

Elevating quality in infrastructure...



Report  Junction



12th ANNUAL
REPORT
2006 - 2007



BSEL Infrastructure Realty Limited



Performance at a Glance



BSEL INFRASTRUCTURE REALTY LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

CS. Priya Singhal

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

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

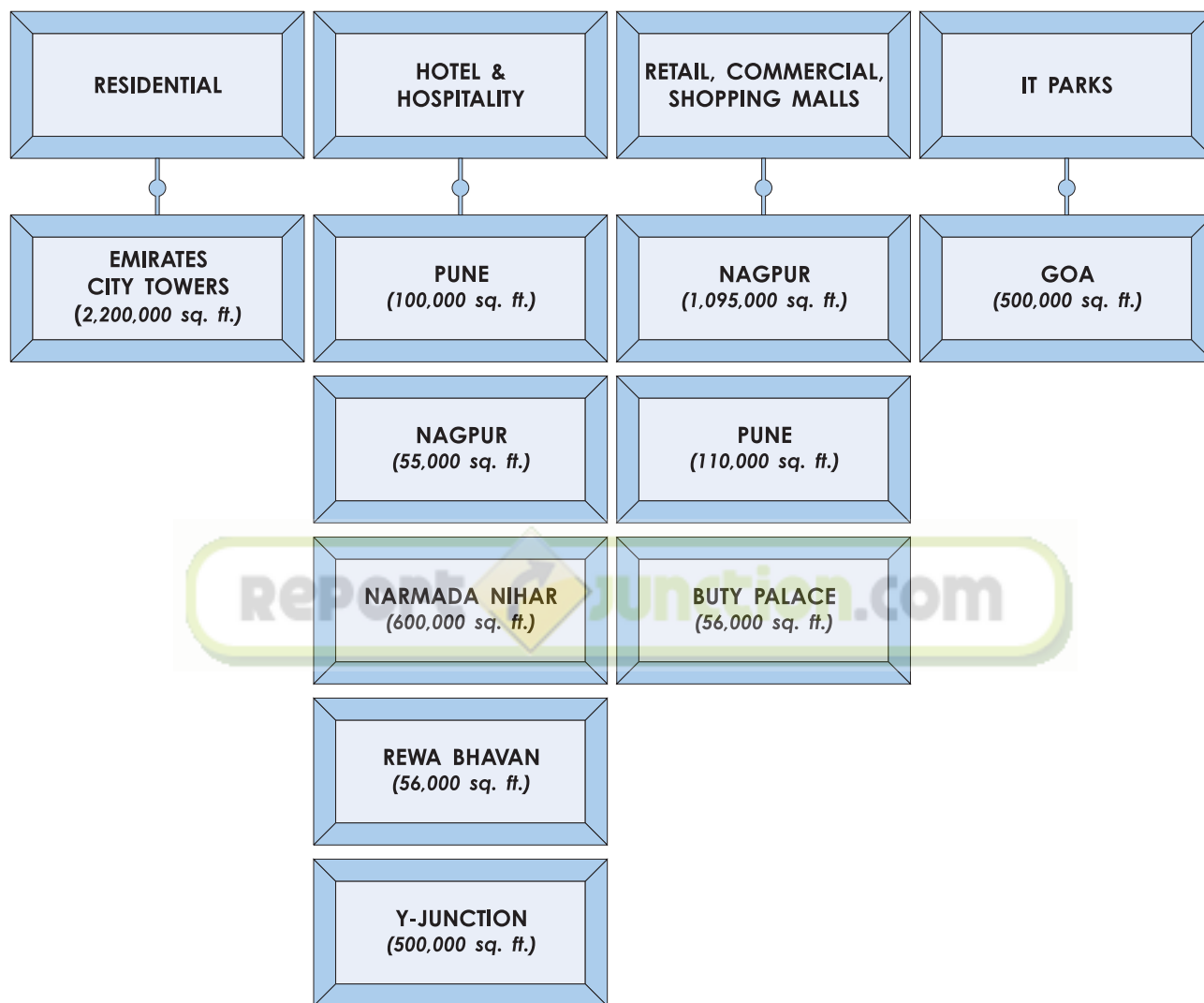
BANKERS

State Bank of India
ICICI Bank Limited
UTI Bank Limited
HABIB Bank, Dubai
Banco Efica
Mashreq Bank
Emirates Islamic Bank

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On-Going Projects at a Glance



All the lands are acquired in the name of the Company except for the Residential Project at UAE, which is in the name of 100% Wholly Owned Subsidiary of the Company i.e. BSEL Infrastructure Realty (FZE)

Apart from the above on-going development of 5.3 million sq. ft. during the year, Company has acquired another 6.5 million sq. ft. of developable area which will be planned for development at a later date.



Five minutes with the Chairman,

“Success, as they say, is the by-product of strong foundation and consistent improvement.”

Dear Shareholders,

It gives me immense pleasure to present the success story of your Company in form of this Annual Report for the year ended 31st March, 2007.

As we are already aware that, India has outpaced all other developed and developing economies by becoming second fastest growing economy of the world with consistent GDP growth of 9.2% in the fiscal 2006-07. This growth was firmly supported by development of

world class infrastructure in the country. Government with its Public Private Partnership initiatives has adopted measures to promote investments in the infrastructure industry. Private sector is being encouraged through incentives, viability gap funding schemes etc. and the future is looking brighter as major investment requirements are expected to come from the private sector.

I am delighted to inform you that year 2006-07 was full of achievements and acquisitions in both land bank and financials. Growth has been achieved at 174% in terms of net profit after tax and stood at Rs. 6,033 Lacs and revenues grew by 72% and recorded at Rs. 8,728 lacs.

Net Profit of the Company consolidated with Wholly Owned Subsidiary has been recorded at Rs. 7,692 Lacs. Consolidated Total Income has been recorded at Rs. 16,495 Lacs.

Your company has focused to expand its horizon in Tier II and Tier III cities, areas that are currently experiencing strong growth and emerging as the new growth markets in the Indian real estate. With many ongoing bright projects including BSEL Narmada Nihar, a scenic hotel facility near Sardar Sarovar Dam, Six shopping malls with hospitality and commercial mix in Nagpur, Buty Palace, mall in prime commercial and market area in Nagpur, commercial and hotel project in Pune, an IT park in Goa will set the Company on high growth trajectory in future. BSEL has also entered into strategic alliances wherever required to fortify its foothold.

The Company is committed to share its success and growth with the members and in the month of January, 2007 has declared and paid an Interim Dividend at the rate of 21% on its paid up equity share capital.

Your company has now set its sights beyond our shores and we, with our Dubai arm BSEL Infrastructure Realty (FZE) has entered the global infrastructure space and acquired seven plots approximating 7.9 million sq. ft. in Ajman, Main Emirates City, UAE. One of the project currently under development, BSEL Pearl Tower is a 50 storied state-of-the-art architecture, with a lake view and having all the styles of modern architecture with flawless quality, a perfect blend of elegance and unparalleled beauty.

I am confident that these business developments during the forthcoming year will amply help us showcase the positive outcome of some of our key business plans which are currently being executed. Your company with human resource base blended with initiatives and strategic alliances ensure that it will continue to progress along the path of prosperity. The company has achieved commendable financial growth supported by diversified project mix and acquisition of land in strategic locations. These sound factors will not only facilitate clear future vision but will also provide a stable platform for assured consistency in growth.

I take this opportunity to thank my fellow Board Members for their wise counsel without whom long-term business strategies would not have been easily formulated. I would also like to thank our customers, bankers, investors, government authorities for their continued valuable support.

We believe that sweet fruit of success lies really not in the success itself but in the toil towards the articulated vision pursued with missionary zeal. The labour, the thinking, the innovation and networking that goes into this toil must first enrich all the stakeholders, associates and society as a whole of the present and future generation so that the toiling organisation achieves lasting success and satisfaction. I also wish to place on record my sincere gratitude to all our employees without whom BSEL's significant achievements would not have been possible. As demonstrated by this year's results, we remain confident in the future and look forward to delivering another year of robust performance and strong shareholder returns.

Let us all aspire and prosper together to fill the organization with the fruit of our credence.


Kirit Kanakiya
 Chairman



DIRECTORS & SENIOR MANAGEMENT

Directors

Mr. KIRIT KANAKIYA

CHAIRMAN - NON EXECUTIVE DIRECTOR

He is the driving force behind BSEL Infrastructure Realty Limited. He is a Chartered Accountant with more than twenty years of business experience. He also has experience in evaluating business projects in both India and abroad. He is a successful entrepreneur who has positioned BSEL in rapidly growing segments of India's infrastructure and real estate industry focusing the company primarily on second and third tier cities. He has the vision, business contacts and expertise to make BSEL a significant force focusing on IT Parks, Hospitality, Commercial and Retail developments.

Mr. DHARMENDRA RAICHURA

MANAGING DIRECTOR, CEO & CFO

He is Managing Director and in charge of BSEL's financial matters. He is a Chartered Accountant by profession. He has seven years experience in finance, accounting and auditing. In addition, he also possesses knowledge with respect to project financing, excise, Euro Issues and investment advising. He has successfully arranged funding for all the projects of the company from various banks and financial institutions. Apart from financing, he also looks out for new, fruitful and lucrative joint ventures. He is also responsible for monitoring the various project executions. In addition he is responsible for developing and maintaining BSEL's relationships with various Government Authorities.

Mr. VIJAY JAIN

INDEPENDANT DIRECTOR

He is a Non-Executive Independent Director of the Company. He is a Chartered Accountant by profession and has a varied experience in practice since the last 15 years. In his long stint profession, he has acquired vast expertise in the fields of taxation, consulting, auditing and supervision. The main areas of audit are company, banks and other tax audits. He is also the Chairman of the Audit Committee, Investor/ Shareholder Grievance Committee and Remuneration Committee. He guides the Company in matters of accounting and taxation bringing to use his vast experience.

Mr. ABBAS LAKDAWALLA

INDEPENDANT DIRECTOR

He is Non - Executive Independent Director, is a Qualified Company Secretary and a Law Graduate, having a total experience of over 34 years in various fields of Corporate Laws. In the year 1987, he entered into service sector by acting as a Registrar and Share Transer Agent and handled around 1.5 Lacs shareholders of various reputed Listed Companies and Public Issue Work with the objectives to seek listing of around 15 Companies. In the Year 1990, he started his Corporate Law Practice which is being perused till date. His presence enables the Company to strengthen its compliance function.

Mr. HITESH VORA

INDEPENDANT DIRECTOR

He is a Non - Executive Independent Director of the company. He has graduated in Information Technology and acquired post - graduate degrees in Basic Electronics, Instrument Mechanics and System Management. He has been associated with Computer Software Development for more than a decade and was closely associated with one of the first data conversion units in the country - M/s Ace Software Exports Limited. He has experience in the entire development of SGML / XML based data conversion business. He is heading the technical division of M/s Phoenix Consultants Private Limited, a Company which carries out data conversion job for several off-shore American Companies.

Senior Management**Ms. JAYA PARASHAR (VICE PRESIDENT - BUSINESS DEVELOPMENT)**

Ms. Parashar is the Vice President - Business Development of the Company. She received her MBA from ITM, Mumbai. Ms. Parashar has expertise in infrastructure development as well as in IT, hospitality, professional education and advertising. Her responsibilities include establishing and maintaining BSEL's relationships with government officials, corporate alliances, project marketing and business development.

Ms. POOJA TYAGI (VICE PRESIDENT - SALES AND MARKETING)

Ms. Tyagi is Vice-President - Operations and Marketing at BSEL. She is a Master of Commerce with a post graduate qualification in MDBA. She has experience in the fields of marketing, project and strategic management. She is primarily responsible for developing and implementing the marketing strategies of the company which includes establishing relationships with various IPCs and Agents

Mr. PRAVIN GOEL (VICE PRESIDENT PROJECTS)

Mr. Goel is Vice-President in charge of Project Development at BSEL. He has Bachelors Degree in Civil Engineering from Aoudh University. He has more than 14 years experience in real estate and infrastructure project management.

He has worked in various projects involving the construction of multistoried commercial and residential buildings, campus environments and luxury hotels. Prior to BSEL he worked with B. E. Billemorla Ltd. and Prakash Construction

Mr. KAUSHAL KISHORE (VICE PRESIDENT - OPERATIONS)

Mr. Kaushal Kishore is Vice President - Operations and Project Manager and is responsible for BSEL's Project Development. He has passed his bachelor's of engineering in civil from Magadh University in Bodh - Gaya. He has more than 15 Years of experience in construction and Infrastructure development sector. His nature of responsibility mainly comprised of site supervision, quality control and operations management. He has worked with renowned architect Hafeez Contractor for a period of 14 Years.

Ms. PRIYA SINGHAL (COMPANY SECRETARY AND COMPLIANCE OFFICER)

Ms. Singhal is an Associate Member of the Institute of Company Secretaries of India, having an experience of more than four years. Her main sphere of responsibility includes all compliances with Registrar of Companies, SEBI, Stock Exchanges, Bankers and other government authorities. She also handles all the correspondence with the Shareholders and their greivences, various queries of current and potential investors, banks and the Registrar and Share Tranfer Agent of the Company.



DIRECTORS' REPORT

To The Members,

Your Directors take great pleasure in presenting their 12th Annual Report together with Audited Balance Sheet and Profit and Loss Account of BSEL Infrastructure Realty Limited for the year ended 31st March 2007.

1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2006-07	2005-06
Profit Before Depreciation and Tax	6,772.59	2,476.19
Less: Depreciation	28.01	47.49
Profit Before Tax (PBT)	6,744.58	2,428.70
Provision for Taxation (Net)	711.38	229.12
Profit After Tax	6,033.20	2,199.58
Appropriations:		
Interim Dividend (@21%) including Dividend Tax	1,420.44	208.32
Transfer to General Reserve	625.00	250.00
Balance Carried to Balance Sheet	4,612.76	1,991.26
EPS (Basic & Diluted)	10.17	6.02

2. RESULTS FROM OPERATIONS

Total revenues earned during the year amounted to Rs. 8,729 Lacs as compared to that of Rs. 5,057 Lacs in the previous financial year. Improved operations for the current year resulted in increased profit before tax that gone up to Rs. 6,745 Lacs from Rs. 2,428 Lacs in the previous financial year, which reflects a growth of 178%. EPS has increased to Rs. 10.17 per share as compared to that of Rs. 6.02 in previous year. The Company continues its operations in hospitality, commercial, residential & industrial park projects. Efforts are continuing to augment the land bank that will take care of the growth requirements for the next few years.

The year under review was full of achievements for the Company whether it be growth in revenues, acquisitions of projects, land bank, marking global presence, your Company has made its presence felt everywhere. Your Company has always laid high standards and achieved them with time to spare. For detailed analysis of performance, please refer management's discussion and analysis section of this annual report.

3. CONSOLIDATED RESULT

Consolidated Net Profit, with its Wholly Owned Subsidiary BSEL Infrastructure Realty (FZE), has been recorded at Rs. 7,692.71 Lacs. Total Consolidated Income has been recorded at Rs. 16,495.62 Lacs with the EPS of Rs. 12.97.

4. DIVIDEND

An Interim Dividend @ 21 % was paid to the Members of the Company in January 2007. Total cash outflow for disbursement of dividend inclusive of corporate dividend tax amounted to Rs. 1,420 Lacs. The Management feels any further declaration of dividend will not be feasible, in order to meet the funds requirements and its deployment and hence feels necessary to conserve the resources. Hence the Interim Dividend already paid may be treated as final dividend for the Financial Year 2006-07.

6. CHANGE IN CAPITAL STRUCTURE & LISTING

GDR Issue

The Company successfully completed GDR issue of US\$ 20.5 Million constituting 22,780,000 Underlying Equity Shares which were issued against 2,278,000 GDRs. On 10th April, 2006 these GDRs were subsequently listed on Luxembourg Stock Exchange. The proceeds of the issue have been utilized for the purpose as mentioned in the Offering Circular.

Pursuant to issue of 22,780,000 Equity Shares above, the paid up share capital of the Company increased from Rs. 36,54,00,000/- to Rs. 59,32,00,000/-.

Increase in Authorised Share Capital

The Authorised Share Capital of the Company has been increased from Rs. 7,500 Lacs to Rs. 15,000 Lacs by the Members in the Extra Ordinary General Meeting of the Company held on June 6, 2007.

Preferential Allotment

Pursuant to the approval accorded by the members in Extra Ordinary General Meeting held on June 6, 2007, the Shareholders / Investor's Grievance Committee in their meeting held on June 12, 2007 has allotted 59,00,000 Equity Warrants at the price of Rs. 77/- each to the Promoters and their associate group on preferential basis. The Promoters have been given an option to convert the warrants into Equity Shares of Rs. 10/- each at a premium of Rs. 67/- per share. No warrants have been converted into Shares till date and therefore, there is no subsequent change in the capital.

Listing

The equity shares of your company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The GDR's of the Company are listed on the Luxembourg Stock Exchange. The Company has paid the necessary Listing Fees to the stock exchanges for the year 2007-08. Apart from that, the Company also provides all the information to the Luxembourg Stock Exchange.

7. QUALITY ASSURANCE

Your Company is an ISO 9001:2000 Company. The Company firmly believes in the pursuits of excellence to compete in this emerging and growing infrastructure and real estate market. Our focus has been on providing consistently quality products and services to our clients. We have maintained ISO 9001 certification since 2003.

8. SUBSIDIARY COMPANY AND ALLIANCES

BSEL Infrastructure Realty (FZE)

Your Company has incorporated a wholly owned subsidiary "BSEL Infrastructure Realty (FZE)" in UAE with an object of expanding the business activities internationally. This subsidiary is set up with the object of development of residential, commercial & retail properties in United Arab Emirates. During the period under review, the Subsidiary has earned handsome revenue of Rs. 7,767 Lacs. The Profit after Tax has been recorded at Rs. 1,659 Lacs.

The Annual Report of the Subsidiary will be supplied on request by any member and/or investor of the Company. The statement pursuant to section 212 of the Companies Act, 1956, containing the details of the Company's subsidiary BSEL Infrastructure Realty FZE, forms a part of this Annual Report.

The Consolidated Financial Statements of the Company prepared in accordance with AS-21 as prescribed by The Institute of Chartered Accountants of India, forms a part of this Annual Report.

Strategic Alliances

During the year under review, Company has entered into strategic alliances with Unity Infraprojects Limited for development of Six Shopping Malls at various locations in Nagpur, and Industrial Park in Goa in a 50:50 Joint Venture. BSEL also in equal Joint Venuture with Kamat Hotels (India) Limited and Unity Infraprojects Limited is developing a hospitality and commercial project in Pune. BSEL with these strategic alliances, have incorporated separate entities for execution of each such project. Goa Tech Parks Private Limited has been incorporated in March 2007 with object of development of Industrial/ IT parks. BSEL holds 50% of share capital in the Company.

9. DEPOSITORY SYSTEMS

Your Company continues with an arrangement with National Securities Depository Limited (NSDL) and Central Depository System (India) Limited (CDSL) for dematerialization of Securities in accordance with the provisions of the Depositories Act, 1995 and members may avail of such facilities. With this, the members have an option / discretion to hold the demated shares with NSDL and / or CDSL

10. DIRECTORS

Considering the valuable contribution of Mr. Dharmendra Raichura during the year under review, he has been reappointed as Managing Director of the Company for a further Period of one year w.e.f. 30th June 2007, in the Extra Ordinary General Meeting held on June 6, 2007.

Mr. Hitesh Vora, Independent- Non Executive Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommends the approval for re-appointment of Mr. Hitesh Vora.

11. DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the financial year ended 31 March 2007, the applicable accounting standards have been followed.
2. The Directors have 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 31st March, 2007 and of the profit or loss of the Company for the year ended 31st March, 2007.
3. 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.
4. The Directors have prepared the annual accounts for the year under review on a going concern basis.

12. CORPORATE GOVERNANCE

Your Company is committed to maintain high standards of Corporate Governance. Pursuant to clause 49 of Listing Agreement with Stock Exchanges, a report on Management Discussion and Analysis, a report on Corporate Governance and Auditors certificate regarding compliance on Corporate Governance are provided hereinafter in a separate section in this Annual Report.

13. DEPOSITS

The Company has not accepted any deposits in terms of Section 58A of the Companies Act, 1956 and hence there was no outstanding deposit as on 31st March 2007.

14. AUDITORS

M/s Raju and Prasad, Chartered Accountants, Statutory Auditors of the Company, will retire from their office at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the appointment, if reappointed.

The Board of Directors recommends the reappointment of M/s. Raju & Prasad, Chartered Accountants, as Statutory Auditors of the Company.

15. COMMENTS ON AUDITORS REPORT

With reference to the comments given by the Auditors in the Auditors Report on Accounts of the Company, the managements explanations have been suitably made in the Notes to Accounts of the Balance Sheet and Profit and Loss Account and are self explanatory.

16. PARTICULARS OF EMPLOYEES

As required by the provisions of sub-section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, no employee is drawing remuneration at or above the limits mentioned therein.

17. HUMAN RESOURCES MANAGEMENT AND EMPLOYEE RELATION

Employees are a vital asset of the Company. The Company has created a favorable work environment that encourages innovation and nurturing of commercial and managerial talents in its operations. The Company has schemes of bonus and incentives for employees generating revenue for the Company. The Company continues to have cordial relations with its employees.