



HINDUJA TMT LIMITED

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January 28, 2004

Dear Shareholder,

Performance during the quarter ended 31st December 2003

The third quarter of the current fiscal was exciting and eventful for your Company. The total income of the Company for the quarter surged 54% to Rs. 45.69 crores from Rs. 29.61 crores in the same period last year. The net profit for Q3 rose by 37% to Rs. 22.55 crores (Rs. 16.51 crores). Sequentially, the total income grew by 11.25% and net profit 11.04% as compared to Q2.

In the 9 month period ended 31st December 2003, the total income at Rs. 121.69 crores spurred 48% year on year from Rs. 82.35 crores and the net profit increased by 29% to Rs. 60.08 crores from Rs. 46.53 crores. The performance is in line with the guidance given for 2003-2004. Your Company's results for the third quarter and the nine-month period are presented at the last page of this communication.

The sharp increase in revenue was due to your Company engaging in a two-way value creation process viz., co-creation of value in partnership with customers. The new relationship paradigm resulted in penetration of chosen customers, satisfaction of chosen needs and acquisition of new clients offering high volume, high value business during the last quarter.

Business from new clients in ITES and IT Services Spaces

The new call centre business from the US broadband communication company reported in our last letter to the shareholders dated 5th November 2003, has been ramped up to 207 Customer Service Representatives (CSRs) with more product offerings. Further enhancement in CSR strength is expected during the current quarter.

Broad technical coverage, realisation of improved service metrics and product-specific expertise, especially in the health service line helped your Company bag a BPO contract from a large US health insurance company, which is initially for a period of 3 years. This is the second health insurance client of HTMT from the US, thanks to an excellent referral from the Company's existing customer, another big company from the Health Care Sector. The new assignment is unique in that it involves transaction processing as well as call centre job in the highly specialised area of health care business. Training and pilot project with about 80 transaction processors in 3 modules have commenced from 12th January 2004. The business has potential to grow similar to that of the existing client for whom 600 processors handling a wide range of products are already working and HTMT is in the process of setting up a high-end call centre employing medical doctors.

The ground floor of the additional premises of 80,000 sq. ft. mentioned in our earlier letter has now been occupied by the transaction processors of the second health care client. As maintenance of confidentiality and data privacy is crucial in the health care sector, we have put in place a Chinese wall of systems and procedures to keep the activities for the existing and new customers strictly separate from each other.



HINDUJA GROUP

The Company's software development and maintenance wing, which has CMM-level 4 certification for maturity of its processes, has secured an order of about Rs. 10 crores from an automobile major in the Middle East for installing an ERP system. The satisfactory implementation of a large ERP contract from Ashok Leyland paved the way for your Company procuring the Middle East order.

Your Company's Disaster Recovery Centre in Mumbai for the existing health care client is ready for operation with 57 seats and has provision for adding about 100 more seats when required.

Backlash in the US against out-sourcing to India

While your Company is intensifying its marketing efforts to diversify its client base geographically, it is confident that the value proposition offered by the Company in terms of lower cost, high quality, strong operational skills and extremely good organisational culture will enable it to retain the clients and acquire new ones from the US. Continuous dialogue with US customers about India being a major opportunity of global resource leverage for creating competitive advantage, rather as an opportunity of labour arbitrage should minimise the backlash risk.

Strengthening of Indian Rupee vis-a-vis US Dollar

To lessen the impact of exchange risk, we have entered into a contract with one of our US clients in Indian Rupees and we enter into foreign exchange forward contracts wherever considered necessary with respect to other clients. At an appropriate time, we also propose to negotiate with clients for a suitable revision in pricing to mitigate the risk of adverse movement in exchange rates.

Ratings and certification

Deloitte Touche Tohmatsu Asia Pacific Technology Fast 500 Program 2003 has profiled your Company as one of the most dynamic and fast growing companies in the Asia Pacific region.

The December 2003 issue of Voice & Data Magazine has ranked your Company amongst the top 15 India-centric BPO companies with 9th position in terms of revenue. If productivity measured as revenue per employee were used as a yardstick, our position in the ranking would be much higher.

Details of DATAQUEST-IDC's employees' satisfaction survey 2003 have already been reported. HTMT has been voted as the most preferred employer among the top 15 BPO companies in India.

After conducting a series of audit of our security systems and processes, KPMG has recommended your Company for the prestigious BS 7799 certification, which is likely to be received shortly.

Update on the acquisition of Customer Contact Centre (c3) Manila, Philippines

Your Company's board has already approved, subject to requisite regulatory approvals, the acquisition of controlling interest and management control in c3, a profit-making off-shore call centre in Manila, for a purchase consideration of USD 3.90 Mn.

The foreign special purpose company for this purpose has now been formed and we expect to complete the formalities before the end of this financial year.

As for performance, during the 12-month period ended December 2003, c3 generated a net profit of approximately USD 0.64 Mn representing 9% of turnover of USD 6.8 Mn. The turnover and net profit of its joint venture company SOCA for the period were USD 9.6 Mn and USD 2.3 Mn respectively.

Subsidiaries/Associates

HTMT's flagship subsidiary IndusInd Media and Communications Ltd (IMC) is fully ready with its state-of-the art Conditional Access System (CAS) project. IMC and its customers will stand to benefit immensely on CAS becoming operational countrywide. The company has partnered with Kudelski SA Switzerland who apart from taking an equity stake in the company is also the technology partner and has supplied the world's leading conditional access system, which it has designed.

Pursuant to Delhi High Court's decision in favour of CAS in early December 2003, the system was implemented in the region of South Delhi in phases from 15th December 2003. Soon after the implementation, some consumer groups filed petitions before the Delhi High Court and sought the withdrawal of CAS. However, the Delhi High Court refused to stay CAS implementation and while ordering a review of its implementation after 3 months, also directed the Government to report on steps taken by it to create a regulatory body to oversee CAS.

Thereafter, the Government notified broadcasting and cable services as telecommunication service and entrusted the Telecom Regulatory Authority of India (TRAI) with certain additional functions. TRAI would accordingly make recommendations regarding the terms and conditions on which addressable systems shall be provided to customers and the parameters for regulating the maximum time for advertisement in pay channels and other channels. TRAI would also specify standard norms for and periodicity of revision of rates of pay channels, including interim measures. It is expected that the appointment of TRAI as a regulatory authority for the broadcasting sector would result in greater transparency among the various stakeholders and smooth implementation of CAS.

The media-content subsidiary InNetwork Entertainment Limited's association with the recent movie 'Baghban' was highly successful with the film turning out to be a hit in both the domestic and international circuits.

In co-ordination with IMC, In2cable (India) Ltd, the Internet subsidiary is expanding its activity to make broadband connectivity a multimedia experience.

Fascel, HTMT's associate, maintained its leadership position in Gujarat's cellular business. The company continued to dominate the market with a subscriber base of 8,17,778 as at the end of 2003. In terms of subscriber base, gross revenue and profitability, Fascel ranks No.1 in state circles and is 3rd among the 11 circles of Hutch, next only to Mumbai and Delhi. Valuation of HTMT's stake in the proposed consolidated entity is still being discussed with Hutch to ensure that maximum benefit accrues to HTMT shareholders. An announcement in this regard with approval of the board will be made as soon as possible.

Unclaimed dividends

In terms of the provisions of section 205A of the Companies Act, 1956, as amended, the unclaimed dividends are now required to be transferred to the Investor Education and Protection Fund established by the Central Government, after a period of seven years from the date it is transferred to unpaid dividend account. Accordingly the Company would be transferring the unclaimed dividends for the financial year 1995-1996 to the said Fund in March 2004. The members, who have not received the dividends/encashed their dividend warrants for any financial year from 1995-1996 onwards, are requested to claim the dividend(s)/send the dividend warrant(s) for revalidation immediately. All correspondence in this regard should be sent to the registrars and share transfer agents viz. Sharepro Services, Satam Industrial Estate, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099.

Dematerialisation of Shares

Shareholders who have not yet dematerialised their holdings in the Company are once again requested to do so, since the Company's shares are required to be traded compulsorily in demat mode.

Positioning for high performance

Your Company's high performance genetic code will continue to energise its operations to deliver both short-term results and long-term growth. The Company's culture of customer intimacy that is at once responsive and active will no doubt empower its employees to realise the vision of becoming a Scale Player and Leading Information Technology Company.

With best regards,
Yours sincerely,

S. Solomon Raj
Vice Chairman



HINDUJA TMT LIMITED
(formerly known as Hinduja Finance Corporation Limited)
Hinduja House, Dr. Annie Besant Road, Worli, Mumbai-18.

Q3- INCOME UP BY 54%
Q3- PAT UP BY 37%

YTD - INCOME UP BY 48%
YTD - PAT UP BY 29%

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST DECEMBER, 2003

(Rs. in Lakhs)

Particulars	I.T.		Other than I.T.		Total		Total		Audited
	For the Quarter ended		For the Quarter ended		For the Quarter ended		Nine months ended		Previous Year ended
	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.03.2003
1. Total Income	3880.20	2713.30	688.51	247.56	4568.71	2960.86	12169.36	8234.10	11446.59
Sales / Income from operations	3880.03	2712.92	356.79	231.85	4236.82	2944.77	11676.60	8014.50	11186.64
Profit / (Loss) on sale of investments	0.00	0.00	330.12	10.77	330.12	10.77	488.38	158.45	178.31
Other Income	0.17	0.38	1.60	4.94	1.77	5.32	4.38	61.15	81.64
2. Total Expenditure	2016.24	976.01	141.93	129.07	2158.17	1105.08	5718.15	2913.02	4448.70
a) Direct Cost, Product charges & Connectivity Cost	677.83	98.32	0.00	0.00	677.83	98.32	1543.95	188.46	366.16
b) Staff Cost	784.29	579.91	40.89	46.69	825.18	626.60	2368.80	1664.08	2294.50
c) Rent and Compensation charges	76.70	34.66	21.27	21.24	97.97	55.90	212.37	168.62	223.43
d) Legal and Professional charges	31.27	11.40	16.27	21.24	47.54	32.64	161.43	121.94	146.34
e) Discounts and Commission	208.47	82.94	0.00	0.00	208.47	82.94	557.89	202.43	483.15
f) Others	237.68	168.78	63.50	39.90	301.18	208.68	873.71	567.49	935.12
3. Interest and Other Finance charges	0.00	2.23	0.00	0.24	0.00	2.47	0.16	8.96	0.00
4. Operating Profit (after interest but before Depreciation and Tax)	1863.96	1735.06	546.58	118.25	2410.54	1853.31	6451.05	5312.12	6997.89
5. Less : Depreciation / Amortisation	97.10	85.18	8.83	7.05	105.93	92.23	317.88	234.29	385.96
6. Profit / (Loss) before Tax	1766.86	1649.88	537.75	111.20	2304.61	1761.08	6133.17	5077.83	6611.92
7. Provision for Taxation (incl. Deferred Tax)	0.00	65.00	50.00	45.00	50.00	110.00	125.00	425.00	408.87
8. Profit / (Loss) after Tax	1766.86	1584.88	487.75	66.20	2254.61	1651.08	6008.17	4652.83	6203.05
9. Paid up Equity Share Capital (Face Value Rs. 10/-)					4,090.39	4,090.39	4,090.39	4,090.39	4,090.39
10. Total Dividend									2,863.27
11. Reserves Excluding Revaluation Reserve									38,303.93
12. Basic and Diluted E.P.S. (not annualised) (Rs.)					5.51	4.04	14.69	11.38	15.16
13. Aggregate of Non-Promoter Shareholding: - Number of shares - Percentage of Shareholding (%)							10,230,764 25.01		10,228,264 25.01

Segment Information as per clause 41 of the Listing Agreement for the Quarter ended 31st December, 2003 (Rs. in Lakhs)

Particulars	Quarter ended Dec. 31, 2003	Quarter ended Dec. 31, 2002	9 Months ended Dec. 31, 2003	9 Months ended Dec. 31, 2002	Year ended March 31, 2003
Segment Revenues					
a) Convergence Activities					
i) I.T.	3880.03	2713.30	10717.34	7064.87	9977.81
ii) Media - Telecom	188.72	179.11	618.06	670.65	890.14
	4068.75	2892.41	11335.40	7735.52	10867.95
b) Treasury	499.63	63.48	831.02	474.36	497.00
c) Others (unallocated)	0.33	4.97	2.94	24.22	81.64
Total Income	4568.71	2960.86	12169.36	8234.10	11446.59
Segment Results - Profit / (Loss) before tax and interest from segment					
a) Convergence Activities					
i) I.T.	1766.86	1652.11	5149.25	4332.86	5787.28
ii) Media - Telecom	108.26	96.89	401.13	474.68	514.84
	1875.12	1749.00	5550.38	4807.54	6302.12
b) Treasury	490.65	53.94	780.64	448.16	461.41
c) Others (unallocated)	(61.16)	(39.39)	(197.69)	(168.91)	(151.61)
	2304.61	1763.55	6133.33	5086.79	6611.92
Less : Interest	0.00	2.47	0.16	8.96	0.00
Total Profit before tax	2304.61	1761.08	6133.17	5077.83	6611.92
Capital Employed (Segment Assets - Segment Liabilities)					
a) Convergence Activities *					
i) I.T.	9078.42	7196.92	9078.42	7196.92	7654.42
ii) Media - Telecom	29141.35	25964.64	29141.35	25964.64	28679.94
	38219.77	33161.56	38219.77	33161.56	36334.36
b) Treasury	9158.69	8154.55	9158.69	8154.55	8602.03
c) Others (unallocated)	1,024.07	634.06	1,024.07	634.06	(2542.07)
Total	48402.53	41950.17	48402.53	41950.17	42394.32

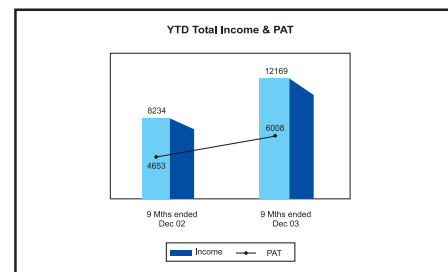
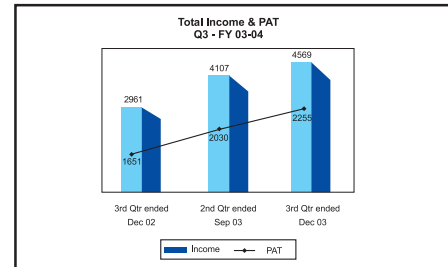
* There are no Inter Segment Revenues
* This includes capital employed in TMT (Technology, Media and Telecom) subsidiaries.

Notes :

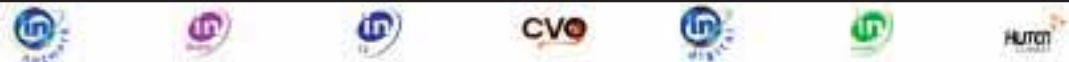
- Pursuant to the Board approval, the Company is in the process of acquiring controlling interest and management control in Customer Contact Centre (C3), a large offshore call centre based in Philippines.
- The Company has added one more large US health insurance company as its customer with a new BPO contract, initially for a period of three years.
- The Company has taken on lease additional premises admeasuring 80,000 sq ft, to provide for 1400 seats to meet the expanding requirements of its customers.
- Previous period figures have been regrouped wherever necessary.
- During the quarter, 6 fresh investor complaints were received. All the complaints were resolved and there was no complaint pending as on 31st December, 2003.

Accreditations:

- The Company has been rated as the Second Best Employee Friendly Company in the recently released DQ-DC BPO Employee Satisfaction Survey.
 - In the insurance claim processing business, the Company is rated as the Second Largest in India by Business World Magazine in terms of number of processors.
 - Deloitte Touche Tohmatsu Asia Pacific Technology Fast 500 Program, 2003 has recognised the Company as one of the Asia Pacific's leading technology companies in 2003.
- The Statutory Auditors have carried out a limited review of the financial results of quarter ended December 31, 2003 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 20th January, 2004.



For Hinduja TMT Limited
S. Solomon Raj
Vice Chairman
Mumbai
20th January, 2004



India's Leading Convergence Corporation

www.hindujatmt.com