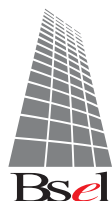




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Illuminating Future...



BSEL Infrastructure Realty Limited

14th ANNUAL REPORT 2008 - 2009

BSEL Pearl, UAE



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,
Above Vashi Railway Station,
Vashi, Navi Mumbai-400705

UAE

Sharjah Airport Int. Zone,
P.O.Box No.8729,
Sharjah, UAE

MALAYSIA

17-03, Susur Dewata,
Jalan Dewata,
Larkin Perdana,
80350 Johor Bahru

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 T. Jain, Partner,
M/s. Raju and 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 USA21

BANKERS

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

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BSEL Ruby, UAE





From the Chairman's Desk....

I am happy to share with you the result for the Financial Year 2008-2009, a year that witnessed one of the gravest economic slowdown of many decades. The financial crisis did bring with it several challenges but I am proud to announce that with meticulous planning of funds and expenses, your Company was able to register profit of Rs. 4,063.51 Lacs

I would like to take this opportunity to thank you all for your enormous support that stood like pillars of strength to muddle through the challenging times.

During the year, your Company's consolidated operational revenue was recorded at Rs. 11,835.00 Lacs and consolidated EPS of Rs. 4.94, making it one of the very few infrastructure companies that have braved the giant recession.

If I were to summarise the key areas of competence that enabled your Company to sail through the mega meltdown, they would be:

Banking on Core Strengths: Sale has been its most coveted strength ever since your Company has come into existence. You are aware that in addition to the residential towers in Ajman, your Company has diverse projects like shopping malls, commercial office complexes, and hotels across India. So, we focused on sale and lease of those projects that extensively contributed to the overall revenue. Second and third quarters of 2008 proved golden period for the sale of Ajman residential projects with investors coming from almost all parts of the world.

Impeccable Fund Management: Your Company's consolidated net profit might have fallen from the last year but it takes only an alert and equipped management that can make the best of what the circumstances have to offer. While real estate market was witnessing the worst downtrends, with daunting news hitting the global markets on a daily basis, your Company concentrated on receivables. Smart methods of collecting outstanding payments came to our aide. This not only enabled us to continue construction of the various ongoing projects of the Company but also restored faith and trust of the market in your Company.

Venturing into New Areas: Your Company for the first time ventured into operations of its hotel project in Gujarat. Narmada Nihar and Rewa Bhavan, the hotel projects of the Company in Gujarat are now operational and solely operated by BSEL.

In all the negativities our faith in nature's ways of keeping us grounded only reinstated - nothing is predestined: The obstacles of our past can become the gateways that lead to new beginnings.

BSEL stands committed to its millions of stakeholders who have stood by it in thick and thin. With committed and dedicated staff of BSEL, we are sure of providing human touch to the concrete world.

Your Company has geared up better for the future and has planned some infallible methods for promoting the existing projects that will undoubtedly reap the desired result. At the same time we keep ourselves aware of the happenings around the world so as to grab any opportunity that might knock anytime, anywhere.

I am confident that given the continued support of the shareholders, customers, investors, bankers, stakeholders and government authorities, your Company will emerge winners how much ever difficult times it may be. Finally, I would like to thank you - our shareholder for your unstinted support.

Kirit R. Kanakiya
Chairman



DIRECTOR'S REPORT

Dear Members,

Your directors are pleased to present their 14th Annual Report, to the members, on the business and operations of BSEL Infrastructure Realty Limited (hereafter referred to as 'BSEL') together with the Audited Accounts for the financial year ended 31st March 2009.

FINANCIAL HIGHLIGHTS:

I Consolidated financial information of BSEL Infrastructure Realty Limited and its subsidiaries.

(Rs. In lacs)

Year ended March 31	2009	2008
Total Income	12,337.40	37,908.30
Less: Total Expenditure (including adjustments)	8,206.49	26,476.23
Profit before tax	4,130.91	11,432.07
Provision for tax (including fringe benefit tax)	67.40	223.65
Consolidated profit for the group	4,063.51	11,208.42
EPS (Basic and diluted) (in Rs.)	2.57	17.25

II Standalone financial information of BSEL Infrastructure Realty Limited

(Rs. In lacs)

Year ended March 31	2009	2008
Total Income	1,040.58	4,739.58
Less: Total Expenditure (including adjustments)	461.75	2,980.41
Profit before tax	578.83	1,759.17
Provision for tax (including fringe benefit tax)	67.40	223.65
Profit available for appropriation	511.43	1,535.52
Appropriation (proposed dividend)	—	483.29
Surplus carried to balance sheet	511.43	1,052.23

Review of Operations

This year was very difficult for the whole economy in general and for infrastructure sector in particular. The economic meltdown has taken its toll not only on the operations and profitability of the companies but the GDP of the country has also to be revised downwards. Your Company has not been an exception to this global recession.

Total income earned by the Company during the year was Rs. 1,041 lacs as compared to Rs. 4,740 lacs in the previous financial year. The profit after tax stood approximately at Rs. 511 lacs as compared to Rs. 1,536 lacs in the previous year.

Consolidated Results

Total consolidated income has been recorded at Rs. 12,337 lacs against Rs. 37,908 lacs in the previous year. Consolidated net profit, with its wholly owned subsidiary and step down subsidiaries have been recorded approximately at Rs. 4,064 lacs as against Rs. 11,208 lacs in the previous year.

Dividend

In view of conserving resources of the Company for future plan and to strengthen its fund and liquid position, directors are unable to recommend any dividend.

Share Capital

The share capital of the Company remained unchanged during the year under review. The Company allotted 5,900,000 preferential warrants to the promoters of the Company at the rate of Rs. 77/- per warrant in June 2007. Being the conversion of the warrants not made by the promoters within the stipulated period of eighteen months, application money paid by promoters for the allotment of these warrants have been forfeited by the Company in December 2008.

Subsidiaries

During the year, three step-down subsidiaries were incorporated in Singapore and Malaysia.

In accordance with the provisions of Section 212 of the Companies Act, 1956, your Company is required to attach the directors' report, balance sheet and profit and loss account of the subsidiaries to its balance sheet. As per the requirement of Section 212 (8) of the Companies Act, 1956, your Company has applied to the Central Government for the necessary exemption from the aforesaid requirements. The Central Government vide its letter no. 47/215/2009-CL-III dated 20/04/2009 has granted exemption to the Company from attaching copy of the balance sheets, profit and loss accounts, reports of the directors and auditors of its subsidiaries/ step-down subsidiaries, namely (I) BSEL Infrastructure Realty FZE (II) BSEL Infrastructure Realty Pte. Ltd. (III) BSEL Infrastructure Realty Sdn. Bhd. and (IV) BSEL Waterfront Sdn. Bhd. Hence, the balance sheets, profit and loss accounts, reports of the directors and auditors have not been attached with the balance sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same and will also be kept for inspection at the registered office of your Company. Further, as directed by the Central Government, the financial data of the subsidiaries has been furnished alongwith the statement pursuant to section 212 of the Companies Act, 1956 forming part of the Annual Report. Also, pursuant to Accounting Standard - 21 (AS-21) issued by the Institute of Chartered Accountants of India and Listing Agreement, your Company has presented the consolidated financial statements which include the financial information relating to its subsidiaries and forms part of this Annual Report.

Joint Ventures and Alliances

During the year under review, the Company through its subsidiaries has invested in Malaysia. The details of investments in all these ventures are given in the relevant schedules forming part of the balance sheet. During the year, BSEL has made exit from B W Highway Star Private Limited - SPV incorporated in joint venture for the Hotel project at Balewadi, Pune. BSEL, having 2,000,000 shares representing approximately 17% shares of the B W Highway Star Pvt. Ltd. has sold to the other JV partners.

Directors

Mr. Dharmendra Raichura continues to act as the managing director of the Company after being re-appointed for a period of three years by the shareholders in the annual general meeting held on 30th September, 2008. His tenure ends on 29th July, 2011.

As per the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. Kirit R Kanakiya, Non-Executive Chairman and Director, will retire by rotation. Mr. Kanakiya being eligible offers himself for reappointment. Accordingly, the board recommends his re-appointment.

Mr. Kanakiya is the driving force behind BSEL. He is a qualified Chartered Accountant with experience of more than 22 years in the business and was in practice from 1982-1990 specializing in the field of taxation and management consultancy. He is the promoter of the Company and possesses unmatched entrepreneurship skill to manage the risk and explore all opportunities to grow. It was under his guidance that BSEL Tech Park, the Group's signature venture was completed & sold off with in record time, well ahead of schedule. His efforts in bringing new & striving projects resulted in perfect diversified and global projects like seven residential towers in UAE, under Company's ambit.



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 31st March 2009, the applicable accounting standards have been followed;
2. The directors have 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 2009 and of the profit & loss of the Company for the year ended 31st March 2009;
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.

Auditors

M/s Raju & Prasad, Chartered Accountants, Mumbai, statutory auditors of the Company, retire at the conclusion of the annual general meeting and are eligible for re-appointment. The Company has received a letter from them consenting to act as statutory auditors, if appointed and that their appointment will be in terms with section 224 (1)(b) of the Companies Act, 1956. The audit committee has recommended their re-appointment for the office of statutory auditors of the Company. The necessary resolution is being placed before the shareholders for approval.

Comments on Auditor's Report

With reference to the comments given by the auditors in the auditors report on accounts of the Company, the management's explanations have been suitably made in the notes to the accounts of the balance sheet and profit and loss account and are self explanatory.

Corporate Governance

The 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 provisions of corporate governance as stipulated in clause 49 of the Listing Agreement is also provided in the corporate governance report.

Electronic Filing

SEBI has stipulated electronic filing of the Annual Report including corporate governance report, shareholding pattern etc. on the website of SEBI i.e., www.sebidifar.nic.in. Statements of your Company would be accessible on this website. These statements are also displayed on the Company's website www.bsel.com.

Deposits

The Company has not invited or accepted from public or its employees any deposits in terms of provisions of section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 and no amount of principle or interest was outstanding to be paid as on the balance sheet date.

Quality Assurance

Your Company is an ISO 9001:2000 Company. The Company firmly believes in the pursuits of excellence in this ever growing infrastructure and realty sector. Our focus has been on providing consistently quality products and services to our clients. We have maintained ISO 9001 status since 2003.

Particulars of Employees

None of the employees of the Company are covered under section 217(2A) of the Companies Act, 1956.

Human Resources Management and Employee Relation

BSEL believes that the mainstays of any organisation are its employees and the main resources are its human resource. On this front, BSEL has laid a lot of stress on organizational development. BSEL has started to move across geographies. Hence, need was felt to revisit the organizational structure. Duties and responsibilities of its employees are reallocated so that the new challenges are well met as the Company moves its focus into new geographies, new markets and new customers.

BSEL has created a favourable work environment that encourages innovation and nurturing commercial and managerial talents in their area of operation. The Company consists of an able team and experienced professionals. BSEL believes that it will manage to achieve substantial growth with a lean organizational structure.

Depository Systems

The Company continues with its arrangement with National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) for dematerialization of securities in accordance with the provisions of the Depositories Act, 1996 and members may avail of such facilities. With this, the members have an option/discretion to hold demated shares with NSDL and/or CDSL.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Disclosure 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 are as follows:

Conservation of Energy

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption.

Technology Absorption

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

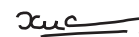
Foreign Exchange Earnings and Outgo

Foreign exchange earnings and outgo during the year under review was Rs. 137.97 lacs (previous year Rs. 287.43 lacs) and Rs. 6.38 lacs (previous year Rs. 57.82 lacs) respectively.

Acknowledgment

The directors sincerely appreciate contributions made by all employees and business associates who have contributed towards the success of the Company. The directors are also thankful for the co-operation, support and assistance received from banks, investors, customers, Central and State Government departments, local authorities, vendors, strategic alliance partners and all others associated with the activities of the Company. The directors are also thankful to all the shareholders for their continued support to the Company.

For and on behalf of the Board



Kirit R. Kanakiya
Chairman

Place : Navi Mumbai,
Date : 10.08.2009



CORPORATE GOVERNANCE REPORT

Concept of Corporate Governance

Corporate governance specifies the distribution of rights and responsibilities among different participants in the organisation such as the board, management and stakeholders. It directs the rules and procedures to be implemented for disclosure of decisions made on corporate affairs. It is mainly concerned with holding the balance between economic and social goals and between individuals and communal goals.

BSEL's Philosophy

The governance framework of BSEL is to encourage the efficient use of resources and require equal accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, Company and society.

Board of Directors

Over the years, BSEL has always maintained a transparent board policy. The board consists of esteemed personalities from various fields. The managing director looks after day to day activities of the Company, while the non-executive independent directors, with their rich and varied experience provide a wider perspective for the scheme of things and brings in independence in decision making.

Procedure adopted by the Board

As per the Listing Agreement, the board meets atleast 4 times during the year. The company secretary along with the managing director fixes the agenda of the meeting and sends the same to all the directors of the Company well in advance. The board meets atleast once every quarter to review the quarterly results of the Company along with its subsidiaries. Suggestions for any additional agenda item are also invited from all the directors. The board also has the privilege to call special invitee to attend and contribute to the meeting. Apart from the mandatory requirements, additional meetings are also held whenever necessary.

Information placed before the Board

- Review, monitor and approve operational and financial plans;
- Quarterly results of the Company;
- Minutes of meetings of audit committee and other committees of the board;
- Minutes of the subsidiary companies;
- The information on recruitment and remuneration of senior officers just below the board level, including appointment of Chief Financial Officer and the Company Secretary;
- Details of any joint venture or collaboration agreement;
- Details about dividend data;
- General notices of interest of directors.

The board met 8 (eight) times during the year under review and the dates of such meetings are as follows:

- (1) 7th May, 2008; (2) 30th June, 2008; (3) 31st July, 2008; (4) 20th August, 2008; (5) 25th August, 2008; (6) 23rd October, 2008; (7) 15th December, 2008; (8) 30th January, 2009.