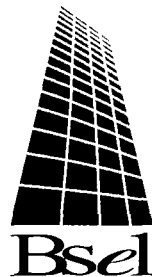


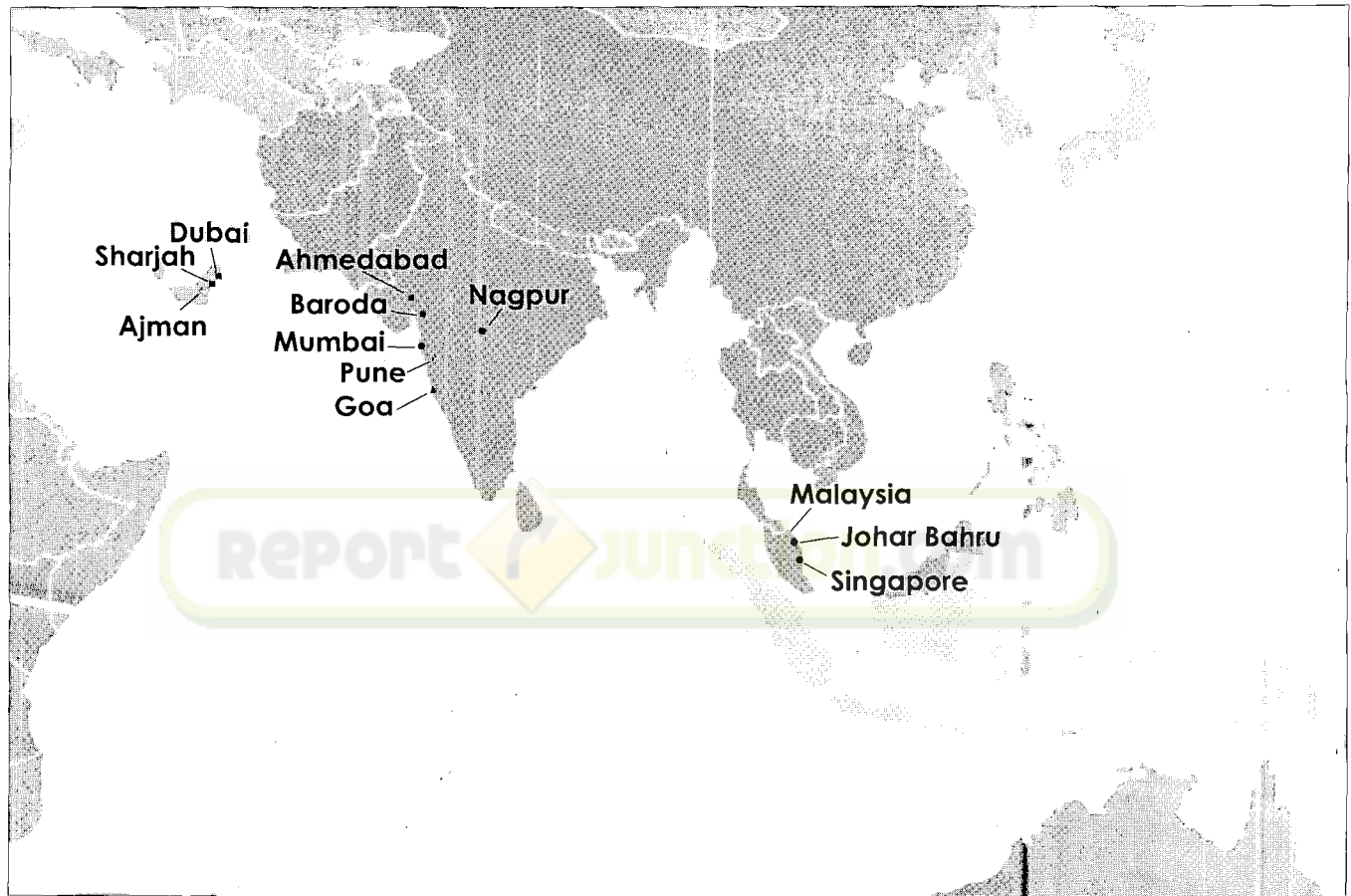
Building high-rises in the chart of SUCCESS...



BSEL Infrastructure Realty Limited
Building Structures... emerging Landmarks

13th ANNUAL REPORT 2007-2008

GLOBAL PRESENCE OF BSEL



- ☆ Residential
- Retail, Commercial and Shopping Malls
- Hotel, Resorts and Hospitality
- ▲ IT Parks

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

G-101, 2nd Floor, Tower No. 7,
International Infotech Park,
Vashi Railway Station Complex,
Vashi, Navi Mumbai- 400705

UAE

Sharjah Airport International Zone,
P.O. Box No. 8729, Sharjah, U.A.E.

SINGAPORE

Suntek Tower, No. 1, Office 43#02A,
7, Temasek Boulevard,
Singapore - 038987

REGISTRAR & SHARE TRANSFER AGENT

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

AUDITORS

CA. Avinash Jain, Partner
M/s. Raju & Prasad, Chartered Accountants

ADVISORS

P V Bambolkar & Co.
Fortress Financial Services Limited

REGISTRAR & DEPOSITORY FOR GDRs

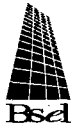
The Bank of New York,
New York Branch, 101 Barclay Street,
21st Floor, New York, NY 10286 USA

BANKERS

Bank of Baroda, UAE
State Bank of India
ICICI Bank Limited
AXIS Bank Limited
Mashreq Bank
Emirates Islamic Bank

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BUILDING HIGH RISE IN THE CHART OF..... VISION 2012

1. A world class International real estate company led and managed by people with core values respected by the business and social community.
2. A company with strong global network of long term investors and blue chip partners & associates
3. A company which attracts, develops and retains a diversity of talents



BUILDING HIGH RISE IN THE CHART OF..... MISSION

To build a world class real estate company with international presence that:

1. Builds Structures which Emerges to be Land marks. (BSEL)
2. Creates sustainable shareholder value.
3. Delivers quantity of quality.



The only limits in our life are those we impose on ourselves.

- Bob Proctor

From the Chairman's Desk....

I am pleased to report that your Company continues to perform high and has been able to demonstrate its robust business model with strong and excellent results for the year 2007-08. During the year, your Company's consolidated operational revenues have grown up by 144% and total revenues have grown up to Rs. 37,908 lacs. We have, therefore added Rs.21,413 lacs to our revenues during the year 2007-08. Your Company is on its growth path leading to high rise and in consonance with that your directors have recommended a dividend of 5%.

Your Company's consolidated profits were at Rs.11,208 lacs, a growth of 46% and this performance is when we have been in the field since last four years only. Your Company has demonstrated the high thought rise with global diversification which has helped the Company to always move ahead. This ability to think ahead of its time has been the hallmark of BSEL since inception.

Your Company has set its focus in diversifying be it residential, hotel, commercial, retail, shopping, hospitality, IT parks. Indian hotel sector is on a high growth path with the surge in business as well as leisure travellers in the country. Mid-end and budget hotels present a potential growth opportunity. BSEL with Nagpur, Pune and Gujarat project with hospitality, commercial, shopping, retail mix is all set to grab this opportunity with both hands. In the commercial office space segment, India is a favoured destination for the IT/ITES/BPO and KPO sectors. Your Company has an IT park project in Goa and commercial projects in Nagpur. BSEL has recorded the high rise in all segments and are moving towards new accomplishments.

Your Company has always been a pioneer when it comes to opening up new markets and geographies. The projects currently undertaken by BSEL in India and in middle east asia are attaining new scale, size and meaningful presence and have resulted in high growth in order book position and revenues. The fast growing presence in multiple markets is important for your Company to ensure diversification of its revenue base and continue to manifold its growth momentum. BSEL has always strived to create shareholders value and with this growth pattern we are sure of satisfying stakeholders at large.

BSEL has embarked upon a journey to transform itself into truly global company which delivers highest standards of services to customers regardless of multiple locations worldwide. Your Company in last fiscal has proved its prowess in decision making in middle east asia. With the residential high rise in UAE, your Company has created the value for shareholders.

BSEL's middle east projects are poised to be a success story. During the year, BSEL in UAE has launched four 50-storied state of the art residential towers in Ajman with all ultra modern amenities and all of them have already started pumping revenues.

BSEL will prove another with its steps in south east asia. During the year, your Company has signed an MOU with federal government's statutory body Iskandar Regional Development Authority (IRDA), Malaysia. BSEL has collaborated with IRDA to develop Iskandar Malaysia, designed to be southern malaysia's peninsular most developed region.

The first step towards south east asia is Johor Bahru (JB), Malaysia's fourth most populated city. BSEL's JB waterfront lot 1 project has the advantage of being a profound landmark to Johor Bahru's entrance from Singapore. The project has 8.5 acres of land with 9- storied waterfront shopping mall of 400,634 sq feet area. BSEL has a huge plan to transform it in world class business and commercial centre with a mix of apartments to be developed with three sides water view.

High achievement always takes place in a framework of high expectations. BSEL being a go-getter has always excelled to maximize the wealth. We are very optimistic and positive about the future. BSEL has vowed to diversify in different areas, looking for better and bigger opportunities.

For their whole hearted support to all the challenging decisions, I would like to take this opportunity to thank my fellow board members, without whom long - term business strategies would not have really been easily formulated.

I also thank all our shareholders, investors, stakeholders, customers, bankers and government authorities for their valuable and continued support.

My regards also goes to all the employees of BSEL for putting in their sincere efforts and making this year nothing short of success.

Kirit R. Kanakiya
Chairman

**BUILDING HIGH RISE IN THE CHART OF..... PERFORMANCE FOR THE YEAR**

- Revenue at Rs. 37,420.57 lacs up 144% Y-o-Y;
- PAT at Rs. 11,208.42 lacs up 46% Y-o-Y;
- International projects now contributes majorly;
- EPS grew to Rs. 17.25, up 33% Y-o-Y;
- GDR issue of USD 38.3 million during the current fiscal;
- Johor Bahru, Malaysia – New territory to highlight global competence.

FIVE MINUTES WITH MANAGING DIRECTOR

Are you happy with the year 2007-08?

The year was very good, It was year of growth and opportunities....

In 2007-08, the consolidated topline of the company grew by 144% and bottom line by 46%.

I am very much impressed and happy with the performance of our subsidiary at UAE. UAE subsidiary is delivering much than was expected by me. During the year we have truly proved ourselves by making BSEL as an international real estate developer.

The year ended with a lot of optimism for growth. We are ready to deliver growth into the international real estate market. We know that there are challenges ahead but we are confident. To enhance our image as international real estate developer, We have found new avenues to display our development prowess in Malaysia.

Given the challenges into the Industry, how will you be able to maintain the growth momentum? Will it impact on revenue and profitability into the coming years?

I agree that nowadays because of sky shooting land prices and tightened debt market for real estate projects, a huge challenge lies in the years to come. But BSEL has leveraged risk internationally. At present, when India is suffering from stagnant real estate pricing, high inflation rate and high cost of funding, we have an advantage of diversification into middle east. We are managing all the industry challenges through geographical diversifications. We are confident that through our vision and ability to timely identify risks and challenges, we will be able to cope up with these situations better than any of our peer companies.

Why so much concentration on overseas projects, when India has good growth stories?

India has good long term growth story and we are having lots of projects in India. However, we always look for good projects with cheaper land price, good marketability, excellent location, better FSI and infrastructure. The most positive factor for international project is cheaper land price and higher FSI. In India, the maximum FSI is upto 3 while as in overseas market the maximum FSI can go upto 100 also. In UAE we are enjoying 30 FSI.

Why have you chosen Malaysia?

Its Johor Bahru (JB) in Malaysia where we have planned our projects. This JB area of Malaysia is just 25 minutes drive from Singapore's CBD (Central Business District). There is huge economy and real estate price differentiation between Singapore and JB. Prices of properties in JB are fraction of Singapore property prices. Iskandar Region Development Authority (IRDA) is planning to narrow down the gap between these two economies.

Apart from this, there are reputed UAE developers who are taking huge interest in JB and are making huge investments. Considering all these we have decided to enter into JB at right time and right location.

Why your Indian operations revenues are drying up?

In this industry, it takes at least 2 - 3 years to complete construction of 3-5 lacs sq feet of area. Our Indian projects are mainly into hotels, hospitality, shopping, commercial, retail and IT Parks. All these projects would be leased out and sold only after commencement of commercial operations. Since most of the projects are acquired in 2007, we expect to complete them in next financial year (2009-10) to yield substantial revenues. Meanwhile we will continue to have sales and profits of our UAE projects, which are giving us more than expected performance.

How do you see growth from here onwards?

We have all the advantages of product and geographical diversification. We believe in right project at right price and right time. We believe in value and wealth creation for our stakeholders. With these strategies I am sure of surpassing the past growth history. Over a period of next two years, I won't be surprised if we grow even more than 400%.



BSEL Infrastructure Realty Limited

DIRECTOR'S REPORT

Dear Members,

We take great pride in presenting the 13th Annual Report together with the audited balance sheet and profit and loss account of BSEL Infrastructure Realty Limited for the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS:

I Consolidated Financial Information of BSEL Infrastructure Realty Limited and its Wholly Owned Subsidiary:

(Rs. In lacs)

Year Ended March 31	2008	2007
Total Income	37,908.30	16,495.68
Less: Total Expenditure (including adjustments)	26,476.23	8,100.39
Profit Before Tax	11,432.07	8,395.29
Provision for Tax (including Fringe Benefit Tax)	223.65	702.57
Consolidated Profit for the Group	11,208.42	7,692.72
EPS (Basic and Diluted) (Rs.)	17.25	12.97

II Standalone Financial Information of BSEL Infrastructure Realty Limited

(Rs. In lacs)

Year Ended March 31	2008	2007
Total Income	4,739.58	8,729.11
Less: Total Expenditure	2,980.41	1,993.34
Profit Before Tax	1,759.17	6,735.77
Provision for Tax (including Fringe Benefit Tax)	223.65	702.57
Profit available for appropriation	1,535.52	6,033.20
Appropriations (Proposed Dividend)	483.29	1,420.44
Surplus carried to Balance Sheet	1,052.23	4,612.76

Dividend

Your directors recommend a dividend of 5% (i.e., Re 0.50/- per share) to be appropriated from the profits of the year 2007-08 subject to the approval of shareholders at the ensuing annual general meeting. After the approval of the shareholders at the ensuing annual general meeting, the dividend will be paid in line with the applicable regulations.

In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001, an amount of Rs. 36,450/- of unpaid dividend of the dividend declared for the year 1999-2000 has been transferred during the year to the Investor Education and Protection Fund of Government of India.

Share Capital

Authorised Capital

Your Company has increased its authorised capital from Rs. 7,500.00 lacs to Rs. 15,000.00 lacs for which, an approval has been sought from members in the extra-ordinary general meeting held on 6th June, 2007.

Paid up Capital

GDR Issue: During the year under review, Company issued 2,147,202 GDRs underlying 21,472,020 equity shares of Rs. 10/- each on 27th December, 2007 at Rs. 65/- per share. These GDRs got listed on Luxembourg Stock Exchange on 28th December 2008 and subsequently underlying equity shares got listed on NSE and BSE on 10th January, 2008.

Over Allotment Option: Further, on 5th February, 2008, the Company issued 182,482 GDRs underlying 1,824,820 equity shares of Rs.10/- each in response to exercise of over allotment option. These GDRs got listed on Luxembourg Stock Exchange on 8th February 2008 and equity shares underlying these GDRs got subsequently listed on NSE and BSE on 26th February, 2008.

Preferential Allotment: The Company has made preferential issue of 5,900,000 equity warrants at the rate of 77/- per warrant to the promoter and promoter group. Option of conversion of warrants into equity shares is available with the warrant holders, till the date no warrant has been converted into equity shares. Thus, there is no change in the paid up capital of the company by virtue of preferential allotment of equity warrants.

The paid up share capital of the Company as on March 31, 2008 is Rs.826,168,400/- consisting of 82,616,840 equity shares of Rs. 10/- each fully paid up.

The Company seeks the approval of members in the ensuing annual general meeting for the further issue of securities to the tune of USD 100 million for the funding of the ongoing and the future projects and expansion plans of the Company.

Information on status of Company's Affairs

Information on operational and financial performance, etc., is given in the management discussion and analysis report which is annexed to the directors report and has been prepared in compliance with the terms of clause 49 of the listing agreement with the Indian stock exchanges.

Public Deposits

Your Company has not accepted any public deposits from the public or its employees within the meaning of section 58A of the Companies Act, 1956, during the year under review.

Subsidiary Companies

BSEL Infrastructure Realty FZE, the wholly owned subsidiary of the company based in UAE, is moving on from strength to strength and contributing to the overall growth of the Company. BSEL FZE has created a niche for itself with its excellent performance and is blazing ahead at a fast pace thereby continuing to add shareholder value.

The Company has obtained exemption from the Central Government vide order no. 47/261/2008-CL-III dated June 13, 2008, under Section 212 (8) of the Companies Act, 1956 from attaching the balance sheet, profit and loss account, report of the board of directors and report of auditors of the subsidiary companies with the annual report of BSEL, as required under Section 211/ 212 of the Companies Act, 1956. The Company will make available the annual accounts of the subsidiary company and the related detailed information to the investors of the holding company seeking such information at any point of time. The annual accounts of the subsidiary company will be kept available for inspection by any investor at the registered office of the company and subsidiary company. Statement pursuant to section 212 of the Companies Act, 1956 containing details of the company's subsidiary is attached.

In February 2008, BSEL Infrastructure Realty Pte. Ltd., a wholly owned subsidiary of BSEL Infrastructure Realty FZE has been incorporated in Singapore. Due to recent incorporation of the sub-subsidiary the company does not have any financial impact. Therefore the consolidated results of sub-subsidiary are not consolidated.

In accordance with the Accounting Standard - 21 (AS-21) on consolidated financial statements, your directors have pleasure in attaching the audited consolidated financial statements, which forms part of this annual report.

Joint Venture and Alliances

During the year under review, the Company in 50:50 joint venture with Unity Infraprojects Limited has incorporated seven companies for the six retail/hotel/shopping/commercial projects in Nagpur and one in Goa for the IT park project. Also the Company developing five star hotel with 400 rooms in Balewadi, Pune in joint venture with Unity Infrastructure Projects Limited, Kamat Hotels India Limited and Clear Water Capital partners. The details of investments in all the above SPVs are given in the relevant schedules forming part of balance sheet.



BSL Infrastructure Realty Limited

Projects

BSEL has embarked its presence in real estate and infrastructure in India, middle east and south east asia. All the retail, shopping, commercial, hotel, residential projects are undertaken by BSEL through its joint ventures , SPV's, alliances and subsidiaries.

Reappointment of Directors

Board of Directors at their meeting held on June 30, 2008 re-appointed Mr. Dharmendra Raichura as managing director of the Company for a further period of three years with effect from June 30, 2008 to June 29, 2011. The re-appointment is subject to the approval of the shareholders at the ensuing annual general meeting.

Mr. Abbas Lakdawalla, independent & non-executive director shall retire by rotation and being eligible offers himself for re-appointment at this annual general meeting.

Board recommends re-appointment of Mr. Dharmendra Raichura and Mr. Abbas Lakdawalla.

Auditors

The existing statutory auditors of the Company M/s. Raju & Prasad, shall retire at the ensuing annual general meeting scheduled to be held on September 30, 2008 and offer themselves for re-appointment as the statutory auditors of the Company pursuant to Section 224 of the Companies Act, 1956.

Board of directors at their meeting held on August 20, 2008 has approved the re-appointment of M/s. Raju & Prasad as the statutory auditors of the Company for the financial year 2008-09 and to hold office till the conclusion of the next annual general meeting. This appointment is subject to the approval of members in the ensuing annual general meeting to be held on September 30, 2008.

The Company has received certificate from auditors that their appointment if approved will be within the limits specified under Section 224(1B) of the Companies Act, 1956.

Corporate Governance

Your Company has been practicing the principles of good corporate governance over the years and it is an ongoing process. A detailed report on corporate governance is part of this annual report.

Certificate of the statutory auditors of the Company regarding compliance with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with Indian stock exchanges is also given in the detailed report on corporate governance.

Electronic Filing

Since SEBI has stipulated an electronic filing of the annual report including corporate governance report, shareholding pattern etc., on the website of the SEBI i.e. , www.sebiedifair.nic.in statements of your company would be accessible at this website. These statements are displayed on the Company's website www.bsel.com.

Directors Responsibility Statement

Your directors affirm that the audited accounts containing financial statements for the financial year 2007-08 are in full conformity with the requirements of the Companies Act, 1956. We believe that the financial statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements are audited by the statutory auditors M/s. Raju & Prasad.

As required under Section 217 (2AA) of the Companies Act, 1956, your directors further confirm that:

- (i) in the presentation of the annual accounts, applicable accounting standards have been followed.
- (ii) the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- (iii) 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) directors have prepared the annual accounts on a going concern basis.