

# Creating memorable footprints on the infrastructure landscape

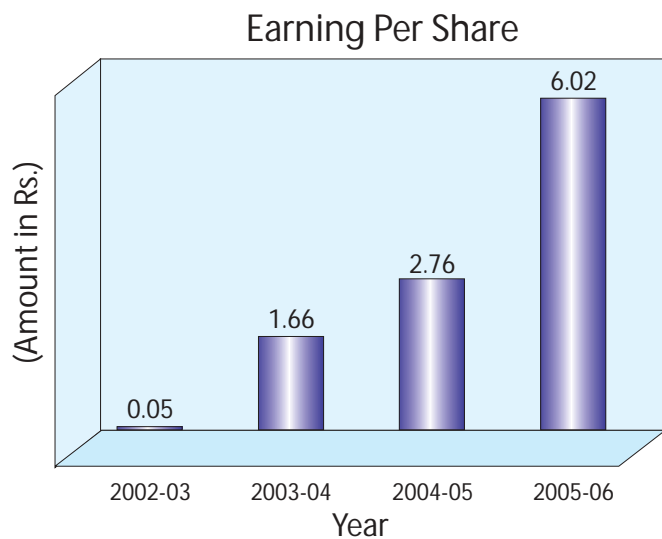
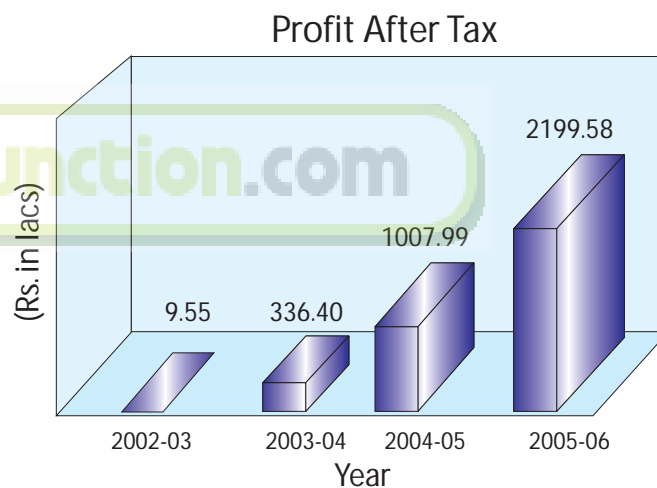
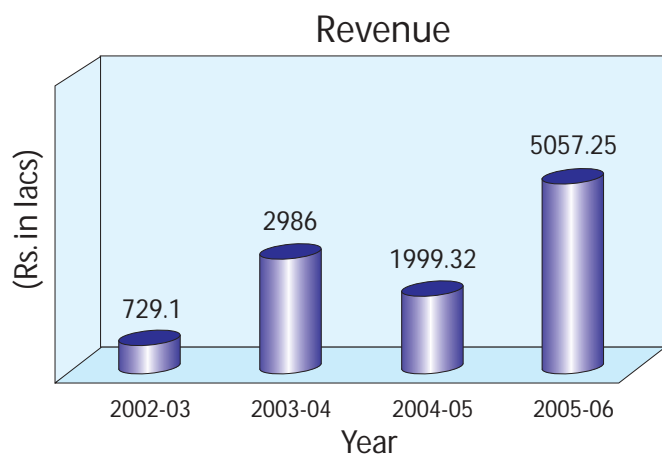


BSEL Infrastructure Realty Limited

11<sup>th</sup> ANNUAL REPORT 2005 - 2006

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# Growth Without Limits



## BSEL INFRASTRUCTURE REALTY LIMITED

### BOARD OF DIRECTORS

Kirit Kanakiya	Non-Executive Chairman
Dharmendra Raichura	Managing Director
Hitesh Vora	Non-Executive Independent Director
Vijay Jain	Non-Executive Independent Director
Abbas Lakdawalla	Non-Executive Independent Director

### COMPANY SECRETARY

Divya Momaya

### REGISTERED OFFICE

BSEL Tech Park, Plot No. 39/5 & 39/5A,  
Sector 30A, Vashi, Navi Mumbai - 400 705

### REGISTRARS & SHARE TRANSFER AGENTS

Sharex Dynamic (India) Private Limited  
Unit No. 1, Luthra Industrial Premises,  
Safed Pool, Andheri-Kurla Road,  
Andheri (East),  
Mumbai - 400 072

### AUDITORS

CA. Avinash Jain, Partner  
Raju & Prasad, Chartered Accountants

### ADVISORS

SBI Capital Markets Limited  
IDBI Capital Market Services Limited  
P V Bambolkar & Co.  
Fortress Financial Services Limited

### REGISTRAR & DEPOSITORY FOR GDRs

The Bank of New York,  
New York Branch, 101 Barclay Street,  
21st Floor, New York, NY 10286 USA

### BANKERS

State Bank of India  
UTI Bank Limited  
ICICI Bank Limited  
HABIB Bank, Dubai

## CONTENTS

Mission Statement .....	2
From the desk of Chairman .....	3
Directors' Report .....	4
Report on Corporate Governance .....	8
Management Discussion & Analysis Report .....	19
Auditor's Report .....	27
Balance Sheet .....	30
Profit & Loss Account .....	31
Schedules .....	32
Notes to the Financial Statements .....	40
Significant Accounting Policies .....	45
Cash Flow Statement .....	47
Part IV of Schedule VI .....	48

## MISSION

"BSEL relentlessly strives to provide top-quality infrastructure to the Business, Housing and Investors community across India and worldwide by lifting higher sights and setting higher performance standards coupled with persistent endeavor and creativity to produce sophisticated, elegant and subtle infrastructure, enabling our patrons get value for their investments."

## VISION

"To be recognized globally as an organization based on material eminence, operational excellence, and commitment to timely delivery."



## FROM THE DESK OF CHAIRMAN

Dear Stakeholders,

On behalf of the Board of Directors, I have great pleasure in presenting 11th Annual Report of the company for the Financial Year ended 31st March 2006.

We grew manifold during the year under review both in number of projects and financials. With the robust growth, the company recorded a Net Profit (PAT) of Rs. 2199.58 Lacs and Income from Operations of Rs. 4596.23 Lacs recording an improvement of over 100% as compared to previous year.

During the year under review, we successfully completed our signature venture - BSEL Tech Park which is now 80% occupied. Further, our efforts in bringing new and striving projects under our ambit proved lucrative. We started projects like BSEL Narmada Nihar at Kevadia in Gujarat, BSEL Buty Palace at Nagpur. Further, considering the need for world-class infrastructure, company is also planning world class tourism facility at Kevadia, Gujarat, Mega Township at Borkhar near Panvel. Company is also planning mixed-use development of property - from commercial and residential premises to community centers, sports areas, parks, and scenic trails in Dubai. These projects would carry BSEL's signature values: a perfect blend of design, luxury and purpose.

This commendable achievement and growth in the number of projects is definitely supported by our financial strength and through hard work, dedication and total commitment on the part of the Staff and Management. All accolades to them for this truly extra-ordinary accomplishment. The Management feels that no Company can attain such success without the trust and confidence reposed on them by the shareholders. To facilitate the shareholders to participate in the growth of the company, your company declared an Interim Dividend @ 5% in the month of November 2005. With a view to conserve the profits for further expansion, the Interim Dividend may be treated as the final dividend for the Financial Year 2005-2006.

This was just the beginning. Major accomplishment of the Company came in the later part of the year when the Company went global. We have successfully completed USD 20.5 Million GDR Issue. This was company's first move towards inviting international participation by way of investment. Apart from that, a new Wholly Owned Subsidiary has been established in Dubai in the name of BSEL Infrastructure Realty FZE with a total deployment of over Rs. 130 Crores. Thus the company is making efforts to foray into international real estate and infrastructure market in Dubai which has emerged as the prominent business destination across the globe.

According to Jones Lang LaSalle's Annual Investor Sentiment Survey - Asia, Indian cities of Mumbai, Bangalore and New Delhi have emerged as the top three investors' choices for real estate investment in 2005. The survey also noted that investment interest in the region will continue to be robust this year with more confidence towards the retail and office property markets across the region. As we are ambitious about emerging as the Real Estate Investment Trust (REIT), provided an early regulatory framework is created by SEBI. Circular published on 26th June 2006 regarding issue of regulations on REITs and REMFs is a welcome move by SEBI. REITs will not only improve the quality and quantity of finance for investment in commercial and residential properties but also expand access to a wide range of savings products on a stable and well-regulated basis. At investor level also, REITs will offer opportunities to diversify their investment portfolios through participation in benefits from ownerships of large scale commercial real estate or mortgage lending and thus receive enhance returns. We, being publically traded company and having wider investor base including small and mid-sized investors, look forward with confidence.

I take this opportunity to thank all the members on the board for their unstinted support and guidance in efficiently steering the Company forward towards greater achievements. My deepest appreciation goes to all the employees of the Company for their unflinching dedication and valuable contribution for continuous improvement in performance. Last but not the least, a special thanks to all our Shareholders, customers, suppliers, bankers, legal advisors, and various government authorities for their whole hearted support.

I am assured that the coming year would witness your company reaching new heights, achieving greater accomplishments, as some one has rightly said, "Learn the past, turn the present, earn the future".

**Kirit Kanakia**  
Chairman



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2006.

### 1. Financial Overview

(Rs. in Lacs)

Particulars	Year Ended 31 March 2006	Year Ended 31 March 2005
Profit before Depreciation and Tax	2476.19	1120.50
Less: Depreciation	47.49	32.51
Profit Before Tax	2428.70	1087.99
Less: Provision for Taxation	229.12	80.00
Profit After Tax	2199.58	1007.99
<b>Appropriations:</b>		
1. Interim Dividend (@5%) including Dividend Tax	208.32	416.64
2. Balance Carried to Balance Sheet	1991.26	591.35
3. Transfer to General Reserve	250.00	1265.40

### 2. Results of Operations

The year proved to be yet another year of growth for the company. The figures articulate the story of the growth of the company. Your company has recorded a Net Profit (PAT) of Rs. 2199.58 Lacs during the year as compared to net profit of Rs. 1007.99 Lacs in the previous year, recording a growth of more than 100%. Further the company recorded income from operations of Rs. 4596.23 Lacs as compared to Rs. 1950.87 Lacs during the previous year recording improvement of above 135%.

### 3. Dividend

In November 2005, the company paid an Interim Dividend @5% (@ Re. 0.50 per equity share). With a view to deploy the profits back into the business directors expressed their inability to recommend further dividend and dividend already paid may be treated as the final dividend for Financial Year 2005-2006. Total dividend including dividend tax amounted to Rs. 208.32 Lacs.

### 4. Issue of GDRs

Pursuant to the approval of the Board of Directors and subsequent approval of the members at the 10th Annual General meeting, the Board is proud to state that the company has successfully completed its GDR issue of USD 20 Million constituting 2,27,80,000 equity shares issued against 22,78,000 GDRs in the month of April 2006. These GDRs are listed on Luxembourg Stock Exchange w.e.f. 11th April 2006 and Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. 23rd May 2006.

### 5. Business Growth and Prospects at a Glance

The company is growing at a rapid pace in terms of the number of projects and in terms of the profitability. During the year under review, BSEL's signature venture, "BSEL Tech Park" commenced its operations and the company also obtained Occupancy Certificate (OC) from Navi Mumbai Municipal Corporation (NMMC). BSEL completed projects like BSEL Tech Park, properties at IIP (International Infotech Park) at Vashi and Kasturi Villa at Kharghar and 80% of the premises at BSEL Tech Park and IIP are occupied till date. Premises at Hilton Centre, Belapur were sold during the year under review.

Marking the beginning of a new era in the history of BSEL, we got allotted an area near Sardar Sarovar Dam, at Kevadia, Gujarat. The property is situated on a piece of land measuring 56,121 sq.mt with constructed area of 6,00,000 Sq. Ft. The company is planning to set up residence service apartments, prime budget hotel facility named as "BSEL Narmada Nihar" on the said property. During the year under review, BSEL and Gigeo Construction Pvt. Ltd, a Nagpur based developer, have joined hands in developing a 3,52,880 sq.ft Mall in Nagpur named as "BSEL-Buty Palace". The project is expected to get over in one year. The company acquired around one Lacs Sq. ft. area at Business Bay, Internet City and Jumeira in Dubai. The company has plans for mixed-use development of property- from commercial and residential premises to community centers, sports areas, parks, and scenic trails, there. These projects would carry BSEL's signature values: a perfect blend of design, luxury and purpose.

The company has contended for the infrastructure paradise spread over 2500 acres in Kevadia, Gujarat. This project will be a tourism facility and will provide everything tourists could want. Development will include activities ranging from agriculture to temple to Health Centre to Restaurant to Disco etc, apart from residential and commercial complexes. This project will be developed in phases. Further, the company has participated in the tender process for allotment of BMC five storied building for running a municipal retails market to private persons/ organizations on lease basis for 60 years. BSEL, being the highest bidder, awaits for the allotment from BMC. The company has also acquired a part of land at Borkhar near JNPT, Panvel for developing Mega Township. With the inflow of the rewarding projects, improvement in market demand, efficient project management, the company is on the path of growth and expansion which in turn will lead to increased stakeholder value.

## 6. Future Outlook and Avenues

Someone once said "Progress lies not in enhancing what is, but in advancing towards what will be". Such is also the philosophy of BSEL. In a decade of existence, BSEL has entered newer domains and emerged as a force in the fields of real estate, property and infrastructure development. An analytical approach to business and proficient style of management ensures that the company continues on this path, creating new horizons along the way. Our Vision for 2010 is "To be recognized globally as an organization based on material eminence, operational excellence and commitment to timely deliverance."

BSEL expects to emerge as the market leader by consolidating and elevating BSEL's image in the areas of construction and infrastructure industry. BSEL looks forward at the bright future with confidence supported by handsome projects which the company is undertaking.

## 7. Directors

On 2<sup>nd</sup> June 2005, Mr. Dharmendra Raichura, Mr. Deelip Chaudhari and Ms. Pooja Tyagi resigned from the post of Executive Directors and on 9th June 2006, Mr. Shashank Joshi was inducted on the Board as Director and Managing Director of the Company. Thereafter, there has been no change in the structure of the board during the year under review.

**Mr. Vijay Jain** is the Non-Executive Director retiring by rotation and being eligible has offered himself for re-appointment. Your directors recommend the approval of Mr. Vijay Jain as Independent and Non-Executive Director of the company.

On June 30, 2006, the Board of the company has been restructured with a view to enhance transparency and accountability in the operations of the company and to define the Board and Top Management responsibilities in an extensive manner to meet the expansion challenges well in time.

**Mr. Shashank Joshi**, Managing Director of the company resigned from the Board w.e.f. 30th June 2006. He has been promoted as President of the Company and will be concentrating on Domestic Projects for BSEL.

**Mr. Dharmendra Raichura** was appointed as an Additional Director in the Board Meeting held on 30th June 2006. During the same meeting he was also appointed as Managing Director of the company for the period of one year from 30th June 2006 subject to approval of the shareholders in the ensuing Annual General Meeting. Your directors recommend the approval of Mr. Dharmendra Raichura as Director and Managing Director of the company for the period of one year.

**Mr. Abbas Lakdawalla** has been appointed as Additional Non-Executive Independent Director by the Board of Directors of the company in their meeting held on 30th June 2006. According to the provisions of Section 260 of the Companies Act, 1956 read with Article 133 of Articles of Association of the company, he holds office only upto the date of ensuing Annual General Meeting. The company has received the notice in writing from one of the members of the company proposing his appointment under Section 257. Hence, your directors recommend the matter for your approval.

## 8. Auditors

**M/s. Raju & Prasad**, Chartered Accountants retire at the conclusion of the Annual General Meeting. They have revealed 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(1B) of the Companies Act, 1956.

It is proposed to re-appoint M/s. Raju & Prasad, Chartered Accountants, as Statutory Auditors of the company at the ensuing Annual General Meeting.





## 9. Wholly Owned Subsidiary

During the financial year under review, the company incorporated a Wholly Owned Subsidiary named "BSEL Infrastructure Realty FZE" in Dubai with a main object of expanding the business of the company internationally. This subsidiary is mainly set up with the object of development of residential, commercial & retail properties and townships. The company has total deployment of Rs. 130 Crores in the WOS.

## 10. Depository Systems

Your Company continues with an arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of your Company's Securities in accordance with the provisions of the Depositories Act 1995, which is fully operational and members may avail of such facilities. With this, the members have an option /discretion to hold their Demat shares in the Company through National Securities Depository Limited or Central Depository Services (India) Limited.

## 11. Corporate Governance

The Company has complied with all the recommendations of the Corporate Governance Code as provided in Clause 49 of the Listing Agreement. A Report on Corporate Governance along with the Certificate from the Auditors confirming the compliance with the conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is forming part of this Report.

A Management Discussion & Analysis Report also accompanies this Report of Directors.

## 12. Comments on Auditors Report

With reference to the comments given by the Auditors in the Auditors Report on Accounts of the company, the management explanations have been suitably made in the Notes to Accounts given at "Schedule - P" of the Balance Sheet and Profit & Loss Account and are self explanatory.

## 13. Internal Control Systems

Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit program, internal control environment, effective risk monitoring and management information systems.

Your Company has robust internal systems and processes in place for the smooth conduct of its businesses which provide reasonable assurance regarding the achievement of objectives in the following manner:

- Effectiveness and efficiency of operations;
- Adequacy of safeguards for assets;
- Reliability of financial controls; and
- Compliance with applicable laws and regulations.

The Company has an internal audit team with professionally qualified financial personnel, which conduct periodic audits of all businesses to maintain a proper system of checks and control. BSEL understands that with continuous monitoring of financial transactions, decentralized decision-making and immediate identification of business exceptions, the company can meet its goal of achieving effective internal control system.

## 14. Directors Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors' confirm that: -

- In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2006, the applicable Accounting Standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgments 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 31<sup>st</sup> March 2006 and of the profit or loss of the Company for the year ended 31<sup>st</sup> March, 2006.
- 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.
- The Directors have prepared the annual accounts for the year under review on a going concern basis.

## 15. Statutory Information

### A. DEPOSITS

The Company did not accept any deposits from the public and the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.



**B. 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.

**C. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**  
under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.**a) CONSERVATION OF ENERGY:**

The operations of your company are not energy intensive as company is not engaged in manufacturing activity and your company is not under the list of industries which should furnish information in form A (Rule-2). However, the company has taken adequate measures to conserve the energy in regular operations at its site and offices.

**b) TECHNOLOGY ABSORPTION:**

No technology has been developed and/or imported by way of foreign collaboration.

**c) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year the Company has incurred Rs. 6,49,373/- towards expenditure in foreign currency. The Foreign Exchange earned during the year is NIL.

**16. Disclosures under the Listing Agreement**

The shares of your Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2006-2007 have been paid by the Company.

Your company feels proud to state that company's GDRs are listed on Luxembourg Stock Exchange w.e.f. 11th April 2006 and on Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. 23rd May 2006.

**17. Acknowledgments**

Your Directors wish to place on record its appreciation for the wholehearted, sincere co-operation and able guidance and support, the company received from all concerned including, Banks, Stock Exchange Authorities, SEBI, Government and Semi- Government Bodies of the Central and State Government and also for the unstinted support extended by you, the shareholders.

Your Directors place on record their appreciation for the dedicated work put forth by the Executives, Staff and Workers of the Company who through their commitment, co-operation, support and elegant work have enabled the Company to achieve excellent operating results during the year. Your directors express their confidence in the certain growth and expansion of the company.

**For and on behalf of the Board**

  
\_\_\_\_\_  
**Kirit Kanakiya**  
**Chairman**

**Place :** Mumbai

**Date :** 03.08.2006



## REPORT ON CORPORATE GOVERNANCE

### 1. BSEL'S PHILOSOPHY

BSEL recognizes the philosophy of Corporate Governance as optimizing the shareholders value by ensuring balance between shareholders' interests and corporate goals and achieving transparency, accountability and integrity in the conduct of its business. To follow the best business practice, BSEL has adopted ideology of good corporate governance which mainly includes Values, Ethics and Commitment.

Our company is committed towards protection and enhancement of overall long-term value for all the stakeholders - shareholders, investors, customers, lenders and employees. Over the years, BSEL has implemented and maintained all conscious efforts to institutionalize Corporate Governance practice and we believe that it shall go beyond the mere adherence to the regulatory control. The Board believes that sustained growth of the organisation can be achieved by enhancing corporate values through growth and innovation compounded with timely and accurate disclosures.

#### Compliance with the Code of Corporate Governance

The Compliance Report is prepared and given below in conformity with the mandatory requirements of the Listing Agreement with the Stock Exchanges.

### 2. BOARD OF DIRECTORS

BSEL's Board of Directors performs its duties in consultation with the independent professionals acting as independent directors for the company. This enables the Board to balance interest of the stakeholders and interest of the Company as a whole while taking vital strategic decisions.

#### Size & Composition of the Board

The company has a Non-Executive Chairman and more than one-half of the total number of Directors is independent and non-executive. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

As on 31<sup>st</sup> March 2006, the Board of Directors of BSEL was as follows:

Name of the Director	Status
Mr. Kirit Kanakiya	Non Executive Promoter Director and Chairman
Mr. Shashank Joshi *	Managing Director
Ms. Sheetal Patil **	Non-Executive Independent Director
Mr. Vijay Jain	Non-Executive Independent Director
Mr. Hitesh Vora	Non-Executive Independent Director

\* Mr. Shashank Joshi resigned from the post of Director and Managing Director of the company and continues as "President" of the company w.e.f. 30<sup>th</sup> June 2006. Mr. Dharmendra Raichura has been appointed as Director and Managing Director w.e.f. 30<sup>th</sup> June 2006 subject to approval of the shareholders in the ensuing Annual General Meeting.

\*\* Ms. Sheetal Patil resigned from post of Non Executive Director of the Company w.e.f. 30<sup>th</sup> June 2006 and Mr. Abbas Lakdawalla has been appointed as the Non-Executive Director w.e.f. 30<sup>th</sup> June 2006.

#### Number of Board Meetings held and the dates on which such meetings were held

Eleven Board Meetings were held during the year with a time gap of not more than four months between any two Board Meetings.

The dates of the respective Board Meetings are as follows : 2<sup>nd</sup> May 2005, 2<sup>nd</sup> June 2005, 9<sup>th</sup> June 2005, 20<sup>th</sup> June 2005, 18<sup>th</sup> July 2005, 17<sup>th</sup> September 2005, 24<sup>th</sup> September 2005, 19<sup>th</sup> October 2005, 6<sup>th</sup> November 2005, 21<sup>st</sup> January 2006 and 10<sup>th</sup> March, 2006.