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Group Principles



The Group Founder,
Shri Parmanand Deepchand Hinduja

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

It is indeed my privilege to be presenting to you the highlights of the investments of your Company during the Financial Year 2012-13. Your Company remained resilient in the back drop of slowing GDP and a tough global economic environment.

The global economy remained sluggish. Structural bottlenecks, widening of the Current Account Deficit (CAD), inflation and uncertainty in the political environment hampered the growth of GDP in India.

According to the first advance estimates of national income for the year 2012-13 of the Central Statistics Office (CSO), the Indian economy grew at its slowest pace in a decade at a mere 5% in 2012-13, on the back of dismal performance of the farm, manufacturing and services sectors.

In late 2012-13, the Indian Government announced a new round of reforms and deficit reduction measures to reverse India's slowdown. The outlook of India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy. The greatest risk to the Indian economy continues to be the extremely high CAD. In the light of this scenario, while RBI has taken certain monetary measures to stimulate the economy, industrial revival will require greater facilitation in terms of effective policy measures to stimulate private investment.

Your Company adopted a wait and watch methodology for its investment as capital preservation remained the theme for this year. Your Company continued to hold its investments in the following sectors viz., Media, Power, Non-Banking Financial Institution, Banking and Real Estate besides holding a robust Treasury.

The Book Value of the shares of your Company stood at ₹ 398 per share as at the end of the financial year. The Net Worth grew from ₹ 734.39 crores in the previous year to ₹ 818.84 crores in the year under review. The investments clocked a steady growth from ₹ 225.96 crores in the previous year to ₹ 320.19 crores in financial year 2013.

The performance of its investments

Media – IndusInd Media & Communications Limited (IMCL)

During the year, your Company's principal subsidiary - IMCL - successfully managed the first phase of digitalization, converting all analogue homes into digital homes in Mumbai, Delhi and Kolkata. Having received an All India Digital Addressable Cable license, IMCL converted around 2.5 million homes to digital in Phase I and Phase II cities as mandated by Government. IMCL continues to be one of the leading Multi-System Operators having a pan-India presence with a reach of around 8.5 million subscribers in 36 locations.

IMCL infrastructure is adequately geared up to meet the opportunity presented by mandatory Digital Addressable System (DAS) and is currently supported by 10,000 km of hybrid fibre optic cable network, which includes 2,000 km of underground fibre. There are plans to introduce Value Added Services (VAS) in digital cable.

During the year, your Company applied for a HITS (Head-end in the sky) license, through its wholly owned subsidiary, with the Ministry of Information & Broadcasting. HITS is expected to provide white label services to millions of customer in phase III and phase IV. This will result in substantial revenue to your company and handsome rewards to its shareholders by way of dividend.

Power – Hinduja Energy (India) Limited (HEIL)

Your Company remains invested in the Power Sector through its stake of 15.74% for ₹ 187 crores (fully invested) in HEIL – holding company of Power Assets of Hinduja Group. This translates into a 10% effective holding in the SPV – Hinduja National Power Corporation Ltd. The project of 1040 MW under the SPV is progressing well and will be commissioned during this financial year.

Non-Banking Finance Company - Hinduja Leyland Finance Limited (HLFL)

Your Company purchased 2,00,00,000 shares i.e. a stake of 8.9% in HLFL – an Asset Financing Company (mainly Vehicles and Construction Equipments) - at par in early 2011. It further acquired 88,88,890 shares at par under the Rights issuance of the Company. As at the end of the financial year 2013, it retained a stake of around 6.7%, after having divested a small portion (2.15%) to an overseas investor. The sale took place at ₹ 40 per share, clocking a return of 4 times in about two years'.

The prospects of HLFL look positive; the Company registered a Profit after Tax (PAT) of ₹ 91.38 crores at the end of financial year 2013 vis-a-vis ₹ 83.69 crores in the previous year. This was despite the tough business environment that the Automobile industry faced during the last year.

Letter to Shareholders

from the Executive Chairman

NBFCs, especially vehicle financing, has seen a lot of investor appetite in the last year. HLFL is also close to finalising an equity infusion by a Private Equity investor of ₹ 200 crores in the coming year for funding its growth plans. This will bring down the percentage holding of your Company in HLFL to a tad below 5%. The possibility of listing HLFL in future remains high.

Banking – IndusInd Bank Limited (IBL)

Your Company, directly and indirectly through its subsidiaries, holds 1,82,37,383 shares, a stake of 3.49% in IBL as of March 31, 2013 as against 1,51,32,383 shares, a stake of 3.01% as of March 31, 2012.

Post the management change in 2008, IBL has smoothly turned around the business with an improvement across various business parameters viz. efficiency, productivity and profitability. Its superior franchise, well experienced employee base, operational expertise and an understanding of the market environment has catapulted the Bank in the Top 3 league of new generation Private Sector Banks in India. The confidence of the investor community in the stock was evident from the response IBL received on its Qualified Institutional Placement (QIP) from high quality FIIs as well as domestic investors. The subscription happened at a premium to the market price wherein the Bank raised around ₹ 2,000 crores. This capital increase will meet the growth plans that Bank has set for itself for the next planning cycle where it will focus on building 'Scale with Profitability'.

The stock has appreciated around 53%, since the last year.

Real Estate

The Company continues to pursue its efforts in seeking clearance for the development of its real estate in Bengaluru including attending the legal suits related to title in respect of 47.2 acres land. The land was purchased at ₹ 0.14 crores per acre and today the reckon rate of land stands at ₹ 3.08 crores per acre. Post clearance of all the issues, the Company will take up development of the property.

Your Company through its wholly owned subsidiary had acquired 4.75 acres of land in Hyderabad at a price of ₹ 5 crores per acre. As of March 31, 2013, the reckon rate of land stands as ₹ 12.1 crores per acre, registering an unrealised gain of 142%.

Corporate Social Responsibility

Mobile Medical Units

Your Company has generously funded the Hinduja Foundation in implementing its mobile health care project targeting the rural poor in the tribal areas of Thane district. The contributions have been made u/s 35 AC which is 100% tax exempt. The project focuses on providing access to basic health care facilities for tribal people, who, due to a variety of reasons ranging from financial to geographical constraints, remain largely neglected.

This marks the beginning of our contribution to the society in a tangible manner. We will continue to pursue our efforts in giving back to the society and contributing in making lives of people better.

Way forward

Whilst the above initiatives will take shape during the coming year, your Company's management will remain committed to evaluating the most lucrative opportunities for value creation for its stakeholders. We would broaden our horizons to include new sectors to the boutique that are most promising.

I would like to place on record my sincere appreciation of your unstinted support to the Company. I would also like to thank the Directors, Management and Employees for the good performance registered. Also my thanks go out to our Bankers, Auditors and Advisors for their help and guidance during the year to maintain the highest standards of corporate governance, a top priority for the Group.

Yours sincerely,



Ashok P. Hinduja
Executive Chairman

Mumbai, 16th May, 2013

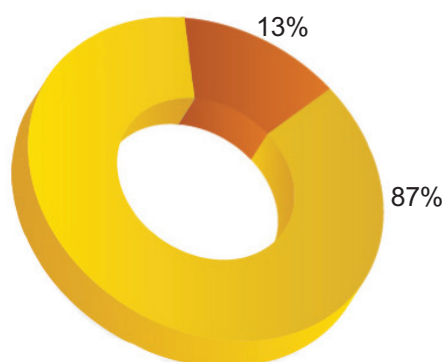
Financial Highlights

Consolidated

[Amount ₹ in Crores]

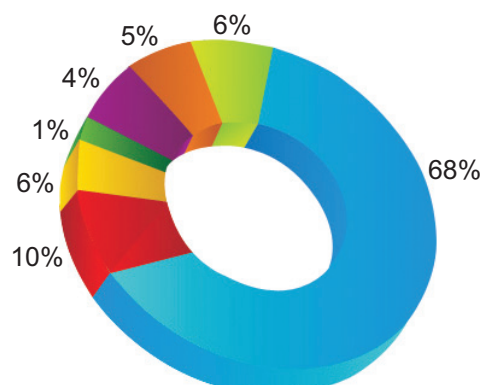
For the year	2013	2012	2011	2010	2009
Operating Income	696.88	538.49	433.58	351.50	329.38
Total Income	701.96	563.05	475.29	401.71	346.00
Total Expenditure	519.96	357.85	310.55	294.48	253.59
Profit After Minority Interest	80.22	100.46	86.57	60.58	46.80
As at the end of the year					
Share Capital	20.56	20.56	20.56	20.56	20.56
Reserve and Surplus	798.28	713.83	649.20	597.46	591.21
Net Worth	818.84	734.39	669.76	618.02	611.77
Loan Funds	787.18	127.77	102.44	11.57	14.65
Net Fixed Assets	651.87	304.56	265.62	240.49	241.88
Investments	320.19	225.96	272.67	252.50	103.65
Earnings per Share (₹)	39.03	48.87	42.12	29.47	22.77
Dividend (%)	150%	150%	125%	100%	100%
Dividend Amount	30.83	30.83	25.69	20.56	20.56
Book value per Share (₹)	398	357	326	301	298

Rupee Earned (Consolidated)



- Treasury
- Media & Communications

Rupee Spend (Consolidated)



- Total Expenditure
- Depreciation
- Tax (Including Deferred Tax)
- Dividend & Dividend Tax
- Interest & Other Finance Charges
- Residual Surplus
- Minority Interest / Share in Associates

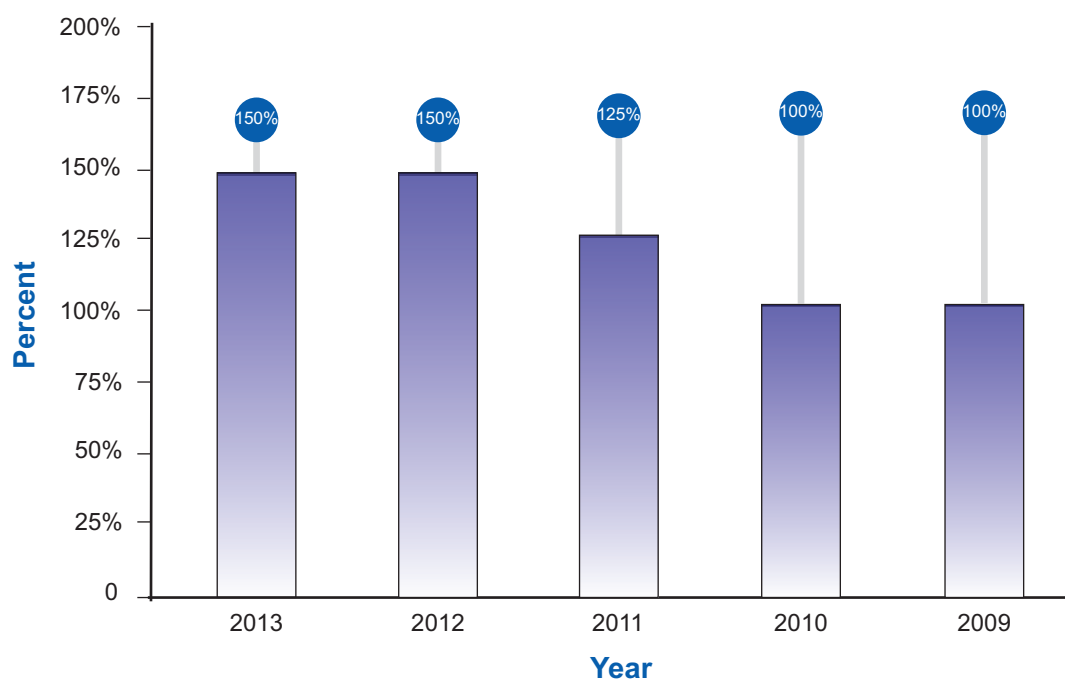
Financial Highlights

Standalone

[Amount ₹ in Crores]

For the year	2013	2012	2011	2010	2009
Total Income	94.52	90.11	83.48	80.49	58.67
Total Expenditure	8.51	13.87	13.64	33.10	7.31
PBIDTA	86.01	76.24	69.84	47.39	51.36
Profit After Tax	76.75	65.02	57.61	39.09	33.01
As at the end of the year					
Share Capital	20.56	20.56	20.56	20.56	20.56
Reserve and Surplus	694.79	654.12	624.93	594.69	579.57
Net Worth	715.35	674.68	645.49	615.25	600.13
Loan Funds	—	—	—	—	14.30
Net Fixed Assets	16.56	19.01	21.37	22.45	1.21
Investments	189.02	256.91	302.94	315.63	170.57
Earnings per Share (₹)	37.34	31.63	28.03	19.01	16.06
Dividend (%)	150%	150%	125%	100%	100%
Dividend Amount	30.83	30.83	25.69	20.56	20.56
Book value per Share (₹)	348	328	314	299	292

Divident Payout



General Information

Board of Directors

Mr. A. P. Hinduja, Executive Chairman

Mr. R. P. Hinduja, Co-Chairman

Mr. D. G. Hinduja
(upto 26th October 2012)

Mr. Dilip Panjwani, Whole-Time Director
(upto 30th April 2012)

Mr. Ashok Mansukhani, Whole-Time Director
(Appointed w.e.f. 30th April 2012)

Mr. H.C. Asher

Mr. Anil Harish

Mr. R. P. Chitale

Mr. Prakash Shah

Ms. Vinoo S. Hinduja
(Appointed w.e.f. 30th October 2012)

Mr. Ravi Mansukhani
(Appointed as an Alternate Director to Ms. Vinoo Hinduja
w.e.f. 30th October 2012)

Committee of the Board

Audit Committee

Mr. Anil Harish, Chairman

Mr. R. P. Hinduja

Mr. R. P. Chitale

Mr. H. C. Asher

Remuneration Committee

Mr. H. C. Asher, Chairman

Mr. Anil Harish

Mr. Prakash Shah

Investor Grievance Committee

Mr. H. C. Asher, Chairman

Mr. R. P. Hinduja

Mr. D. G. Hinduja
(upto 26th October 2012)

Mr. Prakash Shah

Company Secretary

Mr. Dilip Panjwani
(upto 30th April 2012)

Mr. Amit Vyas
(Appointed w.e.f. 30th April 2012)

Internal Audit

Mr. Datta Gawade

DGM - Internal Audit

Auditors

Deloitte Haskins & Sells

Chartered Accountants

Solicitors & Advocates

Crawford Bayley & Co.

Bankers

IndusInd Bank Limited

HDFC Bank Limited

State Bank of India

Axis 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) Private Limited

13AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Andheri (East),
Mumbai-400 072.

Tel.: (91 22) 6772 0300

Fax.: (91 22) 2850 8927 / 2859 1568

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Directors' Report for the year ended 31st March 2013 and the Twenty Eighth Annual Report of your Company.

FINANCIAL RESULTS

	(₹ in Lacs)			
	Consolidated		Standalone	
For the year ended 31 st March	2013	2012	2013	2012
Total Income	70,196.16	56,304.60	9,452.42	9,011.01
Total Expenses	58,737.74	39,321.36	1,101.03	1,636.17
Profit before tax	11,458.42	16,983.24	8,351.39	7,374.84
Provision for tax (incl. deferred tax)	2,784.17	4,706.62	676.81	872.27
Profit after tax	8,674.25	12,276.62	7,674.58	6,502.57
Minority Interest	652.03	2,230.21	—	—
Profit After Minority Interest	8,022.22	10,046.41	7,674.58	6,502.57

REVIEW OF INDIAN ECONOMY

As per the monetary policy statement for 2013-2014, the Reserve Bank of India has computed the cumulative GDP growth at an average of 5% against 6.6% a year back. With the progressive fall in industrial production, the growth rate for the current period has come down to 0.09% in April 2013 from February 2013. Inventory and capacity utilization remains flat. The composite Purchasing Manager Index (PMI) encompassing manufacturing and services had fallen to a seventeen month low in March 2013, but headline inflation as measured by wholesale price index moderated to an average of 7.3% in 2012-2013 from 8.9% in the earlier year. Retail inflation driven by food inflation averaged 10.2%. Corporate performance has shown significant deceleration. The current account deficit touched 6.7% in Quarter 3 of 2012-2013. In the light of all this, RBI has estimated baseline GDP growth at 5.7% for the next year. The greatest risk to the Indian economy continues to be the extremely high current account deficit. In the light of this scenario, while RBI has taken certain monetary measures to stimulate the economy, industrial revival will require greater facilitation in terms of effective policy measures to stimulate private investment.

REVIEW OF FINANCIALS

On a Consolidated basis your Company registered a growth of 24.67% in Income to reach ₹ 70,196.16 Lacs from ₹ 56,304.60 Lacs during the year. EBITDA increased from ₹ 21,969.33 Lacs to ₹ 22,713.60 Lacs. Net Profit after Taxes and Minority Interest reduced from ₹ 10,046.41 Lacs to ₹ 8,022.22 Lacs.

The Standalone results reflect a strong performance buoyed by Treasury gains. Total Income grew by 4.90% from ₹ 9,011.01 Lacs to ₹ 9,452.42 Lacs. Net Profit after Tax grew 18.02% from ₹ 6,502.57 Lacs to ₹ 7,674.58 Lacs.

DIVIDEND

The Board is pleased to recommend Dividend payment of ₹ 15/- per Equity Share (150% Dividend on face value of ₹ 10/- per Equity Share) for the financial year 2012-13. The current year Dividend will result in a payout of ₹ 3,607.34 Lacs including Dividend Distribution Tax, representing 47% of the current year earnings.

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 767.46 Lacs to the General Reserve as required under Transfer to General Reserve Rules and to carry forward an amount of ₹ 45,799.47 Lacs as balance in the Statement of Profit and Loss.

REAL ESTATE

The Company continues to pursue its efforts in seeking clearance for the development of its real estate in Bengaluru including attending the legal suits related to title in respect of 47.2 acres land. The land was purchased at ₹ 0.14 crores per acre and today the reckon rate of land value stands at ₹ 3.08 crores per acre. Post clearance of all the issues, the Company will take up development of the property.

Your Company through its wholly owned subsidiary had acquired 4.75 acres of land in Hyderabad at a price of ₹ 5.00 crores per acre. As of 31st March 2013, the reckon rate of land stands as ₹ 12.1 crores per acre, registering an unrealised gain of 142%.

INVESTMENTS

During the year under review, your Company has made further investment of ₹ 16,211.00 Lacs in Hinduja Energy (India) Limited through its wholly owned subsidiary Grant Investrade Limited. Hinduja Energy (India) Limited's subsidiary Hinduja National Power Corporation Limited is expected to go on stream during this financial year. It is setting up a 1040 MW coal based power plant at Vizag in Andhra Pradesh, India.

SUBSIDIARIES

Media:

IndusInd Media & Communications Limited (IMCL):

IMCL moved on in 2012-13 with the cable digitalization mandated by Government in a Phasewise manner. During the Ist phase of Digitalization, IMCL covered 3 cities (out of four metros mandated) and converted all the targeted analogue homes to digital. In the cities of Mumbai, Delhi and Kolkata, IMCL now offers only a digital signal for TV viewing.

IMCL has expanded the geography and network to 36 cities. The consolidation plans continued with Phase II. In the IInd Phase of Digitalization, IMCL is present in 15 cities, out of the Government mandated 38 cities list. IMCL already has over 2.3 million digital customers and plans to convert the entire base of 8.5 million customers to digital in the next 2 to 3 years. It will also give a significant push to Internet over cable services during the coming year.

IMCL consolidated EBIDTA for the year stood at ₹ 14,114.78 Lacs as against ₹ 14,563.48 Lacs. Consolidated Total Income grew by 26.82% from ₹ 48,146.68 Lacs to ₹ 61,061.95 Lacs.

IMCL has announced its various packages in the digital platform and also commenced the High Definition TV services (HD) in certain key markets. IMCL remains committed to its customers to bring out the best of the technology for viewing digitally over the cable networks. It now offers over 350 Standard Definition channels (SD) and over 20 High Definition channels (HD) in key markets under the brand name INDIGITAL. There are also plans to introduce Value Added Services (VAS) in digital cable.

The IMCL infrastructure is adequately geared to meet the opportunity presented by mandatory Digital Addressable System (DAS) and is currently supported by 10,000 km of hybrid fibre optic cable network, which includes 2,000 km of underground fibre.

IMCL has already achieved the first success of digitalization. However, IMCL feels that Government and Regulator have to consider some vital issues, such as:

- Providing infrastructure status to the cable industry.
- Access to domestic funding is critical for successive phases of digitalization.
- Customs duty on set top boxes has been doubled to 10%. Government indicated that this has been done in order to provide a boost to indigenous manufacturers. Incentives and subsidies to local manufacturers would be important to enable them to be more cost-competitive vis-à-vis imported boxes, thus keeping the price of the STB lower for the Consumer.
- Reduction in customs duty on digital headend equipments and set top boxes will provide a boost to the digitalization initiative.

FUTURE OUTLOOK – MEDIA & CABLE TV SECTOR

The Indian Media & Entertainment (M&E) industry grew from INR 728 billion in 2011 to INR 821 billion in 2012, registering an overall growth of 12.6%. Given the impetus introduced by digitalization, continued growth of regional media, strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth rate of 11.8% in 2013 to touch INR 917 billion. The sector is projected to grow at a healthy CAGR of 15.2% to reach INR 1,661 billion by 2017.

In 2012, the television industry commenced its journey down a game-changing path with the seeds planted for sweeping changes that would significantly change in the way business is done. Digitalization of cable is expected to bring in