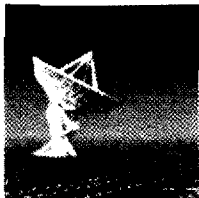


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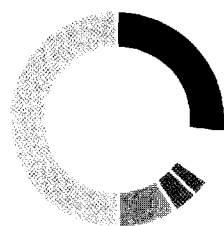
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Consolidated Financial Highlights

Consolidated Financial Highlights

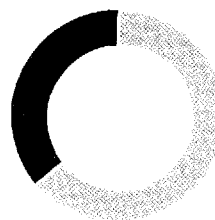
| | 2004 | | 2003 | | % Change |
|--------------------------------|---------|-----------|---------|-----------|----------|
| | Rs. Cr. | US \$ Mn. | Rs. Cr. | US \$ Mn. | |
| Total Income | 285 | 62 | 217 | 47 | 32 |
| Total Expenditure | 195 | 43 | 162 | 35 | 20 |
| PBIDTA | 90 | 20 | 55 | 12 | 64 |
| Profit After Minority Interest | 84 | 18 | 58 | 13 | 45 |
| Share Capital | 41 | 9 | 41 | 9 | 0 |
| Reserves & Surplus | 295 | 64 | 316 | 69 | (7) |
| Loans | 0 | 0 | 5 | 1 | (100) |
| Investments | 152 | 33 | 123 | 27 | 24 |
| Net Fixed Assets | 171 | 37 | 142 | 31 | 20 |
| Net Current Assets | 138 | 30 | 237 | 52 | (42) |
| Earnings per Share (Rs.) | 21 | | 14 | | 44 |
| Dividend (%) | 75% | | 70% | | 7 |

Total Income Composition



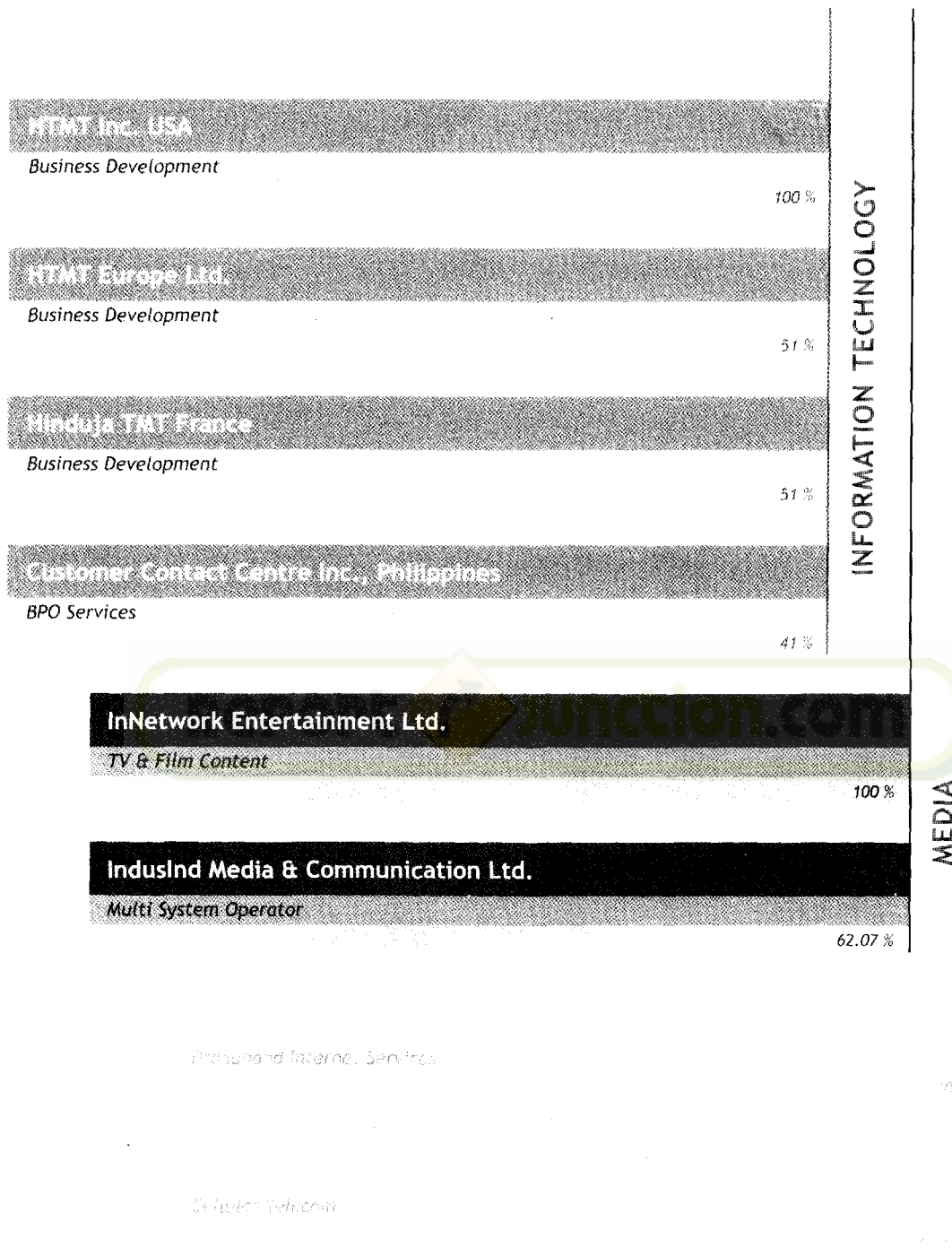
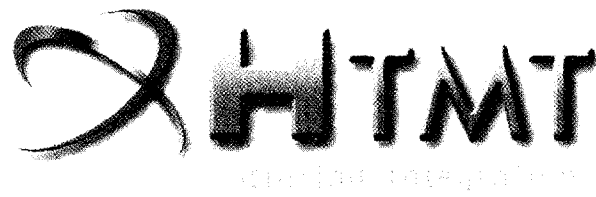
| | Rs. Cr. | US \$ Mn. | |
|------------------------|------------|-----------|-----|
| Information Technology | 144 | 31 | 51% |
| Cable Television | 71 | 16 | 25% |
| Advertisement | 7 | 2 | 2% |
| Film Content/Events | 16 | 3 | 6% |
| Internet | 8 | 2 | 3% |
| Treasury | 15 | 3 | 5% |
| Others | 24 | 5 | 8% |
| Total | 285 | 62 | |

Employees (31st March, 2004)



| | Nos. | |
|--------------------------|-------------|-------------|
| HTMT (incl. mktg. subs.) | 1777 | 64% |
| Media & Telecom subs. | 1003 | 36% |
| Total | 2780 | 100% |

(One USD = Rs. 45.74)



At a Glance

| | For the year | 2004 Rs. Crs. | 2003 Rs. Crs. | Change % | |
|--------------------------|--------------|------------------|------------------|-------------|---|
| Indusind PAT Ltd. | | | | | |
| Total Income | | 162.49 | 114.46 | 42 | Information Technology is the core business of HTMT. HTMT, with its state of the art Offshore delivery centres in India (Bangalore, Mumbai) & Philippines (Manila) and its marketing offices in USA, UK and France, offers world class end to end IT solutions in both IT Enabled Services (BPO & Call Centre) and IT Services. |
| Expenses | | 80.76 | 44.49 | 82 | |
| PBIDTA | | 81.73 | 69.97 | 17 | |
| PAT | | 75.53 | 62.03 | 22 | |

HTMT's solutions are built around creating higher value for the customer and are continuously fine tuned to the changes in the market place. Quality of delivery, domain expertise, effectiveness of people interface and predictability of schedules are the hallmarks of the Company's services. HTMT is ranked amongst the leading ITES-BPO companies in India.

| | | | | | |
|---|--|--------|--------|----|---|
| Indusind Media & Communications Ltd. | | | | | |
| Total Income | | 105.72 | 81.07 | 30 | Amongst the largest Multiple System Operators (MSO) in both India & the World, Indusind Media & Communications Ltd (IMCL) has been at the forefront to provide digital cable television and high speed internet to its subscribers in 12 major cities across the country. |
| Expenses | | 96.52 | 88.48 | 9 | |
| PBIDTA | | 9.20 | -7.42 | LP | |
| PAT | | -4.14 | -19.46 | 79 | |

In its endeavour to provide high quality services to its subscribers, it has roped in some of the world's leading technology companies like Intel, Nagra, Tandberg, Magnaquest, Motorola, SAP etc., as financial/technical partners. A subsidiary of HTMT, IMCL's broadband cable network is ready to deliver value added services like CAS, VoD (Video on Demand), PPV (Pay Per View), etc.

| | | | | | |
|------------------------------|--|-------|-------|------|--|
| In2Cable (India) Ltd. | | | | | |
| Total Income | | 8.24 | 6.18 | 33 | In2Cable (India) Ltd., is the country's leading broadband cable internet service provider operating in over 13 locations across 8 cities. The company also provides value added voice & data services like VoIP, VPN, LAN based Broadband Internet, DNS hosting and E-Mail services. |
| Expenses | | 8.53 | 6.64 | 28 | |
| PBIDTA | | -0.29 | -0.47 | (38) | |
| PAT | | -2.11 | -2.47 | (15) | |

A wholly owned subsidiary of HTMT, In2Cable has technology partnerships with Media Ring and World Phone.

| | | | | | |
|-------------------------------------|--|-------|-------|------|--|
| InNetwork Entertainment Ltd. | | | | | |
| Total Income | | 24.12 | 25.35 | (5) | InNetwork Entertainment Ltd., HTMT's wholly owned subsidiary, is engaged in the business of news programming 'InTime', local television content 'InTV', Hindi movie channel 'CVO', event management & film financing, distribution/production. |
| Expenses | | 15.01 | 10.15 | 48 | |
| PBIDTA | | 9.11 | 15.20 | (40) | |
| PAT | | 0.04 | -1.39 | LP | |

A leading content aggregator & distributor, InNetwork's key strengths include its vast movie library, its reach in over 100 centres across the country and its state of the art infrastructure.

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Aligning Intangibles with Strategy

Alignment of the three most important intangible assets viz. Human Capital (knowledge, talents and skills of employees), Information Capital (information systems, databases, knowledge application & technology infrastructure) and Organisation Capital (culture, leadership, teamwork) with the company's business strategy is integral to its successful execution.

In HTMT, these intangible assets have been well integrated and aligned with its critical internal processes that create and deliver the differentiating customer value proposition.

Such integration has been a source of competitive advantage for HTMT.

Mission & Vision

Mission

HTMT is dedicated to the creation and demonstration of a new corporate concept of linked prosperity across all its stake holders.

The Company's mission consists of three inter-related parts -

Service Offering

HTMT and its subsidiaries will offer High Quality Innovative and Value for money solutions across multiple technology platforms and businesses in IT/BPO, Media and Telecommunication space to their customers.

Economic

The Company and its subsidiaries will operate on a sound financial basis of profitable growth, to increase Value for shareholders and customers and create career opportunities and financial rewards for employees. The cornerstones of their economic principles will be sensible growth of a stable customer revenue base along with prudent expense management.

The Companies will be an agile force at all times adapting themselves to take advantage of the new challenges and opportunities and realize the aspirations of the above stake holders.

Social

The Company and its subsidiaries will function in a way that actively recognizes the central role that the businesses play in the structure of the society by initiating innovative ways to improve the quality of life in the community they serve.

Vision

HTMT's vision is to become a Scale Player and leader in its core business of Information Technology with focus on Business Process Outsourcing space by leveraging the diversified customer base, experienced management bandwidth and deep domain expertise in specified business verticals.

HTMT will strengthen its ability to provide end-to-end outsourcing solutions to its customers both in Voice and Data across IT enabled services as well as IT services all under one organization very different from the way it is available with other Indian Companies.

In the longer term, the Company will grow into a potent convergence corporation through harmonious coalescence of its core business of IT and the businesses of its subsidiaries in Media and Telecommunication space and exploit the synergies arising therefrom.



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 these 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.

Letter to shareholders from the Chairman

Linking intangible assets to strategy & performance

Dear Shareholder,

The year 2003-04 was exciting and eventful for your Company, which was consistent in delivering solid performance. The total revenue for the year increased 42% to Rs. 163 crores from Rs. 114 crores in the last fiscal.

The net profit at Rs. 76 crores showed an increase of 22% over the previous year. The Company's main ITES-BPO business grew 52% outpacing the Indian industry performance of 46% in that segment during the year.

The consolidated revenues of HTMT and its subsidiaries rose 32% from Rs. 217 crores last year to Rs. 285 crores. The consolidated net profit for the year at Rs. 84 crores represented an increase of 44% over the previous year.

Business Environment

The market and opportunities for your Company's core business of IT and ITES continue to be very good. Potential customers for HTMT's services operate in tough competitive environments and

our value addition through outsourced work in terms of cost arbitrage, quality process flow and response time is crucial for their competitive positioning and in some cases, survival. This has been an enduring driver of business even in the face of visible constraints such as backlash against outsourcing, slow growth and non tariff barriers in our major market, USA.

Another positive factor evident as well as espoused by experts, Industry Associations such as Nasscom and leading research firms such as Gartner, is the widening spread of services being offered and performed by Indian Companies across Industry sectors, practices and geographies. Besides, Companies such as HTMT have also enhanced the depth of their expertise and knowledge from domain, technology and process viewpoints.

These positive drivers enable us to look forward to the future with great optimism even though it will be tempered by short term setbacks and constraints. Our over dependence on North America as a market is an area of concern which we are addressing through stepping up our



marketing efforts in Europe and elsewhere.

From a delivery viewpoint, India is expected to be the key offshore outsourcing hub in Asia as compared to other countries, notably Philippines and China in 2004-2005. For instance, India's large pool of highly skilled, English speaking work-force with about 2.1 million graduates each year compares very favourably (vs Philippines of 380,000 per year).

Domain knowledge, process expertise and clients' perception of dependability of the service provider are the key selection criteria of BPO customers and India has excelled in these aspects.

It must however be said that in purely Voice related work, Philippines has been doing well and today represents a smart alternative to the customers.

Customers also look for diversification of global outsourcing locations to increase cost competitiveness and ensure business continuity. Your Company will continue to fare well in meeting the selection criteria.

Acquisition of Call Center at Philippines

Your Company has now acquired the controlling interest of Customer Contact Center Inc. (c3) in Manila, Philippines which operates a high quality Call Centre of 600 seats for global Fortune 500 customers. c3 has excellent infrastructure facilities to ramp up its seating capacity from 600 seats to 1100 seats. This company's financials will be consolidated with that of HTMT from the current year onwards. HTMT has now become one of the select few BPO companies having service delivery capabilities outside India.

The domain expertise of the c3 in banking and financial services, consumer electronics and energy sectors will be a shot in the arm of HTMT to jointly market their services to a wide range of clients looking for business derisking through geographical diversity. The combination of transaction based services from India and voice work proficiency from

Philippines could be a potential winning strategy for your Company.

Capacity Expansion

Your Company has taken on lease additional 80,000 sq. ft. premises at Bangalore close to the existing state-of-the-art 62,000 sq. ft. offshore development center to increase the capacity from 1050 to 2500 seats to meet the ever-growing requirements of clients. The filling up of the additional 1450 seats is expected to be completed by March 2005.

As per the requirement of US based healthcare insurance client, 200 seat Disaster Recovery Center (DRC) has been set up at In-Center, Andheri, Mumbai.

Your Company has sufficient cash resources to meet its expansion needs.

HTMT's Subsidiaries

HTMT, alongwith its subsidiaries, operates in all three areas of Information Technology, Media and Telecommunication leading to real convergence play. While the Company is well on its way to achieve its vision of becoming a scale player in its core business of IT, the Media subsidiaries of the company are yet to perform to their potential. This is due to the unorganized structure and unprofessional nature of the industry and not because of any lack of efforts or commitment of resources or its employees.

IndusInd Media & Communication Limited, a subsidiary of HTMT and India's leading MSO (multiple system operator) has been making substantial investments in its business since 1996 for building extensive Hybrid Fibre Cable network and introducing high quality analog and digital delivery of Cable TV services and high-speed Internet connections in association with group company In2cable (India) Ltd.

In the year under review, IMC invested in state of art equipment to make its network Conditional Access system (CAS) ready, based on a Central Law on CAS

for metros. However, subsequent retractions on the implementation of CAS have meant this investment not yielding results in the year. It is hoped that the appointment of TRAI as a regulator will streamline the functioning of the industry thereby ensuring equitable returns to all stakeholders viz:

broadcasters, MSOs, operators and subscribers in the business supply chain. While there is short term uncertainty in CAS implementation, we believe that over the long term, the digital delivery of Cable TV services through Set-Top-Boxes, which is superior in quality and broadband internet value added services at a reasonable cost should enable the subsidiaries to effectively meet the competition from new players and new technologies such as DTH and IPTV.

The announcement of broadband policy by the Government is due shortly. It is expected that such a policy will stimulate the development of broadband products and services thereby improving the prospect of the subsidiary In2cable.

Investment adding value to the shareholders

The value of your Company's investment in Fascel, the cellular partnership with Hutchison has received a big boost with the decision of Hutchison to consolidate its circle companies into one entity and go for an IPO. Their announced acquisition of Aircel (Chennai and Tamil Nadu circles) will add further value to the investment, as HTMT has been offered participation in the said acquisition pro-rata.

HTMT has a strategic investment in the equity of IndusInd Information Technology Limited (IITL), a subsidiary of IndusInd Bank Limited, which specializes in banking and financial services software. IITL is a profit making company and has potential for further growth, which will add value to your Company's investment.

Your Company has made full adjustment for the diminution in the value of portfolio investments taken over from erstwhile Hinduja Finance Corporation, as on 31st March, 2004. Some of these investments, which are strategic in nature, have good prospect of growing in value.

HTMT has 47 acres real estate property situated off the proposed Bangalore International Airport Road. The value of the property at Rs. 2.93 crores in the Company's books is expected to be considerably higher with certainty of the Airport now being built.

Redefining Mission

Mission and Vision statements set the general goals and direction for an organization. They help shareholders, customers and employees understand what the organization is about (Mission) and what it intends to achieve (Vision). While HTMT has set for itself the vision of becoming a scale player in IT business with focus on BPO space, a need was felt to redefine its mission after it became technology Convergence Corporation. Accordingly, a new mission statement has now been drafted in 3 inter-related parts service offerings, economic and social - for creating a new corporate concept of linked prosperity across the Company's stakeholders and circulated among all concerned. You will find a detailed exposition of this in the Annual Report.

Aligning intangibles with strategy

The consistent growth in the Company's revenue and profitability was the tangible outcome of the alignment of its three important intangible assets with its strategy viz: delivering differentiated value offerings to clients in the ITES-BPO segment supported by IT services.

The three intangible assets are Human Capital represented by the Company's people, Information Capital comprising its information systems, networks and technology infrastructure and Organization Capital encompassing its culture and leadership encouraging staff empowerment, knowledge sharing, teamwork and belief in its value system.

In addition to solid financial performance, alignment of the intangibles with the Company's strategic goals has enhanced its internal processes most critical to creating value for customers and shareholders.