

GTL appoints Deloitte & RSM for drafting Restructuring Plan Mumbai, 2 September 2005

Appointment of M/s Deloitte, Haskins & Sells and M/s RSM & Co

In a Board meeting of the Company held on September 2, 2005, GTL has appointed M/s Deloitte, Haskins & Sells and M/s RSM & Co for drafting a restructuring plan. The plan, subject to all approvals from shareholders & relevant authorities will broadly cover:

Restructuring of the existing businesses into Network Services and Infrastructure segments in the light of the recently formed GTL Infrastructure Limited (GIL), a 100% subsidiary of GTL Ltd and suggesting best method for the same.

To bring all service offerings of GTL under one platform as unified service offering including the operations of subsidiaries

GTL will retain the services portion of the business, as a Network Services Company focussing on Telecom OEMs, Operators (Service providers), MNCs and large enterprises. It will provide Network Build, Network Services, Managed Services and other allied services.

GIL will be a provider of Shared Infrastructure Assets to Telecom Operators (Service Providers) and IT enabled service organisations.

GTL possesses infrastructure assets comprising of Network Operation Centre (NOC), nodes at various cities across India, Data Centers, International gateways, Networking equipment, OSS Software and other equipment. The utilization of these assets can be significantly enhanced on a shared assets model. GTL proposes to transfer these assets to GIL for optimum utilization by telecom operators and IT Enabled Service organisations on a shared basis.

To enable the above, on a transparent and independent basis, GTL intends to appoint M/s Deloitte, Haskins & Sells and M/s RSM & Co. to act as advisors and assist in implementation of this process. GTL expects the advisors to submit their recommendations to the board for their consideration in the next 30 days.

Brief Background to the re-structuring process

In response to changes in technology and its operating space, GTL Limited has dynamically re-aligned its businesses, to emerge as a leading Network Engineering & IT Services Company. During the course, the Company created infrastructure facilities commensurate with its business operations. However, considering the low return on capital employed, it is felt that the utility value of the assets created by GTL over a period require critical re-evaluation for rationalizing and re-deploying.

Further in the course of its business operations with Telecom Operators and specific large enterprises, GTL realized that they are increasingly exploring the possibilities of Shared Network Services business. This will reduce the capital expenditure requirement of individual operators and allow them to share the benefits of aggregation of capital investments. Having identified this as a potential growth opportunity, GTL procured the required assets for initial launch of these services for various operators and created a special purpose vehicle, namely GTL Infrastructure Limited (GIL), a wholly owned subsidiary, with an investment of Rs.25 crores.

Brief Background to the re-structuring process

Re-constitution of the Board of Directors

Negotiations with leading Telecom Operators for acquiring existing sites

Submitted separate bids which have been short listed by a large Multinational Bank and an Indian Financial Institution

Work-in-Progress for a Pilot site in Pune – to be shared by 3 mobile operators

In principal approval has been received from leading financial institutions and banks for project funding

We are also re-evaluating the voice-based third party call-centre business and intend to migrate from pre-dominantly voice-based services to technical support services, services aligned to network management and processes. After exploring various avenues, we will carry out the appropriate changes in the current call-centre business for unlocking shareholder value and to enable it to migrate into high quality BPO and Technical Support Business.

Benefits of re-structuring

The restructuring is expected to yield the following benefits:

For GTL:

Transfer of assets to GIL, will result in optimization of capital employed for the Company leading to improvement in Return on Capital Employed.

Strong relationship with Operators through GIL will result into increased rollout business for the next 3 to 4 years. Over the next three years, almost 160 million lines are expected to be added, entailing an investment of over US \$ 25 billion (Source: Business Today, May 8,2005)

GTL can look forward to the increased business of service aspects (Network Engineering and allied services) of operations and maintenance.

For GIL:

The resources required for an Infrastructure business would be significantly higher and that may be raised with the tax benefits available for an Infrastructure Company.

Strategic and Equity partners shall have a choice between a Service Company and an Infrastructure Company.

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 4700 associates working out of global delivery nodes that include Colombo, 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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