

HTMT announces its FY'04-05 results

Global IT/BPO Revenues up 43% to Rs. 202 Crores

Mumbai, June 29, 2005

HTMT's Board of Directors approved Consolidated and Stand Alone financial results of the Company for the year ended March 31, 2005.

Financials Results

- **Consolidated Results**

Consolidated results of the Company reflect financial performance of HTMT's Indian IT/BPO operations, IT/BPO subsidiaries based in Philippines, US, Canada and UK and that of its Media & Telecom subsidiaries.

HTMT's consolidated Income for the year increased by 119% from Rs. 280.62 crores in FY'03-04 to Rs. 614.29 crores in FY'04-05. The global IT/BPO revenues increased from Rs. 141 Crores in FY'03-04 to Rs. 202 Crores in FY'04-05, a rise of 43 %. These figures are strictly not comparable with the previous year as they include financials of its international operations executed through its subsidiaries namely Source One Communications Inc, USA and Customer Contact Centre Inc. Manila, whose acquisitions took place during the year. The consolidated total income includes an extra-ordinary income by way of capital gains of Rs. 279 Crores arising out of swap of shares in Fascel with shares in Hutchison Essar in the books of its subsidiary IndusInd Telecom Networks Ltd. (ITNL). HTMT's share of profit from the said swap booked during the year is Rs. 173.25 Crores.

The consolidated Net Profit was up 174%, from Rs. 84.20 crores to Rs. 230.94 crores in FY'04-05.

- **Stand Alone Audited Results**

Stand Alone audited results of the Company reflect financial performance of HTMT's Indian IT/BPO operations.

HTMT's total Income during the year was Rs. 167.27 crores as against Rs. 162.49 crores in the previous year. Net Profit for the year was Rs. 70.05 crores as against Rs. 75.53 crores in the previous year. The performance was impacted due to the loss of a US based telecom client during the year, for which HTMT was operating an inbound call centre at Bangalore. This coupled with increase in manpower costs for ramp-ups in the Company's claims processing (non voice BPO) contracts reduced the profits of the Company.

- **Dividend**

The Board of Directors of the Company, at their meeting held today, recommended a dividend of Rs. 7.50/- per share (75% on the par value of Rs. 10/- per share) for the financial year 2004-05, amounting to an outgo of Rs. 30.68 Crores.

Business Highlights

During the year, HTMT was successful in transforming itself from an India-centric vendor to a Global Delivery offshoring player in IT/BPO services with the inclusion of Philippines, USA, Canada and Mauritius in its delivery platform.

Today, HTMT has all the necessary elements of a successful Global Delivery Model viz. Engagement methodologies (Onsite/Nearshore/Offshore capabilities), Knowledge Transfer (sharing of best practices across locations), Human Resources (Over 4200 employees spread across 8 locations in 5 countries), Quality & Security (BS 7799, ISO 9001), Infrastructure (4500 seats) and Project Management skills (metrics driven approach). The highlights of Indian and International IT/BPO operations of HTMT are as under:

- **Indian Operations**

HTMT's Indian operations continued to see strong ramp up as the employee base increased to **2542** as on 31st March 2005, a growth of **48%** over the year. On back of high quality execution & its co-creation of value in partnership approach, the Company's BPO (claim processing) businesses saw a strong growth in the volume of the business handled. The Company's BPO employee base doubled during the year and increased from **50%** to **66%** of total employees in Indian delivery centres.

Recently, HTMT has been successful in winning prestigious domestic call centre projects from leading private sector telecom companies. The entry into domestic ITES-BPO business is a strategic move for HTMT as the domestic ITES-BPO sector is growing at a steady pace and holds tremendous promise. In order to cater to the domestic business, HTMT is in the process of opening up new centres in Hyderabad and Chennai

Robust volume growth & new customer wins in non voice BPO business along with substantial ramp up in its international and domestic call centre, FY05-06 is expected to be a year of continued growth for HTMT's Indian Operations.

▪ **International Operations**

HTMT's International operations have seen strong traction throughout the year. The total number of employees engaged in providing IT/BPO services from the centres in Manila, New Jersey and Toronto increased by approx. **33%** to touch **1600**.

Some new orders bagged by HTMT for execution from its international delivery centres are:

- A Call centre for a US based leading information and technology driven provider and direct marketer of branded credit cards and related fee-based products and services. Starting initially with 90 agents, the call centre will provide services covering credit card transactions (application, credit limits, account changes, disputes, etc.)
- An Inbound & outbound customer contact support for customers of a leading US based pharmaceutical company. Services provided will include Interaction activity via SMS and mobile-to-mobile channels and Fulfillment (direct mailers and welcome kits) services.

Other Developments

▪ **Corporate Restructuring**

During the year, HTMT's Board had given an in-principle approval for separating your Company's IT/BPO business from the Media Business. It was proposed to create two separate listed entities with mirror image shareholding wherein all investments were to be the part of the IT/BPO Company. The Board authorized Committee of Directors' evaluated several avenues to achieve the above objectives and placed its recommendations to the Board which, on account of renewed developments on Conditional Access Systems decided to keep the exercise on hold for time being.

▪ **Conditional Access Systems**

The Board noted recent developments in the Delhi High court, which has scheduled its final hearing on 11th July 2005 in the joint writ petition filed by members of MSO alliance including HTMT's subsidiary 'IndusInd Media & Communications Ltd' (IMCL).

As the current government has indicated a time frame to the Honorable Court to implement Mandatory Conditional Access Systems in coming months, HTMT's Board directed its management to ensure that

IMCL is in complete state of readiness to offer its high quality digital CAS services & value added services under the brand 'In-Digital' at a short notice to its subscribers.

About HTMT :

Hinduja TMT Ltd. (HTMT) is one of India's premier IT/BPO houses, focusing on information technology enabled services (ITeS) and business process outsourcing (BPO) besides IT services. HTMT is ranked among the top 15 ITES-BPO players in India employing over 4200.

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. With delivery centers in Bangalore, Mumbai, Hyderabad, Manila, Toronto and New Jersey, the company has 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 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.
