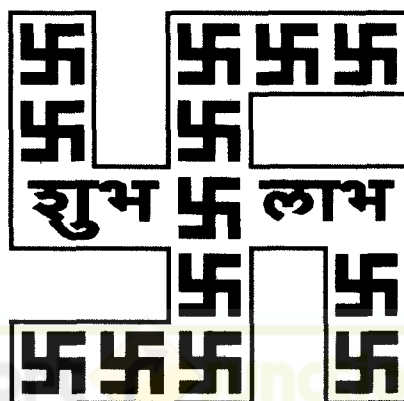


# T. SPIRITUAL WORLD LIMITED



**17<sup>th</sup> ANNUAL REPORT  
2002-2003**

## ***T. SPIRITUAL WORLD LIMITED***

### **BOARD OF DIRECTORS**

Mr. Baldev Singh

Mr. Mohit Sharma

Mr. A. K. Jain

Mr. Alam Ali Sisodia

Mr. S. Otawat

### **REGISTERED OFFICE**

Suite No. 18, 2 India Exchange Place  
Kolkata - 700001

### **AUDITORS**

M/s. Manoj Raj & Associates  
*Chartered Accountants*

### **COMPANY SECRETARY**

Ms. Seema Dara

### **BANKER**

HDFC BANK  
Global Trust Bank

### **REGISTRAR & TRANSFER AGENT**

Bigshare Services (P) Ltd.  
E/2, Ansa Ind. Estate,  
Sakivihar Road,  
Sakinaka, Andheri (E),  
Mumbai - 400 072.

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### **INDIAN ECONOMY – A GLANCE**

The country's economy is doing better than many other nations and the outlook is good. Major gains achieved in telecommunications in the last few years will surely continue. Cellular phones have had an outstanding growth showing the growing preference of new consumers towards mobile services.

Despite recent uncertainties in the global oil market, our national economy is not as vulnerable as before. With reserves of more than US \$ 82 billion, India is well equipped to meet any increases in the import bill, in case of any steep escalation in global oil prices or any other adverse developments.

Global economy continued to be depressed and demand in domestic market adversely affected market sentiment. Industrial production fared better this year as did the services sector which has been growing rapidly. Ability of domestic Indian companies to spend on their capital expenditure remains unclear. Indian Capital market was also depressed during the year. The number of IPO which stood at 7 in FY 2002, decreased to 6 in FY 2003. However, the daily average trading volume on NSE increased from Rs.2078 crores in FY 2002 to Rs.2462 crores in FY 2003 registering a growth of 18%.

### **INDUSTRY SCENARIO**

#### **SPIRITUALITY SECTOR**

- Organized Retail market in India is close to Rs. 13,300 crores.
- Last year, religious book sales hit an all-time high of \$2.15 billion, making religious books (including religious fiction) the second biggest category after general fiction and accounting for 16 percent of all books sold. According to the Book Industry Study Group, a nonprofit organization that tracks book publishing trends for the industry, sales are likely to climb to \$2.74 billion by 2004.
- The fact is that healthcare is, today, the world's largest industry with global revenue of \$2.8 trillion or close to 9% of the global GDP. The share of the sector in a nation's economy increases with the level of development. Healthcare sector accounted 13.7% of USA's GDP in 2000. The Indian healthcare industry is today worth near Rs 100,000 crore. The healthcare delivery segment inclusive of hospitals and nursing homes, doctors (allopathic), alternative medicine, unattached labs and diagnostic centers stands at Rs 80,000 crore. This segment is expected to register a CAGR of 18.5 per cent and reach a sizeable Rs 1,70,000 crore by 2005-06.
- Traditional medicine is used by more than 70 per cent of the Indian population. According to estimates the traditional medicine market is more than \$ 700 million. It was stated that an indicator of the increasing value of the alternative medicine business was the growth experienced by the herb-based crude drug exports that has nearly doubled in the past three years. – Financial Express
- In India, alternative medicine competes fairly aggressively with the allopathic segment. This size

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of the Indian Systems of Medicine is approximately Rs 4,200 crore. This sector is largely dominated by ayurveda that accounts for Rs 3,500 crore. There are 7,000 manufacturers of ayurvedic products and 5.6 lakh practitioners registered with the Central Council of Indian Medicine. – ET Intelligence Report on Healthcare 2001-2002.

- The Indian Ayurvedic product market is estimated to be valued at Rs. 4000 crore – PharmaBiz.com.
- Pranic Healing Industry Size – Rs. 2000 crore, Rates – Rs. 100 for 1 hr session to Rs. 10,000 for a course. Yoga – Industry size – over Rs. 1000 crores, Rates – Rs. 500 – 5000 a month (Business Today Research)
- A market survey revealed that at least 6 out of 10 people in urban India are looking for alternative solutions to their everyday problems – India Today, January 21, 2002
- Growth of Channels in Niche areas (ET Intelligence Report on Entertainment) - 2001 onwards is expected to be the era of niche channels. "A niche channel attracts a small audience rather than a mass audience. There are currently four niche channels in the market – Aastha, Sanskar, TMG & Zed. Industry sources indicate that these channels are expected to climb to 21 by end of 2005. Channels are expected to be in various segments like travel, health, organic (nature heavy content), women, infotainment and culture. These channels can be managed at very low costs and thus break even levels are expected to be low.
- The future is conclusively in favour of large formats, as indicated by KSA Technopak study. The future growth in retailing, according to KSA Technopak, would be led by a phenomenon called Mall Mania. Besides the malls, the other drivers of future retail growth would be specialty stores and department stores.
- Within the mall and at stand-alone locations, the specialty stores would constitute the highest percentage of future organized retail incomes. Here again, India has already seen the emergence of certain categories like music, books, durables, health and beauty, home and jewellery. Fresh opportunities are available in India for categories like toys, office products, specialty food offers, opticals, travels and computers.
- Wallet Watch - Books & Music and Personal Care items together form 9 % of the share of the household spend. (KSA Technopak Study)
- According to the Book Industry Study Group, consumer expenditures on religious books totaled \$982 million in 1997, up from \$519 million in 1992. The "Inspirational" category has been the growth leader, up from \$74 million in 1992 to \$268 million in 1997, a five-year compound annual growth rate of 31 percent.
- Industry sources also estimate that the US domestic market for candles has grown on average 10% to 15% per year since the early 1990's to reach \$2.3 billion in 2001 according to the National

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Candle Association, an industry trade association. The scented candle segment represents the fastest growing part of the candle and home fragrance industry. Based on a report by Kline & Company, an international consulting firm, the retail market for scented candles in 1999 was estimated to be \$2.1 billion.

### **INFORMATION TECHNOLOGY SECTOR**

The Indian IT sector has proved to be the country's fastest growing segment, even in troubled times—in the globally challenging economic environment of 2001-2003. The software and services industry, a major component of India's IT sector, showed significant momentum, higher than that of other industries in the country. India continued to be a compelling investment destination, as leading companies either set up shop here or beefed up their existing infrastructure. Outsourcing of IT requirements by leading global companies to Indian majors also picked up pace during 2002-03, in line with worldwide trends.

The performance of the Indian IT sector was determined by its growth in the following areas:

- IT software and services exports
- IT-enabled services
- The domestic IT market
- Telecom infrastructure
- Venture capital

#### **IT software and services exports**

Software and services exports continued to remain on top of the IT industry's revenue table. The export-driven software sector saw major long term projects come to Indian ICT leaders and Indian companies bagging a larger and larger share of the global outsourced business. The software export sector logged in a revenue of Rs. 47,500 crore during 2002-03, a jump of around 30 percent, as compared to the previous year.

In terms of software services delivery, offshore project revenues grew by a blazing 49 percent as compared to on-site revenues, growth of which was pegged as 12 percent during 2002-03. In terms of geographies, Indian ICT companies began tapping regions outside the US market, even though the country remained the largest user of software solutions from India. The revenue contributions by the US market continued to rise on account of the large number of ITES/BPO projects getting outsourced to India.

Some of the key service lines for Indian players continued to be:

- Custom Application, development and maintenance
- Applications outsourcing
- IT enabled services

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### **R&D services**

Indian companies also made modest headway in segments such as packaged software support and installation, product development and design services and embedded software solutions.

### **IT Enabled services (ITES)/BPO**

NASSCOM estimates indicate that during 2002-03, the IT-enabled services segment grew by a phenomenal 65 percent. Revenues from this sector rose from around Rs. 71 billion in 2001-02 to approximately Rs. 117 billion in 2002-03. Compared to other competing ITES nations such as Ireland, the Philippines and China, India drew the bulk of the global ITES/BPO business on account of its unmatched price/performance/quality proposition.

The ITES/BPO industry took root in most of India's leading cities. Some of the leading hubs of these services were NCR, Mumbai, Bangalore, Chennai, Kolkata, Hyderabad, Kochi, Ahmedabad and Pune. Some of the key players in this market (including captive and third party ITES/BPO vendors) were AMX, Convergys India Services, GE Capital Standard Chartered, Dell, Healthscribe India, EXL Services, Daksh eServices, Wipro Spectramind, 24/7 Customer, among others.

The Indian ITES/BPO engine continued to surge forward on account of the following reasons:

- India's vast pool of English speaking and skilled manpower, which rates high on qualification, capabilities, quality of work and work ethics
- India's telecom and physical infrastructure, which is approaching parity with other developed countries
- The strong quality orientation of Indian ITES players
- The strong cost/value proposition associated with outsourcing non-core processes to India. Customers are stated to realize cost savings of the order of 40-60 percent by moving some processes to Indian shores
- India's unique geographical location enables 24x7 service offering and reduction in turn around time due to time zone difference.
- The presence of a regulatory environment that's conducive to the growth of the ITES market

### **Some of the key ITES services lines include:**

- Customer care
- Web sales/marketing
- Billing services
- Database marketing
- Accounting

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- Transaction document management
- Transcription
- Telesales/telemarketing
- Benefits administration
- Tax processing
- HR hiring/administration
- Biotech research

### **Domestic IT market**

The domestic IT market touched revenues of Rs. 317 billion during 2002-03, of which software and services accounted for around Rs. 137 billion. The ICT market during 2001-02 has been worth Rs 291 billion. The Indian software and services sector continued to lag behind the export segment on account of issues such as higher piracy levels, pressure on software prices and lower level of IT spending for domestic companies. The growth in the domestic software market fell to around 13 percent during 2002-03 as compared to 2001-02 when it was pegged at around 18 percent. A reduction in IT spend by key spending segments such as banking and manufacturing is stated to be responsible for this trend.

### **Telecom infrastructure**

India's telecom infrastructure has become a priority area for the country, with the Government focusing on making it world class. The turnover of the sector is estimated to have crossed US\$ 9 billion in 2002. Since 1999, when the New Telecom Policy was introduced, the telecom market has witnessed the following changes:

- International Long Distance, National Long Distance and Basic Telephone services have been opened up for free competition
- ISPs have been granted licenses freely and are allowed to set up their own international gateways and submarine cable landing stations.
- Internet telephony has been permitted
- Revenue sharing has been introduced
- Telecom services have been corporatized. BSNL has been set up

According to DoT estimates, the total private investments in the telecom sector has been of the order of Rs. 306,160 million (US\$ 6714 million). The FDI inflow into this market has been around Rs. 85,913 million.

Some of the other statistics defining the burgeoning telecom sector in India are:

- 44.6 million Direct Exchange Lines (DELs) in 2002-03 (Morgan Stanley-NASSCOM estimates)

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- 11.3 cellular subscriber during 2002-03, with figures expected to go up to 18.9 million in 2003-04.
- 0.6 million WILL-CDMA subscribers

**Venture Capital**

The Indian Venture Capital environment, in tune with the global economic climate and lowered investment pace, also encountered a challenging phase. Despite these adverse conditions, the VC disbursements in India increased marginally—from US\$ 1.1 billion during 2001-02 to US\$ 1.2 billion during 2002-03.

Some of the highlights of the VC market in India are as follows:

- The number of VC firms in India is around 72, of which the top 10 account for around two-thirds of total investments made
- The IT sector accounts for nearly 40 percent of the investments made till date
- During 2002, around 65 investments were made with a total funding in excess of over US\$ 1.1 billion

The largest deal in 2002 was ICICI Bank, which obtained US\$ 273 million from the Government of Singapore.

**Trends in Indian software and services exports**

Indian software and services export witnessed the following trends:

- Indian companies increased their share of global IT spend. The software industry's software exports share of the overall global market rose to 1.9 percent in 2001-02, up from 1.5 percent in 2000-01.
- While Indian software and services companies began looking at ways to increase penetration in new geographies such as Europe and Asia Pacific, the country's share of software exports to Europe actually declined during 2002-03 on account of lowered IT spend by companies in this market.
- ICT multinationals operating in the Indian market hiked their share within the software exports segment—both in the areas of IT services and IT-enabled services/BPO
- Indian IT vendors expanded their verticals focus to include verticals such as healthcare, retailing and utilities.
- Indian companies entered into high value segments such as systems integration, package implementation, IT outsourcing and IT consulting in an effort to scale up.

**Future opportunities for Indian IT software and services companies**

A fresh wave of opportunities is sweeping the Indian software industry and key players are gearing up to



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tap into this emerging potential. The outlook for the Indian software services industry is bright on account of the following reasons:

- **Offshoring.** Owing to a successfully offshore delivery model, a major offshoring opportunity is likely to open up for Indian software and services vendors. While currently, around 40 companies have offshored spend of more than US\$ 20 million to India, the figures are expected to rise significantly.
- **Work relocation.** Large global systems integration majors such as IBM Global services are expanding their presence in India to take advantage of the country's cost and manpower strengths.
- **Traditional service lines.** There is significant opportunity for Indian companies in existing services lines such as application outsourcing and custom application development where the country has a 14-16 percent market share.
- **New service lines.** Non traditional service lines such as packaged software installation and support, IS/R&D outsourcing, etc. are now being offshored to India. Companies such as Patni, Wipro, Satyam, among others are getting into some of these hitherto unexplored segments.

### **COMPANY IT PRODUCTS AND SERVICES**

#### **Products**

- ❖ **SHUBH 2000** – The Company has developed a Software Solution -. (Management Information System) using Oracle (RDBMS) and it is functionally integrated to suit the user requirements of industrial majors Oil, Cement, Steel other manufacturing industries and FMCG's. The Company offers customized high quality MIS 2000 business solutions with a combination of different Modules enabling customers to derive maximum value & benefit. SHUBH 2000, a business software as a Strategic Management Tool helps small & big enterprises to achieve optimal information from the PLANT FLOOR to the BOARD ROOM.
- ❖ **HARMONI** – The Company by dint of its wide experience in Computer Telephony Integration has developed unique technology for Automated Call Management Systems that minimizes the Fixed and Recurring cost of a call center. Use is made of State of the Art Computer integrated Interactive Voice Response Systems reducing dependence on

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*human operators for call handling. This in turn reduces real estate costs and cuts down on fixed investments.*

## Services

- ❖ **SOFTWARE SOLUTIONS / DEVELOPMENT** - The Company offers leading edge software solutions to its customers from different segments. These solutions are offered in the following segments
  - \* MIS
  - \* Business Intelligence Solutions
  - \* Web Architecture
  - \* ECommerce & Multi lingual web solutions
  - \* Wireless messaging
  - \* Billing and payrolls
  - \* Stock market analysis

The Company offers a blend of Technical Expertise backed by enormous industry wide experience in systems and Application Developments, which is used to offer solutions across vertical segments.

- ❖ **SOFTWARE IMPLEMENTATION & TRAINING** – The Company offers, in the high-end segments, integration, consulting and training in implementation of software products developed by other companies. The Company operates in the area of Information Integration System and Turnkey ERP Solutions for manufacturing & service industries. The Company specializes in Application for manufacturing Industries and re-engineering systems. It serves a focused market by adopted established methodology for implementation.
- ❖ **SYSTEMS INTEGRATION SOLUTIONS** - are also offered to the domestic market, mainly in
  - \* CAD / CAM Solution
  - \* Film, Video & Broadcast
  - \* Network Design & Implementation
  - \* Visual Computing
  - \* Commercial Computing
- ❖ **INFORMATION TECHNOLOGY CONSULTANCY** – Services offered include
  - \* Hardware Selection