants	*Chartered Accountants*
A.S. Mahajan	**S.S. Yeolekar**
Partner	*Partner*
Membership Number 100483	Membership Number 36398
FRN No. 114445W	FRN No. 102489W

Mumbai
May 22, 2012

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 31st March 2012

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.

The physical verification of fixed assets was not carried out during the period and accordingly we are unable to comment on discrepancies if any as compared to book records.

In our opinion, during the period, the Company has not disposed off substantial part of its fixed assets.

(ii) The inventory has been physically verified during the period 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 procedures 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 procedures.

(v) Based on the information and explanation provided to us, during the period the Company has not entered into any contracts or arrangements, which were required to be entered in the register maintained u/s 301 of the Companies Act, 1956 and accordingly the provisions of clause 4(v) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

(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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act,1956 and are of the opinion that prima facie the prescribed cost records have been maintained. The contents of these records have not been examined by us.

(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, Wealth–tax, Custom duty, Excise–duty, Cess and other applicable statutory dues. The delays have been observed in payment of Service Tax , Value added Tax, Income Tax deducted at source and dues of labour welfare fund.

On the basis of our examination of the records of the Company, except for Value added Tax dues of ₹ 1,00,06,064/–, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income–tax, Wealth–tax, Service Tax, Custom duty, Excise–duty and Cess were outstanding, as at 31st March 2012 for a period of more than six months from the date they became payable. Amounts due and outstanding for a period exceeding six months as at the period end to be credited to Investor Education and Protection fund of ₹ 3,01,310/–, which are held in abeyance on account of pending legal cases, have not been considered.

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 as detailed below, there are no dues of customs duty, wealth–tax, income 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 lamount relates	Forum where dispute is pending
Central Sales Tax Act, Sales Tax Act & VAT of various States	Sales/Vat Tax Dues	10,724.31	1992–1993, 1995–1996, 2002–2003, 2005–2006, 2006–2007, 2008–2009, 2009–2010 & 2010–2011,	1st Appellate Authority
		208.64	1995–1996, 1997–1998, 2004–2005, 2005–2206, 2007–2008, 2009–2010 & 2010–2011	2nd Appellate Authority

Out of the above disputed sales tax dues,an amount of ₹ 2.25 Crores has been paid by the Company under protest.

Annexure to Auditors' Report

(x) The accumulated losses of the Company as at the end of the financial period are not in excess of 50% of it's networth. The Company has incurred cash loss during the financial period covered by our audit. The cash loss was not incurred in the immediately preceding financial year.

(xi) On the basis of our examination of the records of the Company, the Company has defaulted in repayment of External Commercial Borrowings of ₹ 763.35 Crore due for payment on August, 2011 and interest of ₹ 11.48 Crore thereon for the period 12th December, 2011 to 19th March, 2012.

Interest of ₹ 105.33 Crore to holders of 8% Rated Redeemable Unsecured Rupee Non–convertible Debentures for the period 2nd May, 2011 to 3rd February, 2012 was overdue for payment as at 31st March, 2012.

Interest of ₹ 0.23 Crore on Funded interest Term Loan and of ₹ 2.01 Crore on Cash credit facility was due for payment on 31st March, 2012. Out of which an amount of ₹ 2.21 Crores has been paid by the Company subsequent to balance sheet date.

Except for above defaults there, are no defaults in payment of dues to banks as the debts of the Company has been restructure under Corporate Debt Restructuring (CDR) scheme.

(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.

(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.

(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.

(xv) The Company has not issued any new guarantees during the period under audit. In our opinion and as explained to us, the terms and conditions of continuing 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.

(xvi) The Company has not raised new term loan during the period. Therefore, the provisions of clause 4(xvi) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

(xvii) On an overall examination of the Balance Sheet of the Company as at 31st March, 2012 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.

(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.

(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.

(xx) The Company has not raised any money through public issue during the period and therefore, the provisions of clause 4(xx) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

(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 period, nor we have been informed of any such case by management.

For **Godbole Bhave & Co.**	For **Yeolekar & Associates**
Chartered Accountants	*Chartered Accountants*
A.S. Mahajan	**S.S. Yeolekar**
Partner	*Partner*
Membership Number 100483	Membership Number 36398
FRN No. 114445W	FRN No. 102489W

Mumbai
May 22, 2012

Balance Sheet as at March 31, 2012

₹ in Crores

	Note	As at March 31, 2012	As at June 30, 2011
I. EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	**97.27**	97.27
Reserves and Surplus	2.2	**798.66**	1,187.80
		895.93	1,285.07
NON–CURRENT LIABILITIES			
Long–term borrowings	2.3	**3,838.47**	3,220.00
Deferred tax liabilities (Net)	2.4	**NIL**	0.14
Other Long term liabilities	2.5	**2.47**	3.19
Long term provisions	2.6	**3.73**	6.02
		3,844.66	3,229.35
CURRENT LIABILITIES			
Short–term borrowings	2.7	**245.57**	73.25
Trade payables (including Acceptances)	2.8	**480.42**	1,334.31
Other current liabilities	2.9	**1,999.79**	928.98
Short–term provisions	2.10	**3.64**	13.90
		2,729.42	2,350.43
Total		**7,470.01**	6,864.86
II. ASSETS			
NON–CURRENT ASSETS			
Fixed assets	2.11		
Tangible assets		**518.94**	478.38
Intangible assets		**34.33**	45.18
Capital work–in–progress		**88.11**	177.76
		641.38	701.32
Intangible assets under development	2.12	**2,614.06**	2,802.55
Long term loans and advances	2.13	**126.30**	131.63
		2,740.36	2,934.18
CURRENT ASSETS			
Current investments			
Inventories	2.14	**311.19**	333.07
Trade receivables	2.15	**1,018.94**	668.85
Cash and Bank Balances	2.16	**84.25**	548.78
Short–term loans and advances	2.17	**2,188.91**	1,505.77
Other current assets	2.18	**484.98**	172.88
		4,088.26	3,229.35
Total		**7,470.01**	6,864.86

Significant Accounting Policies and Notes form an integral part of the financial Statements

As per our report of even date

For Godbole Bhave & 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

Mumbai
May 22, 2012

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

Statement of Profit and Loss for the period ended March 31, 2012

₹ in Crores

	Note	**July 11 to March 12 (9 months)**	April 10 to June 11 (15 months)
Revenue from operations	2.19	1,506.99	3,082.03
Less: Excise Duty		NIL	NIL
		1,506.99	3,082.03
Other Income	2.20	43.86	270.54
Total Revenue		**1,550.85**	3,352.56
Expenses:			
Cost of Purchases	2.21	1,184.61	2,358.26
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.22	21.88	(138.72)
Employee benefits expenses	2.23	132.55	236.98
Finance Costs	2.24	430.82	458.20
Depreciation and amortization expense		88.57	87.56
Other expenses	2.25	77.86	135.98
Total Expenses		**1,936.30**	3,138.27
Profit before exceptional and extraordinary items and tax		(385.45)	214.30
Exceptional Items		NIL	NIL
Profit before extraordinary items and tax		**(385.45)**	214.30
Extraordinary Items			
Compensation tw Sale/Invocation of Investments	2.18. 1	50.46	NIL
Loss on Sale/Invocation of Investment		(50.46)	NIL
Profit before tax		**(385.45)**	214.30
Tax expense:	2.26		
Current tax		NIL	49.75
Short Provision for Income Tax for earlier years		15.43	NIL
Deferred tax Liability/(Asset)		(0.14)	22.37
Profit/(Loss) from the period after Tax		**(400.73)**	142.18
Earnings per equity share:			
Equity shares of par Value ₹ 10/– each.			
Before Extra-ordinary items			
Basic		(41.20)	14.66
Diluted		(41.20)	14.51
After Extra-ordinary items			
Basic		(41.20)	14.66
Diluted		(41.20)	14.51
Number of shares used in computing earnings per shares			
Basic		97,267,833	96,967,613
Diluted		149,152,067	97,989,798
Significant Accounting Policies and Notes form an integral part of the financial Statements			

As per our report of even date

For Godbole Bhave & 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

Mumbai
May 22, 2012

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

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Whole–time Director

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Director

Milind Bapat
Sr. Vice President – Finance

Vidyadhar Apte
Company Secretary

Cash Flow for the period ended March 31, 2012

₹ in Crores

Particulars		July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax, prior period and extraordinary items:		**(385.45)**	214.30
Depreciation		88.57	87.56
Interest and Dividend Income		(28.60)	(249.42)
Provision for doubtful debts		4.29	0.74
Provision for doubtful advances		0.08	0.84
Debit/Credit balances and claims written off		9.15	(4.33)
(Profit)/Loss on sale of fixed assets		(2.29)	(2.14)
(Profit) on sale / redemption of Investments		(1.17)	(6.63)
Unrealised Exchange (Gain)/Loss *		43.54	(2.01)
Employee Compensation Expenses under ESOP		0.24	(0.74)
Provision for Derivatives Loss (MTM)		NIL	(10.83)
Provision for Wealth Tax		0.01	0.01
Net Prior Period adjustment		(2.86)	(1.39)
Interest paid		323.63	358.93
Financial Charges		70.23	99.27
Operating profit before working capital changes		**119.37**	484.17
Adjustments for:			
Inventories		21.88	(138.72)
Receivables		(361.76)	(451.77)
Loans and advances		(665.08)	(304.52)
Other Current Assets		38.98	(55.90)
Trade payables		(853.23)	673.72
Other current liabilities and provisions		(32.53)	130.04
Cash generated from operations		**(1,732.36)**	337.02
Direct taxes received / (paid)		(28.96)	(11.89)
Net Prior Period adjustment		2.86	1.39
Cash flow from Operating Activities		(1,758.47)	326.52
Extraordinary items:			
Extraordinary item		NIL	NIL
Net cash flow from operating activities:	**(A)**	**(1,758.47)**	326.52
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(37.46)	(511.98)
Sale of fixed assets		3.60	3.13
Purchase of investments – Subsidiaries		(5.31)	(259.24)
Purchase of investments – other than Subsidiaries *		(478.63)	(24,632.42)
Realisation from Sale of investments – Other than Subsidiaries *		367.45	22,727.04
Realisation from Sale of investments – Subsidiaries *		NIL	187.68
Interest and Dividend Income		28.60	249.42
Net cash flow generated from/(used in) investing activities	**(B)**	(121.75)	(2,236.36)

Cash Flow for the period ended March 31, 2012

₹ in Crores

Particulars		July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		NIL	0.54
Share Premium		NIL	11.11
Increase in Borrowings		1,509.83	2,043.25
CCD Application Money		83.45	NIL
Decrease in Borrowings		(20.26)	(450.00)
Interest paid		(78.60)	(341.41)
Financial Charges		(70.23)	(99.27)
Payment of Derivatives Contracts		(8.50)	Nil
Dividend paid		NIL	(29.02)
Dividend Distribution Tax		NIL	(4.93)
Net cash flow received from/(used in) financing activities	**(C)**	**1,415.69**	1,130.27
Net increase in cash and cash equivalents	**(A + B + C)**	**(464.53)**	(779.57)
Cash and cash equivalents (opening)		**548.78**	1,328.35
Cash and cash equivalents (closing)		**84.25**	548.78
Effect of Exchange rate changes		**NIL**	(0.00)
Cash and Cash equivalents as restated		**84.25**	548.78

* Includes Purchase and Sale of Mutual Fund units

(i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard – 3 Cash Flow Statement.

(ii) Figures in brackets indicate outflows.

(iii) Cash and Cash Equivalents at the end of the year include Deposits with Banks aggregating to ₹ 41.60 Crs. (Previous year ₹ 517.23 Crs.) which are pledged and also includes ₹ 1.50 Crs. (Previous Year ₹ 1.63 Crs.) towards amount payable for Unclaimed Dividend.

(iv) Previous year's figures have been regrouped/rearranged/recast wherever necessary to make them camparable with those of current year.

As per our report of even date

For Godbole Bhave & 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

Mumbai
May 22, 2012

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

1. **SIGNIFICANT ACCOUNTING POLICIES**

1. **Basis for preparation of Financial Statements:**

The Financial Statements 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 recognized 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:

a. 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.

b. 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.

c. Revenue from Power distribution is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the accounting year.

d. Revenue from Services is recognized on performance of Service.

e. Dividend income is recognized when the right to receive dividend is established.

f. Income such as annual maintenance contracts, annual subscriptions, Interest excluding interest on delayed payments; Facility Management is recognized as per contractually agreed terms on time proportion basis.

g. Other income is recognized when the right to receive is established.

h. Delayed payment charges and interest on delayed payments are recognized, on grounds of prudence, as and when recovered.

4. **Fixed Assets, Intangible Assets and 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. Costs are adjusted for grants available to the company which are recognized based on reasonable assurance that the company will comply with the conditions attached to the grant and it is reasonably certain that the ultimate collection of grants will be made.

Intangible Assets are stated at the cost of acquisitions less accumulated amortization. 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 include cost of fixed assets that are not yet ready for their intended use as at the 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 based on estimated economic useful life is not less than the depreciation as calculated at the rates specified in Schedule XIV of the Companies Act, 1956.

Sr. No.	Asset	Economic Useful Life (Years)
1	Buildings (including land for which no separate Valuation is available)	58
2	Plant and Equipment	3 to 10
3	Furniture and Fixtures	5
4	Office equipment	5
5	Computers and related operating systems	5 to 7
6	Networks	4 to 9
7	Test and Repair Equipment	5
8	Vehicles	5
9	Intangible Assets	
	a) Networking Software	4 to 9
	b) Other than Networking Software	5
10	Assets acquired for Power Distribution Franchise	
	a) Transformers, Switch Gears and Equipment	13
	b) Meters	8
	c) Overhead lines for Distribution	13
	d) Underground lines for Distribution	20
11	Leasehold Improvements	Over Lease period

Assets costing individually ₹ 5,000 or less are depreciated fully in the year 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 Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period/s is/are 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 recognized as exchange difference. The premium on forward contracts is amortized 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 are recognized in the Statement of Profit and Loss.

f. Foreign branch operations which are integral part of Company's operations, transactions there at 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 Statement of Profit and Loss of the year in which the related service is rendered.

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

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 expenses, which are amortized 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 value of deferred tax asset is adjusted for its appropriateness at each balance sheet date.

12. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized 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 and Hedging Transactions:

In respect of Derivatives Contracts, premium paid provision for losses on restatement and gains / losses on settlement are recognised in Statement of Profit and Loss.

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 Statement of Profit and Loss 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 for doubtful debts, loans and advances when the management considers the debts, loans and advances to be doubtful of recovery.

17. **Research and Development:**

a. Revenue expenditure on Research and Development is charged to Statement of Profit and Loss 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.

2. NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

2.1 SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Authorised:		
290,000,000 Equity Shares of ₹ 10 each (120,000,000 Equity Shares of ₹ 10 each)	290.00	120.00
2,500,000 Preference Shares of ₹ 100 each (2,500,000 Preference Shares of ₹ 100 each)	25.00	25.00
	315.00	145.00
Issued, subscribed and paid up:		
97,267,833 (97,267,833) Equity Shares of ₹ 10 each fully paid–up	97.27	97.27
Total	**97.27**	97.27

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2012		As at June 30, 2011	
	Nos.	Amount	Nos.	Amount
Number of shares at the beginning of the period	**97,267,833**	**97.27**	96,724,465	96.72
Add: Allotment of Equity Shares on account of Conversion of warrants issued under ESOP	**NIL**	**NIL**	543,368	0.55
Number of shares at the end of the period	**97,267,833**	**97.27**	97,267,833	97.27

2.1.1 Terms, Rights, Preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote on show of hands and in case of poll, one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend.

In the event of winding–up of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, if any, after distribution of all preferential amounts in proportion to the numbers of shares held at the time of commencement of winding–up.

The shareholders have all other rights as available to Equity shareholders as per the provision of the Companies Act, 1956, read together with Memorandum of Association of the Company, as applicable.

2.1.2 Number of Shares reserved for issue and terms thereof:

i) The ESOS holders under the employee stock option schemes have the option to exercise / convert ESOS into 2,370,903 Equity Shares (previous period 2,482,362 Equity Shares).

Terms of issuance of ESOP

ESOP Plan	Price at which warrants offered ₹	Period of vesting	Vesting Schedule
2001	65 to 140	1 year from date of allotment	100%
2002	70 to 209	1 year from date of allotment	100%
2004	145 to 257	1 year from date of allotment	100%
2005	165 to 252	1 year from date of allotment	100%

ii) Compulsorily Convertible Debentures (CCDs) to be allotted pursuant to the Corporate Debt Restructuring package to the Lenders and Promoters.

On April 28, 2012 the Company allotted 1% coupon 18,784,046 Compulsorily Convertible Debentures (CCDs) of the face value of ₹ 100 each to CDR Lenders and 0% coupon 4,515,000 CCDs of the face value of ₹ 100 each to the Promoter aggregating ₹ 232.99 Crs. These CCDs would be converted into Equity Shares in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009.

2.1.3 The details of Shares held by holding Company and its associates:

Name of the Holding Company	No. of Shares	% held as at March 31, 2012	No. of Shares	% held as at June 30, 2011
Global Holding Corporation Private Limited	22,480,559*	23.11%*	50,930,559	52.36%

*During the period ended shares pledged by Holding company in favour of ICICI Bank, were invoked, resulting reduction in stake by holding company to the extent of 29.30%. However, ICICI Bank has reinstated the revoked shares to the account of the holding company on May 8, 2012.

2.1.4 The details of shareholder holding more than 5% shares (other than those stated in above)

Name of the shareholder	No. of Shares	% held as at March 31, 2012	No. of Shares	% held as at June 30, 2011
ICICI Bank Ltd.	28,500,000	29.30%*	NIL	NIL

*As stated above on May 8, 2012, ICICI Bank has reinstated the revoked shares to the account of Holding Company.

2.2 RESERVES AND SURPLUS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Capital Reserve		
Opening Balance	**0.00**	0.00
Add: Transferred from Profit and Loss Account	**NIL**	NIL
Closing Balance	**0.00**	0.00
Capital Redemption Reserve		
Opening Balance	**8.63**	8.63
Add: Transferred from Profit and Loss Account	**NIL**	NIL
Closing Balance	**8.63**	8.63
Securities Premium Reserve		
Opening Balance	**235.99**	235.99
Add: On issue of Equity shares under ESOP	**NIL**	NIL
Closing Balance	**235.99**	235.99
Debenture Redemption Reserve		
Opening Balance	**191.16**	51.16
Add: Transferred from Profit and Loss Account	**NIL**	140.00
Closing Balance	**191.16**	191.16
Employee Stock Option Outstanding		
Opening Balance	**1.30**	2.88
Addition / (Deletion) during the period	**(0.10)**	(1.58)
	1.20	1.30
Less: Deferred Compensation Expense		
Opening Balance	**0.34**	1.19
Addition / (Deletion) during the period	**(0.34)**	(0.85)
Employee Stock Option Outstanding	**NIL**	0.34
Net ESOP Reserve	**1.20**	0.96
General Reserve		
Opening Balance	**510.76**	510.76
Add: Transferred from Profit and Loss Account	**NIL**	NIL
Closing Balance	**510.76**	510.76
Balance in Statement of Profit and Loss :		
Surplus – Opening Balance	**240.30**	248.40
Add : Net profit / (loss) after tax transferred from Statement of Profit and Loss	**(400.73)**	142.18
Excess Provision of Dividend of Last Year	**9.73**	0.91
Dividend Distribution Tax on Excess Provision of Dividend of Last Year	**1.62**	0.15
Amount available for appropriation	**(149.09)**	391.65
Appropriation :		
Final Dividend	**NIL**	9.73
Dividend Distribution Tax	**NIL**	1.62
Transfer to Debenture Redemption Reserve	**NIL**	140.00
Surplus – Closing Balance	**(149.09)**	240.30
Total	**798.66**	1,187.80

2.2.1 In view of Loss for the period ended March 31, 2012, Debenture Redemption Reserve is not created.

2.3 LONG TERM BORROWINGS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
<u>Secured Loans</u>		
<u>Term Loans :</u>		
From Banks	**2,438.47**	NIL
Total of Secured Loan		
(Refer Note 2.3.1, 2.3.2 & 2.3.3)	**2,438.47**	NIL
<u>Unsecured Loans</u>		
<u>Debentures</u>:		
Rated Redeemable Unsecured Rupee Non–convertible Debentures (Refer Note 2.3.4 & 2.3.5)	**1,400.00**	1,400.00
<u>Term Loans :</u>		
From Banks	**NIL**	1,820.00
Total	**1,400.00**	3,220.00
Total of Long Term Borrowings	**3,838.47**	3,220.00

2.3.1 The Company's proposal for restructuring of its debts is sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 23, 2011 as per following terms and conditions:

i) Effective date for restructuring: July 1, 2011

ii) Under the scheme, debts are restructured as:

   a) Term Loans which are repayable within ten years (by March 2021) and having moratorium of 21 months for repayment (till March 31, 2013). Term loans carry Interest at 11% p.a.

   b) Continuing facilities comprising of Cash Credit, Letter of Credits, Purchase Bill Discounting and Guarantees.

   c) Compulsorily Convertible Debentures (CCDs) carrying coupon rate at 1% p.a.

iii) The Company shall create security for securing restructured debt.

iv) Interest on Term Loan for the first 21 months (from July 1, 2011 to March 31, 2013) shall be converted into Funded Interest Term Loan (FITL) carrying interest at 2% p.a. Repayment of FITL shall start from April 1, 2014 in 16 structured quarterly installments.

v) The Company's liability to ICICI Bank of ₹ 650.00 Crs. shall shift to Chennai Network Infrastructure Limited (CNIL) and the Company's liability to CNIL shall be repayable from FY 2018 to FY 2024.

vi) Promoters shall bring in ₹ 83.38 Crs. as their contribution towards 0% CCDs. Out of the same ₹ 41.69 Crs. to be brought in by December 31, 2011 and balance by December 31, 2012.

2.3.2 Securities Offered

i) First pari passu charge over free–hold non–agricultural land admeasuring 296.50 Sq. Mtrs., known as Plot No. 37, part of Survey No. 36A, Mouje Pali, Sudhagad Taluka, Raigad District.

First pari passu charge over the Company's movable assets, both tangible and intangible and the company's plant and machinery, tools and vehicles.

First pari passu charge over all rights, title, interest, benefit, claims and demands whatsoever of the Company, in, to, and/ or under the Project Documents, clearances and insurance contracts.

First pari passu charge over all bank accounts of the Company, including the Trust and Retention Accounts (and all sub–accounts thereof), Distribution Franchisee Business Accounts.

First pari passu charge over all monies and amounts owing to or received by or receivable by the Company, whether now existing, or at any time existing.

ii) Pledge of all investments of the Company in Equity and Preference Shares or other securities in other companies.

iii) Mr. Manoj G. Tirodkar one of the promoters of the Company has extended a personal guarantee not exceeding ₹ 394.28 Crs.

iv) Mr. Manoj G. Tirodkar and Global Holding Corporation Private Limited promoters of the Company have executed sponsor support agreement to meet any shortfall or expected shortfall in the cash flows towards the debt servicing obligations of the Company.

v) Prior to the restructuring of its debts under CDR Mechanism, the Company created security in favour of Andhra Bank, Punjab National Bank, Union Bank of India, Vijaya Bank, IDBI Bank Limited, State Bank of Hyderabad, Bank of Baroda, UCO Bank, Indian Overseas Bank, Indian Bank, Canara Bank and Dena Bank for their respective credit facilities other than term loans, aggregating ₹ 1,572 Crs. In terms of CDR Documents inter–alia Master Restructuring Agreement, the earlier charges are not satisfied by the Company after creation of new security as stated in (a) above.

2.3.3 Maturity profile of Secured Term Loans is as below:

₹ in Crores

Nature of facility and Rate of interest	Maturity Profile							
	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21
WCTL – 11%	183.95	275.93	367.91	367.91	413.90	229.94	229.94	229.94
FITL – 2%	27.81	34.76	34.76	41.72	NIL	NIL	NIL	NIL
Total	**211.76**	**310.69**	**402.67**	**409.63**	**413.90**	**229.94**	**229.94**	**229.94**

2.3.4 Rated Redeemable Unsecured Non–Convertible Debentures:

i) As at March 31, 2012 Interest of ₹ 105.33 Crs. relating to the period May 2, 2011 to February 3, 2012 on 'Rated Redeemable Unsecured Rupee Non–convertible Debentures (NCDs)' is overdue for payment.

The Company has received letter dt. April 4, 2012 from Standard Chartered Bank (Mauritius) Limited for restructuring of Rated Redeemable Unsecured Rupee Non–convertible Debentures (NCDs) proposing commencement of redemption from quarter ended June 30, 2013 and culminating on the quarter ended March 31, 2021 with moratorium on the payment of the Debenture Coupon for the period of 21 months from the cut –off date viz. July 01, 201. These Terms are under negotiation.

2.3.5 Maturity profile of 'Rated Redeemable Unsecured Rupee Non–Convertible Debentures' as at March 31, 2012 is as under:

₹ in Crores

Description	February 2013	February 2014	February 2015
Series – I	235.00	NIL	NIL
Series – II	NIL	235.00	NIL
Series – III	NIL	NIL	230.00
Series – IV	235.00	NIL	NIL
Series – V	NIL	235.00	NIL
Series – VI	NIL	NIL	230.00
Total	**470.00**	**470.00**	**460.00**

2.4 DEFERRED TAXES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Deferred Tax Liabilities	**NIL**	0.14
Total	**NIL**	0.14

2.4.1 Composition of Deferred Tax

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Related to Fixed Assets	**56.78**	5.89
Provision for Doubtful Debt	**(1.79)**	(0.39)
Provision for MTM Derivative	**NIL**	(2.76)
Provision for Gratuity & Leave Encashment	**(2.37)**	(2.60)
Unabsorbed Depreciation	**(61.90)**	NIL
Total Net	**(9.28)**	0.14

The Company has a Deferred Tax Asset of ₹ 9.28 Crs. as on March 31, 2012. In the absence of reasonable certainty of sufficient future taxable income against which Deferred Tax Asset can be realized, the same is not considered in accordance with AS 22 on Accounting for Taxes on Income issued by ICAI.

2.5 OTHER LONG TERM LIABILITIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Security Deposits	**2.47**	3.19
Total	**2.47**	3.19

2.6 LONG TERM PROVISIONS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Provision for Employee Benefit		
i) Gratuity	**1.43**	3.96
ii) Leave Encashment	**2.30**	2.06
Total	**3.73**	6.02

2.7 SHORT TERM BORROWINGS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Loans repayable on demand :		
From Banks		
– Cash Credit – Secured*	**245.57**	NIL
– Overdraft / Overdrawn from Banks – Unsecured	**NIL**	73.25
Total	**245.57**	73.25

*For details of Securities offered in respect of cash credit facility refer note no. 2.3.2

2.8 TRADE PAYABLE

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Trade Payables (Including Acceptances)	480.42	1,334.31
Total	**480.42**	1,334.31

2.8.1 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development (MSMED) 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 Crores

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
a	Principal amount remaining unpaid	4.90	2.47
b	Interest due thereon	3.34	0.81
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	3.34	0.81
e	Interest accrued and remaining unpaid.	3.34	0.81
f	Interest remaining due and payable even in succeeding years	3.34	0.81

2.9 OTHER CURRENT LIABILITIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Current maturities of Term Loan from Bank – ECB loan	763.35	670.58
Preference Share Application Money (Pending allotment) refer Note No.2.9.2	650.00	NIL
CCD Application Money	271.29	NIL
Interest accrued but not due on borrowings	20.06	33.58
Interest accrued and due on borrowings	119.64	0.15
Interest accrued and due on Others	3.34	0.81
Unpaid dividends	1.50	1.63
Capex Creditors	4.85	14.98
Expense Creditors	60.69	32.92
Provision for Expenses	11.29	12.84
Provision for Derivatives Loss (MTM)	NIL	8.50
Accrued salaries and benefits	5.95	5.68
Withholding and other taxes payable	45.60	47.73
Advance from Customers	29.41	94.51
Security Deposit Received	10.89	2.22
Credit Balance in Bank Account	0.00	1.74
Other Liabilities*	1.92	1.11
Total	**1,999.79**	928.98

*Includes Insurance claim received & payable ₹ 1.19 Crs. (₹ 1.09 Crs.)

2.9.1 Current maturities of Term Loan from Bank – ECB loan

i) In terms of CDR LOA ECB exposure shall be restructured as per CDR approved terms for ECB Lenders. Accordingly, the Company is in negotiations with the lenders for restructuring of the said loan.

ii) External Commercial Borrowing (ECB) of USD 150 Mn. availed by the Company was due for repayment in August 2011. As at March 31, 2012 the ECB loan of ₹ 763.35 Crs. (USD 150 Mn.) along with interest of ₹ 11.48 Crs. relating to the period for December 12, 2011 to March 19, 2012 is overdue for payment.

2.9.2 In terms of CDR package and as stated in note no. 2.3.1 (v), the Company's liability of ₹ 650 Crs. to ICICI Bank has been shifted to Chennai Network Infrastructure Limited (CNIL). The said liability is transferred to Preference Share Application Money based on agreement between the Company and CNIL. The terms and conditions for allotment of Preference Shares are as under:

a) Optionally convertible Preference Shares

b) Coupon rate 0.01%

c) Number of shares proposed to be issued: 650,000,000 of the face value of ₹ 10/– each at par.

d) Period before which shares are to be allotted: on or before March 31, 2013 subject to completion of required formalities inter alia approvals, if any, required in the matter.

e) The Company does not have authorized capital of the class of Preference Shares to be issued.

2.9.3 As on March 31, 2012, part of the debts outstanding in respect of CDR lenders and CCD contribution received from promoters aggregating ₹ 271.29 Crs. has been disclosed as CCD application money pending allotment. Out of the said amount CCDs amounting to ₹ 232.99 Crs. have been allotted on April 28, 2012 as stated in note no. 2.1.2(ii)

2.9.4 Interest due as at March 31, 2012 on Cash Credit and Funded Interest Term Loan is ₹ 2.01 Crs. and ₹ 0.23 Crs. respectively. Interest of ₹ 2.21 Crs. is subsequently paid. Interest of ₹ 0.03 Crs. provided in the Current Account but not appropriated by certain banks against interest due.

2.9.5 Details of Provision for Derivatives Loss (MTM)

₹ in Crores

Particulars	Derivative Losses for period ended	
	March 31, 2012	June 30, 2011
Opening Balance	8.50	19.32
Less: Payment during the period	(8.50)	10.83
Closing Balance	**NIL**	8.49

2.10 SHORT TERM PROVISIONS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Provision for employee benefits		
i) Gratuity	3.29	1.43
ii) Leave Encashment	0.29	0.56
Proposed Dividend	NIL	9.73
Dividend Distribution Tax	NIL	1.62
Provision for unexpired warrantee	NIL	0.49
Provision for Wealth Tax (Net of Payment)	0.01	0.02
Provision for Fringe Benefit Tax (Net of Payment)	0.05	0.05
Total	**3.64**	**13.90**

2.10.1 Details of Provision for unexpired warrantee.

₹ in Crores

Particulars	for period ended	
	March 31, 2012	June 30, 2011
Opening Balance	0.49	0.15
Additional Provision during the period	NIL	1.28
Less: Utilization during the period	(0.49)	NIL
Unutilized provision reversed during the period	NIL	(0.94)
Closing Balance	NIL	0.49

2.11 FIXED ASSETS

₹ in Crores

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at July 1, 2011	**For the Period Additions**	**For the Period Sale / Adjustment**	**As at March 31, 2012**	**As at July 1, 2011**	**For the Period Additions**	**For the Period Sale / Adjustment**	**As at March 31, 2012**	**As at March 31, 2012**	**As at June 30, 2011**
Tangible Assets										
Land – Freehold	0.02	0.21	NIL	0.24	NIL	NIL	NIL	NIL	0.24	0.02
– Leasehold Buildings (Including Leashold)	86.14	5.17	(1.30)	90.01	8.86	1.16	(0.19)	9.83	80.18	77.29
Plant and Equipments	275.38	92.45	(0.20)	367.63	55.51	45.85	(0.31)	101.05	266.58	219.87
Furniture and Fixtures	15.00	4.45	(0.02)	19.43	9.81	1.32	0.04	11.17	8.26	5.19
Office Equipments	10.03	3.15	(0.21)	12.97	7.10	0.85	(0.02)	7.93	5.04	2.93
Computers	19.27	0.12	(0.02)	19.37	13.57	1.88	(0.02)	15.43	3.94	8.76
Networking Assets	300.47	13.80	(0.01)	314.26	143.46	23.85	NIL	167.31	146.95	161.34
Test and Repair Equipments	22.66	0.02	(0.02)	22.66	12.27	2.59	0.05	14.91	7.75	10.37
Vehicles	1.00	NIL	(0.15)	0.85	0.98	0.02	(0.15)	0.85	NIL	0.02
SUB TOTAL (A)	**729.97**	**119.37**	**(1.93)**	**847.41**	**251.56**	**77.52**	**(0.60)**	**328.48**	**518.94**	**485.79**
Intangible Assets										
Networking Software	39.31	0.22	NIL	39.53	34.07	1.77	NIL	35.84	3.69	5.65
Other than Networking Software	72.74	0.01	NIL	72.75	32.81	9.30	NIL	42.11	30.64	32.12
SUB TOTAL (B)	**112.05**	**0.23**	**NIL**	**112.28**	**66.88**	**11.07**	**NIL**	**77.95**	**34.33**	**37.77**
SUB TOTAL (A + B)	**842.01**	**119.60**	**(1.93)**	**959.70**	**318.44**	**88.59**	**(0.60)**	**406.43**	**553.27**	**523.56**
Capital work in progress	177.76	21.37	(111.03)	88.11	NIL	NIL	NIL	NIL	88.11	177.76
TOTAL	**1,019.78**	**140.99**	**(112.96)**	**1,047.81**	**318.44**	**88.59**	**(0.60)**	**406.43**	**641.38**	**701.32**
PREVIOUS YEAR	**619.19**	**644.06**	**(120.83)**	**1,142.43**	**231.89**	**87.56**	**(0.99)**	**318.45**	**823.98**	**387.31**

Notes :

1. Gross block of building includes subscription towards share capital of co–operative societies amounting to ₹ 0.00 Crs. (₹ 0.00 Crs.) and leased buildings amounting to ₹ 19.91 Crs. (₹19.91 Crs.).
2. Software included internally generated Assets ₹ 7.27 Crs. (₹ 7.27 Crs.)
3. Impairement of Fixed Asset, in accordance with the Accounting Standard (AS 28) on "Impairement of Assets" the Management during the year carried out an exercise of identifying assets that many 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 March 31, 2012.

2.12 NON CURRENT INVESTMENTS

₹ in Crores

Particulars	Number	As at March 31, 2012	As at June 30, 2011
Trade			
Quoted			
Equity Shares of			
Associates			
GTL Infrastrucure Ltd.	170,226,673	291.23	593.31
(Face Value of ₹ 10/– each)	(346,794,892)		
Total of Quoted Investments in Equity Shares – Trade	**(A)**	**291.23**	**593.31**
Un–quoted			
Equity Shares of			
Subsidiaries			
International Global Tele–systems Ltd.	2,762,615	9.59	9.59
(Face Value of US$ 1/– each)	(2,762,615)		
GTL International Ltd.	3,000,000	11.96	11.96
(Face Value of US$ 1/– each)	(3,000,000)		
Ada Cellworks Wireless Engineering Pvt. Ltd.	90,000	13.46	13.46
(Face Value of US$ 1/– each)	(90,000)		
		35.01	**35.01**
Associates			
Global Rural Netco Ltd.	75,000,000	75.00	75.00
(Face Value of ₹ 10/– each)	(75,000,000)		
Chennai Network Infrastructure Ltd.	1,068,122,000		
(Face Value of ₹ 10/– each)	(1,068,121,960)	1,068.12	1,068.12
		1,143.12	**1,143.12**
Others			
European Projects and Aviation Limited	12,350,000	53.81	53.81
(Face Value of ₹ 10/– each)	(12,350,000)		
		53.81	**53.81**
Total of Un–quoted Investments in Equity Shares – Trade	**(B)**	**1,231.94**	**1,231.94**
Preference Shares of			
Subsidiaries			
3. 5 % Preference Shares of GTL International Ltd.	5,000,000	25.44	22.35
(Face Value of US$ 1/– each)	(5,000,000)		
3. 5 % Preference Shares of International Global Tele–systems Ltd.	69,000,000	351.07	303.93
(Face Value of US$ 1/– each	(68,000,000)		
Sub – Total		**376.51**	**326.27**

₹ in Crores

Particulars	Number	As at March 31, 2012	As at June 30, 2011
Others			
0.1% Cumulative Preference Shares of Global Proserv Ltd.	13,000,000	130.00	130.00
(Face Value of ₹ 100/– each)	(13,000,000)		
0.1% Optionally convertible Preference Shares of European Projects and Aviation Limited	13,000,000	13.00	NIL
(Face Value of ₹ 10/– each)	(NIL)		
Sub–Total		**143.00**	**130.00**
Total of Un–quoted Investments in Preference Shares– Trade	**(C)**	**519.51**	**456.27**
Total of Un–quoted Investments – Trade	**D = (B + C)**	**1,751.45**	**1,688.21**
Total of Investments – Trade	**E = (A + D)**	**2,042.68**	**2,281.52**
Other Invesments – Non Trade			
Un – quoted			
Equity Shares of Others			
Brickwork Ratings India Pvt. Ltd.	320,000	2.00	2.00
(Face Value of ₹10/– each)	(320,000)		
Far East Telecom Ltd.	NIL	NIL	0.00
(Face Value of US$ 1/– each)	(1,000)		
Alpha Impex Telecom Ltd.	5,000	0.02	0.02
(Face Value of US$ 1/– each)	(5,000)		
The Shamrao Vithal Co–operative Bank Ltd.	25		
(Face Value of ₹ 25/– each)	(25)	0.00	0.00
Total of Un–quoted Investments in Equity Shares – Others	**(F)**	**2.02**	**2.03**
0% Unsecured Compulsorily Convertible Debentures	**(G)**		
Associates			
Chennai Network Infrastructure Ltd.	56,935,836	569.36	NIL
(Face Value of ₹ 100/– each)	(NIL)		
Total of Investments – Non–trade	**H = (F + G)**	**571.38**	**2.03**
Investment in Limited Liability Partnership	**(I)**		
Subsidiaries			
Corpxcel Advisory LLP		**NIL**	**74.00**
Preference Share Application Money (Pending Allotment)	**(J)**		
Associates			
Chennai Network Infrastructure Ltd.		NIL	445.00
Total Investments	**K =(E + H + I+ J)**	**2,614.06**	**2,802.55**

For Valuation – Refer Accounting Policy Para No. 7

2.13 LONG TERM LOANS AND ADVANCES (Unsecured and considered good)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Capital Advances	120.05	122.66
Security Deposits	6.25	8.97
Total	**126.30**	131.63

2.14 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Stock–in–trade held for trading	284.47	318.54
Work in Progress	17.73	3.83
Stores and Spares	1.76	3.14
Consumables	7.23	7.56
Total	**311.19**	333.07

For valuation – Refer note no. 8 of Significant Accounting Policies

2.15 TRADE RECEIVABLES (Unsecured)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Debts outstanding for a period exceeding six months (From the due date of the payment)		
Considered good	770.79	157.21
Considered doubtful	5.51	1.22
Less: Allowance for Doubtful Debts	(5.51)	(1.22)
Subtotal	**770.79**	157.21
Other debts		
Considered good	248.15	511.56
Total	**1,018.94**	668.85

2.16 CASH AND BANK BALANCES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
1. Cash & Cash Equivalents		
a) Balance with Banks	41.04	29.61
b) Cash on Hand	0.12	0.31
2. Earmarked Balances with Bank	1.50	1.63
3. Balances with Bank held as margin money*	41.59	517.23
Total	**84.25**	548.78

*Includes ₹ 1.30 Crs. (₹ 1.85 Crs.) Term deposit (Margin Money) having maturity after 12 months.

2.17 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered good unless otherwise stated)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Loans and Advances		
i) Associates	4.01	120.00
ii) Subsidiaries	211.66	11.57
iii) Others	234.90	NIL
Deposits	7.64	3.98
Advance Income Tax and Tax Deducted at source (Net of provision)	43.72	30.19
Prepaid Expenses	30.18	79.58
VAT and Service Tax Credit receivables	19.10	32.16
Advance to Suppliers	1,627.09	1,204.35
Interest receivable	2.84	17.21
Loans and Advances to employees	1.88	1.93
Others	5.90	4.79
	1,738.35	1,374.20
Considered doubtful	1.31	1.20
Less: Provision for doubtful Advances	(1.31)	(1.20)
	1,973.25	1,374.19
Total	**2,188.92**	1,505.78

2.18 OTHER CURRENT ASSETS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Unbilled Revenue	133.90	130.40
Receivable on account of Assignment	NIL	42.48
Receivable towards Invocation of Investment (refer Note no.2.18.2)	251.62	NIL
Compensation towards Invocation of Investment (refer Note no.2.18.2)	50.46	NIL
Others – Receivables toward Sale of Investment	49.00	NIL
Total	**484.98**	1 72.88

2.18.1 Receivable on Account of Assignment

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 regard to Energy Management to the Company. Out of the assigned

Receivable during the period of ₹ NIL (₹ 200.58 Crs.), outstanding amount of ₹ NIL (₹ 4,247.95 Crs.) as at March 31, 2012 is shown under 'Other Current Assets".

2.18.2 In terms of the Non–Disposal Undertaking–cum–Escrow Agreement with POA, the Company, offered 27.37 Crs. shares of GTL Infrastructure Limited as security to IFCI Limited (IFCI) for their financial assistance of ₹ 250 Crs. to CNIL. IFCI had created pledge on these shares on July 13, 2011 and issued a No Dues Certificate to CNIL on July 22, 2011.

The Company has contested this appropriation and by an order dated August 29, 2011 of the Hon'ble Delhi High Court, IFCI was reverted to the position of a pledgee and continued to be a lender in CNIL. IFCI has challenged this order and presently the matter is sub–judice.

The Company has written down the value of these investments in its books and has made a claim on CNIL equal to the book value of its investments since IFCI has not returned the GIL shares to its pledge account.

2.19 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Sale of Products		
Telecom Products	3.69	537.18
Power Management	17.58	189.15
Sale of Services		
Telecom Services	163.54	631.91
Power Management Services	22.00	64.30
Revenue from Turnkey Projects		
Telecom Projects	13.44	705.83
Revenue from Power Distribution Business	622.44	154.30
Revenue from Energy Management Services	663.77	798.36
Other Operating Revenues	0.53	1.00
Total	**1,506.99**	3,082.03

2.20 OTHER INCOME

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Interest Income		
Interest – Bank Deposits	8.99	39.88
Interest– Others	19.60	199.55
Dividend		
– from investments in Subsidiary Companies	NIL	10.00
– from other investments	0.01	0.01
Profit on sale of Current Investments (Net of diminution in value of Investments)	1.17	6.63
Lease and Rent Income	6.66	10.68
Profit on sale of fixed assets		
Profit	2.96	2.16
Loss	(0.67)	(0.02)
Net Profit on sale of Fixed Assets	2.29	2.14
Other Non–Operating Income	5.14	1.65
Total	**43.86**	270.54

2.21 PURCHASES

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Purchase of Stock in Trade		
Telecom Products	18.31	516.96
Power Management	14.75	135.05
Total of Purchase of Stock in Trade	**33.06**	652.01
Purchase of Material (Other than for trade) and Services		
Energy Input Cost – (Franchisee Business)	578.15	143.06
Cost For Energy Management	541.04	821.58
Sub–Contractor Charges	24.92	715.50
Vehicle Hire Charges – Projects	6.69	23.43
Lease Rental on Network Equipment	0.75	2.68
Total of Purchase of Material (Other than for trade) and Services	**1,151.55**	1,706.25
Total of Purchases	**1,184.61**	2,358.26

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK–IN–PROGRESS AND STOCK–IN– TRADE

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Decrease/(Increase) in Inventory		
Work in Progress	(13.90)	1.37
Stock in trade	34.07	(139.65)
Spares and Consumables	1.71	(0.44)
Total	**21.88**	(138.72)

2.23 EMPLOYEE COST

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Salaries	48.50	96.55
Contribution to Provident and Other Funds	5.13	8.33
Staff Welfare Expenses	2.91	5.31
Employee Compensation Expense under ESOP	0.24	0.81
Outsourced Manpower Cost	75.77	125.96
Total	**132.55**	236.98

2.24 FINANCE COSTS

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Interest Expense		
Interest on Borrowings	323.63	358.93
Other Borrowing costs	70.23	99.27
Exchange difference to the extent considered as an adjustment to Borrowing Cost	36.96	NIL
Total	**430.82**	458.20

2.25 OTHER EXPENSES

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Consumption of Stores and Spares	0.78	0.03
Communication Expenses	3.92	10.70
Advertisement Expenses	2.21	8.64
Business Promotion Expenses	0.72	0.93
Discounts and Commission	6.59	0.82
Freight Charges	0.01	0.08
Rates and Taxes [include Wealth tax]	3.81	1.67
Rent	7.73	14.41
Electricity Charges	2.09	3.32
Insurance	1.73	4.07
Legal and Professional Fees	3.86	19.43
Travelling and Conveyance Expenses	21.91	38.22
Director’s Sitting Fees	0.05	0.07
Auditor’s Remuneration (refer note no. 2.25.1)	0.31	0.51
Repairs and Maintenance – Buildings	0.10	0.44
Repairs and Maintenance – Plant and Machinery	0.01	0.26
Repairs and Maintenance – Others	5.69	8.89
Allowance for Doubtful Debts and Advances	4.37	1.58
Net (Gain)/Loss on Foreign Currency Transactions	(6.08)	7.65
Other Expenses	18.05	14.26
Total	**77.86**	135.98

2.25.1 Auditor’s Remuneration :

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Statutory Audit Fees	0.22	0.37
Tax Audit Fees	0.05	0.08
Vat Audit Fees	0.02	0.04
Other Matters	0.01	0.01
Out Of Pocket Expenses	0.01	0.01
Total	**0.31**	0.51

The above amounts are excluding Service Tax

2.25.2 Prior Period Items:

₹ in Crores

Sr. No.	Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
1	**Income**		
	Sales and Services	(2.79)	(0.01)
2	**Expenses**		
	Cost of Sales and Services	0.08	0.62
	Repairs and Maintenance	NIL	0.67
	Interest and Finance Charges	(0.01)	0.01
3	**Short provision for income tax**	NIL	0.08
	Total	**(2.86)**	1.39

2.26 TAX EXPENSE

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Income Tax	NIL	49.67
Less: MAT Credit entitlement	NIL	NIL
Net Current Income Tax	NIL	49.67
Short Provision for Income tax for earlier years	15.42	0.08
Deferred taxes	(0.14)	22.37
Total	**15.28**	72.12

2.27 VALUE OF IMPORT OF MATERIAL ON C.I.F. BASIS

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Capital Good	NIL	0.61
Trading Goods	1.43	NIL
Total	**1.43**	0.61

2.28 ACTIVITY IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

₹ in Crores

Sr. No.	Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
	Earnings in Foreign Currency		
i)	Sales and Services	9.97	28.33
ii)	Dividend	NIL	9.99
iii)	Other Interest	NIL	3.30
	Total	**9.97**	41.62
	Expenditure in Foreign Currency		
i)	Interest	19.96	18.14
ii)	Cost of Goods Sold and Services	1.35	14.78
iii)	Travelling	0.25	3.33
iv)	Others	0.10	0.76
	Total	**21.66**	37.01

2.29 REMITTANCE OF DIVIDEND IN FOREIGN EXCHANGE – NIL (NIL)

2.30 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 and loss account during the period ended are ₹ 3.10 Crs. (₹ 15.65 Crs.). The lease obligations due within five–years are ₹ 19.22 Crs. (₹ 23.27 Crs.).

2.31 EMPLOYEE STOCK OPTIONS

ESOP 2001: The Company has 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.

In this Scheme, the Company had granted 2,159,800 warrants to its Employees and 72,550 warrants to employees of its subsidiaries. This includes 796,511 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.

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 Scheme, the Company had granted 4,189,130 warrants to its Employees and 1,219,850 warrants to employees of its subsidiaries. This includes 1,229,376 and 345,980 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.

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 Scheme, the Company had granted 3,191,000 warrants to its Employees and 223,900 warrants to employees of its subsidiaries. This includes 595,879 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.

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 Scheme, the Company had granted 316,500 warrants to its Employees. This includes 19,000 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.

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.

The vesting schedules for all the grants issued under the above Schemes were revised on July 22, 2009, whereby all options allotted to employees are vested after their initial lock–in period of 12 months from their respective dates of allotment.

₹ In Crores (Other than EPS)

Particulars	For the Period ended on March 31, 2012	For the Period ended on June 30, 2011
Net Profit/(Loss) as Reported	(400.73)	142.18
Less : Employee Compensation Expense	0.24	1.44
Adjusted Proforma	(400.49)	140.74
Basic Earnings per share as reported	(41.20)	14.66
Proforma Basic Earnings per share	(41.20)	14.51
Diluted Earnings per share as reported	(41.20)	14.51

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

Sr. No.	Particulars	2011–12	2010–11
1	Risk–free interest rate (%)	8.57	8.19
2	Expected life (years)	1–2	1–4
3	Volatility (%)	69.57	82.9
4	Expected dividend yield (in ₹ per share)	NIL	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

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

Sr. No.	Particulars	For the period ended on March 31, 2012		For the Period ended on June 30, 2011	
		No. of Shares	Weighted average exercise price Rupees	No. of Shares	Weighted average exercise price Rupees
i.	Outstanding at beginning of the period	2,482,362	161.17	3,038,980	165.80
ii.	Granted during the period	Nil	Nil	Nil	Nil
iii.	Forfeited during the period	111,459	178.07	13,250	206.54
iv.	Exercised during the period	Nil	Nil	5,43,368	185.94
v.	Expired during the period	Nil	Nil	Nil	Nil
vi.	Outstanding at end of the period	2,370,903	160.29	2,482,362	161.17
vii.	Exercisable at the end of the period	2,370,903	160.29	2,482,362	161.17
viii.	Weighted average remaining contractual life (in years)	NA	0.02	NA	0.53
ix.	Weighted average Intrinsic value of options granted	NA	NA	NA	NA

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

2.31.3 Defined Contribution Plan

₹ in Crores

Particulars	July 11– March 12 (9 Months)	April 10– June 11 (15 Months)
Employer's Contribution to Providend Fund	2.39	4.49
Employer's Contribution to Pension Fund	0.54	1.03
Total	**2.93**	5.52

2.31.4 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.

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

₹ in Crores

Particulars		Gratuity (Funded)		Compensated Absences (Unfunded)	
		July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Defined Benefit Obligation at beginning of the period	(A)	**6.23**	6.10	**2.62**	2.89
Current/past Service Cost	(B)	0.79	5.17	0.33	1.66
Current Interest Cost	(C)	0.40	0.67	0.17	0.29
Actuarial (gain) / loss	(D)	0.78	(4.92)	(0.06)	(1.19)
Less : Benefits paid	(E)	1.43	0.79	0.47	1.05
Defined Benefit Obligation at end of the period (A+B+C+D–E)		**5.14**	6.23	**2.59**	2.62

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

₹ in Crores

Particulars		Gratuity (Funded)	
		July 11 to March 12	April 10 to June 11
Fair Value of Plan asset at beginning of period	**(A)**	**1.19**	1.34
Expected Return on Plan Assets	(B)	0.09	0.17
Actuarial gain/ (loss)	(C)	(0.35)	(0.35)
Contributions	(D)	2.55	0.81
Less : Benefits paid	(E)	1.43	0.79
Fair Value of Plan asset at the end of period (A+B+C+D–E)		**2.05**	1.19

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

₹ in Crores

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Fair Value of Plan asset at the end of period	**2.05**	1.19	**NIL**	NIL
Present value of Defined Benefit Obligation at end of the period	6.77	6.23	2.59	2.62
Liability/ (Asset) recognized in the Balance Sheet	**4.72**	5.04	**2.59**	2.62

iv) Expense recognized during the period

₹ in Crores

Particulars		Gratuity (Funded)		Compensated Absences (Unfunded)	
		July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Current Service Cost	(A)	0.79	2.54	0.33	1.66
Interest Cost	(B)	0.40	0.67	0.17	0.29
Expected Return on plan Assets	(C)	(0.09)	0.17	NIL	NIL
Actuarial (gain)/ loss	(D)	1.14	(2.89)	(0.06)	(1.18)
Net Cost Recognised in Profit and Loss Account (A+B+C+D)		**2.34**	0.15	**0.44**	0.78
Discount Rate (p.a.)		8.75%	8.50%	8.75%	8.50%
Estimated rate of return on plan assets (p.a.)		8.75%	8.50%	8.75%	8.25%
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.

v) Amounts for current and previous four periods are as follows :

₹ in Crores

Gratuity (Funded)	2012	2011	2010	2009	2008
Defined Benefit Obligation	6.77	6.23	6.10	5.13	3.52
Plan Assets	2.05	1.60	1.34	0.80	0.62
Surplus / (Deficit)	(4.72)	(4.62)	(4.76)	(4.33)	(2.92)
Experience adjustments on plan assets	(0.34)	(0.03)	0.00	NIL	*
Experience adjustments on plan liabilities	1.09	(0.10)	0.52	0.76	*

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

2.32 Contingent Liabilities & Commitments:

2.32.1 Contingent Liabilities

₹ in Crores

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
i.	Claims against the Company not acknowledged as debts*	199.89	3.07
ii	Guarantees given by Banks on behalf of the Company	128.54	498.60
iii	Performance Guarantees issued to banks on behalf of Subsidiaries / Associates and Affiliates	0.01	121.04
iv	Financial Guarantees given by Company to Subsidiaries / Associates and Affiliates	18.39	225.00
v	Performance Guarantees given by Company to Third Party/ies	NIL	5.00
vi	Disputed Sales tax liabilities in respect of pending appeals. (Amount deposited ₹ 2.71 Crs. (₹ 1.82 Crs.)	109.33	115.18
vii	Bill Discounted (Net of Margin and Insurance Cover)	NIL	156.72
viii	Disputed Income tax liability in respect of pending case before the Appellate Authorities. (Amount deposited ₹ NIL (NIL))	NIL	1.96
No cash out flow is expected in near future in respect of items stated in 2.32			

* **Includes claim of ₹179 crores of Global Holding Corporation Pvt. Ltd.**

2.32.2 Commitments

i) Estimated amount of contracts remaining to be executed

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
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.)	48.30	44.75

ii) Other Commitments

a) GTL Infrastructure Ltd (GIL) is an associate of the Company. The Company's holding in GIL, as at Balance Sheet date is 17.78% (Previous period 36.22%). As a promoter of GIL, the Company has furnished following undertakings in respect of credit facilities of ₹ 2,829 Crs. and Foreign Currency loan of USD 175 million 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 period 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 and Aviation Limited (EPAL) (Formerly known as Global Projects and Aviation Private Limited (GPAL)) as at Balance Sheet date is 19% (Previous period 19%). EPAL has been sanctioned Working capital line of credit of ₹ 500 Crs. The Company has furnished various undertakings for the above referred line of credit which inter alia provide as under:

The Company along with its holding company Global Holding Corporation Private Limited (GHC) shall not reduce the shareholding in EPAL below 51% (Previous period 51%). 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 Sponsors. (size of redeemable preference shares to be mentioned.)

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 and the company holds 42.86% (Previous period 42.86%) of its issued and paid up share capital. GRNL has issued fully Convertible Debentures of ₹ 250 Crs. 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% (Previous period 26%) 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% (Previous period 30%) 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% (Previous period 26%) 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 Alpha Impex International Limited (AITL). In respect of the borrowing by AITL, the Company has agreed for Put Option of US$ 35 Mn. (equivalent to ₹ 156.97 Crs.) in the event of default by AITL.

2.33 RELATED PARTY DISCLOSURES – TRANSACTIONS WITH RELATED PARTY

₹ in Crores

Sr. No.	Party Name	Transaction during the year July 2011 to March 2012															
		Sales & Services	Reimburse–ment Expenses from	Dividend Income	Purchases	Reimburse–ment Expenses to	Interest Income	Purchase of Fixed Assets	Claims towards Invocations of share	Preference Share Application money	Investment	Deposit Received	Guarantees to	Guarantees From	Receivables	Advances/ Deposits	Payables (incl. Advance received)
1	**Subsidiaries**																
1a	International Global Tele Systems Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	*5.31	NIL	NIL	NIL	3.30	***173.92	NIL
		(NIL)	(NIL)	(9.01)	(NIL)	(NIL)	(3.30)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(112.13)	(NIL)	(3.30)	(NIL)	(NIL)
1b	GTL International Ltd.	7.60	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	5.93	NIL	11.68	***35.46	3.52
		(10.14)	(NIL)	(NIL)	(4.14)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(4.19)	(NIL)	(3.52)
1c	Ada Cellworks Wireless Engineering Pvt. Ltd.	0.37	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.15
		(5.91)	(0.24)	(0.99)	(0.05)	(2.70)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.08)	(4.98)	(5.89)
2	**Fellow subsidaries (Subsidaries of GTL International Ltd.)**																
2a	GTL (Singapore) Pte Ltd	NIL	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.01	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	(0.04)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
2b	IGTL Solutions (Saudi Arabia) Limited	0.18	0.03	NIL	NIL	0.02	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.51	NIL	NIL
		(1.79)	(0.03)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(4.69)	(NIL)	(1.37)	(NIL)	(NIL)
2c	GTL Overseas M.E. FZ LLC	NIL	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.08	NIL	NIL
		(NIL)	(0.14)	(NIL)	(NIL)	(0.33)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.07)	(NIL)	(0.02)
2d	GTL International Nigeria Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.01	NIL	NIL
		(0.01)	(0.00)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.01)	(NIL)	(NIL)
2e	Pt. GTL Solutions (Indonesia) Ltd.	(NIL)	(0.00)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	6.05	NIL	0.08	NIL	NIL
		(0.07)	(0.01)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.08)	(NIL)	(NIL)
2f	GTL Europe Limited (formerly Genesis Consultancy Limited)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
				(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
2g	IGTL Solutions (UK) Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(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	NIL	NIL	NIL	NIL	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
2f	IGTL Solutions (Lanka) Private Limited	0.00	0.03	NIL	NIL	0.11	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.20	NIL	0.13
		(0.01)	(0.16)	(NIL)	(NIL)	(0.17)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)		(0.17)	(NIL)	(0.02)
2j	A R Infrastructure (Kenya) Ltd.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
2g	GTL Network Services Malaysia SDN BHD	NIL	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.04	NIL	NIL
		(0.03)	(0.00)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.03)	(NIL)	(NIL)	(NIL)
2h	GTL Kenya Limited	0.44	0.09	NIL	NIL	0.10	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.14	NIL	0.11
		(2.41)	(0.08)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.88)	(NIL)	(0.01)
2i	GTL USA Inc.	0.02	0.04	NIL	NIL	0.06	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.10	NIL	0.55
		(2.59)	(0.01)	(NIL)	(NIL)	(0.02)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(1.04)	(0.40)	(0.49)
2j	GTL Vietnam Co. Ltd.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00	NIL	NIL
		(NIL)	(0.00)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.00)	(NIL)	(NIL)
2k	GTL International Bangladesh Pvt. Ltd.	NIL	0.03	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	6.42	NIL	0.27	***2.26	NIL
		(0.14)	(0.10)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.24)	(NIL)	(NIL)
2l	GTL Nepal Ltd.	0.58	0.36	NIL	NIL	0.89	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	2.50	NIL	0.94
		(0.25)	(2.10)	(NIL)	(2.03)	(0.01)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(2.23)	(NIL)	(0.40)
2m	IGTL Network Services Phillippines INC	NIL	0.02	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.02	NIL	NIL
		(NIL)	(0.00)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.00)	(NIL)	(NIL)
2n	GTL Tanzania Limited	0.00	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.17	NIL	NIL
		(0.17)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(0.17)	(NIL)	(NIL)
2o	GTLNetwork Services SA (Pvt) Ltd	NIL	0.01	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.01	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
1	**Associates**																
1a	GTL Infrastructure Limited	229.43	2.49	NIL	0.01	102.87	NIL	NIL	NIL	NIL	NIL	216.00	NIL	NIL	89.64	9.17	0.05
		(1,118.53)	(0.04)	(NIL)	(NIL)	(127.14)	(NIL)	(25.27)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(25.27)	(170.74)	(46.49)	(7.79)
1b	Global Rural Netco Pvt. Ltd.	3.40	0.98	NIL	NIL	0.04	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	3.78	4.14	0.04
		(68.06)	(7.69)	(NIL)	(NIL)	(0.03)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	((NIL))	(0.86)
1c	Chennai Network Infrastructure Ltd	160.39	55.00	NIL	NIL	180.79	15.45	NIL	302.08	****650.00	**569.36	NIL	NIL	NIL	302.08	31.30	43.56
		(339.80)	(22.55)	(NIL)	(NIL)	(195.65)	(53.66)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(200.00)	(30.87)	(126.85)	(47.11)

* Represents Investment of USD 1 Mn. in 3.5% Preference Shares (Face value of USD 1 each)

** Represents Investment in 0% Unsecured Compulsorily Convertible Debenture of ₹ 569.36 Crs. which includes allotment of ₹ 445.00 Crs. against Preference Share application money

*** includes ₹ 208.54 Crs. towards Bank claim paid by the company

**** The company has Preference Share application money from CNIL of ₹ 650.00 Crs. pending allotment (Refer Note 2.9.2)

i) Disclosure of information as required by clause 32 of listing agreement

a) The Company has not given any Loans or advances in the nature of Loans to Subsidiaries and Associates. Advance to subsidiaries and Associates outstanding as at March 31, 2012 are ₹ 211.66 Crs. (₹ 11.57 Crs.) (Maximum Balance ₹ 211.66 Crs. (₹ 11.57 Crs.) and ₹ 4.01 Crs. (₹ 3.11 Crs.) (Maximum Balance outstanding during the period was ₹ 124.01 Crs. (₹ 3.11 Crs.) respectively.

b) None of the Subsidiaries to whom advances are given per se, have investment in the shares of the company.

ii) Key Managerial Personnel

Particulars of remuneration and other benefits paid to key management personnel during the period end March 31, 2012 is set out below:

₹ in Crores

Particulars	Salary	Contribution to Provident and Other Funds	ESOP Outstanding (Nos.)
July 2011 – March 2012	0.93	0.04	7,32,000
April 2010 – June 2011	2.50	0.12	7,32,000

Name of the key managerial personnel

a) Mr. Manoj Tirodkar, Chairman and Managing Director (Mr. Manoj Tirodkar is re–designated as Chairman and Managing Director with effect from August 18, 2011)

b) Mr. Charudatta Naik, Whole–time Director

c) Mr. Sukanta Kumar Roy, Whole–time Director and COO

2.34 EARNINGS PER SHARE

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

Particulars	July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
BASIC EARNINGS PER SHARE		
Numerator for basic earning per share		
Profit before Tax & extra–ordinary & prior period items	(385.45)	214.30
Provision for Income Tax, Deferred Tax & FBT	(15.28)	(72.12)
Adjustment to net earning:		
Net Profit after Tax & Prior period item	(400.73)	142.18
Extra–ordinary items	NIL	NIL
Net Profit after Tax, Prior period & Extra–Ordinary item	(400.73)	142.18
Denominator for basic earning per share–		
Weighted average number of shares	97,267,833	96,967,613
Basic earning per share without Extra–ordinary Items	**(41.20)**	**14.66**
Basic earning per share with Extra–ordinary Items	**(41.20)**	**14.66**
Weighted average number of shares	97,267,833	96,967,613
Possible Dilution:		
Conversion of Stock Options (number of shares)	8,407,764	1,022,185
Against CCD	43,476,470	NIL
Adjusted weighted average number of shares	**149,152,067**	**97,989,798**
Diluted earning per share without Extra–ordinary items	**(41.20)**	**14.51**
Diluted earning per share with Extra–ordinary items	**(41.20)**	**14.51**

The effect of shares which may arise on account of conversion of ESOP warrants and CCDs has not been considered for calculation of diluted EPS since the same is anti–dilutive.

2.35 FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS:

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

in USD Million

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
1	Interest Swap	NIL	150.00
2	Currency Swap	NIL	NIL
3	Options	NIL	NIL
4	Forward Cover	NIL	NIL

Derivatives and Financial instruments are for hedging purpose only.

2.35.2 Net Foreign Currency exposures that are not hedged by the derivative instruments and forward contract as at March 31, 2012 for USD 303.41 Mn. (USD 259.55 Mn.)

in USD Million

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
1	External Commercial Borrowings	150.00	150.00
2	Import Creditors	0.55	1.00
3	Export Debtors	4.50	2.20
4	Investments		
	i) Preference Shares	74.00	73.00
	ii) Equity Shares	32.76	32.76
5	Advances	41.60	0.59
	Total	**303.41**	**259.55**

2.36 During the financial year 2010–11, income tax authorities had conducted proceedings u/s 132 of the Income–tax Act. As management was of the opinion that there will be no material tax liability on account of these proceedings, no provision for tax was made in the accounts for the period ended June 30, 2011.

In the Current Financial year, the authorities have initiated proceedings u/s 153A of the Income Tax Act, 1961 for the Assessment years 2005 – 06 to 2010 – 11. Considering the certain interpretational issues on claims preferred for those years, provision for tax of ₹ 16.59 Crs. has been made for those years.

2.37 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.

2.38 In respect of Goods purchased and supplied under agency arrangements commission of ₹ NIL (previous period ₹ 21.35 Crs.) if recognised as income. During the period, as per the contractual agreed terms under this arrangement, the company has discharged its liability of principal for the goods procured through supplier's bill facility. The receivable from the principal for the same as at the period end are ₹ NIL (previous period ₹ 447.55 Crs). These receivables and the liability for acceptances referred above are presented net in the financial statements.

2.39 SEGMENT REPORTING

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

2.40 DETAILS OF ROUNDED OFF AMOUNTS

The financial statements are presented in ₹ in Crores Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest ₹ Crores are given as follows:

Note	Description	Amount in ₹
2.2	Reserves and Surplus	
	– Capital Reserve	7,725
2.9	Other Current Liabilities	
	– Credit Balance in Bank Account	14,208

2.41 CONSOLIDATED FINANCIAL STATEMENT

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

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

2.43 Figures in brackets relate to the previous period unless otherwise stated.

2.44 Figures of current period are for 9 months and hence are not comparable to previous period which is of 15 months.

As per our report of even date

For M/s. Godbole Bhave & 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

Mumbai
May 22, 2012

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

Auditors' Report to the Board of Directors of GTL Limited on the Consolidated Financial Statement 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 March 31, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material 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:

   a) International Global Tele–systems Limited,

   b) GTL International Ltd. and its subsidiaries; and

   c) Ada Cellworks Wireless Engineering Pvt. Ltd. and Share in associate namely Global Rural Netco Limited

   We have relied on the unaudited financial statements of International Global Tele–systems Limited and unauidted Consolidated Financial Statements of GTL International Ltd., whose financial statements reflect total assets of ₹ 13,727,925,757/– as at March 31, 2012 , total revenues of ₹ 3,655,966,771/– and cash flows of ₹ (1,931,292,042/–) for the period then ended of the above subsidiaries. These unaudited financial statements / consolidated financial statements have been certified by the management of these companies. Our opinion insofar as it relates to the amounts included in respect of these subsidiaries is based solely on unaudited financial statements / consolidated financial statements, certified by the management, furnished to us as stated herein above.

   We have been furnished audited financial statements of Ada Cellworks Wireless Engineering Pvt. Ltd. whose financial statements reflect total assets of ₹ 263,226,476/– as at March 31, 2012, total revenues of ₹ 11,762,314/– and cash flows of ₹ (66,219,122/–) for the period then ended of the above subsidiary. These financial statements have been audited by other auditor, whose report has been furnished to us and our opinion insofar as it relates to the amounts included in respect of the said subsidiary is based solely on audited financial statements furnished to us as stated herein above.

   The company's share in associate Global Rural Netco Limited is accounted for based on unaudited financial statements which are certified by the management of that company and our opinion insofar as it relates to the amounts included in respect of the share of the said associate 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 the Consolidated financial statements, the Share of Loss in its associates GTL Infrastructure Ltd. (GIL) and Chennai Networks Infrastructure Limited (CNIL) for the reason stated in note no. 2.11.1. The non–consideration of the Share of Loss in associates is not in accordance with (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements".**

   The Company's holding as on March 31, 2012 in GIL and CNIL is 17.78 % and 30% respectively.

   The share of loss in associates GIL and CNIL, which has not been considered relates to the period October 1, 2010 to March 31, 2012. For the above referred period GIL has reported a loss of ₹ 4,746,122,854/–. As regards CNIL, the management has provided the information of loss for the period referred above and accordingly the same is ₹ 10,318,921,985/–.

   In view of reasons stated in note no. 2.11.1, the impact of non–consideration of Share of Loss in Associates on Consolidated loss for the period ended March 31, 2012 and Earning Per Share for the period ended March 31, 2012 is not ascertained by the management and hence not quantified.

6. The balances of Funded Interest term loans from banks aggregating to ₹ 77,41,64,773/– are not confirmed and are subject to reconciliation.

7. We invite your attention to note no. 2.3, wherein Company's liability of ₹ 1,400 Crore in respect of 8% Rated Redeemable Unsecured Rupee Non convertible Debentures and liability of ₹ 197.48 crores in respect of 7% Cumulative Convertible Debentures has been classified as non current liability.

   As per the maturity profile of above referred debentures, furnished in note no. 2.3.5 and 2.3.6, an amount of ₹ 505.91 Crore is due for repayment within Twelve months of the balance sheet date i.e 31st March, 2012. Additionally an amount of ₹ 53.86 crores in respect of 7% Cumulative Convertible Debentures is due for repayment as on the balance sheet date i.e. 31st March, 2012. Both the above liabilities should have been classified as current maturities of long term debts under the heading current liabilities as required by Schedule VI of the Companies Act, 1956 and accordingly the company's non current liabilities have been shown higher by ₹ 559.77 Crore and correspondingly the current liabilities have been shown lower to that extent.

   We further invite attention to note no. 2.25 wherein the net exchange gain of ₹ 1.71 Crore has been classified as Other expenses. The same should have been classified as Other income as required by Schedule VI of the Companies Act, 1956. In view of the above the company's Other expenses have been understated by ₹ 1.71 Crore and correspondingly the Other income has been understated to that extent. This however does not have any impact on the loss for the period.

8. 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 comments in paragraph (5),(6) & (7) 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 March 31, 2012;

   b) in the case of the Consolidated Statement of Profit and Loss of the loss 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.

For **Godbole Bhave & Co.**	For **Yeolekar & Associates**
Chartered Accountants	*Chartered Accountants*
A.S. Mahajan	**S.S. Yeolekar**
Partner	*Partner*
Membership Number 100483	Membership Number 36398
FRN No. 114445W	FRN No. 102489W

Mumbai
May 22, 2012

Consolidated Balance Sheet as at March 31, 2012

₹ in Crores

	Note	As at March 31, 2012	As at June 30, 2011
I. EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	97.27	97.27
Reserves and Surplus	2.2	1,138.86	1,509.38
		1,236.13	1,606.65
Minority Interest		**0.84**	0.52
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	4,035.95	3,392.67
Other Long-term liabilities	2.4	24.51	18.20
Long-term provisions	2.5	6.78	8.35
		4,067.24	3,419.22
CURRENT LIABILITIES			
Short-term borrowings	2.6	293.08	125.56
Trade payables (including Acceptances)	2.7	575.52	1,398.12
Other current liabilities	2.8	2,012.73	935.19
Short-term provisions	2.9	4.45	14.72
		2,885.78	2,473.59
Total		**8,189.99**	7,499.98
II. ASSETS			
NON–CURRENT ASSETS			
Fixed assets	2.10		
Tangible assets		554.37	509.27
Intangible assets		42.55	56.69
Capital work-in-progress		181.25	248.91
		778.17	814.87
Intangible assets under development			
Non-current investments	2.11	2,329.33	2,452.29
Deferred tax assets (net)	2.12	2.72	2.57
Long-term loans and advances	2.13	202.17	154.92
		2,534.22	2,609.78
CURRENT ASSETS			
Inventories	2.14	431.61	399.20
Trade receivables	2.15	1,307.18	1,018.74
Cash and cash equivalents	2.16	129.97	794.25
Short-term loans and advances	2.17	2,477.17	1,636.49
Other current assets	2.18	531.67	226.65
		4,877.60	4,075.33
Total		**8,189.99**	7,499.98

Significant Accounting Policies and Notes form an integral part of the financial Statements

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

For Godbole Bhave & 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

Charudatta Naik
Whole–time Director

Milind Bapat
Sr. Vice President – Finance

Vijay Vij
Director

Vidyadhar Apte
Company Secretary

Mumbai
May 22, 2012

Statement of Consolidated Profit and Loss for the period ended March 31, 2012

₹ in Crores

	Note	July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
Revenue from operations	2.19	1,864.69	3,943.15
Less: Excise Duty, if any		NIL	NIL
		1,864.69	3,943.15
Other Income	2.20	49.33	271.61
Total Revenue		**1,914.02**	4,214.77
Expenses:			
Cost of Purchases	2.21	1,439.30	2,789.26
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.22	(32.41)	(141.56)
Employee benefits expenses	2.23	266.94	474.58
Finance Costs	2.24	451.93	486.15
Depreciation and amortization expense		101.71	104.40
Other expenses	2.25	124.23	216.08
Total Expenses		**2,351.70**	3,928.91
Profit before exceptional and extraordinary items and tax		**(437.68)**	285.86
Exceptional Items		NIL	NIL
Profit before extraordinary items and tax		**(437.68)**	285.86
Extraordinary Items			
Compensation tw Sale/Invocation of Investments	2.18.1	50.46	NIL
Loss on Sale/Invocation of Investment		(50.46)	NIL
Profit before tax		**(437.68)**	285.86
Tax expense:	2.26		
Current tax		5.99	51.88
Short Provision for Income Tax for earlier years		15.43	NIL
Deferred tax Liability/(Asset)		(1.72)	21.82
Profit/(Loss) from the period after Tax		**(457.38)**	212.15
Minority Interest		(0.23)	(0.08)
Share of Profit/(Loss) in associates		(1.46)	(13.82)
Profit/(Loss) for the period		**(459.07)**	198.24
Earnings per equity share:			
Equity shares of par Value ₹ 10/– each.			
Before Extra-ordinary items			
Basic		(47.50)	20.44
Diluted		(47.50)	20.23
After Extra-ordinary items			
Basic		(47.50)	20.44
Diluted		(47.50)	20.23
Number of shares used in computing earnings per shares			
Basic		97,267,833	96,967,613
Diluted		149,152,067	97,989,798
Significant Accounting Policies and Notes form an integral part of the financial Statements			

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

For Godbole Bhave & 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

Charudatta Naik
Whole–time Director
Milind Bapat
Sr. Vice President – Finance

Vijay Vij
Director
Vidyadhar Apte
Company Secretary

Mumbai
May 22, 2012

Consolidated Cash Flow for the period ended March 31, 2012

₹ in Crores

Particulars		July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items:		(437.68)	285.86
Adjustments for:			
Depreciation		101.71	104.40
Interest and Dividend Income		(32.66)	(250.77)
Provision for doubtful debts		8.79	(0.18)
Provision for doubtful advances		0.08	0.84
Debit/Credit balances and claims written off		9.15	(6.22)
(Profit)/Loss on sale of fixed assets		(2.99)	(1.88)
(Profit)/Loss on sale of Investments (excluding Diminution in Value of Investment)		(1.17)	(6.64)
Unrealised Exchange (Gain)/Loss*		93.95	(2.84)
Employee Compensation Expenses under ESOP		0.24	(0.74)
Provision for Derivatives Loss (MTM)		–	(10.83)
Provision for Wealth Tax		0.01	0.01
Net Prior Year adjustments		(2.86)	(1.39)
Interest Expenses		344.74	390.10
Financial Charges		70.23	96.05
Operating profit before working capital changes		151.53	595.78
Adjustments for:			
Inventories		(32.41)	(143.37)
Receivables		(304.62)	(644.63)
Loans and advances		(871.92)	(429.78)
Other Current Assets		(2.94)	(44.14)
Trade payables		(787.16)	693.31
Other current liabilities and provisions		(60.41)	100.18
Cash generated from operations		(1,907.93)	127.35
Direct taxes received/(paid)		(38.22)	(1.62)
Net Prior Year adjustments		2.86	1.39
Net cash from operating activities:		(1,943.28)	127.12
Extraordinary items:			
Extraordinary item		NIL	NIL
Net cash from operating activities:	**(A)**	(1,943.28)	127.12
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(70.95)	(589.56)
Sale of fixed assets		1.89	1.88
Purchase of investments*		(478.68)	(24,603.27)
Sale of investments*		342.45	22,727.04
Interest and Dividend Income		32.66	250.77
Minority, Share of Loss in Associates & Reserve on Consolidation & Investment in Associates		33.81	6.20
Net cash generated from/(used in) investing activities	**(B)**	(138.83)	(2,206.93)

Consolidated Cash Flow for the period ended March 31, 2012

₹ in Crores

Particulars		July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		NIL	0.54
Share Premium		NIL	11.11
Increase in Borrowings		1,509.83	1,793.14
CCD Application Money		83.45	NIL
Decrease in Borrowings		(25.07)	NIL
Interest paid		(92.16)	(369.76)
Financial Charges		(70.23)	(96.05)
Payment of Derivatives Contracts			
Dividend paid		NIL	(29.02)
Dividend Distribution Tax		NIL	(4.93)
Translation adjustment		20.51	(4.78)
Net cash flow received from/(used in) financing activities	**(C)**	1,426.33	1,300.26
Net increase in cash and cash equivalents	**(A + B + C)**	(655.78)	(779.55)
Cash and cash equivalents (opening)		794.25	1,573.80
Cash and cash equivalents (closing)		129.97	794.25

* Includes Purchase and Sale of Mutual Fund units.

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard – 3 Cash Flow Statement.

ii) Figures in brackets indicate outflows.

iii) Cash and Cash Equivalents at the end of the year include Deposits with Banks aggregating to ₹ 41.60 Crs. (Previous year ₹ 523.49 Crs.) which are pledged and also includes ₹ 1.50 Crs. (Previous Year ₹ 1.63 Crs.) towards amount payable for Unclaimed Dividend.

iv) Previous year's figures have been regrouped/rearranged/recast wherever necessary to make them camparable with those of current year.

As per our report of even date

Manoj G. Tirodkar
Chairman & Managing Director

For Godbole Bhave & 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

Mumbai
May 22, 2012

For and on behalf of the Board

Charudatta Naik
Whole–time Director

Vijay Vij
Director

Milind Bapat
Sr. Vice President – Finance

Vidyadhar Apte
Company Secretary

1. 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**
2	**GTL International Limited**	**Bermuda**	**100% subsidiary of GTL Limited**	**31st March**
B.1	GTL (Singapore) Pte Ltd.	Singapore	100% subsidiary of GTL International Ltd	31st March
B.2	GTL Saudi Arabia Company Limited	Saudi Arabia	90% subsidiary of GTL International Ltd.	31st December
B.3	GTL Overseas Middle East FZ LLC	UAE	100% subsidiary of GTL International Ltd.	31st March
B.4	GTL International Nigeria Limited	Nigeria	100% subsidiary of GTL International Ltd.	31st March
B.5	Pt. GTL Indonesia	Indonesia	100% subsidiary of GTL International Ltd.	31st March
B.6	GTL Europe Limited	UK	100% subsidiary of GTL International Ltd.	31st March
B.7	GTL Telecommunications Ireland Limited	Ireland	100% subsidiary of GTL Europe Limited (formerly Genesis Consultancy Ltd.)	31st March
B.8	GTL Network Services Malaysia Sdn Bhd.	Malaysia	100% subsidiary of GTL International Ltd.	31st March
B.9	IGTL Network Services Philippines Inc.	Phillippines	100% subsidiary of GTL Networks Services Malaysisia Sdn Bhd.	31st March
B.10	GTL China Corporation Ltd.	China	100% subsidiary of GTL Networks Services Malaysisia Sdn Bhd.	31st March
B.11	Ada Cellworks Pte Ltd.	Singapore	100% subsidiary of GTL Networks Services Malaysisia Sdn Bhd.	31st March
B.12	GTL Taiwan Co. Ltd.	Taiwan	100% subsidiary of GTL Networks Services Malaysisia Sdn Bhd.	31st March
B.13	GTL Australia Pty Ltd.	Australia	100% subsidiary of GTL Networks Services Malaysisia Sdn Bhd.	31st March
B.14	GTL USA Inc.	USA	100% subsidiary of GTL International Ltd	31st March
B.15	GTL International Lanka (Private) Limited	Sri Lanka	100% subsidiary of GTL International Ltd.	31st March
B.16	GTL International Bangladesh Pvt. Ltd.	Bangladesh	100% subsidiary of GTL Europe Ltd.	31st March
B.17	GTL Kenya Limited	Kenya	100% subsidiary of GTL International Ltd.	31st March
B.18	GTL Tanzania Limited	Tanzania	100% subsidiary of GTL International Ltd.	31st March
B.19	GTL Vietnam Company Limited	Vietnam	100% subsidiary of GTL International Ltd.	31st March
B.20	GTL Canada Inc.	Canada	100% subsidiary of GTL International Ltd.	31st March
B.21	GTL Nepal Limited	Nepal	100% subsidiary of GTL International Ltd.	31st March
B.22	GTL Network Services SA Pty Limited	South Africa	100% subsidiary of GTL International Ltd.	31st March
3	**Ada Cellworks Wireless Engineering Private Limited**	**India**	**100% subsidiary of GTL Limited**	**31st March**

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 intercompany 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.

(e) The Company follows equity method for accounting of its interest in associates.

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.

2. NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

1 SEGMENTATION

In terms of Accounting Standard 17 on Segment Reporting, the company has a single reporting segment i.e. Network Services & Power Management.

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.

₹ in Crores

Particulars	2011–12	2010–11
Segment Revenue		
1. Network Services	1202.67	3,763.84
2. Power Management	662.02	179.31
Total Segment Revenue	**1,864.69**	3,943.15
Segment Results (Profit Before Interest and Tax)		
1. Network Services	2.14	515.23
2. Power Management	3.20	8.86
Sub-Total	**5.34**	524.10
Less: Interest Expenses (Net-off Interest Income)	451.93	451.93
Add: Un-allocable Corporate Expenditure net of income	8.91	213.69
Profit before Tax	**(437.68)**	285.86
Capital Employed (Segment Assets Less Segment Liabilities)		
1. Network Services	3,604.26	2,354.08
2. Power Management	123.11	(9.82)
Total Capital Employed in the segments	**3,727.38**	2,344.26
Un-allocable Corporate Assets Less Liabilities.		
– Investments	2,329.33	2,452.29
– Other Than Investment	1,176.20	947.12
Total Capital Employed	**7,232.90**	5,743.67

Notes:

i. Segments have been identified in accordance with Accounting Standard (AS) 17 on Segment Reporting, considering risk/return profiles of the business, their organizational structure and the internal reporting system.

ii. 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.

iii. Segment Revenue comprises of sales and 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.

Geographical Segment

₹ in Crores

Particulars	USA	Asia / Europe	Middle East	Others	Total
Sales & Services (July 11 to March 12 – 9 Months)	16.18	1,819.02	18.43	11.06	1,864.69
Sales & Services (April 10 to June 11 – 15 Months)	138.79	3,366.11	104.88	333.37	3,943.15

2.1 SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Authorised:		
290,000,000 (120,000,000) Equity Shares of ₹ 10 each	290.00	120.00
2,500,000 (2,500,000) Preference Shares of ₹ 100 each	25.00	25.00
	315.00	145.00
Issued, subscribed and paid-up:		
97,267,833 (97,276,833) Equity Shares of ₹ 10 each fully paid-up	97.27	97.27
Total	**97.27**	97.27

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2012		As at June 30, 2011	
	Nos.	Amount	Nos.	Amount
Number of shares at the beginning of the period	**97,267,833**	**97.27**	96,724,465	96.72
Add: Allotment of Equity Shares on account of Conversion of warrants issued under ESOP	**NIL**	**NIL**	543,368	0.55
Number of shares at the end of the period	**97,267,833**	**97.27**	97,267,833	97.27

2.1.1 Terms, Rights, Preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote on show of hands and in case of poll, one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend.

In the event of winding–up of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, if any, after distribution of all preferential amounts in proportion to the numbers of shares held at the time of commencement of winding–up.

The shareholders have all other rights as available to Equity shareholders as per the provision of the Companies Act, 1956, read together with Memorandum of Association of the Company, as applicable.

2.1.2 Number of Shares reserved for issue and terms thereof:

i) The ESOS holders under the employee stock option schemes have the option to exercise/convert ESOS into 2,370,903 Equity Shares (previous period 2,482,362 Equity Shares)

Terms of issuance of ESOP

ESOP Plan	Price at which warrants offered ₹	Period of vesting	Vesting Schedule
2001	65 to 140	1 year from date of allotment	100%
2002	70 to 209	1 year from date of allotment	100%
2004	145 to 257	1 year from date of allotment	100%
2005	165 to 252	1 year from date of allotment	100%

ii) Compulsorily Convertible Debentures (CCDs) to be allotted pursuant to the Corporate Debt Restructuring package to the Lenders and Promoters.

On April 28, 2012 the Company allotted 1% coupon 18,784,046 Compulsorily Convertible Debentures (CCDs) of the face value of ₹ 100 each to CDR Lenders and 0% coupon 4,515,000 CCDs of the face value of ₹ 100 each to the Promoter aggregating ₹ 232.99 Crs. These CCDS would be converted in to Equity Shares in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009.

2.1.3 The details of Shares held by holding Company and its associates:

Name of the Holding Company	No. of Shares	% held as at March 31, 2012	No. of Shares	% held as at June 30, 2011
Global Holding Corporation Private Limited	22,480,559*	23.11%*	50,930,559	52.36%

*During the period ended shares pledged by Holding company in favour of ICICI Bank, were invoked, resulting reduction in stake by holding company to the extent of 29.30%. However, ICICI Bank has reinstated the revoked shares to the account of the holding company on May 8, 2012.

2.1.4 The details of shareholder holding more than 5% shares (other than those stated in above)

Name of the shareholder	No. of Shares	% held as at March 31, 2012	No.of Shares	% held as at June 30, 2011
ICICI Bank Ltd.	28,500,000	29.30%*	NIL	NIL

*As stated above on May 8, 2012, ICICI Bank has reinstated the revoked shares to the account of Holding Company.

2.2 RESERVE & SURPLUS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Capital Reserve		
Opening Balance	12.84	12.84
Add: Transferred from Profit & Loss Account	NIL	NIL
Closing Balance	12.84	12.84
Capital Redemption Reserve		
Opening Balance	8.63	8.63
Add: Transferred from Profit & Loss Account	NIL	NIL
Closing Balance	8.63	8.63
Securities Premium Reserve		
Opening Balance	235.99	224.88
Add: On issue of Equity shares under ESOP	NIL	11.11
Closing Balance	235.99	235.99
Debenture Redemption Reserve		
Opening Balance	191.16	51.16
Add: Transferred from Profit & Loss Account	NIL	140.00
Closing Balance	191.16	191.16
Employee Stock Option Outstanding		
Opening Balance	1.30	2.88
Addition/(Deletion) during the period	(0.10)	(1.58)
	1.20	1.30
Less: Deferred Compensation Expense		
Opening Balance	0.34	1.19
Addition/(Deletion) during the period	(0.34)	(0.85)
Employee Stock Option Outstanding	NIL	0.34
Net ESOP Reserve	1.20	0.96
General Reserve		
Opening Balance	510.76	510.76
Add: Transferred from Profit & Loss Account	NIL	NIL
Closing Balance	510.76	510.76
Translation Reserve	21.91	1.41
Reserves on consolidation	(15.97)	(63.36)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Statement of Profit & Loss Account:		
Surplus – Opening Balance	611.00	563.04
Add: Net (Loss)/Profit after tax transferred from Statement of Profit and Loss	(459.07)	198.24
Excess Provision of Dividend of Last Year.	18.79	0.91
Dividend Distribution Tax on Excess Provision of Dividend of Last Year	1.62	0.15
Amount available for appropriation	172.34	762.34
Appropriation :		
Final Dividend	NIL	9.73
Dividend Distribution Tax	NIL	1.62
Transfer to Debenture Redemption Reserve	NIL	140.00
Surplus – Closing Balance	**172.34**	611.00
Total	**1,138.86**	1,509.38

2.2.1 In view of Loss for the period ended March 31, 2012, Debenture Redemption Reserve is not created.

2.3 LONG TERM BORROWINGS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Secured Loans		
Term Loans :		
From Banks	2,438.47	NIL
Total of Secured Loan (Refer Note 2.3.1, 2.3.2 & 2.3.3)	**2,438.47**	NIL
Unsecured Borrowings		
Debentures:		
8% Rated Redeemable Unsecured Rupee Non-convertible Debentures (NCD) (Refer Note 2.3.4 & 2.3.5)	1,400.00	1,400.00
7% Cumulative Convertible Debentures	197.48	172.67
Total	**1,597.48**	1572.67
Term Loans :		
From Banks	NIL	1,820.00
Total of Long Term Borrowings	**4,035.95**	3,392.67

2.3.1 The Company's proposal for restructuring of its debts is sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 23, 2011 as per following terms and conditions:

i) Effective date for restructuring: July 1, 2011

ii) Under the scheme, debts are restructured as:

a) Term Loans which are repayable within ten years (by March 2021) and having moratorium of 21 months for repayment (till March 31, 2013). Term loans carry Interest at 11% p.a.

b) Continuing facilities comprising of Cash Credit, Letter of Credits, Purchase Bill Discounting and Guarantees.

c) Compulsorily Convertible Debentures (CCDs) carrying coupon rate at 1% p.a.

iii) The Company shall create security for securing restructured debt.

iv) Interest on Term Loan for the first 21 months (from July 1, 2011 to March 31, 2013) shall be converted into Funded Interest Term Loan (FITL) carrying interest at 2% p.a. Repayment of FITL shall start from 1st April 2014 in 16 structured quarterly installments.

v) The Company's liability to ICICI Bank of ₹ 650.00 Crs. shall shift to Chennai Network Infrastructure Limited (CNIL) and the Company's liability to CNIL shall be repayable from FY 2018 to FY 2024.

vi) Promoters shall bring in ₹ 83.38 Crs. as their contribution towards 0% CCDs. Out of the same ₹ 41.69 Crs. to be brought in by December 31, 2011 and balance by December 31, 2012.

2.3.2 Securities Offered

i) First pari passu charge over free–hold non–agricultural land admeasuring 296.50 Sq. Mtrs., known as Plot No. 37, part of Survey No. 36A, Mouje Pali, Sudhagad Taluka, Raigad District.

First pari passu charge over the Company's movable assets, both tangible and intangible and the company's plant and machinery, tools and vehicles.

First pari passu charge over all rights, title, interest, benefit, claims and demands whatsoever of the Company, in, to, and/ or under the Project Documents, clearances and insurance contracts.

First pari passu charge over all bank accounts of the Company, including the Trust and Retention Accounts (and all sub–accounts thereof), Distribution Franchisee Business Accounts.

First pari passu charge over all monies and amounts owing to or received by or receivable by the Company, whether now existing, or at any time existing.

ii) Pledge of all investments of the Company in Equity and Preference Shares or other securities in other companies.

iii) Mr. Manoj G. Tirodkar one of the promoters of the Company has extended a personal guarantee not exceeding ₹ 394.28 Crs.

iv) Mr. Manoj G. Tirodkar and Global Holding Corporation Private Limited promoters of the Company have executed sponsor support agreement to meet any shortfall or expected shortfall in the cash flows towards the debt servicing obligations of the Company.

v) Prior to the restructuring of its debts under CDR Mechanism, the Company created security in favour of Andhra Bank, Punjab National Bank, Union Bank of India, Vijaya Bank, IDBI Bank Limited, State Bank of Hyderabad, Bank of Baroda, UCO Bank, Indian Overseas Bank, Indian Bank, Canara Bank and Dena Bank for their respective credit facilities other than term loans, aggregating ₹ 1,572 Crs. In terms of CDR Documents inter–alia Master Restructuring Agreement, the earlier charges are not satisfied by the Company after creation of new security as stated in (a) above.

2.3.3 Maturity profile of Secured Term Loans is as below:

₹ in Crores

Nature of facility and Rate of interest	Maturity Profile							
	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21
WCTL – 11%	183.95	275.93	367.91	367.91	413.90	229.94	229.94	229.94
FITL – 2%	27.81	34.76	34.76	41.72	NIL	NIL	NIL	NIL
Total	**211.76**	**310.69**	**402.67**	**409.63**	**413.90**	**229.94**	**229.94**	**229.94**

2.3.4 Rated Redeemable Unsecured Non–Convertible Debentures:

i) As at March 31, 2012 Interest of ₹ 105.33 Crs. relating to the period May 2, 2011 to February 3, 2012 on 'Rated Redeemable Unsecured Rupee Non–convertible Debentures (NCDs)' is overdue.

ii) The Company has received letter dt. April 4, 2012 from Standard Chartered Bank (Mauritius) Limited for restructuring of Rated Redeemable Unsecured Rupee Non–convertible Debentures (NCDs) proposing commencement of redemption from quarter ended June 30, 2013 and culminating on the quarter ended March 31, 2021 with moratorium on the payment of the Debenture Coupon for the period of 21 months from the cut–off date viz. July 01, 2011. These terms are under negotiation.

2.3.5 Maturity profile of 'Rated Redeemable Unsecured Rupee Non–Convertible Debentures' as at March 31, 2012 is as under:

₹ in Crores

Description	February 2013	February 2014	February 2015
Series – I	235.00	NIL	NIL
Series – II	NIL	235.00	NIL
Series – III	NIL	NIL	230.00
Series – IV	235.00	NIL	NIL
Series – V	NIL	235.00	NIL
Series – VI	NIL	NIL	230.00
Total	**470.00**	**470.00**	**460.00**

2.3.6 Cumulative Convertible Debentures

The liability towards Cumulative Convertible Debentures of Company's subsidiary GTL International Limited was due for repayment in 11 equal half–yearly installments of USD 3.50 Mn. commencing from December 10 till December 15. As at March 31, 2012 the principal amount of USD 10.50 Mn. equivalent to ₹ 53.86 Crs. and interest of USD 2.02 Mn. equivalent to ₹ 10.36 Crs. relating to the period July 11 to March 12 on these debentures is overdue for payment.

2.4 OTHER LONG TERM LIABILITIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Trade payables	22.05	15.01
Others – Security deposits	2.46	3.19
Total	**24.51**	18.20

2.5 LONG TERM PROVISIONS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Provision for employee benefits		
Provision for Gratuity	4.44	6.18
Provision for Leave Encashment	2.34	2.17
Total	**6.78**	8.35

2.6 SHORT TERM BORROWINGS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Loans repayable on demand – Secured /Unsecured:		
From Banks		
– Cash Credit - Secured	245.57	NIL
– Overdraft / Overdrawn from Banks - Unsecured	47.51	125.56
Total	**293.08**	125.56

*For details of Securities offered in respect of cash credit facility refer note no. 2.3.2

2.7 TRADE PAYABLE

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Trade Payables	454.56	541.42
Acceptances	120.96	856.70
Total	**575.52**	1,398.12

2.7.1 Disclosure in accordance with Section 22 Of Micro, Small and Medium Enterprises Development (MSMED) 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 Crores

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
a	Principal amount remaining unpaid	4.90	2.47
b	Interest due thereon	3.34	0.81
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	3.34	0.81
e	Interest accrued and remaining unpaid.	3.34	0.81
f	Interest remaining due and payable even in succeeding years	3.34	0.81

2.8 OTHER CURRENT LIABILITIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Current maturities of Term Loan from Bank	763.35	670.58
Preference Share Application Money (Pending allotment)	650.00	NIL
CCD Application Money	271.29	NIL
Interest accrued but not due on borrowings	20.06	36.40
Interest accrued and due on borrowings	130.01	0.15
Interest accrued and due on Others	3.34	0.81
Unpaid dividends	1.50	1.63
Capex Creditors	4.85	14.98
Expense Creditors	60.69	32.92
Provision for Expenses	11.46	13.00
Provision for Derivatives Loss (MTM)	NIL	8.50
Accrued salaries & benefits	6.16	6.02
Withholding and other taxes payable	45.69	47.84
Advance from Customers	31.27	97.21
Security Deposit Received	10.89	2.22
Credit Balance in Bank Account	NIL	1.74
Other Liabilities	2.17	1.19
Total	**2,012.73**	935.19

2.8.1 Current maturities of Term Loan from Bank – ECB loan

i) In terms of CDR LOA ECB exposure shall be restructured as per CDR approved terms for ECB Lenders. Accordingly, the Company is in negotiations with the lenders for restructuring of the said loan.

ii) External Commercial Borrowing (ECB) of USD 150 Mn. availed by the Company was due for repayment in August 2011. As at March 31, 2012 the ECB loan of ₹ 763.35 Crs. (USD 150 Mn.) along with interest of ₹ 11.48 Crs. relating to the period for December 12, 2011 to March 19, 2012 is overdue for payment.

2.8.2 In terms of CDR package and as stated in note no. 2.3.1 (v), the Company's liability of ₹ 650.00 Crs. to ICICI Bank has been shifted to Chennai Network Infrastructure Limited (CNIL). The said liability is transferred to share application money based on agreement between the Company and CNIL. The terms and conditions for allotment of Preference Shares are as under:

a) Optionally convertible Preference Shares.

b) Coupon rate 0.01%.

c) Number of shares proposed to be issued: 650,000,000 of the face value of ₹ 10/– each at par.

d) Period before which shares are to be allotted: on or before March 31, 2013 subject to completion of required formalities *inter alia* approvals, if any, required in the matter.

e) The Company does not have authorized capital of the class of Preference Shares to be issued.

2.8.3 As on March 31, 2012, part of the debts outstanding in respect of CDR lenders and CCD contribution received from promoters aggregating ₹ 271.29 Crs. has been disclosed as CCD application money pending allotment. Out of the said amount CCDs amounting to ₹ 232.99 Crs. have been allotted on April 28, 2012 as stated in note no. 2.1.2 (ii).

2.8.4 Interest due as at March 31, 2012 on Cash Credit and Funded Interest Term Loan is ₹ 2.01 Crs. and ₹ 0.23 Crs. respectively. Interest of ₹ 2.21 Crs. is subsequently paid. Interest of ₹ 0.03 Crs. provided in the Current Account but not appropriated by certain banks against interest due.

2.8.5 Details of Provision for Derivatives Loss (MTM)

₹ in Crores

Particulars	Derivative Losses for period ended	
	March 31, 2012	June 30, 2011
Opening Balance	8.50	19.32
Less: Payment during the period	(8.50)	10.82
Closing Balance	NIL	8.50

2.9 SHORT TERM PROVISIONS

₹ in Crores

Particulars	**As at March 31, 2012**	As at June 30, 2011
Proposed Dividend	NIL	9.73
Dividend Distribution Tax	NIL	1.62
Provision for unexpired warrantee	NIL	0.49
Provision for Tax	0.81	0.83
Provision for Wealth Tax (Net of Payment)	0.01	NIL
Provision for Fringe Benefit Tax (Net of Payment)	0.05	0.05
Provision for Gratuity	3.29	1.43
Provision for Leave Encashment	0.29	0.57
Total	**4.45**	14.72

2.9.1 Details of Provision for unexpired warrantee

₹ in Crores

Particulars	for period ended	
	March 31, 2012	June 30, 2011
Opening Balance	0.49	0.15
Additional Provision during the period	NIL	1.28
Less: Utilization during the period	(0.49)	NIL
Unutilized provision reversed during the period	NIL	(0.93)
Closing Balance	NIL	0.49

2.10 FIXED ASSETS

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 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 March 31, 2012.

₹ in Crores

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at July 1, 2011	For the Period Additions	For the Period Sale / Adjustment	As at March 31, 2012	As at July 1, 2011	For the Period Additions	For the Period Sale / Adjustment	As at March 31, 2012	As at March 31, 2012	As at June 30, 2011
Tangible Assets										
Land – Freehold	0.02	0.21	NIL	0.23	NIL	NIL	NIL	NIL	0.23	0.02
– Leasehold	0.74	NIL	NIL	0.74	NIL	NIL	NIL	NIL	0.74	0.74
Buildings (Including Leashold)	87.55	5.17	(1.29)	91.43	9.67	1.25	(0.21)	10.27	80.72	77.88
Plant and Equipments	288.15	93.40	0.25	381.80	76.27	49.12	(0.84)	124.55	257.25	211.88
Furniture and Fixtures	27.04	4.45	(0.05)	31.44	15.82	1.33	(0.10)	17.05	14.39	11.22
Office Equipments	19.84	3.15	(0.11)	22.88	9.92	1.65	(0.13)	11.44	11.44	9.92
Computers	51.20	10.19	0.49	61.88	29.32	7.25	(0.56)	36.01	25.87	21.88
Networking Assets	330.93	14.78	(0.01)	345.70	169.68	23.85	NIL	193.53	152.17	161.25
Test and Repair Equipments	26.24	0.02	(0.02)	26.24	13.10	2.73	0.05	15.88	10.36	13.14
Vehicles	2.88	(0.02)	(0.13)	2.73	1.54	0.16	(0.17)	1.53	1.20	1.34
SUB TOTAL (A)	**834.59**	**131.35**	**(0.87)**	**965.07**	**325.33**	**87.34**	**(1.96)**	**410.70**	**554.37**	**509.27**
Intangible Assets										
Networking Software	21.92	0.22	NIL	22.14	16.27	1.22	NIL	17.49	4.65	5.65
Other than Networking Software	76.52	0.01	NIL	76.53	25.48	13.15	NIL	38.63	37.90	51.04
SUB TOTAL (B)	**98.44**	**0.23**	**NIL**	**98.67**	**41.75**	**14.37**	**NIL**	**56.12**	**42.55**	**56.69**
SUB TOTAL (A + B)	**933.03**	**131.58**	**(0.87)**	**1,063.74**	**367.07**	**101.71**	**(1.96)**	**466.82**	**596.92**	**565.96**
Capital work in progress	248.91	31.82	(99.48)	181.25	NIL	NIL	NIL	NIL	181.25	248.91
TOTAL	**1,181.94**	**163.40**	**(100.35)**	**1,244.99**	**367.07**	**101.71**	**(1.96)**	**466.82**	**778.17**	**814.87**
PREVIOUS YEAR	**706.78**	**719.78**	**(121.96)**	**1,304.61**	**267.16**	**104.40**	**(4.48)**	**367.08**	**937.53**	**439.62**

Notes :

1. Gross block of building includes subscription towards share capital of co–operative societies amounting to ₹ 0.00 Crs. (₹ 0.00 Crs.) and leased buildngs amounting to ₹ 19.91 Crs. (₹19.91 Crs.).
2. Software included internally generated Assets ₹ 7.27 Crs. (₹ 7.27 Crs.).
3. Impairement of Fixed Asset, in accordance with the Accounting Standard (AS 28) on "Impairement of Assets" the Management during the year carried out an exercise of identifying assets that many 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 March 31, 2012.

2.11 Non current Investments

₹ in Crores

Particulars	Number	As at March 31, 2012	As at June 30, 2011
Trade			
Quoted			
Equity Shares of			
Associates			
GTL Infrastrucure Ltd. (Face Value of ₹ 10/– each)	170,226,673 (346,794,892)	291.23	593.31
Total of Quoted Investments in Equity – Trade	**(A)**	**291.23**	593.31
Un – quoted			
Equity Shares of			
Associates			
Global Rural Netco Pvt. Ltd. (Face Value of ₹ 10/– each)	75,000,000 (75,000,000)	75.00	75.00
Chennai Network Infrastructure Ltd. (Face Value of ₹ 10/– each)	1,068,122,000 (1,068,121,960)	1,068.12	1,068.12
		1,143.12	1,143.12
Others			
European Projects and Aviation Limited (Face Value of ₹ 10/– each)	12,350,000 (12,350,000)	53.81	53.81
		53.81	53.81
Total of Un–quoted Investments in Equity – Trade	**(B)**	**1,196.93**	1,196.93
Preference Shares of			
Others			
0.1% Cumulative Preference Shares of Global Proserv Pvt. Ltd. (Face Value of ₹ 100/– each)	13,000,000 (13,000,000)	130.00	130.00
0.1% Optionally Convertible Preference Shares of European Projects and Aviation Limited (Face Value of ₹ 10/– each)	13,000,000 (NIL)	13.00	NIL
5% Redeemable Preference Shares of City Windsor Ltd. of $ 1 each		102.59	89.70
5% Redeemable Preference Shares of Global Infrastructure Services Ltd. of $ 1 each		51.30	44.85
Sub – Total		**296.89**	264.55
Total of Un–quoted Investments in Preference – Trade	**(C)**	**296.89**	264.55
Total of Un–quoted Investments– Trade	**D = (B + C)**	**1,493.82**	1,461.48
Total of Investments – Trade	**E = (A + D)**	**1,785.05**	2,054.79
Other Invesments – Non Trade			
Un – quoted			
Equity Shares of Others			
Brickwork Ratings India Pvt. Ltd. (Face Value of ₹ 10/– each)	320,000 (320,000)	2.00	2.00
Far East telecom Ltd. (Face Value of US$ 1/– each)	NIL (1,000)	NIL	0.00
Alpha Impex International Ltd. (Face Value of US$ 1/– each)	5,000 (5,000)	0.02	0.02
The Shamrao Vithal Co–operative Bank Ltd. (Face Value of ₹ 25/– each)	25 (25)	0.00	0.00

₹ in Crores

Particulars	Number	As at March 31, 2012	As at June 30, 2011
Total of Un – quoted Investments in Equity – Others	**(F)**	**2.02**	2.02
0% Unsecured Compulsorily Convertible Debentures	**(G)**	569.36	NIL
Chennai Network Infrastructure Ltd. (Face Value of ₹ 100/– each)	56,935,836 (NIL)		
Total of Investment – Non trade	**H = (F + G)**	**571.38**	2.02
Investment in Limited Liability Partnership	**(I)**		
Corpxcel Advisory LLP		**0.05**	NIL
Preference Share Application Money (Pending Allotment)	**(J)**		
Chennai Network Infrastructure Ltd		NIL	445.00
Total Investments	**K = (E + H + I+ J)**	**2,356.48**	2,501.81
Less: Share of Loss of Investment in Associates (GTL Infrastructure Ltd. and Global Rural Netco Company Ltd.)	**(L)**	**(27.15)**	(49.52)
NET INVESTMENT (Net of Share of Loss of Investment in Associates)	**M=K+L**	**2,329.33**	2,452.29

2.11.1 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 non–current. The details of Company’s holding in its associates as at March 31, 2012 and the accounting period considered for computing share of profit/loss are as follows.

Name of the Asscoicate	% Holding as at March 31, 2012
GTL Infrastructure Limited	17.78%
Chennai Network Infrastructure Limited	30.00%
Global Rural Netco Limited	42.86%

The Company’s share in Associates, Global Rural Netco Limited is accounted for based on un–audited financial results for the period ended March 31, 2012. The company has as at March 31, 2012 investments in GTL Infrastructure Limited (GIL) of ₹ 291.23 Crs. and in Chennai Network Infrastructure Limited (CNIL) of ₹ 1,068.12 Crs. This included investment made for acquisition of tower assets from Aircel and its subsidiaries. GIL and CNIL have filed requisite merger petitions with the high court of judicature at Bombay and Chennai respectively. The proposed merger of CNIL with GIL has been approved by Hon’ble Mumbai High Court and pending approval from Hon’ble Chennai High Court.

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.

2.12 DEFERRED TAXES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Related to Fixed Assets	2.72	3.19
Provision for Doubtful Debts	NIL	(0.39)
Provision for MTM Derivatives	NIL	(2.77)
Provision for Gratuity & Leave Encashment	NIL	(2.60)
Unabsorbed Depreciation	NIL	NIL
Total	**2.72**	2.57

2.13 LONG TERM LOANS AND ADVANCES (Unsecured and considered good)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Capital Advances	120.05	122.66
Security Deposits	6.26	8.98
Other Loans & Advances	75.86	23.28
Total	**202.17**	154.92

2.14 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Inventories : (at lower of cost and net realizable value)		
Stock-in-trade held for trading (including stock in transit)	382.64	358.78
Work-in-Progress	39.98	29.72
Stores and Spares	1.76	3.14
Consumables	7.23	7.56
Total	**431.61**	399.20

* For valuation – Refer accounting policy Para No. 8

2.15 TRADE RECEIVABLES (Unsecured, Considered good unless otherwise stated)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Debts outstanding for a period exceeding six months		
Considered good	948.16	390.85
Considered doubtful	6.38	2.01
Less: Provision for doubtful debts	(6.38)	(2.01)
	948.16	390.85
Other debts		
Considered good	359.02	627.89
	359.02	627.89
Total	**1,307.18**	1,018.74

2.16 CASH AND BANK BALANCES

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Cash & Cash Equivalent		
Balance in current account with a Scheduled Bank	41.52	30.41
Balance in current account with a Non-Scheduled Bank	NIL	0.09
Balance in current account in international Banks of subsidiaries	43.41	242.28
Cash on Hand	1.96	2.61
Earmarked Balances with Bank	1.50	1.63
Balances with Bank held as margin money	41.58	517.23
Total	**129.97**	794.25

*Includes ₹ 1.30 Crs. (1.85 Crs.) Term deposit (Margin Money) having maturity after 12 months.

2.17 SHORT TERM LOANS & ADVANCES (Unsecured, Considered good unless otherwise stated)

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Loans & Advances		
i) Associates	4.01	120.00
ii) Others	234.90	NIL
Deposits	13.22	5.81
Advance Income Tax & Tax Deducted at source	40.86	24.07
Prepaid Expenses	30.18	79.58
Input Tax Recoverable	19.47	32.85
Advance to Suppliers	2,123.91	1,350.25
Interest receivable	2.84	17.21
Loans & Advances to employees	1.88	1.93
Others	5.90	4.79
Considered doubtful	1.31	1.20
Less: Provision for doubtful Advances	(1.31)	(1.20)
	2,238.26	1,516.49
Total	**2,477.17**	1,636.49

2.18 OTHER CURRENT ASSETS

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Unbilled Revenue	180.59	184.17
Receivable on account of Assignment	NIL	42.48
Receivable towards Invocation of Investment	251.62	NIL
Compensation towards Invocation of Investment	50.46	NIL
Others	49.00	NIL
Total	**531.67**	226.65

2.18.1 RECEIVABLE ON ACCOUNT OF ASSIGNMENT

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 regard to Energy Management to the Company. Out of the assigned Receivable during the period of ₹ NIL (₹ 200.58 Crs.), outstanding amount of ₹ NIL (₹ 4,247.95 Crs.) as at March 31, 2012 is shown under "Other Current Assets".

2.18.2 In terms of the Non–Disposal Undertaking–cum–Escrow Agreement with POA, the Company, offered 27.37 Crs. shares of GTL Infrastructure Limited as security to IFCI Limited (IFCI) for their financial assistance of ₹ 250 Crs. to CNIL. IFCI had created pledge on these shares on July 13, 2011 and issued a No Dues Certificate to CNIL on July 22, 2011.

The Company has contested this appropriation and by an order dated August 29, 2011 of the Hon'ble Delhi High Court, IFCI was reverted to the position of a pledgee and continued to be a lender in CNIL. IFCI has challenged this order and presently the matter is sub–judice.

The Company has written down the value of these investments in its books and has made a claim on CNIL equal to the book value of its investments since IFCI has not returned the GIL shares to its pledge account.

2.19 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Sale of Products		
Telecom Products	236.76	1,169.13
Power Management	17.58	189.15
Sale of Services		
Telecom Services	288.17	861.09
Power Management Services	22.00	64.30
Revenue from Turnkey Projects		
Telecom Projects	13.44	705.83
Revenue from Power Distribution Business	622.44	154.30
Revenue from Energy Management Services	663.77	798.35
Other Operating Revenues	0.53	1.00
Total	**1,864.69**	3,943.15

2.20 OTHER INCOME

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Interest Income		
Interest-Bank Deposits	9.05	45.55
Interest-Others	19.83	199.55
Dividend		
– from other investments	3.78	5.67
Profit on sale of Current Investments (Net of diminution in value of Investments)	1.17	6.64
Lease & Rent Income	6.66	10.68
Profit on sale of fixed assets		
Profit	3.02	2.16
Loss	0.03	0.28
Net Profit on sale of Fixed Assets	2.99	1.88
Gain on Foreign Currency	0.70	NIL
Other Non-Operating Income	5.15	1.65
Total	**49.33**	271.62

2.21 PURCHASE OF STOCK IN TRADE

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Telecom Products	249.01	823.52
Power Management	14.75	135.06
Total of Purchase of Stock-in-Trade	**263.76**	958.58
Purchase of Material (Other than for Trade) & Services		
Energy Input Cost - (Franchisee Business)	578.16	143.06
Fuel Charges & EB Cost For Energy Management	541.05	821.58
Sub-Contractor Charges	21.78	793.08
Vehicle Hire Charges-Projects	33.82	70.28
Lease Rental on Network Equipment	0.73	2.68
Total of Purchase of Material (Other than for Trade) & Services	**1,175.54**	1,830.06
Total of Purchases	**1,439.30**	2,789.26

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK–IN–PROGRESS AND STOCK–IN–TRADE

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Decrease/(Increase) in Inventory		
Work-in-Progress	(23.86)	(9.64)
Stock-in-Trade	(10.26)	(131.48)
Spares and Consumables	1.71	(0.44)
Total	**(32.41)**	(141.56)

2.23 EMPLOYEE COST

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Salaries	171.60	301.49
Contribution to Provident and Other Funds	5.13	8.33
Staff Welfare Expenses	9.89	21.92
Employee Compensation Expense under ESOP	0.24	0.81
Outsourced Manpower Cost	80.08	142.03
Total	**266.94**	474.58

2.24 FINANCE COSTS

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Interest Expense		
Interest on Borrowings	344.74	390.10
Other Borrowing costs	70.24	96.05
Exchange difference to the extent considered as an adjustment to Borrowing cost	36.95	NIL
Total	**451.93**	486.15

2.25 OTHER EXPENSES

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	April 10 to June 11 (15 Months)
Consumption of Stores & Spares	0.78	0.03
Communication Expenses	8.53	17.86
Advertisement Expenses	2.74	9.18
Business Promotion Expenses	5.29	12.65
Discounts & Commission	6.59	0.82
Freight Charges	0.01	0.08
Rates & Taxes [include Wealth tax]	3.81	1.67
Rent	11.42	20.33
Electricity Charges	2.69	4.03
Insurance	2.91	8.32
Legal and Professional Fees	15.13	42.52
Travelling & Conveyance Expenses	26.09	49.86
Director's Sitting Fees	0.05	0.07
Auditor's Remuneration	1.56	2.34
Repairs & Maintenance – Buildings	0.10	0.44
Repairs & Maintenance – Plant & Machinery	0.01	0.27
Repairs & Maintenance – Others	6.75	14.28
Provision for Doubtful Debts & Advances	8.79	(0.18)
Net (Gain)/Loss on Foreign Currency Transactions	(1.71)	8.23
Other Expenses	22.69	23.28
Total	**124.23**	216.08

2.25.1 Prior Period Items

₹ in Crores

Sr. No.	Particulars	Period ended March 31, 2012	Period ended June 30, 2011
1	**Income**		
	Sales & Services	2.79	(0.01)
2	**Expenses**		
	Cost of Sales & Services	0.08	0.62
	Repairs & Maintenance	NIL	0.68
	Interest and Finance Charges	(0.01)	0.01
3	**Short provision for income tax**	NIL	0.09
	Total	**2.86**	1.39

2.26 TAX EXPENSE

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	July 10 to June 11 (15 Months)
Income Tax	5.99	51.88
Less: MAT Credit entitlement	NIL	NIL
Net Current Income Tax	5.99	51.88
Short Provision for Income tax for earlier years	15.43	NIL
Deferred taxes	(1.72)	21.82
Total	**19.70**	73.70

2.27 EMPLOYEE STOCK OPTIONS

ESOP 2001: The Company has 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.

In this Scheme, the Company had granted 2,159,800 warrants to its Employees and 72,550 warrants to employees of its subsidiaries. This includes 796,511 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.

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 Scheme, the Company had granted 4,189,130 warrants to its Employees and 1,219,850 warrants to employees of its subsidiaries. This includes 1,229,376 and 345,980 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.

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 Scheme, the Company had granted 3,191,000 warrants to its Employees and 223,900 warrants to employees of its subsidiaries. This includes 595,879 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.

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 Scheme, the Company had granted 316,500 warrants to its Employees. This includes 19,000 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.

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.

The vesting schedules for all the grants issued under the above Schemes were revised on July 22, 2009, whereby all options allotted to employees are vested after their initial lock–in period of 12 months from their respective dates of allotment.

₹ in Crores (Other than EPS)

Particulars	**For the Period ended on March 31, 2012**	For the Period ended on June 30, 2011
Net Profit/(Loss) as Reported	(459.07)	198.24
Less : Employee Compensation Expense	0.24	0.81
Adjusted Performa	(459.31)	197.43
Basic Earnings per share as reported	(47.50)	20.44
Performa Basic Earnings per share	(47.50)	20.44
Diluted Earnings per share as reported	(47.50)	20.23
Performa Diluted Earnings per share	(47.50)	20.23

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

Sr. No.	Particulars	2011 – 12	2010 – 11
1	Risk–free interest rate (%)	8.57	8.19
2	Expected life (years)	1–2	1 – 4
3	Volatility (%)	69.57	82.9
4	Expected dividend yield (in Rupee per share)	NIL	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 Rupees	92.55 – 304.10	92.55 – 304.10

2.27.2 The following table summarises the Company's Stock option activity for ESOP

Sr. No.	Particulars	**For the Period ended on March 31, 2012**		For the Period ended on June 30, 2011	
		No. of Shares	**Weighted average exercise price Rupees**	No. of Shares	Weighted average exercise price Rupees
i.	Outstanding at the beginning of the period	2,482,362	161.17	3,038,980	165.80
ii.	Granted during the period	Nil	Nil	Nil	Nil
iii.	Forfeited during the period	111,459	178.07	13,250	206.54
iv.	Exercised during the period	Nil	Nil	5,43,368	185.94
v.	Expired during the the period	Nil	Nil	Nil	Nil
vi.	Outstanding at the end of the period	2,370,903	160.29	2,482,362	161.17
vii.	Exercisable at the end of the period	2,370,903	160.29	2,482,362	161.17
viii.	Weighted average remaining contractual life (in years)	NA	0.02	NA	0.53
ix.	Weighted average Intrinsic value of options granted	NA	NA	NA	NA

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

2.27.3 Defined Contribution Plan

₹ in Crores

Particulars	July 11 to March 12 (9 Months)	July 10 to June 11 (15 Months)
Employer's Contribution to Provident Fund	2.39	4.49
Employer's Contribution to Pension Fund	0.54	1.03
Total	**2.93**	5.52

2.27.4 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.

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

₹ in Crores

Particulars		Gratuity (Funded)		Compensated Absences (Unfunded)	
		July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Defined Benefit Obligation at beginning of the period	(A)	**6.23**	6.10	**2.62**	2.89
Current/past Service Cost	(B)	0.76	5.17	0.17	1.66
Current Interest Cost	(C)	0.39	0.67	0.40	0.29
Actuarial (gain) / loss	(D)	(1.43)	(4.92)	(0.13)	(1.18)
Less : Benefits paid	(E)	0.81	0.79	0.47	1.05
Defined Benefit Obligation at end of the period (A+B+C+D−E)		**5.14**	6.23	**2.59**	2.62

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

₹ in Crores

Particulars		Gratuity (Funded)	
		July 11 to March 12	April 10 to June 11
Fair Value of Plan asset at beginning of period	**(A)**	**1.19**	1.34
Expected Return on Plan Assets	(B)	0.08	0.17
Actuarial gain/ (loss)	(C)	(0.46)	(0.35)
Contributions	(D)	2.55	0.81
Less : Benefits paid	(E)	1.43	0.79
Fair Value of Plan asset at the end of period (A+B+C+D−E)		**1.93**	1.18

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

₹ in Crores

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Fair Value of Plan asset at the end of period	**1.93**	1.19	**NIL**	NIL
Present value of Defined Benefit Obligation at end of the period	6.77	6.23	2.59	2.62
Liability/Asset recognized in the Balance Sheet	**4.84**	5.04	**2.59**	2.62

iv) Expense recognized during the period

₹ in Crores

Particulars		Gratuity (Funded)		Compensated Absences (Unfunded)	
		July 11 to March 12	April 10 to June 11	July 11 to March 12	April 10 to June 11
Current Service Cost	(A)	0.76	2.54	0.17	1.66
Interest Cost	(B)	0.39	0.67	0.40	0.29
Expected Return on plan Assets	(C)	(0.09)	0.17	0.17	NIL
Actuarial (gain)/loss	(D)	1.28	(2.89)	0.13	(1.18)
Net Cost Recognised in Profit and Loss Account (A+B+C+D)		**2.34**	0.15	**0.52**	0.78
Discount Rate (p.a.)		8.50%	8.50%	8.50%	8.50%
Estimated rate of return on plan assets (p.a.)		8.75%	8.50%	8.75%	8.25%
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.

v) Amounts for current and previous four periods are as follows:

₹ in Crores

Gratuity (Funded)	2012	2011	2010	2009	2008
Defined Benefit Obligation	5.14	6.23	6.10	5.13	3.52
Plan Assets	1.93	1.60	1.34	0.80	0.62
Surplus / (Deficit)	(1.43)	(4.62)	(4.76)	(4.33)	(2.92)
Experience adjustments on plan assets	(0.46)	(0.03)	0.00	NIL	*
Experience adjustments on plan liabilities	1.09	(0.10)	0.52	0.76	*

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

2.28 CONTINGENT LIABILITIES & COMMITMENTS:

2.28.1 Contingent Liabilities

₹ in Crores

Sr. No.	Particulars	As at March 31, 2012	As at June 30, 2011
i	Claims against the Company not acknowledged as debts*	199.89	3.07
ii	Guarantees given by Banks on behalf of the Company	128.54	498.60
iii	Performance Guarantees issued to banks on behalf of Associates & Affiliates	0.01	NIL
iv	Financial Guarantees given by Company to Associates & Affiliates	18.39	225.00
v	Performance Guarantees given by Company to Third Party/ies	2.95	5.00
vi	Disputed Sales tax liabilities in respect of pending appeals. (Amount deposited ₹ 2.71 Crs.) (₹ 1.82 Crs.)	109.33	115.18
vii	Bill Discounted (Net of Margin & Insurance Cover)	NIL	156.72
viii	Disputed Income tax liability in respect of pending case before the Appellate Authorities. (Amount deposited NIL (NIL)	NIL	1.96
No cash outflow is expected in near future in respect of items stated in 2.28			
* **Includes claim of ₹ 179 crores of Global Holding Corporation Pvt. Ltd.**			

2.28.2 Commitments

i) Estimated amount of contracts remaining to be executed

₹ in Crores

Particulars	As at March 31, 2012	As at June 30, 2011
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) (Cash outflow is expected on execution of such contracts on progressive basis.)	48.30	44.75

ii) Other Commitments

a) GTL Infrastructure Ltd. (GIL) is an associate of the Company. The Company's holding in GIL, as at Balance Sheet date is 17.78% (Previous period 36.22%). As a promoter of GIL, the Company has furnished following undertakings in respect of credit facilities of ₹ 2,829 Crs. and Foreign Currency loan of USD 175 Mn. 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 period 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 and Aviation Limited (EPAL) (Formerly known as Global Projects and Aviation Private Limited (GPAL)) as at Balance Sheet date is 19% (Previous period 19%). EPAL has been sanctioned Working capital line of credit of ₹ 500 Crs. The Company has furnished various undertakings for the above referred line of credit which *inter alia* provide as under:

The Company along with its holding company Global Holding Corporation Private Limited (GHC) shall not reduce the shareholding in EPAL below 51% (Previous period 51%). 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 Sponsors (size of redeemable preference shares to be mentioned).

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 and the company holds 42.86% (Previous period 42.86%) of its issued and paid up share capital. GRNL has issued fully Convertible Debentures of ₹ 250 Crs. 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% (Previous period 26%) 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% (Previous period 30%) 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% (Previous period 26%) 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 Alpha Impex International Limited (AITL). In respect of the borrowing by AITL, the Company has agreed for Put Option of US$ 35 Mn. (equivalent to ₹ 156.97 Crs.) in the event of default by AITL.

2.29 RELATED PARTY DISCLOSURES – TRANSACTIONS WITH RELATED PARTY

₹ in Crores

Sr. No.	Party Name	Transaction during the year July 2011 to March 2012															
		Sales & Services	Reim–bursement Expenses from	Dividend Income	Pur–chases	Reim–bursement Expenses to	Interest Income	Purchase of Fixed Assets	Claims towards Invocations of share	Prefer–ence Share Application money	Investment	Deposit Received	Guaran–tees to	Guaran–tees From	Receiv–ables	Advances/ Deposits	Payables (incl. Advance received)
1	**Associates**																
1a	GTL Infrastructure Ltd.	229.43	2.49	NIL	0.01	102.87	NIL	NIL	NIL	NIL	NIL	216.00	NIL	NIL	89.64	9.17	0.05
		(1,118.53)	(0.04)	(NIL)	(NIL)	(127.14)	(NIL)	(25.27)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(25.27)	(170.74)	(46.49)	(7.79)
1b	Global Rural Netco Pvt. Ltd.	3.40	0.98	NIL	NIL	0.04	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	3.78	4.14	0.04
		(68.06)	(7.69)	(NIL)	(NIL)	(0.03)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	((NIL))	(0.86)
1c	Chennai Network Infrastructure Ltd.	160.39	55.00	NIL	NIL	180.79	15.45	NIL	302.08	****650.00	**569.36	NIL	NIL	NIL	302.08	31.30	43.56
		(339.80)	(22.55)	(NIL)	(NIL)	(195.65)	(53.66)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(200.00)	(30.87)	(126.85)	(47.11)

** Represents Investment in 0% Unsecured Compulsorily Convertible Debenture of ₹ 569.36 Crs. which includes allotment of ₹ 445 Crs. against Preference Share application money.

**** The company has Preference Share application money from CNIL of ₹ 650 Crs. pending allotment.

A) 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 Crores

Particulars	Salary	Contributions to provident and other funds	ESOP Outstanding (Nos.)	Gratuity	Leave Encashment	Commission Performance Link Bonus
July 11 to March 12	0.93	0.42	7,32.000	NIL	NIL	NIL
April 10 to June 11	2.34	0.12	7,32,000	NIL	NIL	NIL

Name of the key managerial personnel

1. Mr. Manoj Tirodkar, Chairman and Managing Director (Mr. Manoj Tirodkar is re–designated as Chairman and Managing Director with effect from August 18, 2011).
2. Mr. Charudatta Naik, Whole–time Director.
3. Mr. Sukanta Kumar Roy, Whole–time Director & COO.

2.30 EARNINGS PER SHARE

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

Particulars	July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
BASIC EARNINGS PER SHARE		
Numerator for basic earnings per share		
Profit before Tax & extra–ordinary & prior period items	(437.68)	287.22
Provision for Income Tax, Deferred Tax & FBT	(19.70)	(73.63)
Adjustment to net earnings:		
Prior Period Adjustment	NIL	1.44
Minority Interest & Reserve on consolidation	(4.59)	0.09
Share of Profit / (Loss) in associates	(0.01)	(13.82)
Net Profit after Tax & Prior period item	**(461.99)**	**198.24**
Extra–ordinary items	NIL	NIL
Net Profit after Tax, Prior period & Extra–ordinary item	**(461.99)**	**198.24**
Denominator for basic earnings per share –	97,267,833	96,967,613
Weighted average number of shares		
Basic earnings per share without Extra–ordinary Items	(47.50)	20.44
Basic earnings per share with Extra–ordinary Items	(47.50)	20.44

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

Particulars	July 11 to March 12 (9 months)	April 10 to June 11 (15 months)
Weighted average number of shares	**97,267,833**	**96,967,613**
Possible Dilution :		
Conversion of Stock Options (number of shares)	8,407,764	1,022,185
Against CCD	43,476,470	NIL
Adjusted weighted average number of shares	**149,152,067**	**97,989,798**
Diluted earnings per share without Extra–ordinary items	(47.50)*	20.23
Diluted earnings per share with Extra–ordinary items	(47.50)*	20.23

* The effect of shares which may arise on account of conversion of ESOP warrants and CCDs has not been considered for calculation of diluted EPS since the same is anti–dilutive.

2.31 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.

2.32 Figures in brackets relate to the previous period unless otherwise stated.

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

2.34 Figures of current period are for 9 months and hence are not comparable to previous period which is of 15 months.

As per our report of even date

For and on behalf of the Board

Manoj G. Tirodkar
Chairman & Managing Director

For Godbole Bhave & 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

Charudatta Naik
Whole–time Director
Milind Bapat
Sr. Vice President – Finance

Vijay Vij
Director
Vidyadhar Apte
Company Secretary

Mumbai
May 22, 2012

Section 212(8) of Companies Act,1956 for the financial year ended on March 31, 2012
All figures are in the functional currency stated against the Company

Sr. No.	Name of the Susbsidary Company	Functional Currency	Capital	Reserves	Total Liabilities	Total Assets	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit before tax	Provision for taxation	Profit after Tax	Proposed dividend (Equity / Preference)	Remarks
A	**International Global Tele–Systems Ltd.**	USD	71,762,615	60,643,599	15,441,022	147,847,236	30,000,000	2,500,000	(1,115,408)	–	(1,115,408)	(1,238,762)	
B	**GTL International Ltd.**	USD	8,000,000	15,775,344	93,286,937	117,062,281	–	8,106,699	4,213,126	–	4,213,126	–	–
B.1	GTL (Singapore) Pte Ltd.	USD	300,883	26,388,716	404,915	27,094,514	–	1,189,107	524,451	–	524,451	–	–
B.2	GTL Saudi Arabia Company Ltd.	SAR	2,000,000	4,152,235	33,545,266	39,697,501	–	45,993,980	2,998,048	619,867	2,378,181	–	–
B.3	GTL Overseas (Middle East) FZ–LLC	AED	500,000	54,542,992	4,863,608	59,906,600	–	25,611,889	396,625	–	396,625	–	–
B.4	GTL International Nigeria Ltd.	USD	78,125	(552,160)	4,605,845	4,131,810	–	3,524,194	(566,913)	–	(566,913)	–	–
B.5	Pt. GTL Indonesia	IDR	1,622,250,000	(48,881,956,639)	64,641,488,055	17,381,781,416	–	36,833,371,688	(2,294,976,114)	1,985,225,287	(4,280,201,401)	–	–
B.6	GTL Europe Ltd.	GBP	500,000	348,473	1,784,700	2,633,173	–	11,100,050	62,932	–	62,932	–	–
B.7	Genesis Consultancy Australia Pty Ltd.	AUD	100	242,771	6,738	249,609	–	–	–	–	–	–	–
B.8	GTL Telecommunications Ireland Ltd.	EUR	1	(201,298)	257,597	56,300	–	264,273	(5,825)	–	(5,825)	–	–
B.9	GTL Network Services Malaysia Sdn. Bhd.	MYR	629,032	41,214,804	9,472,339	51,316,174	–	443,971	(119,204)	–	(119,204)	–	–
B.10	IGTL Network Services Philippines Inc.	Peso	504,300	(3,339,099)	18,357,450	15,522,651	–	19,976,912	(5,684,060)	(1,666,987)	(4,017,073)	–	–
B.11	GTL China Corporation Ltd.	RMB	1,241,505	1,947,403	927,300	4,116,208	–	963,584	(2,197,808)	–	(2,197,808)	–	–
B.12	Ada Cellworks Pte Ltd.	SGD	100,000	705,763	5,763	811,526	–	–	(2,206)	–	(2,206)	–	–
B.13	GTL Taiwan Co. Ltd.	NTD	5,000,000	(29,603,287)	25,023,754	420,467	–	–	(20,858,810)	290,482	(21,149,292)	–	–
B.14	GTL Australia Pty Ltd.	AUD	100	269,180	48,020	317,300	–	75,909	(23,516)	–	(23,516)	–	–
B.15	GTL USA Inc.	USD	3,100,100	(1,872,658)	6,991,771	8,219,213	–	20,244,307	1,166,655	512,344	654,311	–	–
B.16	GTL International Lanka (Private) Ltd.	SLR	4,850,000	(263,943,669)	405,436,169	146,342,500	–	170,430,929	(112,311,648)	709,660	(113,021,308)	–	–
B.17	GTL International Bangladesh Pvt. Ltd.	BDT	3,570,000	18,885,250	299,331,678	321,786,928	–	497,919,564	30,068,998	11,275,853	18,793,145	–	–
B.18	GTL Kenya Ltd.	KES	100,000	45,993,306	218,257,814	264,351,120	–	999,512,441	20,017,735	7,449,464	12,568,271	–	–
B.19	GTL Tanzania Ltd.	TSH	1,000,000	221,991,394	572,544,517	795,535,910	–	805,323,021	(181,586,175)	(47,367,066)	(134,219,109)	–	–
B.20	GTL Vietnam Company Ltd.	VND	3,664,277,518	(876,095,954)	7,446,799,781	10,234,981,345	–	20,556,586,442	10,260,433,697	–	10,260,433,697	–	–
B.21	GTL Canada Inc.	CAD	100	103,439	130,692	234,231	–	1,098,562	26,558	10,707	15,851	–	
B.22	GTL Nepal Pvt. Ltd.	NPR	19,453,000	150,181,052	439,856,171	609,490,223	–	947,451,170	135,175,288	33,439,630	101,735,658	–	–
B.23	GTL Network Services SA (Pty) Ltd.	ZAR	100	845,862	4,949,059	5,795,021	–	13,910,279	1,227,324	328,946	898,378	–	–
C	**ADA Cellworks Wirless Engineering Pvt. Ltd.**	INR	900,000	239,413,660	263,226,476	263,226,476	500,000	11,762,314	2,890,600	2,477,764	2,046,686	–	–

Section 212(8) of Companies Act,1956 for the financial year ended on March 31, 2012
All figures are in Indian Rupees

Sr. No.	Name of the Susbsidary Company	Capital	Reserves	Total Liabilities	Total Assets	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit before tax	Provision for taxation	Profit after Tax	Proposed dividend (Equity / Preference)	Remarks
A	**International Global Tele–Systems Ltd.**	3,681,063,336	3,110,713,411	792,047,223	7,583,823,971	1,538,850,000	125,557,778	(56,019,260)	–	(56,019,260)	(62,214,482)	–
B	**GTL International Ltd.**	410,360,000	809,196,270	4,785,153,433	6,004,709,704	–	407,143,645	211,596,295	–	211,596,295	–	–
B.1	GTL (Singapore) Pte Ltd.	15,433,805	1,353,609,181	20,770,115	1,389,813,100	–	59,720,628	26,339,536	–	26,339,536	–	–
B.2	GTL Saudi Arabia Company Ltd.	27,357,400	56,797,177	458,855,630	543,010,207	–	615,528,236	40,122,277	8,295,556	31,826,721	–	–
B.3	GTL Overseas (Middle East) FZ–LLC	7,026,712	766,515,829	68,350,349	841,892,890	–	352,413,351	5,457,470	–	5,457,470	–	–
B.4	GTL International Nigeria Ltd.	4,007,422	(28,323,047)	236,256,819	211,941,194	–	176,995,987	(28,472,135)	–	(28,472,135)	–	–
B.5	Pt. GTL Indonesia	9,164,509	(276,146,803)	365,176,468	98,194,174	–	206,965,657	(12,895,405)	11,154,924	(24,050,329)	–	–
B.6	GTL Europe Ltd.	40,975,076	28,557,415	146,256,435	215,788,925	–	880,706,933	4,993,178	–	4,993,178	–	–
B.7	Genesis Consultancy Australia Pty Ltd.	4,931	11,969,859	332,193	12,306,983	–	–	–	–	–	–	–
B.8	GTL Telecommunications Ireland Ltd.	51	(13,787,864)	17,644,074	3,856,261	–	17,819,782	(392,777)	–	(392,777)	–	–
B.9	GTL Network Services Malaysia Sdn. Bhd.	10,605,159	694,860,597	159,698,801	865,164,558	–	7,328,703	(1,967,721)	–	(1,967,721)	–	–
B.10	IGTL Network Services Philippines Inc.	602,985	(3,992,519)	21,949,776	18,560,242	–	23,387,009	(6,654,340)	(1,951,545)	(4,702,795)	–	–
B.11	GTL China Corporation Ltd.	10,113,176	15,863,351	7,553,690	33,530,217	–	7,685,259	(17,529,055)	–	(17,529,055)	–	–
B.12	Ada Cellworks Pte Ltd.	4,080,991	28,802,124	235,188	33,118,303	–	–	(87,639)	–	(87,639)	–	–
B.13	GTL Taiwan Co. Ltd.	8,549,000	(50,615,700)	42,785,615	718,914	–	–	(34,919,734)	486,296	(35,406,030)	–	–
B.14	GTL Australia Pty Ltd.	4,931	13,271,947	2,367,631	15,644,508	–	3,659,937	(1,133,819)	–	(1,133,819)	–	–
B.15	GTL USA Inc.	159,019,630	(96,057,992)	358,642,893	421,604,531	–	945,890,588	54,510,540	23,938,649	30,571,891	–	–
B.16	GTL International Lanka (Private) Ltd.	2,058,680	(112,036,197)	172,095,533	62,118,016	–	74,296,716	(48,960,518)	309,365	(49,269,883)	–	–
B.17	GTL International Bangladesh Pvt. Ltd.	2,278,481	12,053,135	191,042,487	205,374,104	–	311,146,594	18,789,915	7,046,205	11,743,710	–	–
B.18	GTL Kenya Ltd.	61,790	28,419,264	134,861,503	163,342,557	–	604,705,027	12,110,729	4,506,926	7,603,804	–	–
B.19	GTL Tanzania Ltd.	32,568	7,229,872	18,646,775	25,909,216	–	25,679,891	(5,790,364)	(1,510,426)	(4,279,937)	–	–
B.20	GTL Vietnam Company Ltd.	9,397,956	(2,246,967)	19,099,180	26,250,168	–	51,620,786	25,765,545	–	25,765,545	–	–
B.21	GTL Canada Inc.	5,123	5,299,271	6,695,466	11,999,861	–	55,104,235	1,332,158	537,067	795,091	–	–
B.22	GTL Nepal Pvt. Ltd.	12,392,977	95,676,264	280,220,405	388,289,647	–	590,982,310	84,316,962	20,858,310	63,458,652	–	–
B.23	GTL Network Services SA (Pty) Ltd.	738	6,242,948	36,526,904	42,770,590	–	100,520,501	8,869,072	2,377,078	6,491,994	–	–
C	**ADA Cellworks Wirless Engineering Pvt. Ltd.**	900,000	239,413,660	263,226,476	263,226,476	500,000	11,762,314	2,890,600	2,477,764	2,046,686	–	–

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of GTL Limited will be held on Wednesday, September 12, 2012, at 10:30 a.m. at Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai 400 703, to transact the following business:

1. To consider and adopt the Balance Sheet for the Nine months period ended as at March 31, 2012, 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 appoint a Director in place of Mr. Vijay Vij who retires by rotation and is eligible for re–appointment.

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

   "**RESOLVED that** Prof. S. C. Sahasrabudhe – Director of the Company, who retires by rotation and does not seek re–appointment, be not re–appointed as Director and the resultant vacancy be not filled up for the time being."

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

   "**RESOLVED that** Mr. Charudatta Naik – Director of the Company, who retires by rotation and does not seek re–appointment, be not re–appointed as Director and the resultant vacancy be not filled up for the time being."

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

   "RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded for appointment of M/s. Godbole Bhave & Co., Chartered Accountants, Mumbai (FRN No.114445W) and M/s. Yeolekar & Associates, Chartered Accountants, Mumbai (FRN No. 102489W) as Joint Auditors of the Company to hold office from conclusion of this Annual General Meeting, till conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed between the Board of Directors and the Joint Auditors."

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

   "RESOLVED that Mr. D. S. Gunasingh, who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and 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 Mr. Navin J. Kripalani, who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and 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."

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

   "RESOLVED that Mr. Hemant Desai, who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and 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."

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 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be increased from the existing ₹ 315,00,00,000/– (Rupees Three Hundred and Fifteen Crore only) divided into 29,00,00,000 (Twenty Nine Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 25,00,000 (Twenty Five Lakh) Preference Shares of ₹ 100/– (Rupees One Hundred only) each to ₹ 1100,00,00,000/– (Rupees Eleven Hundred Crore only) divided into 29,00,00,000 (Twenty Nine Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 81,00,00,000 (Eighty One Crore) Preference Shares of ₹ 10/– (Rupees Ten only) each, and consequently the existing Clause V of the Memorandum of Association of the Company, relating to Share Capital, be substituted by the following new Clause V, namely –

   'V. The Authorized Share Capital of the Company is ₹ 1100,00,00,000 (Rupees Eleven Hundred Crore only) divided into 29,00,00,000 (Twenty Nine Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 81,00,00,000 (Eighty One Crore) Preference Shares of ₹ 10/– (Rupees Ten only) each with the rights, privileges and conditions attached thereto as provided by the Articles of Association of the Company for the time being in force and to divide the share capital for the time being of the Company into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force'.

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

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

    "RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and further subject to any other laws and regulations, as may be applicable, existing Article 3 of the Articles of Association of the Company be substituted by the following new Article 3, namely:

'3. The Authorized Share Capital of the Company is ₹ 1100,00,00,000/– (Rupees Eleven Hundred Crore only) divided into 29,00,00,000 (Twenty Nine Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 81,00,00,000 (Eighty One Crore) Preference Shares of ₹ 10/– (Rupees Ten only) each with rights, privileges and conditions attached thereto as provided by the Articles of Association of the Company for the time being in force and to divide the share capital for the time being of the Company into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force'."

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

"RESOLVED that in accordance with the provisions of the Memorandum and Articles of Association of the Company and pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and all other applicable laws including any statutory modification(s) or re–enactment thereof for the time being in force, the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed, regulations for preferential issue contained in **Chapter VII – "Preferential Issue"** of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be modified or re–enacted from time to time (hereinafter referred as "**ICDR Regulations**"), the applicable rules, notifications, guidelines issued by various authorities including but not limited to the Government of India, the Securities and Exchange Board of India ("**SEBI**") and subject to the approvals, permissions, sanctions and consents as may be necessary from the regulatory and other appropriate authorities / persons (including but not limited to SEBI) and subject to such conditions as may be prescribed by any of them while granting any such approvals, permissions, sanctions and consents (hereinafter referred to as "**the Requisite Approvals**"), and which may be agreed to by the Board of Directors (hereinafter referred to as the "**Board**"), the consent of the Company be and is hereby accorded to the Board to issue and allot, in one or more tranches, up to 65,00,00,000 (Sixty Five Crore), 0.01% Non Participating Optionally Convertible Cumulative Preference Shares ("**OCPS**") having a face value of ₹ 10/– (Rupees Ten only) each aggregating to a cumulative subscription amount of ₹ 650,00,00,000 (Rupees Six Hundred and Fifty Crores) on terms and conditions that are determined by the Board in its sole discretion, including redemption of the OCPS which shall be at the option of the Company in part or in full, at any time, after the expiry of 6 months from the date of allotment and prior to the completion of 20 years from the date of allotment of the OCPS, subject to terms that are determined by the Board, payment of a redemption premium at such YTM rate as may be decided by the Board, along with the accumulated dividend till the date of conversion / redemption, as appropriate, as per the details set out in the Explanatory Statement, to Chennai Network Infrastructure Limited (CNIL) by way of a preferential allotment.

RESOLVED FURTHER that holders of each OCPS shall have option to convert the OCPS into Equity Shares of the Company of the face value of ₹ 10/– (Rupees Ten only) each at any time, in part or in full, at the option of the holders of such OCPS after the expiry of 6 months but before the expiry of 18 months from the date of allotment of OCPS ("**Entitlement Dates**"), at the "**Conversion Price**" comprising of

(a) "**Floor Price**" determined with reference to "**Relevant Date**" (which shall be a date 30 (thirty) days prior to the date of Conversion Notice given by CNIL to the Company of its intention to convert the OCPS) in accordance with the ICDR Regulations or any other applicable regulations; and

(b) "**Additional Conversion Premium**" above the Floor Price, as may be fixed by the Board at the time of conversion but not exceeding the Floor Price.

RESOLVED FURTHER that the Equity Shares to be issued and allotted upon conversion of the OCPS, as aforesaid, shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER that for the purpose of giving effect to the aforesaid resolution(s), the Board be and is hereby authorised on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for such purpose, including issuance of equity shares to CNIL on conversion thereof, fixing the conversion premium, determination of the conversion price, terms of dividend, timing of the redemption of the OCPS, terms of redemption, obtaining of necessary approvals and to modify, accept and give effect to any modifications in the terms and conditions of the issue of the OCPS as may be required by the statutory, regulatory and other appropriate authorities / Persons (including but not limited to SEBI, CDR Lenders, the Reserve Bank of India, the Government of India, etc.) and as may be agreed by the Board, to settle all questions, difficulties or doubts that may arise in the proposed issue, pricing of the issue, offer and allotment of the OCPS, to execute all such deeds, documents, writings, agreements, applications in connection with the proposed issue as the Board may in its absolute discretion deem necessary or desirable without being required to seek any further consent or approval of the Members or otherwise.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors to give effect to this resolution."

By Order of the Board of Directors,

Sd/–

Place: Mumbai **Vidyadhar A. Apte**
Date: July 3, 2012 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. 3 to 11 to be transacted at the 24th Annual General Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed on Tuesday, September 11, 2012 for the purpose of Annual General Meeting.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends up to the Financial Year 2003–04 to the Central Government. All unclaimed dividends for the Financial Year 2004–05 will be transferred to the Investor Education and Protection Fund (IEPF) in October 2012. The Company has sent reminders to the shareholders whose Dividend for Financial Year 2004–05 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.
5. 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.
6. 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.
7. 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 2012–13.
8. 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.
9. 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.
10. 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 Nos. 3 & 4

Prof. S. C. Sahasrabudhe, a Director of the Company retires by rotation at the ensuing Annual General Meeting. Prof. Sahasrabudhe is associated with the Company in his capacity as an Independent Director since September 1998 and during January 2001 to September 2005 he was associated in the capacity as a Whole–time Director. He has conveyed that since he would be crossing the age of 70 years in July 2012, and in view of the maximum age stipulated for the Directors in the Company's Policy Dossier viz. 70 years, he is not opting for re–appointment as a Director of the Company at the ensuing Annual General Meeting.

Mr. Charudatta Naik, a Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Naik is associated with the Company for over 17 years in various capacities, before he was elevated to the Board as Whole–time Director in October 2007. Mr. Naik is also associated with our group company viz. GTL Infrastructure Limited (GIL) as a Non–Executive Director since February 2004. Since he is associated as a Director in both companies and in order to avoid any conflict of interest he has decided not to seek re–appointment as a Director of the Company at the ensuing Annual General Meeting though he would be continuing his association with Global Group *inter–alia* GIL.

The Board places on record its deep appreciation and respect for the valuable advice and guidance received during their tenure as Directors of the Company.

The Board commends passing of the Resolutions as set out at Item nos. 3 & 4 of the accompanying notice.

None of the Directors of the Company is, in any way, concerned or interested in passing of the Resolutions.

Item No. 5

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

The shareholders of the Company in its 23rd Annual General Meeting held on October 19, 2011, appointed M/s. Godbole Bhave & Co. Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants as the Joint Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of next Annual General Meeting.

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

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

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

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

Item Nos. 6, 7 & 8

The Board of Directors in its meeting held on December 29, 2011 appointed Mr. D. S. Gunasingh, Mr. Navin J. Kripalani and Mr. Hemant Desai as Additional Directors of the Company. The said appointments were 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. D. S. Gunasingh, Mr. Navin J. Kripalani and Mr. Hemant Desai respectively hold office only up to the date of the 24th Annual General Meeting. The Company has received notices in writing along with the necessary amounts as deposits from members proposing candidature of Mr. D. S. Gunasingh, Mr. Navin J. Kripalani and Mr. Hemant Desai respectively in terms of Section 257 of the Companies Act, 1956.

The Board commends passing of the Resolutions as set out at Item nos. 6, 7 & 8 of the accompanying notice.

Except Mr. D. S. Gunasingh, Mr. Navin J. Kripalani and Mr. Hemant Desai no other Director is concerned or interested in passing of the Resolutions.

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the resume, expertise, Committee Membership and other Directorship of Mr. Vijay Vij, Mr. D. S. Gunasingh, Mr. Navin J. Kripalani and Mr. Hemant Desai proposed to be appointed as Directors as per Item Nos. 2, 6, 7 & 8 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 Nos. 9 & 10

The Authorized Share Capital of the Company at present is ₹ 315,00,00,000/– (Rupees Three Hundred and Fifteen Crore only) divided into 29,00,00,000 (Twenty Nine Crore) Equity Shares of ₹ 10/– (Rupees Ten only) each and 25,00,000 (Twenty Five Lakh) Preference Shares of ₹ 100/– (Rupees One Hundred only) each. The Company is planning to issue 0.01% Optionally Convertible Cumulative Preference Shares (OCPS) in terms of the Notice.

As a consequence of the above, it is necessary to alter the Capital Clause of the Memorandum and Articles of Association of the Company. As per the provisions of Sections 94 and 31 of the Companies Act, 1956, the increase in the Authorized Share Capital and alteration of the Memorandum and Articles of Association of the Company respectively require the consent of the shareholders.

The Board commends passing of the resolutions as set out at Item Nos. 9 & 10 of the accompanying notice.

None of the Directors of the Company is, in any way, concerned or interested in passing of the Resolutions.

Item No. 11

The Company's rupee debts availed from the Banks have been restructured under the Corporate Debt Restructuring (CDR) mechanism a non–statutory voluntary mechanism set up under the aegis of the Reserve Bank of India. As part of the CDR packages approved for each of the Company and Chennai Network Infrastructure Ltd (CNIL), the Company's loan facility of ₹ 650 Crore availed from ICICI Bank ('Facility') has been novated from the Company to CNIL, an associate of the Company and also a provider of shared passive telecom infrastructure. The Company is also a provider of network services solutions and provides other support services to CNIL and GTL Infrastructure Limited (with which CNIL is proposed to be merged). On this background, in consideration of novation of the Facility from GTL to CNIL and following CNIL's consent, it is proposed to issue 65,00,00,000 (Sixty Five Crore) Non Participating Optionally Convertible Cumulative Preference Shares (OCPS) having a face value of ₹ 10/– each, aggregating to a cumulative subscription amount of ₹ 650 Crore, to CNIL, subject to necessary approvals and consents, including from lenders of the Company.

As stated in the Resolution, after the expiry of a period of 6 months from the Allotment Date, the OCPS may be converted into equity shares of the Company at the Conversion Price, at any time, in part or in full, at the option of CNIL, but before the expiry of 18 months from the Allotment Date in accordance with applicable laws. In the event CNIL wishes to exercise the conversion option, CNIL shall provide written notice to the Company ("Conversion Notice").

The OCPS may be redeemed in part or in full, at the Company's option any time after 6 months of allotment or, within 20 years, at redemption premium at such YTM rate as may be decided by the Board along with the accumulated dividend payable at the time of conversion /redemption, after providing a prior written notice of 30 days to CNIL, subject to necessary approvals and consents as may be required.

The OCPS will carry a dividend of 0.01% per annum, payable on a cumulative basis on the date of conversion / redemption as the case may be. As per the provisions of the Companies Act 1956, the dividend to shareholders of a company is to be paid only out of profits. In addition to this restriction, any declaration / payment of dividend on the OCPS will be subject to the terms of the CDR package and other agreements in this regard between the Company and the CDR lenders of the Company, unless otherwise agreed to by the CDR lenders.

Any redemption shall be only out of the proceeds of: (a) fresh issue of shares; or (b) distributable profits (including from sale of assets) in accordance with the provisions of Companies Act, 1956; provided that any such redemption shall be subject to the fulfillment of all payment obligations to the CDR Lenders by the Company having been discharged in terms of the CDR package and other agreements in this regard between the Company and the CDR lenders of the Company, unless otherwise agreed upon by the CDR Lenders.

Any redemption premium on the OCPS shall be payable out of: (a) availability of distributable profits (including from sale of assets); or (b) adequate reserves in the security premium account for payment of the premium; provided and if and only if the following additional conditions are fulfilled: (1) all payment obligations to the CDR Lenders by the Company having been discharged in terms of the CDR package and other agreements in this regard between the Company and the CDR lenders of the Company, unless otherwise agreed upon by the CDR Lenders; and (2) subject to CNIL being under the control of its sponsors as on such redemption date.

The following details of the proposed preferential issue of OCPS are disclosed in accordance with the provisions of Chapter VII – "Preferential Issue" of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**ICDR Regulations**"), as amended from time to time:

a. **The object of the preferential issue :**

   The object of the issue is to provide due consideration for the novation of the Facility from the Company to CNIL, pursuant to the CDR package for the Company.

b. **The proposal of the Promoters, Directors and Key Management persons of the Company to subscribe to the proposed preferential offer:**

   The proposed preferential issue of OCPS shall be subscribed by

CNIL, a company promoted by GTL Infrastructure Limited ("GIL"). The Company is the Promoter of GIL and also one of the major shareholders of CNIL. Thus in his capacity as Promoter of the Company, Mr. Manoj Tirodkar – Chairman & Managing Director of the Company may be deemed to have an interest in the transaction.

Except the above, none of the directors or key management persons intend to subscribe to the OCPS.

c. **The Shareholding pattern of the Company before and after the preferential issue :**

As the conversion price for the OCPS is to be ascertained as per the provisions of the ICDR Regulations and will thus be ascertained only at a date which is 30 (thirty) days prior to the date on which the holders of the OCPS become entitled to apply for the Equity Shares of the Company and will also be subject to any conversion premium that may be determined by the Board, it is not possible to calculate the post issue shareholding pattern of the Company assuming the conversion of the OCPS. Accordingly, only the pre–issue share holding pattern of the Company, as on June 30, 2012, has been provided hereunder:

Sr. No.	Category	Number of Shares	% of Capital
A	**Promoter & Promoter Group**		
	Individuals / Hindu Undivided Family	1,01,72,593	6.85%
	Bodies Corporate	5,09,80,559	34.32%
	Sub–Total	**6,11,53,152**	**41.17%**
B	**Public Shareholding**		
(1)	**Institutions**		
	Mutual Funds / UTI	164	0.00%
	Financial Institutions / Banks	3,97,31,016	26.75%
	Insurance Companies	13,07,259	0.88%
	Foreign Institutional Investors	8,29,462	0.56%
	Sub–Total	**4,18,67,901**	**28.19%**
(2)	**Non–Institutions**		
	Bodies Corporate	1,28,44,382	8.65%
	Individuals / Trusts	3,17,29,171	21.36%
	Corporate Body OCBs/ Other Foreign Bodies	2,32,439	0.16%
	NRI / Foreign National	7,03,806	0.47%
	Sub–Total	**4,55,09,798**	**30.64%**
	GRAND TOTAL	**14,85,30,851**	**100.00%**

The Company will ensure compliance with all applicable laws and regulations including the ICDR Regulations at the time of allotment of Equity Shares of the Company.

d. **Proposed time within which the preferential issue shall be completed:**

The OCPS will be allotted within the time limit specified under the ICDR Regulations.

e. **The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the Company consequent to the preferential issue:**

The preferential issue of OCPS is proposed to be made to CNIL as already detailed in this Explanatory Statement. The existing Promoters of the Company will continue to be in control of the Company and there will not be any change in the management or control of the Company as a result of the proposed preferential allotment, except a corresponding change in shareholding pattern as well as voting rights.

f. **Undertaking to Recompute Price :**

The same is not applicable in the present case.

g. **Undertaking to put under Lock–in till the Re–Computed Price is Paid:**

The same is not applicable in the present case.

h. **Certificate from Statutory Auditors :**

M/s. Godbole Bhave & Co., Chartered Accountants and M/s. Yeolekar & Associates, Chartered Accountants – Joint Auditors of the Company have certified that the issue of the OCPS is being made in accordance with the ICDR Regulations. A copy of the said certificate is open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days (except Saturdays, Sundays and Holidays) up to the date of the Annual General Meeting.

i. **Relevant Date:**

In the present case, the Relevant Date shall be the date occurring 30 (thirty) days prior to the date on which the holders of the OCPS, deliver a written notice to the Company of its intention to convert the OCPS.

j. **Lock–in Period:**

OCPS and the Equity Shares allotted pursuant to conversion of OCPS shall be locked–in as per the provisions of ICDR Regulations.

The consent of the Members is sought for the issue of the OCPS (on terms that will be determined by the Board of Directors) and the Equity Shares proposed to be allotted pursuant to conversion of the OCPS, in terms of Section 81 of the Companies Act, 1956, and all other applicable provisions of the Companies Act, 1956, and in terms of the provisions of the ICDR Regulations and the listing agreements entered into by the Company with the stock exchanges, where the Company's Equity Shares are listed.

The Board commends passing of the resolution as set out in Item No. 11 of the accompanying notice.

The proposed preferential issue of OCPS shall be subscribed by CNIL in which Mr. Manoj Tirodkar – Chairman & Managing Director of the Company has got an interest. Also, Mr. Vijay Vij and Mr. D.S. Gunasingh Directors, are holding Directorship in CNIL. Except Mr. Manoj Tirodkar, Mr. Vijay Vij and Mr. D.S. Gunasingh, to the extent indicated, none of the Directors of the Company is, in any way, concerned or interested in passing of the said Resolution.

By Order of the Board of Directors,

Sd/–

Vidyadhar A. Apte
Company Secretary

Place: Mumbai
Date: July 3, 2012

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 Fourth Annual General Meeting of the Company being held on Wednesday, September 12, 2012 at 10.30 a.m. at Vishnudas Bhave Natyagriha, Sector 16–A, Vashi, Navi Mumbai – 400 703.

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

* Strike out whichever is not applicable

GTL LIMITED

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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 Fourth Annual General Meeting of the Company to be held on Wednesday, September 12, 2012 at 10.30 a.m. or at any adjournment thereof.

Signed this ____________ day of ____________ 2012.

Signed by the said ____________________

Affix Revenue Stamp of 15 paise

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

GLOBAL Group Enterprise

LIST OF BRANCHES IN INDIA

Ahmedabad
303, Baleshwar Square,
Opp. Iskcon Temple, S. G. Highway,
Ahmedabad 380 054

Aurangabad
Plot No. T9,
STPI MIDC Chikalthana,
Auranagabad 431 003

Bangalore
#5,BTM 1st Stage,
100 feet Ring Road, Bank officer and
officials co-operative housing
society layout, Bangalore 560 076

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
3rd Floor, PALM Court, 20/4,
Sukhrali Chowk, Gurgaon,
Haryana 122 001

Guwahati
Mayur Garden, 3rd Floor,
ABC Bus Stop, Opp. Rajiv Bhavan,
Guwahati 781 005

Hyderabad
Navketan Building 207, 208,
2nd Floor, near Clock Tower,
Secunderabad 500 003

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
Samilton Chamber, 181/1,
AJC Bose Road,
Near Nonapukur Tram Depot,
Kolkata 700 014

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

BOOK POST

If undelivered please return to:

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

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GLOBAL Group Enterprise

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