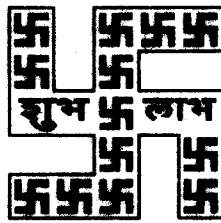


T. SPIRITUAL WORLD LIMITED



Report  junction.com

18th Annual Report 2003 - 2004

CERTIFIED TRUE COPY

For T. Spiritual World Limited

Amman
Director

Board of Directors	Mr. B. Singh	Whole Time Director
	Mr. M. Sharma	Director
	Mr. A.K. Jain	Director
	Mr. Alam Ali Sisodia	Director
	Mr. S. Otawat	Director

Registered Office Suite No. 18, 2 India Exchange Place
Kolkata - 700 001

Company Secretary Ms. Seema Dara

Bankers HDFC Bank
Global Trust Bank

Auditors Messers R. K. Doshi & Associates.
Chartered Accountants
Kolkata

Registrar & Transfer Agent Bigshare Services (P) Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai – 400 072.

COMPANY AT A GLANCE

SPIRITUAL PORTAL

Internet is the fastest growing communication medium in the history of human kind. Emerging from this high growth environment is the promise of new business revenue – from electronic commerce. It did not take long to realize that humankind has used the term portal as a way to indicate entry into another space or another realm of existence. Portal was a doorway to God Head around the world, and many temples and monuments were constructed as indications of the rising sun at the vernal equinox or to align the line of site with a particular star system.

This new organic sheath growing around planet Earth will model itself on naturally occurring physical laws in the universe. TSpiritualWorld.com will attempt to offer insights into this electronic phenomenon by providing outlets for ancient and modern expressions that can be purchased for personal enjoyment, and used for life enhancing and Earth sustaining lifestyles.

This portal will be dedicated to the pursuit of enhancing the health and connectivity between the mind, body, and spirit by offering information, services, and a place to learn and perform various religions, practices and therapies. Whether it is in the arts, spiritual questing, or new technologies, TSpiritualWorld.com will offer those items that make for a healthier body and mind while the concerns for all life and the planet Earth are kept in mind. Through an on-line presence, TSpiritualWorld.com will provide local and international clients and customers a full range of spiritual materials and resources 24 hours a day. For this purpose, the Company has a server at the iServe Data Center at Okhla in New Delhi.

Using the TV Channel, Spiritual Clinic and Spiritual store for its direct marketing purpose (providing a web of integrated services) – ensuring the users interact by means of TSpiritualWorld.com – providing opinions, views, suggestions, feedbacks, reading interviews aired on the channel.

With spiritual store, the site adds the advantage of e-commerce to the many spiritual offerings available online. Through this online spiritual mall various religious gurus can directly market the products to their followers spread across the globe. Besides devout web surfers can also access the exclusive spiritual and religious artifacts and services, brought to you by the TSpiritualWorld.

In a world of regular upheavals and changes, TSpiritualWorld also makes it easy to keep track of changes in the spiritual world through e-Zines. With the use of these electronic magazines specific information will be directly made available in the Inboxes of our patrons upon request.

Indian Net Commerce is still nascent, though evolving fast. Everyone agrees that eCommerce will become a sizeable business in future. A study by McKinsey indicates a conservative B2C potential of US \$225 million (Rs. 990 crores at the current exchange rates) by 2004, and US \$ 900 million by 2008. If things work out better McKinsey believes B2C could be more than twice these levels. For conservative assumptions, the total household spend on the net for B2C projections has been estimated at 0.3% of the household income in 2004, after which it is expected to grow at 25%. 1/8th of the NRIs will buy from Indian sites. Advertising revenues have been estimated at 20% of the B2C revenues by 2008, in the conservative estimate.

SPIRITUAL STORE

The Spiritual Store will be established to offer new products that embrace people's need for a new future, and a sustainable life style whereby all people can prosper, and live a joyous life. Many of these products enhance the appreciation of music, or enable to use new technologies, or even be surrounded by new art, and new symbolic references to a better world.

This store will provide consumers with the most comprehensive range of spiritual products and complementary & alternative medicine that aid them their spiritual well being, their health and vitality, and their sense of beauty and appreciation.

SPIRITUAL EDUCATION

In this age of technology, industrialisation and over-urbanisation, we are constantly subjected to tremendous stresses and tensions. These, in turn, produce psychosomatic diseases like hypertension, insomnia, and various types of heart diseases. In desperation, people take to drinking and dangerous drugs that give temporary relief, but create more serious problems. The remedy does not lie in drugs or fantasy, but in the process of catharsis and development of inherent powers. The control has to be exercised by the power of spiritual self, and that inherent potency can be developed by knowing how to live properly, which includes eating, drinking and breathing properly as well as thinking properly.

More than 600 research studies have been conducted on Transcendental Meditation at 214 independent research institutions in 33 countries. One of those published in The Journal of Alternative and Complementary Medicine by Dr Kenneth Walton, a researcher at Maharishi University of Management in the US, suggests that TM can help reduce or prevent hypertension. In another series of tests at the University of California's School of Medicine, Dr Robert Keith Wallace found that the state achieved during meditation was akin to altered states such as hypnosis and conditioning, and could be called a fourth state of consciousness after waking, dreaming and sleeping.

Still in its fledgling stage, in future TSpiritualWorld hopes to incorporate e-Learning and Astrological features that will further enhance our objective of spreading awareness of India's ancient heritage.

SPIRITUAL PUBLISHING

Through its publications and related products, the publishing division plans to encourage a balanced, holistic approach to health, spirituality, work, relationships, the environment, and community. The division aspires to be the leading and most trusted voice of the holistic marketplace, to promote whole systems thinking in its business operations, and to be profitable in a socially responsible manner.

The books, cassettes and tapes will give the highest form of spiritual knowledge. The subject will be dealt with in such a way as to inform and uplift the reader, give hope, and assist with practical advice on meeting life's challenges creatively and positively. Emphasis will be on practical application of spiritual principles in everyday living.

Customers will have access to the output of the best philosophical minds and the most prominent spiritual leaders in the most organized, efficient, and current fashion available.

SPIRITUAL CLINIC

The Spiritual Clinic is planned with a mission to help individuals overcome physical, emotional or spiritual problems naturally, gaining a higher outlook on life both individually and collectively.

The patients would be taught to develop lifestyles which nurture good physical and mental health, and using natural remedies whenever possible to alleviate disease and cleanse the body. These will include ayurvedic techniques for cleansing and rejuvenating the body such as panchakarma, shiatsu and ayurvedic massage techniques, reflexology, internal and external herbal treatments, vibrational color and light therapies developed through the practitioners' practice and expertise.

It is the expressed intention of the Spiritual Clinic to bring as much understanding and knowledge together about the unifying factors of such disciplines as Acupuncture, Osteopathic and Chiropractic Manipulation, Nutrition, Healing, Astrology, Homeopathy, Chinese Herbal Medicine and Reflexology, to serve the process of healing in a broad sense.

A market survey revealed that at least 6 out of 10 people in urban India are looking for alternative solutions to their everyday problems.

Indian Healthcare Industry Segments (Source: Asian Health Services)		
	Segment (Rs. Crore)	Total Revenue (Segment Share) (%)
Hospitals & nursing homes	35,800	39
Doctors – Allopathic	19,900	22
Pharmaceuticals & Supplies	19,300	21
Unattached Labs & Diagnostic centers	10,700	12
Alternative medicine (including doctors)	6,700	7
Total	92,400	

The hospital will provide a spiritual environment as part of the Executive Health workshop for understanding and practicing the application of spirituality in daily life. This environment will be created with the understanding that physical health is largely dependent on the spiritual and mental well-being.

Specialty Facilities of the hospital include:

- Cancer Clinic
- Cardiology Clinic
- Child Guidance Clinic
- Chest Clinic
- Dental Clinic
- Diabetes Clinic
- ENT Clinic
- Endocrinology Clinic
- GI Endoscopies
- Homeopathic Clinic
- Neurology Clinic
- Nephrology Clinic
- Ophthalmology Clinic
- Orthopedics Clinic
- Psychiatric Clinic

Diagnostic facilities of the Hospital include:

- X Rays
- Ultra Sonography
- Hi Speed dual Multislice CT scan
- Mammography
- Urology Clinic Stress Test
- Echo Cardiography
- Lung Functions – Spirometry
- Audiometry
- Bone Densitometry

SPIRITUAL TV CHANNEL

Underneath the frenetic reality of politics, business, cricket, movies and celebrities eulogized by the media, gushes a wellspring of spirituality. There are spiritual masters with lakhs of followers, of innumerable spiritual techniques and movements. There is also an abundance of goodness, of people selflessly serving the needy, the old, the orphaned and the dispossessed, yet strangely invisible because they operated far away from the media glare. But the most dramatic change of all in these last five years is that the invisible has become visible. Today, the media is drawing this reality upward and outward.

The broadcasting industry has its own solutions to problems of the material world. The religious channels focus on the niche demands of faith, religion and 'mental health'.

Mankind has its roots in religion. However modern the country may become and however dependent it may be on Information technology and computers, Faith in God will always rule supreme in the minds and lives of Indians, regardless of where they live. The Spiritual TV channel will work like a de-toxin in the stressful world that exists now. In the nuclear family concept, this channel will do the work that was earlier done by the elders in the family.

This Channel plans to establish itself as a global leader in programming that will cater to the vast Asian Indian population, reaching millions of households across Asia, Africa, Australia and Europe.

INDIA, or BHARAT has always been recognized as the highest seat of spiritualism, the source of all wisdom, the home of all knowledge- focusing on the elevation and awakening of the soul and the enhancement of the power within us.

In an age when a technological revolution is sweeping across the globe- leaving human beings in a bemused state, totally distant from their inner selves, the company has chosen to harness this technology to create a new spiritual awakening among the masses. Our channel and portal, will showcase India's religious fervour, its rich and exclusive cultural heritage, and ancient knowledge, serving to bridge the gap between all those desirous of religious guidance and those fountainheads of spiritual understanding- dedicated to spreading the light of India's timeless wisdom.

SPIRITUAL RESORT

Today we are living in a world of tensions. The stress and strain of daily life is a never-ending process, whether in the office or at home. Technology, industrialization and over urbanization

have created unbearable situations producing emotional stress. Just as physical fitness conditions the body, spiritual fitness nourishes the soul. Meditation, visualization and relaxation can help you improve stress-related conditions such as anxiety, insomnia and hypertension. This Spiritual Resort will be a place to provide for spiritual fitness to the aspirants.

The Resort will acknowledge the obvious truth and the fact that the quest for self-realization is a universal human need. It will transcend man-made barriers of nationality, race, colour and religion. In the midst of a stressful world, the Resort will serve as a special retreat for healing and renewal. This resort will be also known for its reputed Yoga centre where Yoga and meditation can be learned and practiced under the guidance of a Yoga Guru.

Yoga, the science of man, based on ancient Indian wisdom and culture, is an art of living a healthy, balanced, peaceful and contented life. Yoga, being a total integrated system, studies man in his wholeness - body, mind and spirit and is integrated to certain principles, ideas, values, attitudes and a way of life for personal and social benefits.

Yoga had recognized and accepted the importance of the mind and the subconscious over the total human personality much earlier than modern psychology did in its present form. Yoga is a stepwise, stage wise eight fold path to final liberation from pain and suffering. These steps progressively take us to the highest state of creativity, of discriminative knowledge and towards attaining the desired perfection.

The eight steps are :

YAMA - Conditional yoga behaviour, personal and social

NIYAMA - Attitude sublimate to yoga norms

ASANA - Discipline of the physical body

PRANAYAMA - Control overionergy through respiratory action.

PRATYAHARA - Withdrawal of the senses inwards through abstraction.

DHARNA - Concentration.

DHYANA - Meditation.

SAMADHI - Tran consciousness.

CHILDREN WELFARE CENTRE

Not all children are lucky and privileged. Even today there are children who are deprived of education, basic amenities and even proper meals. Children Welfare Center is a meaningful effort to work for their cause. Through sponsorships, adoptions and other charity programmes, the center shall offer a better life for such children.

The Company will set up a trust that will run this Children Welfare Center. It will be engaged in a gamut of activities, from educating children to giving them a healthy and fulfilling environment so that the child does not really go without amenities.

“Gurukul retreat” is an innovative concept formulated with an aim to take India’s tradition to a global scenario. The idea behind Gurukul is to offer the interested students a complete experience of the Vedic way of life. Gurukul offers perfect environment for education including calm and peaceful study of Jyotish (Vedic Astrology), Vedic philosophy, Yoga, Ayurveda, Sanskrit, and other allied Indian spiritual disciplines. In addition to being a Spiritual School, Gurukul also serves as a health cum holiday resort, where a visitor can enjoy the traditional Ayurvedic treatment and go raptures with the tune of nature.

IT software and services market

IT software and services market in India continued to be driven by exports, which exhibited robust growth during the 2003-04 period. The export segment, which had logged in revenues of Rs. 461 billion (US\$9.55 billion) in 2002-03, accounted for around 60 percent of the total revenues of the IT industry that year. Software and services exports meanwhile are expected to cross the Rs. 555.1 billion mark (US\$12.2 billion) in 2003-04, a jump of 20.4 percent in rupee terms and 28 percent in dollar terms.

The high growth of the export sector, however, will not be matched by the domestic market, which is expected to log in momentum of around 15 percent, down from 23 percent in 2002-03. In terms of revenues, the domestic market will cross the Rs. 154 billion (US\$ 3.4 billion) mark, with the packaged software segment logging in Rs. 21 billion (US\$ 462 million) worth of revenues and the software services touching Rs. 100 billion (US\$2.2 billion) levels.

The Indian software and services market continued to build momentum, as an economic upturn began sweeping the global geographies. The sector, which had managed to sustain growth during the challenging 2000-02 period, built up steam once again, reverting gradually to its performance levels prior to the global economic recession.

- Close to 60 percent of the revenues of the overall IT software and services market were accounted for by exports, which jumped from Rs. 461 billion (US\$ 9.55 billion) in 2002-03 to an estimated Rs. 555.1 billion (US\$ 12.2 billion) in 2003-04.
- The growth of the domestic software and services market lagged behind at around 15 percent in 2003-04, down from 23 percent in the previous year.
- The ITES/BPO industry grew at a rapid fire 52.3 percent during 2003-04, accounting for around 29.3 percent of the overall IT export revenues in this period.
- During 2002-03, the financial services sector accounted for the largest share of Indian software and services exports. IDC studies indicate that IT spending by US banks will touch US\$ 60 billion by 2007.
- India continued to expand its presence in two of the 10 major IT services lines. Custom application development and maintenance and applications outsourcing accounted for nearly 88 percent of total software exports in 2003-04. More recently, Indian companies have begun moving up the value chain and are offering services in IT consulting, systems integration, network consulting and integration processing services and IS outsourcing.
- The Indian software and services industry's global delivery model veered towards offshore outsourcing, which is expected to account for around Rs. 33,010 crore in 2003-04. On-site services will touch Rs. 22,500 crore in the same period.
- Tier 1 companies within the industry (top five firms) account for about 32 percent of total software exports.

The global scenario

Business intelligence majors such as IDC state that the IT services market will grow at a CAGR of 5.4 percent over the next five years. Some of the other developments defining this segment include the following:

- a high growth IT outsourcing industry which will maintain a momentum of five percent in 2003-04. Application outsourcing will remain the focus within this segment
- a high growth Application Service Providers segment which is forecast to grow at a healthy five year CAGR of 25.3 percent
- a return to moderate growth of the custom applications development segment, which was the worst hit by the offshoring phenomenon

- a mild recovery by the US IT services market which is expected to achieve growth of around two percent during 2003-04 and around six percent by 2005.
- a healthy growth of around 8.6 percent in the IT services market within the Asia Pac region, and a five year CAGR of 12.6 percent
- high growth rates of IT services in the rest of the world (including central and Eastern Europe, Middle East and Africa).
- The rise of offshoring as a mainstream strategy based on overall savings of 30-60 percent for outsourcing companies. According to Morgan Stanley, the percentage of CIOs outsourcing software applications offshore is likely to triple to 28 percent from 8 percent in 2003. IDC expects offshore volumes to double to US\$16 billion in 2004 and jump to US\$ 40 billion by 2007.

Trends in Indian software and services exports

The Indian software and services market continued to remain export oriented, with sales to overseas customers accounting for the bulk of the sector's turnover for 2003-04. While software and services exports grew at a healthy 26 percent, logging in a revenue of Rs. 461 billion (US\$ 9.55 billion) during 2002-03, the numbers were estimated to touch Rs. 555.1 billion (US\$ 12.2 billion) in the 2003-04 period. This represented a jump of around 20.4 percent in Rupee terms and 28 percent in US dollar terms.

It was seen that:

- the contribution of the software and services export segment to India's overall invisible receipts rose from 59 percent in 2002-03 to around 73 percent in 2003-04.
- the Indian software and services industry continued to focus on North America, which remained the largest market for the sector.
- The other key export destinations for Indian software and services companies were the European and Asia Pac regions. The industry, in fact increased the export contribution from the European geo during 2003-04. The UK, Germany and France together accounted for over 75 percent of Indian exports to Europe
- Within the Asia Pacific region, Japan, continued to be the largest market for Indian software and services players, followed by China, Hong Kong, Taiwan and South Korea.
- In the area of global service lines, India continued to play in two out of the ten major IT services segments. As in the past, custom application development and maintenance and application outsourcing services accounted for nearly 88 percent of the total software exports from India. However, there were some signs of movement in the higher end of the software services spectrum, with Indian software majors scaling to offer solutions in the areas of IT consulting and systems integration.
- Trends also indicated that the offshore delivery model became the preferred business model for the Indian software and services industry during 2003-04, with offshore revenues, as a proportion of the total revenues jumping by approximately 24.4 percent, as compared with 14.20 percent for onsite revenues over 2002-03.

Future trends and opportunities for the Indian software and services industry

According to leading global business intelligence analysts, the offshore outsourcing market, still in a nascent stage, is expected to witness substantial growth over the next few years.

- Forrester Research estimates that only 3-4 percent of the Fortune 500 companies offshore more than 10 percent of their IT services spending. Considering the mammoth IT budgets of these companies, there is a vast untapped potential that the segment offers Indian software and services vendors.
- Industry watchers are hopeful that industry pricing will remain relatively stable over the near-to-intermediate term and that Indian services firms may even be able to raise prices.

- Supply side factors indicate that India will continue to have a significant pool of “tech-ready” and “tech-trainable” students over the next few years.
- It is expected that over the next few years, Indian software and services companies will adopt a global delivery model based on four components: onshore (same country as client); on-site (at the client site), nearshore (country near to client country) and offshore (based in India)

The Indian ITES-BPO industry - Overview

The Indian ITES-BPO industry was a key driver of the overall Indian IT software and services sector during 2003-04, recording revenues of US\$ 3.6 billion in that period. According to recent studies by the National Association of Software and Services Companies (NASSCOM), the Indian ITES-BPO industry grew at about 54 percent during 2003-04.

Trends defining the Indian ITES-BPO market

The key trends that are defining and strengthening the Indian ITES-BPO market and will create future business opportunities for the industry include the following:

- **Increasing maturity:** The industry is rapidly gaining maturity and consolidation, following a large number of mergers and acquisitions during 2002-03. The trend towards maturity has been escalated by the entry of traditional IT services players, who have added the ITES-BPO portfolio to their existing offerings in order to provide customers with a complete umbrella of end-to-end services. The idea is to leverage the synergies between their ITES-BPO operations and the IT services offerings
- **Growth in multiple vendor and BOT contracts:** The Indian ITES-BPO industry is witnessing an increase in multi-vendor and build-operate-transfer (BOT) contracts which offer customers advantages such as low risks, scalability and competitive pricing
- **Expansion of the services footprint:** Indian ITES-BPO vendors are expanding the spectrum of their service offering in client locations and even setting up facilities in other low cost ITES-BPO destinations such as China and the Philippines, in order to tap these markets
- **Higher value add offerings:** A number of Indian ITES-BPO vendors are moving up the value chain to offer high-end services such as equity research and analytics, insurance and technology support and development
- **Vendor polarization:** Growth within the ITES-BPO segment is getting centered around the larger players that can offer clients benefits such as scalability, delivery capability, track record, customer referrals, etc. Industry observers believe that by 2005 the Indian BPO industry will have eight to ten US\$100 million third-party BPO companies. This will give companies a critical mass to compete against multinationals such as EDS, Computer Sciences Corporation (CSC), and Accenture. Further, it gives prospective clients enough confidence to trust them with larger contracts

Expanding capacity: The Indian ITES-BPO industry, including MNC and third party service providers have been expanding their capacities during 2002-04. The number of seats has increased from 140,000 at the end of March 2003, to around 210,000 in March 2004. Captive units account for almost 65-70 percent of the existing capacity

The structure of the Indian ITES-BPO industry

The Indian ITES-BPO industry is on an evolutionary path, having gone through three key phases. The pioneers in the Indian ITES-BPO market were MNCs such as GE and American Express that set up captive offshore facilities to gain access to skilled, competitively priced manpower. Today, captive centers continue to be the preferred option for overseas companies and their number has more than doubled as compared to third party service providers. Retention of management