



Contents

THE COMPANY

- 01 Group Principles
- 02 Letter to Shareholders from the Executive Chairman
- 04 Hinduja Ventures Financial Highlights
- 06 General Information

REPORTS

- 07 Directors' Report
- 12 Corporate Governance Report
- 20 Management Discussion & Analysis Report

FINANCIAL STATEMENTS

- 26 Standalone
- 64 Consolidated

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Group Principles



The Group Founder,
Shri Parmanand Deepchand Hinduja

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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 a Bond

Act Local; Think Global

Partnership for Growth

Advance Fearlessly

Letter to Shareholders

from the Executive Chairman

Dear Shareholders

One year ago it would have been difficult, if not impossible, to imagine or predict the systemic dislocation that rocked the global economy during the latter half of 2008. The precipitous decline in global manufacturing; the restructuring of the financial services industry; the reshaping of the global regulatory framework and markets with its unprecedented nature of volatility make it difficult to predict what residual 2009 holds in store.

At Hinduja Ventures, we are happy to have provided cautious governance to protect our shareholders from the economic crisis, market collapses, downturn etc. At all times, but particularly in challenging and uncharted times, your Directors and the management have anticipated what lay round the corner to safeguard shareholder interest. I am happy to report that we have fulfilled this duty well as you can see from the results. I am happy to present the annual report and accounts for the year 2008-09.

We look forward to continuing our collaborative efforts on behalf of our shareholders in the years to come. There is much to accomplish after the successful general elections and the Indian economy is poised to regain its growth trajectory. We stand ready to do our part.

Media Sector Outlook

The outlook for the media sector continues to be very positive. Media and Entertainment Industry in India stands today at INR 584 Billion and is projected to reach a size of INR 1,052 Billion in 2013 at a CAGR of 12.5%. Cable households today stand at around 83 Million with a penetration of cable to TV household at 64%. A KPMG-FICCI report estimates about 35 Million digital cable households by 2013.

By comparison, the DTH operators are struggling to gather market share in this small segment suffering huge losses. The management of your company is following technological development like IPTV/VOIP/HITS to ensure that head start enjoyed by our company remains with us on a sustainable basis.

The digitization of cable space is likely to pick up pace as recommendation of sector regulator, Telecom Regulatory Authority of India (TRAI), for implementation of CAS in 55 big cities is already in place. This, along with improved picture and sound quality for the consumers, will promote digitization independent of above recommendation.

There is a clear growth visible in the number of pay channels. In 2003, out of 125 channels, 41 were pay channels. Today, out of 436 channels, around 150 are pay channels. Due to increased viewership and cable penetration, number of pay channels are on the rise and this trend may continue.

Letter to Shareholders

from the Executive Chairman

IMCL performance

IMCL has now reached approximately 6.5 Million homes in 24 cities, out of which 15 cities are major Television Rating Point ('TRP') cities. IMCL provides more than 250 channels in its Digital Cable networks, which is currently the maximum number of channels provided in any distribution platform in India.

The industry has been undergoing rapid changes with more competition from existing and new players, consolidation and regulatory recommendations for an orderly and transparent system. All these industry dynamics are expected to benefit IMCL in the long run and the benign effect on the Financials may flow from proposed initiative including Capex.

IMCL has around 6300 km of hybrid fiber network including 1000 km of underground fiber which is a key differentiator and our unique competitive advantage. "Quad Play" proposition makes IMCL best positioned to capitalize on huge Cable & Satellite (C&S) opportunity delivering video, internet, voice and e-commerce through a single pipe. IMCL being a valuable asset, the Company is incubating IMCL and will strive to create wealth for its shareholders by listing IMCL at an appropriate time.

Finally, your Company will continue to look for new opportunities to incubate new businesses with a cautious approach and will venture only when all the risk factors are taken into consideration and mitigated to appropriate levels. We will be able to announce plans for such new initiatives in the near future. We will ensure that no good opportunity will be missed and we will continue to maximize returns to our shareholders.

Thank you



Ashok P Hinduja
Executive Chairman
Mumbai, 12th May 2009

Financial Highlights

Consolidated

For the Year	Change Over Previous year	2009	2008	2007*	2006	2005
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Operating Income	32.96%	322.86	242.83	345.02	440.18	318.24
Total Income	30.95%	346.00	264.21	1,456.22	474.27	613.84
Total Expenditure	47.85%	253.59	171.12	319.56	417.44	302.33
Profit After Minority Interest	-15.12%	46.80	55.13	807.92	26.06	231.27
Share Capital	0.08%	20.56	20.56	20.54	40.90	40.90
Reserve & Surplus	6.34%	591.21	527.75	496.30	523.15	492.58
Net worth	6.09%	611.77	548.31	516.84	564.05	533.48
Loan Funds	148.80%	14.65	74.64	30.00	265.68	16.37
Net Fixed Assets	43.56%	241.88	101.57	70.75	345.27	188.97
Investments	-37.24%	103.65	160.12	255.11	531.80	448.37
Net Current Assets	49.16%	417.21	459.57	308.11	138.56	118.27
Earnings per Share (Rs.)	-89.79%	22.77	26.84	262.96	6.37	56.54
Dividend (%)	-60.00%	100%	100%	250%	75%	75%
Dividend Amount	-79.92%	20.56	20.56	102.35	30.68	30.68
Book value per Share	6.09%	297.62	266.74	251.44	137.91	130.44

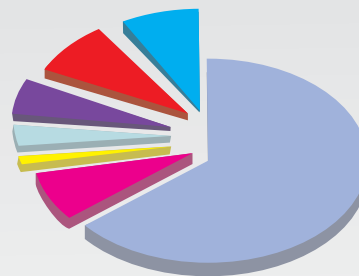
*(Demerger of ITES
Hutch Sale)

Rupee Earned



Treasury	13%
Real Estate	0%
Media/Telecommunication	87%
Other	0%

Rupee Spend

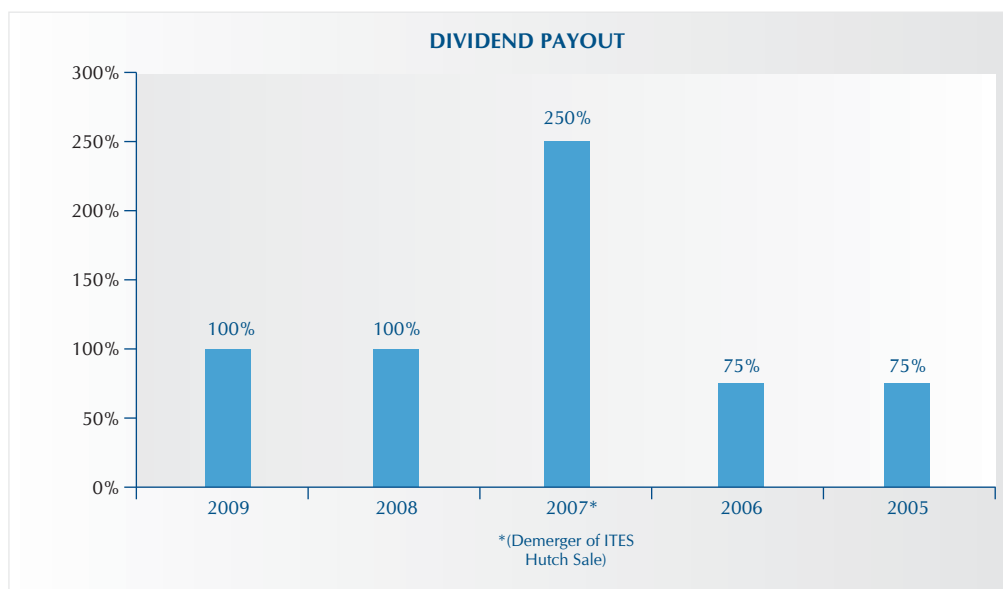


Total Expenditure	71%
Depreciation	7%
Interest & Other Finance Charges	1%
Minority Interest/Share in Associates	3%
Tax (Including deferred tax)	4%
Dividened & Dividend tax	7%
Residual Surplus	7%

Financial Highlights

(Standalone)

For the Year	Change Over Previous year	2009	2008	2007	2006	2005
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Total Income	-11.85%	58.67	66.55	1077.04	255.95	167.27
Total Expenditure	-1.90%	7.31	7.45	157.83	202.46	87.73
PBIDTA	-13.10%	51.36	59.10	919.21	53.49	79.54
Profit after Tax	-20.74%	33.01	41.65	689.12	40.27	70.06
As at the end of the year						
Share Capital	0.00%	20.56	20.56	20.54	40.90	40.90
Reserve & Surplus	1.57%	579.57	570.61	552.65	449.92	444.62
Net worth	1.52%	600.13	591.17	573.19	490.82	485.52
Loan Funds	-80.84%	14.30	74.64	30.00	258.26	-
Net Fixed Assets	-1.13%	1.21	1.23	0.62	88.62	35.13
Investments	-24.74%	170.57	226.64	317.21	500.71	268.50
Net Current Assets	1.09%	442.33	437.55	285.01	157.78	181.06
Earnings per Share (Rs.)	-20.80%	16.06	20.28	224.29	9.85	17.13
Dividend (%)	0.00%	100%	100%	250%	75%	75%
Dividend Amount	0.00%	20.56	20.56	102.35	30.68	30.68
Book value per Share (Rs.)	1.52%	292	288	279	120	119



General Information

Board of Directors

Mr. A. P. Hinduja, *Executive Chairman*
 Mr. R. P. Hinduja, *Co-Chairman*
 Mr. D. G. Hinduja
 Mr. H. C. Asher
 Mr. Anil Harish
 Mr. R. P. Chitale
 Mr. Prakash Shah
 Mr. Prabal Banerjee
 Ms. Vinoo S. Hinduja
(Alternate Director to Mr. R. P. Hinduja)
 Mr. Ravi Mansukhani
(Alternate Director to Mr. D. G. Hinduja)

Committee of the Board

Audit Committee

Mr. Anil Harish, Chairman
 Mr. R. P. Hinduja
 Mr. R. P. Chitale
 Mr. H. C. Asher
 Ms. Vinoo S. Hinduja
(Alternate Director to Mr. R. P. Hinduja)

Committee of Directors

Mr. D. G. Hinduja, Chairman
 Mr. R. P. Hinduja

Investor Grievance Committee

Mr. H. C. Asher, Chairman
 Mr. R. P. Hinduja
 Mr. D. G. Hinduja
 Mr. Prakash Shah

Manager and Company Secretary

Mr. Dilip Panjwani

Internal Audit & Systems

Mr. Amit More
 Manager-Internal Audit

Auditors

Price Waterhouse
 Chartered Accountants

Solicitors & Advocates

Crawford Bayley & Co.

Bankers

Axis Bank Limited
 IndusInd Bank Limited
 HDFC Bank Limited
 State Bank of India
 ICICI Bank Limited

Registered Office

In Centre, 49/50, MIDC,
 12th Road, Andheri (East),
 Mumbai 400 093
 Tel.:- 91-22-6691 0945
 Fax.:- 91-22-6691 0988

Registrar & Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.
 13AB, Samhita Warehousing Complex,
 Second Floor, Sakinaka Telephone Exchange Lane,
 Off Andheri Kurla Road, Sakinaka,
 Andheri (East), Mumbai - 400 072
 Tel.:- 91-22-6772 0300
 Fax.:- 91-22-2850 8927/ 6772 0416

Directors' Report

To the Members

Your Directors have pleasure in presenting the business and operating report for the year ended March 31, 2009 and Twenty Fourth Annual Report of your company.

FINANCIAL RESULTS

	Consolidated		(Rs. in million) Standalone	
For the year ended 31 st March	2009	2008	2009	2008
Total Income	3,459.98	2,642.11	586.68	665.52
Total Expenses	2,772.94	1,823.55	107.46	97.15
Profit before tax	687.04	818.56	479.22	568.37
Provision for tax (incl. deferred tax)	129.80	185.78	149.14	151.91
Profit after tax	557.24	632.78	330.08	416.46
Share of Loss from Associates	0.12	(2.04)	-	-
Minority Interest	89.40	79.42	-	-
Profit After Minority Interest	467.96	551.32	330.08	416.46

REVIEW OF FINANCIALS

The global economy witnessed a severe downturn during 2007-08. The early signs of slowdown were visible from July 2008 onwards in India, though globally it started much earlier since January 2008. The Indian economy also came under the stress of the global economy and faced severe economic challenges in demand growth internally and export growth globally.

Though the Indian economy was considered resilient, the credit squeeze and resulting slowdown impacted India as well. Domestic demand, albeit impacted, ensured that the Indian economy withstood the pressure and growth rates did come down from near double digit growth rate of 9-9.5% to 6-7%. Your Company still posted healthy results. Consolidated Income grew from Rs. 2,642.11 million to Rs. 3,459.98 million and Profit After Tax and Minority Interest stood at Rs. 467.96 million as compared to Rs. 551.32 million in the Previous Year. The advertising spend of the Customers were affected leading to lower growth rates in the Media and Entertainment Industry. Your Directors' are pleased to inform you that IndusInd Media and Communication Limited (IMCL), the material subsidiary of your Company, was still able to post a robust growth. Due to upward trend of cost of technology, investments & content acquisition cost, the margins were under pressure.

DIVIDEND

The Board recommends Dividend payment of Rs. 10 per Equity Share (100% Dividend on face value of Rs. 10 per Equity Share) for financial year 2008-09 resulting in dividend payout of Rs. 240.49 million including Dividend Distribution Tax. The current year dividend payout including Dividend Distribution Tax stands at 72.86% of current year earnings.

The Company's treasury operation's goal is to conserve cash, for investment opportunities. HVL is constantly looking out for fairly valued assets in the current scenario.

TRANSFER TO RESERVES

As a result of dividend declaration, your Company proposes to transfer Rs.33.01 million to the General Reserve and carry forward an amount of Rs. 3,666.18 million as balance in the Profit & Loss account.

REAL ESTATE

The Company intends to monetise its property at Bangalore located near the new Devanhali Airport. With the current slowdown in the real estate market, the development plans of the said property have been deferred but still your Company intends to obtain all clearances for the property. The Company has refunded money received from a Developer to whom it had previously granted an option to develop the property, on account of delay in obtaining clearances. The Company plans to focus on real estate activity once the approvals are in place.

FEE BASED ACTIVITY

The Company has been registered as sub-broker with Securities and Exchange Board of India (SEBI) and obtained registration as a sub-broker with both the stock exchanges i.e. Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE') during the year.

Directors' Report

SUBSIDIARIES

Media:

IndusInd Media and Communication Limited (IMCL):

IMCL, the main subsidiary of the Company in the cable distribution, content and Internet business continued its strong performance. It has outperformed most of the other companies in its domain. IMCL has achieved an EBITDA of Rs. 477.90 million and Standalone revenue of Rs.2,746.90 million.

The Media & Entertainment Industry (M & E) presents excellent growth opportunities in India. The M & E Industry is still expected to grow at more than 12% growth rate and has maintained a growth rate of almost double of GDP last few years.

The unfolding of opportunities for IMCL is witnessed by expansion in the number of Television Channels and Pay Television Channels in all genres and expansion of new distribution platforms for content.

The industry has been undergoing rapid changes with more competition from existing and new players, consolidation and regulatory recommendations for an orderly and transparent system. All these industry dynamics are expected to benefit IMCL in the long run.

IMCL now has a reach of approximately 6.5 million cable homes (Analogue services: INCABLENET) and has over 6300 kms of Hybrid Fiber Optic Cable, which is 80% two way enabled to the nodes. It is spread over 24 cities which includes major metros and 65% of its cities with Television Rating Points (TRP) like Mumbai, Thane, Delhi, Noida, Bangalore, Ahmedabad, Vadodra, Belgaum and others and IMCL presently provides 250 channels in its Digital Cable (INDIGITAL) networks (including 29 Radio/Audio Channels), which is currently the maximum number of channels provided in any distribution platform in India.

IMCL continued its foray into digital cable for newer cities has provided impetus for cable digitalization and expansion. IMCL has installed set top boxes in excess of 300,000 both in notified areas of Conditional Access System (CAS) and other cities. It has already established eight digital Head ends in India, covering about 12 cities, including key metro cities.

IMCL is one of India's largest independent Multi System Operator (MSO), with a triple play platform through Cable. IMCL also has a nationwide Internet Service Provider (ISP) license and is an active Grade-1 ISP player in the Indian Market, providing broadband services (IN2CABLE) and bandwidth to both corporate and retail customers. The current year focus will be on broadband growth also.

IMCL also has a content division with a library of about 1,000 movies with cable rights for India and 30 movies with International rights. The premium Movie channel 'CVO' in India's pioneering cable TV channel which runs in over 50 centres.

IMCL's associate company "Planet E-Shop Holdings India Limited('PES') has received permission (from Government of India) for downlinking Foreign Channels for exclusive Distribution and Marketing Rights, under the downlinking guidelines for Foreign Channels under Ministry of Information & Broadcasting. Currently PES is marketing few channels under its business. PES is also undertaking content aggregation business for marketing channels in its area of operation. Towards this end it has tied up with few sports channels for some regions.

Shop24Seven India Limited under the umbrella of its parent PES is moving towards content Aggregation and Distribution business alongwith its existing content of Shopping Channel. Shop24Seven India Limited has recently signed up for producing a movie titled "Teen Patti" with a Company called Serendipity Films Private Limited. The film is expected to be released in this year.

HTMT Telecom:

Your Company consolidated its stake in HTMT Telecom Private Limited by making it wholly owned subsidiary from the previous holding of approximately 90%. With no fresh telecom licenses' being issued by the Government, the Company is scouting for opportunities in the telecom sector as infrastructure provider by being access network provider on a Fiber network.

FUTURE OUTLOOK - MEDIA (Cable TV Distribution, Broadband and Content)

Cable:

The Television industry is one of the largest segments of the Indian Media and Entertainment industry and has transformed completely in the last few years.

On the content side, the number of channels beamed on the Television screen of Cable & Satellite viewers in India has increased to over 450 from about 120 in 2003. There has been a rapid growth in the number of channels in news and other niche segments like lifestyle, kids and infotainment, apart from the General Entertainment Channels (GECs). Many new niche channels are expected to launch their contents, based on the digitalization in various Television distribution platforms.

In the case of TV distribution, digital mediums have emerged in the form of Digital Cable, Direct To Home (DTH) and Internet Protocol Television (IPTV). Some of the biggest industrial houses have invested in DTH sector and Digital Cable sector. The successful implementation of CAS in selected zones of Delhi, Mumbai and Kolkata from 2007 gave an important push towards digitalization of cable. Even in areas, where CAS is not mandatory, MSOs have already begun to digitalise their cable networks. Government is now keen to implement Digitalization with Addressability (CAS).

The digitization of cable is likely to pick up pace, independent of whether implementation of CAS is carried out on a wider scale or not, although implementing CAS in 55 big cities is now mandatory as the same has been recommended by the sector regulator, Telecom Regulatory Authority of India (TRAI). A KPMG-FICCI report estimates