PRESS RELEASE | For Immediate Release

GTL Demerger – GTL shareholders to get 1 share of GIL for every 1 GTL share held

Mumbai, November 21, 2005

An internal committee of the management appointed by the Board, after consulting independent advisors submitted a comprehensive restructuring plan. The Board of Directors of GTL Limited and GTL Infrastructure Limited (GIL) in their respective meetings on November 21, 2005 approved in principle, the plan which *inter alia* includes de-merger of a part of the IT services division of GTL comprising an infrastructure undertaking. The Board appointed a Committee of Directors to approve a composite scheme of de-merger/ reconstruction.

GIL, currently a wholly owned subsidiary of GTL is engaged in the business of providing infrastructure services to Telecom and BPO players. Mr. Manoj Tirodkar, Chairman & Managing Director of GTL and Chairman of GIL said in a statement "GIL will emerge as a dominant provider of Telecom Infrastructure Services, a concept that has been highly successful internationally. GIL is engaged in a business of providing shared telecom infrastructure similar to the one provided by American Tower and Crown Castle Inc. of USA. The main clients of GIL would be Cellular Operators and captive BPO players including Multinational corporations who will benefit immensely due to reduced capital costs and managed shared infrastructure. GIL expects an order book of approximately Rs.1100 crores in the next twelve months."

Business model of GIL is built on the basic premise that the company shall first enter into long term contract with Primary Anchor tenant and roll out/ acquire the telecom infrastructure and BPO infrastructure in such a way that the cash inflow capture is ensured prior to the capital expenditure. GIL's business prospects have been appraised and approved by leading domestic and international banks and financial institutions.

The current capital of GIL is Rs.27 crores (100% subscribed by GTL). GTL has made a further investment of Rs.106 crores in the equity share capital of GIL at a share price of Rs. 10 per share. The Board of GIL has also approved the issue of equity shares at share price of Rs.10 per share to foreign investors under the FDI scheme of approximately 26% of the post-restructuring shareholding. Post re-structuring, the shareholding composition of GIL, post-listing is expected to be: 41% GTL; 26% FDI Investors and balance 33% with GTL stakeholders.

Subject to the statutory approvals being obtained, the Boards of the respective companies approved the following measures to carry out the restructuring:

1. Infrastructure Assets aggregating approximately Rs.214 cr. comprising of Data Centers, International Gateways, VPN, Operating systems for Billing, HR & CRM will be transferred by GTL to GIL for a cash consideration. The fair value has been determined by independent valuers. As per Section 293 (1) (a) of the Companies Act, 1956, the approval of shareholders will be sought for this by postal ballot. The cash will be utilized by GTL for re-paying outstanding debts.

2. GTL currently comprises of the Network Engineering and IT Services division. A part of the IT Services division, comprising of an Infrastructure undertaking (erstwhile E-Business Infrastructure division) will be de-merged from GTL and merged into GIL pursuant to a court approved scheme of reconstruction in compliance with the provisions of section 391 and 394 of the Companies Act, 1956. The net asset value of this division is approximately Rs.101 crores. In lieu of the demerger, the shareholders of GTL will receive one share of GIL for every one shares of GTL (1:1 ratio) as per the share exchange ratio determined by independent valuers and approved by the Board. The appointed date will be October 1, 2005.

The record date to ascertain the entitlement will be set upon the Shareholders and other statutory approvals. The shares of GIL are proposed, to be listed on the Stock Exchange, Mumbai and the National Stock Exchange of India subject to approval of SEBI and the Stock Exchanges.

3. The FCCBs issued by GTL will be split according to the valuation determined and proportionate liability will be transferred to GIL. Presently, FCCBs aggregating CHF 57.94 million (approx. Rs.210.84 cr.) are pending conversion. Consequent to the split, the liability of GTL on account of FCCB will be Rs.189.86 crores and GIL's FCCB liability will be Rs. 20.98 crores.

4. The exercise price of the ESOPs issued to employees will be re-priced due to the dilution in the value of GTL shares pursuant to the De-Merger

5. GTL Technology Investments Ltd., currently a 100% wholly owned subsidiary of GTL will be merged with GTL pursuant to a court approved scheme of merger and amalgamation in compliance with the provisions of section 391 and 394 of the Companies Act, 1956. The appointed date will be October 1, 2005. This will enable GTL to consolidate investments in International businesses, E-Security, Infrastructure and others on a single platform under GTL

6. Consequent to the above sale of assets, de-merger and reconstruction, the assets, which are identified to be surplus and redundant will be suitably disposed off or impaired against securities premium account/ capital redemption reserve/ general reserve, pursuant to court approval.

It is expected that Capital Employed in GTL's business will reduce significantly and thereby improve Return on Capital Employed substantially.

Benefits of re-structuring

The restructuring is expected to yield the following benefits:

For GTL:
- Sale and 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 cellular 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
- Listing will provide liquidity to shareholders of GIL and facilitate further growth and globalization

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 4100 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.

Contact:

Praveen R. Challa
Vice President – Investor Relations & Corporate Communications
GTL Limited

Tel	+91 (22) 22613010 Ext. 308	Cell: +91 98204 76188
Fax	+91 (22) 22655555	
Email	praveenrc@gtllimited.com	