HINDUJA TMT LIMITED
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1st November 2004

Dear Shareholder,

I take pleasure in addressing you for the first time after taking over as your Company's Managing Director & CEO. In continuation with the practice of corresponding with you through these shareholder letters, I wish to take you through some of the financial, operational and strategic highlights of the first half of the current financial year and also share our thoughts on the future direction of your Company.

a. Financial Performance

Hinduja TMT has posted a total income of Rs. 45.61 crores for the second quarter ended 30th September 2004, up 11% from Rs. 41.07 crores a year ago. Reduction in income from an outsourced call centre for a telecom client and lower other income restricted the Company's revenue growth for the quarter. This, coupled with higher staff expenditure on account of ramp ups in the Company's BPO business resulted in the Profit after tax growing by a modest 4%, to Rs. 21.04 crores for the second quarter ended 30th September 2004 from Rs. 20.30 crores for the corresponding quarter in the previous year. Sequentially, the net profit of the Company has risen by 11% during the current quarter.

For the half year ended 30th September 2004, the Company's total income rose by 20% to Rs. 90.95 crores, while the net profit for the period increased by 7% to Rs. 40.02 crores.

A copy of your Company's working results for the 2nd quarter and the half-year ended 30th September 2004 are annexed to this letter.

Your Company remains debt-free with a net worth of Rs. 490 crores as on 30th September, 2004 and continues to have sufficient cash surplus for its business expansion requirements.

b. Expansion & Growth through acquisition

Your Company has recently acquired 100% of a US based call centre company ***Source One Communications Inc. (SOC),*** in an all cash deal of approximately USD 8.5 million, funded entirely through internal accruals.

SOC has call centre operations directly in New Jersey, USA and Toronto, Canada and through its subsidiary ***Source One Communications Asia (SOCA)*** in Manila, Philippines. SOCA is a joint venture company set up in 2001 between SOC (57.5% ownership) and ***Customer Contact Center Inc. (c3),*** Manila (42.5% ownership).

Your Company had earlier acquired controlling interest in c3, which has independent revenue of USD 6.8 million and had paid USD 3.9 million for the same. With the acquisition of SOC, your Company has consolidated its ownership of SOCA.

SOC had consolidated revenue of USD 15.87 million in its fiscal year ended 30th June 2004. It currently has a total of 750 call center seats in USA & Canada (250) and the Philippines (500). The Philippines operations, which act as an Offshore to SOC, is growing strongly. Together with c3, the total seat capacity is around 1400.

SOC has won accolades of its customers by rendering high quality services through its On-shore, Near-shore and Off-shore Call Center facilities at USA, Canada and Philippines. It has multi-lingual capabilities in English French & Spanish and has strong Marketing and Client Management teams located in New Jersey, providing close-knit client interaction.

With these acquisitions, your Company has not only addressed the risk of high client concentration in its ITES (BPO/Call Centre) business by adding about 22 new customers but has also added different verticals like Pharmaceutical Products, Consumer Electronics, Household Products, Financial Services, Energy and Utilities to its market segments.

The scaling up of both SOCA and c3 operations based on excellent customer response to the quality and competitiveness delivered, is likely to considerably improve the topline and bottomline of the entities. Your Company in the process of co-ordinating the efforts of HTMT with c3, SOCA & SOC for leveraging offshore/offsite infrastructure, integrating the manpower, realigning the management systems & quality processes, cross selling the locations & services and setting up an aggressive marketing network worldwide to further expand its revenue & customer base.

As inorganic growth is critical to your Company's long term growth plans, it will continue to actively pursue more such opportunities in BPO and IT services businesses.

c. Adopting a Global Delivery Model

Your Company now has 6 delivery centres spread across 4 countries viz India (Bangalore-2, Mumbai), Philippines (Manila), USA (New Jersey) and Canada (Toronto) with a combined capacity exceeding 3500 seats. As of date, HTMT's worldwide consolidated employee strength of 3600 is engaged in consistently delivering a wide range of high quality services in ITS/ITES-BPO segments to over 35 leading companies.

The SOC & c3 acquisitions are not merely growth drivers but they also represent critical milestones in the evolution of HTMT as a global ITES/BPO company. With these acquisitions, your Company is now in a unique position with a strong front end, enhanced service offerings, diverse verticals and presence in multiple geographies. Cross selling BPO/Call Center solutions with multi lingual capabilities and IT Services will provide your Company a strong competitive edge vis-à-vis its peers.

d. Ramp-up in BPO (Claim processing) business

High quality execution has led to a strong ramp up in your Company's BPO businesses delivered out of its Bangalore Offshore Centres. Out of a total of 2156 employees at Bangalore today, 1417 employees are engaged in BPO activities, 539 in Call Centre services, 150 in Software Development and 50 in support services.

In the first six months of the current financial year, the number of BPO employees has increased by 553 or 64%. The ratio of employees engaged in BPO activities to the total employees has gone up from 28% as on March 2003 to 66% at present. Going forward we expect this trend to continue, as your Company expects to have more BPO services delivered from India whereas the recently acquired operations in Philippines (c3 & SOCA) and US/Canada (SOC) will continue to focus on providing call centre solutions.

We believe that this new business model is more enduring in the long term as it will adequately leverage country strengths, expand global footprint, grow client relationships and enhance competitive advantage of HTMT.

e. Subsidiaries / Associates

As you are aware that your Company has subsidiaries and substantial investments in Media & Telecom sectors also. Therefore, it is germane to highlight key developments in these companies and their sectors.

Recently, TRAI, the regulator for cable and broadcasting services, issued its recommendations on Broadcasting and Distribution of Television channels. It endorsed the requirement of introduction of addressability and proposed three models for achieving the same :-

- **Model - I** provides for continuation of the existing system with all new pay channels after a notified date to be viewed through a Set Top Box. While this model does not provide consumers with a choice for existing pay channels, it does however provide for price regulation on the present frozen rate basis and a choice for the new pay channels.
- **Model - II** provides for the use of TRAPS as well as the condition that all new pay channels after a notified date will come via a Set Top Box. While, this model is similar to earlier one, it separates the package of existing pay channels to consumers and gives limited choice to consumers by way of TRAPS so as to enable them to watch only Free to Air channels or watch all existing pay channels together. It also provides for new pay channels to be viewed through a Set Top Box.
- **Model - III** is based on the presumption that addressability through CAS is introduced by a legislative mandate. It provides full choice to customers through mandated use of Set Top Boxes for all existing and new pay channels.

Your Company believes that Model – III of mandatory introduction of Conditional Access System has the maximum number of benefits for stakeholders involved in the value chain viz. Consumers, Operators, MSO's and Broadcasters.

Some of the other recommendations of TRAI include continuation with the implementation of CAS in Chennai, involvement of state governments during implementation in other cities and mandatory revenue share agreements between MSO's, Operators and Broadcasters.

HTMT's subsidiary ***IndusInd Media & Communications Ltd (IMC)*** is in a state of readiness to implement CAS and is awaiting the final directions from the Government in this regard. In the interim, it is taking steps to consolidate & restructure its operations with the help of a revamped management structure.

Another important announcement made recently was that of the Broadband Policy by the Ministry of Communications and Information Technology. The policy recognises the potential of Broadband service in growth of GDP and seeks to accelerate the growth of Broadband penetration to 3 million subscribers by 2005-end and to 20 million by 2010. Cable Television network, DTH, VSAT and Wireless have been identified as the means of growing Broadband Internet customers.

The policy highlights the fact that the Cable TV connection as last mile infrastructure reaches more people than even the telephone copper infrastructure and hence has a huge potential to give a stimulus to Broadband penetration. It envisages allowing various service providers to enter into franchisee agreements with Cable TV network operators for providing broadband services and de-licensing of bandwidth for Wi-Fi systems.

Your Company's wholly owned subsidiary, ***In2cable (India) Ltd***, is among the leading broadband Internet Service Provider. It provides broadband Internet on both Cable TV network and through Ethernet based LAN in 11 cities across the country. Proper implementation of the broadband policy coupled with some fiscal incentives will increase the broadband Internet penetration in the country to the targeted levels as mentioned above.

Access to huge content library & media infrastructure of the fellow subsidiary ***InNetwork Entertainment Ltd*** will not only provide a competitive edge to In2Cable for its broadband services but will also unlock value for InNetwork.

Your Company's associate ***Fascel Ltd***, which is a part of Hutch's telecom circles in India, continues to be a market leader in Gujarat with the total subscriber base exceeding 1.05 million. Recently, Hutchison Max Telecom Ltd (Hutch) has obtained FIPB approval, the first step towards the proposed IPO, for consolidation of all the other Hutch cellular circle companies with itself.

Post Hutch consolidation, your Company, through its subsidiary IndusInd Telecom Networks Limited, will control voting rights of 5.11% in the consolidated Hutch entity, while its effective financial stake is 3.45%. Merchant bankers / industry sources / business journals have variously assessed the value of consolidated Hutch entity at USD 3-3.5 billion.

f. Continuing journey towards our goal

The last couple of years have been spent on building our capabilities and skills in IT/ITES businesses. With the two acquisitions discussed above, we have now transformed our India offshore centric business model into a robust global delivery model with the necessary onshore, near shore, and multiple offshore delivery capabilities. As we leverage our geographic diversification, our strong financial position and our best practice processes, we are better positioned then ever before to achieve our vision of becoming a scale player in the industry.

I would like to thank you for your support and encouragement and wish you a very happy Diwali & a prosperous New Year.

Warm regards,

K. Thiagarajan
Managing Director & CEO

HINDUJA TMT LIMITED

Hinduja House, Dr. Annie Besant Road, Worli, Mumbai-18.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2004

Rs. in lakhs

S.No.	Particulars	Total: for the Quarter ended 30.09.2004	Total: for the Quarter ended 30.09.2003	Year to date: Current Year	Year to date: Previous Year	Audited: Previous Year ended 31.03.2004
1	**Total Income**	**4561.21**	**4106.55**	**9095.08**	**7600.65**	**16249.15**
	Sales / Income from operations	4527.33	4001.53	8872.71	7439.78	15746.03
	Profit / (Loss) on sale of investments	3.18	103.15	4.88	158.26	489.06
	Other Income	30.70	1.87	217.49	2.61	14.06
2	**Total Expenditure**	**2316.73**	**1943.19**	**4796.10**	**3559.98**	**8076.15**
	a) Direct Cost, Product charges and Connectivity Cost	334.00	603.86	924.80	866.12	2173.16
	b) Staff Cost	1211.83	790.01	2266.08	1543.62	3205.87
	c) Rent and Compensation charges	125.88	52.19	240.66	114.40	347.52
	d) Legal and Professional charges	43.26	69.14	73.08	113.89	190.68
	e) Discounts and Commission	253.89	180.09	460.23	349.42	732.68
	f) Others	347.87	247.90	831.25	572.53	1426.24
3	Interest and other Finance charges	0.00	0.00	0.00	0.16	0.16
4	**Gross Profit (after interest but before Depreciation and Tax)**	**2244.48**	**2163.36**	**4298.98**	**4040.51**	**8172.84**
5	Less : Depreciation / Amortisation	125.66	107.96	246.90	211.95	460.59
6	**Profit / (Loss) before Tax**	**2118.82**	**2055.40**	**4052.08**	**3828.56**	**7712.25**
7	Provision for Taxation (incl. Deferred Tax)	15.00	25.00	50.00	75.00	159.11
8	**Profit / (Loss) after Tax**	**2103.82**	**2030.40**	**4002.08**	**3753.56**	**7553.14**
9	Paid up Equity Share Capital (Face Value Rs. 10/-)	4090.39	4090.39	4090.39	4090.39	4090.39
10	Total Dividend					3067.79
11	Reserves Excluding Revaluation Reserve					40954.81
12	Basic and Diluted E.P.S. (not annualised) (Rs.)	5.14	4.96	9.78	9.18	18.47
13	Aggregate of Non-Promoter Shareholding:					
	- Number of shares			11,242,699	10,230,764	10,333,699
	- Percentage of Shareholding (%)			27.49	25.01	25.26

SEGMENT INFORMATION AS PER CLAUSE 41 OF THE LISTING AGREEMENT FOR THE QUARTER ENDED 30TH SEPTEMBER, 2004

Rs. in lakhs

S.No.	Particulars	Quarter ended September 30, 2004	Quarter ended September 30, 2003	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
1	**Segment Revenues**					
	a) Convergence Activities					
	i) I.T.	4195.62	3663.70	8477.95	6837.31	14499.15
	ii) Media - Telecom	153.57	210.18	312.02	429.34	820.87
		4349.19	3873.88	8789.97	7266.65	15320.02
	b) Treasury	211.84	230.95	304.64	331.39	925.24
	c) Others (unallocated)	0.18	1.72	0.47	2.61	3.86
	Total Income	**4561.21**	**4106.55**	**9095.08**	**7600.65**	**16249.12**
2	**Segment Results- Profit / (Loss) before tax and interest from segment**					
	a) Convergence Activities					
	i) I.T.	1917.15	1785.31	3856.89	3382.39	6687.92
	ii) Media - Telecom	81.21	144.06	102.04	292.87	412.08
		1998.36	1929.37	3958.93	3675.26	7100.00
	b) Treasury	207.44	199.38	293.95	289.99	857.10
	c) Others (unallocated)	(86.98)	(73.35)	(200.80)	(136.53)	(244.85)
		2118.82	**2055.40**	**4052.08**	**3828.72**	**7712.25**
	Less : Interest	0.00	0.00	0.00	0.16	0.00
	Total Profit before tax	**2118.82**	**2055.40**	**4052.08**	**3828.56**	**7712.25**
3	**Capital Employed (Segment Assets - Segment Liabilities)**					
	a) Convergence Activities *					
	i) I.T.#	13122.18	8352.58	13122.18	8352.58	7960.49
	ii) Media - Telecom	28600.78	29294.02	28600.78	29294.02	29253.91
		41722.96	37646.60	41722.96	37646.60	37214.40
	b) Treasury	6652.53	8609.05	6652.53	8609.05	7285.24
	c) Others (unallocated)	671.69	(107.73)	671.69	(107.73)	545.56
	Total	**49047.18**	**46147.92**	**49047.18**	**46147.92**	**45045.20**

- There are no Inter Segment Revenues
* This includes capital employed in TMT (Technology, Media and Telecom) subsidiaries
# Increase mainly due to recent call centre acquisitions made by the Company.

Notes :

1. Status of Investor Complaints-Opening as on 1st July, 2004-1, Received during the quarter-1, Resolved during the quarter-1, Pending as on 30th Sept, 2004-1.
2. Previous period figures have been regrouped wherever necessary.

The Statutory Auditors have carried out a limited review of the financial results of quarter and half year ended September 30, 2004 as per Clause 41 of the Listing Agreement with Stock Exchange.
The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 30th October,2004.

For **Hinduja TMT Limited**

Sd/-
K. Thiagarajan
Managing Director & CEO

Mumbai
30th October, 2004

HINDUJA GROUP

www.hindujatmt.com