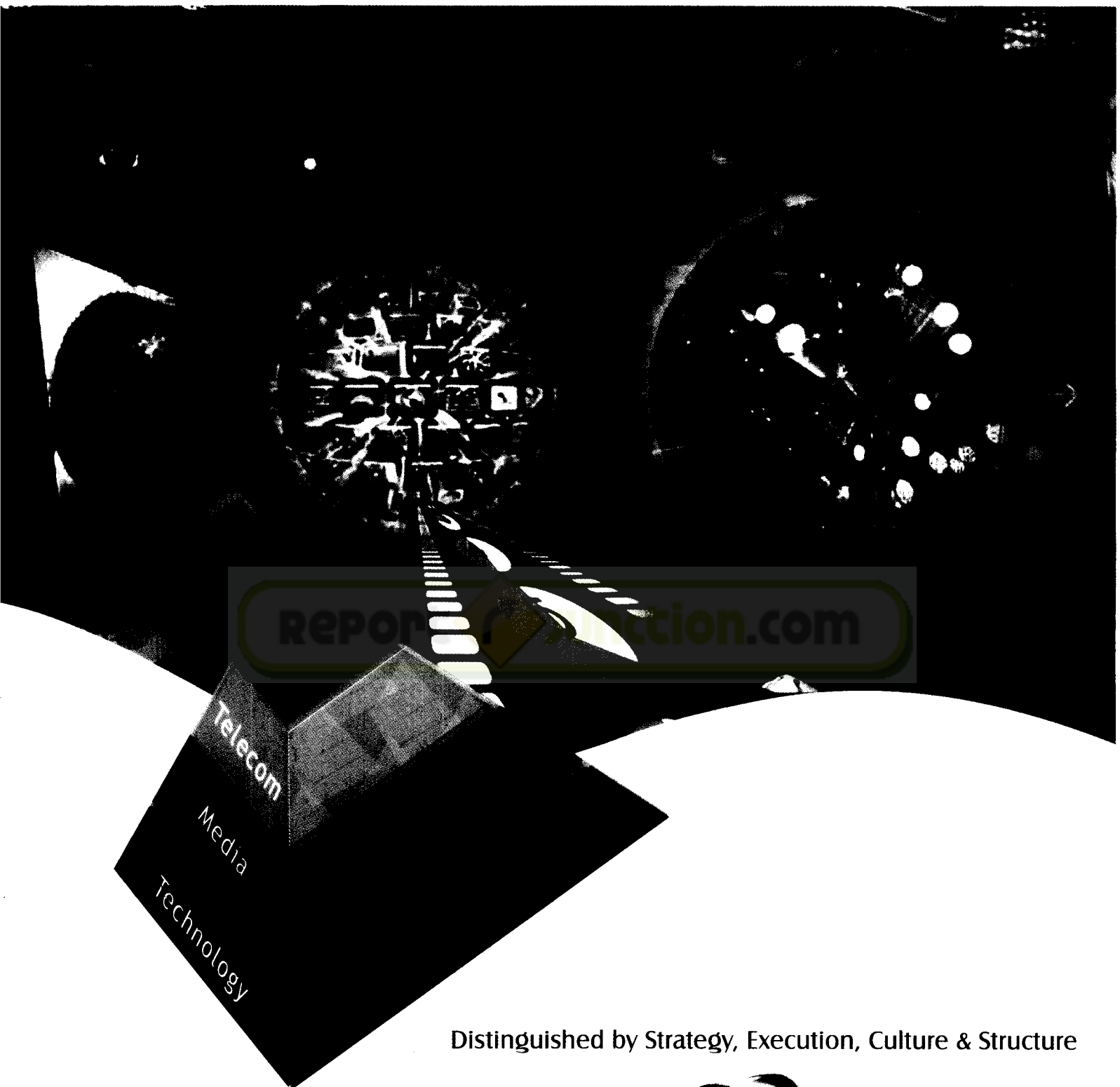


Annual Report 2003

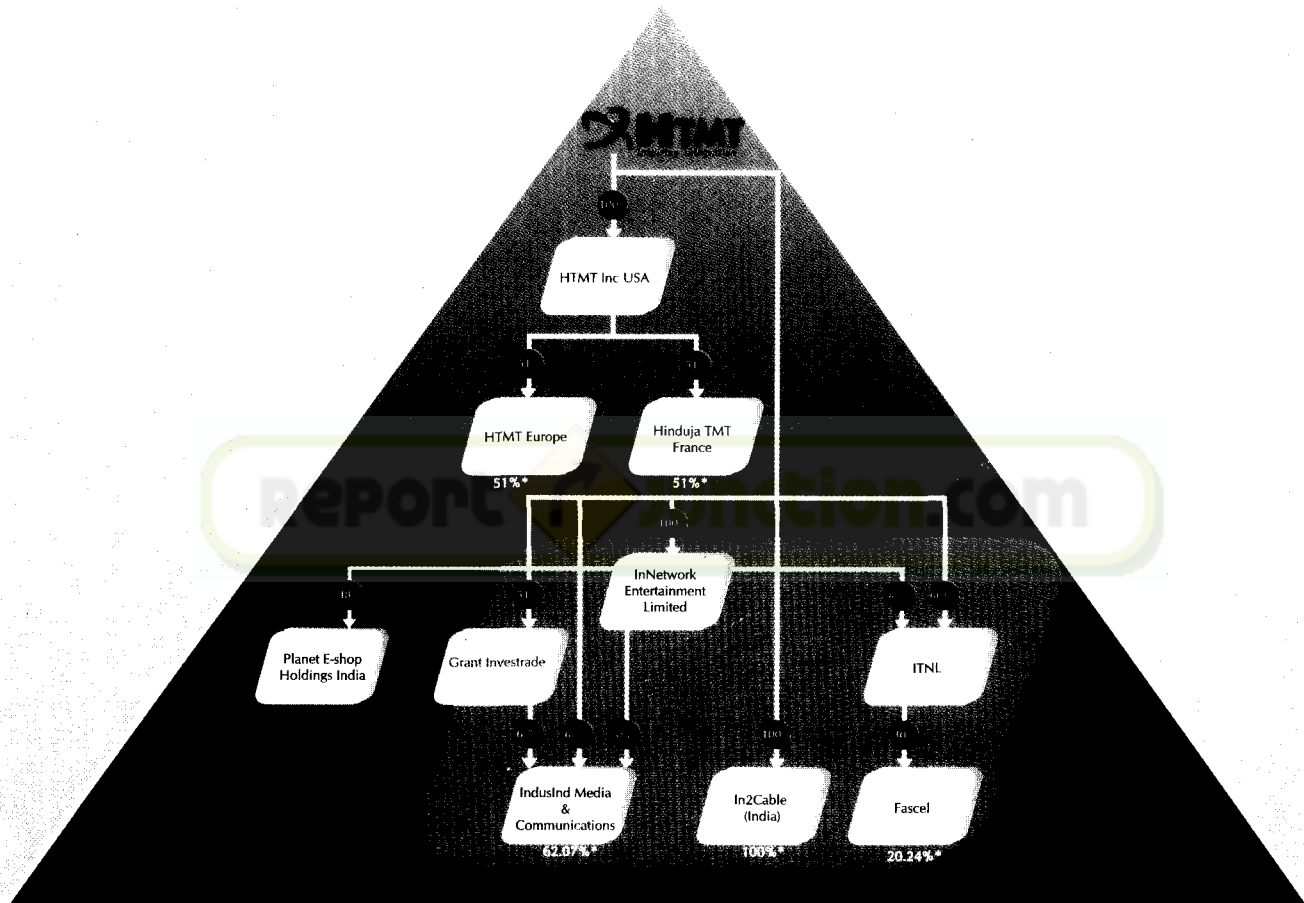
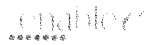


Distinguished by Strategy, Execution, Culture & Structure



HINDUJA TMT LIMITED

HTMT's Convergence Structure



India's Leading Convergence Corporation

 Media Businesses
 Telecom Businesses

* HTMT's Effective Holding as on June, 2003

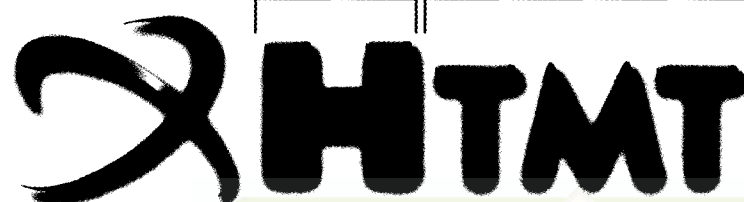
The Building Blocks of our Logo

STRUCTURE

The structure of Technology, Media and Telecommunication businesses under HTMT has achieved remarkable success in modularity with a design which permits each unit to function independently and also makes them work together as a whole for becoming leaders in their respective fields.

CULTURE

Hinduja Groups' culture of shared values champions high level performance and ethical behavior and encourages all employees to do their best by creating a challenging and satisfying work environment.



Inspiring Integration

STRATEGY

The symbol of crossing ellipses has been chosen by Hinduja TMT to reflect its strategy of convergence and its positioning as an active parent for its subsidiaries. While the colour spectrum appearing on the outer ellipse symbolizes the businesses under its wings, the inner monochrome one, the harmonious and dynamic coalescence of these businesses.

EXECUTION

Integration of the businesses inspires the HTMT conglomerate to deliver high quality, cost effective end-to-end solutions or breadth of experience across the multiple technology platforms and verticals to generate customer delight.

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The Logo also meets the need of a corporate branding tool, which casts its glow over a panoply of businesses and inspires alignment of three strategic stars of brand building, viz: vision (our aspiration to become a leading IT Company), culture (organisation's values, behavior and attitudes) and image (outside world's over all impression of the Company), to get the most out of the Company's corporate branding strategy.



Vision | Value System

Vision

HTMT's vision is to become a Scale Player and leader in its core business of Information Technology by leveraging the strength of its customer base, breadth and depth of its service lines and management bandwidth.

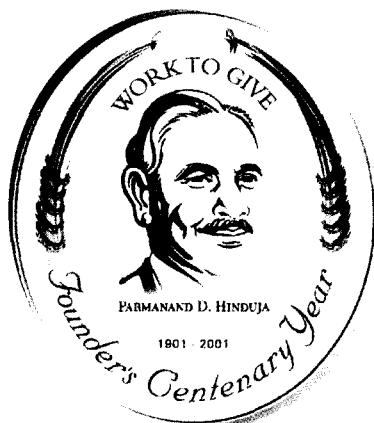


HTMT will also offer high quality, cost effective, end-to-end solutions or breadth of experience across multiple technology platforms and verticals to enhance the business of its customers world-wide because of the remarkable advance it has achieved in modularity through subsidiaries in Media and Telecommunication, which are designed to function independently and yet to work together as a whole, coalescing around Technology.



Value System

The five principles as under, distilled from the lifetime experience of the Founder of Hinduja Group, late Shri Parmanand D. Hinduja, serve as the cultural cornerstones of the businesses of the Group, leading to a synergistic and creative partnership of professional management and entrepreneurship among the Group Companies.



“

Work to Give

Word is Bond

Act Local; Think Global

Partnership for Growth

Advance Fearlessly

”

Based on the above principles, HTMT has evolved the following set of Seven Values that illumine, inspire and energise the corporate life of the Company and its subsidiaries, like melding hues of the light spectrum.

Customer Delight

Through excellence in service to customers and co-creation of value in partnership with them.

Total Quality

Continuous quality improvement through innovation, process improvement and team work.

Dependability

Expectation being met consistently through professionalism.

People Empowerment

Empowerment of employees to enhance self motivation and customer service.

Corporate Governance

Maintenance of the highest standards of corporate governance and business ethics.

Global Mindset

Local responsiveness and global perspective.

Sustained Growth

Consistent growth and profitability through a sustainable business model for rewarding all the stakeholders viz: shareholders, employees, customers and society as a whole.

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An obsession with winning across all levels and functions

Dear Shareholders,

HTMT delivered one of its best performances in 2002-03. It posted record growth in its total revenue, IT income and profits.

The total revenue increased by 57% to Rs.115 Crores from Rs. 73 Crores and IT income by 82% to Rs. 100 Crores from Rs. 55 Crores in 2001-02.

Our core values of customer focused service, quality, dependability and people empowerment constituted the underlying DNA that made us achieve these healthy results and propel us closer to realize our vision of becoming Scale Player and Leader in Information Technology.

The Company has also attained success in developing differentiation finger prints that

distinguish it in areas like strong process capability, cost effective delivery, innovation, infrastructure and execution.

The consolidated revenues of the Company & its subsidiaries posted a growth of 32% from Rs. 164 Crores in 2001-02 to Rs. 217 Crores in 2002-03.

Success in developing differentiation finger prints that distinguish it in areas like strong process capability, cost effective delivery, innovation, infrastructure and execution

The net profit rose by 86% from Rs. 31 Crores to Rs. 58 Crores.

The growth in the businesses of the conglomerate was due to their being closely related and capturing synergy in operation.



Business Environment

The Indian ITES BPO industry has shown remarkable growth in capacity in the last two years.

The setting up of captive centers by MNCS, emergence of venture funded third party ITES firms and established software companies getting into ITES arena are fundamentally changing the competitive landscape in the industry putting pressure on margins.

Appreciation of Indian Rupee vis-à-vis US Dollar, continued downturn in the global economy, competition from countries like China and Philippines and geo-political risks and protectionism as also backlash against offshoring work to India are the other threats looming large on the horizon.

However, worldwide spending on BPO services are projected to grow at an overall compounded annual growth rate of 11% to US\$ 1.2 trillion by 2006.

Since India has barely scratched the surface of the business on offer and the key driver for BPO activity has been cost reduction, the long-term potential of the industry in general and companies like HTMT in particular remains robust.

HTMT also has made strides in securing fresh orders in the IT services space.

Our IT enabled services capability supported by technology and domain expertise in IT services will enable us to extend new sets of service offerings and end-to-end solutions.

Governmental Support

India has made steady progress in the post liberalization period, thanks to several initiatives taken by the Government to strengthen the IT, communication and entertainment infrastructure.

Considering the ever increasing contribution of IT and ITES industry to the growth of Indian economy, the Government should create a conducive regulatory environment for exports and further strengthen the infrastructure and manpower base.

The purpose of bringing the privately held media and telecommunication businesses under the umbrella of HTMT was to make the Company a real convergence play and unlock the value latent in the businesses to create wealth for its shareholders.

The Conditional Access System (CAS), which has been made mandatory by the Government, will lead to the fostering of an equitable and transparent relationship between the four parties involved in television transmission and distribution process viz: broadcasters, MSOs, local cable operators and consumers.

CATV industry has been demanding tax benefits available for telecom infrastructure providers to reduce the burden on consumers. The Government should consider acceding to the

request of the industry, as it is part of the information and communication infrastructure.

The temporary reduction of import duty now granted on set-top-boxes to 5% till 30th September, 2003 is a step in the right direction.

It is hoped that the reduction in duty would be made permanent in the interest of consumers.

Subsidiaries and Associates

The purpose of bringing the privately held media and telecommunication businesses under the umbrella of HTMT was to make the Company a real convergence play and unlock the value latent

in the businesses to create wealth for its shareholders.

Kudelski SA, Switzerland has recently agreed to take 2.41% in the equity of HTMT's flagship subsidiary viz: IndusInd Media and Communications Limited (IMC) for about US\$ 12 million, giving IMC a valuation of approximately US\$ 500 million (Rs.2300 crores).

Nagravision, Kudelski's subsidiary, will become a technology partner with IMC and supply its state of the art conditional access system.

HTMT holds 62.07% of IMC's equity through its fully owned subsidiary InNetwork Entertainment Limited.

The Company's associate, Fascel Ltd., the largest cellular services provider in the Gujarat circle is growing from strength to strength.

The recent sale of Kotak Mahindra's 11% stake in Fascel at Rs. 92 crores reported some time back to provides a benchmark valuation of Rs. 169 crores for HTMT's 20.2% effective stake in Fascel, which was acquired through share swap on merger of a privately held Hinduja Group company with itself in 2001-02. The recent improvement in prospects of cellular industry coupled with the revival of capital markets will further enhance the value of this investment.

The Company's wholly owned internet subsidiary, In2cable (India) Ltd and IMC, are in the vanguard of the revolution of utilizing IMC's broadband cable network and making high speed broadband internet connectivity an utility service like gas or electricity which, instead of delivering power, will deliver on-line entertainment such as music and movies.

In2cable has also provided VoIP services to its customers and is exploring the possibility of extending wireless local area network (W-Lan) or Wi-Fi services to business and home users.

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Outlook

HTMT's dependence on a narrow client base for the ITES business is likely to change for the better with the signing up of three new contracts during the first quarter of the current year.

Considering these new contracts for the ITES business and projects in the pipeline, HTMT expects that its revenue will grow by about 50%-60% with a net profit margin of 45% on the total turnover in 2003-04.

The structural changes in the Indian Media & Telecom industries will ensure continuation of the trend of improved consolidated financial performance of the company in future.

The strategic intent of HTMT is to create an obsession with winning across all levels and functions of the organization.



Strategic Intent

The strategic intent of HTMT is to create an obsession with winning across all levels and functions of the organization. The following institution building initiatives aid the Company to implement the strategic intent and emerge as a winner :-



For the year 2002-03, HTMT was ranked as 'Ninth largest Third Party ITES (Contact Center - BPO) company' in India by Nasscom.

This is a significant achievement for HTMT as the survey conducted by Nasscom covered 310 ITES companies.

It would be the endeavour of the Company to continue its growth journey and achieve higher ranks through consistent growth and profitability in future.

(a) Strategy

The strategy of focusing on ITES business supported by IT services to enhance domain expertise and provide end-to-end solutions is built around a clear value proposition for the customer and is continuously fine tuned based on the changes in the market place.

We shall remain focused on the strategy to grow our core business.

Our strategy for the Media and Telecom businesses of HTMT's subsidiaries is based on a convergence model of Video, Voice and Data transmission to significantly high number of customers across the country.

We will continue to make investments and explore opportunities to enter into strategic partnership with leading companies of the world to offer top quality digital video and variety of value added services such as high-speed broadband, video-on-demand, pay per view, games, interactive TV and IP telephony to our customers.

(b) Execution

The flawless operational execution and delivery of products and services will continue to be our forte.

The flawless operational execution and delivery of products and services will continue to be our forte.

(c) Culture

HTMT has created a challenging and satisfying work environment empowering its employees to enhance self-motivation and customer services.

The Company has established and abides by its values of good corporate governance and customer partnerships.



(d) Structure

The Company's organizational structure is flexible and responsive for putting the best people closest to the action. Systems have been established for seamless sharing of knowledge.

(e) Innovation

A climate of creativity and innovation has been generated to make knowledge a competitive advantage and innovation a deeply distributed capability.

We encourage people to think together and learn together with ability to see and understand interdependence between the Company and its environment.

(f) Mergers and Partnerships

A climate of creativity and innovation has been generated to make knowledge a competitive advantage and innovation a deeply distributed capability.

The Company is entering into new businesses leveraging the existing customer relationships and complementing its core strengths.

While the Company continues to focus on the internally generated growth, it is also looking into opportunities for acquiring or entering into partnerships with companies in Philippines and Mauritius for expanding its delivery footprint and domain expertise and providing geopolitical diversity to its customers.

With the above management practices, HTMT is expected to grow from strength to strength and add value to the shareholders.

The Corporate Group of the Company comprising specialists in investment banking, finance, technology, media and telecommunication guide the subsidiaries in following the above best practices, growing revenues and strengthening

their position in the market.

The logic underpinning the consolidation has pushed the companies for leadership in their lines of business.

Human Capital

The 2500 strong human resources of HTMT and its subsidiaries are their most important asset, which enables them to stay ahead of competition.

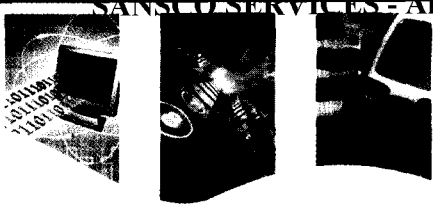
The Company believes that fair process or procedural justice in dealing with people is crucial for building trust and commitment.

The HR policy of the Company is founded on the principle of fair process, which has elicited voluntary co-operation from the employees and made each employee a value builder.

I am sure that the business focus of HTMT and its subsidiaries will lead to value creation at all levels.

With this confident note, I sincerely thank the shareholders and the customers for the trust reposed in us and the employees for their unstinted co-operation and their obsession with winning.

Ashok P. Hinduja
Chairman
Mumbai, 30th July 2003

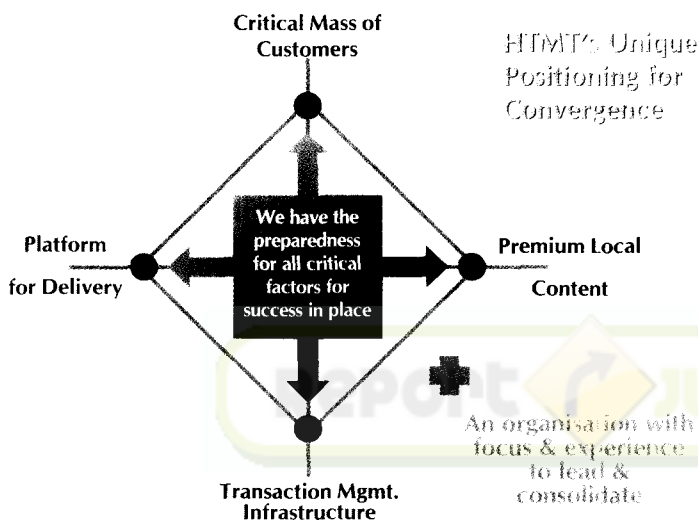


About Us

About Us

In keeping with the global trend of convergence, the Hinduja Group has consolidated its Technology, Media and Telecommunications activity into India's Leading Convergence Corporation Hinduja TMT Ltd. (HTMT)

The Company's multiple subsidiaries and joint ventures strengthen its core activity of Information Technology (IT).



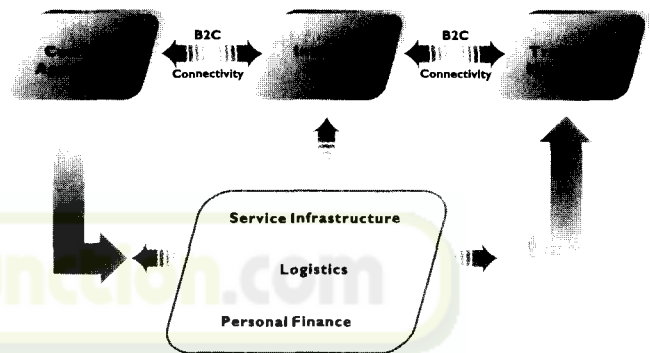
HTMT believes that its core strength is its people. Creating a right environment for its professionals, building a knowledge management system to leverage varied skills, and building its intellectual capital has always been given top priority at HTMT.

With over 2,500 professionals drawn from Technology, Media, Telecom, Banking & Finance sectors, HTMT has put together a world-class team that will realize and deliver the opportunities that arise in the convergence space.

Complete Picture

HTMT is an organisation that has uniquely positioned itself as a player that can realistically consolidate the Indian market as a true convergence operator on a nation wide basis and offer both service vehicle.

Our vision is to work with partners and forge alliances that will allow them to fulfil their objective and our's upgrading the channels



through which goods and services would be provided to corporates and consumers with transaction management facility that would allow ease of commerce with transparency while taking care of the unique requirements of all parties involved.

