



HINDUJA TMT LIMITED

Directors' Report for the year 2002-03

To the members,

Your Directors are pleased to present their report on the business and operations of your Company for the year ended 31st March, 2003.

Financial Results

	<i>(Rs. in Lacs)</i>	
Year Ended 31 st March	2003	2002
Operating Income	111,86.64	63,22.78
Operating Expenses	44,48.71	25,89.23
Operating Profit (PBDITA)	67,37.93	37,33.55
Financial Expenses	0.00	1.03
Depreciation/Amortisation	3,85.96	1,91.88
Operating Profit after Interest and Depreciation	63,51.97	35,40.64
Profit on Sale of long term Investments (net)	1,78.31	8,45.06
Other Income	81.64	1,25.76
Profit before tax and exceptional items	66,11.92	45,11.46
Provision for tax (incl. Deferred tax)	4,08.87	1,54.96
Profit after tax before exceptional items	62,03.05	43,56.50
Add : Exceptional items	0.00	3,16.63
Profit after tax and exceptional items	62,03.05	46,73.13
Profit appropriations		
Balance Brought forward from previous year	42,08.50	21,37.70
Profit available for appropriation	104,11.55	68,10.83
Dividend (Proposed & Interim)	28,63.27	21,35.02
Dividend tax	3,66.79	—
Transferred to General Reserve	6,20.31	4,67.31
Balance Carried Forward to Balance Sheet	65,61.18	42,08.50

Financial review

Operating Income for the year increased by 77% to Rs. 111.87 crores from Rs. 63.23 crores in the previous year.

For the year under review, Income from IT activities increased by 82% to Rs. 99.78 crores from Rs. 54.77 crores in the previous year. IT Export revenues increased by 84% to Rs. 92.61 crores. Share of income from IT activities in the Company's total operating income has increased to 89% from 87% in the previous year.

Net Profit after tax grew by 33% to Rs. 62.03 crores from Rs. 46.73 crores in the previous year.

Continuous increase in earnings and strong cash flows of the Company during the year enabled the Company to remain debt free for second year in a row.

Dividends

Your Company had paid an interim dividend of Rs. 5/- per share (50% on the face value of Rs. 10) in May 2003. Your Directors now recommend a final dividend of Rs. 2/- per share, aggregating to Rs. 7/- per share (70% on the face value of Rs. 10).



The total amount of dividend would be Rs. 28.63 crores as against Rs. 21.35 crores for the previous year. Dividend, as a percentage of net profit is 46% for the year.

Mergers and Amalgamations

During the year, your Company completed the merger of Sarthak Mercantile Private Limited (SMPL) with itself. The Committee of Directors in its meeting held on 8th April 2003, has allotted 53,20,225 equity shares pursuant to the Scheme of Amalgamation of SMPL with the Company. As a result of this, the paid up capital of the Company has increased from Rs. 35.58 crores to Rs. 40.90 crores. 'InNetwork Entertainment Limited' and 'In2Cable (India) Ltd.' have become wholly owned subsidiaries of your Company after the merger of SMPL with the Company.

Business

Despite the challenges faced by the Indian IT Industry in the last year due to worldwide economic slowdown and consequent dip in the techspend, your Company maintained its accelerated growth momentum. The Company's growth, much higher than the average Indian software and services Industry growth, re-affirmed the robustness of its business model with laser focus on IT Enabled Services (ITES). Hinduja Group's continued support to your Company in marketing, maintaining and developing client relationships and offering value proposition to its clients for growth in their businesses was the primary reason for the Company's improved performance.

The strategic intent of the Company to create an obsession with winning at all levels and across all functions of the organization was vigorously pursued during the year leading to unprecedented increase in IT business in a competitive landscape as per particulars mentioned below:-

(a) ITES/Business Process Outsourcing (BPO)

For the last three years HTMT has been effectively executing the BPO order for claim processing for its US based health care insurance client with dedication. A customer centric approach was adopted by virtue of which value was co-created through dialogue, collaboration and partnership with the customer fostering a distinguishing fingerprint for quality in service. This coupled with operational excellence in the project resulted in continuous ramp up in the number of processors and the flow of business. The strength of processors increased from 20 in August 2000 to 372 as on 31st March, 2003.

With the initial claim processing contract period for the BPO order for three years coming to an end by 31st May, 2003, the customer renewed the same for another two years with an option for further renewal of one year.

(b) ITES/Call Center

The Call Center of the Company for a US telecom company, which commenced its operations in November 2001 with 125 Customer Service Representatives (CSRs), has been scaled up to 850 CSRs by March, 2003. The number of calls handled by the inbound Call Center per month increased from 118,004 in March 02 to 455,197 in March 03.

(c) IT Services

During the year, your Company was successful in diversifying its client base and business. Some of the highlights of the IT Services business were as under:-

- A POS software for lubrication stations was developed for a large petroleum company in Saudi Arabia. Implementation is in progress at site.
- A web based project for a large aeronautical manufacturer in UK was completed and the offshore maintenance phase has commenced.
- During the year the Company bagged an initial order from a media company to strengthen its IT infrastructure and implement ERP and subscriber management system.
- A Letter of Intent for design, development and implementation of ERP system for a major automotive company in Middle East was received.
- Pilot projects in engineering design services for two companies from Europe – one an automobile major and another an engineering service company were successfully completed.

It is expected that the functioning of the IT Services wing will substantially improve during 2003-04. The Company has also appointed a Senior Vice President experienced in software design and development to take care of the business growth.



(d) Sales and Marketing

At present your Company is focusing on US and Europe for business in both IT Services and IT Enabled Services with the aid of its marketing subsidiaries in US, UK and France. The sales and marketing infrastructure of the Company's subsidiaries has been reinforced by appointing senior level local executives experienced in marketing in UK and US and by entering into marketing alliances with third party marketing agencies. Your Company will continue to invest in further strengthening its capabilities in the current year.

(e) Business Expansion in ITES/BPO Services

HTMT's stringent quality standards, domain knowledge in telecom & insurance space, call center experience and execution excellence coupled with its ability to provide the customers perceptible cost efficiency has played a key role in HTMT bagging three new orders, two from US and one from UK.

- Contract with a Broadband DSL communications and Internet company in the US to provide customer contact services. The client is a leading national broadband service provider of high-speed Internet and network access utilizing Digital Subscriber Line (DSL) technology. Initially HTMT will be rolling out a team of 125 CSRs and will scale up to 300 CSRs in the next one year.
- The second contract from US is for data entry from a leading provider of customer services for auto insurance, property liability and workers' compensation.
- Third is with a Telecom services provider in UK for call center operations. The services will be provided in the areas of Directory Enquiry and other value-added Telecom services.

(f) De-risking Business through Geographical Diversity

To meet the requirements of overseas clients for disaster recovery and business continuity planning (BCP), your Company decided to set up multiple delivery centers in India and abroad. It is actively considering a location outside India, possibly Mauritius as a BCP center for its BPO business.

Your Company is also looking into a proposal of acquiring a 900 CSR Call Center company at Philippines. The legal and financial due diligence exercise by Crawford Bayley & Company and PriceWaterhouse respectively have been completed. A decision on the structure and the mode of acquisition is likely to be taken as soon as possible.

The above derisking initiatives of the Company have raised the confidence level of the customers and led to increase in the flow of business to the Company.

Corporate Group

During the year, the Corporate Group at the Company's headquarters consisting of specialists in investment banking, finance, technology, media and telecommunication continued to guide and assist its IT division and subsidiaries in growing revenues and strengthening their position in the market. Apart from the group's main role of Business Analysis and Strategic Planning for the Company's core business of Information Technology and Media & Entertainment / Telecom businesses of the Company's subsidiaries, the support of the Group in the following areas is worth mentioning: -

- Selection and appointment of senior functionaries in important positions.
- Selection of appropriate technology.
- Renewal of BPO contract by the IT division.
- Finalising contracts for new ITES businesses.
- Quality performance in Call Center and BPO services.
- Satisfactory relationship management with ITES customers.
- Exploring the possibility of acquiring a Call Center in Philippines and setting up BCP unit in Mauritius.

Consolidated Performance

The combined revenues of the Company and its subsidiaries posted a growth of 32% as compared to last year from Rs. 164.33 crores to Rs. 216.78 crores. The net profit grew by 86% from Rs. 31.37 crores to Rs. 58.32 crores.

As required under the new accounting Standards, segment wise financial statements, related party transactions, calculation of earnings per share, provision of deferred tax liability and Consolidated Accounts of the Company with its subsidiaries are made a part of the

Annual Report. The report and accounts of the subsidiary companies are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of mandatory requirements to present consolidated accounts, which provides shareholders with a consolidated position of the Company at the first instance, shareholders are being provided with the report and accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Shareholders desirous of receiving the full report and accounts of the subsidiaries will be provided the same on receipt of a written request to the Company Secretary.

Subsidiaries/Associates

The year 2002-03 was a year of consolidation, restructuring and growth for HTMT's subsidiaries and associate companies in the businesses of Media & Entertainment (Film, News and local Content) and Telecommunications (Broadband Cable network and cellular).

- Media & Entertainment business of HTMT's subsidiaries grew by 11% despite the reduction in ad budgets of major corporates and increased competition.
- Substantial investments in terms of both, capital expenditure and management efforts were committed in the Broadband Cable Network business to optimise its performance during the year as a result of which the business saw a growth of 57% in its cable television transmission income.
- The Cellular business of HTMT's associate, Fascel saw a 26% growth (Apr '02- Mar '03) due to improved operational efficiency.

The operational highlights of these businesses are as given under:

a. **Telecommunication / Broadband Access businesses through IndusInd Media & Communications Ltd., In2Cable (India) Ltd and Fascel Ltd.**

With the Amendment to the Cable TV networks (Regulation) Act, 1995 passed by the Parliament in December 2002, the implementation of Conditional Access System (CAS) was made mandatory. All pay channels are required to be necessarily viewed through set top boxes. CAS is initially being introduced in four metros, Mumbai, Delhi, Kolkata and Chennai from the 14th July 2003 and will be implemented in phases in other cities.

The Amendment would ensure a radical change in the Indian Cable TV Industry, giving consumers more choice and fairly distribute the pay TV revenues among the Broadcasters and the distributors like **IndusInd Media & Communications Ltd. (IMC)** bringing transparency and order to the industry as in other international markets. As CAS unfolds, the cable industry is expected to consolidate and allow for healthy growth through premium services making the Indian market as one of the key value markets for this industry.

In 1995, IMC had started to consolidate the fragmented cable TV industry by pioneering the MSO concept and popularised 'franchisee' arrangements with small cable TV operators thereby initiated the creation of a 'corporate environment' in the Indian Cable TV industry. In the CAS regime, IMC believes that it is uniquely positioned as a major player to continue to be a catalyst for growth and consolidating a significant position for itself in the Indian pay TV market as a true convergence operator on a nationwide basis with its Set Top Boxes deployment strategy.

Recently, IMC has brought in Kudelski S.A. Switzerland as an equity investor with 2.40% of IMC's equity for approximately US \$ 12 million, giving IMC a valuation of about US\$ 500 million (Rs. 2300 Crores). Nagravision S.A, Kudelski's subsidiary, will also become a technology partner with IMC and supply its state of the art Conditional Access System on a turnkey basis.

IMC's CAS service will now become its premium video offering under the brand '**InDigital**' and plans to shortly enhance its services to provide additional Value Added Services (VAS) packages including Pay Per View, On Demand Services, Interactive TV content as well as Broadband Internet.

In2cable (India) Ltd., the broadband cable Internet Company, completed the deployment of Subscriber Management System (SMS) in Bangalore, Hyderabad, Delhi, Baroda, Indore & Belgaum. It commercially launched its both "Device based" VoIP service through an arrangement with World Phone Internet Services (Pvt.) Ltd. and "PC based (calling cards)" VoIP service with Media Ring Inc. With the launch of the IMC's CAS services, In2Cable will be in a position to leverage the 'last mile control through Set Top Boxes' and effectively expand its Cable Internet services business. It would also expand its Internet telephony business and offer its services to the institutional as well as the residential markets. In a CAS environment, In2Cable plans to provide Internet through STBs to Television sets over and above the PC market which it services currently.

Fascel, HTMT's joint venture with Hutchison, continued to grow and maintain its leadership position in the state of Gujarat. Its subscriber base in the state is over 530,000.

During the second half of the financial year, your Company had an opportunity to exit from its investment in Fascel. However, as the cellular businesses were under strain during that period due to issues like interconnect agreements, expected changes in competitive



Directors' Report

dynamics among telcos etc. the time was not opportune for the Company to exit its investment in Fascel. With the recent revival in Capital Markets and restoration of positive outlook on Indian cellular businesses, your Company is confident that it would be able to exit at a price which will maximise the realisation from this investment in the near future

b. Media & Entertainment / Media Content businesses through 'InNetwork Entertainment Limited'

During the year your Company gave its approval, to merge two of its media-content subsidiaries '*IndusInd Entertainment Limited*', which operates the popular local channel '*In Mumbai*' and '*Cable Video India Limited*' owning and operating the No. 1 Hindi Movie Channel '*CVO*' into '*InNetwork Entertainment Limited*' ('InNetwork'), its subsidiary for all its media-content businesses. This decision is in line with your Company's efforts to consolidate its businesses of its media-content companies and be in a state of readiness to exploit new business opportunities under the CAS regime. The approval of the Bombay High Court for the merger is awaited.

Earlier during the year, your Company, through 'InNetwork' acquired, 100% equity control over its Movie Channel Subsidiary 'Cable Video India Ltd' (CVIL) by buying out the 49% stake of private shareholders.

Post merger 'InNetwork' will be positioned as a niche content service provider through its vast movie library, movie channel 'CVO', local news service 'In Time' and local channels under the 'In' brand. With the help of its convergence technology solutions division 'Enable-e', the Company would provide value added services like Interactive content, Video on Demand, Broadband services for Television. InNetwork will also continue to develop its activities like film financing, production and acquisition of rights and film distribution.

InNetwork's state of the art infrastructure in Mumbai, library of over 1100 movies, 15,000 hours of programming and highly skilled creative resources will help to leverage the superior communication infrastructure facilitated by CAS.

With the change in the share-holding pattern in '*Shop24Seven India Pvt Ltd.*', the company is no longer a subsidiary of HTMT.

Conservation of Energy, Technology Absorption & Foreign exchange earnings and outgo

The prescribed particulars Under Section 217 (1) (e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are furnished in **Annexure – A** to this Report.

Corporate Governance

A detailed report on Corporate Governance in compliance with SEBI guidelines forms **Annexure – B**.

The Statutory Auditors of the Company have examined the company's compliance and have certified the same as required under the SEBI guidelines. Such certificate is reproduced as **Annexure-C**.

Further a separate Management Discussion and Analysis covering a wide range of issues relating to performance, outlook etc., is given as **Annexure-D**.

Addressing Social Concerns

Your Company contributes for social upliftment through Hinduja Foundation, which has the objectives of establishing/maintaining hospitals and educational institutions, promoting art and culture, encouraging sports and providing healthcare to the poor, granting scholarships for encouraging excellence in education and providing relief in the event of natural disasters.

During the year, HTMT made a donation of Rs. 10 lacs to the Foundation for its various ongoing social projects. Your Company co-sponsored a road safety rally at Bangalore in which more than 500 school children participated.

Communication & Public Relations

HTMT has, on a continuous basis, endeavoured to increase awareness among its shareholders and in the market place about the Company's strategy, new developments and financial performance. While financial results and new developments are regularly released to the press and uploaded on its website, your Company, through its Shareholder Letters, has provided the shareholders with detailed financial and non-financial highlights of the period.

During the year, your Company and its subsidiaries were associated with the following events:

1. Participated and put up a stall at IT.com 2002 in Bangalore where HTMT won an award for the best stall in the Enterprise pavilion.
2. Sponsored an industry leaders meet with the US Ambassador to India at Bangalore.
3. Silver sponsors at NASSCOM 2003 outsourcing summit at Mumbai.
4. Participated and put up a stall at the IIT – Tech Fest at Mumbai.

Officials of Corporate Group, HTMT, IMC, In2Cable and content companies actively participated as speakers in seminars organised

by industry associations and Government forums or as members of taskforce and technical committees. The issues taken up by them varied from Government granting infrastructure status to the cable industry, resultant tax/duty concessions and convergence requirements to smooth implementation of CAS by creating awareness through electronic and print media.

The Company's subsidiary 'InNetwork' participated in the recent Cannes Film Festival by taking space in the CII organised India pavilion to showcase its film library and films under production with its support to the international audience.

Fixed Deposit

HTMT has not accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

Directors

Mr. H. C. Asher and Mr. T. Ananthanarayanan, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Rajendra P. Chitale was appointed as an Additional Director in the Board meeting held on 5th May, 2003. He holds office up to the date of this Annual General Meeting and in respect of him; the Company has received notice in writing under Section 257 of the Companies Act, 1956 from shareholder proposing his candidature for the office of Director of the Company and the forthcoming Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement it is hereby confirmed:

1. That, in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That, the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of HTMT at the end of the financial year and of the profit or loss of HTMT for that period;
3. That, the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of HTMT and for preventing and detecting fraud and other irregularities;
4. That, the Directors had prepared the annual accounts on a going concern basis.

Auditors

M/s Price Waterhouse, Chartered Accountants, the Statutory Auditors of your Company, retire at the conclusion of the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

Employees

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report and is given as **Annexure – E**.

Acknowledgements

Your Board takes this opportunity to thank the customers, vendors, business partners, shareholders and bankers for the faith reposed in the Company and also thank the Government of India, various regulatory authorities and agencies for their support and looks forward to their continued encouragement. Your Directors place on record their sincere appreciation of the contribution of the Company's most important asset, viz: employees, who through their competence, hard work and co-operation have enabled the Company to implement its strategic intent and achieve consistent growth.

For and on behalf of Board

Mumbai
June 24, 2003

Ashok P. Hinduja
Chairman



Annexure 'A' to the Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy

The operations of the Company are not energy-intensive. However, the Company makes evaluation on a continuous basis to explore new technologies and techniques to make the infrastructure more energy efficient.

B. Research and Development

HTMT continues to carry out R&D on its own. It has enhanced and upgraded its product E-port that is currently being used within the organisation to handle attendance and leave application.

It also continues to enhance the ERP system that it is developing for the discrete manufacturing sector.

Based on internal evaluations, HTMT has developed systems to streamline its day-to-day operations. It has developed a timesheet management system, a library management system and a lead generation and tracking system.

C. Technology Absorption & Adaptation

HTMT has made substantial investments in the following technology infrastructure:

1. Redundant high-speed datacom and Fibre Optic links with more than 20 mbps of bandwidth.
2. VoIP services for BOP activities
3. Server Farm: addition of the E 250 Sun Platform
4. In addition to the Nortel 81 C switch, HTMT has a Davox dialer to facilitate outbound calls

HTMT has the following Technology partnerships in place:

1. Oracle: to offer their 9i suite of solutions
2. SAP: for systems integration solutions
3. Compaq-HP: for servers and desktops
4. Witness systems: for quality monitoring
5. Blue Pumpkin: work force scheduling
6. Websense: for URL filtering
7. Cisco: PIX firewall

D. Foreign Exchange Earnings & Outgo

• *Export initiatives and development of new export markets*

Your Company has had a strong export focus in the past, and expects its export thrust to continue in future. In fiscal 2003, 81% of HTMT's total income (84% of Operating Income) was derived from exports.

• *Foreign Exchange earned and used for the year ended 31st March, 2003*

(Rs. in Lacs)

	2002-2003	2001-2002
- Total Foreign Exchange Earned	92,70.03	50,21.89
- Total Foreign Exchange Outgo	7,02.04	2,01.91

For and on behalf of Board

Mumbai
June 24, 2003

Ashok P. Hinduja
Chairman

Annexure 'B' to the Directors' Report

Report On Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

HTMT'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors and the Management of HTMT commit themselves to:

- Strive towards enhancement of shareholder value in the medium and long term through sound business decisions, prudent financial management and high standard of ethics throughout the organization.
- Ensure transparency and professionalism in all decisions and transactions of the Company.
- Achieve excellence in Corporate Governance by
 - Conforming to and exceeding wherever possible, prevalent guidelines on Corporate Governance.
 - Regularly reviewing the Board processes and the Management systems to improve governance relating to all the above.

1. BOARD OF DIRECTORS

Composition

The Board of Directors of the Company consists of :

(i) Non-Executive Directors

Promoter Group

Mr. A. P. Hinduja
Mr. R. P. Hinduja
Mr. D. G. Hinduja

Connected with Associate Companies

Mr. A. K. Das
Mr. K. V. Seshasayee

Independent

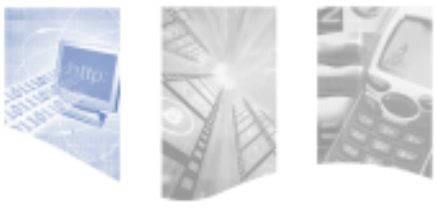
Mr. H. C. Asher
Mr. Anil Harish
Mr. T. Ananthanarayanan
Mr. Rajendra P. Chitale

(ii) Executive Vice Chairman

Mr. S. Solomon Raj

Since the Company has a Non-Executive Chairman, the Board's composition meets with the stipulated requirement of at least one-third of the Board comprising Independent Directors.





Corporate Governance Report

Attendance

Details of Board Meetings, Last AGM and Attendance of Directors are given herein below:

Dates of Board Meetings held during the year	Name of the Directors	No. of Meetings Attended by each Director	Last AGM
11.04.02	Mr. A P Hinduja	3	Attended
30.07.02	Mr. R.P.Hinduja	3	Attended
22.10.02	Mr. D. G. Hinduja	3	Attended
21.01.03	Mr. S Solomon Raj	4	Attended
	Mr. A K Das	3	Attended
	Mr. H C Asher	4	Attended
	Mr. Anil Harish	4	Attended
	Mr. T Ananthanarayanan	3	Attended
	Mr. K V Seshasayee	4	Attended
	Mr. R. P. Chitale	-*	

**Appointed as Additional Director in the Board meeting held on 5th May 2003*

- The time gap between any two meetings did not exceed four months.
- The last Annual General Meeting was held on September 24, 2002.

Details of Directors being appointed/re-appointed

In accordance with Article 139 of the Articles of Association of the Company, Mr. H. C. Asher and Mr. T. Ananthanarayanan retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

Mr. H. C. Asher is Senior Partner of Crawford Bayley & Co. a renowned Solicitors and Advocates firm. He is on the Board of many reputed Companies.

Mr. T. Ananthanarayanan is a Chartered Accountant and Cost Accountant. Earlier, he has worked with State Bank of India in various capacities. Currently, he is serving as Executive Director (Finance) with Ashok Leyland Limited.

In the Board meeting held on 5th May 2003, Mr. Rajendra P. Chitale has been appointed as Additional Director as per the provisions of Section 260 of Companies Act, 1956. Mr. Chitale is an eminent Chartered Accountant and Managing Partner of M/s. M. P. Chitale & Co., one of the reputed Accounting firms. He is a Director of well-known organizations like National Stock Exchange and National Securities Clearing Corporation. In the opinion of the Board, Mr. Chitale is expected to add great value to the functioning of the Company through his professional expertise.

Details of Membership of the Directors in other Boards and Board Committees:

Name	Other Boards (excludes HTMT)	All Board Committees (includes HTMT)	Chairmanship in the Committees (includes HTMT)
Mr. A. P. Hinduja	3		
Mr. R. P. Hinduja	5		
Mr. D. G. Hinduja	5		
Mr. S. Solomon Raj	4	2	1
Mr. A. K. Das	7	3	
Mr. H. C. Asher	11	8	3
Mr. Anil Harish	13	9	5
Mr. T. Ananthanarayanan	7	1	
Mr. K. V. Seshasayee	3		
Mr. Rajendra P. Chitale	5		

(Excludes Foreign Companies, Private Limited Companies and Alternate Directorships).

- **Secretarial Standards relating to Meetings**

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to meetings of the Board and Committees thereof and Annual General Meetings. At this stage, these Standards are only recommendatory, and are likely to become mandatory in due course. The secretarial practices of the Company generally comply with the above Secretarial Standards.

2. AUDIT COMMITTEE

A. Terms of reference

To oversee Company's financial reporting process and disclosure of its financial information, to recommend appointment of Statutory Auditors and fixation of audit fee, to review and discuss with Auditors about internal control systems, scope of audit including observations of Auditors, adequacy of internal audit function, major accounting policies and practices, compliance with accounting standards and with Stock Exchange and legal requirements concerning financial statements and related party transactions, if any, to review Company's fiscal and risk management policies and discuss with internal auditors any significant findings for follow-up thereon, to review half-yearly and annual financial statements before submission to the Board of Directors and to advise and guide operating management on specific issues/ transactions in co-ordination with Statutory Auditors.

The terms and the composition of the Audit Committee conform to the requirements of Section 292A of the Companies Act, 1956.

B. Composition

The composition of the Audit Committee is as follows:

Chairman	:	Mr. Anil Harish
Members	:	Mr. T. Ananthanarayanan
		Mr. A. K. Das
Secretary	:	Mr. Pradeep Pasari
Permanent Invitees	:	Representatives of Statutory Auditors and Internal Auditors.
		Mr. Yagnesh Sanghrajka, Chief Financial Officer

C. Meetings and Attendance

The details of meetings held during the year, and the attendance there at are as follows:

Dates of Meetings: 30th July 2002, 22nd October, 2002 and 24th March 2003

Attendance

Name of the Director	No. of Meetings attended
Mr. Anil Harish	3
Mr. T. Ananthanarayanan	3
Mr. A. K. Das	1

The Statutory Auditors and Internal Auditors of the Company are invited to join the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on "Limited Review" of the half-yearly accounts, yearly Audit of the Company's accounts and other related matters.

3. COMMITTEE OF DIRECTORS

A. Terms of reference

The Committee of Directors is mandated to oversee the functioning of the Company and to provide strategic direction to the subsidiaries / associates of the Company. It is also responsible to ensure that the subsidiaries comply with the corporate governance guidelines. The Committee is empowered to approve the investments, borrowings and loans within the limits prescribed by the Board of Directors. The Committee also acts as the Share Transfer Committee.



Corporate Governance Report

B. Composition

Chairman	:	Mr. S. Solomon Raj
Members	:	Mr. R. P. Hinduja, Director Mr. K. V. Seshasayee, Director Mr. A. K. Das, Director
Secretary	:	Mr. Pradeep Pasari
Permanent Invitees	:	Mr. M. S. Varadan Mr. Arun Kumar Mr. Yagnesh Sanghrajka Mr. Kuntal Goel (Members, Corporate Group)

C. Meetings

During the year, 30 meetings were held to consider share transfers and other matters.

4. INVESTOR GRIEVANCE COMMITTEE

A. Terms of reference

The Committee specifically looks into the redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of declared dividends, non-receipt of shares, issue of duplicate shares and any other matter of shareholders' interest.

The Committee reviews the system of dealing with and responding to correspondence from all categories of investors. The details of complaint letters received from Stock Exchange/ SEBI and responses thereto are reviewed by this Committee. The Committee also reviews /approves initiatives for further improvements in servicing the investor.

During the year, one letter of complaint was received from the SEBI, which was satisfactorily resolved.

B. Composition

Chairman	:	Mr. Anil Harish
Members	:	Mr. A. K. Das Mr. S. Solomon Raj

C. Meetings

19th December, 2002 and 28th March, 2003.

Attendance:

Name of the Director	No. of Meetings attended
Mr. Anil Harish	2
Mr. S. Solomon Raj	2
Mr. A. K. Das	1

5. COMPENSATION COMMITTEE

The present members of the Committee are Mr. S. Solomon Raj, Mr. H. C. Asher and Mr. K. V. Seshasayee. The Committee has been empowered to formulate the detailed terms and conditions of the Employees Stock Option Plan.

6. GENERAL BODY MEETINGS

- a. Details of location, date and time of holding the last three Annual General Meetings:

Financial Year	Location	Date and Time
1999-2000	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018	24.05.2000 at 10.30 a.m.
2000-2001	Hall of Harmony, Nehru Centre, Worli, Mumbai- 400 018	27.09.2001 at 11.00 a.m.
2001-2002	Hall of Harmony, Nehru Centre, Worli, Mumbai- 400 018	24.09.2002 at 11.00 a.m.

- b. There was no special resolution requiring voting through postal ballot during the year.

7. DISCLOSURES

- a. The transactions with related parties and managerial remuneration have been disclosed vide note nos. 7 and 9 respectively of the notes to accounts, as detailed under schedule T to the financial statements.
- b. There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority or any matter relating to capital markets during the last three years, except one, the details of which are given below:

In the year 1995, the Company had managed a Public cum Rights Issue of Subhash Projects & Marketing Ltd. (SPML) as a Lead Manager. Pursuant to complaints on the matters concerning the Issue, SEBI had initiated the investigation in the Issues of SPML. After investigation, Chairman, SEBI, passed an Order dated 11th January 2003 directing the Company not to deal in securities as an intermediary in any manner whatsoever for a period of 2 years.

Aggrieved by the Order, the Company has filed an appeal against the same with Securities Appellate Tribunal and the appeal is now pending disposal.

8. MEANS OF COMMUNICATION

- A. Quarterly communication on financial performance and significant developments were sent to the shareholders for the quarters ended 30th September, 2002 and 31st December, 2002. The Corporate Group members have made presentations to Analysts and Institutions on the operations and financials of the Company on various occasions.
- B. The quarterly results are being published in the leading national newspapers (Business Standard, Sakal, Economic Times and Maharashtra Times). The quarterly results are simultaneously displayed on www.hindujatmt.com, the Company's website. The website is updated regularly with the official news releases and disclosures as required from time to time.
- C. Management Discussion and Analysis Report is given separately.

9. GENERAL SHAREHOLDER INFORMATION

1.	Next Annual General Meeting Date Time Venue	29th September 2003 11.30 a.m. Cultural Centre of Russia Auditorium 31A, Dr. G. Deshmukh Marg, (Peddar Road) Mumbai- 400026
2.	Financial Calendar Unaudited results for the quarter ending on 30th June, 2003 Unaudited results for the quarter / half year ending on 30th September, 2003 Unaudited results for the quarter ending on 31st December, 2003 Audited results for the year ending on 31st March, 2004	2003-2004 4th week of July, 2003 4th week of October, 2003 4th week of January, 2004 4th week of June, 2004



Corporate Governance Report

3.	Record Date for Interim Dividend Book Closure Date	29th May, 2003 From 23rd September 2003 to 29th September 2003
4.	Interim Dividend for the Financial Year 2002-2003 Final Dividend for 2002-03 Payment Date	From 31st May, 2003 onwards From 1st October, 2003 onwards
5.	Listing of Equity Shares	Stock Exchange, Mumbai and National Stock Exchange
6.	Stock Code	BSE : 500189 NSE : htmt

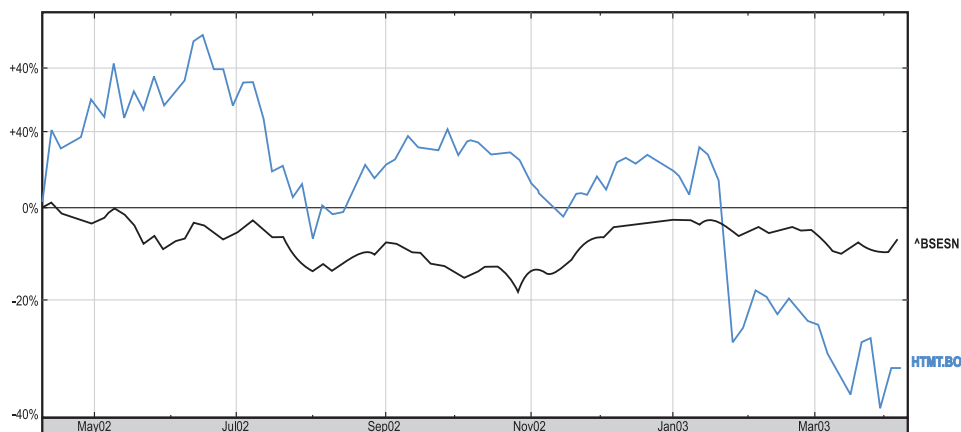
(Note : Annual listing fee for the financial year 2002-03 has been paid to BSE & NSE)

10. STOCK MARKET DATA

Month	Stock Exchange, Mumbai		National Stock Exchange	
	Month's High	Month's Low	Month's High	Month's Low
April 2002	350.00	232.15	351.00	231.50
May 2002	370.00	287.35	370.85	286.70
June 2002	400.00	307.10	429.15	306.05
July 2002	356.45	235.00	356.60	235.55
August 2002	292.50	219.00	292.80	219.00
September 2002	311.00	250.00	313.00	265.15
October 2002	310.10	265.90	333.00	265.55
November 2002	283.00	240.00	282.80	243.20
December 2002	311.00	262.65	308.80	262.60
January 2003	300.00	168.50	300.00	158.00
February 2003	242.50	186.50	242.70	186.40
March 2003	202.90	153.10	201.90	152.65

SHARE PRICE MOVEMENT (BSE)

HTMT share price performance relative to BSE Sensex :



11. SHARE TRANSFER SYSTEM

HTMT's equity shares are compulsorily traded in dematerialised form as per the SEBI Guidelines. As on 31st March 2003, about 99.01% of HTMT's equity comprising 3,52,33,275 shares had been dematerialized. Shares of HTMT are regularly traded on Stock Exchange, Mumbai and National Stock Exchange.

Share transfer requests received are processed / returned within an average of 20 days from the date of receipt. If the documents are correct and valid in all respects, a letter is sent to the shareholder giving him an option to receive shares in the physical mode or in dematerialised mode. A period of 30 days is given to the shareholder for sending his intimation and the shareholder receives the shares as per his option.

On 31st March, 2003, there were no unprocessed transfers pending. The details of shares transferred during the last three years are as under:

Particulars	2000-2001	2001-2002	2002-2003
No. of transfer deeds	36050	373	238
No. of shares transferred	3819147	68400	34420

The Committee of Directors approved share transfers at the following meetings:

2nd April, 2002, 11th April, 2002, 30th April, 2002, 17th May, 2002, 4th June, 2002, 17th June, 2002, 3rd July, 2002, 17th July, 2002, 30th July, 2002, 14th August, 2002, 2nd September, 2002, 11th September, 2002, 24th September, 2002, 7th October, 2002, 22nd October, 2002, 7th November, 2002, 26th November, 2002, 10th December, 2002, 26th December, 2002, 10th January, 2003, 21st January, 2003, 4th February, 2003, 18th February, 2003, 11th March, 2003 and 26th March, 2003.

The Pattern of shareholding as of 31st March 2003:

Particulars	No. of shares	Percentage of shareholding
Promoters	25352898	71.25
FII's	1398271	3.93
NRIs/OCBs/Non Domestic Companies	327733	0.93
Mutual Funds, Banks, Financial Institutions, Insurance Companies	2036725	5.72
Private Corporate Bodies	3246985	9.12
Individuals / Others	3221050	9.05
Total Paid-up capital	35583662	100.00

The Distribution Schedule as of 31st March, 2003:

Distribution	No. of shareholders	No. of Shares	Percentage of Shareholding
Less than 500	9827	1166548	3.278
500-1000	631	501009	1.408
1001-2000	361	553577	1.556
2001-3000	156	393168	1.105
3001-4000	65	232083	0.652
4001-5000	54	251173	0.706
5001-10000	78	572180	1.608
Above 10000	98	31913924	89.687
Total	11270	35583662	100.00



The Committee of Directors, in its meeting held on 8th April 2003, has finalised the allotment of 53,20,225 equity shares pursuant to the Scheme of Amalgamation of Sarthak Mercantile Private Ltd. with the Company. The above tables have not taken into account these shares.

In the Board meeting held on 29th April 2003, the Board noted the Secretarial Audit Report for the quarters ended on 31st December 2002 and 31st March 2003. As per the Reports given by the independent Company Secretary, the shares held in NSDL & CDSL and Physical Form tally with Issued / Paid-up capital of the Company.

The following facilities are available for the convenience of investors:

Telephone : Investors may contact 91-22- 2288 4527 / 2288 1568 / 2288 1569 for shareholder queries and complaints.

Fax: # 91-22- 2282 5484

Dedicated e-mail facility - investor@hindujatmt.com

12. REGISTRAR AND TRANSFER AGENTS

SharePro Services, Satam Estate, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai- 99

Queries relating to Investor services may be sent at the above address to Ms. Mazrine Wadia / Rashmi Darji / Vinod Bhadkar.

Compliance Officer : Mr. Pradeep Pasari, Company Secretary

Queries relating to the operational and financial performance of HTMT may be addressed to:

Mr. Yagnesh Sanghrajka / Mr. Kuntal Goel

Hinduja TMT Ltd., Hinduja House, 171, Dr. Annie Besant Road, Mumbai 400 018.

Telephone # 91-22-2496 6350 Fax # 91-22-2493 7374

Plant Locations - Not Applicable.

Address for correspondence

Hinduja TMT Ltd., Hinduja House, 171, Dr. Annie Besant Road, Mumbai 400 018.

Telephone # 91-22-2496 6350 Fax # 91-22-2493 7374 E-mail- enquiry@hindujatmt.com

For and on behalf of Board

Ashok P. Hinduja
Chairman

Mumbai
June 24, 2003

Annexure 'C' to the Directors' Report

Auditors' certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreement (s)

To the Members of Hinduja TMT Limited

1. We have examined the compliance of conditions of Corporate Governance by Hinduja TMT Limited for the year ended March 31, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate-Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2003, no investor grievances are pending against the Company as on June 24, 2003, as per the records maintained by the Company and presented to the Shareholders/Investor Grievance Committee.
5. We further state that such compliances is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

P. N. Ghatalia
Partner

Mumbai
June 24, 2003

For and on behalf of
Price Waterhouse
Chartered Accountants

Annexure 'D' – Management Discussion and Analysis

A. HTMT's Background

Part of the Hinduja Group:

HTMT is a part of the Hinduja Group – a worldwide conglomerate with headquarters at London. The Group is one of the India's largest transnational business conglomerates with diversified operations. It operates in more than 20 countries and employs over 25,000 people.

HTMT, a public listed Company, was formerly known as Hinduja Finance Corporation Ltd. In August 2000, it merged Ashok Leyland Information Technology Ltd. (ALIT) with itself. ALIT was engaged in IT Services since 1993 and pursuant to the merger IT Services became a division of HTMT. Prior to the merger, HTMT was carrying on investment banking and equity trading businesses, which were discontinued from the year FY 2001-02 on the advice of management consultant 'Accenture'.

The core business of HTMT presently is IT (which includes both IT Services and IT Enabled Services) with over 1500 employees. The Company has two major roles to play

- (a) as an operating IT Company, and
- (b) corporate parent of the subsidiaries in Media and Telecom space.

The Media and Telecom subsidiaries were acquired by HTMT from the Hinduja Group, which has incubated and nurtured these businesses as privately held companies, through a series of mergers and share swaps. These businesses were brought under the umbrella of HTMT so that the Company can become a truly convergence play and unlock the value latent in these businesses, thereby creating wealth for its shareholders.

HTMT's subsidiaries and associate companies in the areas of IT, Media and Telecom are as under:

S. No	Name of the Company	Nature of Business	HTMT's Effective Stake	HTMT's Holding Through	Shareholders other than HTMT
A	SUBSIDIARIES				
1	HTMT Inc.	Information Technology	100%	Direct	n.a
2	HTMT Europe Ltd.	Information Technology	51%	HTMT Inc.	Hinduja Group (offshore)
3	Hinduja TMT France	Information Technology	51%	HTMT Inc.	Hinduja Group (offshore)
4	InNetwork Entertainment Ltd. (*) (INEL)	Media & Entertainment	100%	Direct	n.a
5	Grant Investrade Limited	Special Purpose Vehicle	51%	Direct	Intel Corp. USA
6	IndusInd Media & Communications Ltd. (IMC)	Broadband Network / Multi System Operator	62.07%	INEL	Grant, IEFL, Hinduja Group (offshore)
7	Tele Video Communications India Ltd.	Personnel support services for IMC	60%	INEL	Hinduja Group
8	In2Cable India Ltd	Broadband Internet Service Provider	100%	Direct	n.a
9	IndusInd Telecom Network Ltd. (ITNL)	SPV for Fascel stake	67.47%	Direct & INEL	Sumitomo Corp & Hinduja Group (offshore)





Management Discussion

S. No	Name of the Company	Nature of Business	HTMT's Effective Stake	HTMT's Holding Through	Shareholders other than HTMT
B	ASSOCIATES				
1	Fascel Ltd.	Cellular Services	20.24%	ITNL	Hutchison and others
2	USN Networks Pvt Ltd.	Cable TV Services	29.79%	IMC	Local Partner
3	United Mysore Network Pvt Ltd.	Cable TV Services	29.79%	IMC	Local Partner
4	Planet E Shop Holdings (India) P. Ltd.	Holding Company for Shop 24 Seven	48%	INEL	JV partner from USA

(* : The merger of IndusInd Entertainment Limited and Cable Video India Limited with their parent, InNetwork Entertainment Limited, a 100% subsidiary of HTMT, with effect from 1st April 2002 is awaiting the approval of High Court of Bombay.)

HTMT has broadly classified its IT offerings into

a. IT Enabled Services (BPO/Contact centres)

HTMT's expertise is in:

- Setting up and running contact centres
- Setting up, transiting and running a Back Office Processing unit.

b. IT Services

HTMT's expertise in software services is in offering end to end computing solutions on various platforms. Services include:

- IT Consulting
- Architecture and Integration
- Customized Systems Development
- Application Re-Engineering & Migration
- Application Maintenance
- Training

HTMT's domain expertise is in the areas of Discrete Manufacturing, Telecom and Insurance.

HTMT's Differentiators

- Financial strength and backing of the Hinduja group.
- The offering of a distinct value proposition to customers in the ITES Space in terms of quality and cost effectiveness supported by technology and domain capability in IT services.
- Superior performance in handling its existing IT enabled businesses and meeting stringent customer standards of quality and productivity.
- High quality top management that has handled the cultural aspects of working offshore.
- Ability to put in place infrastructure and ramp up quickly.
- Flexible business model.
- Partnerships with customers, as modes of corporate growth and drivers of competitive advantage.
- Acquisition and retention of talents and skills upgrade.
- High cash reserves and history of profitable operations.



B. Industry Structure and Development

■ *Information Technology Industry - For HTMT's Core business*

In the year 2002-03, Indian software and services exports continued to post robust growth and was up by 26.3%. Of these, revenue from IT software development rose 18% while IT Enabled Services (ITES or Business Process Outsourcing) posted 59% growth. The overall growth for the year was slightly lower than the targeted 30% growth mainly due to appreciation of rupee against dollar and tough market conditions abroad.

According to Nasscom, the apex industry association of IT software and services companies in India, with the easing out of recessionary conditions in the world, Indian software and services exports are projected to achieve 26-28% growth clocking revenue of over US \$12 billion in 2003-04. IT Services, Products & Technology Services are projected to grow by 17% to reach revenues of over US\$ 8.4 billion and the ITES-BPO revenues will grow by 54% to US\$ 3.6 billion during the current year.

India has maintained its global competitiveness by offering the best combination of cost - quality - scalability vis-à-vis competing offshore destinations like the Philippines and China.

HTMT is a key player in the software development and IT Enabled Services space. The Company is uniquely positioned as a single brand providing software solutions and ITES - BPO services to its customers. This gives HTMT the advantage of offering end-to-end solutions to improve customer's efficiency across systems and help reduce the complexity of managing multiple vendors.

The IT Enabled Services business is fragmented and is likely to remain so for some time to come. HTMT has established a name for itself in the Insurance /Health Care and Telecom Domains. Insurance is a highly offshorable business and has the largest potential in terms of value.

During 2003-05 period, the scope of deregulation and competition in the utilities sector is likely to be high especially in the developed markets of UK, US, Europe, Australia and Japan. HTMT is targeting off-shore and on-shore business from this sector and will spread its business into countries other than US.

■ *Media & Entertainment / Telecommunication Industry - For HTMT's subsidiaries/ associates*

As per the Ficci-KPMG report on The Indian Media & Entertainment business, the industry registered a moderate growth of 6.4 per cent in the year 2002, with gross revenues of Rs. 16,600 crores mainly due to the economic downturn and poor performance of the film and entertainment sectors. Highlight of the year was the passage of Amendment to the Cable TV Network (Regulation) Act by the Parliament making Conditional Access Systems mandatory for viewing the pay channels. CAS is scheduled to be introduced in the 4 metro cities of Mumbai, Delhi, Chennai and Kolkata from 14th July, 2003 and this is expected to alter the dynamics of the media industry. Other highlights for the year were increased entry of corporate entities, multinational and financial institutions into film financing and distribution. The report estimates the industry to grow at a compounded growth rate of 20 per cent from Rs. 16,600 crores in 2002 to Rs. 41,900 crores in 2007 on the back of high quality content, increased corporatisation of the players, higher export to other countries and revenues through new digital services.

HTMT's subsidiaries and associate companies in the field of Media & Entertainment/ Telecom are well positioned to capitalize on the potential of these industries and participate in the growth of these sectors by their businesses of digital content, film entertainment, and broadband distribution.

The exponential growth witnessed in the cellular telephone business will help your Company's associate Fascel to post better result.

C. Opportunities

India's a unique competitive advantage in the Information Technology sector has been consistently proven in the past. For years, India has been the preferred software development and outsourcing destination due to its low cost structure and high quality work. It also provides access to a large English-educated workforce. The country's education system places strong emphasis on technical and qualitative skills, English proficiency and a diligent work ethic.

Worldwide IT outsourcing has steadily increased, as a percentage of total spending on IT services and with continuing cost cutting pressures, companies would increasingly consider the offshore option. This has been confirmed by the following:



Management Discussion

- According to a Gartner report in August 2002, 79% of large U.S. corporations were engaged in offshore outsourcing while the remainder planned to do so within 12 months.
- McKinsey and NASSCOM estimate that Indian IT industry revenues would increase to US\$ 70-80 billion by 2008. Indian IT Enabled Services business revenues would increase to US\$ 21-24 bn. IT exports are expected to increase to \$50 billion (6% of GDP) in 2008.

The above mentioned forecasts present HTMT an exceptional growth opportunity, which it can exploit by leveraging its credentials

D. Threats

The threats are:-

- *Continued downturn in the Global Economy* – While this may reduce the technology budgets of the companies worldwide in the short term, the increased competitive environment would put pressures for reducing costs by outsourcing.
- *Anti outsourcing bills & increased visa restrictions* – HTMT believes that these are only non economic & politically motivated short term glitches and may not have an impact on the Indian IT industry. In the past, the Indian software and services industry has helped foreign companies to achieve significant cost reductions and increase in productivity and quality and we believe that these advantages will stave off opposition to offshore outsourcing.
- *Margin Pressures* – The primary reasons for the lower margin are billing pressure due to reduction in the technology budgets, high competition and costs pressures due to offshore salary hikes and increased sales and marketing spending. A financially robust, end to end service provider like HTMT offering value proposition of high quality and improved productivity at a lower cost would be in a position to reduce the impact of billing pressures. Higher expenses on Sales and marketing on account of increased customer/market orientation would help the companies build a strong front end and will eventually result in improved account management skills, and brand equity.
- *Competition from Multinational Companies / In sourcing / Competition from alternative outsourcing destinations* – This is especially applicable to the ITES - BPO industry. Recently, many multinational companies like Accenture, EDS etc. have started their centres in India. With the centres in India, these companies would increasingly compete for business with Indian companies. As regards the competition from alternative destinations like Russia, Philippines, Ireland etc., India will continue to rank high and would be a preferred destination due to abundant skilled manpower resources, superior university education system and proven track record in software services. HTMT feels that its completely integrated business model of IT services and IT Enabled Services (Voice & data) coupled with its domain expertise, ability & desire to become a scale player and its proposed global delivery capabilities would enable it to maintain its earnings momentum in the future.
- *Other Issues* – Appreciation of Indian currency against US dollar, increased geo political risks due to strained relationships with neighbouring countries etc. are also some of the issues which is facing the industry today. While the appreciation of rupee may not sustain in the long term, companies would have to take adequate steps to hedge themselves. Also, greater emphasis on business continuity planning and disaster recovery centres will give comfort to customers against geo political tensions.

E. Business-wise/Segment-wise Analysis

At present, HTMT, a technology convergence company, functions as an (a) operating IT Company and (b) corporate parent of subsidiaries in Media and Telecom space. IT and Media & Telecom segments have therefore become the primary business segments. The business segment wise analysis for the year ended 31st March, 2003 is as given below:

(Rs. in Lacs)

	HTMT's Primary Business 'Convergence Activities'		Other		Total
	Information Technology	Media - Telecom	Treasury	Unallocated	
Segment Revenues	99,77.81	8,90.14	4,97.00	81.64	114,46.59
Segment Results (PBIT)	57,87.28	5,14.84	4,61.41	(1,51.61)	66,11.92
Capital Employed	76,54.42	286,79.94	86,02.03	(25,42.07)	423,94.32

a Information Technology

The performance of the IT business segment of the Company for the year under review as compared to the previous year was as under:

(Rs. in Lacs)

	Information Technology		
	2002-03	2001-02	Change (%)
Segment Revenues	99,77.81	54,78.61	82
Segment Results (PBIT)	57,87.28	33,77.08	71
Capital Employed	76,54.42	57,33.84	33
ROCE (%)	75.6%	58.9%	28

Comments:

- HTMT's IT segment revenues increased by 82% mainly on account of higher revenues from the Company's IT Enabled Services business (Contact centre and Business Process Outsourcing).
- Profit before Interest and Taxes (PBIT) was higher by 71% for the year. PBIT margin for the year was slightly lower at 58% as compared to 61.64% for the previous year on account of higher expenses on staff costs and sales and general administrative expenses.
- Return on Capital Employed (ROCE) in the Company's Information Technology business for the year increased to 75.6% from 58.9% in the previous year.
- The break-up of the capital employed in IT is as given under:

(Rs. in Lacs)

	Details	2002-03	2001-02	% Change
-	Fixed Assets	25,11.54	15,51.11	62
-	Investments (HTMT Inc.)	12,82.47	12,82.56	(0)
-	Stock in Trade	1,51.76	3,03.46	(50)
-	Sundry Debtors (*)	34,55.31	7,61.25	354
-	Cash and Bank Balances	1,49.33	18,28.97	(92)
-	Other Current assets	3.49	1.68	108
-	Loans and Advances	4,99.31	3,25.68	53
-	Misc. Expenditure	4.08	19.18	(79)
	Total Segment Assets	80,57.29	60,73.89	33
-	less : Segment Liabilities	4,02.87	3,40.05	18
	Total Capital Employed	76,54.42	57,33.84	33

(*: Sundry Debtors figure of Rs. 34.55 Crores as on 31st March, 2003 has reduced to approx. Rs. 5 crores as on date).



b. Media-Telecom

The performance of the Media-Telecom business segment of the Company for the year under review as compared to the previous year was as under:

(Rs. in Lacs)

	Media-Telecom		
	2002-03	2001-02	% Change
Segment Revenues	8,90.14	23,69.91	(62)
Segment Results (PBIT)	5,14.84	20,23.54	(75)
Capital Employed	286,79.94	266,81.33	7
ROCE (%)	2%	8%	(75)

Comments:

- HTMT's Media-Telecom segment revenues comprise mainly of interest and other income derived by the Company from its various Media/Telecommunication related activities. The revenues from this segment for the year under review reduced to Rs. 8.90 Crores from Rs. 23.69 Crores as a result of which the PBIT and ROCE from the segment also reduced to Rs. 5.14 Crores and 2% respectively.
- The break-up of the capital employed in Media and Telecom is as given under:

(Rs. in Lacs)

	Details	2002-03	2001-02	% Change
-	Financial Assistance to Subsidiaries/Associates	110,68.02	75,34.30	47
-	Investment in Subsidiaries	170,80.04	152,69.90	12
-	Other Fixed/Current Assets (net of liabilities)	5,31.88	38,77.13	(86)
	Total Capital Employed	286,79.94	266,81.33	7

Out of total amount of Capital Employed in HTMT's Media-Telecom businesses of Rs. 286.80 crores, Rs. 110.68 crores is invested in IndusInd Telecom Network Limited (ITNL). ITNL, in turn, holds 30% stake in Fascel, the largest cellular company of Gujarat. This is a financial investment and your Company plans to exit from the investment at an opportune time. The recent acquisition of Kotak Mahindra's 11% stake in Fascel by Hutchison at Rs. 92 crores provides a benchmark valuation to HTMT's 20.24% effective stake in Fascel. This gives a valuation of approx. Rs. 170 Crores to HTMT's effective holding in Fascel.

In the last year's Directors' Report, we had mentioned that the intrinsic worth of the Media/Internet subsidiaries is much higher than the amount invested by HTMT in them. This fact was re-affirmed by the proposed investment of Kudelski S.A. of Switzerland in HTMT's flagship subsidiary IndusInd Media & Communications Ltd. (IMC). As per the investment of about US\$ 12 million for an equity stake of 2.41%, IMC has been valued at about US\$ 500 million (Rs. 2300 Crores approximately).

The management is of the view that the Return on the Capital Employed in the Media-Telecom businesses of HTMT should be considered in the light of the above and the figures will look up with the introduction of CAS and divestment of Fascel stake in future.

c. Treasury

The performance of the Treasury business segment of the Company for the year under review as compared to the previous year was as under:

(Rs. in Lacs)

	Treasury		
	2002-03	2001-02	% Change
Segment Revenues	4,97.00	(6,80.68)	173
Segment Results (PBIT)	4,61.41	(7,72.43)	160
Capital Employed	86,02.03	43,10.03	99
ROCE (%)	5.36%	-	-

Comments:

- HTMT's Treasury segment revenues comprise mainly income arising from deployment of surplus funds and income from sale of existing investments (other than subsidiaries).
- The break-up of the capital employed in this segment is as given under:

(Rs. in Lacs)

	Details	2002-03	2001-02	% Change
-	Quoted/Unquoted Investments	46,53.30	29,07.52	60
-	Cash and bank balances	32,00.00	6,40.46	400
-	Other Fixed/Current Assets (net of liabilities)	7,48.73	7,62.05	(2)
	Total Capital Employed	86,02.03	43,10.03	99

F. Outlook

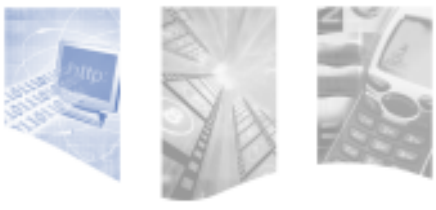
HTMT's dependence on a narrow client base for the ITES business is likely to change for better with the signing up of three new contracts during the first quarter of the current year. Considering the new contracts for the ITES business already signed and the projects in the pipeline, HTMT expects that its revenue will grow by about 50%- 60% with a net profit margin of 45% on the total turnover in 2003-04.

For the year 2002-03, HTMT was ranked as 'Ninth largest Third Party ITES (Contact Centre - BPO) company' in India by Nasscom. This is a significant achievement for HTMT as the survey, conducted by Nasscom covered 310 Indian ITES companies. It would be the endeavour of the Company to continue its growth journey and achieve higher ranks through consistent growth and profitability in future.

F. Risks and Concerns

HTMT has been regularly taking adequate steps to mitigate existing and potential risks like (a) client concentration (b) high exposure to one industry (c) geographical concentration (d) client creditworthiness (e) foreign exchange rate fluctuations (f) contractual obligations (g) project management (timely & satisfactory completion of assignments).

The Company has created a security-awareness culture by educating staff about security risks and their responsibilities and it is planning to obtain BSS: 7799 security standard certification with the help of KPMG. The Company has adequate backup procedures and redundancy in technology and telecommunication set up to address any kind of disaster. Multi-locational delivery of services is being considered so that alternate sites will be available in case of sudden disruption of work due to natural calamities or other internal as well as external factors.



Management Discussion

The security systems in our IT division have been designed to protect the interest of customers. The division is connected to customer sites through Virtual Private Network (VPN) for Data access and is completely secured by using CISCO PIX firewall. Tunnels have been created for respective customers to avoid any breach of security. The Network is completely protected by McAfee Antivirus and the deployment of latest vaccines is automated. HTMT has installed video surveillance systems in the server room for tracking the movement of the men and materials.

G. Internal Control Systems and their adequacy

The internal control systems and processes of your Company cover operational efficiency, accuracy and promptness in financial reporting, compliance with laws and regulations and development of mature, disciplined and effective processes. The processes also are designed to meet the goals of cost, schedule, functionality and product quality, thus resulting in higher levels of customer satisfaction.

A well-defined organizational structure, clearly demarcated authority levels and well-documented policy and guidelines to ensure process efficiencies are the hall-marks of the Company's internal control system.

Your Company has already received ISO 9001 certification for all its IT activities covering software projects, BPO activity and Call Center function and there will be six-monthly surveillance audit as per the certification norms.

Customer specific audit, process quality audit and financial procedure audit are carried out periodically to ensure compliance with the laid-down systems and procedures.

The internal and external Auditor's reports with comments of the management are regularly placed before the Audit Committee, which discusses the reports with the management and the Auditors to satisfy about the internal control environment designed to ensure that the results of operations are reflected properly in the financial statements and process control and quality standards are maintained.

H. Discussion on Financial results with respect to Operational Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. There are no material departures from prescribed accounting standards in the adoption of the accounts. The management of HTMT accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and the judgements used therein.

The ICAI has issued new accounting Standards on the segment reporting, related party disclosures, leases, earning per share and accounting of taxes on the Income which has become mandatory for accounting periods commencing on or after April 1, 2001. The Company has adopted these accounting standards in the preparation of these financial statements.

The following are relevant financial highlights with respect to the operational performance of the Company:

(Rs. in Lacs)

For the Year	2002-03	2001-02	% Change
Operating Income	1,11,87	63,23	77
Expenses	44,49	25,89	72
Operating Profit (PBDITA)	67,38	37,34	80
Financial Expenses	-	1.03	(100)
Depreciation/Amortisation	3,86	1,92	101
Operating Profit after Interest and Depreciation	63,52	35,41	79
Profit on Sale of long term Investments (net)	1,78	8,45	(79)
Other Income	82	1,26	(35)
Profit before tax and exceptional items	66,12	45,12	47
Provision for tax (incl.deferred tax)	4,09	1,55	164
Profit after tax before exceptional items	62,03	43,57	42
Add : Exceptional items	0	3,16	(100)
Profit after tax and Exceptional items / Net Profit	62,03	46,73	33

Analysis of Expenditure as a percentage to Operating Income

For the Year	2002-03	2001-02	% Change
Employee cost	20.51%	18.43%	11
Direct Cost, Administrative & Other Expenses	19.26%	22.52%	(14)
Financial Expenses	-	0.02%	
Depreciation/Amortisation	3.45%	3.03%	14

Significant Ratios

For the Year	Unit	2002-03	2001-02
Current Ratio	No. of times	5.38	6.31
Debt Equity Ratio	times	-	-
Earnings per share	Rs.	15.16	13.13
Dividend per share	Rs.	7	6
Book Value per share	Rs.	103.60	104.80
Debtor turnover Period	Days	114	45
Operating Profit Margin on Operating Income	%	60.23	59.05
Cash/Bank Balance	Rs. in lacs	34,61	41,58

Comments

- Operating Income:** Operating Income for the year grew by Rs. 48.64 crs or by 77% mainly due to higher income from the Company's primary segment of Information Technology.
- Expenses:** Expenses for the year increased by Rs. 18.60 crs or 72% on account of a 97% rise in the employee costs and a 51% rise in the Direct Cost, Administrative and other expenses. The increase in these expenses were due to the ramp up in the company's IT Enabled business as a result of which employee costs as a percentage of operating revenues increased from 18.43% in the previous year to 20.51% for year ended 31st March, 2003. Administrative and other expenses as a percentage of operating revenues for the year, however, fell from 22.52% to 19.26%.
- Operating Profit:** Increase in the Company's IT Enabled business (Contact centre and Business Process Outsourcing) resulted in higher revenues and subsequently a 80% rise in the operating profit of the Company. The increase of Rs. 30.04 crs in the operating profit was on the back of a slight increase in the gross profit margins which increased from 59% in the FY02 to 60% for the year under review.
- Financial Expenses:** The Company continued to remain debt free during the year as a result of higher generation of internal resources.
- Depreciation/Amortisation:** Depreciation/Amortisation increased by Rs. 1.94 crs or by 101% as the Company continued to incur capital expenditure on its Offshore Development Centre at Bangalore.
- Other income:** Other income/Income from sale of long term investments decreased by Rs. 7.11 crs for the year.
- Provision for Taxes:** Provision for taxes for the year increased by Rs. 2.54 crs to Rs. 4.09 crs on account of imposition on taxes to a limited extent for FY 02-03 on profits of export units, which hitherto enjoyed tax holidays.
- Exceptional Items:** Write back of excess provision in the diminution of the Company's long term investments for the year was Nil as compared to Rs. 3.16 crs in the previous year.



- i. **Net Profit** : Net profit after taxes and exceptional items for the year was Rs. 62.03 crs. This increase of Rs. 15.30 crs or of 33% would have been higher but for the lower other income as mentioned above. As a percentage of the total operating revenues, the net profit was 55.45% for the year ended 31st March, 2003 as compared to 73.91% for the year ended 31st March, 2002. This was due to availability of higher income from sale of long-term investments and extraordinary items in FY 2001-02.
- j. **Cash & Bank Balances**: The Company's cash and bank balances for the year ended 31st March 2003 was Rs. 34.61 crs.

I. Material Developments in Human Resource Management / Industrial Relations

HTMT recognizes that employees are its most important asset, which provides the hard edge of competitive advantage. The Company believes that in dealing with employees a fair process or procedural justice is crucial for building trust and commitment, which will lead people to go beyond the call of duty by sharing the knowledge and applying their creativity. The foundation of the Company's HR policy is a fair process, eliciting voluntary co-operation, from the employees.

Multiple avenues for career progression – Operations, Quality and Training – for the processors and customer service representatives were provided in order to beat monotony, infuse challenge in the job and to enhance their career scope. Executives were put through a rigorous selection process and the successful candidates were elevated to the position of Group Leads, Sr. Executives - Quality Head and Trainers depending on their interest and aptitude.

Management Development Programs were conducted for the managerial staff in order to hone their leadership skills and galvanise the innovative process. An elaborate communication effectiveness program was also initiated for the employees. This program focused on language re-profiling and culture sensitivity in communicating with foreigners. Stress management sessions aimed at enhancing the coping skills of employees and their personal effectiveness were conducted.

The individual excellence was recognized by showing appreciation through a well structured rewards and recognition system. Motivational events were conducted to de-stress employees, nurture latent talents and create a spirit of community.

In order to encourage employee involvement and participation in organization development, a Suggestion Scheme has been launched which enabled individuals to voice their ideas and opinion on various issues that impact morale and efficiency.

An HR-ERP package and an electronic system for time and attendance recording is currently being implemented in order to integrate and improve the internal efficiency of the multifarious HR processes and transactions given the size and the future growth of the Company.

Objective assessment standards are in place to map on training and development needs of the employees. Cordial industrial relations are maintained due to the Company's proactive process HR policy and attrition rate is kept within the manageable level.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward-looking statements" and are based on currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those that may be indicated by such statements.

Annexure 'E' to the Directors' Report

Information as per section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, for the period ended 31st March, 2003

Sr. No.	Name of Employee	Age	Designation	Gross Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Experience No. of Years	Last Employment	Designation
1	Mr. M S Varadan	57	Executive Director	28,75,416	B.Com, CAIIB ICWA (GV)	01.05.2000	38	Ashok Leyland Ltd.	Advsor Finance Vizag Power Project
2	Mr. R. C. Khanduri	60	President	26,77,077	B.A., L.L.B., CAIIB	04.02.1998	34	SBI Capital Markets Ltd.	General Manager
3	Mr. R Mohan	41	President - I. T. Services	28,75,416	B.Tech, M.B.A.	02.01.2002	18	Global Edge Software Ltd.	M.D. & C.E.O.

Notes :

- 1 None of the above employees are related to any of the Directors
- 2 All appointments are non-contractual, and are terminable from either side.
- 3 Gross remuneration inclues salary, allowances, ex-gratia, Company's contribution to Provident Fund and other fund, leave travel assistance and monetary value of perquisites valued as per Income Tax Act.
- 4 None of the employees held by hmslf or alongwith his spouse and dependent children two per cent of the Paid-up Equity of share capital of the company.

For and on behalf of the Board

Ashok P. Hinduja
Chairman

Place : Mumbai
Date : June 24, 2003



HINDUJA TMT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	As at 31.03.2003	(Rs. in Lacs) As at 31.03.2002
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	3,558.37	3,558.37
Share Capital Suspense	A1	532.02	—
Reserves and Surplus	B	38,303.93	33,739.78
TOTAL		42,394.32	37,298.15
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		4,343.35	2,956.10
Less: Depreciation		1,692.90	1,332.73
Net Block		2,650.45	1,623.37
Capital Work-in-Progress		25.56	115.81
	C	2,676.01	1,739.18
Investments	D	23,015.81	21,380.68
Current Assets, Loans and Advances			
Stock-in-Trade / Job-in-Progress	E	494.01	665.82
Sundry Debtors	F	3,586.70	887.99
Cash and Bank Balances	G	3,461.01	4,158.16
Other Current Assets	H	181.59	149.75
Loans and Advances	I	12,642.83	10,880.12
		20,366.14	16,741.84
Less: Current Liabilities and Provisions			
Current Liabilities	J	438.98	444.93
Provisions	K	3,348.02	2,210.26
		3,787.00	2,655.19
Net Current Assets		16,579.14	14,086.65
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	L	83.00	92.41
Deferred Tax Asset / (Liability) (Net) (Refer Note 5 on Schedule T)		40.36	(0.77)
TOTAL		42,394.32	37,298.15
Significant Accounting Policies	S		
Notes to Accounts	T		

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants.

Place : Mumbai
Date : June 24, 2003

For and on behalf of the Board
A. K. Das
Director

Pradeep Pasari
Company Secretary

Place : Mumbai
Date : June 24, 2003

S. Solomon Raj
Executive Vice Chairman

HINDUJA TMT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

		(Rs. in Lacs)	
	Schedule	Year ended 31.03.2003	Year ended 31.03.2002
INCOME			
Operating Income	M	11,186.64	6,322.78
Profit on Sale of Long Term Investments (net)		178.31	845.06
Other Income	N	81.64	125.76
TOTAL		11,446.59	7,293.60
EXPENDITURE			
Direct Cost, Product Charges and Connectivity Cost		366.16	60.42
Employee Costs	O	2,294.50	1,165.42
Administrative and Other Expenses	P	1,788.05	1,363.39
Financial Expenses	Q	–	1.03
Depreciation / Amortisation		385.96	191.88
TOTAL		4,834.67	2,782.14
Profit Before Exceptional Items and Taxation		6,611.92	4,511.46
Add : Exceptional Item	R	–	316.63
Profit Before Taxation		6,611.92	4,828.09
Taxation for the year (Refer Notes 5 and 16 on Schedule T)			
- Current Tax		450.00	159.58
- Deferred Tax		(41.13)	(4.62)
Profit after Taxation		6,203.05	4,673.13
Add: Balance Brought Forward from Previous Year		4,208.50	2,137.70
PROFIT AVAILABLE FOR APPROPRIATIONS		10,411.55	6,810.83
Dividend:			
Final (Proposed)		818.08	2,135.02
Interim Dividend		2,045.19	–
Dividend Tax		366.79	–
Transfer to General Reserve		620.31	467.31
Balance carried to Balance Sheet		6,561.18	4,208.50
Earnings Per Share (Basic and Diluted) (Refer Note 4 on Schedule T)		15.16	13.13
Significant Accounting Policies	S		
Notes to Accounts	T		

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June, 24, 2003

For and on behalf of the Board
A. K. Das
Director

Pradeep Pasari
Company Secretary

Place : Mumbai
Date : June, 24, 2003

S. Solomon Raj
Executive Vice Chairman





HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE 'C'

FIXED ASSETS (Refer Notes 2 and 3 on Schedule S)

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2002	Additions during the year	Deductions during the year	As at 31.03.2003	Up to 31.03.2002	For the Year	On deductions during the year	Up to 31.03.2003	As on 31.03.2003	As on 31.03.2002
Developed Software	64.57	-	-	64.57	32.29	32.28	-	64.57	-	32.28
Lease-hold Improvements	298.85	246.52	-	545.37	18.44	47.28	-	65.72	479.65	280.41
Office Equipments	233.98	27.06	16.18	244.86	30.97	13.26	5.60	38.63	206.23	203.01
Computers and Networking Equipments	1,831.70	1,073.43	10.34	2,894.79	1,164.81	221.49	2.64	1,383.66	1,511.13	666.89
Furniture and Fixtures	439.82	95.28	33.17	501.93	63.62	63.36	17.55	109.43	392.50	376.20
Vehicles	87.18	4.65	-	91.83	22.60	8.29	-	30.89	60.94	64.58
Total	2,956.10	1,446.94	59.69	4,343.35	1,332.73	385.96	25.79	1,692.90	2,650.45	1,623.37
Previous Year	3,712.13	1,440.81	2,196.84	2,956.10	3,184.41	191.88	2,043.56	1,332.73		
Capital Work-in-Progress [Includes Capital Advances Rs. 15.66 Lacs (Previous Year - Rs. 115.81 Lacs)]									25.56	115.81
Net Total									2,676.01	1,739.18



HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

	As at 31.03.2003	As at 31.03.2002
<i>(Rs. in Lacs)</i>		
SCHEDULE 'D'		
INVESTMENTS - (At cost)	23,061.84	21,426.71
(As per Annexure - A)		
Less: Provision for Diminution in Value of Investments	46.03	46.03
	23,015.81	21,380.68
SCHEDULE 'E'		
STOCK-IN-TRADE / JOBS-IN-PROGRESS		
Jobs In Progress - Software Development	151.76	303.46
Shares (As per Annexure - B)	49.25	69.36
Real Estate	293.00	293.00
	494.01	665.82
SCHEDULE 'F'		
SUNDRY DEBTORS (Unsecured)		
Considered Good *		
- Over Six Months	346.90	97.64
- Other Debts	3,239.80	790.35
	3,586.70	887.99
Considered Doubtful - Over Six Months	58.99	70.95
	3,645.69	958.94
Less: Provision for Doubtful Debts	58.99	70.95
[*-Debtors include due from subsidiaries - Rs. 334.51 Lacs (Previous Year Rs. 182.45 Lacs)]	3,586.70	887.99
SCHEDULE 'G'		
CASH AND BANK BALANCES		
Cash on Hand	0.27	1.00
Cheques on Hand	0.50	1,181.74
Bank Balances with Scheduled Banks in :		
- Cash Credit Accounts	1.79	500.92
- Current Accounts	65.09	1,096.54
- Margin Money Account#	166.50	13.45
- Deposit Account	3,200.00	173.04
- Unclaimed Dividend Account	23.18	30.91
- EEFC (Exchange Earners' Foreign Currency Account)		
[US \$ 7,778 ; (Previous Year - US \$ 2,329,890)]	3.68	1,160.56
#- Under Lien with Banks towards Bank Guarantee and Letters of Credit issued by them on behalf of the Company.	3,461.01	4,158.16

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

	As at 31.03.2003	As at 31.03.2002
<i>(Rs. in Lacs)</i>		
SCHEDULE 'H'		
OTHER CURRENT ASSETS		
Interest Accrued on		
- Inter-Corporate Deposits and Others	181.59	149.75
[Includes due from subsidiaries - Rs. 147.93 Lacs (Previous Year Rs. 67.83 Lacs)]	<u>181.59</u>	<u>149.75</u>
SCHEDULE 'I'		
LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for value to be Received [Includes due from subsidiaries Rs. 60.70 Lacs (Previous Year Rs. 116.24 Lacs)]	656.94	5,216.05
Advance Tax and Tax Deducted at Source (Net of Provisions)	665.66	584.21
Loans to Subsidiaries (Refer Note 8 on Schedule T)	11,068.02	4,836.30
Employee Loans and Advances	15.42	17.73
Security Deposits	236.79	225.83
	<u>12,642.83</u>	<u>10,880.12</u>
SCHEDULE 'J'		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 14 a) on Schedule T)	375.27	375.91
Unclaimed Dividend (Refer Note 14 b) on Schedule T)	23.18	30.91
Other Liabilities	40.53	38.11
	<u>438.98</u>	<u>444.93</u>
SCHEDULE 'K'		
PROVISIONS		
Retirement Benefits	117.60	74.49
Wealth Tax	0.36	0.75
Dividend	2,863.27	2,135.02
Dividend Tax	366.79	-
	<u>3,348.02</u>	<u>2,210.26</u>
SCHEDULE 'L'		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary and Share Issue Expenses	73.76	66.05
Pre-operative Expenses	0.16	0.18
Deferred Revenue Expenditure	9.08	26.18
	<u>83.00</u>	<u>92.41</u>





HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE 'M'

OPERATING INCOME

I.T. and I.T. Enabled Services

- Overseas

- Domestic

[Tax Deducted at Source Rs. 25.67 Lacs (Previous Year - Rs. 27.56 Lacs)]

Income from Shares and Other Securities / Real Estate

Sale of Media Films Rights

Dividend [Tax Deducted at Source Rs. 10.48 Lacs (Previous Year - Rs. Nil)]

Interest

[Tax Deducted at Source Rs. 207.86 Lacs (Previous Year - Rs. 175.80 Lacs)]

- On Inter-Corporate Deposits

- On Long Term Investments

- On Deposits with Bank

- On Others

Consultancy Fees

[Tax Deducted at Source Rs. 5.54 Lacs (Previous Year - Rs. 10.99 Lacs)]

SCHEDULE 'N'

OTHER INCOME

Recovery of Bad Debts

Exchange Fluctuation Gain (Net)

Interest on Income Tax Refund

Liabilities no longer payable written-back

Miscellaneous Income [Tax Deducted at Source Rs. 0.06 Lacs ,

(Previous Year - Rs. 0.23 Lacs)]

SCHEDULE 'O'

EMPLOYEE COSTS

Salary and Other Benefits

Contribution to Employees' Provident and Other Funds

Staff Welfare Expenses

**Year ended
31.03.2003**

(Rs. in Lacs)

**Year ended
31.03.2002**

9,261.33

5,021.89

713.80

451.58

9,975.13

5,473.47

15.39

(641.31)

-

286.00

98.59

199.38

855.13

832.48

6.32

7.00

126.60

4.36

4.48

7.85

105.00

153.55

11,186.64

6,322.78

26.00

-

-

68.94

7.58

-

17.99

35.36

30.07

21.46

81.64

125.76

2,081.45

1,033.21

124.67

79.27

88.38

52.94

2,294.50

1,165.42

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003	Year ended 31.03.2002
SCHEDULE 'P'		
ADMINISTRATIVE AND OTHER EXPENSES		
Legal and Professional Charges	146.34	124.88
Training and Recruitment Charges	88.85	62.22
Computer and Other Equipment Hire Charges	20.76	76.17
Rent and Compensation	223.43	292.53
Travelling, Conveyance and Car Hire Charges	183.22	129.95
Communication	43.72	54.89
Rates, Taxes and Duties	105.21	15.83
Printing and Stationery	39.57	31.23
Utilities	90.39	60.50
Insurance	19.25	3.39
Advertisement and Business Promotion	30.68	68.88
Membership and Subscription	14.63	19.06
Motor Car Expenses	14.49	11.73
Discounts and Commission	483.15	130.06
Software Expenses / Jobs-in-Progress Written Off	41.29	27.48
Repairs and Maintenance - Others	71.96	33.99
Auditors' Remuneration		
- As Auditors	11.00	11.00
- For Other Matters	5.50	11.30
- Out-of-Pocket Expenses	0.68	0.02
Donation	10.58	10.10
Bank Charges and Commission	16.72	15.49
Directors' Sitting Fees	1.60	1.60
Exchange Fluctuation Loss (Net)	24.20	-
Share Issue and Deferred Revenue Expenses Written Off	16.49	13.84
Provisions / Bad Debts Written Off	14.64	43.48
Lease Rights - Films amortised	-	35.00
Loss on Sale / Scrapping of Assets	28.79	44.66
Miscellaneous Expenses	40.91	34.11
	1,788.05	1,363.39
SCHEDULE 'Q'		
FINANCIAL EXPENSES		
Interest / charges on:		
- Cash Credit and Other Facilities	-	1.03
	-	1.03
SCHEDULE 'R'		
EXCEPTIONAL ITEM		
Provision for Diminution in Investments Written Back	-	316.63
	-	316.63





HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

These Accounts have been prepared under historical cost convention on accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956, of India (The Act).

2. Fixed Assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for its intended use, less accumulated depreciation.

3. Depreciation / Amortisation

- a. Depreciation on assets for own use is provided on Straight Line Method on pro-rata basis at the rates prescribed under Schedule XIV to The Act, except for leasehold improvements, which are depreciated over the period of the lease.
- b. In respect of Software Products developed by the Company, the direct and other related costs are accumulated and are written off over the estimated life of the Products.
- c. Assets given to employees on contractual obligations are depreciated to the extent of 50% of the value over a period of four years, at the end of which these assets are transferred to the respective employees at the residual book value.

4. Valuation of Stock-in-trade

Jobs in Progress – Software Development has been valued at cost/ contract value on the basis of work completion at the year-end.

Shares have been valued at cost (aggregate) or market value (aggregate) whichever is lower. The cost is computed by the “First In First Out” Method.

Real Estate is valued at cost or net realisable value, whichever is lower.

5. Valuation of Investments

Investments are carried at cost. The securities held by the Company other than stated in Paragraph 4 above are long-term/ strategic in nature. In the Management's opinion, the decline, if any, in the value of these long term/strategic investments is temporary in nature and based on overall investment strategies/ plans, no provision is considered in this respect. Wherever the decline in the value of these investments is permanent in nature, a provision to recognise such decline is made in the books of accounts.

6. Revenue Recognition

- a. In respect of I.T. Division, revenue from software development is recognised based on software developed and billed to clients as per terms of specific contracts. On fixed-price contracts, revenue is recognised based on milestones achieved as specified in the contracts on the basis of work completed. Revenue from sale of licences for the use of software applications is recognised on transfer of title to the user of licence. Revenue from rendering Technical Project and other services is recognised during the period in which services are rendered.



In Claim Processing Activity, revenue is recognised based on number of resolved claims, at applicable rates.

In Call Centre Activity, revenue is recognised based on actual utilisation or minimum utilisation level specified in the agreements, whichever is higher.

- b. Profits/Losses from investment activities (including gain/(loss) on sale of stake in subsidiaries) are recognised on the basis of trade dates/ contracts/agreements entered with parties.
- c. Interest and Dividend income is accounted on accrual basis.
- d. In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

7. Foreign Currency Transactions

- a. All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- b. All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the accounts.
- c. Exchange difference between the rates applicable at the date of transaction and the rate actually realised/paid has been ascertained and recognised in the accounts.

8. Retirement Benefits

- a. Liability towards Gratuity has been recognised on the basis of premium paid/payable under Group Gratuity policy of Life Insurance Corporation of India (LIC), except in respect of employees not covered under the scheme where liability is provided in accordance with Payment of Gratuity Act, 1972, of India. The adequacy of the accumulated fund balance available with LIC has been confirmed on the basis of actuarial valuation obtained at the year-end and shortfall, if any, has been provided in the accounts.
- b. Liability for leave encashment is made on unavailed accumulated leave balances of employees on the basis of their current salaries.
- c. Liability for Superannuation payable to the eligible employees of I.T. is determined in accordance with the scheme formulated by the Company and contribution as per rules of the said scheme is made to the fund administered by LIC.

9. Taxation

- a. Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961, of India and legal advice from time to time.
- b. Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

10. Miscellaneous Expenditure

Preliminary Expenses and Share Issue Expenses are amortised over a period of ten years.

Deferred Revenue Expenditure

Expenses on employees during the training period are deferred and charged to the Profit and Loss Account on completion of training.



HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE 'T'

NOTES TO ACCOUNTS

1. Capital Commitments and Contingent Liabilities

- a) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – Rs. 46.87 Lacs (Previous Year Rs. 79.87 Lacs)
- b) Contingent liabilities in respect of:
 - i. Counter Guarantee given by the Company for guarantee given by Standard Chartered Bank Limited for In2cable (India) Limited, a subsidiary company, Rs. 200.00 Lacs). (Previous Year - Rs. 200.00 Lacs)
 - ii. Counter Guarantee given by the Company for guarantee given by IndusInd Bank Limited for IndusInd Media and Communication Limited, a subsidiary company, Rs. Nil. (Previous Year - Rs. 62.50 Lacs).
 - iii. Irrevocable Guarantee given by Company's bankers to National Mineral Development Corporation Limited of Rs. Nil (Previous Year - Rs. 0.50 Lacs).
 - iv. Bank Guarantee given by Canara Bank in favour of the President of India, Deputy Commissioner of Customs – Rs. 115.87 Lacs. (Previous Year - Rs. 15.87 Lacs.)
 - v. The matters pertaining to payment of stamp duty on merger of erstwhile Hinduja Finance Limited Rs. 15.91 Lacs (Previous Year - Rs. 15.91 Lacs) and that of Richman Investrade Private Limited, Melody Trading Private Limited and Hinduja Telecom India Limited are pending adjudication.
 - vi. Taxation matters - Rs. 913.12 Lacs (Previous Year - Rs. 565.40 Lacs). The Company has filed appeals with CIT (Appeals)/ Appellate Tribunal in these matters. However, the Company is confident of receiving the judgements in the appeals in their favour.
2. An irrevocable Letter of Credit for USD 1 million (Previous Year USD 0.5 million) issued towards performance of an overseas contract against 20% margin as fixed deposit, and charge on current assets of the Company.
3. Amalgamation of Sarthak Mercantile Private Limited (SMPL) with the Company.
 - i. Pursuant to the Scheme of Amalgamation of the erstwhile SMPL, an investment company, with the Company as approved by the shareholders at an extra-ordinary general meeting held on 24th September, 2002 and subsequently sanctioned by the Honourable High Court of Bombay by its order dated January 09, 2003, the assets and liabilities of the erstwhile SMPL were transferred to and vested in the Company with retrospective effect from April 01, 2002. The Scheme has, accordingly, been given effect to in these Accounts.
 - ii. The Amalgamation has been accounted for under the "pooling of interest" method, as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and other reserves of the erstwhile SMPL as at the close of March 31, 2002 have been taken over at their book values.
 - iii. Pursuant to the Scheme of Amalgamation, 5,320,225 Equity Shares of Rs. 10 each are to be issued to the shareholders of SMPL in the ratio of 1 shares of the Company for every 4 shares held in SMPL. Pending the allotment, an amount of Rs. 532.02 Lacs has been included in Share Capital Suspense account as at March 31, 2003. These equity shares of Rs. 10 each have been subsequently allotted on April 8, 2003.

4. Earnings per Equity Share (Basic and Diluted)

	2002-03	2001-02
Profit After Taxation (Rs. in Lacs)	6,203.05	4,673.13
Weighted Average Number of Equity Shares outstanding during the year	40,903,887	35,583,662
Basic and Diluted Earnings per Equity Share (Rs.)	15.16	13.13

5 Break-Up of Deferred Tax Asset / (Liability)

	As at 31.03.2003	(Rs. in Lacs) As at 31.03.2002
<i>Deferred Tax Liability</i>		
Depreciation on Fixed Assets	20.48	39.11
Deferred Training Expenses fully allowable for Tax purposes	0.15	0.70
Total Deferred Tax Liability	20.63	39.81
<i>Deferred Tax Asset</i>		
Liabilities to be deducted for Tax purposes when paid	10.45	12.97
Provisions for Doubtful Debts not written off	21.16	26.07
Amalgamation expenses allowable u/s 35 DD	29.38	0.00
Total Deferred Tax Asset	60.99	39.04
Net Deferred Tax Asset /(Liability)	40.36	(0.77)

6 Segment Information

Segmental information for the year ended 31st March, 2003 has been provided so that the users of these accounts can appreciate the diverse nature of the business carried out by Hinduja TMT Limited.

Various Business Segments as identified by the Management based on the nature of products and services, nature of risks and returns as applicable to each segment and the internal financial reporting systems, so far as they relate to the specific groups included in the segments, are as under:

1. **Convergence Activities** – This segment is further classified into two sub-segments as under:
 - a. **Information Technology (IT)**, which consists of IT as well as IT Enabled Services (including Business Process outsourcing), and
 - b. **Media & Telecommunications** which consists of various Media / Telecommunication related activities spearheaded by the Corporate Group. This segment also includes all activities relating to increase in shareholders value in subsidiaries belonging to the Company in this sector.
2. **Treasury** – This segment consists of activities relating to
 - a. deployment of surplus funds and
 - b. existing stock in trade / investments in shares and securities, other than subsidiaries.

Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the segment. Expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Expenses”. Assets and Liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets / Liabilities”.

Business Segments

(Rs. in Lacs)

Particulars	I. T.		Media / Telecom		Treasury		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
1. Segment Revenues *	9,977.81	5,478.61	890.14	2,369.91	497.00	(680.68)	11,364.95	7,167.84
2. Segment Results	5,787.28	3,377.08	514.84	2,023.54	461.41	(772.43)	6,763.53	4,628.19
Add: Other Income							81.64	125.76
Provision for Diminution in Investments written back							—	316.63
Less: Interest Expense							—	1.03
Unallocated Corporate Expenses							233.25	241.46
Total Profit before Tax							6,611.92	4,828.09
3. Capital Employed								
Segment Assets#	8,057.29	6,073.89	28,765.34	26,721.68	8,609.34	4,354.80	45,431.97	37,150.37
Add: Unallocated Corporate Assets							749.35	2,803.74
Total Assets							46,181.32	39,954.11
Segment Liability	402.87	340.05	85.40	40.35	7.31	44.77	495.58	425.17
Add: Unallocated Corporate Liability							3,291.42	2,230.79
Total Liability							3,787.00	2,655.96
Segment Capital Employed	7,654.42	5,733.84	28,679.94	26,681.33	8,602.03	4,310.03	44,936.39	36,725.20
Add: Unallocated Capital Employed							(2,542.07)	572.95
Total Capital Employed							42,394.32	37,298.15
4. Capital Expenditure	1,434.84	1,419.53	12.10	21.28		-	1,446.94	1,440.81
5. Depreciation / Amortisation	355.78	160.97	27.16	28.78	3.02	2.13	385.96	191.88
6. Significant Non Cash Expenditure	31.87	69.77	0.00	35.00	10.95	34.62	42.82	139.39
Add: Unallocated Non Cash Expenditure							16.49	13.84
							59.31	153.23

*- There are no Inter Segment Revenues

#- Segment Assets includes Strategic Investments in various I.T. / Media and Telecom subsidiaries.



**Geographical Segments***(Rs. in Lacs)*

Particulars	India		Outside India		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Sales Revenue	2,103.62	2,145.95	9,261.33	5,021.89	11,364.95	7,167.84
Carrying Amount of Assets	41,768.28	38,015.10	4,413.04	1,939.01	46,181.32	39,954.11
Capital Expenditure	1,446.94	1,440.81	-	-	1,446.94	1,440.81

7 Related Party Disclosures**I Individual(s) having control with relatives and associates.**

Mr. Ashok P. Hinduja

II Subsidiaries of Hinduja TMT Limited (includes indirect subsidiaries)

1. InNetwork Entertainment Limited.
2. Cable Video (India) Limited.
3. Grant Investrade Limited.
4. Hinduja TMT France
5. HTMT Europe Limited.
6. HTMT Inc. U.S.A.
7. In2cable (India) Limited.
8. IndusInd Cable Television (Bombay) Limited.
9. IndusInd Entertainment Limited.
10. IndusInd Media & Communications Limited.
11. IndusInd Telecom Network Limited.
12. Planet E-Shop Holdings India Limited. (up to September, 2002)
13. Shop24Seven India Private Limited. (up to September, 2002)
14. Tele Video Communications India Limited.

III Associates

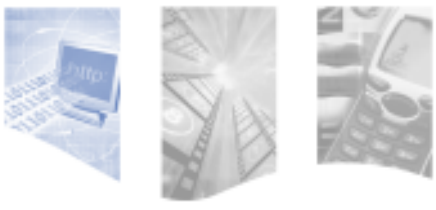
1. Fascel Limited.
2. United Mysore Network Private Limited.
3. USN Networks Private Limited.
4. Planet E-Shop Holdings India Limited. (Effective October, 2002)

IV Key Management Personnel

1. Mr. S. Solomon Raj (Executive Vice Chairman)
2. Mr. R. Mohan (President and CEO – IT)

V Enterprises where common control exists

1. Aasia Corporation
2. Aasia Management & Consultancy Private Limited
3. Amas Mauritius Limited
4. Hinduja Group India Limited
5. Aasia Properties Development Limited
6. Swallow Enterprises Mauritius Limited.



Schedules to the Accounts

The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year-end:

(Rs. in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III above	Personnel referred to in IV above	Parties referred to in V above	Total
During the Year					
Rendering of Services	2,571.12 [1,289.22]	— [3.55]		8.70 [-]	2,579.82 [1,292.77]
Interest Income	612.80 [319.71]	170.75 [377.73]		71.58 [122.92]	855.13 [820.36]
Rental Income		— [18.00]			— [18.00]
Professional Fees Paid		— [2.20]		30.00 [-]	30.00 [2.20]
Discounts and Commission Paid	483.15 [130.06]				483.15 [130.06]
Rent/Service Charges Paid				97.40 [139.89]	97.40 [139.89]
Interest Expense	— [22.13]				— [22.13]
Business Promotion Expenses	4.29 [6.19]			— [24.96]	4.29 [31.15]
Purchases	0.70 [-]				0.70 [-]
Miscellaneous Expenses	5.56 [-]				5.56 [-]
Communication Charges	22.31 [-]			— [3.16]	22.31 [3.16]
Managerial / Executive Remuneration			43.42 [40.06]		43.42 [40.06]
Directors' Sitting Fees			0.20 [0.25]		0.20 [0.25]
Investments made during the year	2,098.09 [1,971.80]	— [10.00]			2,098.09 [1,981.80]
Investments Sold During the year	287.95 [-]				287.95 [-]
Inter-corporate Deposits /Loans Given	7,217.72 [9,487.80]			3,780.00 [1,875.00]	10,997.72 [11,362.80]
Inter-Corporate Deposits / Loans Received back	986.00 [4,892.50]	2,698.00 [-]		3,780.00 [5,817.00]	7,464.00 [10,709.50]
Security Deposits Given				— [50.00]	— [50.00]



(Rs. in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III above	Parties referred to in VI above	Parties referred to in V above	Total
Year-end Balance					
Receivable net of payable at the year end	11,611.16 [5,202.82]	— [2,780.66]		50.50 [54.05]	11,661.66 [8,037.53]
Payable net of receivable as at the year-end				— [19.13]	— [19.13]
Investments	18,322.56 [16,512.42]	— [40.00]			18,322.56 [16,552.42]

Dividend Payable to Parties referred to in I and V above – Rs. 2,147.16 Lacs (Previous Year Rs. 1,545.11 Lacs).

Figures in brackets represent previous year figures.

8 Loans and Advances in the nature of Loans to subsidiaries (pursuant to Clause 32 of the Listing Agreement with Stock Exchanges):

(Rs. in Lacs)

Name of the subsidiary	As at 31.03.2003	Maximum Balance Outstanding
InNetwork Entertainment Limited, a Wholly Owned Subsidiary	*9,609.90	9,609.90
In2cable (India) Limited, a Wholly Owned Subsidiary	710.00	710.00
IndusInd Telecom Network Limited	748.12	748.12
Total	11,068.02	11,068.02

- There are no loans and advances in the nature of loans to associates.
- There are no loans and advances in the nature of loans where there is no repayment schedule.
- All loans and advances in the nature of loans are given on terms within the limits specified under Section 372A of The Act.

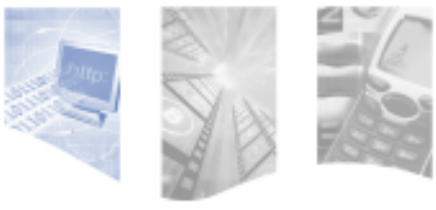
*- includes interest free loans of Rs. 2,565 Lacs.

9 Managerial Remuneration

Employee Costs include remuneration of Executive Vice Chairman:

(Rs. in Lacs)

Particulars	Year ended 31.03.2003	Year ended 31.03.2002
Salary and Allowances	19.80	12.36
Contribution to Provident Fund	Nil	Nil
Perquisites (valued as per Income Tax Act, 1961, wherever applicable)	2.53	1.53
Total	22.33	13.89



Schedules to the Accounts

10 Quantitative Details

The Company traded in/ produced the following products. The relevant information in quantities and values is as follows:

a) Traded Goods:

(Rs. in Lacs)

Traded Goods	Unit	Opening Stock	Purchases	Sales	Closing Stock
Shares	Qty (Nos.)	438,521 (642,356)	Nil (7,542,074)	150,000 (7,745,909)	288,521 (438,521)
Value		69.36 (470.96)	Nil (23,383.42)	35.44 (23,214.24)	49.25 (69.36)
Real Estate	Value	293.00 (338.00)	Nil (Nil)	Nil (Nil)	293.00 (293.00)
Bought-out Software**	Value	Nil (Nil)	Nil (20.83)	Nil (24.50)	Nil (Nil)
Others	Value	Nil (Nil)	51.20 (Nil)	82.36 (Nil)	Nil (Nil)

Figures in brackets represent previous year figures.

** The Company is engaged in the development and maintenance of computer software. The purchase and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to The Act.

b) Details of Software Product Developed:

(Rs. in Lacs)

Software Products Developed

E-Port, Emma / Human Touch

Unit	Turnover
No. of copies	56 (42)
Value	2.90 (733.07)

Notes :

- Details with regard to opening and closing stock of software product developed not provided as licensed copy of these products are being capitalised (Refer Note 3 b) on Schedule 'S').
 - Figures in brackets represent previous year figures.
- c) Additional information pursuant to the provisions of paragraph 3 of Part II of Schedule to The Act:

Particulars	Purchases		Sales	
	Nos	Amount (Rs. in Lacs)	Nos	Amount (Rs. in Lacs)
Equity Shares*	6,315,397 [3,719,992]	2,796.47 [2,516.51]	4,265,770 [13,131,285]	1,614.03 [4,620.64]
Commercial Papers	200 [-]	981.59 [-]	200 [-]	1,000.00 [-]
Mutual Fund Units	84,591,380 [86,978,269]	10,865.11 [11,489.94]	82,147,844 [86,978,269]	10,527.69 [11,550.20]
Non-Convertible Debentures	- [-]	- [-]	100,000 [-]	50.00 [-]

*Includes Equity Shares acquired in subsidiaries pursuant to amalgamation of SMPL with the Company.

Figures in brackets represent previous year figures.

**11 Value of Imports on C.I.F. basis**

		(Rs. in Lacs)
Particulars	Year ended 31.03.2003	Year ended 31.03.2002
Capital Goods	830.34	462.90

12 a) Earnings in Foreign Exchange:

		(Rs. in Lacs)
Particulars	Year ended 31.03.2003	Year ended 31.03.2002
IT and IT enabled Services	9,261.33	5,021.89
Other Fees	8.70	—
Total Earnings in Foreign Exchange	<u>9,270.03</u>	<u>5,021.89</u>

b) Expenditure in Foreign Currency:

		(Rs. in Lacs)
Particulars	Year ended 31.03.2003	Year ended 31.03.2002
Foreign Travel (including allowances)	65.14	70.67
Discounts and Commission	483.15	130.06
Subscription	—	1.18
Software Expenses	9.46	—
Direct Cost	138.73	—
Miscellaneous	5.56	—
Total Expenditure in Foreign Currency	<u>702.04</u>	<u>201.91</u>

13 Operating Leases

The details of operating leases are as follows:

				(Rs. in Lacs)
Particulars	Minimum Future Lease Rentals			Amount recognised during the year
	Due within one year	Due later than one year and not later than five years	Due after five years	
Office Premises	187.04 [180.27]	491.06 [458.94]	422.45 [557.94]	180.28 [173.95]

Figures in brackets represent previous year figures.

The operating lease arrangement relating to office premises extend upto a maximum of ten years from the respective dates of inception and are renewable on mutual consent. In addition, the Company has entered into various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs. 43.15 Lacs has been recognised in the Profit and Loss Account.

- 14 a) As at March 31, 2003, the Company had no outstanding dues to small-scale industrial undertakings. (Previous Year Rs. Nil).
b) As at March 31, 2003, there are no amounts on account of Unclaimed Dividend, which are due to be credited to the Investor Education Protection Fund (IEPF). During the year, the Company has transferred Rs. 2.47 Lacs to the IEPF on account of Unclaimed Dividend outstanding for the period exceeding seven years.
- 15 The Company had earlier surrendered its Non Banking Financial Company (NBFC) certificate of registration for cancellation to RBI in June 2001. The Company has during the year, received a confirmatory letter of de-registration from Reserve Bank of India to the effect that the Company is no longer an NBFC. In view of the above, the Statutory Reserve Fund (of Rs. 1,517.63 lacs) earlier created for the purpose of contingencies/ provisions under Section 45 IC of the Reserve Bank of India Act, 1934 will be utilised in future for adjustment towards permanent diminution, if any, which may arise in future, in the value of quoted/ unquoted investments.



Schedules to the Accounts

- 16 Provision for Income – Tax for the current year has been made after taking into account benefit available under Section 10A of the Income Tax Act, 1961, of India, in respect of business process outsourcing and call centre activities carried out by the Company. The Company has maintained separate books of account for the aforesaid activities.
- 17 Please refer Annexure C for additional information pursuant to Part IV of Schedule VI to The Act.
- 18 Previous Year's figures have been regrouped/ rearranged, wherever considered necessary.

The Schedules A to T and Annexures A to C referred to above form an integral part of the Accounts.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants.

Place : Mumbai
Date : June 24, 2003

For and on behalf of the Board

A. K. Das
Director

Pradeep Pasari
Company Secretary

S. Solomon Raj
Executive Vice Chairman

Place : Mumbai
Date : June 24, 2003

HINDUJA TMT LIMITED

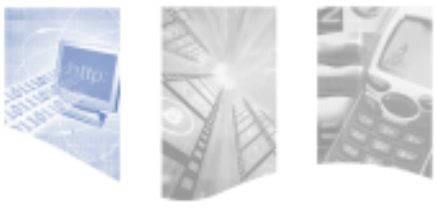
ANNEXURE 'A'

INVESTMENTS (Long Term)

(Rs. in Lacs)

Sr. No.	Scrip	Face Value Per Share Rs.	As at 31.03.2003		As at 31.03.2002	
			Quantity Nos.	Amount	Quantity Nos.	Amount
I	INVESTMENTS IN SUBSIDIARY COMPANIES (AT COST)					
(a)	UNQUOTED EQUITY SHARES					
1	InNetwork Entertainment Limited	100	3,391,000	3,399.31	1,729,410	1,737.72
2	HTMT Inc., USA	USD 1	200,000	70.92	200,000	70.92
3	Cable Video (India) Limited	10	-	-	2,856,000	287.95
4	Grant Investrade Limited	10	2,119,002	211.90	2,119,002	211.90
5	IndusInd Media & Communication Limited	10	3,875,000	387.50	-	-
6	In2Cable (India) Limited	10	5,000,000	500.00	4,510,000	451.00
7	IndusInd Telecom Network Limited	10	88,550,000	11,081.33	88,550,000	11,081.33
	Total (A)			15,650.96		13,840.82
(b)	UNQUOTED PREFERENCE EQUITY SHARES					
1	HTMT Inc., USA	USD 1	2,500,000	1,171.60	2,500,000	1,171.60
2	InNetwork Entertainment Limited	100	1,500,000	1,500.00	1,500,000	1,500.00
	Total (B)			2,671.60		2,671.60
	TOTAL INVESTMENTS IN SUBSIDIARIES (A+ B)			18,322.56		16,512.42
II	OTHER UNQUOTED INVESTMENTS (AT COST)					
(a)	EQUITY SHARES :					
1	I D L Finance Limited	10	-	-	39,100	5.29
2	International Food Services Packaging Limited	10	1,045,000	398.85	1,045,000	398.85
3	IndusInd Information Technologies Limited	10	400,000	40.00	400,000	40.00
(b)	MUTUAL FUNDS					
1	UTI Money Market Fund (N.A.V. Rs. 16.98 per unit)	10	15,409	1.04	15,409	1.04
2	Canincome Fund (N.A.V. Rs. 10.43 per unit)	10	1,410,252	150.05	-	-
3	J.M.Income Fund (N.A.V. Rs. 24.16 per unit)	10	1,033,284	250.05	-	-
4	I.D.B.I. - Principal Cash Management Fund (N.A.V. Rs. 10.00 per unit)	10	54,308	5.43	-	-
(c)	NATIONAL SAVINGS CERTIFICATES		-	-		0.04
	Total (C)			845.43		445.22
	TOTAL VALUE OF UNQUOTED INVESTMENTS (A+B+C)			19,167.99		16,957.64
III	QUOTED INVESTMENTS					
(a)	EQUITY SHARES :					
1	Autopins (India) Limited	10	820,260	369.14	820,260	369.14
2	Ashok Leyland Limited (# 125,000)	10	149,665	111.40	150,000	111.64
3	ABB Alstom Power Limited	10	-	-	693	0.26
4	Astra IDL Limited	10	-	-	100,000	279.83
5	Birla Corporation Limited	10	61,640	21.59	61,640	21.59
6	BPL Limited	10	-	-	100	0.43
7	B O C Limited	10	10,000	2.46	30,900	7.60





Schedules to the Accounts

ANNEXURE 'A'

INVESTMENTS (Long Term)

(Rs. in Lacs)

Sr. No.	Scrip	Face Value Per Share Rs.	As at 31.03.2003		As at 31.03.2002	
			Quantity Nos.	Amount	Quantity Nos.	Amount
8	BASF Limited	10	-	-	11,975	14.28
9	C E S C Limited	10	153,600	44.78	154,000	44.89
10	Dynamatic Technologies Limited	10	99,939	34.77	99,939	34.77
11	D S J Finance Corporation Limited	10	29,870	1.34	29,870	1.34
12	DSQ Software Limited	10	40,000	53.44	40,000	53.44
13	Excel Industries Limited	10	6,700	24.96	6,700	24.96
14	FCI OEN Connectors Limited	10	24,518	30.39	31,910	39.55
15	Gujarat Industrial Power Limited (# 30,300)	10	60,900	25.65	60,900	25.65
16	Gulf Oil Corporation Limited	10	678,575	924.30	577,600	698.36
17	Hindustan Oil Exploration Limited	10	14,190	7.06	15,000	7.46
18	HCL Technologies Limited (# 10,000)	2	10,000	68.61	10,000	68.61
19	IDL Industries Limited	10	-	-	390,600	226.43
20	India Gelatine & Chemicals Limited	10	9,350	6.31	9,350	6.31
21	I T I Limited	10	-	-	220,000	60.80
22	I.T.C. Ltd	10	6	-	-	-
23	IndusInd Bank Limited	10	2,856,261	884.27	2,856,261	884.27
24	I P Rings Limited	10	14,000	17.54	14,000	17.54
25	Ipca Laboratories Limited (# 3,000)	10	3,300	6.31	3,300	6.31
26	International Travelhouse Limited	10	64,200	58.77	64,200	58.77
27	Kulkarni Power Tools Limited (* 81,200)	10	112,250	41.77	147,250	54.80
28	KDL Biotech Limited	10	81,050	194.65	81,050	194.65
29	Mahavir Spinning Mills Limited	10	15,000	11.10	37,500	27.75
30	Monotana Exports Limited	10	55,200	2.76	55,200	2.76
31	Majestic Auto Liners Limited	10	200,000	61.97	257,100	79.66
32	Mukand Engineering Limited	10	52,620	102.15	52,620	102.15
33	Nahar Spinning Limited	10	26,760	20.57	26,760	20.57
34	Nahar Exports Limited	10	32,900	9.43	32,900	9.43
35	Odyssey Technologies Limited	10	58,600	39.19	58,600	39.19
36	Paper Products Limited	10	22,899	32.51	35,000	49.69
37	Pidilite Industries Limited (# 20,000)	10	23,920	67.12	23,920	67.12
38	Ramakrishna Mills Limited	10	5,200	3.74	5,200	3.74
39	Reed Relays and Electronics India Limited	10	15,000	6.23	15,000	6.23
40	Rashtriya Chemicals & Fertiliser Limited	10	-	-	202,524	34.07
41	Satyam Computers Limited (@ 1,000) (** 3,000)	2	4,000	44.11	4,000	44.11
42	Sanra Technical Textiles Limited	10	24,500	0.21	24,500	0.21
43	Sanderson Industries Limited	10	95,500	1.34	95,500	1.34
44	S I Property Development Limited	10	91,400	7.31	91,400	7.31
45	Samkreg Pistons Limited	10	178,800	53.20	178,800	53.20
46	Software Solutions Limited (# 20,000)	10	20,000	76.65	20,000	76.65
47	Sterlite Optical Limited (# 10,000) (** 530)	5	10,557	60.99	10,557	60.99
48	Siemens Limited (# 5,000)	10	6,000	20.55	6,000	20.55



ANNEXURE 'A'

INVESTMENTS (Long Term)

(Rs. in Lacs)

Sr. No.	Scrip	Face Value Per Share Rs.	As at 31.03.2003		As at 31.03.2002	
			Quantity Nos.	Amount	Quantity Nos.	Amount
49	Tirupati Fibres & Industries Limited	10	131,050	7.86	131,050	7.86
50	Tata Yodogawa Limited	10	40,000	11.80	103,014	30.39
51	Tata Infotech Limited (# 6,000)	10	6,000	17.94	11,500	34.38
52	Tube Investments of India Limited	10	-	-	31,900	20.42
53	Transtream India.Com Limited	10	5,000	20.04	5,000	20.04
54	Tata Teleservices Limited	10	344,144	41.30	344,144	41.30
55	TVS Autolec Limited	10	22,300	17.15	22,300	17.15
56	Vardhaman Spinning & General Mills Limited	10	114,850	88.43	114,850	88.43
57	Visual Soft Limited (# 10,000)	10	10,521	80.46	10,521	80.46
58	Videsh Sanchar Nigam Limited (# 13,000)	10	13,000	56.78	13,000	56.78
	Total (D)			3,892.39		4,417.61
IV	NON CONVERTIBLE DEBENTURES					
1	Tata Special Steel Limited	50	-	-	100,000	50.00
	Total (E)			-		50.00
V	FULLY CONVERTIBLE DEBENTURES					
1	VCK Capital Market Services Limited		5,300	1.46	5,300	1.46
	Total (F)			1.46		1.46
	TOTAL VALUE OF QUOTED INV. (D+E+F)			3,893.85		4,469.07
	AGGREGATE COST OF INVESTMENTS (A+B+C+D+E+F)			23,061.84		21,426.71
	Less : Diminution in Value of Long Term Investments			(46.03)		(46.03)
	TOTAL INVESTMENTS			23,015.81		21,380.68

Aggregate cost of Quoted Investments is Rs. 3,893.85 Lacs (Previous Year Rs. 4,469.07 Lacs).

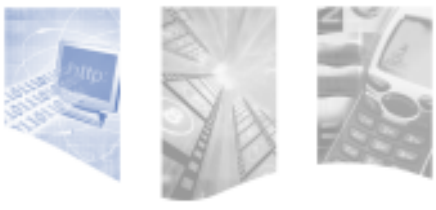
Market Value Rs. 1,640.28 Lacs (Previous Year Rs. 2,385.12 Lacs).

* Shares in process of registration.

@ Shares sent for dematerialisation.

Shares pledged with banks.

** Shares under objection



HINDUJA TMT LIMITED

ANNEXURE 'B'

STOCK IN TRADE [Valued at cost (aggregate) or market value (aggregate) whichever is lower]

(Rs. in Lacs)

Sr. No.	Scrip	Face Value Per Share Rs.	As at 31.03.2003		As at 31.03.2002	
			Quantity Nos.	Amount	Quantity Nos.	Amount
I	QUOTED SHARES :					
1	Bhagyanagar Metals Limited	10	69,929	32.22	119,929	55.92
2	Finolex Cables Limited	10	10	-	10	-
3	Kanoria Dychem Limited	10	96,300	6.16	96,300	6.16
4	Novartis Limited. (# 5,000)	5	5,969	34.37	5,969	34.37
5	Orkay Industries Limited	10	195	0.02	195	0.02
6	Plastiblends Limited	10	37,100	11.52	37,100	11.52
7	Surlux Diagnostics Limited	10	40,000	3.16	40,000	3.16
8	Surana Strips Limited	10	2,400	0.49	2,400	0.49
9	South India Viscose Limited	10	-	-	100,000	10.00
10	Thomas Cook Limited	10	18	-	18	-
11	Utility Engineers (India) Limited	10	15,300	0.79	15,300	0.79
12	Vardhman Polytex	10	100	0.02	100	0.02
13	VCK Capital Market Services Limited	10	21,200	2.12	21,200	2.12
	AGGREGATE COST OF QUOTED SHARES (A)		288,521	90.87	438,521	124.57
	AGGREGATE MARKET VALUE OF QUOTED SHARES (B)			49.25		69.36
	(A) OR (B) WHICHEVER IS LOWER			49.25		69.36

Shares pledged with banks.

HINDUJA TMT LIMITED

ANNEXURE 'C'

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE ACT BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No.

3	6	8	9	6
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State Code

1	1
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Balance Sheet Date

3	1	0	3	2	0	0	3
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II. Capital raised during the period (Amount in Rs. Thousands)

Public Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Rights Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L							
N	I	L							
Bonus Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Private Placement	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L							
N	I	L							

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds :	Total Liabilities	<table border="1"><tr><td>4</td><td>2</td><td>3</td><td>9</td><td>4</td><td>3</td><td>2</td></tr></table>	4	2	3	9	4	3	2	Total Assets	<table border="1"><tr><td>4</td><td>2</td><td>3</td><td>9</td><td>4</td><td>3</td><td>2</td></tr></table>	4	2	3	9	4	3	2
4	2	3	9	4	3	2												
4	2	3	9	4	3	2												
	Paid-Up Capital (Including Share Suspense)	<table border="1"><tr><td>4</td><td>0</td><td>9</td><td>0</td><td>3</td><td>9</td></tr></table>	4	0	9	0	3	9	Reserves and Surplus	<table border="1"><tr><td>3</td><td>8</td><td>3</td><td>0</td><td>3</td><td>9</td><td>3</td></tr></table>	3	8	3	0	3	9	3	
4	0	9	0	3	9													
3	8	3	0	3	9	3												
	Secured Loans	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Unsecured Loans	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L								
N	I	L																
N	I	L																
Application of Funds :	Net Fixed Assets	<table border="1"><tr><td>2</td><td>6</td><td>7</td><td>6</td><td>0</td><td>1</td></tr></table>	2	6	7	6	0	1	Investments	<table border="1"><tr><td>2</td><td>3</td><td>0</td><td>1</td><td>5</td><td>8</td><td>1</td></tr></table>	2	3	0	1	5	8	1	
2	6	7	6	0	1													
2	3	0	1	5	8	1												
	Net Current Assets	<table border="1"><tr><td>1</td><td>6</td><td>5</td><td>7</td><td>9</td><td>1</td><td>4</td></tr></table>	1	6	5	7	9	1	4	Miscellaneous Expenditure	<table border="1"><tr><td>8</td><td>3</td><td>0</td><td>0</td></tr></table>	8	3	0	0			
1	6	5	7	9	1	4												
8	3	0	0															
	Accumulated Losses	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L													
N	I	L																

IV. Performance of Company (Amount in Rs. Thousands)

Total Income	<table border="1"><tr><td>1</td><td>1</td><td>4</td><td>4</td><td>6</td><td>5</td><td>9</td></tr></table>	1	1	4	4	6	5	9	Total Expenditure	<table border="1"><tr><td>4</td><td>8</td><td>3</td><td>4</td><td>6</td><td>7</td></tr></table>	4	8	3	4	6	7
1	1	4	4	6	5	9										
4	8	3	4	6	7											
(Please tick appropriate box + for Profit, - for Loss)																
+ - Profit/Loss Before Tax	<table border="1"><tr><td>6</td><td>6</td><td>1</td><td>1</td><td>9</td><td>2</td></tr></table>	6	6	1	1	9	2	+ - Profit/Loss After Tax	<table border="1"><tr><td>6</td><td>2</td><td>0</td><td>3</td><td>0</td><td>5</td></tr></table>	6	2	0	3	0	5	
6	6	1	1	9	2											
6	2	0	3	0	5											
(Please tick appropriate box + for positive, - for negative)																
+ - *Earning per Share in Rs.	<table border="1"><tr><td>1</td><td>5</td><td>.</td><td>1</td><td>6</td></tr></table>	1	5	.	1	6	Dividend Rate %	<table border="1"><tr><td>7</td><td>0</td></tr></table>	7	0						
1	5	.	1	6												
7	0															

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description																																																									
<table border="1"><tr><td>N</td><td>O</td><td>T</td><td>A</td><td>P</td><td>P</td><td>L</td><td>I</td><td>C</td><td>A</td><td>B</td><td>L</td><td>E</td></tr></table>	N	O	T	A	P	P	L	I	C	A	B	L	E	<table border="1"><tr><td>S</td><td>O</td><td>F</td><td>T</td><td>W</td><td>A</td><td>R</td><td>E</td><td>-</td></tr><tr><td>D</td><td>E</td><td>V</td><td>E</td><td>L</td><td>O</td><td>P</td><td>M</td><td>E</td><td>N</td><td>T</td></tr><tr><td>I</td><td>T</td><td>E</td><td>N</td><td>A</td><td>B</td><td>L</td><td>E</td><td>D</td><td>S</td><td>E</td><td>R</td></tr><tr><td>V</td><td>I</td><td>C</td><td>E</td><td>S</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	S	O	F	T	W	A	R	E	-	D	E	V	E	L	O	P	M	E	N	T	I	T	E	N	A	B	L	E	D	S	E	R	V	I	C	E	S							
N	O	T	A	P	P	L	I	C	A	B	L	E																																														
S	O	F	T	W	A	R	E	-																																																		
D	E	V	E	L	O	P	M	E	N	T																																																
I	T	E	N	A	B	L	E	D	S	E	R																																															
V	I	C	E	S																																																						

* Based on outstanding number of Equity Shares as at the period-end.

For and on behalf of the Board

A. K. Das
Director

S. Solomon Raj
Executive Vice Chairman

Pradeep Pasari
Company Secretary

Mumbai
Dated : June 24, 2003



Cash Flow Statement

HINDUJA TMT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003

(Pursuant to the Listing Agreement with Stock Exchanges)

(Rs. in Lacs)

	2002 - 2003	2001 - 2002
A Cash Flow from operating activities :		
Net Profit before tax and extraordinary items	6,611.92	4,511.46
Adjustments for :		
Share Issue and Deferred Revenue Expenses Written off	35.67	13.84
Depreciation / Amortisation	385.96	191.88
Lease Rights - Film Amortised	-	35.00
Bad Debts / Advances / Shares under Objection Written off	14.64	5.00
Provision for Doubtful Debts	-	11.96
Liability no longer Payable Written Back	(17.99)	(35.36)
Loss / (Profit) on Sale of Assets	28.79	44.66
(Profit)/ Loss on sale of Long Term Investments	(178.31)	(845.06)
Provision for diminution in Value of Investments	-	26.52
Unrealised Foreign Exchange (Gain)/ Loss (net)	14.36	(6.03)
Software / Job in Progress Written off	-	16.25
Provision for Gratuity and Leave Encashment	43.11	24.31
	<u>326.23</u>	<u>(517.00)</u>
Operating profit before working capital changes	6,938.15	3,994.46
Adjustment for :		
Trade Receivables	(2,723.45)	2,517.01
Stock in Trade / Job in Progress	171.81	300.56
Trade Payables	16.08	(998.31)
Other Receivables	(1,717.36)	36.57
	<u>(4,252.92)</u>	<u>1,855.83</u>
Operating profit after working capital changes	2,685.23	5,850.29
Direct Taxes Paid	(532.28)	(245.71)
Deferred Revenue Expenses incurred	(4.08)	(19.18)
	<u>(536.36)</u>	<u>(264.89)</u>
Net Cash from Operating activities (A)	<u>2,148.87</u>	<u>5,585.40</u>
B Cash Flow from investing activities:		
Purchase of Fixed Assets	(1,360.50)	(1,267.75)
Sale of Fixed Assets	5.21	5.71
Investments Made	(12,550.50)	(14,006.45)
Investments Sold	13,191.77	16,170.81
	<u>(714.02)</u>	<u>902.32</u>
Net Cash from investing activities (B)	<u>(714.02)</u>	<u>902.32</u>
C Cash Flow from financing activities :		
Payment / (Proceeds) of long term borrowings (net)	-	(10.86)
Payment / (Proceeds) of Short term borrowings (net)	-	(1,710.18)
Dividend Paid (including tax thereon)	(2,135.02)	(1,693.66)
	<u>(2,135.02)</u>	<u>(3,414.70)</u>
Net Cash from financing activities (C)	<u>(2,135.02)</u>	<u>(3,414.70)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003**

	2002 - 2003	(Rs. in Lacs) 2001 - 2002
Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	(700.17)	3,073.02
Cash and Cash equivalents as at the beginning of the year (Refer note 2 below)	4,161.18	1,085.14
Cash and Cash equivalents as at the end of the year	<u>3,461.01</u>	<u>4,158.16</u>
Cash and Cash equivalents comprise :		
Cash and Cheque on Hand	0.77	1,182.74
Balances with Scheduled Banks in		
- Cash Credit Accounts	1.79	500.92
- Current Accounts	65.09	1,096.54
- Margin Money Accounts	166.50	13.45
- Deposit Accounts	3,200.00	173.04
- Unclaimed Dividend Accounts	23.18	30.91
- EEFC (Exchange Earners' Foreign Currency Account)	3.68	1,160.56
	<u>3,461.01</u>	<u>4,158.16</u>

Notes

- 1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- 2 Opening Cash and Cash Equivalents includes cash and bank balances of Rs. 3.02 Lacs of the erstwhile Sarthak Mercantile Private Limited (SMPL) as at April 1, 2002.
- 3 The Amlgamation of SMPL with the Company is a non-cash transaction. (Refer Note 3 on Schedule T)
- 4 In view of Note 3 above, the current year figures are not comparable with the previous year figures.
- 5 Previous year figures have been regrouped / rearranged, wherever considered necessary.

This is the Cash Flow Statement referred in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 24, 2003

For and on behalf of the Board

A. K. Das
Director

Pradeep Pasari
Company Secretary

Place : Mumbai
Date : June 24, 2003

S. Solomon Raj
Executive Vice Chairman



AUDITORS' REPORT

To the Members of Hinduja TMT Limited

1. We have audited the attached Balance Sheet of Hinduja TMT Limited as at March 31, 2003, the relative Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956, of India (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;
 - (e) On the basis of the written representations received from the Directors of the Company and taken on record by the Board of Directors of the Company, we report that none of the Directors of the Company is disqualified as on March 31, 2003 from being appointed as a Director in terms of clause (g) of sub-Section (1) of Section 274 of the Act.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and annexed thereto, give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003; and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 24, 2003

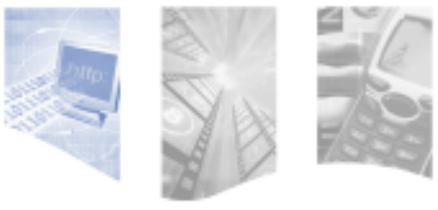
ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

To the Members of Hinduja TMT Limited

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
 - (b) The fixed assets of the Company are physically verified during the year by the Management and no material discrepancies between the book records and the physical inventory have been noticed.
- (ii) The fixed assets of the Company have not been revalued during the year.
- (iii) The stock of securities have been physically verified/confirmed with the statement of holdings provided by National Securities Depository Limited (NSDL) and in respect of securities not in possession of the Company appropriate disclosure has been made in Annexures A and B to the Accounts.
- (iv) In our opinion, the procedures of physical verification of stock of securities followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) There were no discrepancies between the physical stock/stock of securities as per the statement of holdings and the book stock.
- (vi) In our opinion, the valuation of stock-in-trade has been fair and proper in accordance with the normally accepted accounting principles followed in India and is on the same basis as in the preceding year.
- (vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of The Companies Act, 1956, of India (the Act). In terms of sub-section (6) of Section 370 of the Act, provisions of the Section are not applicable to a company after the commencement of The Companies (Amendment) Act, 1999, of India.
- (viii) The Company has not given any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section are not applicable to a company after the commencement of The Companies (Amendment) Act, 1999, of India.
- (ix) The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest, where applicable.
- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of equipment and other assets.
- (xi) The Company has not purchased goods and materials and sold goods, materials and services aggregating Rs. 50,000 or more in value during the year in respect of each party, pursuant to contracts and arrangements entered in the register maintained under Section 301 of the Act.
- (xii) The Company has not accepted any deposits from the public.
- (xiii) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.
- (xiv) The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues during the year with the appropriate authorities in India.





- (xv) At the last day of the financial year, there were no amounts outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- (xvi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to the Profit and Loss Account, other than those payable under contractual obligations or accepted business practices as followed in India, nor have we been informed of any such cases by the Management.
- (xvii) In respect of service activities:
- (a) The nature of services rendered is such that it does not involve consumption of materials and stores.
 - (b) In our opinion, the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with its size and the nature of its business.
 - (c) In our opinion, there is a reasonable system of authorisation at proper levels with necessary controls on the allocation of labour to various jobs and the related system of internal control of the Company is commensurate with its size and the nature of its business.
- (xviii) The Company is not a chit fund, nidhi or mutual benefit society.
- (xix) The other clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India were not applicable to the Company during the year.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 24, 2003

STATEMENT AS PER SECTION 212 OF THE COMPANIES ACT, 1956

Rs. in Lacs)

Name of the Subsidiary Company	The Financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face Value of Equity Shares held by the Holding Company (Amt. In Rupees)	Number of Equity Shares held by the Holding Company	Net Aggregate amount of Subsidiary Company's Profit / (Loss) so far as not dealt with in the HTMT's Accounts	Net Aggregate amount of Subsidiary Company's Profit / (Loss) for previous financial years so far as not dealt with in the HTMT's Accounts, since it became HTMT's subsidiary
1	2	3	4	5	6	7	8
InNetwork Entertainment Limited (INEL)	31.03.2003	HTMT	100%	100/-	17,29,410	385.13	(33.47)
HTMT Inc., USA	31.03.2003	HTMT	100%	USD 1	2,00,000	\$ 89,534	\$ (2,034,607)
Grant Investrade Ltd.	31.03.2003	HTMT	51%	10/-	21,19,002	(0.28)	(1.55)
In2cable India Ltd.	31..03.2003	HTMT	100%	10/-	50,00,000	(222.42)	(311.50)
IndusInd Telecom Network Limited**	31.03.2003	HTMT	59.03%	10/-	8,85,50,000	(62.47)	(129.59)
IndusInd Media & Communications Limited (IMCL)*	31.03.2003	HTMT	57.50 %	10/-	38,75,000	(1,118.70)	(1597.60)
IndusInd Entertainment Ltd.	31.03.2003	INEL	100%	10/-	20,00,000	(603.81)	(44.78)
Cable Video (India) Limited	31.03.2003	INEL	100%	10/-	66,00,002	79.78	-
Hinduja TMT France#	31.03.2003	HTMT Inc.	51%	Euros	4,080	Euro (67,752)	Nil
HTMT Europe Limited, UK#	31.03.2003	HTMT Inc.	51%	GBP	290,292	GBP (107,518)	GBP (118,934)
Tele Video Communications India Limited	31.03.2003	INEL	60%	100/-	15,000	(11.63)	(2.64)

* - HTMT directly holds 6.85 % of IMCL and Grant Investrade holds 7.35 % of IMCL's paid up equity share capital.

** - INEL holds 6.67 % of ITNL's paid up equity share capital.

- Rs. in Lacs in columns 7 and 8, except amounts in currency other than Rupees, i.e. in case of HTMT Europe and Hinduja TMT France.

For and on behalf of the Board

A. K. Das
Director

S. Solomon Raj
Executive Vice Chairman

Pradeep Pasari
Company Secretary

Mumbai

Dated : June 24, 2003





Consolidated Financial Statements

HINDUJA TMT LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	As at 31.03.2003	(Rs. in Lacs) As at 31.03.2002
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	3,558.37	3,558.37
Share Capital Suspense	A1	532.02	-
Reserves and Surplus	B	31,571.16	31,926.99
		35,661.55	35,485.36
Minority Interest		14,378.23	24,060.74
Loan Funds			
Secured Loans	C	460.62	486.36
Unsecured Loans	D	-	45.99
		460.62	532.35
TOTAL		50,500.40	60,078.45
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		33,700.12	29,454.52
Less: Depreciation		20,403.86	18,617.81
Net Block		13,296.26	10,836.71
Capital Work-in-Progress		906.92	1,062.87
		14,203.18	11,899.58
Investments	F	12,330.14	20,716.29
Current Assets, Loans and Advances			
Stock-in-Trade/ Jobs-in-Progress	G	2,781.11	2,466.20
Sundry Debtors	H	6,509.77	4,282.84
Cash and Bank Balances	I	5,432.36	16,378.59
Other Current Assets	J	423.49	93.34
Loans and Advances	K	17,243.54	11,903.86
		32,390.27	35,124.83
Less: Current Liabilities and Provisions			
Current Liabilities	L	5,329.21	5,972.22
Provisions	M	3,361.04	2,224.81
		8,690.25	8,197.03
Net Current Assets		23,700.02	26,927.80
Miscellaneous Expenditure (to the extent not written off or adjusted)	N	270.90	430.83
Deferred Tax Asset/ (Liability) (net) (Refer Note 8 on Schedule W)		(3.84)	103.95
TOTAL		50,500.40	60,078.45
Significant Accounting Policies	V		
Notes to Consolidated Financial Statements	W		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet
This is the Consolidated Balance Sheet referred to in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : 24th June, 2003

For and on behalf of the Board
A. K. Das
Director

S. Solomon Raj
Executive Vice Chairman

Pradeep Pasari
Company Secretary
Place : Mumbai
Date : 24th June, 2003

HINDUJA TMT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Schedule	Year Ended 31.03.2003	(Rs. in Lacs) Year Ended 31.03.2002
INCOME			
Operating Income	O	21,053.32	14,570.34
Profit on Sale of Long Term Investments (net)		195.01	1,087.00
Other Income	P	429.90	776.62
TOTAL		21,678.23	16,433.96
EXPENDITURE			
Operating Expenses and Direct Cost	Q	7,380.70	5,644.35
Employee Costs	R	3,336.03	2,345.09
Administrative and Other Expenses	S	5,470.75	4,780.37
Financial Expenses	T	128.91	224.47
Depreciation/ Amortisation		1,854.80	1,506.35
TOTAL		18,171.19	14,500.63
Profit before Exceptional Items and Taxation		3,507.04	1,933.33
Add: Prior Period and Exceptional Items (net)	U	745.84	246.14
Profit before Taxation		4,252.88	2,179.47
Taxation for the year			
- Current Tax		452.06	176.76
- Deferred Tax		(96.04)	22.11
Profit after Taxation		3,896.86	1,980.60
Add : Share of Profit from Associates		1,827.27	-
Less : Minority Interest		(107.39)	(1,157.02)
Profit after Minority Interest		5,831.52	3,137.62
Add: Balance brought forward from Previous Year		(8,839.39)	(9,491.42)
PROFIT AVAILABLE FOR APPROPRIATIONS		(3,007.87)	(6,353.80)
APPROPRIATIONS			
Dividend:			
Final (Proposed)		818.08	2,135.02
Interim		2,045.19	-
Dividend Tax		366.79	-
Transfer to General Reserve		700.09	482.87
Balance carried to Balance Sheet		(6,938.02)	(8,971.69)
Earnings per Share (Basic and Diluted) (Refer Note 9 on Schedule W)		14.26	8.82
Significant Accounting Policies	V		
Notes to Consolidated Financial Statements	W		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.
This is the Consolidated Profit and Loss Account referred to in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : 24th June, 2003

For and on behalf of the Board
A. K. Das
Director

S. Solomon Raj
Executive Vice Chairman

Pradeep Pasari
Company Secretary
Place : Mumbai
Date : 24th June, 2003





HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	As at 31.03.2003	(Rs. in Lacs) As at 31.03.2002
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
50,000,000 Equity Shares of Rs. 10 each	5,000.00	5,000.00
20,000,000 Unclassified Shares of Rs. 10 each	2,000.00	2,000.00
	<u>7,000.00</u>	<u>7,000.00</u>
Issued, Subscribed and Paid-up		
35,583,662 (Previous Year - 35,583,662) Equity Shares of Rs. 10 each, fully paid-up	3,558.37	3,558.37
(Of the above, 12,610,090 (Previous Year 12,610,090) Equity Shares issued for consideration other than cash pursuant to the Scheme of Amalgamation with erstwhile Ashok Leyland Information Technology Limited, Richman Investrade Private Limited, Melody Trading Private Limited and Hinduja Telecom India Limited)	<u>3,558.37</u>	<u>3,558.37</u>
SCHEDULE 'A1'		
SHARE CAPITAL SUSPENSE	532.02	-
5,320,225 Equity Shares of Rs. 10 each, fully paid-up, to be issued pursuant to Scheme of Amalgamation of erstwhile Sarthak Mercantile Private Limited (SMPL) with the Company (Refer Note 3 on Schedule W)	<u>532.02</u>	<u>-</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Share Premium		
As per last Balance Sheet	21,257.96	21,257.96
General Reserve		
As per last Balance Sheet	17,879.84	17,403.21
Less : Deferred Tax Liability as at the start of the year	(200.82)	(6.24)
Add : Transferred From Profit and Loss Account	700.09	482.87
Add : Addition on account of Amalgamation of SMPL	1,591.16	-
	<u>19,970.27</u>	<u>17,879.84</u>
Less : Contra to Profit and Loss Account	<u>13,544.11</u>	<u>8,839.39</u>
	6,426.16	9,040.45
Capital Reserve	2,332.13	30.47
Statutory Reserve Fund		
As per last Balance Sheet (Refer Note 12 on Schedule W)	1,517.63	1,517.63
Cumulative Translation Adjustment	37.28	80.48
Profit and Loss Account		
Transfer from Profit and Loss Account	(6,938.02)	(8,971.69)
Add : Deferred Tax Asset as at the Start of the Year	-	132.30
Less : Share of Accumulated Profits/ (Losses) from Associates	(6,606.09)	-
	<u>(13,544.11)</u>	<u>(8,839.39)</u>
Less : Contra from General Reserve	<u>13,544.11</u>	<u>8,839.39</u>
	<u>31,571.16</u>	<u>31,926.99</u>

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003



	As at 31.03.2003	(Rs. in Lacs) As at 31.03.2002
SCHEDULE 'C'		
SECURED LOANS		
From Banks		
-Cash Credit and Demand Loan (Secured by pledge of Stock, Book Debts and Fixed Deposits)	457.11	466.34
-Car Finance (Secured by first and exclusive charge on the cars financed)	3.51	20.02
	460.62	486.36
SCHEDULE 'D'		
UNSECURED LOANS		
Inter-Corporate Deposits	-	45.99
	-	45.99

SCHEDULE 'E'

FIXED ASSETS (Refer Notes 3 and 4 on Schedule 'V')

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.02	Additions during the year	Deductions during the year	As at 31.03.03	Up to 31.03.02	For the year	On deductions during the year	Up to 31.03.03	As at 31.03.03	As at 31.03.02
Goodwill (Refer Note 4 d. on Schedule V)	11,456.60	1,604.07	-	13,060.67	11,456.60	-	-	11,456.60	1,604.07	-
Developed Software	64.57	-	-	64.57	32.29	32.28	-	64.57	-	32.28
Lease-Hold Improvements	298.85	246.52	-	545.37	18.44	47.28	-	65.72	479.65	280.41
Land and Building	1,769.37	-	-	1,769.37	402.74	59.10	-	461.84	1,307.53	1,366.63
Plant and Machinery	11,200.75	1,402.72	187.46	12,416.01	4,844.60	1,187.02	15.28	6,016.34	6,399.67	6,356.15
Studio Duplicating Equipment	16.55	0.28	-	16.83	4.89	1.15	-	6.04	10.79	11.66
Office Equipments	412.77	29.57	21.58	420.76	88.58	23.58	6.52	105.64	315.12	324.19
Computers	2,051.45	1,107.69	48.58	3,110.56	1,300.39	243.67	18.31	1,525.75	1,584.81	751.06
Internet Equipments	770.87	66.75	-	837.62	112.53	132.99	-	245.52	592.10	658.34
Furniture and Fixtures	1,218.71	118.14	45.25	1,291.60	304.15	110.27	19.93	394.49	897.11	914.56
Vehicles	194.03	4.73	32.00	166.76	52.60	17.46	8.71	61.35	105.41	141.43
Total	29,454.52	4,580.47	334.87	33,700.12	18,617.81	1,854.80	68.75	20,403.86	13,296.26	10,836.71
Previous Year	28,424.51	3,307.43	2,277.42	29,454.52	19,186.22	1,506.35	2,074.76	18,617.81		
Capital Work-in-Progress									906.92	1,062.87
Net Total									14,203.18	11,899.58



HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
SCHEDULE 'F'		
INVESTMENTS - Long Term (At cost)		
- Equity Shares and Preference Shares in Media and Telecom Associates (Unquoted)	15,954.80	15,882.55
(Including Goodwill of Rs. 3,951.44 Lacs)		
Add : Share of brought forward accumulated Profits/ (Losses) from Associates	(10,156.92)	-
Add : Share of Profit from Associates for the year	1,827.27	7,625.15
- Equity Shares, Debentures, Mutual Fund Units and National Saving Certificates		
- Quoted	3,895.36	4,419.12
- Unquoted	855.66	4751.02
	12,376.17	20,762.32
	46.03	46.03
	12,330.14	20,716.29
Less: Provision for Diminution in Value of Investments		
SCHEDULE 'G'		
STOCK-IN-TRADE/ JOBS-IN-PROGRESS		
Jobs In Progress - Software Development	151.76	303.46
Equity Shares	49.25	69.36
Real Estate	293.00	293.00
Consumer Goods	-	398.21
Cable Moderns and VoIP Boxes	11.74	40.60
Film-Rights	1,467.28	705.26
Network Cables and Equipments	378.29	207.17
Cassettes and Teleserials	12.63	7.27
Television Software	417.16	441.87
	2,781.11	2,466.20
SCHEDULE 'H'		
SUNDRY DEBTORS (Unsecured)		
Considered Good		
- Over Six Months	1,454.58	1,067.91
- Other Debts	5,055.19	3,214.93
	6,509.77	4,282.84
Considered Doubtful - Over Six Months	2,298.80	1,329.78
	8,808.57	5,612.62
Less: Provision for Doubtful Debts	2,298.80	1,329.78
	6,509.77	4,282.84

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE 'I'

CASH AND BANK BALANCES

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
Cash on Hand	9.87	11.24
Cheques on Hand	199.85	1,260.54
Bank balances with Scheduled Banks in		
- Cash Credit Accounts	1.79	500.92
- Current Accounts	390.32	12,445.28
- Margin Money Account	728.22	576.67
- Deposit Accounts	4,075.45	392.47
- Unclaimed Dividend Account	23.18	30.91
- EEFC (Exchange Earners' Foreign Currency Account)	3.68	1,160.56
	5,432.36	16,378.59

SCHEDULE 'K'

OTHER CURRENT ASSETS

Interest Accrued on		
- Inter-Corporate Deposits and Others	423.49	93.34
	423.49	93.34

SCHEDULE 'K'

LOANS AND ADVANCES

(Unsecured and Considered Good)

Advances Recoverable in Cash or in Kind or for value to be Received	5,150.23	9,116.44
Advance Tax and Tax Deducted at Source (Net of Provisions)	1,066.58	947.38
Inter-Corporate Deposits	10,625.50	1,429.00
Employee Loans and Advances	22.12	25.39
Security Deposits	379.11	385.65
	17,243.54	11,903.86

SCHEDULE 'L'

CURRENT LIABILITIES

Sundry Creditors	2,683.97	2,155.18
Subscription Billed in Advance	23.74	-
Advances from Customers	142.99	199.92
Temporary Overdrawn Bank Balance	-	825.00
Unclaimed Dividend	23.18	30.91
Deposits	1,440.33	1,457.65
Other Liabilities	1,015.00	1,303.56
	5,329.21	5,972.22





Consolidated Financial Statements

HINDUJA TMT LIMITED SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
SCHEDULE 'M'		
PROVISIONS		
Retirement Benefits	130.62	89.04
Wealth Tax	0.36	0.75
Dividend	2,863.27	2,135.02
Dividend Tax	366.79	-
	3,361.04	2,224.81
SCHEDULE 'N'		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary and Share Issue Expenses	118.23	148.24
Pre-operative Expenses	0.16	4.22
Deferred Revenue Expenditure	24.93	108.28
Restrictive Rights	127.58	170.09
	270.90	430.83

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
SCHEDULE 'O'		
OPERATING INCOME		
IT and IT Enabled Services	9,732.36	5,781.64
Cable Television Revenues	6,275.66	3,727.23
Income/Loss from Shares and Other Securities/ Real Estate	15.39	(641.31)
Sale of Consumer Durables/ Modems	356.23	482.84
Advertisement	762.05	906.47
Royalties/Video Rights	299.30	547.38
Income from Internet Operations	564.20	494.74
Income from Sale of Film Rights and Film Financing	1,322.90	684.62
Content Services	-	183.86
Barter/Events Revenues	119.75	96.27
Dividend	98.73	199.52
Interest		
- On Inter-Corporate Deposits	1,482.09	2,051.76
- On Others	6.32	19.21
Other Operating Income	18.34	36.11
	21,053.32	14,570.34

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
SCHEDULE 'P'		
OTHER INCOME		
Recovery of Bad Debts	26.00	-
Exchange Fluctuation Gain (net)	-	57.99
Profit on Sale of Duct	-	446.59
Interest		
- On Short Term Investments	-	2.23
- On Deposits with Bank	186.32	97.56
- On Others	4.49	-
Interest on Income Tax Refund	7.58	-
Liabilities no longer required written back	104.97	70.66
Miscellaneous Income	100.54	101.59
	429.90	776.62
SCHEDULE 'Q'		
OPERATING EXPENSES AND DIRECT COST		
Subscription - Pay Channels	5,152.76	3,450.78
Direct Cost, Product charges and Connectivity Cost	366.16	60.42
Consumables	181.34	161.87
Royalty and Equipment Hiring Charges	24.05	47.97
Films Rights Processing Charges	237.16	26.91
Head End Expenses	344.86	364.48
Infrastructure Expenses	47.11	58.70
Cost of Goods Sold	313.94	410.40
Exploitation of Films Rights and Cassettes	89.30	379.17
Connectivity/Access Charges	368.70	407.95
Production/Programming Expenses	124.69	121.89
Entertainment/ Services Tax	121.34	145.09
Other Operating Expenses	9.29	8.72
	7,380.70	5,644.35
SCHEDULE 'R'		
EMPLOYEE COSTS		
Salary and Other Benefits	2,961.68	2,027.81
Contribution to Employees' Provident and Other Funds	210.73	174.62
Staff Welfare Expenses	163.62	142.66
	3,336.03	2,345.09





HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003	(Rs. in Lacs) Year ended 31.03.2002
SCHEDULE 'S'		
ADMINISTRATIVE AND OTHER EXPENSES		
Legal and Professional Fees	604.86	707.05
Training and Recruitment Charges	90.19	65.66
Computer and Other Equipment Hire Charges	20.76	77.97
Rent and Compensation	546.51	349.12
Travelling, Conveyance and Car Hire Charges	478.88	430.02
Communication	158.54	214.51
Duties, Rates and Taxes	109.20	21.11
Printing and Stationery/Courier charges	105.33	100.48
Utilities	139.27	115.48
Insurance	44.15	21.72
Membership and Subscription	30.87	26.83
Motor Car Expenses	18.19	20.96
Discounts and Commission	444.35	288.23
Software Expenses/Jobs in Progress written off	49.78	41.57
Repairs and Maintenance - Others	114.04	128.33
Auditors' Remuneration		
- As Auditors	39.20	40.29
- For Other Matters	7.80	13.64
- Out-of-Pocket Expenditure	1.17	2.16
Donation	10.58	10.10
Exchange Fluctuation Loss (net)	19.12	-
Preliminary, Share Issue and Deferred Revenue Expenses written off	74.22	127.95
Restrictive Rights Written off	42.52	42.52
Amortisation of Film Rights and Television Software	679.20	499.78
Loss on Sale/Scrapping of Assets	44.13	51.39
Advertisement and Business Promotion	209.39	154.54
Sundry Debit balances written off	-	11.74
Provisions/Bad Debts written off	1,109.89	977.93
Bank Charges and Commission	28.94	38.74
Miscellaneous Expenses	249.67	200.55
	5,470.75	4,780.37
SCHEDULE 'T'		
FINANCIAL EXPENSES		
Interest on:		
- Cash Credit and Other Facilities	128.91	224.47
	128.91	224.47
SCHEDULE 'U'		
PRIOR PERIOD AND EXCEPTIONAL ITEMS		
Prior period items (net)	-	0.43
Profit on desubsidiarisation on sale of stake in subsidiary	745.84	-
Provision for Diminution in Investments written back	-	245.71
	745.84	246.14

HINDUJA TMT LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE - 'V'

V SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

These Accounts have been prepared under historical cost convention on accrual basis and comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956, of India (The Act).

2. Principles of Consolidation

The Consolidated Financial Statements relate to Hinduja TMT Limited ('HTMT') and its direct and indirect subsidiaries. The consolidated financial statements have been prepared on the following basis:

- The financial statements of HTMT and its direct and indirect subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and intra-group balances and resultant unrealised profits/losses.
- The excess of cost to HTMT of its investment in the direct and indirect subsidiaries is recognised in the financial statements as Goodwill. The excess of HTMT's portion of equity and reserves of the direct and indirect subsidiaries as at the time of its investment is treated as Capital Reserve.
- Investments of the Company in associates are accounted as per the Equity Method under Accounting Standard 23 issued by the Institute of Chartered Accountants of India.

3. Fixed Assets

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation/amortisation.

Value of Land and Building is stated at the value arrived on revaluation carried out as at 31st March, 1995.

4. Depreciation / Amortisation

- a. Depreciation on assets for own use is provided on Straight Line Method on pro-rata basis at the rates prescribed in Schedule XIV to The Act, except for leasehold improvements, which are amortised over the period of the lease. Modems capitalised are amortised over a period of three years.
- b. In respect of Software Products developed by the Company, the direct and other related costs are accumulated and are written off over the estimated life of the Products.
- c. Assets given to employees on contractual obligations are depreciated to the extent of 50% of the value over a period of four years, at the end of which these assets are transferred to the respective employees at the residual book value.
- d. Goodwill arising on amalgamation and acquisition of cable points is fully Amortised in the year of amalgamation/acquisition. From the current year, the Company has decided to follow a policy of carrying goodwill arising on consolidation at cost, instead of amortising it in the year of acquisition. Carrying amount of Goodwill will be tested for impairment at the end of every financial year - (Refer Schedule 'E' - Fixed Assets).

5. Valuation of Investments

Investments are carried at cost. The securities held by the Company other than stated in Paragraph 4 above are long-term/strategic in nature. In the Management's opinion, the decline, if any, in the value of these long term/ strategic investments





Consolidated Financial Statements

is temporary in nature and based on overall investment strategies/ plans, no provision is considered in this respect. Wherever the decline in the value of these investments is permanent in nature, a provision to recognise such decline is made in the books of accounts.

6. Valuation of Stock-in-trade

Jobs in Progress - Software Development has been valued at cost/contract value on the basis of work completion at the year-end.

Shares and Debentures, Real Estate, Cable Modems, VoIP boxes and Consumer Goods has been valued lower of the cost (aggregate) or market/ realisable value (aggregate).

Network Cables and Equipments, Stock of Programs, Unexploited Films and Cassettes, and Master Tapes of Television Software are valued at cost.

Film Rights (including Territorial Rights) are valued at cost less amortisation and Cable Channel Movie Rights are amortised entirely in the year of assignment and exploitation.

Television Software with multiple rights of programming are amortised over a period of three years.

7. Revenue Recognition

IT and IT Enabled Services

- Revenue from Software Development is recognised based on software developed and billed to clients as per terms of specific contracts. On fixed-price contracts, revenue is recognised based on milestones achieved as specified in the contracts on the basis of work completed. Revenue from sale of licences for the use of software applications is recognised on transfer of title in the user licence. Revenue from rendering Technical Projects and other services is recognised during the period in which services are rendered.
- Revenue from Claim Processing Activity is recognised based on number of resolved claims at applicable rates.
- Revenue from Call Centre Activity is recognised based on actual utilisation or minimum utilisation level specified in the agreements, whichever is higher.

Cable Television Revenues consisting of Subscription and Carriage Fee are recognised on the basis of bills raised on direct or franchisee subscribers and agreements entered with parties, respectively.

Sale of Modems is recognised on installation of modems at internet subscriber's location and subscription from internet operations is recognised on pro-rata basis over the period in which such services are rendered.

Sale of Consumer Goods are recognised on the basis of despatch of goods. Sales are exclusive of taxes, octroi and courier charges.

Advertisement Revenues are accounted on the basis of actual telecast.

Profits/Losses from investment activities (including gain/(loss) on sale of stake in subsidiaries) are recognised on the basis of trade dates/contracts/agreements entered with parties.

In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

8. Foreign Currency Translation

All foreign currency transactions are recorded at the rates prevailing on the date of transaction. All foreign currency assets and liabilities are restated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the accounts. Exchange difference between the rates applicable at the date of transaction and the rate actually realised/ paid has been ascertained and recognised in the accounts.

In respect of foreign subsidiaries, the summarised revenue and expense transactions at the year-end reflected in the Profit



and Loss Account have been translated into Indian Rupees at an average of closing monthly exchange rate. The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year-end. The resultant translation exchange gain/loss has been disclosed as Cumulative Translation Adjustment in Reserves and Surplus.

9. Retirement Benefits

Liability towards Gratuity has been recognised on the basis of premium paid/payable under Group Gratuity policy of Life Insurance Corporation of India, except in respect of employees not covered under the scheme where liability is provided in accordance with Payment of Gratuity Act, 1972, of India. The adequacy of accumulated fund balance available with LIC has been confirmed on the basis of actuarial valuation obtained at the year-end and shortfall, if any, has been provided in the accounts.

Liability towards leave encashment is made on the basis of an unavailed leave to the credit of employees in accordance with the service rules of the respective company.

10. Taxation

Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961, of India and legal advice from time to time.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

11. Miscellaneous Expenditure

Preliminary, Share Issue Expenses and Pre-operative Expenses are amortised over a period of ten years.

Deferred Revenue Expenditure

- Expenses on employees during the training period are deferred and charged to the Profit and Loss Account on completion of training.
 - Expenses relating to Channel Network Consolidation are written off over a period of five years.
 - Advertisement/Publicity expenses incurred on brand building are written off over a period of three years.
- Restrictive Rights are amortised over a period of ten years.



HINDUJA TMT LIMITED **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET** **AS AT 31ST MARCH, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 31ST MARCH, 2003**

SCHEDULE - 'W'

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Capital Commitments and Contingent Liabilities

- a) Estimated amount of contracts (net of capital advances) remaining to be executed on capital account – Rs. 201.46 Lacs (Previous Year - Rs. 277.26 Lacs)
- b) Contingent liabilities in respect of:
 - i. Bank Guarantees given on behalf of the Company Rs. 924.94 Lacs. (Previous Year - Rs. 824.39 Lacs)
 - ii. Counter Guarantees Rs. 25.00 Lacs (Previous Year - Rs. 25.00 Lacs)
 - iii. The matters pertaining to payment of stamp duty on merger of erstwhile Hinduja Finance Limited Rs. 15.91 Lacs. (Previous Year – Rs. 15.91 Lacs) and that of Richman Investrade Private Limited, Melody Trading Private Limited and Hinduja Telecom India Limited are pending adjudication.
 - iv. Claims against a Subsidiary not acknowledged as debts – Rs. 167.05 Lacs. (Previous Year - Rs. 167.05 Lacs) and Telecasting of films, copyrights – amount not ascertainable.
 - v. Entertainment tax on franchisee points in the state of Karnataka – amount not ascertainable.
 - vi. Additional liability, if any, on account of contracts under negotiation with broadcasters – amount not ascertainable.
 - vii. An on account payment of Rs. Nil (Previous Year - Rs. 102 Lacs.) has been made towards differential custom duty against import of capital goods in the earlier years, under protest pending adjudication.
 - viii. Provision in respect of a subsidiary for interest and penalty payable for non-payment of TDS on rent amount not ascertainable.
 - ix. Taxation matters – Rs. 952.27 Lacs (Previous Year - Rs. 608.46 Lacs.) The Company has filed appeals with CIT (Appeals)/ Appellate Tribunal in these matters. However, the Company is confident of receiving the judgements in the appeals in their favour.

2. An irrevocable Letter of Credit for USD 1 million (Previous Year USD 0.5 million) issued towards performance of an overseas contract against 20% margin as fixed deposit and charge on current assets of the Company.

3. Amalgamation of Sarthak Mercantile Private Limited (SMPL) with the Company.

- i Pursuant to the Scheme of Amalgamation of the erstwhile SMPL, an investment company, with the Company as approved by the shareholders at an extra-ordinary general meeting held on 24th September, 2002 and subsequently sanctioned by the Honourable High Court of Bombay by its order dated January 09, 2003, the assets and liabilities of the erstwhile SMPL were transferred to and vested in the Company with retrospective effect from April 01, 2002. The Scheme has, accordingly, been given effect to in these Accounts.
- ii The Amalgamation has been accounted for under the “pooling of interest” method, as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and other reserves of the erstwhile SMPL as at the close of March 31, 2002 have been taken over at their book values.
- iii Pursuant to the Scheme of Amalgamation, 5,320,225 Equity Shares of Rs. 10 each are to be issued to the shareholders of SMPL in the ratio of 1 shares of the Company for every 4 shares held in SMPL. Pending the allotment, an amount of Rs. 532.02 Lacs has been included in Share Capital Suspense account as at March 31, 2003. These equity shares of Rs. 10 each have been subsequently allotted on April 8, 2003.

4. Operating Leases

The details of operating leases are as follows:

(Rs. in Lacs)

Particulars	Minimum Future Lease Rentals			Amount recognised during the year
	Due within one year	Due later than one year and not later than five years	Due after five years	
Office Premises	187.04 [180.27]	491.06 [458.94]	422.45 [557.94]	180.28 [173.95]

Figures in brackets represent previous year figures.

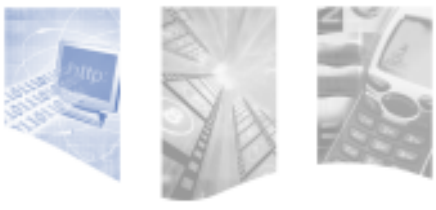
The operating lease arrangements relating to office premises extend upto a maximum of ten years from the respective dates of inception and are renewable on mutual consent. In addition, the Company has entered into various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs. 43.15 Lacs has been recognised in the Profit and Loss Account.

5. The direct and indirect subsidiaries considered in the consolidated financial statements with HTMT's share in voting power in these companies as at 31st March, 2003 are:

Sr. No.	Name of the Company	Held by	Parent's Shareholding (%)	HTMT's Share In Voting Power
A	DIRECT SUBSIDIARIES			
1	HTMT Inc.		100	100
2	Grant Investrade Limited (GIL)		51	51
3	In2cable India Limited		100	100
4	InNetwork Entertainment Limited (INEL)		100	100
5	IndusInd Telecom Network Limited (ITTNL)		65.70	65.70
B	INDIRECT SUBSIDIARIES			
1	HTMT Europe Limited	HTMT Inc.	51	51
2	Hinduja TMT France	HTMT Inc.	51	51
3	IndusInd Media & Communications Limited (IMC)	HTMT, INEL and GIL	6.86, 57.5 and 7.35	71.71
4	Cable Video (India) Limited	INEL	100	100
5	IndusInd Entertainment Limited	INEL	100	100
6	Tele Video Communications India Limited	INEL	60	60
7	Planet E Shop Holdings Private Limited* (PES-H)	-	-	-
8	Shop 24Seven India Private Limited* (S24s)	-	-	-

*- Ceased to be subsidiaries with effect from 1st October 2002. Previous Year's figures include the share in losses of PES-H and S24s of Rs. 0.66 Lacs and Rs. 148.45 Lacs and net assets of PES-H of Rs. 51.36 Lacs and net Liabilities of S24s of Rs. 96.99 Lacs respectively.

The countries of incorporation of HTMT Inc., HTMT Europe Limited and Hinduja TMT France are United States of America, United Kingdom and France, respectively. The country of incorporation for all other subsidiaries is India.



Consolidated Financial Statements

6. As per the Accounting Standard 23, which has become mandatory with effect from 1st April, 2002, the associates considered in the consolidated financial statements with HTMT's shareholding in these companies are:

Sr. No.	Name of the Company	Held through	Shareholding (%)	HTMT's Effective stake (%)
1	Fascel Limited**	ITNL	30	19.71
2	United Mysore Network Private Limited	IMC	48	32.68
3	USN Networks Private Limited	IMC	48	32.68
4	Planet E Shop Holdings Private Limited (PES-H)	INEL	48	48

**Unaudited financial statements as certified by the Management

7. The effect of acquisition of additional stake in subsidiaries during the year on the Consolidated Financial Statements are as under:

(Rs. in Lacs)

Name of the Company	Goodwill on Consolidation	Effect on Group Profit after Minority Interest	Net Effect on Group Net Assets as at March 31, 2003
IndusInd Telecom Network Limited	1,567.64	(7.06)	1,003.11
In2cable India Limited	36.43	(24.16)	(11.51)

8. Break-Up of Deferred Tax Asset/(Liability)

(Rs. in Lacs)

	As at 31 st March, 2003	As at 31 st March, 2002
Deferred Tax Asset		
Net Operating Loss carry forwards	585.30	206.43
Accrued Vacation	—	5.39
Liabilities to be deducted for Tax purposes when paid	10.61	15.71
Provisions for Doubtful Debts not written off	107.48	26.07
Amalgamation expenses allowable u/s 35 DD	29.38	—
Unabsorbed Depreciation	189.49	—
Leave Encashment	14.71	—
Gratuity	0.01	—
Total Deferred Tax Asset	936.98	253.60
Deferred Tax Liability		
Depreciation on Fixed Assets	433.95	148.72
Deferred Expenses fully allowable for Tax purposes	0.38	0.70
Valuation Allowance	303.36	—
Amortisation of film rights	202.34	—
Unamortised Preliminary/ Miscellaneous Expenses	0.79	0.23
Total Deferred Tax Liability	940.82	149.65
Net Deferred Tax Asset/(Liability)	(3.84)	103.95

9. Earnings per Equity Share (Basic and Diluted)

	2002-03	2001-02
Profit after Minority Interest (Rs. in Lacs)	5,831.52	3,137.62
Weighted Average Number of Equity Shares outstanding during the year	40,903,887	35,583,662
Basic and Diluted Earnings per Equity Share (Rs.)	14.26	8.82

10. Segment Information

Segmental information for the year ended 31st March, 2003 has been provided so that the users of these accounts can appreciate the diverse nature of the business carried out by Hinduja TMT Limited as a Group.

Various Business Segments as identified by the Management based on the nature of products and services, nature of risks and returns as applicable to each segment and the internal financial reporting systems, so far as they relate to the specific groups included in the segments, are as under:

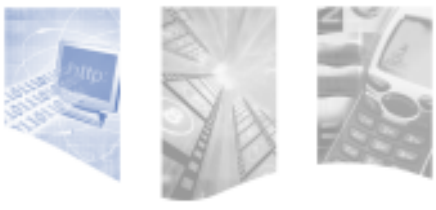
1. **Convergence Activities** – This segment is further classified into two sub-segments as under:
 - a. **Information Technology (IT)**, which consists of IT as well as IT Enabled Services (including Business Process Outsourcing), and
 - b. **Media & Telecommunications** which consists of various Media/Telecommunication related activities spearheaded by the Corporate Group. This segment includes all activities relating to cable television, broadband internet, local television programming, movie channel and movie based programming.
2. **Treasury** – This segment consists of activities relating to
 - a. deployment of surplus funds and
 - b. existing stock in trade / investments in quoted shares and securities.

Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Expenses”. Assets and Liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets / Liabilities”.

Business Segments

(Rs. in Lacs)

	Particulars	I.T.		Media / Telecom		Treasury		Total	
		2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
1.	Segment Revenues *	9,732.36	5,791.14	9,924.50	9,027.48	1,591.47	838.72	21,248.33	15,657.34
2.	Segment Results	5,563.20	2,822.51	(3,679.77)	(1,946.18)	1,555.88	746.32	3,439.31	1,622.65
	Add: Other Income							429.90	776.62
	Prior Period and Exceptional Items							745.84	246.14
	Less: Interest Expense							128.91	224.47
	Unallocated Corporate Expenses							233.26	241.47
	Total Profit before Tax							4,252.88	2,179.47
3.	Capital Employed								
	Segment Assets	7,149.00	5,072.02	42,727.15	43,337.41	8,609.34	16,958.10	58,485.49	65,367.53
	Add: Unallocated Corporate Assets							709.00	2,907.95
	Total Assets							59,194.49	68,275.48
	Segment Liability	759.00	397.27	5,137.33	6,057.32	7.31	44.77	5,903.64	6,499.36
	Add: Unallocated Corporate Liability							3,251.07	2,230.02
	Total Liability							9,154.71	8,729.38
	Segment Capital Employed	6,390.00	4,674.75	37,589.82	37,280.09	8,602.03	16,913.33	52,581.85	58,868.17
	Add: Unallocated Capital Employed							(2,542.07)	677.93
	Total Capital Employed							50,039.78	59,546.10



Consolidated Financial Statements

Rs. in Lacs

	Particulars	I.T.		Media / Telecom		Treasury		Total	
		2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
4.	Capital Expenditure	1,435.45	1,423.79	1,540.95	1,852.39	–	–	2,976.40	3,276.18
5.	Depreciation / Amortisation	358.65	165.31	1,493.13	1,338.91	3.02	2.13	1,854.80	1,506.35
6.	Significant Non Cash Expenditure	34.49	310.49	1,962.48	1,719.89	10.95	34.62	2,007.92	2,065.00
	Add: Unallocated Non Cash Expenditure							16.49	13.84
								2,024.41	2,078.84

*- There are no Inter Segment Revenues

Geographical Segments

(Rs. in Lacs)

	India		Outside India		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Sales Revenue	11,129.41	9,587.86	10,118.92	6,069.48	21,248.33	15,657.34
Carrying Amount of Assets	55,689.79	67,004.49	3,504.70	1,270.99	59,194.49	68,275.48
Capital Expenditure	2,975.76	3,271.93	0.63	4.25	2,976.39	3,276.18

11. Related Party Disclosures

I Individual(s) having control with relatives and associates

1. Mr. Ashok P. Hinduja

II Associates

1. Fascel Limited
2. USN Networks Private Limited
3. United Mysore Network Private Limited
4. Planet E-Shop Holdings India Private Limited (Effective October, 2002)

III Key Management Personnel

1. Mr. S. Solomon Raj (Executive Vice Chairman)
2. Mr. R. Mohan (President and CEO – IT)

IV Enterprises where common control exists

1. Asia Corporation
2. Asia Management & Consultancy Private Limited
3. Amas Mauritius Limited
4. Hinduja Group India Limited
5. Asia Properties Development Limited
6. Swallow Enterprises Mauritius Limited



The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year-end:

(Rs. in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III above	Parties referred to in IV above	Total
During the Year				
Rendering of Services	2.40 [7.34]		15.45 [6.49]	17.85 [13.83]
Interest Income	180.28 [391.52]		1,136.79 [1422.17]	1,317.07 [1813.69]
Rental Income	— [18.53]			— [18.53]
Professional Fees Paid	— [33.64]		31.68 [34.73]	31.68 [68.37]
Rent/ Service Charges Paid			140.82 [183.91]	140.82 [183.91]
Interest Expense			— [88.67]	— [88.67]
Business Promotion Expenses			— [24.96]	— [24.96]
Communication Charges			— [3.16]	— [3.16]
Managerial / Executive Remuneration		43.42 [40.06]		43.42 [40.06]
Directors' Sitting Fees		0.20 [0.25]		0.20 [0.25]
Investments made during the year	16.25 [43.60]			16.25 [43.60]
Inter-Corporate Deposits/ Loans Given			4,880.00 [1,875.00]	4,880.00 [1,875.00]
Inter-Corporate Deposits/Loans Received back	2,698.00 [—]		5,786.50 [13,389.00]	8,484.50 [13,389.00]
Repayment of Inter-Corporate Deposits			— [1,624.00]	— [1,624.00]
Security Deposits Given			— [50.00]	— [50.00]
Year-end Balance				
Receivable net of payable at the year end	84.08 [2848.13]		10,653.64 [80.48]	10,737.72 [2,928.61]
Payable net of receivable as at the year-end			— [28.88]	— [28.88]
Investments	15,954.80 [15,882.55]			15,954.80 [15,882.55]



Consolidated Financial Statements

Dividend Payable to Parties referred to in I and IV above – Rs. 2,147.16 Lacs (Previous Year Rs. 1,545.11 Lacs).

Figures in brackets represent previous year figures.

12. The Company had earlier surrendered its Non banking Financial Company (NBFC) certificate of registration for cancellation to RBI in June 2001. The Company has during the year, received a confirmatory letter of de-registration from Reserve Bank of India to the effect that the Company is no longer an NBFC. In view of the above, the Statutory Reserve Fund (of Rs. 1,517.63 lacs) earlier created for the purpose of contingencies/ provisions under Section 45 IC of the Reserve Bank of India Act, 1934 will be utilised in future for adjustment towards permanent diminution, if any, which may arise in future, in the value of quoted/ unquoted investments.
13. Previous Year's figures have been regrouped/ rearranged, wherever considered necessary.

The Schedules A to W referred to above form an integral part of the Consolidated Financial Statements.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : 24th June, 2003

For and on behalf of the Board

A. K. Das
Director

S. Solomon Raj
Executive Vice Chairman

Pradeep Pasari
Company Secretary

Place : Mumbai
Date : 24th June, 2003

HINDUJA TMT LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003

(Pursuant to the Listing Agreement with Stock Exchanges)

(Rs. in Lacs)

	2002 - 2003	2002 - 2003
A Cash Flow from operating activities :		
Net Profit before tax and extraordinary items		4,252.88
Adjustments for :		
Preliminary, Share Issue and Deferred Reenue Expenses written off	74.22	
Restrictive Rights Written off	42.52	
Amortisation of Film Rights and Television Software	679.20	
Depreciation/ Amortisation	1,854.80	
Provision / Bad Debts Written off	1,109.89	
Liability no longer Payable Written Back	(104.97)	
Loss / (Profit) on Sale of Assets	44.13	
(Profit)/ Loss on sale of Long Term Investments	(195.01)	
Interest Expense	128.91	
Exceptional/ Extraordinary items Expenses/ (Income)	(745.84)	
Provision for Gratuity and Leave Encashment	41.58	
		<u>2,929.43</u>
Operating profit before working capital changes		7,182.31
Adjustment for :		
Trade Receivables	(3,280.91)	
Stock in Trade / Job in Progress	(994.11)	
Trade Payables	(538.04)	
Other Receivables	(5,606.54)	
		<u>(10,419.60)</u>
Operating profit after working capital changes		(3,237.29)
Direct Taxes Paid	(571.65)	
Deferred Revenue Expenses incurred	(51.34)	
		<u>(622.99)</u>
Net Cash from Operating activities (A)		<u>(3,860.28)</u>
B Cash Flow from investing activities		
Purchase of Fixed Assets	(2,820.45)	
Sale of Fixed Assets	221.99	
Investments Made	(18,908.93)	
Investments Sold	16,754.08	
		<u>(4,753.31)</u>
Net Cash from investing activities (B)		<u>(4,753.31)</u>
C Cash Flow from financing activities :		
Proceeds/(Payments) of long term borrowings (net)	(71.73)	
Interest Paid	(128.91)	
Dividend Paid (including tax thereon)	(2,135.02)	
		<u>(2,335.66)</u>
Net Cash from financing activities (C)		<u>(2,335.66)</u>





CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003

(Rs. in Lacs)

	2002 - 2003
Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	(10,949.25)
Cash and Cash equivalents as at the beginning of the year (Refer note 2 below)	16,381.61
Cash and Cash equivalents as at the end of the year	<u>5,432.36</u>
Cash and Cash equivalents comprise :	
Cash on Hand	9.87
Cheque on Hand	199.85
Balances with Scheduled Banks in	
- Cash Credit Accounts	1.79
- Current Accounts	390.32
- Margin Money Accounts	728.22
- Deposit Accounts	4,075.45
- Unclaimed Dividend Accounts	23.18
- EEFC (Exchange Earners' Foreign Currency Account)	3.68
	<u>5,432.36</u>

Notes

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Opening Cash and Cash Equivalents includes cash and bank balances of Rs. 3.02 Lacs of the erstwhile Sarthak Mercantile Private Limited (SMPL) as at April 1, 2002.
- The Amlgamation of SMPL with the Company is a non-cash transaction. (Refer Note 3 on Schedule W)
- Previous year figures have not been given as figures for the previous year are not available, financial year 2001-02 being the first year of adoption of Accounting Standard (AS-21) on Consolidated Financial Statements.

This is the Consolidated Cash Flow Statement referred in our report of even date.

P. N. Ghatalia
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants.

Place : Mumbai
Date : June 24, 2003

For and on behalf of the Board

A. K. Das
Director

Pradeep Pasari
Company Secretary

Place : Mumbai
Date : June 24, 2003

S. Solomon Raj
Executive Vice Chairman

AUDITORS' REPORT

To The Board of Directors of Hinduja TMT Limited on the Consolidated Financial Statements of Hinduja TMT Limited

1. We have audited the attached Consolidated Balance Sheet of Hinduja TMT Limited (the Company) and its subsidiaries as at March 31, 2003, and the Consolidated Profit and Loss Account for the year then ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Management of Hinduja TMT Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries, whose financial statements reflect total assets aggregating Rs. 75,202.44 Lacs as at March 31, 2003 and total revenues aggregating Rs. 14,143.61 Lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Hinduja TMT Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Hinduja TMT Limited and its subsidiaries, we are of the opinion that:
 - a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Hinduja TMT Limited and its subsidiaries as at March 31, 2003;
 - b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Hinduja TMT Limited and its subsidiaries for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Hinduja TMT Limited and its subsidiaries for the year ended on that date.

P. N. Ghatalia
Partner

Place : Mumbai
Date: June 24, 2003

For and on behalf of
Price Waterhouse
Chartered Accountants.





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