

T. SPIRITUAL WORLD LIMITED



19TH ANNUAL REPORT 2004 - 2005

**T. Spiritual World Limited
Suite No.18, 2 India Exchange Place,
Kolkata – 700 001**

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Company will be held on Thursday, 3rd November, 2005 at 10:00 A. M. at Shivam Conference Hall, B-267 Bangur Avenue, Kolkata – 700 055 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 30th June, 2005 and the Balance Sheet as at that date together with Reports of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. A. K. Jain who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Rajendra Singh who was appointed as an additional Director of the Company pursuant to Sec 260 of the Companies Act, and hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

5. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Manoj Kumar Bothra who was appointed as an additional Director of the Company pursuant to Sec 260 of the Companies Act, and hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to section 94 and other applicable provisions, if any, of the Companies Act, 1956, the authorised capital of the company be and is hereby increased



from Rs.29,00,00,000 (Rupees Twenty Nine Crores) divided into 14,50,00,000 (Fourteen Crores Fifty Lakhs) equity shares of Rs.2/- each to Rs.31,00,00,000 (Rupees Thirty One Crores) divided into 15,50,00,000 (Fifteen Crores Fifty Lakhs) equity shares of Rs.2/- each by creation of an additional 1,00,00,000 (One Crore) equity shares of Rs.2/- each ranking pari-pasu with the existing equity shares and consequently the existing clause V of the Memorandum of Association be altered accordingly.

7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED that the Memorandum of Association of the Company be altered in the following manner

"The Authorised Share Capital of the Company is Rs.31,00,00,000 (Rupees Thirty One Crores) divided into 15,50,00,000 (Fifteen Crores Fifty Lakhs) equity shares of Rs.2/- each."

8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, its existing article No. 4 of Articles of Association of the Company be and is hereby altered by substituting the following new Article No. 4 in its place and stead."

The Authorised Share Capital of the Company is Rs.31,00,00,000 (Rupees Thirty One Crores) divided into 15,50,00,000 (Fifteen Crores Fifty Lakhs) equity shares of Rs.2/- each.

12. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Article 128 of Articles of Association of the Company and subject to guidelines prescribed by the Securities and Exchange Board of India (SEBI) in this behalf, and such other appropriate authorities, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall be deemed to include a Committee of Directors duly authorised in this behalf), for the capitalisation of Rs.2,00,02,000 out of such of the free reserves of the Company including share premium account as on 30th June 2004, for the issue of bonus shares and accordingly the aggregate of such sums be hereby set free for distribution among the eligible holders of the existing equity shares of Rs.2/- each whose names stand on the Register of the Members on such record date/ book closure as may be fixed by the Board after obtaining necessary approvals from the appropriate authorities, and that the same be applied in paying up in full such number of new equity shares of Rs.2/- each to be allotted and distributed as fully paid bonus shares to and amongst the said members in the proportion of one bonus share for every ten existing equity share held by such member.



“RESOLVED FURTHER that no fractional certificate shall be issued to the members in respect of their respective fractional entitlement of bonus shares but all the fraction remaining after allotment of the bonus shares which shall be allotted at the discretion of the Directors to any person or persons in trust for the benefit of those members who are entitled to fractional entitlement of bonus shares, for the purpose of selling such consolidated full bonus shares as soon as possible in the market and that the net sale proceeds of such consolidated full bonus share after deducting their from the cost, charges and expenses of sale, shall divided and distributed proportionately amongst those members who would be entitled to fractional entitlement of such full bonus shares.”

“RESOLVED FURTHER that the Bonus Shares to be issued as above will be allotted in accordance with SEBI guidelines, if any, in force at the relevant time”.

“RESOLVED FURTHER that the Bonus Shares to be issued credited as fully paid-up as aforesaid, shall be subject to provisions contained in the Articles of Association of the Company and shall rank *pari passu* in all respects with existing issued equity shares of the Company. ”

“RESOLVED FURTHER that no allotment letters shall be issued to the allottees of Bonus Shares and that the certificate(s) in respect of these shares shall be completed and thereafter be dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf from time to time except in respect of those allottees who are holding shares in dematerialised form”.

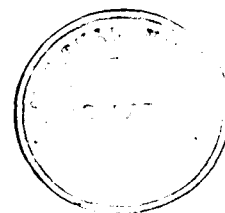
“RESOLVED FURTHER that the allotment of Bonus Shares as aforesaid, to non-resident members shall be subject to the approval of the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973 and such other regulations as may be applicable”.

“RESOLVED FURTHER that for the purpose of giving effect to this resolution and for removal of any difficulties, the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, and things as may be required in this regard.”

13. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provision of section 293 (1) (d) and other applicable provision if any, of the Companies Act 1956, consent be and is hereby accorded to the Board of Directors of the Company to borrow the such sum or sums of money in any manner from time to time as may be required for the purpose of the business of the Company with or without securities and upon such terms and conditions as they may deem fit notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say that the money so borrowed and outstanding at any time shall not exceed a sum of Rs.50.00 Crores (Rupees Fifty Crores Only).”

14. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:



“RESOLVED that pursuant to Sec.293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge all or any part of movable / immovable properties of the Company, wheresoever situate both present and future and whole or part of the undertakings of the Company of every nature and kinds whatsoever and/or creating a floating charge in all or any movable / immovable properties of the Company and the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of banks, financial institution, other investing agencies or any other Landers of debentures trustee, to secure the amount borrowed / to be borrowed by the Company from time to time, for the due payment of the principle together with interest cost, charges, expenses and all other monies payable by the company in respect of such borrowings up to a maximum of Rs.50.00 Crores (Rupees: Fifty Crores Only).”

**By Order of the Board
For T. Spiritual World Limited**

**Place: Kolkata
Date: 4th October 2005**

Savita
**(Savita Srivastava)
Company Secretary**

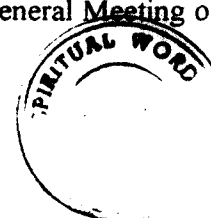
NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.
2. Members who are holding Company's shares a Dematerialized form are required to bring details of their depository account number for identification.
3. Proxies in order to be effective must be received at the Company's registered office at Suite No.18, 2 India Exchange Place, Kolkata – 700 001 not less than 48 hours before the time fixed for the meeting.
4. Register of Members and Share Transfer Books shall remain closed from 28.10.2005 to 03.11.2005 (Both days inclusive).
5. Members are informed that the amount of Unclaimed Dividend shall be liable to be transferred by the company to the Investor Education and Protection Fund of the Central Government if it remains unpaid to the shareholders for a period of seven year as per the amended Section 205A of the Companies Act 1956.
6. Member are requested to kindly notify immediately change if any in their address to the Company.
7. Explanatory statement as required u/s 173(2) of the companies act, 1956 in respect of Item No. 4 to 11 is annexed and forms parts of this notice.
8. Shareholders desiring any information as regards the accounts are requested to write to the company at least seven days in advance of the date of the meeting so as to enable the information to be kept ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.4

Mr. Rajendra Singh was appointment as an Additional Director of the Company with effect from 7th March 2005 holds office only upto the date of the forthcoming Annual General Meeting of



the Company but being eligible offers himself for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received Notice in writing along with the required deposit from a Member signifying his intention to propose the candidature of Mr. Rajendra Singh for the office of the Director.

The Board recommends the resolution for the approval of members.

Except for Mr. Rajendra Singh no other Director is in any way concerned or interested in the Resolution under Item No.4.

Item No.5

Mr. Manoj Kumar Bothra was appointment as an Additional Director of the Company with effect from 7th March 2005 holds office only upto the date of the forthcoming Annual General Meeting of the Company but being eligible offers himself for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received Notice in writing along with the required deposit from a Member signifying his intention to propose the candidature of Mr. Manoj Kumar Bothra for the office of the Director.

The Board recommends the resolution for the approval of members.

Except for Mr. Manoj Kumar Bothra no other Director is in any way concerned or interested in the Resolution under Item No.5.

Item No.6, 7 & 8

In order to accommodate the proposed fresh issue of bonus equity shares, it is necessary for your Company to increase the Authorised Share Capital from Rs.29,00,00,000 (Rupees Twenty Nine Crores) divided into 14,50,00,000 (Fourteen Crores Fifty Lakhs) equity shares of Rs.2/- each to Rs.31,00,00,000 (Rupees Thirty One Crores) divided into 15,50,00,000 (Fifteen Crores Fifty Lakhs) equity shares of Rs.2/- each by creation of an additional 1,00,00,000 (One Crore) equity shares of Rs.2/- each ranking pari passu with the existing equity shares.

In terms of section 16 and section 31 and other applicable provision, if any, of the Companies Act, 1956, any amendment to the Memorandum & Articles of Association of the Company, requires approval of members by way of special resolutions.

Your Directors recommend the resolution as contained in Item No. 6 to 8 for consideration and approval of members. None of the Directors of the Company are, in any way concerned or interested in the resolution.

Item No. 9

The Board of Directors of your Company passed the proposal in their meeting held on 5th May 2005, after detail consideration and have decided to issue bonus, whose names appear in the Register of Members of your Company as on the Record / Date Book Closure to be fixed in consultation with Stock Exchanges where shares of your Company are listed. As you are aware that, upon the recommendation of the Directors the Company may resolve to capitalize any undivided profit of the Company standing to the credit of any reserve & surplus account and including premium account for issue of bonus shares. The paid up capital of your Company at present is Rs.20,00,20,000/- and the Reserves & Surplus (including share premium) stood at



Rs.2,48,46,455/- as on 30.06.2004. The Directors of your Company in order to bring the share capital to a level commensurate with the total capital employed in the Company and also taking into account the size of its operations and future growth have decided to issue bonus shares in the proportion of one equity shares for every ten equity share held. The proposed issue is in conformity with the guidelines issued by SEBI.

The new shares to be issued as Bonus Shares will be subject to the provisions contained in the Memorandum & Article of Association of your Company and shall rank pari passu in all respect with the existing equity shares of your Company.

Your Directors recommend the Special Resolution for approval of members. None of the Directors of the Company are, in any way concerned or interested in the resolution.

Item No. 10

It has been proposed that the Board of Directors of the Company be authorized to borrow moneys from time to time that may exceed the aggregate paid up capital of the Company and its free reserves but which shall not exceed Rs.50.00 Crores (Rupees Fifty Crores Only) at any time, consent of the members is therefore sought in terms of the provision section 293 (1) (d) of Companies Act 1956.

Your Directors recommend the Ordinary Resolution for approval of members. None of the Directors of the Company are, in any way concerned or interested in the resolution.

Item No. 11

The Board is also of the opinion that the borrowing will be required to supplement the need for the finance for company's activities and for diversification of business purpose. The borrowing will be made from the lending institutions and / or other sources in a manner following, however, the appropriate guidelines issued by the authority / authorities by the time being inforce. Further creation of any mortgage / charge if needed in connection with the borrowings, will require the consent of the Company in general meeting under section 293 (1) (a) of the Act.

Your Directors recommend the Ordinary Resolution for approval of members. None of the Directors of the Company are, in any way concerned or interested in the resolution.

COPIES OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND OTHER RELEVANT PAPERS ARE AVAILABLE FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY DURING THE BUSINESS HOURS.



DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholder,

Your Directors are pleased to present the 19th Annual Report together with the Audited Statement of Accounts and the Auditors Report of your company for the Year Ended 30th June 2005. The Financial highlights for the year under review are given below:

FINANCIAL RESULTS

| | (Rs. In Lacs) | |
|--|-----------------------------|-----------------------------|
| | 30 th June, 2005 | 30 th June, 2004 |
| Total Income | 5399.64 | 5253.68 |
| Profit Before Depreciation and Tax | 204.44 | 115.30 |
| Depreciation | 59.71 | 44.56 |
| Profit Before Taxation | 144.73 | 70.74 |
| Provision for Tax | (36.64) | (3.38) |
| Profit after Tax | 108.09 | 74.12 |
| Add: Balance of Profits for earlier years | 170.25 | 96.13 |
| Balance available for Appropriation | 278.34 | 170.25 |

DIVIDEND

The profit available is required to be conserved to meet the capital expenditure diversification of business and other statutory dues. As such your directors express their inability to recommend payment of any dividend for the financial year ended on 30.06.2005 (Previous Year - Nil) on Equity Shares for the financial year 2004-05.

PERFORMANCE

Your Directors are pleased to inform you that your company is successfully sustaining the growth. The financial results of the year ended 2004 are extremely encouraging for your company. Your Company's Total Revenue has increased from Rs. 5253.68 lacs in 2004 to Rs. 5399.64 lacs during 2005. The Net Profit generated by the company during the year under review is Rs. 108.09 lacs, as compared to the previous years Rs.74.12 lacs, registering a growth of 45.83 percent.

FUTURE OUTLOOK

Over 100 crore Indians collectively spend more than Rs. 100,000 crore on healthcare, including alternative medicine and therapies. A survey by India Today reveals that at least 6 out of 10 people in urban India are looking for alternative solutions for everyday problems. Americans spend \$48 billion a year on alternative therapies. This sector in India is widely unorganized and

there are no large professional companies to tap this business opportunity. This is where TSW comes in.

Your company successfully executed orders during the year and foresees a large business opportunity in the area of Managed Services. With skilled manpower, years of experience, database and applications, the company is now poised to offer its Managed Services to medium and large organisations.

The company has taken major initiatives in restructuring its business, with a greater focus and thrust in improvement of operational efficiencies and reduction of costs. Your directors are of the opinion that considering the sound order booking position and the various initiatives that are under way, the company's operational performance is expected to be better in the current financial year, barring unforeseen circumstances.

As the company has diversified into the spirituality sector and intends to set-up various business divisions. These divisions will be set up in a phased manner.

Your company has planned to acquire education & health care and its allied products business from SB Education & Health Care Ltd. at a consideration of Rs.7.50 crores. The payment would be partly in the form of cash and partly in form of equity offering. With this, the company has also set in motion the process of accretion to its net worth. The 2005 financial result demonstrated the financial strength and the customer relationships of the company to serve with increased confidence.

Your company had already started its portal and receiving encouraging public response. The Company aims to provide spiritual solace to thousands via alternative medicine and therapies in a professional and organized manner. TSW wants to reach out through a network of Spiritual World outlets all over India. These unique outlets will showcase quality spiritual products including herbal products, publishing material, and accessories.

The outlets will also feature trained personnel to provide holistic healing using therapies like Reiki, Ayurveda, Acupuncture, Meditation & services like Astrology, Vaastu Shastra, Counselling & special Spiritual discourses.

TSW is developing a spiritual resort in Mehrauli, New Delhi apart from setting-up R & D Center. The resort will have vast panel of Consultants like Yoga teachers & therapists, etc, and tie up for publication of spiritual / motivational books. The company has developed meditation & yoga package, i.e., "Wonder", which is a unique concept to relieve an individual from all ailments & stress in short time.

DIRECTORS

In accordance with the provision of the companies Act 1956, Mr. A. K. Jain, Director of the company retires by rotation and eligible for reappointment.

Mr. Rajendra Singh and Mr. Manoj Kumar Bothra were appointed as an Additional Director by the Board of Directors of the company. Your Directors welcome them on Board.

AUDITORS & AUDITORS OBSERVATIONS

M/s R. K. Doshi & Associates, Chartered Accountants, Kolkata the auditors of the company who hold office until the conclusion of the forthcoming Annual General Meeting, being eligible,

offer themselves for re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The observations of the Auditors as referred to in the Auditor's Report are suitably explained in the notes to the account.

CORPORATE GOVERNANCE

Your company has always strived to incorporate appropriate standards for good corporate governance. Being a listed company, necessary measures are taken to comply with the listing requirements with the stock exchange. A separate report on corporate governance alongwith a certificate of compliance from the auditors forms part of the report.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the provisions of clause 49 of the listing agreement with the stock exchange, detailed review of the operations, performance and future outlook of the company is annexed hereto.

HRD INITIATIVES

It is the endeavour of the company to create in its employees a sense of belonging, and an environment that promotes openness, creativity and innovation. All our manpower initiatives are implemented with the aim of maximizing productivity and aligning organizational needs with employees aspirations. Your Company plans to take requisite steps by bringing in the essential professionals and infrastructure to provide solutions and integrate systems for transacting business across the Internet.

The provision of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

FIXED DEPOSITS

The company has not accepted any deposit since incorporation and, as such, no amount of principal or interest was outstanding on the date of Balance Sheet.

DIRECTORS RESPONSIBILITY

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors have 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 the company at the end of the financial year 30th June 2005 and of the profit of your company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.