

PRESS RELEASE

For Immediate Release

GTL Board recommends total dividend of Rs.20 per share
Consolidated results for the quarter ended June 30, 2006

- The financial year end for the current year was extended to June 30, 2006 to give effect to the restructuring scheme approved by the Honorable High Court of Judicature at Bombay received on June 9, 2006
- The Board of Directors of GTL Limited recommended a one-time special dividend of Rs 18 per share and regular dividend of Rs 2 per share resulting into distribution of Rs. 236.81 Cr to shareholders
- Consolidated Revenue was Rs. 228.34 crores for the quarter ended June 30, 2006 as against Rs. 182.63 crores for the same period in the previous year; YoY growth 25%
- Profit after tax was Rs. 34.43 Crores (excluding reversal of depreciation) for the quarter ended June 30, 2006 against Rs. 11.64 Crores for the same period previous year; YoY growth 196%
- Revenues of Network Engineering services was Rs. 184.32 crores for the quarter ended June 30, 2006 as against Rs. 102.38 crores for the same period previous year; YoY growth 80%

BSE: 500160	NSE: GTL	Reuters: GTL.BO& GTL.NS	Bloomberg: GTS.IN
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Mumbai, 31 July 2006

GTL Limited today announced audited results of the Company (including its subsidiaries on consolidated basis) for the quarter ended June 30, 2006 and also period of 15 months ended June 30, 2006. The financial year end for the current year was extended to June 30, 2006 to give effect to the restructuring scheme approved by the Honorable High Court of Judicature at Bombay, the certified true copy of which was received on June 12, 2006

The consolidated revenue for the quarter ended June 30, 2006 was Rs.228.34 crores as against Rs.187.98 crores in the quarter ended March 30, 2006; QoQ growth of 21.5%. The revenue contribution of Network Services division was 80.7% of the revenues for the quarter as against 56.1% for previous year's quarter.

The gross profit was Rs. 56.28 crores as against Rs.73.17 crores in the previous year's quarter. The decrease was largely due to change in revenue mix in Network Engineering services in favour of turnkey solutions, which involve a higher component of Products & Outsourced services. The costs of sales & services was Rs.147.91 crores (64.8% of revenues) as against Rs.80.82 crores (44.3% of revenues) in the previous year's quarter. The cost of sales & services includes the cost of goods sold for turnkey telecom projects like outsourced equipments & components from Telecom OEMs and telecom tower manufacturers.

Consequent to the restructuring carried out in the previous year and the re-alignment of costs to the new business model, the Selling, General and Administrative expenses have decreased to Rs. 26.98 crores (11.8% of revenues) in the current quarter from Rs. 33.81 crores (18.5% of revenues) in the previous year's quarter. Also, the depreciation has decreased to Rs.9.63 crores (4.2% of revenues) in the current quarter from Rs. 22.51 crores (12.3% of revenues) in the previous year's quarter.

The appointed date of the restructuring scheme was October 1, 2005. Consequently, on receiving approval for the scheme depreciation of Rs. 28.92 crores has been reversed.

The other income in the current quarter was Rs.16.82 crores as against negative Rs.2.99 crores in the previous year's quarter. The increase was mainly on account of Foreign exchange gains.

The Board also considered the merger of the wholly owned subsidiary India E-Secure Ltd. With GTL Limited and approved it subject to the approval of High Court.

Dividend Declaration

“With the restructuring now complete, we wish to recommend this one-time special dividend to reward our shareholders who have supported us during the restructuring and last 15 months, which were particularly tough on GTL” said Mr. Manoj Tirodkar, Chairman and Managing Director. “This will also lead to reduction of the base of capital employed and improvement in the return on capital employed”

The Board of Directors recommended a regular dividend of Rs. 2 per share (20% of par value of Rs.10 per share) for the period of 15 months ended on June 30, 2006. The Board also recommended a one-time special dividend of Rs.18 per share (180% of par value of Rs. 10 per share).

The equity share capital on June 30, 2006 is Rs. 85.57 Cr. The fully diluted equity capital after conversion of all FCCBs and ESOPs will be Rs. 103.86 Cr. The total provision of dividend payout on account of fully diluted equity capital aggregates to Rs. 236.81 crores including tax.

Significant client wins & order book

During the quarter, GTL received an order from a leading telecom operator for nearly 1000 sites to rolled out in the North East region of India. The scope of work broadly consists of Supply, erection, testing & commissioning for Civil, Mechanical, Electrical & Structural work pertaining to GSM network and the value of project is approximately Rs.110 Crores .

GTL also entered into a Teaming Agreement with Lucent’s 100 % subsidiary in India to cover India and Asia pacific region for working jointly on development of integrated network offers and solutions for selected enterprise and government segments as well as the Telco business.

On the Enterprise side, GTL secured from Standard Chartered Bank for executing a comprehensive contact center solution at India and Dubai, UAE. The relationships with customers like FedEx, Citibank, Deloitte, TCS continues and GTL continues to win business from them.

The current order book for GTL stands at approximately Rs.940 crores.

Mr. Tirodkar said, “We are pleased by the current quarter’s performance and expect the growth to continue. The renewed focus on network services will propel the future growth. As a leading network services company, GTL has established a skilled team of engineers, technicians and project managers to deliver leading-edge network solutions, information technology support and engineering services to its customers. The next financial year will be for 9 months ending March 31, 2007. Post that, we will resume the normal reporting for 12 months period from April 1 to March 31. Also, GTL will henceforth have a single reporting division - Network Services instead of the erstwhile Network Engineering and IT Services divisions”

About GTL

GTL Limited (GTL) is a leading Network services company from India. The Company is a recognised leader in serving the Indian telecom industry through a gamut of engineering and supportive services. It also serves a marketplace comprising of the next generation globally distributed enterprises, by bringing together various technologies for addressing their networking, communication and infrastructure maintenance needs. By offering integrated end-to-end services in the areas of carrier grade and enterprise network engineering; networked applications and infrastructure management (managed services); converged network systems integration; process implementation solutions; and process fulfillment services, GTL is today a trusted service provider to several international enterprises, including Fortune 500 companies, telecom carriers, large non-profit entities, and public agencies. With

approximately 3,800 employees, GTL's presence spans across 16 locations in India and 12 locations internationally.

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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