

13th Annual Report

2004 - 2005

ISL Consulting Limited

BOARD OF DIRECTORS	
C K KOTHARI	Director
HITESH C KOTHARI	Director
HASHMUKH M THAKKAR	Director
JAGADISH V THAKKAR	Director
REGISTERED OFFICE	
No.290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098.	
BANKERS	
ABN AMRO BANK ICICI BANK LTD. INDIAN OVERSEAS BANK.	
AUDITORS	
VENKATESH & CO., CHARTERED ACCOUNTANTS, CHENNAI.	
REGISTRAR & SHARE TRANSFER AGENTS	
CAMEO CORPORATE SERVICES LIMITED, No.1, "Subramaniam Building" Club House Road, Chennai 600 002.	

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on 30th day of September, 2005 at 11.30 A.M. at Flat No. 7M, "Aishwariya Apartments", No. 7, Vellala Street, Puraswalkum, Chennai 600 084 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March 2005, the Profit and Loss Account for the year ended as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. HITESH C KOTHARI, who retires by rotation and being eligible, offers himself for re-appointment as Director.
3. To appoint a Director in place of Mr. JAGADISH V THAKKAR, who retires by rotation and being eligible, offers himself for re-appointment as Director.
4. To appoint Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix his remuneration.
M/s VENKATESH & Co, Chartered Accountants, Chennai, retiring Auditor is eligible for reappointment.

SPECIAL BUSINESS

1. To consider and if thought fit to pass the following resolution with or without modification as a **SPECIAL RESOLUTION:**

RESOLVED THAT THE consent of the members be and is hereby accorded pursuant to all applicable provisions of the Companies Act, 1956 and subject to such other approvals if any, the remuneration paid to Mr. Hitesh C Kothari, Director of the Company for the extra services rendered during the financial year ended 31-03-2005 for an amount of Rs.96,000/= be and is hereby approved and adopted.

2. To consider and if thought fit to pass the following resolution with or without modification as a **SPECIAL RESOLUTION:**

RESOLVED THAT the consent of the members of the company be and is hereby accorded pursuant to all applicable provisions of the Companies Act, 1956 and subject to such other approvals if any, to approve and adopt the remuneration and perquisites paid/payable to Mr. C.K. Kothari, Director of the Company for the extra services rendered from the period 01st day of April, 2005 on the following terms and conditions:

Salary : Rs.20,000/= per month

Perquisites : As applicable to the employees of the company.

RESOLVED FURTHER THAT the aforesaid sum shall be paid/payable till such time the Company decides otherwise and the aforesaid sum be continued to be paid/payable to Mr. C. K. Kothari, Director notwithstanding the fact that the Company has inadequate profits/losses in any financial year(s) of the Company.

**BY ORDER OF THE BOARD
FOR ISL CONSULTING LIMITED**

Place: Chennai
Date: 25-08-2005

**C.K.KOTHARI
DIRECTOR**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member of the Company. Instrument of Proxies, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. A bio-data of the Directors proposed to be re-appointed at Serial No. 2 and Serial No.3 of the Ordinary Business are given below

Mr. JAGADISH V THAKKAR	V	Aged 34 years, dynamic businessman having experience in administration. He is holding the office of Directors in INNOVATION SOFTWARE EXPORTS LIMITED. Further he is also the member of the Committees (Audit, Remuneration and Share holders/ Investors Grievance) of Directors in the aforesaid Company.
Mr. HITESH KOTHARI	C	Aged 28 years, a young and dynamic businessman having experience in administration, marketing and export and having wide contact in business circles. He is holding the office of the Directorship of our Company as well as in M/S INNOVATION SOFTWARE EXPORTS LIMITED. Further he is also the member of the Committees (Remuneration and Share holders/ Investors Grievance) of Directors in the aforesaid Companies.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 29th day of September 2005 to 30th day of September 2005 (Both days inclusive).
4. Members/Proxy holders are requested to bring with them the following to the meeting:
 - (i) The attendance slip and hand it over at the entrance duly signed.
 - (ii) Their copies of the annual report.
5. Members desiring any information regarding accounts are requested to write to the Registered Office of the Company at an early date to enable the management to keep the information ready at the meeting.
6. As per provisions of Section 109A of the Companies Act, 1956 Member(s) who are holding Equity shares in the company may nominate a person on whom the Shares will vest in the event of death of the holder(s) in the prescribed manner. Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B to the Registered Office of the Company.
7. Equity shares of the company are in the Depository, set up by National Securities Depository Limited and Central Depositories Services (India) Limited. The shares of the Company are in the compulsory dematerialisation list specified by SEBI and are traded in the demat mode and the shareholders are requested to get their holding dematerialized as early possible, in their own interest.

**BY ORDER OF THE BOARD
FOR ISL CONSULTING LIMITED**

Place: Chennai
Date: 25-08-2005

**C.K.KOTHARI
DIRECTOR**

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

FOR ITEM NO.1 OF SPECIAL BUSINESS

During the financial year ended 31st March, 2005 the Board had paid a total sum of Rs.96,000/= for the extra services rendered by Mr. Hitesh C Kothari, Director of the Company for the benefit and welfare of the Company. The same requires the ratification and approval by the shareholders of the Company. and further for the financial year starting from 01st day of April, 2005 his remuneration be increased to Rs.15,000/= per month and the same requires ratification and approval by the shareholders.

Hence this resolution is placed before the members for their approval and adoption.

Except Mr. Hitesh C Kothari and Mr. CK Kothari none of the directors is interested/concerned in the resolution.

**BY ORDER OF THE BOARD
FOR ISL CONSULTING LIMITED**

Place: Chennai
Date: 25-08-2005

**C.K.KOTHARI
DIRECTOR**

DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

Your Directors have great pleasure in presenting their 13th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2005

FINANCIAL RESULTS:

Particulars	Rupees in lacs	
	Year ended 31-03-2005	Year ended 31-03-2004
Gross Profit/ (Loss) before Depreciation	(28.31)	10.66
Less: Depreciation	(1.81)	(1.65)
Profit / (Loss) for the year	(30.12)	8.97
Balance Brought forward	(150.06)	(159.40)
Provision for deferred tax	(0.44)	(0.63)
Balance Carried forward to Balance Sheet	(179.74)	(150.06)

BUSINESS OUTLOOK

Your Company could end the year with a loss of Rs.30.12 lacs when compared to last year profit of Rs.8.97 lacs. Your Directors are very hopeful to continue the performance of the company and post better results in the forth coming financial year and to add value to the shareholders. Further during the year under review, the Company had sold off its investments made in M/s Innovation Medi-Equip Limited, Chennai and realized the money.

DIVIDEND

In view of loss incurred by the company, your Directors do not recommend any dividend during the financial year 2004-2005.

DIRECTORS

Mr.HITESH C KOTHARI, and Mr. JAGADISH V THAKKAR retires by rotation, at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment as Directors.

A bio-data of the Directors proposed to be re-appointed at the ensuing Annual General Meeting is attached in the notice calling the meeting.

DEPOSITS

The Company has not accepted any deposits from the public

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable Accounting standards have been followed along with the proper explanation with respect the material departures if any;

- b) Appropriate accounting policies have been selected and applied consistently and have 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 and of the Profit/ (Loss) of the company for that period;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- d) The annual accounts have been prepared on a going concern basis:

AUDITORS AND AUDITOR'S REPORT

Members are hereby informed that M/s VENKATESH & Co, Chartered Accountants, Chennai have been appointed as Auditor of the Company to hold office till the conclusion of next Annual General Meeting. M/s.VENKATESH & Co, Chartered Accountants, have offered their services to act as Auditor and have also offered the Board their appointment , if considered would be within the prescribed limit under section 224(1B) of the Companies Act, 1956. The Board request the members to consider their appointment from the conclusion of the ensuing AGM till the conclusion of the subsequent AGM.

ADDENDUM - QUALIFICATIONS AND RESERVATIONS OF AUDITORS

1. The Company's policy of making investments in equity shares is one of the long term and hence the question of provision for diminution in the value for the said investments in each year does not arise.
2. Further the company had written to the said companies asking their balance sheet and profit and loss account and the Company is confident of getting the same.
3. The Company's policy is to provide the retirement benefits only at the time of retirement and the said policy is consistently followed in our Company's accounts and hence no provisions has been made.
4. The company is in the process of obtaining the confirmation of balances of debtors and creditors, loans and advances and bank accounts as required.
5. With respect to the shortage of cash balance of Rs.298863/- as on 31-03-2002 the same will be found out and steps will be taken accordingly.
6. The share certificates with regard to the investments were with the company only and is available now with the company.
7. Necessary steps have been initiated to update the fixed assets register and already physical verification of the assets have been done by the directors of the company after the balance sheet date.
8. Steps are currently taken by appointing an Intermediate qualified Chartered Accountant person for the head of Internal audit department.
9. Currently the Directors of the Company is looking after all operations of the company and hence the Board is of the opinion that the Internal control and Internal audit is commensurate with the size and operations of the company.

10. Since there are no employees, the company has not opted to register itself with the EPF and ESI authorities.
11. The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore, do not call for any further comments.

STATEMENT UNDER SECTION 217(2A)

Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956 (read with companies particulars of employees rules, 1975) regarding particulars of employees, are not applicable, since none of the employees are in receipt of remuneration in excess of the limit specified herein during the period under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy, technology absorption are not applicable to the Company.

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the listing agreement, a Management Discussion and Analysis Report is given as addition to this report

CORPORATE GOVERNANCE

Your Company has always striven to incorporate appropriate standard for good corporate governance. It has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under amended Listing Agreements of the Stock Exchanges with which the company is listed are complied with. A separate report on Corporate Governance is produced as a part of Annual Report. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges a report on Corporate Governance along with Auditors Certificate of its Compliance is included as part of the Annual Reports

ACKNOWLEDGEMENT

Your Directors wish to place on record their deed appreciation of the dedication and commitment of the employees to the growth of your Company during the year. Your Directors also express their sincere gratitude to the consultants, auditors and shareholders for their continuous patronage and co-operation.

**FOR AND ON BEHALF OF THE BOARD
ISL CONSULTING LIMITED**

Place: Chennai
Date: 25-08-2005

**C.K.KOTHARI
DIRECTOR**

'ANNEXURE – 'A'

TO THE 13th ANNUAL REPORT OF THE BOARD OF DIRECTORS OF M/S ISL CONSULTING LIMITED REPORT ON CORPORATE GOVERNANCE

1. Introduction

The Company is complying with the mandatory requirements of the code of Corporate Governance introduced by the SEBI and incorporated in Clause 49 of the Listing Agreement in all material respects.

2. Company's Philosophy on Code of Corporate Governance

The Basic philosophy of the company towards Corporate Governance is to protect and enhance the long-term value of all the stakeholders – shareholders, clients, creditors and employees. The Company is committed to achieve these objectives within regulatory framework through transparency in dealings.

3. Board of Directors

The Company is managed by Board of Director and it meets at regular intervals. Policy formulation, evaluation of performance and control functions vest with Board.

During the year ended 31st March, 2005, **Nine (09)** Board Meetings were held on 28-04-2004, 31-05-2004, 03-06-2004, 28-07-2004, 10-08-2004, 28-10-2004, 05-01-2005, 28-01-2005 and 31-03-2005.

The last Annual General meeting was held on **15th day of September, 2004.**

The Composition of Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorship / Committee memberships held by them are as follows -

Name(s) of Director(s)	Designation and Category	No. of Board Meetings in The Year		Attendance Last AGM	Number of outside Directorships (excludes Private and Foreign companies)	Number of Board Committee memberships Held in other companies
		Held	Attended			
C.K.KOTHARI	Director – INDEPENDENT	09	09	Yes	3	Nil
HITESH C. KOTHARI	Director – EXECUTIVE	09	09	Yes	2	Nil
JAGADISH V. THAKKAR	Director – INDEPENDENT	09	09	Yes	1	Nil
HASMUKH M. THAKKAR	Director INDEPENDENT	09	09	Yes	1	Nil

Further the Board of Directors would like to inform the members that none of the directors are disqualified to act as directors of this company or any other public company under Section 274(1)(g) and other applicable provisions of the Companies Act, 1956.

Information about the Directors proposed to be appointed/ re-appointed required to be furnished pursuant to Clause 49 of the listing agreement with the Stock Exchanges is forming part of the notice Of the 13th Annual General Meeting to the shareholders of the Company.

Committees of the Board

1. Audit Committee

Your company has an independent audit committee. The composition procedures, powers and role/functions of the audit committee constituted by the company comply with the requirements of Clause 49 of the Listing Agreement. The terms of reference of the Audit Committee included the following:

- Overseeing the company's financial reporting process and the disclosure of its financial information.
- Recommending appointment and removal of the external auditor, fixing of audit fees and approving payments for any other service.
- Reviewing with management the quarterly, half yearly and annual financial statement with primary focus on accounting policies and practices, compliance with accounting standards and stock exchange and legal requirements concerning financial statements.
- Reviewing adequacy of internal control systems in order to have the effective use and safeguard of resources and compliance with statutes polices and procedures and ensure compliance of internal control systems and reviewing the company's financial and risk management policies.
- Reviewing reports furnished by the Statutory Auditors and ensuring suitable follow up thereon.

Composition and Attendance

The Company has an Audit Committee of the Board consisting of THREE "Non-Executive Directors", who are also Independent Directors, and during the year under review the said committee was reconstituted by electing Mr. Hasmukh M Thakkar as the Chairman and by inducting Mr. CK Kothari as a member of the said committee and further their composition and attendance of the meeting held during the financial year are as under:

Name of Directors	Status	No. of Meetings held	No. of Meetings attended
HAS Mukh M. THAKKAR	Chairman	05	05
JAGADISH V. THAKKAR	Member	05	05
C K KOTHARI	Member	05	05

The quorum shall be either 2 members or one third of the members of the Audit Committee, whichever is higher and there shall be a minimum of two independent directors. Head of Finance and Representatives of Statutory Auditors are also invited to attend the meeting.

2. Remuneration Committee

The Committee has formed remuneration committee during the year under review with the following directors as members:

Name of Directors	Status	No.of Meetings held	No. of Meetings attended
JAGADISH V. THAKKAR	Chairman	02	02
HASMUKE M. THAKKAR	Member	02	02
C K KOTHARI	Member	02	02

And except Mr. Hitesh C Kothari, Director of the Company, for the extra services rendered for an amount of Rs.96,000/= during the year under ended 31st March, 2005 none of the directors of the company are being paid by the company and no sitting fees are also paid to them.

Mr. Hitesh C Kothari had been paid an total amount of Rs.96,000/= for the financial year ended 31st March, 2005 and his remuneration had been duly approved by the Remuneration committee of the Company.

Non-Executive Director

Non-Executive Directors of the Company are remunerated by way of sitting fees for the meetings of the Board/Committees of the Board attended by them, subject to the extent waived off.

None of the non-executive directors has pecuniary relationship with company, its promoters, management or its subsidiaries.

Share Transfer and Investor's Grievance Committee

Terms of Reference

The Committee oversees share transfers and monitor investors grievances such as complaints on transfer of shares, non-receipt of balance sheet, etc., and redress thereof, within the purview of the guidelines set out in the listing agreement.

Composition and Attendance

The Board of Directors constituted a Shareholders/Investors Grievance Committee consisting of the following Directors as members thereof -

Name of Directors	Status
HITESH C.KOTHARI	Chairman
JAGADISH V. THAKKAR	Member
HASMUKH M. THAKKAR	Member

Mr. HITESH C.KOTHARI is the Compliance Officer. The quorum for the Meeting shall be two.

No complaints of any material nature was noticed or received during the year under review.

GENERAL BODY MEETINGS:

The last three Annual General Meeting held as follows: -

Financial Year	AGM	Location	Date	Time
2001-2002	AGM	290, SIDCO Industrial Estate, Ambattur, Chennai 600 098	Sep.28, 2002	10.00 A.M
2002-2003	AGM	290, SIDCO Industrial Estate, Ambattur, Chennai 600 098	Sep. 30,2003	10.00 AM
2003-2004	AGM	290, SIDCO Industrial Estate, Ambattur, Chennai 600 098	Sep. 15, 2004	10.30 AM

At the 11th AGM held on 30-09-2003 one special resolutions was passed for delisting of the company's shares from M/s Madras Stock Exchange Limited, Chennai and M/s Ahemedabad Stock Exchange Limited, Ahemedabad.

Disclosures

Related Party Disclosure

During the year under review there were no materially significant related party transaction with its promoter, director and management that had a potential conflict with the interest of the Company at large except to the extent duly disclosed in the notes on accounts as enclosed along with this report.

Compliance by the Company

There have been no instances of non-compliance on any matter relating to the capital market during the last three years. The company's share continued to be on suspension and the company is taking all necessary steps to revoke the same and provide for trading.

Means of Communication

The Board of Directors takes of the Company takes on record the Un-audited financial results in the prescribed form within one of the close of the quarter and announces the results to the Stock Exchanges where the Company's shares were listed and the notice calling the Annual General Meeting are published in the news paper viz English Daily "Trinity Mirror" and also in Regional (Tamil) language in Makkal Kural and the results are also promptly forwarded to the stock exchanges where the Company's shares are listed. During the year under review no presentation were made to analyst.

Management Analysis and Discussion

Appended to this Report.

GENERAL SHAREHOLDER'S INFORMATION

1	AGM Date Time & Venue	30 day of September 2005 at 11.30 A.M at Flat No. 7M, "Aishwariya Apartments", No. 7, Vellala Street, Puraswalkum, Chennai 600 084
2	Financial Calendar (Tentative) <u>Financial reporting for the -</u> Quarter ending June 30, 2005 Quarter ending September 30, 2005 Quarter ending December 31, 2005 Quarter ending March,31, 2006	 By Fourth week of July, 2005 By Fourth week of October, 2005 By Fourth week of January 2006 By Fourth week of April, 2006
3	Dates of book closure	29 th September 2005 to 30 th September 2005 (Both days inclusive)
4.	Dividend Payment Date	N.A
5	The Equity Shares of Rs.10/- each are listed at -	Mumbai Stock Exchange Limited Stock Code: Demat ISIN NO: INE569B01014 Listing fee for the period 2003-2004 was yet to be paid to Ahmadabad Stock Exchange and for Mumbai and Madras stock exchanges listing fees was paid for the financial year 2002- 2003
7	Registered Office	Registered Office of the Company 290, SIDCO Industrial Estate, Ambattur, Chennai 600 098.

Stock Market data

- During the year under review, the Company's shares are not traded on Stock Exchanges.

Graphical representation of volume of Shares of during financial year 2004-2005: NOT APPLICABLE

Distribution of Share holding as on 31st March 2005

No. of shares	No. of Shareholders	No. of Shares	% to the Total
Upto - 500	9620	1345800	44.86
500 - 1000	145	195000	6.50
1001 - 2000	47	123700	4.12
2001 - 3000	15	52200	1.74
3001 - 4000	18	85800	2.86
4001 - 5000	15	104700	3.49
10000 & above	14	1092800	36.43
TOTAL ==>	9874	3000000	100

As on 31st March, 2005

No. of Shares in Physical form : 19,66,120

No. of shares in Dematerialised form : 10,33,880

Total NSDL position : 10,18,950

Total CDSL position : 14,930

CATEGORIES OF SHAREHOLDING/SHAREHOLDERS AS ON 31-03-2004 (Total Paid up capital of the Company is 30,00,000 equity shares of Rs.10/- each)

S.NO.	Category	No. of shares	Percentage of shareholding
1	<u>A. Promoter's Holding</u>		
	- Indian Promoters	374200	12.47
	- Foreign Promoters	Nil	Nil
2	Person Acting in Concert #	805600	26.85
	Sub Total (A)	1179800	39.32
	<u>B. NON PROMOTERS HOLDINGS</u>		
3	Institutional Investors	Nil	Nil
a	Mutual Funds & UTI	Nil	Nil
b	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institution Non Government Institutions)	Nil	Nil

c	Flls	Nil	Nil
	Sub Total (B)	Nil	Nil
	4 OTHERS		
a	Private Corporate Bodies	121750	4.06
b	Indian Public	1698450	56.62
c	NRI/OCB	0	0
d	Any Other - Please Specify	0	0
	Sub Total (C)	1820200	60.68
	GRAND TOTAL	3000000	100

Total Foreign shareholding (NRI) = NIL

Shareholders' Services

The Company as and when receives from the investors/shareholders for the conversion of their shares from physical mode to demat is usually confirmed within in a 15 days time after adhering to the formalities as required under the regulations and has no pending cases as at the end of the financial year. Totally nearly 34.46% of the equity shares of the Company are held in demat mode as on 31-03-2005. The company attend to its shareholders complaints/grievances and send to them corresponding letters/clarification letters and none of the shareholders letters received by the company have been unattended/unanswered.

Share Transfer System

The Company has full fledged Share transfer agents **M/s Cameo Corporate Services Limited, Chennai** and the entire share transfers, transmissions etc., and shareholders Grievances, corresponding have been handled by them.

Instruments

The Company has not issued GDRs'/ ADRs'/ Warrants / Convertible Instruments.

Address for Communication

ISL CONSULTING LIMITED

290, SIDCO Industrial Estate,
Ambattur, Chennai 600 098

Tel No. 044-26257414

Fax No: 044- 26258764

**For and on behalf of the Board
For ISL CONSULTING LIMITED**

CHAIRMAN

**CHENNAI
25-08-2005**

REPORT OF THE AUDITORS TO THE MEMBERS OF

ISL CONSULTING LIMITED

1. We have audited the attached Balance Sheet of ISL CONSULTING LTD as at 31st March 2005 and the Profit & Loss Account for the year ended on that date along with the Cash Flow statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government in terms of sub section (4A) section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, the Company has kept proper books of accounts as required by law, so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss account and the Cash Flow statement referred to in this report are in agreement with the books of account.
 - d. In our opinion, the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report comply with the accounting standards prescribed u/s 211(3c) of the Companies Act, 1956 except with regard to matters stated in para(5) below.
 - e. The company has not levied or collected any cess for the purpose of rehabilitation or revival or protection of assets of the Sick Industrial Companies on its annual turnover and has not paid to the credit of The Central Government the said levy as required u/s 441 A of the Companies Act as the same has not been notified by the Central Government.

- f. On the basis of written representations received from the Directors, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st march, 2005 from being appointed as a director in terms of clause (g) of sub - section (1) of section 274 of the Companies Act, 1956.

5 . We further report that:

- a) We are unable to comment on realisable value of Investment made in M/s Kothari Securities Limited, M/s Innovation Agro Products Ltd. and M/s Dhvani Commodities Broker (p) Ltd to the tune of Rs. 2250000/- Rs.815000/-and Rs 200000 respectively which the Company has classified as long term investment in the absence of the Balance sheet of the investee Company.
- b) No provision has been made for Retirement Liabilities.
- c) The Company has made advances of Rs 3901764/- for which no repayment stipulations are made and the realisability is not ascertainable.
- d) Confirmation of balances in respect of most of the Debtors, Creditors, Loans and Advances and certain Bank accounts are not available.
- e) The Share Certificates with regard to investments made by the company were not available on physical verification.
6. In our opinion, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to the matters specified in para (5) above and **subject to shortage of cash balance of Rs.298863/- as on 31.3.2002, give a true & fair view.**
- (I) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2005 and
- (ii) In so far as it relates to the Profit and Loss account of the Loss of the company for the year ended on that date.

CHENNAI
25.08.2005

**FOR VENKATESH&CO
CHARTERED ACCOUNTANTS**

**V.DASARATY
PARTNER
Members ship No.26336**

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us during the course of the audit, we report that,

1.
 - a) The company has maintained proper records showing full Particulars including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets of the company have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed in such verification.
 - (c) The Company has not disposed of fixed assets to the extent of affecting the company as a going concern.
2.
 - a) In respect of the securities held as stock in trade and investments the same have been physically verified at reasonable intervals by the Management.
 - b) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company has not disposed fixed assets to the extent of affecting the Company as a going concern
 - d) The company is maintaining proper records of inventory and no material discrepancies are noticed on such physical verification.
3.
 - a) The Company had taken interest free unsecured loan from parties covered in the register maintained under section 301 of the Act. In the previous year The amount outstanding at the year end was Rs.1199252/-
From one party only.
 - b) The Company has granted advances to parties covered in the register maintained under section 301 of the Act.
 - c) The Company has given interest free advances to parties for which the repayments have not been stipulated

4. In our opinion and according to the explanations given to us the internal control procedure of the Company needs to be streamlined commensurate with the size of the company and the nature of its business with regards to plant and machinery, equipment and other assets and with regard to the sale of securities. No instance of continuing failure to correct major weakness in internal control was noticed.
5. According to the information and explanations given to us there were transactions of sale of shares made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act 1956 which were made at market prices. The Company has maintained register u/s 301 of the Companies Act 1956.
6. The Company has not accepted any deposits from the public. Therefore the provisions of section 58 A and 58AA of the Companies Act 1956 and Rules framed there under are not applicable.
7. The Company has no Internal Audit system.
8. The Central Government has not prescribed for the Company maintenance of the Cost Records under clause (d) of subsection (1) of section 209 of the Act.
9.
 - a) According to the records of the company, no deductions have been made towards provident fund and other statutory dues
 - b) According to the records of the Company and according to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Sales tax, Excise duty and Cess which have not been deposited on account of dispute.
10. The accumulated losses of the Company is more than 50% of its Net worth and it has incurred cash loss of Rs.2830880 during the Financial Year but has not made cash loss during the immediately preceding Financial Year.
11. The company has not taken term loans from any financial institutions bank or issued Debentures. Hence the question of default in repayment of dues does not arise.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is dealing in shares and proper records have been maintained for the transactions. We are informed that the investments are held in the name of the Company.

14. The company has not given guarantee for loans taken by others from Bank or financial institution.
15. The company has not obtained term loans during the year.
16. As per the records of the company no funds were raised on short term basis and used for long term investment and vice versa
17. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act 1956.
18. The company has not issued any debentures and hence creation of Securities in respect of debentures does not arise.
19. The company has not raised money by way of public issue of shares.
20. According to information and explanations furnished to us no fraud on or by the company has been noticed or reported during the year other than the shortage of cash of Rs.298863/- reported as on 31.3.2002.
21. The nature of the business of the company is such that the clauses XIII, of paragraph 4 of the Companies Act (Auditors Report) Order 2003 are not applicable

CHENNAI
25.08.2005

**FOR VENKATESH & CO
CHARTERED ACCOUNTANTS**

**V.DASARATY
PARTNER
Member Ship no 26336**

BALANCE SHEET AS AT 31st MARCH 2005

	SCH.	31.03.2005	31.03.2004
SOURCE OF FUNDS			
		Rs	Rs
Share Holders Fund			
Share Capital	1	30000000	30000000
Loans Funds			
Unsecured Loans	2	1199252	1502252
Deferred Tax Liability	3	476459	520798
		31675711	32023050
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	4378123	4378123
Less: Depreciation		3886778	3705568
Net Block		491345	672555
Investments			
At Cost	5	6922000	11371500
Current Assets Loans & Advances			
Inventory	6	727567	1632085
Sundry Debtors	7	1002747	1614115
Cash & Bank	8	1205013	505639
Loans & Advances	9	3916764	1786600
		6852091	5538439
Less: Current Liabilities & Provisions	10	564415	566382
Net Current Assets		6287676	4972057
Profit & Loss Account Dr. Balance		17974690	15006938
		31675711	32023050
Notes on Accounts & Significant Accounting Policies	13		

For ISL Consulting Limited**HITESH KOTHARI**
DIRECTOR.**C.K.KOTHARI**
DIRECTORPlace : Chennai
Date : 25.08.2005As per report of even date
For Venkatesh & Co.
Chartered Accountants**V.DASARATY**
PARTNER.
MEMBERSHIP NO 26336

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2005

INCOME	Sch	31.03.2005	31.03.2004
		Rs	Rs
SALE		4042820	282756254
OTHER INCOME	11	5558	51950
CLOSING STOCK		727567	1632085
		4775945	284440289
EXPENDITURE			
OPENING STOCK		1632085	299320
PURCHASE OF SHARES		5632385	282591572
ADMINISTRATIVE & OTHER EXPENSES	12	342355	487779
DEPRECIATION		181211	164648
		7788036	283543319
PROFIT/LOSS AFTER TAX		-3012091	896970
BALANCE BROUGHT FORWARD		-15006938	-15939775
PROVISION FOR DEFERRED TAX		44339	35867
BALANCE CARRIED FORWARD		-17974690	-15006938
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES	13		
EARNING PER SHARE		-1.004	-0.298
NUMBER OF SHARES		3000000	3000000

For ISL Consulting Limited

HITESH KOTHARI
DIRECTOR.

C.K.KOTHARI
DIRECTOR

As per report of even date
For Venkatesh & Co.
Chartered Accountants

V.DASARATY
PARTNER.
MEMBERSHIP NO 26336

Place : Chennai
Date : 25.08.2005

Schedules attached to and forming part of the Balance Sheet

	31.03.2005	31.03.2004
	Rs	Rs
1.Share Capital		
Authorised Capital		
3000000 Equity Shares of Rs.10/- each	30000000	30000000
Issued Subscribed & Paid Up		
Issued ,Subscribed & Paid Up		
3000000 Equity shares of Rs.10/- each	30000000	30000000
2.Unsecured loans		
Innovation Software Exports Ltd	1199252	1419422
Innovation Medi Equip Ltd		82830
	1199252	1502252
3.Deferred tax liability	476459	520798
5, INVESTMENTS		
(at cost or market price which ever is low)		
QUOTED		
404500 shares of Innovation Medi Equip Ltd at the rate of Rs.11/- each fully paid (face value Rs.10/- each fully paid) (Market value as on 31.3.2004 Rs.4/- per share)	--	4449500
265700 shares of Innovation Software Exports Ltd at the rate of Rs.10/- each fully paid (Market value as on 31.3.2004 Rs.1.89/- per share)	2657000	2657000
UNQUOTED		
25000 shares of Indo Tech transformers Ltd at the rate of Rs.40/- each fully paid (Face value Rs.10/- each)	1000000	1000000
81500 shares of Innovation Agro Products Ltd at the rate of Rs.10/- each fully paid Face value Rs.10/- each)	815000	815000
225000 shares of Kothari securities Ltd at the rate of Rs.10/- each fully paid Face value Rs.10/- each)	2250000	2250000
20000 shares of Dhvani Commodities Broker P Ltd at the rate of Rs.10/- each fully paid Face value Rs.10/- each)	200000	200000
	6922000	11371500

6 INVENTORIES

(Cost or Market price which ever is low)

As per Annexure

727567	1632085
---------------	----------------

7.Sundry Debtors

Unsecured considered good

Debts outstanding for less than 6 months

6839 725638

More than 6 months.

888478 898477

1002747	1624115
----------------	----------------

Less : Provision for Bad and Doubtful debts

10000

1002747	1614115
----------------	----------------

8.Cash & Bank Balances

Cash on hand (Last year Shortage)

298863 298863

Cash on hand

882212 180670

Balances - with Scheduled Banks in Current account

ABN Amro Bank

2239 2239

City Union Bank Ltd

3031 3031

HDFC Bank

2410 4865

ICICI Bank

1132 1132

ICICI Bank Refund account

3916 3917

Indian Overseas Bank

3366 3078

Union Bank of India

4757 4757

Punjab National Bank

3087 3087

1205013	505639
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9.Advances For which Value to be received in Cash or Kind

Hitesh Kothari

24000 --

L.T.C. Margin Deposit

15000 15000

Sunjesh Ram Raja

1771600 1771600

C.K.Kothari

276164 --

Dhruv Makhan(India) Ltd

1830000 --

3916764	1786600
----------------	----------------

10.Current Liabilities & Provisions**Sundry Creditors:**

Total Outstanding Dues of SSI's

0

Total Outstanding Dues of Creditors Other than SSI's

90520 92487

Share Application money due

473895 473895

PROVISIONS

Provision for Expenses

564415	566382
---------------	---------------

31-03-2005 31-03-2004

Rs

Rs

11. OTHER INCOME:

Interest Received

Dividend

Refund of service charges

--

51950

5558

--

5558

51950

12. ADMINISTRATIVE & OTHER EXPENSES

Personnel Expenses

216000

240824

Brokerage on sale of assets

50000

100000

Rates & Taxes

--

1600

Bank Charges

350

2553

Communication Exp

--

3439

Printing & Stationery Account

--

4230

Professional & Consultancy Charges

10800

10800

Repair & Maintenance

--

3506

Audit Fees

23620

21600

Travel & Conveyance

--

11595

Listing Fees & Registrar Charges

22600

17250

Miscellaneous Expenses

--

7220

postage & Telegrams

--

669

Loss on sale of assets

--

41143

CDSL & Demat service charges

11785

6852

Provision for Bad & Doubtful Debts

--

10000

Other office Expenses

7200

4498

342355

487779

Depreciation under Income Tax Act 31.03.2005

Sl.No.	Particulars	Depreciation Rate	W.D.V. 01.04.04	Additions During the Year >180 days	<180days	Deletion	Total	Depreciation For the Year	WDV 31.03.05
1	<u>BLOCK I</u> Furniture & Fixtures	15%	69755	0	0	0	69755	12310	57 445
2	<u>BLOCK II</u> Vehicle	20%	44807	0	0	0	44807	8961	35846
3	<u>BLOCK III</u> Plant & Machinery & Office Equipment	25%	6807	0	0	0	6807	1702	5105
4	<u>BLOCK IV</u> Computers	60%	44193	0	0	0	44193	26516	17677
			165562	0			165562	49489	116073

13. Notes on Accounts & Significant Accounting Policies

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation :

Accounts have been prepared in accordance with the standards approved by the ICAI and relevant provisions of the Companies Act 1956.

2. Revenue Recognition:

A sale is recognized when the security is sold and delivery effected. Dividend income is recognized as and when declared and made unconditionally available.

3. Depreciation:

Depreciation is provided on the Straight Line Method and at the rates as specified in Schedule XIV of the Companies Act 1956, pro-rata on the number of the days the assets is put to use.

4. Fixed Assets:

Fixed Assets have been stated at cost less depreciation.

5. Investments:

Investments considered as Long Term Investments and are stated at cost. Investments considered under current investments (classified as inventory) is stated at cost or market price whichever is lower.

B. Other Notes

1. Due to the nature of the industry, the quantitative details like Licensed, Installed Capacity, Production and Quantitative details of Purchases and Sales are not applicable.

	2005	2004
2. Expenditure in Foreign Exchange	NIL	NIL
3. Earnings in Foreign Exchange	NIL	NIL
4. Remuneration to Auditors (including Service Tax)		
For Audit	Rs.22000	Rs.21600

5. In respect of Amounts due from a broker M/S R.G. Nagesh & Co. the company has preferred a complaint with SEBI & the Madras Stock Exchange limited, pending the outcome of which the amount is considered recoverable.
6. The amount due from a company in which a director is interested is nil (Pr. Yr. Nil). The maximum amount due from a company in which a director is interested during the year nil (Pr.yr.Nil)
7. Amount due to SSI/Ancillary Units is nil (Previous Year Nil). Amount due to SSI/Ancillary Units exceeding Rs.1 lakh outstanding for more than 30 days, as at the year end is NIL.

8. Related Party Disclosure:

Name of Party	Nature of Transaction	Relationship	Amount	Outstanding
1 Innovation Software Exports Ltd	Loan Taken	Common Director		1199252/-Cr.
2 C K Kothari	Sale of shares	Director	1837900	276164 Dr
3 Hitesh Kothari	Advance taken	Director	24000	24000 Dr

9. Deferred Tax:

Deferred Tax Liability on Opening differences of Fixed Assets Block provided during the previous year has been carried forwarded. The difference in current depreciation as per book and I.T rules has been accounted under Deferred Tax Assets.

PARTICULARS	Opening DTL/ (DTA)	Current Year Charge/ (Credit)	Closing DTL/ (DTA)
Deferred Tax Liabilities Difference between Tax & Book 'Block of Assets'	Rs.520798	nil	Rs. 520798
Deferred Tax Assets		<u>(44339)</u>	
Deferred Tax Liability	<u>Rs.520798</u>		<u>Rs. 476459</u>

10. Previous year figures have been regrouped to confirm with the layout of the accounts of the current year.

For ISL Consulting Limited

**As per our report of even date
For Venkatesh & Co.,
Chartered Accountants**

DIRECTOR DIRECTOR

**V. DASARATY
PARTNER**

Membership No:26336

Date:- 25/08/2005
Place: Chennai

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

I Registration Details

Registration No.18-22948/1992 State Code 18
Balance Sheet Date 31-03-2005

II Capital raised during the year (Amount in Rs.Thousands)

Public Issue NIL
Right Issue NIL
Bonus Issue NIL
Private Placement NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities 31676 Total Assets 31676

Sources of Funds

Paid up Capital 30000
Reserves & Surplus 0
Secured Loans 0
Unsecured Loans 1199
Deferred Tax liability 476

Application of Funds

Net Fixed Assets 491
Investments 6922
Net Current Assets 6288
Accumulated Losses 17975

IV Performance of Company

Turnover(Total Income) 4043 Total Expenditure 7788
Profit/Loss before Tax -3012 Profit/Loss after Tax -3012

(Please tick appropriate box + for profit - for loss)

Earning per share -1.004 Dividend % Nil

V Generic Names of Three Principal Products / Services of Company

(as per monetary terms)

Item Code NA
Product Description SHARE TRADING
Item Code NA
Product Description INVESTMENTS

For ISL CONSULTING Limited

Place: Chennai
Date: 25.08.2005

HITESH C.KOTHARI
DIRECTOR

C.K. KOTHARI
DIRECTOR

	Rs. In '000s	
	2004-05	2003-04
Cash flow from operating activities		
Net profit before tax	-3012	897
Adjustment for Depreciation	181	165
Loss on Sale of Asset		41
Operating Profit before Working Capital changes	-2831	1103
ADJUSTMENT FOR INCREASE / DECREASE		
Inventory	904	-1332
Loans and Advances	-2130	-1772
Sundry Debtors	612	-178
Current Liabilities	-2	-147
Net cash flow from operations	-3447	-2326
Cash flow from investing activities		
Increase / Decrease in Fixed Assets		1363
Increase / Decrease in Investments	4449	-200
Cash flow from financing activities		
Increase / Decrease in Long term Loans	-303	1351
Net increase in cash & cash equivalents	699	188
Cash & cash equivalents in the beginning of the period	506	318
Cash & cash equivalents at end of the period	1205	506

AUDITORS' CERTIFICATE

We have examined the attached Cash flow Statement of ISL Consulting Limited for the year ended 31st March 2005. The statement has been prepared by the company and is based in accordance with the requirements of clause 32 of the listing agreements(s) on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of company covered by our report of 25th August 2005 to the member of the Company.

For Venkatesh & Co.
Chartered Accountants

Place : Chennai
Date : 25.08.2005

V.DASARATHY
PARTNER
Membership No: 26336

Registered office at 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098.

Client ID :
DP ID :
Folio No. :
No. of Shares :

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

NAME OF THE ATTENDING MEMBER / PROXY (IN BLOCK LETTER) :

I hereby record my presence at the 13th Annual General Meeting held at 11.30 AM on the 30th September, 2005 at Flat No.7M, "Aishwarya Apartments", No.7, Vellala Street, Purasawalkum, Chennai - 600 084.

SIGNATURE OF THE MEMBER OR PROXY

-----CUT HERE-----

ISL CONSULTING LIMITED

Registered office at 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098.

Client ID :
DP ID :
Folio No. :
No. of Shares :

PROXY FORM

I/We _____ of _____ in the district of _____ being member(s) of the above named company hereby appoint _____ of _____ in the district of _____ or failing him / her _____ of _____ in the district of _____ as my / our proxy to vote for me / us on my / our behalf at the 12th Annual General Meeting of the Company to be held on the 30th day of September, 2005 and at every adjournment thereof.

Signed this _____ day of _____ 2005.

Affix Re.1.00 Revenue stamp

NOTE : The proxy form, to be valid, should be deposited at the Registered Office of the Company at 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098 not less than 48 hours before the meeting.

If undelivered please return to

ISL CONSULTING LIMITED
No.290, SIDCO Industrial Estate,
Ambattur, Chennai - 600 098.