



Bridging Distances.
Transcending Boundaries.

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Annual Report 2005



HINDUJA GROUP

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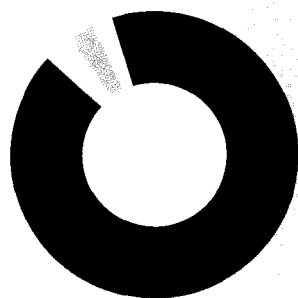
Consolidated Financial Highlights



	2005		2004		Change over Previous year
	Rs. Crores	US \$ Mn.	Rs. Crores	US \$ Mn.	
Operating Income	318	73	257	59	24%
Total Income	614	141	285	66	115%
Total Expenditure	302	69	195	45	55%
Profit After Minority Interest	231	53	84	19	175%
Share Capital	41	9	41	9	0%
Reserves & Surplus	493	113	295	68	67%
Loans	16	4	0	0	-
Investments	448	103	152	35	195%
Net Fixed Assets	189	43	171	39	10%
Net Current Assets	118	27	138	32	(16%)
Earnings per Share (Rs.)	57		21		175%
Dividend (%)	75%		75%		0%

(1 USD = Rs. 43.50)

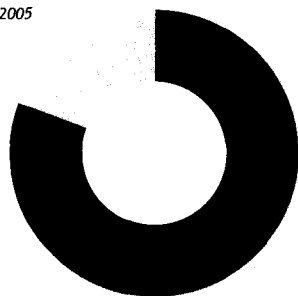
Operating Income



	Rs. Crores	US \$ Mn.
IT	201	46
Cable Television	77	18
Advertising	10	2
Film Content / Events	9	2
Internet	7	2
Treasury	14	3
Total	318	73

Employees

As on 31.3.2005



	Nos.	%
Global IT	4146	81%
Media & Telecom	1003	19%
Total	5149	100%



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Globalisation has expanded the horizon of our business enterprise. It has opened up a vast sky of endless opportunities. HTMT explores this infinite field and goes across the globe, expanding its brand and its unique vision. It is the Company's endeavour to transcend all boundaries to create a worldwide network. With its expertise in technology, HTMT is constantly working towards bridging distances and connecting globally to bring the world closer.



‘ HTMT House’ at Hosur Road, Bangalore





Contents

THE COMPANY

- 4 Mission & Vision
- 5 Value System
- 7 Letter to Shareholders from the Chairman
- 10 Experience the HTMT Advantage
- 13 Message from MD & CEO
- 14 HTMT Financial Highlights
- 15 General Information

REPORTS

- 16 Directors' Report
- 22 Corporate Governance Report
- 28 Management Discussion & Analysis Report

FINANCIAL STATEMENTS

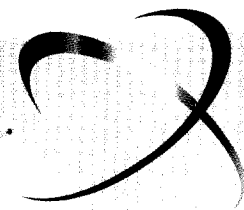
- 38 Standalone
- 68 Consolidated

IT SUBSIDIARIES

- 92 General Information
- 93 HTMT Inc.
- 100 HTMT Europe Limited
- 105 Hinduja TMT France
- 107 Source One Communications Inc.
- 113 Source One Communications Asia Inc.
- 119 Customer Contact Center Inc.
- 129 C-Cubed (Antilles) N.V.
- 131 C-Cubed B.V.

MEDIA & TELECOM SUBSIDIARIES

- 136 General Information
- 137 InNetwork Entertainment Limited
- 149 Grant Investrade Limited
- 154 IndusInd Media & Communications Limited
- 169 Tele Video Communications India Limited
- 177 In2cable (India) Limited
- 189 IndusInd Telecom Network Limited



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 has 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 and Media & Telecommunication 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 Company will be an agile force at all times adapting to take advantage of the new challenges and opportunities and realise the aspirations of the above stake holders.

Social

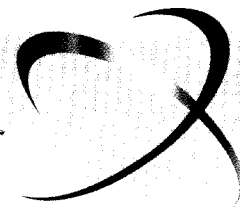
The Company and its subsidiaries will function in a way that actively recognises the central role that the businesses play in the structure of the society by initiating innovative ways to improve the quality of life in the community they serve.

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 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 organisation very different from that of other Indian Companies.

In the long 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 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

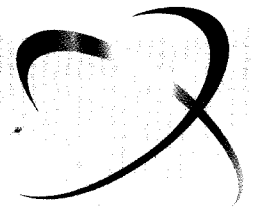
Maintenance of the highest standards of corporate governance and business ethics.

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.



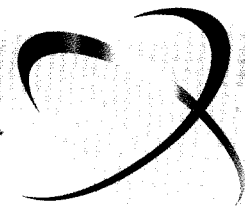
HTMT's New Facility at Cyber Tower, Mauritius





Letter to shareholders from the

Chairman



Dear Shareholder,

"Unlocking world-wide growth" potential and building a global brand

2004-05 was a year of investments, scaling up, consolidation and structural metamorphosis for your Company. During the year, HTMT morphed into a Global Delivery IT/BPO Company with the inclusion of Philippines, USA, Canada and Mauritius in its delivery

During the year, HTMT morphed into a Global Delivery IT/BPO Company with the inclusion of Philippines, USA, Canada and Mauritius in its delivery platform.

platform. This was made possible by our all cash 100% acquisition of two companies at a cost of over US\$ 22 million in phases (US \$ 10 mn in 2005 - 06). As a result, HTMT's global IT/BPO revenues increased by 43% to Rs. 201 crores from Rs. 141 crores in the previous year. Your Company has initiated steps to set up branches at all its international delivery locations. On completion of this process, the financial performances of all the international locations of HTMT would be combined with that of Indian operations thereby improving integration and ensuring seamless global operations, financial reporting and control.

IT/BPO business environment

Companies globally are focusing more on core activities and their business models are changing, providing for outsourcing of non-core activities and scaling down work force. India can only stand to gain;

however, there will have to be greater value addition.

The industry is expected to get to US\$ 50 bn in service exports by 2008 with 1.2 mn qualified people employed, the annual supply of people being 180,000. The domestic market will be US\$ 20 bn and may require half-a-million people. Issues like Security, infrastructure and telecommunication should be focused on for the continued health of BPO industry in India.

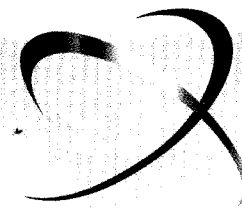
Transformation into a Global Company

We had entered 2004-05 with a clear vision of transforming HTMT into a significant global player in the BPO space. All the key pre-requisites for this transformation of low client concentration, larger business footprint leveraging the best skill sets that different geographies have to offer, enhanced depth of the Company's expertise in domains, technologies and processes, reallocation of strategic, financial & management resources and strong marketing front end were addressed by us during the year; thus smoothly ushering in the shift from one-off offshore sourcing to a more mature, distributed global delivery model.

The acquisitions of Source One Communications Inc, USA and Customer Contact Centre Inc, Manila added many marquee clients to HTMT's customer list, strengthened its front end in USA and expanded the Company's canvas of domain expertise from just Telecom, Insurance and Discrete Manufacturing to now include BFSI, Pharmaceuticals, Consumer Electronics, Household Products, Energy and Utilities.

Strategic entry into Domestic BPO space

During the year, HTMT was successful in getting



Letter To Shareholders From The Chairman

prestigious domestic contracts in the telecom and insurance verticals. The Domestic BPO space not only provides HTMT with an opportunity to leverage its contact center domain expertise, superior technology but also broaden its customer base profitably with inclusion of highly respected Indian companies.

Investment in infrastructure and new acquisitions

In 2004-2005, HTMT invested approx. Rs. 65 crores on capex and various acquisitions. In the current

definitely change the fortunes of these subsidiaries. The over crowding of the analog spectrum with over 300 channels now beamed over the country, as against over 100 channels earlier, has enabled IndusInd Media & Communications Limited (IMCL) to exploit its network efficiently. The broadband Internet Company In2Cable is leveraging IMCL's cable network to enhance its customers and revenue. Your Company's television content arm InNetwork Entertainment Limited continues to offer high quality entertainment to its

HTMT's strategic entry into Domestic BPO space provides an opportunity to leverage its contact center domain expertise, superior technology and broaden its customer base.

financial year, HTMT has taken on lease new premises at Hyderabad and Chennai for adding approximately 500 seats at each centre.

HTMT has also initiated implementation of a prestigious project for creating an IT park named 'HTMT Cyberpark' in Manila, Philippines. HTMT Cyberpark is proposed to be operational by this year and will have a total capacity of over 2,500 seats.

Your Company's inorganic growth continued with the recent acquisition of Immaculate Interactions, a Bangalore based call center specializing in outbound/ telemarketing space.

Media subsidiaries and other investments

While the Company is well on its way to achieve the vision of becoming a scale player in its core business of IT, the potential of Media subsidiaries of the Company is yet to be exploited to the fullest.

A favourable decision on conditional access system (CAS) implementation from the High Court will

viewers and is regularly in the process of updating its valuable content library for use over digital platforms

HTMT's 3.45% effective financial stake in the consolidated Hutch entity, Hutchison Essar Ltd, one of India's most valuable telecom companies will unlock enormous wealth for the shareholders. Your Company is in talks with various financial / strategic investors in this regard. It will be the endeavor of your Company to maximize its returns from this investment and will divest the stake at an opportune moment.

With the real estate market doing well, the value of your Company's 47 acres land at Bangalore near the proposed international airport road has grown significantly. The construction of new international airport will give a further boost to the value of this property.

HR Policy

The pro-active HR policy of your Company is well aligned with its business strategy of delivering differentiated value offerings to its clients. Within its