

Mumbai : 30<sup>th</sup> June, 2006

**Hinduja TMT divests its stake in Hutchison Essar for USD 450 mn.**

**Board Announces FY 2005-06 Audited Results, recommends 75% dividend**

Hinduja TMT Limited (HTMT), with its two wholly owned subsidiaries namely InNetwork Entertainment Limited (INEL) & Pacific Horizon Limited (PH) and Hinduja Group's Mauritius based company Kumbat have, pursuant to approval by the HTMT Board today, entered into a definitive agreement for selling their entire 100% stake in IndusInd Telecom Network Limited, an SPV holding 5.11% of the issued share capital of Hutchison Essar Limited (HEL), to Hutchison Telecommunications (India) Ltd (HT India), an indirect wholly owned subsidiary of the Hutchison Telecommunications International Limited for an aggregate all cash consideration of US\$ 450 million. IndusInd Investment Bank acted as the sole financial advisor to the deal.

Prior to this sale, HTMT completed the acquisition of the entire shareholding of Sumitomo Corporation in Pacific Horizon due to which HTMT's effective shareholding in HEL increased from 3.45% to 4.68%.

Commenting on the sale Mr. Ashok P. Hinduja, Executive Chairman, HTMT, said "The Board decided to monetize its investment in HEL to unlock the value for its shareholders and accepted the offer made by HTIL. The proceeds from the divestment of this stake sale will not only help the company to aggressively pursue its growth path in its businesses but will also enable it to explore opportunities in new lines of businesses."

**Audited Financial Results**

In the meeting held today, HTMT's Board of Directors approved Consolidated and stand-alone audited financial results of the Company for the year ended March 31, 2006.

**♣ Consolidated Results**

***Consolidated results of the Company reflect financial performance of HTMT's Global IT / ITES-BPO operations and that of its Media & Telecom subsidiaries.***

HTMT's consolidated Operating Income for the year increased by 37% from Rs. 318.23 crores in FY'04-05 to Rs. 437.17 crores in FY'05-06. The global IT/BPO revenues increased from Rs. 202.22 Crores in FY'04-05 to Rs. 301.49 Crores in FY'05-06, a rise of 49%.

The consolidated total income for the year was Rs. 469.93 Crores as compared to Rs. 613.84 Crores in the previous year. The previous year income included an extra-ordinary income by way of capital gains of Rs. 279

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Crores arising out of swap of shares in Fascal with shares in HEL in the books of its subsidiary IndusInd Telecom Network Ltd. (ITNL). HTMT's share of profit from the said swap booked during the year was Rs. 173.25 Crores.

The Consolidated Net Profit for the year after considering minority interest was Rs. 25.97 Crores, which is not comparable with previous year for the reasons stated above.

### ♣ Stand Alone Audited Results

***Stand Alone audited results of the Company reflect financial performance of HTMT Global IT / ITES-BPO operations.***

HTMT's total Income during the year was Rs. 251.67 crores as against Rs. 167.27 crores in the previous year, a rise of 50%. Net Profit for the year however was lower at Rs. 40.27 crores as against Rs. 70.05 crores in the previous year. The performance was impacted mainly due to loss of a US based telecom client during the previous financial year, for which HTMT was operating an inbound call centre at Bangalore at minimum guaranteed volumes. This was coupled with large set up costs on account of furious ramp-ups in the Company's newly started Domestic BPO operations, which shall start reaping good profits in the years to come. HTMT added 1,800 employees during the year '05-06 from 5,200 to 7,000. During the year HTMT shifted its Manila operations to a new facility called "HTMT Cyber Park" to facilitate expansion in the Philippines.

HTMT has been concentrating on strengthening its global delivery model in 05-06 and adding new service lines while increasing its presence in new verticals. On the other side, it is in the process of creating a fire brand sales organization, which will increase the revenues streams across all locations. This coupled with its acquisition strategy of adding attractive offshore delivery locations will begin to yield results in the future.

### Dividend

In keeping with the past trend, the Board of Directors recommended a dividend of Rs. 7.50 per share (75 % on the par value of Rs. 10/- per share) for the financial year 2005-06, amounting to an outgo of Rs. 30.68 Crores.

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### **About HTMT**

*Hinduja TMT (HTMT) is a realization of Hinduja Group's endeavor to provide a 'one stop shop' for customers' needs in Information Technology - from Contact Center services and Back Office Processing to customized IT solutions. HTMT is listed in the bourses at Mumbai and ranks among the top 15 BPO Companies in India as listed by NASSCOM. HTMT as been ranked 8<sup>th</sup> among the **Top 10 Call Center**" Worldwide by the Global Services Magazine in association with NeolT in January 06. HTMT has also been ranked among **'200 Best under a \$1 billion Company in Asia'** by Forbes Magazine in October 05.*

*HTMT's IT/BPO domain expertise is in the areas of Insurance, Financial services, Manufacturing, Telecom, Pharmaceutical Products, Consumer Electronics, Household Products, Energy and Utilities. HTMT has delivery centers in Bangalore, Mumbai, Hyderabad, Chennai, Manila, Toronto and New Jersey, and marketing offices in the USA, UK and Europe. HTMT has world-class infrastructure in line with global standards of environment, resources and deliverables. HTMT is one of the few companies in the BPO business that has output quality very close to six sigma standards and has set its eye firmly on a*

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*continuous improvement program. HTMT has been assessed for SEI CMM Level 4 for software development and is also ISO 9001:2000 and BS 7799 compliant.*

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### **About Hinduja Group**

*The Hinduja Group is one of the largest transnational business conglomerate in the world with diversified operations. Founded in 1914 by Shri P.D. Hinduja the Group provides a wide range of products and services worldwide. The group's activities are divided into three core areas such as, Investment Banking, Global Investments and the International Trading. The Hinduja Group is quick to grasp new opportunities and is expanding its investments and advisory services across international markets. As a part of the Global investment the group owns Transport, Information Technology, Entertainment and Communications, Banking and Finance, Infrastructure Project development, chemicals and agri business, Energy and Healthcare.*

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