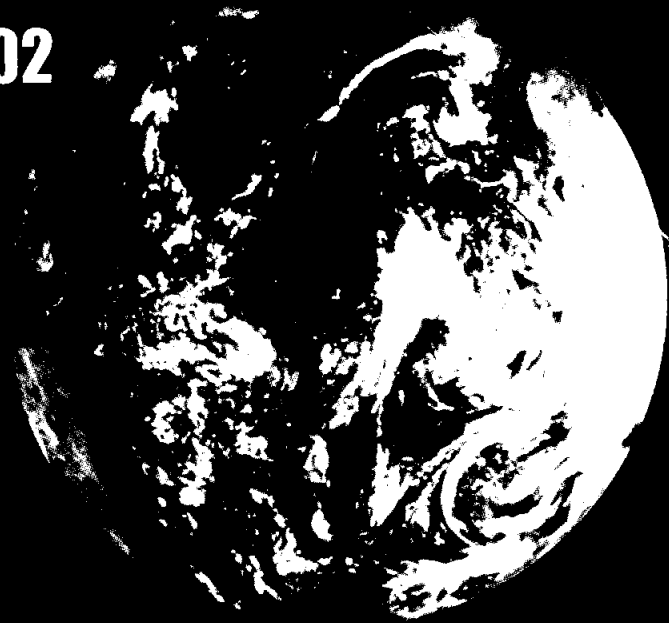


7th ANNUAL REPORT 2001-2002



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BSEL
BSEL INFORMATION SYSTEMS LIMITED

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BSEL INFORMATION SYSTEMS LIMITED

BOARD OF DIRECTORS

Mr. Kirit R. Kanakiya Whole-Time Director
Mr. Gurmeet S. Rehel Executive Director (Projects)
Mr. Srikrishna Bamidipatti
Mr. Hitesh D. Vora
Mrs. Alpa A. Hakani

COMPANY SECRETARY

Vinod G. Bapna

REGISTERED OFFICE

Hilton Centre, 1st Floor,
Plot No 66, Sector 11,
CBD Belapur,
Navi Mumbai 400 614

BANKERS

UTI Bank Limited
Punjab National Bank
Union Bank of India
Standard Chartered Bank

AUDITORS

M/S Raju and Prasad
Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

Sharex (India) Pvt. Ltd.
17-B, Dena Bank Building,
2nd floor, Horniman Circle, Fort,
Mumbai-400 001

7th Annual Report 2001-2002**NOTICE**

Notice is hereby given that the Seventh Annual General meeting of the Member of **BSEL INFORMATION SYSTEMS LIMITED** will be held on Friday, the 23rd August 2002 at 12.30 P.M. at Hilton Center, Plot No.66, Sector No.11, CBD Belapur, Navi Mumbai-400614 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri Hitesh Vora, who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and fix their remuneration.

Special Business:

4. **To Consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT in accordance with the provision of Section 260 read with Article 133 of the Articles of Association of the Company, Mr. Gurmeet Singh Rehel in respect of whom a notice Under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

5. **To Consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT in accordance with the provision of Section 260 read with Article 133 of the Articles of Association of the Company, Mrs. Alpa A. Hakani, in respect of whom a notice Under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT, subject to the provisions under sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, from time being in force), read with Schedule XIII thereof & Subject to the approval of the Shareholders at the ensuing Annual General Meeting, Shri. Kirit R. Kanakiya, be & is hereby appointed as Director (Whole-Time), for period of Five year commencing from 05th March 2002 to 04th March 2007 at a remuneration including all perquisites as stated below & a draft whereof is placed before this meeting be and is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification of re-enactment thereof from time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government or as may be agreed to the Board of Directors and Shri. Kirit R. Kanakiya ".

The remuneration is payable to him by way of salary, perquisites and commission as detailed below.

- a) Salary : Rs. 30,000/-p.m.
- b) Perquisites :

CATEGORY A:

1. Housing Rent Free Accommodation or House rent Allowance Rs. 5000/-p.m.
2. Medical reimbursement for self and family as per the rules of the Company, value not exceeding one-month's salary.
3. Leave Travel Assistance, as per the rules of the Company, value not exceeding one-month's salary.

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4. Personal Accident Insurance: Rs.6000/-p.a.

CATEGORY B:

Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. The Company shall bill personal long distance calls on telephone and use of car for private purpose.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase/decrease the remuneration including salary, commission, perquisites, allowances, benefits etc. within such prescribed limits/ceiling and the aforesaid draft agreement between the Company and Shri. Kirit R. Kanakiya be suitably amended to give effect to such modification, relaxation or variations without any further reference to the Company in General Meeting"

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

"RESOLVED THAT, subject to the provisions under sections 198,269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, from time being in force), read with Schedule XIII thereof & Subject to the approval of the Shareholders at the ensuing Annual General Meeting, Shri. Gurmeet S. Rehel be & is hereby appointed as Executive Director (Projects), for a period of one year commencing from 17th June 2002 to 16th June 2003 at a remuneration including all perquisites not exceeding Rs.20,000/- p. m & a draft whereof is placed before this meeting be and is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification of re-enactment thereof from time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government or as may be agreed to the Board of Directors and Shri. Gurmeet S. Rehel".

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase/decrease the remuneration including salary, commission, perquisites, allowances, benefits etc. within such prescribed limits/ceiling and the aforesaid draft agreement between the Company and Shri. Gurmeet S. Rehel be suitably amended to give effect to such modification, relaxation or variations without any further reference to the Company in General Meeting"

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

"RESOLVED THAT pursuant to section 31 read with section 192 A of the companies Act, 1956 the following regulation be inserted as "Article 111 providing for passing of resolution by Postal Ballot:

111. Notwithstanding anything contained in the Articles of Association of the company, the Company do adopt the mode of passing a resolution by the members of the company by means of a postal ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of prescribed matters declared from time to time instead of transacting such business in a general meeting of the company as under:

- (i) Any business that can be transacted by the company in a general meeting; and
- (ii) Particularly resolutions relating to such business as the Central Government may by notification declare to be conducted only by postal ballot.

The company shall comply with the procedure for such postal ballot and /or other ways prescribed by the Central Government in this regard."

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

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2. The Explanatory statement pursuant to sections 173 (2) of the Companies Act 1956 in respect of Item No: 4 to 8 of the Notice are annexed.
3. The Register of Members & share transfer books of the Company will remain close from Monday, 19th August 2002 to Friday, the 23rd August 2002 (both the days Inclusive) for the purpose of the Annual General Meeting of the Company.
4. The members are requested to notify the address of the Company's Registrar and Transfer Agents i.e. Sharex (India) Pvt. Ltd. at 17/B Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai- 400 001
5. The Memorandum and Articles of Association of the company as mentioned in the proposed resolution at item No. 8 is open for inspection at the Registered office of the company between during normal working hours from Monday to Friday.

By Order of the Board.
For BSEL Information Systems Ltd.

Place: Navi Mumbai
Date: 17-7-2002

Sd/-
Kirit R. Kanakiya
 Whole-time Director

Registered office:
 Hilton Center, 1st Floor
 Plot No.66, Sector No.11,
 CBD Belapur, Navi Mumbai-400614

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 4**

At the meeting of the Board of Directors of the Company held on 17.06.2002 Mr. Gurmeet S. Rehel was appointed as an Additional Director. Pursuant to Section 260 of the Companies Act, 1956 read with Articles 133 of the Articles of Association of the Company, Mr. Gurmeet S. Rehel holds office up to the date of the forthcoming Annual General Meeting. A notice in writing has been received from a shareholder of the company, pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Gurmeet S. Rehel as candidate for the office of Director along with a deposit of Rs.500/- which shall be refunded to him if Mr. Gurmeet S. Rehel is elected as Director.

None of the Director, except Mr. Gurmeet S. Rehel is concerned or interested in the resolution.

Item No. 5

At the meeting of the Board of Directors of the Company held on 17.06.2002 Mrs. Alpa A. Hakani, was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Articles 133 of the Articles of Association of the Company, Mrs. Alpa A. Hakani holds office upto the date of the forthcoming Annual General Meeting. A notice in writing has been received from a shareholder of the Company, pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mrs. Alpa A. Hakani as candidate for the office of Director along with a deposit of Rs.500/- which shall be refunded to her if Mrs. Alpa A. Hakani is elected as Director.

None of the Director, except Mrs. Alpa A. Hakani is concerned or interested in the resolution.

Item No. 6

Your Directors informed that at the meeting of the Board of Directors held on 05.03.2002, Shri. Kirit R. Kanakiya is appointed as Whole- Time Director pursuant to Section 269 of the Companies Act, 1956 read with Article 151 of the Article of Association of the Company, for a period of Five years commencing from 05.03.2002 at a remuneration

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including all perquisites not exceeding Rs. 35,000/- p. m., Shri. Kirit R. Kanakiya holds office only up to the date of the forthcoming General Meeting. Hence the Board recommends this resolution for the approval of the shareholders. None of the Directors, except Shri. Kirit R. Kanakiya is concerned or interested in the resolution and this may also be treated as the required notice of abstract as required under section 302 of the Companies Act, 1956.

The Draft Agreement between the Company & the appointee(s) is available for inspection by the members at its registered Office during normal working hours on any working day of the Company.

Item No. 7

Your Directors informed that at the meeting of the Board of Directors held on 17.06.2002, Shri. Gurmeet S. Rehel is appointed as Executive Director (Projects) pursuant to Section 269 of the Companies Act, 1956 read with Article 151 of the Article of Association of the Company, for a period of one year commencing from 17.06.2002 at a remuneration including all perquisites not exceeding Rs.20,000/- p. m., Shri. Gurmeet S. Rehel holds office only up to the date of the forthcoming General Meeting. Hence the Board recommends this resolution for the approval of the shareholders. None of the Directors, except Shri. Gurmeet S. Rehel is concerned or interested in the resolution and this may also be treated as the required notice of abstract as required under section 302 of the Companies Act, 1956.

The Draft Agreement between the Company & the appointee(s) is available for inspection by the members at its registered Office during normal working hours on any working day of the Company.

Item No. 8

The passing of resolution by postal ballot is a new method of obtaining consent of members of the companies. This has not been provided in the Articles of Association of the Company. Since section 192 A read with companies (passing of resolution by postal ballot) Rules, 2001 require passing certain items of business by means of postal ballot, it is necessary to make provision in the Articles of Association of the company by inserting Clause No. 111.

As per section 31 of the companies Act, 1956, any alteration of the Articles of Association of a company required special resolution. The directors commend this resolution for your approval.

None of the Directors are concerned or interested in the resolution.

By Order of the Board.
For BSEL Information Systems Ltd.

Place: Navi Mumbai

Date: 17-7-2002

Sd/-

Kirit R. Kanakiya

Whole-time Director

Registered office:

Hilton Center, 1st Floor

Plot No.66, Sector No.11,

CBD Belapur, Navi Mumbai-400614.

7th Annual Report 2001-2002**DIRECTORS REPORT**

To the Members,

Your Directors have pleasure in presenting the Seventh Annual Report together with the audited accounts for the year ended March 31, 2002.

1. FINANCIAL RESULTS

During the year under review the company's performance in a summarized form is provided below.

	For the year ended 31st March, 2002 (Rupees)	For the year ended 31st March, 2001 (Rupees)
Profit before Depreciation and Tax	1,82,52,805	13,19,09,366
Depreciation	1,79,92,582	1,77,42,031
Profit for the year (Before Tax)	2,60,223	11,41,67,335
Less: Provision for Tax including Dividend tax	NIL	16,02,950
Profit after tax	2,60,223	11,25,64,385

2. COMPANY'S BUSINESS GROWTH AND PROSPECTS

During the year under review the financial results of your Company has shown a downward trend due to heavy competition in the market, sluggishness in the US Market more particularly due to the incident of 11th September 2001, when the plane crashed into the World Trade Centre (WTC) & consequent fear in the market. The Company expects to improve this year. Now the Company has started the Construction at its site located at Plot No. 39/5A, Sector 30 A, International Infotech Park, Vashi, Navi Mumbai-400 705.

The company has been sanctioned Term Loan of Rupees 6.20 Crores by Export - Import Bank of India (EXIM BANK) for part financing the cost of setting up of software development centers at Belapur & Pune, Maharashtra. The work of Development Centre at Belapur is already completed. Meanwhile the company has already pre-paid the entire Term Loan.

3. DIVIDEND

In view of inadequacy of profits for the year under review, your directors regret their inability to recommend payment of any dividend for the year ended 31st March 2002.

4. DEPOSITS

The Company did not accept any deposits from the public during the year under review.

5. PERSONNEL

None of the employees of the Company come under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

6. DIRECTORS

Mr. Kartik D. Sheth was appointed as an additional Director of the Company with effect from 11th January 2002 & pursuant to Article 133 of the Articles of Association of the company & also Managing Director w.e.f. 11th January 2002. Meanwhile on 5th March 2002 he resigned as a Managing Director. The company has received a letter stating his inability to continue as a director and consequently he do not seek reappointment at the ensuing annual general meeting of the company.

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Mr. Gaurang R. Sanghavi was appointed as an additional Director of the Company with effect from 11th January 2002 pursuant to Article 133 of the Articles of Association of the company. In accordance with Section 260 of the Companies Act, 1956 he retires at the conclusion of the Annual General Meeting. The company has received a letter stating his inability to continue as a director and consequently he do not seek reappointment at the ensuing annual general meeting of the company.

Mr. Gurmeet S. Rehel was appointed as an additional Director of the Company with effect from 17th June 2002 Pursuant to Article 133 of the Articles of Association of the company. In accordance with Section 260 of the Companies Act, 1956 he retires at the conclusion of the Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, along with the requisite deposit proposing Mr. Gurmeet S. Rehel as a candidate for the office of Director of the company. Your Director recommends this appointment as a Director vide resolution No. 4 of the notice of Seventh Annual General Meeting. He is also appointed as an Executive Director (Projects).

Mrs. Alpa K. Hakani was appointed as an additional Director of the Company with effect from 17th June 2002 Pursuant to Article 133 of the Articles of Association of the company. In accordance with Section 260 of the Companies Act, 1956 She retires at the conclusion of the Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, along with the requisite deposit proposing Mrs. Alpa K. Hakani as a candidate for the office of Director of the company. Your Director recommends this appointment as a Director vide resolution No. 5 of the notice of Seventh Annual General Meeting.

Shri. Hitesh D. Vora was appointed as a whole-time Director w.e.f. 11th January 2002 but he resigned as whole time Director on 5th March 2002 & continues to act as a Director. He retires by rotation & being eligible offer himself for re-appointment.

Shri Kirit R. Kanakiya, who was appointed as Managing Director on 1st April 1998, resigned on 11th January 2002 as Managing Director & continued as Director. On 5th March 2002 at the request of the other Directors Shri. Kirit R. Kanakiya was again appointed as a Whole- Time director of the Company for a period of 5 years.

Shri. Paresh C. Joshi & Shri. Jayant M. Thakur has resigned as a Director from the Board of Directors of the Company.

7. AUDITORS

M/s. Raju & Prasad, Chartered Accountants retire at the conclusion of the Annual General Meeting. They have indicated their willingness to continue as Auditors if re-appointed. The Company has received a certificate from them to the effect that their appointment, if made, will be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Members are requested to appoint Auditors and fix their remuneration.

8. DEPOSITORY SYSTEMS

Your Company has entered into an arrangement with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of your Company's Securities in accordance with the provisions of the Depositories Act 1996, which are now fully operational and members may avail of such facilities. With this, the Members have the option /discretion to hold their Demat shares in the Company through the National Securities Depository Limited or the Central Depository Services (India) Limited.

9. LISTING OF SECURITIES

The Equity shares of the Company numbering 2, 03, 00,000 are listed at Mumbai Stock Exchange and National Stock Exchange (India) Limited. The annual listing fees for the year 2002-2003 is paid to both the Exchanges by the Company.

10. CORPORATE GOVERNANCE

The Companies Act, 1956 & the listing agreement with the Stock Exchanges require the compliance with specified corporate governance practices. These practices have been fully implemented & a certificate from the auditors of the company as well as a detailed report on corporate governance, approved by the Board of Directors of

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the Company is set out in the Annexure to the Directors Report.

A Management discussion and Analysis Report also accompanies this report of the directors.

11. DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) your Directors' confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors had 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 as on 31st March 2002 and of the profit or loss of the Company for the year ended 31st March, 2002.
- (iii) The Directors have taken proper and sufficient care 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.
- (iv) The Directors have prepared the annual accounts on a "going concern basis".

12. CONSOLIDATED FINANCIAL STATEMENT

The company has wholly owned subsidiary in US and the accounts of the same are consolidated with the financial statement of the company

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO under section 217(1) (e) of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.**a) CONSERVATION OF ENERGY:**

The Company's operations involve low energy consumption. There are no major areas where any energy conservation measures can be taken. However, efforts are being made to conserve and optimize the use of energy in regular operations.

b) TECHNOLOGY ABSORPTION

Company has started operating Research and Development department in a small scale. The focus of Research & Development is now on Software Infrastructure technology and any other related technology.

c) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company has incurred expenses in foreign currency worth Rs.1180.15 Lacs. The Foreign Exchange earned during the year is Rs.1506.26 Lacs on cash basis and Rs.427.09 Lacs on accrual basis.

14. ACKNOWLEDGMENTS

Your Directors wish to place on record its appreciation of the employees, Banks, Merchant Bankers, Financial Institution, EXIM Bank, Stock Exchange authorities, SEBI for their able guidance and support. Your directors thank all your customers for the confidence they have reposed in your company.

For & on behalf of the Board

Place: Navi Mumbai
Date: 17th June 2002

Kirit R. Kanakiya
Whole-time Director.