

Consolidated Q1 FY06 – International revenues rise by 36% **Mumbai, 29 July 2005**

Consolidated results for the quarter ended June 30, 2005

Revenue was Rs. 182.63 crores for the first quarter ended June 30, 2005; YoY growth of 7.1%

EBDITA was Rs.39.36 crores for the first quarter ended June 30, 2005 as against Rs.50.51 crores in the quarter ended June 30, 2004.

International revenues were Rs.108.31 crores for the first quarter ended June 30, 2005; YoY growth of 36.4%. International revenues constituted 59.3% of the total revenues during the quarter

Revenues of the Network Engineering division was Rs.102.38 crores, YoY growth of 28.9%

BSE: **500160** NSE: **GTL** Reuters: **GTL.BO& GTL.NS** Bloomberg: **GTS.IN**

Mumbai, 29 July 2005

Quarterly Results

GTL Limited today announced unaudited results of the Company (including its subsidiaries on consolidated basis) for the first quarter ending June 30, 2005.

Consolidated international revenues for the first quarter ended June 30, 2005 grew by 36.4% to Rs.108.31 crores as against Rs. 79.42 crores in the previous year first quarter. This was due to the improved performance of the Network Engineering Division in the overseas market especially the Middle East and South Asia.

Operating Profit before other income and tax for the quarter was Rs.13.36 crores as against Rs.24.82 crores in the previous year's quarter. This was due to:

Network Engineering

Shift to multiple, large projects with milestone payments makes revenue streams back-ended, with uneven flows during the first two quarters;

Delays in key international project implementations in Sri Lanka and Mauritius, due to customer changes in specifications,

Early stage of large wireless telecom rollouts incurs larger product costs, with substantially lower gross margins, adversely affecting profitability

IT Services

Extreme pricing pressure in UK accounts, due to commoditization of services, competitive pressures and weakening of the Pound Sterling against the Rupee, led to strategic decision to reduce billings, exit some customers, and reorganize sales & marketing approach;

Investment of management resources in development of new service offerings and delivery platforms to increase differentiation, enhance customer stickiness, and improve pricing and margins has slowed business growth;

Increase in the period of pilot projects by prospective clients and slowing of sales cycle affected profitability

Net Profit after tax

Net Profit after tax for the quarter ended June 30,2005 was Rs.11.65 crores as against Rs.45.99 crores in the previous year. This has been adversely affected due to the Consolidated Negative Other Income of Rs.2.99 crores as against an Income of Rs.23.80 crores in the corresponding period of the previous year. This is largely due to exchange loss that is notional (based on mark-to-market exchange rate variation) but has been provided as per Accounting Standards.

Relocation of CEO, Dr.Michael Clark

Dr. Michael Clark, CEO is being relocated to the United States as President - New Initiatives and Business Development. He will continue to report to the Chairman and Managing Director, Mr.Manoj Tirodkar. Accordingly, he will cease to be the CEO.

As a sequel to this change, Mr Charudutta Naik will be the Chief Operating Officer effective 1 st August 2005. He will be responsible for all lines of business. Mr. Naik will report to the CMD , Mr Manoj Tirodkar.

Brief Profile of Mr. Charudatta Naik

Mr. Naik is a B.E. in Electronics & Telecom and has an overall experience of 17 years in the telecom and network engineering domain. In his previous capacity as President – Network Engineering and Enterprise Solutions, he has been instrumental in expanding the company's business, globalization of operations and forging alliances with majority of the OEMs.

About GTL

GTL is a provider of global enabling services — network engineering, managed services, process implementation solutions and process fulfilment services — to large international enterprises including telecom carriers and Fortune 500 organizations and public agencies. Our service framework consists of nearly 5000 associates working out of global delivery nodes that include Dubai, London, Mauritius, Mumbai, New York, Riyadh and Singapore.

Our customer engagements include the public and private sectors in banking, finance and insurance; IT and telecommunications; retail and logistics; FMCG; and health care.

Safe Harbor

This release contains certain predictions, estimates or other information regarding the Company's operations which are forward looking in nature. While these forward looking statements represent our best current judgement on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially and may involve risk and uncertainty. This release does not have any regard to the specific investment objectives, financial situation and particular needs of any specific person. No liability for any loss will arise with the company as a result of the action taken on the basis of information contained herein.

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