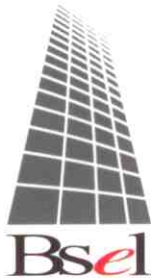


# Building high-rises in the chart of success...



BSEL Infrastructure Realty Limited  
Building Structures... *e*merging landmarks

13<sup>th</sup> ANNUAL REPORT 2007 - 2008

## GLOBAL PRESENCE OF BSEL



## BSL 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, 2<sup>nd</sup> 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

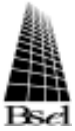
The Bank of New York,  
New York Branch, 101 Barclay Street,  
21st Floor, New York, NY 10286 USA

### BANKERS

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

## CONTENTS

From the Chairman's Desk .....	3
Five Minutes with the Managing Director .....	5
Directors' Report .....	6
Report on Corporate Governance .....	10
Management Discussion & Analysis Report .....	21
Section 212 Statement .....	32
Auditor's Report .....	33
Balance Sheet .....	36
Profit & Loss Account .....	37
Schedules .....	38
Notes to the Financial Statements .....	46
Significant Accounting Policies .....	50
Cash Flow Statement .....	52
Consolidated Financial Statements .....	54
Part IV of Schedule VI .....	73
Notice .....	74



## **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 Landmarks (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.

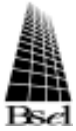
High achievement always takes place in a framework of high expectations. BSEL being a go-getter has always excelled to maximize the wealth. We are very optimistic and positive about the future. BSEL has vowed to diversify in different areas, looking for better and bigger opportunities.

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%.



## DIRECTOR'S REPORT

Dear Members,

We take great pride in presenting the 13<sup>th</sup> 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
<b>Total Income</b>	<b>37,908.30</b>	<b>16,495.68</b>
Less: Total Expenditure (including adjustments)	26,476.23	8,100.39
<b>Profit Before Tax</b>	<b>11,432.07</b>	<b>8,395.29</b>
Provision for Tax (including Fringe Benefit Tax)	223.65	702.57
<b>Consolidated Profit for the Group</b>	<b>11,208.42</b>	<b>7,692.72</b>
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
<b>Total Income</b>	<b>4,739.58</b>	<b>8,729.11</b>
Less: Total Expenditure	2,980.41	1,993.34
<b>Profit Before Tax</b>	<b>1,759.17</b>	<b>6,735.77</b>
Provision for Tax (including Fringe Benefit Tax)	223.65	702.57
<b>Profit available for appropriation</b>	<b>1,535.52</b>	<b>6,033.20</b>
Appropriations (Proposed Dividend)	483.29	1,420.44
<b>Surplus carried to Balance Sheet</b>	<b>1,052.23</b>	<b>4,612.76</b>

### 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 6<sup>th</sup> 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 27<sup>th</sup> December, 2007 at Rs. 65/- per share. These GDRs got listed on Luxembourg Stock Exchange on 28<sup>th</sup> December 2008 and subsequently underlying equity shares got listed on NSE and BSE on 10<sup>th</sup> January, 2008.

**Over Allotment Option:** Further, on 5<sup>th</sup> 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 8<sup>th</sup> February 2008 and equity shares underlying these GDRs got subsequently listed on NSE and BSE on 26<sup>th</sup> 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.

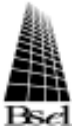
The Company has obtained exemption from the Central Government vide order no. 47/261/2008-CL-III dated June 13, 2008, under Section 212 (8) of the Companies Act, 1956 from attaching the balance sheet, profit and loss account, report of the board of directors and report of auditors of the subsidiary companies 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.



## 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.sebidifar.nic.in](http://www.sebidifar.nic.in) statements of your company would be accessible at this website. These statements are displayed on the Company's website [www.bsel.com](http://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.

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

The requirement of disclosure, in terms of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the report of the Board of Directors) Rules, 1988 relating to the steps taken for conservation of energy or technology absorption is not applicable to the Company as the Company does not own any manufacturing facility.

Foreign exchange earnings and outgo during the year under review were Rs. 287.43 lacs (previous year Rs. 178.16 lacs) and Rs. 57.82 lacs (previous year Rs. 97.44 lacs) respectively.

**Particulars of Employees**

None of the employee is covered under Section 217(2A) of the Companies Act, 1956.

**Acknowledgement**

Your directors would like to thank the financial institutions and banks associated with your Company for their support as well.

Your involvement as shareholders is greatly valued. Your directors look forward to your continuing support.

Your Company's employees are instrumental in your company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

The directors take this opportunity to thank all shareholders, investors, customers, suppliers, bankers, financial institutions and central, state and local government departments for their consistent support to the Company. The directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to grow despite growing challenges.

**On behalf of the Board**

Navi Mumbai,  
August 25, 2008

**Kirit R. Kanakiya**  
**Chairman**



## REPORT ON CORPORATE GOVERNANCE

### 1. Concept of Corporate Governance

Famous business author Gabrielle O'Donovan in his book "**A Board Culture of Corporate Governance**" defined Corporate Governance as:

'An internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes.'

#### 1.1 BSEL's Philosophy

BSEL believes that corporate governance is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers, and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs.

BSEL believes that corporate governance is a continuous journey to attain the ultimate goal of enhancing shareholder value by maintaining highest degree of transparency, accountability and integrity.

### 2. Board of Directors

The composition of the board of BSEL Infrastructure Realty Limited is in conformity with the laid down principles of clause 49 of the listing agreement. The board has five directors, three of them are independent and non – executive, which makes the board an optimum combination of executive and non – executive directors.

Apart from that, none of the directors hold the position of chairman of more than 5 committees across all companies and are not member of 10 committee at any times.

#### 2.1 Composition and Category of Board

Sr. No	Name of the Director	Category
1.	Mr. Kirit Kanakiya	Non – Executive Chairman
2.	Mr. Dharmendra Raichura	Managing Director
3.	Mr. Vijay Jain	Non – Executive Independent Director
4.	Mr. Abbas Lakdawalla	Non – Executive Independent Director
5.	Mr. Hitesh Vora	Non – Executive Independent Director

#### 2.2 Attendance of Directors at Board Meetings and General Meetings

The Board met 9 (nine) times during the year under review and the dates of such Meetings are as follows:

(1) 10th May 2007 (2) 8th June 2007 (3) 28th June 2007 (4) 31st July 2007 (5) 9th August 2007 (6) 31st October 2007 (7) 20th November 2007 (8) 31st January 2008 (9) 14th March 2008

The detailed chart of attendance of directors in board meetings and attendance in general meetings held during the year:

Sr. No	Name of the Director	No of Board Meetings Attended	Attendance in AGM 25/09/07	Attendance in EGM 06/06/08
1.	Mr. Kirit Kanakiya	4	No	No
2.	Mr. Dharmendra Raichura	9	Yes	Yes
3.	Mr. Vijay Jain	8	Yes	Yes
4.	Mr. Abbas Lakdawalla	7	No	Yes
5.	Mr. Hitesh Vora	5	Yes	Yes

### 2.3 Particulars of Directors and number of other Board Committees in which he is a Member or Chairman

Sr. No.	Name of the Director	No. of Directorship held in Public Companies	No. of Other Committee Membership
1.	Mr. Kirit Kanakiya	2	NIL
2.	Mr. Dharmendra Raichura	NIL	NIL
3.	Mr. Vijay Jain	NIL	NIL
4.	Mr. Abbas Lakdawalla	NIL	NIL
5.	Mr. Hitesh Vora	NIL	NIL

### 3. Audit Committee

#### 3.1 Brief Description of Terms of Reference

The primary objective of the audit committee is to monitor and effectively supervise the company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain, monitor and improve an integrity and quality of the financial reporting.

The role and terms of reference, authority and powers of audit committee are in conformity with the Companies Act, 1956 and listing agreement.

- Ensuring compliances with accounting standards and generally accepted accounting principles (GAAP) adopted for preparation of individual and consolidated financial statements
- Verifying that internal information gathering and control procedures are properly applied
- Ensuring the quality and relevance of information provided to the shareholders of the company
- Reviewing drafts of quarterly, half yearly and annual financial statements submitted to it by the chairman of the board before they are submitted to the board of directors with particular reference to matters required to be included in the director's responsibility statement to the board's report in terms of clause (2AA) of section 217 of the companies act, 1956
- Ensuring that the procedures comply adequately with relevant financial institutions and stock exchanges.
- Meeting with statutory auditors to discuss the compliances by the company of various accounting standards, recommending their appointment and fixation of their remuneration.
- Discuss and study the working plan of the company and providing suitable recommendations to the board and the management.
- Access the internal control system of the company and check that the procedures are driven towards transparency, accountability and accuracy.
- Reviewing company's risk management policies.
- Review of the financial statements of the subsidiary company and in particular the investment made by the unlisted subsidiary company.
- To review the functioning of whistle blower policy mechanism.
- To look for the reasons in case of any defaults as regards to the declared dividend.
- To decide the nature and scope of audit with the statutory auditor before any commencement of such audit.
- Reviewing with the management the statement of uses / application of funds raised through public / rights / preferential issue and the statement of funds utilized for purposed other than those mentioned in the offer document / prospectus.

#### 3.2 Composition, Names of Members and Chairman

The composition of audit committee is comprised in terms with Clause 49 of the listing agreement and is comprised of three directors, the chairman of the committee being an independent director.

Name of the Member	Designation	No. of Meetings Attended
Mr. Vijay Jain	Chairman	6
Mr. Hitesh Vora	Member	2
Mr. Abbas Lakdawalla	Member	5

The company secretary is also acting as the secretary of the audit committee.



### 3.3 Dates of Meetings and Attendance of Committee Members

During the year under consideration, 6 (Six) meetings of audit committee were held, the dates thereof and attendance therein are as described hereunder.

(1) 10th May 2007, (2) 28th June, 2007 (3) 31st July, 2007, (4) 31st October, 2007 (5) 31st January, 2008 (6) 14<sup>th</sup> March 2008

## 4. Remuneration Committee

### 4.1 Brief Description of Terms of Reference

Remuneration committee is constituted to recommend the remuneration of the managing director and other executives and top management of the company.

Remuneration committee of the company is comprised of three directors of the company. Committee met once in the year under consideration on 10<sup>th</sup> May 2007.

### 4.2 Composition, Name of Members and Chairperson

Name of the Member	Designation	No. of Meetings Attended
Mr. Vijay Jain	Chairman	1
Mr. Hitesh Vora	Member	1
Mr. Abbas Lakdawalla	Member	1

### 4.3 Remuneration Policy

The remuneration committee recommends the remuneration of the executives and other top management to the board of directors and the shareholders of the company.

The remuneration policy of the Company is in conformity with section 198, 269, 309, 310 and schedule XIII of the Companies Act, 1956

### 4.4 Details of Remuneration to All Directors

As per the principles laid down in the listing agreement, the non – executive directors receive only sitting fees for the meetings attended by them.

The details of remuneration paid to all directors is as follows.

Sr. No.	Name of the Director	Category	Salary	Sitting Fees
1.	Dharmendra Raichura	Executive	7,80,000/-	N.A.
2.	Kirit Kanakiya	Non – Executive	N.A.	20,000/-
3.	Vijay Jain	Non – Executive Independent	N.A.	40,000/-
4.	Abbas Lakdawalla	Non – Executive Independent	N.A.	35,000/-
5.	Hitesh Vora	Non – Executive Independent	N.A.	25,000/-

## 5. Shareholders' and Investors' Grievances Committee

Brief description of terms of reference:

The shareholders and investor grievance's committee has inter-alia the following duties.

- Transfer and transmission of shares.
- Issuance of duplicate share certificate as and when required.
- Shareholders' grievances issues regarding non - receipt of dividend – interim and final, non – receipt of balance sheet / annual report.
- All the matters related to allotment and execution of preferential warrants issued to the promoters and their group.

### 5.1 Name of the Non-Executive Director Heading the Committee

Mr. Vijay Jain, non-executive and independent director heads the committee.

## 5.2 Composition and Meetings held during the year

Shareholders' and investors' grievances committee meeting was held on 12th June, 2007. The composition of committee and details of attendance of committee meetings are as follows:

Name of The Member	Designation	No. of Meetings Attended
Mr. Vijay Jain	Chairman	1
Mr. Hitesh Vora	Member	1
Mr. Abbas Lakdawalla	Member	1

## 5.3 Name and Designation of the Compliance Officer

Ms. Priya Singhal, associate member of Institute of Company Secretaries of India, is acting as a compliance officer and company secretary of the company. The e-mail id of the company secretary, [priya@bsel.com](mailto:priya@bsel.com) is designated for the purpose of registering investors' compliance and other follow up actions. The same may be used by investors and stakeholders of the company for the same. Further, intimation has also been given both to Bombay Stock Exchange and National Stock Exchange that, investors can now direct any of their complaint / query / doubt to the company secretary and compliance officer of the Company at [priya@bsel.com](mailto:priya@bsel.com) which can now be treated as a designated e-mail id by the investor for the purpose of registering investors' complaints and other follow up actions. The above e-mail address is also mentioned in company's official website [www.bsel.com](http://www.bsel.com) under subheading investors' grievances / queries under the heading investor info.

## 5.4 Number of Shareholders Complaints Received

During the year, 7 (seven) investors complaints were received and were duly resolved.

## 5.5 Number of Pending Complaints

No complaint was pending as on 31<sup>st</sup> March 2008

## 6. GDR Committee

### 6.1 Constitution and Broad Role

The board had constituted a committee named as GDR committee in its board meeting held on 20<sup>th</sup> November, 2007. The broad role of the committee is as follows:

- To locate the parties involved in the issue such as lead managers, legal advisors, international depository, listing agents etc.
- To decide the quantum of the issue size and other related matters.
- To allot the shares.
- To get them listed and to do all other legal formalities.
- To decide upon any other issue related to issue of the Company.

### 6.2 Composition of GDR Committee and the dates of the Meeting

The committee is comprised of 3 directors, the composition is:

Sr. No.	Name of the Director/Designation	No. of Meeting	
		Held	Attended
1.	Dharmendra Raichura, Chairman	4	4
2.	Abbas Lakdawalla, Member	4	2
3.	Hitesh Vora, Member	4	2

The committee met four times during the year (1) 20<sup>th</sup> November 2007; (2) 27<sup>th</sup> December 2007; (3) 29<sup>th</sup> December 2007; (4) 5<sup>th</sup> February 2008. The company secretary of the Company also acts as the secretary of the committee.

**7. General Body Meeting****7.1 Location and Time of The Last 3 Annual General Meetings**

Financial Year	Venue	Day and Date	Time	No. of Special Resolutions
2004-2005	Abbott Hotel, Sector 2, Vashi, Navi Mumbai 400 703	Monday, 29 <sup>th</sup> August, 2005	11.00 AM	04
2005-2006	Abbott Hotel , Sector 2, Vashi, Navi Mumbai 400 703	Saturday, 9 <sup>th</sup> September, 2006	11.00 AM	NIL
2006-2007	Abbott Hotel , Sector 2, Vashi, Navi Mumbai 400 703	Tuesday, 25 <sup>th</sup> September, 2007	10.00 AM	NIL

**7.2 Whether any special resolution was passed in the last 3 AGMs**

— Yes —

**7.3 Whether any special resolution was passed last year through postal ballot**

— No —

**7.4 Name of the person who conducted postal ballot**

— N.A. —

**7.5 Whether any special resolution is proposed to be conducted through postal ballot**

— No —

**7.6 Procedures adopted for postal ballot**

— N.A. —

**8. Disclosures****8.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company**

Materially significant transactions are those transactions of the company, which are of the nature, with its promoters, directors, or the management, their subsidiaries or relatives, that may have potential conflict with the interest of the company.

Details of such transactions are forming part of the accounts in accordance with the provisions of Accounting Standard 18

**8.2 Details of non-compliance by the company, penalties and strictures imposed on the company by stock exchange, SEBI or any other statutory authority in the past 3 Years**

Neither any penalties were imposed on the company for any non – compliance nor any strictures were imposed by Stock Exchange or SEBI or by any other statutory authority on any matter related to capital markets during the last three years.

**8.3 Whistle Blower Policy and affirmation that no officer has been denied access to the Audit Committee**

“Whistle Blower Policy” which provides for a mechanism for employees to report to the management about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics has been adopted by the Company.

During the year under review, no personnel has been denied access to the members of audit committee or its chairman.

**8.4 Details of the compliance of the mandatory requirements and adoption of non mandatory requirements of this clause**

Mandatory requirements: The Company has complied with all the mandatory requirements of listing agreements

Non-mandatory requirements: board has constituted a remuneration committee and the terms of reference of this committee are given earlier under the head “Remuneration Committee.” Apart from that, the Company has also adopted the whistle blower policy.

**8.5 Secretarial Audit**

A qualified practicing company secretay carried out secretarial audit to reconcile the total admitted capital with National Securities Depository limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.



## 9. Means of Communication

The quarterly / half yearly / yearly financial results of the Company are published in all India editions of "The Economic Times", "The Times of India" and "Navabharat Times". Results are also published in "Maharashtra Times". Annual results were additionally published in "Free Press Journal" english newspaper and "Navashakti" marathi (vernacular) newspaper.

### 9.1 Any Website Where Displayed

The results, presentations and all other official news releases are also displayed at [www.bse1.com](http://www.bse1.com), [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and also on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with National Informatics Center (NIC) at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

### 9.2 Financial Calender

#### Financial year ended on 31<sup>st</sup> March, 2008

Events	Date
Extra-Ordinary General Meeting	6 <sup>th</sup> June 2007
Issue of Preferential Warrants	12 <sup>th</sup> June 2007
Declaration of Annual Results 2007	28 <sup>th</sup> June 2007
Declaration of Results for First Quarter	31 <sup>st</sup> July 2007
Book Closure Dates	21 <sup>st</sup> September 2007 to 25 <sup>th</sup> September 2007
Annual General Meeting	25 <sup>th</sup> September 2007
Declaration of Results for Second Quarter	31 <sup>st</sup> October 2007
Issue Equity Shares underlying GDRs	27 <sup>th</sup> December 2007
Declaration of Results for Third Quarter	31 <sup>st</sup> January 2008
Issue Equity Shares underlying GDRs (Over Allotment Option)	5 <sup>th</sup> February 2008

#### Financial Year ended on 31<sup>st</sup> March 2009

Events (tentative and subject to change)	Date
Declaration of Annual Results	June
Declaration of Results for First Quarter	July
Annual General Meeting	September
Declaration of Results for Second Quarter	October
Declaration of Results for Third Quarter	January

## 10 General Shareholder Information

### 10.1 Date, Time of the AGM

Tuesday, 30<sup>th</sup> September, 9.30 A.M.

### 10.2 Venue of the AGM

Abbott Hotel, Sector 2, Vashi, Navi Mumbai - 400 703

### 10.3 Financial Year

2007-08

### 10.4 Date of Book Closure

Saturday 27<sup>th</sup> September 2008 to Tuesday 30<sup>th</sup> September 2008 (both days inclusive)

### 10.5 Dividend Payment Date

Tuesday, October 21, 2008 and onwards

### 10.6 Listing on Stock Exchange

Listing of Equity Shares

Bombay Stock Exchange Limited (BSE)

National Stock Exchange of India Limited (NSE)

— Stock Code

BSE: 532123

— Stock Symbol

NSE: BSELINFRA

Listing of GDR's

Luxembourg Stock Exchange

— Stock Code of GDR's

US11776M1009

— Security Type

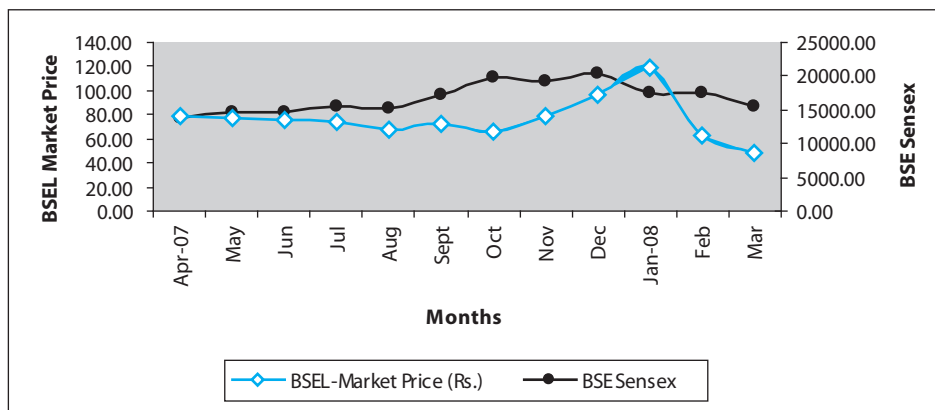
BSEInfR GDR ne



## 10.7 Market Price Data: High, Low during Each Month during the Last Financial Year

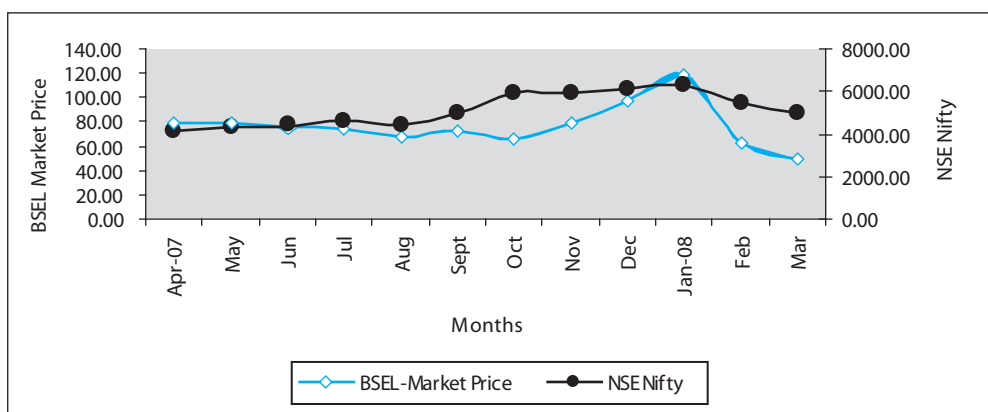
### BSE and BSEL

Month	Apr 07	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan 08	Feb	Mar
BSEL High	78.35	77.40	76.40	73.60	67.00	71.80	66.40	79.60	96.70	118.65	62.00	49.00
BSEL Low	60.75	67.00	67.45	63.00	48.50	55.30	52.00	60.40	68.50	57.00	47.90	37.00
BSE Sensex	13872	14544	14651	15551	15319	17291	19838	19363	20287	14679	17579	15644



### NSE and BSEL

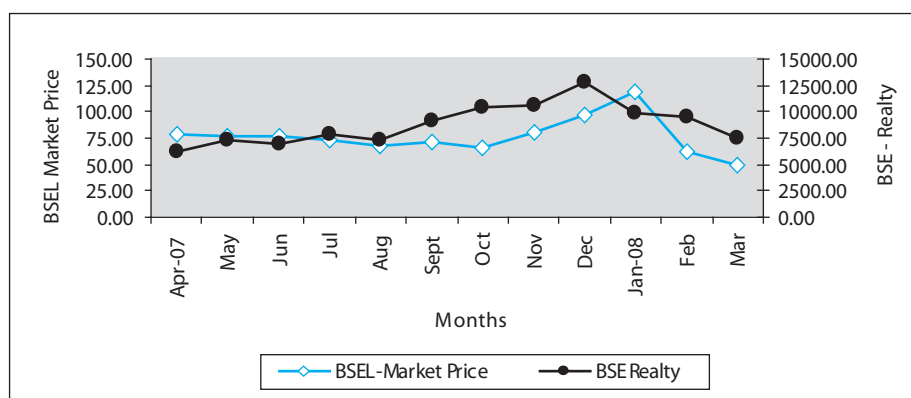
Month	Apr 07	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan 08	Feb	Mar
BSEL High	78.85	78.50	76.50	73.80	67.00	72.60	65.40	79.30	96.65	118.45	62.15	48.90
BSEL Low	60.75	67.00	67.55	62.75	45.00	55.50	50.25	60.20	69.00	57.85	47.00	36.10
NSE Nifty	4178	4296	4318	4621	4464	5021	5906	5938	6159	6288	5484	4953



## 10.8 Performance in Comparison to Broad Based Indices

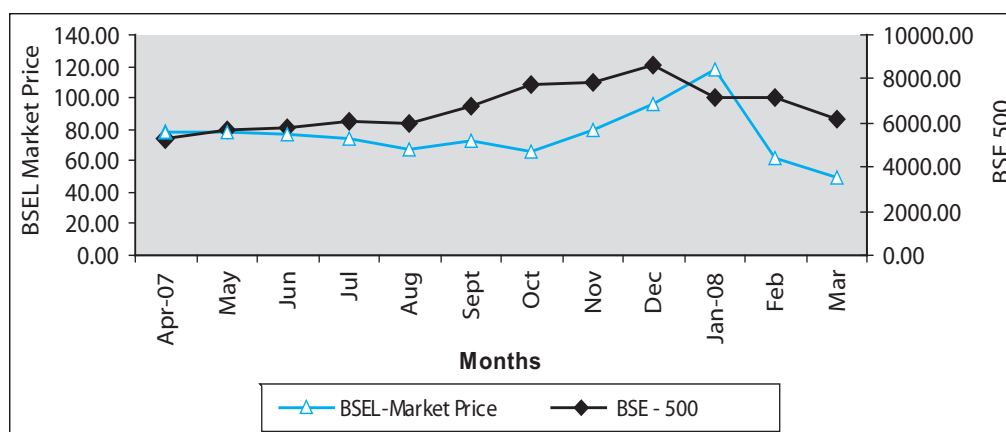
### BSE Realty and BSEL

Month	Apr 07	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan 08	Feb	Mar
BSEL High	78.35	77.40	76.40	73.60	67.00	71.80	66.40	79.60	96.70	118.65	62.00	49.00
BSE Realty	6283	7369	6934	7854	7242	9179	10503	10626	12727	9871	9566	7555



### BSE 500 and BSEL

Month	Apr 07	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan 08	Feb	Mar
BSEL High	78.35	77.40	76.40	73.60	67.00	71.80	66.40	79.60	96.70	118.65	62.00	49.00
BSE 500	5311	5647	5781	6063	5950	6774	7785	7866	8592	7160	7108	6157



## 10.9 Registrar and Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.  
 Unit No. 1, Luthra Industrial Premises, Safed Pool,  
 Andheri – Kurla Road, Andheri (E), Mumbai – 400 072  
 ☎ Telephone No. (022) 2851 5606/5644 📠 Fax: (022) 2851 2885

## 10.10 Share Transfer System

The Company has delegated its powers to effect the transfer of shares to the registrar and transfer agents of the Company M/s Sharex Dynamic (India) Pvt. Ltd. located at the address given above.



### 10.11 Change in Registered Office

The Company has changed its registered office with effect from 10th July 2008 within the same city. The new registered office of the Company is "G-101, 2nd Floor, Tower No. 7, International infotech Park, Vashi, Navi Mumbai - 400 705".

### 10.12 Distribution of Shareholding

Shares - Nominal Value	No. of Holders	(%) of Holders	Total Amount	(%) of Amount
UPTO 5000	42339	86.41	72,479,690	8.77
5001 to 10000	3838	7.83	32,427,630	3.93
10001 to 20000	1500	3.06	23,669,080	2.86
20001 to 30000	466	0.95	12,252,860	1.48
30001 to 40000	197	0.40	7,159,600	0.87
40001 to 50000	186	0.38	8,911,550	1.08
50001 to 100000	254	0.52	18,429,780	2.23
100001 and Above	216	0.44	650,838,210	78.78
<b>Total</b>	<b>48996</b>	<b>100.00</b>	<b>826,168,400</b>	<b>100.00</b>

### 10.13 Shareholding Pattern as on 31<sup>st</sup> March, 2008

	Category of Shareholder	No. of Share holder	Total No. of shares	No. of shares in demat	Total shareholding as a % of total number of shares	
					% as to (A+B)	% as to (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ HUF	5	9119304	9119304	16.29	11.04
(b)	Bodies Corporate	13	15435773	15435773	27.58	18.68
	<b>Sub Total(A)(1)</b>	<b>18</b>	<b>24555077</b>	<b>24555077</b>	<b>43.87</b>	<b>29.72</b>
<b>(2)</b>	<b>Foreign</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>18</b>	<b>24555077</b>	<b>24555077</b>	<b>43.87</b>	<b>29.72</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Financial Institutions / Banks	3	2190	2010	0.00	0.00
(b)	Central Government/ State Government(s)	1	200	200	0.00	0.00
(c)	Venture Capital Funds	1	5000	5000	0.01	0.01
(d)	Foreign Institutional Investors	6	6044006	6044006	10.80	7.32
	<b>Sub-Total (B)(1)</b>	<b>11</b>	<b>6051396</b>	<b>6051216</b>	<b>10.81</b>	<b>7.32</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2008 (Contd...)**

	Category of Shareholder	No. of Share holder	Total No. of shares	No. of shares in demat	Total shareholding as a % of total number of shares	
					% as to (A+B)	% as to (A+B+C)
<b>(B) (2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	1158	5642208	5640948	10.08	6.83
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	47197	15513650	15404968	27.72	18.78
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	69	1401692	1401692	2.50	1.70
(c)	Any Other:- Clearing Member	158	209486	209326	0.37	0.25
(c-i)	OCB	2	1934810	1934810	3.46	2.34
(c-ii)	NRI	382	666491	666491	1.19	0.81
	<b>Sub-Total (B)(2)</b>	<b>48966</b>	<b>25368337</b>	<b>25258235</b>	<b>45.32</b>	<b>30.71</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>48977</b>	<b>31419733</b>	<b>31309451</b>	<b>56.13</b>	<b>38.03</b>
	<b>TOTAL (A)+(B)</b>	<b>48995</b>	<b>55974810</b>	<b>55864528</b>	<b>100.00</b>	<b>67.75</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	<b>1</b>	<b>26642030</b>	<b>26642030</b>		<b>32.25</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>48996</b>	<b>82616840</b>	<b>82506558</b>		<b>100.00</b>

**10.14 Dematerialisation of Shares**

The equity shares of the Company are traded in electronic form. As on 31<sup>st</sup> March 2008 – 82,506,558 equity shares or 99.87% of the total paid up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). All the Demat requests were generally processed and confirmed within 7 days of receipt.

**10.15 Demat ISIN in NSDL and CDSL for Equity Shares**

INE395A01016

**10.16 Outstanding GDR's / ADR's Warrants or any Convertible Instruments**

2,664,203 GDR's were outstanding as on 31<sup>st</sup> March 2008, wherein each GDR represents 10 underlying equity shares.

**10.17 Address for Correspondence**

G – 101, 2<sup>nd</sup> Floor, Tower No. 7, International Infotech Park, Vashi Railway Station Complex, Vashi, Navi Mumbai – 400 705



## **CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) OF THE COMPANY**

I, DHARMENDRA RAICHURA, MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF BSEL INFRASTRUCTURE REALTY LIMITED, TO THE BEST OF MY KNOWLEDGE AND BELIEF, CERTIFY THAT:

- a. I have reviewed the balance sheet and profit and loss account (stand alone and consolidated) along with all its schedules and notes on accounts, as well as the cash flow statement and the directors report;
- b. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the statements made;
- c. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all, material respects, a true and fair view of Company's affairs, the financial condition, result of operations and cash flows of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- d. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- e. I am responsible for establishing and maintaining disclosure controls and procedure and internal controls over the financial reporting of the Company and have also disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, and what we have done or propose to do to rectify these;
- f. I have also disclosed to the auditors as well as the audit committee, instances of significant fraud, if any, that involve management or employees having a significant role in the Company's internal control systems; and
- g. I have indicated to the auditors, the audit committee and in the notes to the accounts, whether or not there were any significant changes in internal control and / or accounting policies during the year.

**Place :** Mumbai  
**Date :** 30.06.2008

**Dharmendra Raichura**  
(CEO & CFO)

## **AUDITORS' CERTIFICATE TO THE MEMBERS OF THE COMPANY ON COMPLIANCE OF THE CONDITIONS OF CLAUSE 49 OF THE LISTING AGREEMENT (CORPORATE GOVERNANCE) FOR THE YEAR ENDED MARCH 31, 2008**

We have examined the compliance of conditions of corporate governance by BSEL Infrastructure Realty Limited, for the year ended as at 31st March, 2008, as stipulated in clause 49 of the listing agreement of the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a year exceeding one month against the Company as per the records maintained by the shareholder / investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For RAJU & PRASAD**  
Chartered Accountants

**CA. Avinash Jain**  
Partner  
**Membership No: 41689**

**Place :** Mumbai  
**Date :** 20.08.2008

## MANAGEMENT ANALYSIS AND DISCUSSION REPORT

### Indian Infrastructure and Real Estate Scenario and Opportunities

The Indian Economy is the second fastest growing economy in the world only next to China with GDP growth of 9.4% achieved in the year 2006-07. Since the inception of the Industrial Reforms in the year 1991, India has seen its Compound Annual Growth Rate (CAGR) at over 6.7 % and has witnessed a healthy 8.6% in the past five years and the future is even brighter.

But the most important part is the power and ability to sustain the growth in economic development. It is clear that to sustain and tolerate such development would require world class infrastructural development. Hence, in the near future the demand for infrastructural development will be nothing less than monumental.

Such a growth rate only means opportunities to all the participants and also the potential participants to make good this opportunity. In India, presently the growth in real estate and infrastructure is no longer limited to large metropolises but now permeated to the burgeoning economy.

### Commercial and IT park

The IT / ITES / BPO industry demand is expected to grow at around 75-80 Mn sq ft of area every year over the next 5 years. This sector alone makes up 80% of the commercial space demand in India. With the IT / ITES sector expected to grow significantly over the next few years the demand for the commercial space will principally be driven by the growth in this sector. The number of people employed in the IT / ITES sector is expected to grow from around 1.3 Mn people currently to around 4.1 Mn over the next 5 years. Apart from the IT / ITES sector the office space growth will also be driven by the financial sector, including services, insurance and banking, bio technology, among others. At present the major cities occupy the foremost office space for these sectors. However, the need for low cost alternatives is seeing other destinations predominantly in the Tier II cities.

BSEL Tech Park is a landmark in itself in commercial and IT Park space in Navi Mumbai. BSEL has another IT Park in Goa in alliance with Unity Infraprojects Limited. Goa IT Park is the first of its kind in the state, is on its way to be a part of the need of commercial IT space. BSEL is all set to grab forthcoming opportunities in this sector.

### Retail and Shopping

Organised retail makes up 3% of the US\$ 230 billion retail industry in India and is projected to attain a size of US\$ 23 billion by 2010. India's vast middle class and its virtually untapped retail sector are key attractions for global retail giants wanting to enter newer markets. 51% FDI in single brand retailing allowed to attract investment and technology and to cater to the demand for branded goods in India. Of the total organised retail space being developed pan-India, 35% is to come up in the Tier-II and Tier-III cities.

Approximately 30 mn. sq. ft. of office space supply to enter the market per annum for the next three years. Proactive policy changes for the sector have led to increased foreign interest. Close to US\$ 5 billion waiting to enter the Indian real estate market through the real estate venture capital investment route. Recently permitted Real Estate Mutual Funds (REMFs) foreseen to increase liquidity for the sector.

The organized retail is also being driven by the increasing focus of malls in the smaller cities, increasing disposable incomes and rising consumption rates. It is estimated that presently, an additional area of 46 million sq. feet for malls and multiplexes is being added in India, out of which 32 million sq. feet is spread over across seven major Indian cities. As many as 45 malls with over 9.5 million sq. feet of retail real estate are expected to come up shortly in tier-2 cities like Jaipur, Chandigarh, Ludhiana, Nagpur, Baroda, Surat and Kochi.

BSEL, through its SPVs, is developing shopping, retail, commercial space area in the emerging Tier II cities like Nagpur and Pune. BSEL has unmatched business model with unique product mix of retail with shopping, commercial and hospitality across these projects. Being the added feature of strategic location with ultra modern amenities and rising demand, BSEL is assured of maximum returns with guaranteed success from these projects.

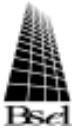
BSEL has Golf course project, Tardeo BMC market project and Bhorkhar – township project in line for future to add new horizon to its activity.

### Hotel and Hospitality

Another segment which is benefitting from the growth of the service sector is the hotel industry. Liberalisation of the Indian economy coupled with the growth in domestic business and a buoyant economic outlook has led to an enhancement in business travel in India. According to government of India estimates, the foreign arrivals in India increased by 11% between 2004-2005 and by 15% in 2005-2006. More than 50% of this number is foreign business travellers. Besides this, approximately 300 million domestic travellers travels the country each year and this number is expected to witness a growth of 10-15% over the next few years.

Also, the efforts made by the Ministry of Tourism & Culture in the last few years have had a salutary effect on India's tourism industry. As per a survey undertaken by an international travel magazine in 2006, India has been ranked as the 4th most favoured country for holidays, above South Africa and Switzerland.

BSEL has five vibrant hotel and hospitality projects in Maharashtra and Gujarat. In hospitality segment, BSEL has the strategy to build



hotels as an integral part of multiple use development projects. While the Company will build and own the properties, hotel management will be given out to professional groups. We have already tied up with Kamat Hotels India Limited for hospitality project Narmada Nihar in Gujarat for broadening the amenities to five star categories under the Lotus Suite Brand.

For the project under construction like Y Junction and Kevadia, BSEL is all set to develop the world class tourist destination with exploring all the breath taking natural scenic view. Our focus is to cultivate each project based on its inherent potential — in luxury business hotels, service apartments, resorts, or limited service budget hotels. BSEL with the right business model is ready to reap the fruit of success.

## **UAE**

UAE is a constitutional federation of seven different emirates combining into one country, the United Arab Emirates. It is located in the south – eastern tip of the Arabian Peninsula. Though four fifth of the country is desert, it is a country of contrasting landscapes, from awe-inspiring sand dunes to rich oases to precipitous rocky mountains to fertile plains.

UAE is one of the fastest growing tourist destinations. It's an ultimate tourist paradise and is a perfect essence for an unforgettable and absorbing holiday. The sun, the sand and beaches, the sea, the sports, unstoppable shopping options, world class hospitality coupled with a comfortable and welcoming environment coupled with fascinating culture. It has a fast – pace lifestyle entertained by shopping malls, sports club and an active night life. We can say that one never has any free time on his hands during his stay in this amazing and cheerful country.

## **Ajman**

The smallest emirate of the United Arab Emirates, Ajman is situated on the coast of the Arabian Gulf between the Emirates of Sharjah and Umm Al Quwain, It is the home to the world's largest boatbuilding yard, the Dhow yard.

The capital city, Ajman, retains much of its ancient history, and traces of the old town are still visible. However, just as Ajman has preserved much of its history, it is also working to build its promising future.

Ajman is the second emirate in UAE to offer freehold property and the only emirate offering investors of any nationality fully transparent true 100% freehold ownership on real estate.

Ajman has now embraced plans to make the Emirates a significant economic player in the Gulf region. Multipurpose convention, cultural and sporting facilities have already been built, as well as emerging first class real estate developments all across the Emirates are promoting a very high level of attraction towards tourism and investments in the Emirate. All these growing features are positively resulting in higher employment opportunities with higher colonization towards it.

BSEL with its pioneer vision has analyzed the golden future of Ajman as an emerging real estate hub. BSEL, on emirates road, has seven centrally air conditioned residential tower of 50 storeys each. BSEL with 8 million sq.ft. of area will develop around 5000 residential apartments and 5000 car parking spaces. BSEL has already launched four towers – BSEL Pearl, BSEL Fayrooz, BSEL Kehraman and BSEL Almas. The remaining three towers, BSEL Sapphire, BSEL Emerald and BSEL Ruby will be launched soon. Great emphasis is given to the layout; each apartment has vastness, flawless quality standards with style of architecture.

BSEL is now witnessing Ajman's transformation in commercial success and delivering the impressive returns. With success in Ajman, BSEL has once again proved its competency in execution.

## **Malaysia – Johor Bahru**

The location of the Johor Bahru (JB) is excellent node links connect to Kuala Lumpur and Singapore. JB is also well connected with major shipping and air routes of the Asian region. It is fortunate to be serviced by two major ports i.e. Singapore and Pasir Gudang. Air travelers to JB can avail themselves of like Senai airport in Johor and Changi international airport and KL airport. Because of attractive location JB, now serves as the administrative and commercial center of the state.

The project is in very close proximity with Singapore coupled with the strong dollar and competitive retail pricing is drawing the Singapore consumers across the causeway. About 60% of the Singaporeans come to Johor Bahru for shopping, entertainment and leisure. On weekdays, Singaporeans travel across the causeway on an average of 1200 cars and 25 buses and on weekends these increases to double.

Shopping opportunities abound in JB. Modern malls, arcades, handicraft centers, bazaars and markets offering international and local products all vie for attention. Local craftwork is sure to catch the eye and they do make lovely souvenirs of a trip here. Furthermore, there is the JB duty free complex located at the JB international ferry terminal. It receives 60% of foreign tourists to Malaysia and is a major holiday and shopping destination for neighbouring Singaporeans who are just of wink of an eye away.

## **BSEL Overview**

BSEL, in the year under review has performed very well. It was a year for the ups and downs for the world economy and your Company has stood the test of time. BSEL always has strived to look for strategic locations and in this outlook, in the previous year had started its operation in the middle east asia in Ajman, UAE and now it has widened its border by making its presence in the south east asia in Singapore & Malaysia.

The policy of BSEL has been to acquire the land at a right price and develop it.



**Financial Performance**

(Rs. in Lakhs)

<b>Financial Snapshot</b>	<b>March 2008</b>	<b>March 2007</b>
Income	37,420.57	15,322.82
Operating Profit (OP)	11,508.35	8,418.10
OP Margin (%)	31%	55%
Profit After Tax	11,208.42	7,692.72
Net Profit Margin (%)	30%	50%
EPS	17.25	12.97
Return On Equity (%)	24%	35%
Divided (%)	5% (Final)	21% (Interim)
Return on Capital Employed (%)	23%	18%

**Operational Performance**

(Rs. in Lakhs)

<b>Operational Highlights 31.03.2008</b>	<b>Consolidated</b>	<b>Stand alone</b>
Income from Operations	37,420.57	4,265.78
Other Income	487.73	473.80
Total Income	37,908.30	4,739.58
Less: Total Expenditure	26,007.91	2,672.94
<b>Profit Before Interest, Tax and other Items for the Year</b>	<b>11,900.39</b>	<b>2,066.64</b>
Less: Interest	363.67	213.53
Less: Depreciation	28.36	17.65
Less: Prior Period Items (Income) / Expenses	76.29	76.29
<b>Profit Before Tax (PBT)</b>	<b>11,432.07</b>	<b>1,759.17</b>
Provisions for Taxation (Net)	223.65	223.65
<b>Profit After Tax</b>	<b>11,208.42</b>	<b>1,535.52</b>

**Consolidated Financial Analysis for the year 2007 - 2008****Balance Sheet Analysis****Equity Share Capital**

The Company has issued 2,329,684 GDR's underlying 23,296,840 equity shares. As a result the capital base of the Company has been expanded to Rs. 826,168,400/- from Rs. 593,200,000/-. The company has issued 59,00,000 convertible equity warrants to the promoters and the promoter group of the company in the previous year. Till date, none of the preferential warrants have been converted into equity shares.

**Reserve & Surplus**

These are the funds which are retained by the Company over the years. The surge of over 141 % in this account is mainly due the premium received in the GDR's issued by the Company and the retaining of the huge profits earned by WOS in UAE. BSEL is committed to leverage these funds to the betterment of the value and wealth of the stakeholders.

**Loans**

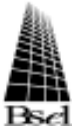
Secured loan account has been decreased to Rs. 1,744 lacs from previous years 2,581 lacs. Add to that the increased capital base of the company, the debt – equity ratio of the company has been remarkably strengthened.

**Fixed Assets**

The fixed assets of the company stood at Rs. 429 lacs which includes office premises at Mumbai and Navi Mumbai.

**Current Liabilities**

The increase in current liabilities is mainly attributable to the increase in the creditors of the company which is reflected by the increase in sales.



## **Profit and Loss Analysis**

### **Income from operations**

The consolidated net sales increased from Rs. 15,323 lacs in 2006 – 2007 to Rs. 37,421 lacs in 2007 – 2008. This increase was mainly due to the success of the overseas projects which have now started pumping revenues.

### **Total Income**

Total income saw an increase of more than 100% in the year under review standing at Rs. 37,908 lacs (previous year Rs. 16,496 lacs).

### **Operating Expenditure**

Due to the rise in the company's overseas operation, costing for purchase of raw materials and purchase of traded goods had an effect for the rise of the Company's operating expenditure. We are confident that we will recover this cost ahead of our estimated time.

### **Profit Before Interest and Tax**

The consolidated profit before interest and tax for the year 2007 – 2008 surged by 36 % standing up to Rs. 11,872 lacs compared with 2006 - 2007 which was Rs. 8,718 lacs.

## **Our Key Strengths**

### **Financial Strength**

The Company has witnessed unprecedented annual growth. As a group, BSEL has advanced rapidly from Rs. 153.22 Crore entity in 2006-07 to a business with consolidated net sales of Rs.374.21 Crore in 2007-08. While the growth in net sales is impressive, the growth in profits is even more so. Net profits of Rs.112 Crore in 2007-08 is nearly 46% greater than that of 2006-07.

### **Synergistic diversification**

The Company has diversified significantly in terms of lines of business within segment. Apart from aggressively launching and selling residential, IT Parks and retail projects, BSEL has extensively widened its business scope by initiating forays into product mix across real estate sector i.e., retail, hospitality, entertainment, hotel, commercial, shopping. And, like in earlier projects, the Company is setting new standards in the industry.

### **Greater Geographical Footprint**

BSEL is on its path to successfully establish itself as a global player. From being a player operating in India, BSEL is fast widening its presence across the middle east and south east asia. BSEL's residential projects in UAE has undoubtedly proved to be a big milestone towards it. BSEL in Ajman has emerged as a leading developer in terms of sales and marketing. In a matter of over four years, we not only entered the real estate and infrastructure sector but have also become a well diversified reputed group with footprints in more than three countries.

Now, we are further expanding our presence in the south east asia. The Company has already initiated projects and investments plan in Malaysia and has acquired land for development in Johor Bahru. There has also been strategic alliance with federal government's statutory body Iskandar Regional Development Authority (IRDA).

### **Increasing Shareholder Value**

BSEL's strong internal governance systems and transparent business dealings have helped to convert strong financial performance into long term wealth creation for its shareholders. With an exponential surge in their wealth of over 885% between period of five years from 1 April 2003 to 31 March 2008, BSEL has served them excellently well. With a growth in market capitalisation of over 315% in last four years presently it stood at over Rs.360 crores. Such a commendable growth in wealth creation cannot be achieved without meticulous planning and its precise implementation.

Over time, we have gained extensive experience and knowledge in the field of real estate development and construction. Since inception, we have worked at being ahead of the industry, and have done so by innovation. For example, we were the first company in Navi Mumbai with IT Park – BSEL Tech Park, which paves us the first mover advantage. We continue to follow this ethos of 'being ahead through innovation' and have added product mix, diversified location with best customer servicing, quality and delivery and in devising our business strategy.

### **Strategic Alliances**

Strategic alliances with major developers have been one of the mantra BSEL has always believed in. Coalition with major industrial forces has gaining a huge importance due to its direct and indirect advantages. With the imperative need for horizontal growth, BSEL, in strategic alliances with big/ peer/ established/experts groups has very brilliantly proved its individual prowess alongwith maximizing the returns in entirety.

Association with world renowned architects only establishes the commitment of BSEL to create state of the art architecture for the living leisure and sheer pleasure of admiration. These projects are instrumental for the unstinted performance delivered and are core for promising future.

### Efficient and Professional Management Team

BSEL with its professional work culture and separation of the board and the management has located efficient management team functioning under the guidance of the professional board of Directors. Our motivated team is one of our key strengths for phenomenal growth. The committed employees with their dedicated efforts have led BSEL to emerge as a potential winner.

### Competitive Edge

BSEL has its focus on product standard and quality, product performance and reliability, product functionality, ability to respond to changing customer needs and demands, quality of support by the technical and management team. Further, large capital base and net worth of the Company will help Company to stand the competition in the infrastructure sector.

### Marketing strategy and customer quality focus

With a large database of customers, the Company's strong marketing team follows the strategy of in-house marketing and marketing through international property consultants targeting the big corporate houses and MNCs nationally and internationally. Further Company also has strong benefits from the trade show participations at various places. With the object of providing quality real estate to the customers, the well trained marketing and technical team has proved to be the strength of the Company.

### Connecting with Investors

BSEL with transparency and accountability in its functioning aimed with high standards to achieve has gained the trust and faith of the stakeholders globally and has been able to bond a union with them for mutual goal. In line with the same, BSEL has successfully closed the GDR issue of USD 58.80 million in last two fiscal.

### BSEL's Risks and Outlook

Real estate and infrastructure sector is a highly capital intensive sector and the projects have high gestation periods. And with the increasing cost of raw materials and supplies and the ever increasing inflationary pressure the execution of the projects in the given time and cost becomes increasingly difficult.

The company is pursuing a strategy of high growth through entry into new markets. Though the company has, in the recent past, significantly scaled up its internal as well as external resources in keeping with its strategy, it remains to be seen if the company can manage this growth effectively.

Real estate business in India being highly regulated by governments at various levels, several regulatory approvals, permits, licenses etc. are required to be obtained from the government from time to time for our projects. Any delay in obtaining such approvals can affect the timely execution of our projects. While there remain a number of risks to our business, due to BSEL's diversification, cheaper land prices with excellent location and product mix and its innovative methods of turning around cash flows, we believe that the company will continue to generate healthy shareholder returns for the future. Hence, BSEL's outlook for future remains promising.

### Human Capital

BSEL believes that the true resource of any Company is its human resources. If any Company wants to achieve its laid down goals, only its human resources are going to fulfill the Company's vision.

The Company has a team of able and experienced professionals. The Company believes that it will manage to achieve substantial growth with a lean organization structure.

### Internal Control System

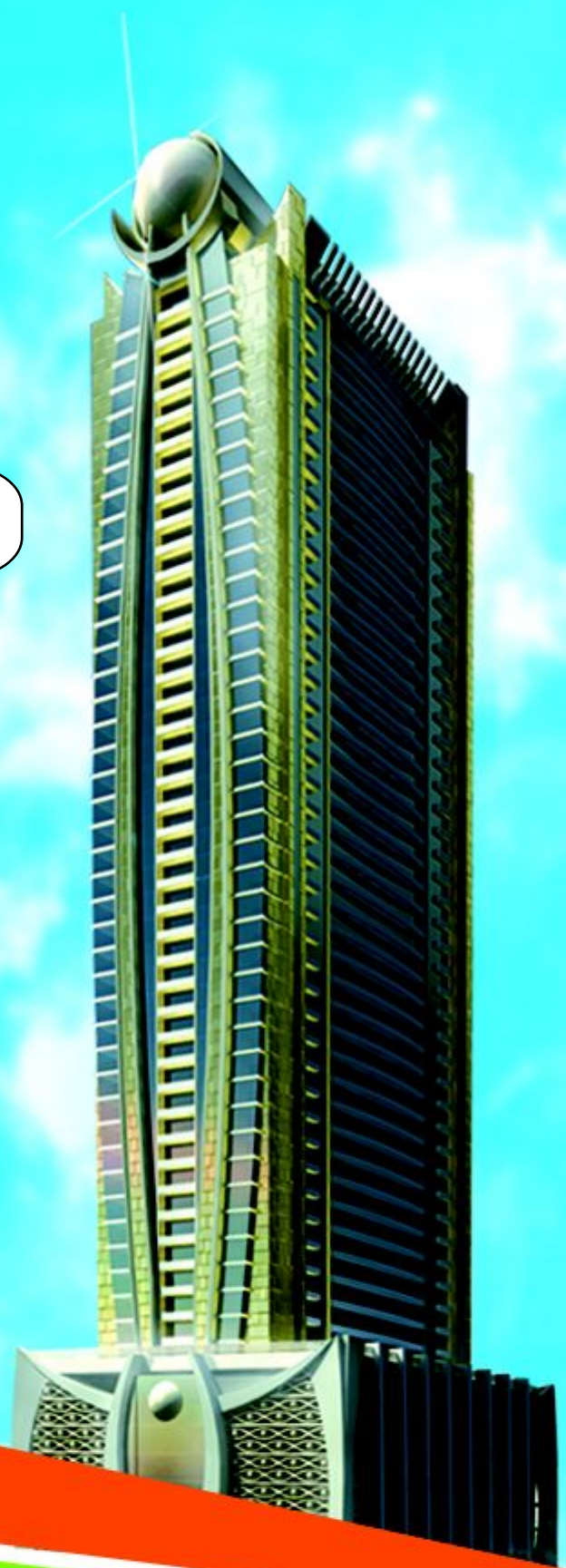
The Company has a professional and adequate internal control system and procedure commensurate with the size of organisation and nature of business. This provides adequate safeguards and effective monitoring of the transactions. All areas of the Company's operations are covered by such internal control systems. A qualified and Independent audit committee of the Board, comprising all independent directors of the Company, reviews the adequacy of internal controls.

### Forward Looking Statement

Certain sections of the Annual Report contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, segment performance, cash flows. Forward-looking statements are made pursuant to the Companies Act, 1956 and all other applicable acts, statutes, rules and regulations as amended from time to time. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what was forecasted in forward-looking statements due to a variety of factors, including, without limitation.

All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to the company or any person acting on the company's behalf are qualified by the cautionary statements in this section. The company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.

# BSEL PEARL TOWER





# Building high-rises in the chart of success...

BSEL Fayrooz, UAE

BSEL Kahraman, UAE

BSEL Almas, UAE







WATER WORKS HOTEL PROJECT



DANAGANJ SHOPPING MALL



# PROJECTS



JARIPATKA DISCOUNT SHOWROOMS

Xpressions



NETAJI MARKET & COMMERCIAL HUB



GOKULPETH SHOPPING & COMMERCIAL HUB



BSEL LOTUS RESORT ,BARODA



GOA IT PARK





PUNE HOTEL





## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY

(Amount in Rs.)

1	Name of the Subsidiary	BSEL Infrastructure Realty (FZE)
2	Financial Year of the Subsidiary	31st March 2008
3	Date from which it became subsidiary	14th February, 2006
4	Extent of Holding company's interest in the Subsidiary company at the end of Financial Year of the Subsidiary company — Extent of Holding — Equity	100%
5	Net Aggregate Amount of Profit/ Loss of the Subsidiary Company not dealt with in the holding company's Account (Concerning the members of the holding Company) — For the Current Year — For the Previous Year	967,289,450 165,951,773
6	Net Aggregate Amount of Profit/ Loss of the Subsidiary Company dealt with in the holding company's Account (Concerning the members of the holding Company) — For the Current Year — For the Previous Year	NIL NIL
7	Additional Information U/S 212 (5)	N.A
8	Capital	326,016,000
9	Reserves	1,177,270,631
10	Total Assets	2,324,816,404
11	Total Liabilities	2,324,816,404
12	Total Income	3,316,872,124
13	Total Expenditure	2,349,582,674
14	Profit After Taxation	967,289,450
15	Proposed Dividend	NIL

## AUDITORS' REPORT

To the Members of

### BSEL INFRASTRUCTURE REALTY LIMITED

1. We have audited the attached Balance Sheet of BSEL Infrastructure Realty Limited as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and record of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of the written representation received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view and are in conformity with the accounting principles generally accepted in India.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
    - (b) In the case of the Profit & Loss account, of the Profit for the year ended on that date; and
    - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For RAJU & PRASAD**

Chartered Accountants

**CA. Avinash Jain**

Partner

**Membership No. 41689**

**Place :** Mumbai

**Date :** 30.06.2008



## **ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification has been conducted by the management at reasonable intervals in respect of finished Goods, stores, spare parts and raw materials. The discrepancies noted during the physical verification were not material.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- II. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- III. (a) The Company has not granted secured or unsecured loans to the company to which is covered in the register maintained under section 301 of the Act.
- (b) The Company has not granted interest free loan to the parties covered in the register maintained under section 301 of The Companies Act, 1956, hence the comment on the rate of interest and terms and conditions thereon is not required.
- (c) The Company has not granted secured or unsecured loans to companies firms or other parties covered in the register maintained under section 301 of the Act, and there is no repayment schedule prescribed, hence the comment on the receipt of the principle and interest thereon is not required.
- (d) The Company has not granted secured or unsecured loans to companies firms or other parties covered in the register maintained under section 301 of the Act, and there is no overdue amount which is more than rupees one lakh, hence the comment on the overdue amount is not required.
- (e) The Company has not taken Secured/Unsecured loans from the company covered in the register maintained under section 301 of the Companies Act, 1956.
- (f) The Company has not taken interest free loan from the parties covered in the register maintained under section 301 of The Companies Act, 1956, hence the comment on the rate of interest and terms and conditions thereon is not required.
- (g) The Company is regular in repayment of principal amount of the secured or unsecured loans to the company covered in the register maintained under section 301 of the Act as and when the same is due for repayment.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- V. (a) According to the information and explanations given to us, we are of the opinion that particulars of the contracts or agreements that need to be entered have been so entered in the registers required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or agreements have been made at price which is reasonable having regard to the prevailing market price at relevant time.
- VI. The Company has not accepted any deposits from the public.
- VII. In our opinion, the Company has an internal audit system, commensurate with its size and the nature of its business.
- VIII. The Central Government has not prescribed maintenance of cost records by the Company under section 209 (1) (d) of the Act.
- IX. (a) According to the information and explanations given to us and records of the company examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Cess is outstanding, at the year end for a year of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute.

- X. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- XI. Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- XII. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of The Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') are not applicable to the Company.
- XIV. In our opinion, the Company is dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') proper records have been maintained of the transactions and contracts and timely entries have been made therein; also the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.
- XV. To best of our knowledge and belief and according to the information and explanation given to us, in our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- XVI. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term basis.
- XVIII. According to information and explanations given to us, the Company has made preferential warrant to the parties and companies covered in register maintained under section 301 of the Act. In our opinion the price at which option have been granted is not prejudicial to the interest of the Company.
- XIX. The Company did not have any debentures during the year.
- XX. The Company has raised USD 38,300,000 from GDR issue and the proceeds of the issue are utilized as per the purpose mentioned in the Offering Circular.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For RAJU & PRASAD**  
Chartered Accountants

**CA. Avinash Jain**  
Partner  
**Membership No. 41689**  
**Place :** Mumbai  
**Date :** 30.06.2008

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

Particulars	Schedule	Current Year 2007-08	Previous Year 2006-07
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
SHARE CAPITAL	A	826,168,400	593,200,000
SHARE WARRANTS		45,430,000	—
RESERVES AND SURPLUS	B	2,649,232,773	1,437,915,401
		<u>3,520,831,173</u>	<u>2,031,115,401</u>
SECURED LOANS	C	173,908,180	258,127,978
UNSECURED LOANS		—	—
		<u>173,908,180</u>	<u>258,127,978</u>
		<u><b>3,694,739,353</b></u>	<u><b>2,289,243,379</b></u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS	D	40,907,944	42,723,633
INVESTMENT	E	677,688,489	406,163,950
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	F	412,200,841	401,061,478
(b) Sundry Debtors	G	36,892,857	243,824,108
(c) Cash & Bank Balance	H	1,565,676,350	253,763,461
(d) Loans & Advances	I	1,057,288,024	977,493,126
		<u>3,072,058,072</u>	<u>1,876,142,173</u>
Less : Current Liabilities & Provisions	J	<u>95,915,152</u>	<u>35,786,377</u>
NET CURRENT ASSETS		<u>2,976,142,920</u>	<u>1,840,355,796</u>
		<u><b>3,694,739,353</b></u>	<u><b>2,289,243,379</b></u>
NOTES TO THE ACCOUNTS	Q		

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner  
**Membership No. 41689**

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place** : Mumbai  
**Date** : 30.06.2008

**PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

Particulars	Schedule	Current Year 2007-08	Previous Year 2006-07
<b>INCOME</b>			
Income From Operations	K	426,577,652	784,246,078
Miscellaneous Income	L	47,379,632	88,665,099
Increase / (Decrease ) in Closing Stock		11,139,364	290,861,478
		<b>485,096,648</b>	<b>1,163,772,655</b>
<b>EXPENDITURE</b>			
Direct Expenses	M	220,193,635	410,501,786
Indirect Expenses	N	58,239,463	50,363,081
Interest	O	21,352,592	24,247,636
Depreciation		1,764,963	2,801,572
Total Expenditure		<b>301,550,653</b>	<b>487,914,075</b>
Operating Profit		183,545,995	675,858,580
Less: Donation		21,001	61,100
Total Income Before Adjustments		<b>183,524,994</b>	<b>675,797,480</b>
Less: Prior Period Items	P	7,607,721	2,220,692
Profit Before Tax		<b>175,917,273</b>	<b>673,576,788</b>
<b>Less: Provision for Taxation</b>			
Fringe Benefit Tax		365,000	256,500
Income Tax		22,000,000	70,000,000
<b>PROFIT AFTER TAX</b>		<b>153,552,273</b>	<b>603,320,288</b>
Less : Proposed / Interim Dividend including Dividend Tax		48,328,786	142,044,023
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>105,223,487</b>	<b>461,276,265</b>
NOTES TO THE ACCOUNTS	Q		

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner  
**Membership No. 41689**

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai  
**Date :** 30.06.2008



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : " A "</b>		
<b>SHARE CAPITAL</b>		
<b>1. Authorised Capital</b>		
150,000,000 Equity Shares of Rs.10/- each (Previous year 75,000,000 Equity Shares of Rs. 10/- each)	1,500,000,000	750,000,000
<b>2. Issued Subscribed and Paid Up</b>		
82,616,840 Equity Shares of Rs. 10/- fully paid up each (P.Y. 59,320,000 Equity Shares of Rs. 10/- fully paid up each) (Of the above, 26,390,000 Equity Shares (P.Y. 26,390,000 Equity Shares) were issued as fully paid up Bonus Shares by way of Capitalisation of Reserves)	826,168,400	593,200,000
	<b>826,168,400</b>	<b>593,200,000</b>
<b>SCHEDULE : " B "</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>A. General Reserves</b>		
Opening Balance	150,140,000	87,640,000
Add : Transferred from P. & L. Account	—	62,500,000
	150,140,000	150,140,000
<b>B. Profit and Loss Account</b>		
Opening Balance	627,071,460	228,295,195
Add : Profit/(Loss) for the year	105,223,487	461,276,265
Transfer to General Reserve	—	(62,500,000)
	732,294,947	627,071,460
<b>C. Share Premium</b>		
Opening Balance	690,476,072	—
Add : Share Premium Collected during the year	1,281,325,710	690,476,072
Issue Expenses Written Off	(50,947,633)	—
	1,920,854,149	690,476,072
<b>D. Capital Reserves for Foreign Currency Translation</b>		
Opening Balance	(29,772,131)	—
Add : Foreign Currency Translation Reserves	(124,284,192)	(29,772,131)
	(154,056,323)	(29,772,131)
	<b>2,649,232,773</b>	<b>1,437,915,401</b>
<b>SCHEDULE : " C "</b>		
<b>SECURED LOANS</b>		
<b>Term Loan from State Bank of India</b>	84,775,129	120,858,166
<b>Primary Charges</b>		
Mortgage of 11th and 12th Floor of Project BSEL Tech Park at Plot No. 39/5 & 39/5A, Sector 30A, IIP, Vashi, Navi Mumbai (Repayment due in next one year = Rs. 330 Lacs)		
<b>Term Loans from Axis Bank Limited</b>	41,521,253	87,862,632
<b>Bank Overdraft from Axis Bank Limited</b>	47,611,798	49,407,180
<b>Primary Charges</b>		
Mortgage of unit no. G101/G102/T451 at IIP, Vashi Railway Station Complex, Vashi, Navi Mumbai (Repayment due in next one year = Rs. 22 Lacs)		
	<b>173,908,180</b>	<b>258,127,978</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

### SCHEDULE : “ D “ FIXED ASSETS

Description	Rate of Depreciation	Cost as on 1.4.2007	Additions	Deletion	Cost as on 31.03.08	Depreciation up to 31.03.07	Depreciation for the year	Total Depreciation	W.D.V. as on 31.03.08	W.D.V as on 31.03.07
Air Condition	4.75%	567,373	—	—	567,373	471,680	6,286	477,966	89,407	95,693
Computers / Printers	33.33%	54,204,371	250,784	—	54,455,155	53,298,088	579,729	53,877,817	577,338	906,283
Furniture & Fixture	16.67%	10,280,436	—	—	10,280,436	9,213,669	283,360	9,497,029	783,407	1,066,767
Office Equipment	4.75%	1,397,744	361,118	12,635	1,746,227	264,056	67,484	331,540	1,414,687	1,133,688
Office Premises - IIP	1.63%	39,478,623	—	—	39,478,623	3,991,052	601,236	4,592,288	34,886,335	35,487,571
Office Premises - Bombay Oilseed	1.63%	1,885,000	—	—	1,885,000	46,718	30,810	77,528	1,807,472	1,838,282
Vehicles	9.50%	2,048,350	—	—	2,048,350	582,148	184,660	766,808	1,281,542	1,466,202
<b>Assets at Kevadia Project</b>										
Office Equipment	4.75%	52,755	—	52,755	—	—	—	—	—	52,755
Vehicle	9.50%	38,714	40,440	—	79,154	—	11,398	11,398	67,756	38,714
Furniture	16.67%	637,678	—	637,678	—	—	—	—	—	637,678
<b>TOTAL</b>		<b>110,591,044</b>	<b>652,342</b>	<b>703,068</b>	<b>110,540,318</b>	<b>67,867,411</b>	<b>1,764,963</b>	<b>69,632,374</b>	<b>40,907,944</b>	<b>42,723,633</b>
<b>PREVIOUS YEAR</b>		180,964,957	2,481,860	72,458,285	110,988,532	65,463,327	2,801,572	68,264,899	42,723,633	115,501,630



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08		Previous Year 2006-07	
	No. of Shares	Amount	No. of Shares	Amount
<b>SCHEDULE : " E "</b>				
<b>INVESTMENTS (AT COST)</b>				
<b>Long Term Investments</b>				
<b>(a) In Shares (Quoted)</b>				
Simbhaoli Sugar (C.Y. Mkt Value Rs.5,353,310)	165,481	7,413,549	—	—
Amar Remedies (C.Y. Mkt Value Rs. 494,140)	31,000	1,114,450	—	—
Gangotri Textile Ltd. (C.Y. Mkt Value Rs. 18,173,277)	1,351,173	36,394,490	978,406	27,547,211
	<u>1,547,654</u>	<u>44,922,489</u>	<u>978,406</u>	<u>27,547,211</u>
<b>(b) In Shares (Unquoted)</b>				
Investment in Subsidiary Company				
BSEL Infrastructure Realty (FZE)	—	326,016,000	—	378,616,739
	<u>—</u>	<u>326,016,000</u>	<u>—</u>	<u>378,616,739</u>
<b>(c) Joint Ventures</b>				
B W Highway Star Pvt. Ltd.	—	100,000,000	—	—
D G Malls Multiplex Pvt. Ltd.	—	250,000	—	—
G P Concept Hotel & Mall Pvt. Ltd.	—	250,000	—	—
J P Shopping Mall and Hotel Pvt. Ltd.	—	250,000	—	—
P P Shoppers Mall and Hotel Pvt. Ltd.	—	250,000	—	—
S B Concept Hotel Malls Pvt. Ltd.	—	250,000	—	—
S B Shopping Mall and Hotel Pvt. Ltd.	—	250,000	—	—
Goa Tech Parks Pvt. Ltd.	—	250,000	—	—
Gigeo Constructions Pvt. Ltd.	—	205,000,000	—	—
	<u>—</u>	<u>306,750,000</u>	<u>—</u>	<u>—</u>
	<u><b>1,547,654</b></u>	<u><b>677,688,489</b></u>	<u><b>978,406</b></u>	<u><b>406,163,950</b></u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : " F "</b>		
<b>INVENTORIES</b>		
<b>Finished Goods Inventories</b>		
Opening Stock	—	110,200,000
Add: Addition/Purchase/Consumption/Sale During the year	—	(110,200,000)
Finished Goods Stock (A)	—	—
Work In Progress of Land, Building & Construction work at Various Projects		
Opening Stock of Work In Progress	401,061,478	—
Add: Purchase/Addition/Transfer/(Deletion)/(Consumption) during the year	11,139,363	401,061,478
Total WIP Stock (B)	412,200,841	401,061,478
<b>Closing Stock (A) + (B)</b>	<b>412,200,841</b>	<b>401,061,478</b>
<b>SCHEDULE : " G "</b>		
<b>SUNDRY DEBTORS</b>		
<b>A. Consider Good</b>		
Less than six months	4,729,156	232,260,407
More than six months	20,600,000	—
	25,329,156	232,260,407
<b>B. Consider Doubtful</b>		
More than six months	11,563,701	11,563,701
(Refer Note No. 15 of Schedule Q: Notes to Accounts)	11,563,701	11,563,701
	<b>36,892,857</b>	<b>243,824,108</b>
<b>SCHEDULE : " H "</b>		
<b>CASH AND BANK BALANCE</b>		
Cash in hand	4,729,156	4,776,540
Bank Balance with Schedule Banks		
Balance in Current Account	208,935,548	230,202,135
Balance in Fixed Deposit	1,352,011,646	18,784,786
	<b>1,565,676,350</b>	<b>253,763,461</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : "I"</b>		
<b>LOANS, ADVANCES AND DEPOSITS</b>		
<b>Deposits</b>		
Deposit for Lease Premises	4,790,000	4,790,000
BSEL Tech Park - EMD	2,200,000	—
Earnest Money Deposits for Tenders	12,200,000	12,200,000
Deposit with Energy Charges of BSEL Tech Park	—	2,500,000
Other Misc Deposits	927,148	784,695
Other Deposits for Kevadia Projects	3,806,062	365,000
Goa IT Park - EMD	—	2,000,000
Nagpur Municipal Corporation -EMD	—	15,000,000
	<u>23,923,210</u>	<u>37,639,695</u>
<b>Current Assets</b>		
Prepaid Expenses	56,392	95,651
Creative Construction Co.	—	1,500,000
Advance to Kasturi Developers	—	30,073,000
Advance against Property (Gorkap)	3,030,000	3,030,000
T.D.S in advance	4,640,628	11,304,550
Advance to BSEL Infrastructure Realty FZE (UAE)	834,478,813	889,203,942
Advance for Imprest	19,631	124,517
Advance to Staff	137,100	214,500
Advance for Purchase of Land/Property	2,335,734	2,335,734
TDS Receivable	14,500	—
Advance to Suppliers/Contractors	1,068,270	1,073,516
WesternGeco International Ltd.	—	898,021
Advance for Expenses to Kevadia and Rewa Bhavan	361,089	—
<b>Loans to Joint Ventures</b>		
D G Malls Multiplex Pvt. Ltd.	42,550,000	—
G P Concept Hotel & Mall Pvt. Ltd.	11,000,000	—
J P Shopping Mall and Hotel Pvt. Ltd.	12,500,000	—
P P Shoppers Mall and Hotel Pvt. Ltd.	17,500,000	—
S B Concept Hotel Malls Pvt. Ltd.	7,500,000	—
S B Shopping Malls and Hotels Pvt. Ltd.	15,500,000	—
Goa Tech Parks Pvt. Ltd.	70,357,657	—
BSEL- Unity Joint Venture	10,315,000	—
	<u>1,033,364,814</u>	<u>939,853,431</u>
	<u><b>1,057,288,024</b></u>	<u><b>977,493,126</b></u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : "J"</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Provisions</b>		
Provision for Expenses and Liabilities	1,370,045	1,560,004
PT/Cess/VAT/S T	50,124	242,057
Provision for Income Tax	17,100,960	20,010,000
T.D.S. Payable	1,756,026	215,197
Deposit against various Leased Properties	3,578,570	4,176,965
Retention Money	4,636,905	924,903
Advance for the Sale of Properties	—	5,280,000
Other Misc Deposits	241,895	—
Deposit for Society Formation	178,930	178,930
Deposit for Pune Project	15,230,118	—
Other Liabilities	221,161	1,208,962
Proposed Dividend	41,308,420	—
Dividend Tax for F. Y. 2007-08	7,020,366	—
Unpaid Dividend	991,095	—
	<u>93,684,615</u>	<u>33,797,018</u>
<b>Sundry Creditors</b>	<u>2,230,537</u>	<u>1,989,359</u>
	<u>2,230,537</u>	<u>1,989,359</u>
	<u><b>95,915,152</b></u>	<u><b>35,786,377</b></u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "K"</b>		
<b>INCOME FROM OPERATION</b>		
Sale of Units	417,225,000	722,095,190
Business Centre Income	9,352,652	62,150,888
	<b>426,577,652</b>	<b>784,246,078</b>
<b>SCHEDULE : "L"</b>		
<b>MISCELLANEOUS INCOME</b>		
Interest on Fixed Deposit	16,864,697	19,489,189
Interest on Income Tax Refund	—	96,484
Dividend Received	675,587	58,500
Exchange Gain	13,377,595	—
Transfer Charges, NOC Charges, Sign Board Rentals, Misc Rental/Interest Income	10,106,921	1,653,410
Gain/(Loss) on F & O	—	8,588,684
Gain/(Loss) On Sale of Shares	6,354,832	58,778,833
	<b>47,379,632</b>	<b>88,665,099</b>
<b>SCHEDULE : "M"</b>		
<b>DIRECT EXPENSES</b>		
Direct Project Expenses for various Construction Sites		
Direct Material and Direct Expenses for Constructions	220,193,635	410,501,786
	<b>220,193,635</b>	<b>410,501,786</b>
<b>SCHEDULE : "N"</b>		
<b>INDIRECT EXPENSES</b>		
Advertisement	7,358,990	3,680,863
AGM / EGM Exps.	27,489	14,500
Air Condition Hire Charges	239,900	220,464
Audit Fees	125,000	100,000
Bank Charges	143,729	1,360,375
Board Meeting Fees	127,000	93,000
Books & Periodicals	7,940	28,195
Brokerage & Commission	400,000	2,464,639
Business Promotion	492,709	560,057
Cess paid	11,975	63,286
Conveyance	222,759	332,601
Delay Payment Charges	1,603,638	56,242
Demat Charges	1,579	12,149
Electricity Charges	527,251	1,423,931
GDR Issue Expenses	5,744,583	8,552,635
Hire Charges	43,193	21,600
Insurance	286,226	299,864
Computer Software & Internet Exp.	127,551	102,707
Labour Welfare Fund	2,502	3,835
Legal and Professional fees	20,677,801	3,040,252
Legal Expenses	8,470	358,445

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "N" (Contd...)</b>		
<b>INDIRECT EXPENSES</b>		
Loan Disbursement Exp.	—	250,612
Listing Fees	231,850	339,942
Labour Charges	104,220	—
Loss on Sale of Machinery	—	1,370,667
Maintenance charges	1,204,317	4,094,067
M.D.'s Remuneration	780,000	765,000
Membership & Subscription Fees	50,500	140,033
Motor Car Expenses	189,606	519,000
Misc. Exp.	57,224	43,279
Office Expenses	151,266	309,896
Onsite Designing Studio	—	400,000
Postage & Telegram	262,651	301,477
Printing & Stationery	1,209,838	1,256,114
Rent paid	357,600	387,958
Rent, Rates & Taxes	2,077,541	4,921,778
Repairs & Maintenance	719,448	1,550,416
ROC Filling Fees	16,433	17,610
Salaries & Wages	3,426,737	4,652,665
Security Service Charges	—	6,600
Service Tax	1,934,758	1,330,111
Share Transfer Charges	110,891	87,642
Transportation Charges	1,400	92,671
ESIC Paid	28,518	22,974
Bonus, Ex-Gratia & Incentive Paid	354,404	583,701
Provident Fund Paid	214,740	88,862
Staff Welfare	578,222	507,620
Security Transaction Tax & Other Charges on Shares	199,627	1,376,178
Telephone Expenses	1,293,077	885,906
Tender Fees	50,000	94,000
Traveling Exp. Including Foreign Travel	1,924,822	1,042,993
Water Charges	90,535	108,816
Website Expenses	156,453	24,853
Stamp Duty and Registration	2,282,500	—
	<b>58,239,463</b>	<b>50,363,081</b>

**SCHEDULE : "O"****INTEREST**

Interest on Overdraft - Axis Bank Ltd.	3,328,917	156,907
Interest on Term Loan - SBI	11,324,402	12,993,835
Interest on Term Loan - Axis Bank Ltd.	6,699,273	11,096,894
	<b>21,352,592</b>	<b>24,247,636</b>

**SCHEDULE : "P"****PRIOR PERIOD ITEMS**

Short provision made for Interest on Axis Bank Ltd. Loan-2005-06	—	1,339,560
Excess/Short Provisions for Income Tax	8,208,591	881,132
Short Provision made for Back office Exps	134,640	—
Prior Period Exps. reimbursed for 2006-07	(735,510)	—
	<b>7,607,721</b>	<b>2,220,692</b>



## SCHEDULE "Q"

### I. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008

#### 1. Previous Year's Figures

The Previous year's figures have been recasted / restated, wherever necessary to confirm to current year classification.

#### 2. Share Capital

The Company has at present, only one class of shares i.e. Equity Shares.

#### 3. Fixed Assets

During the year, the Company sold net fixed assets of Rs. 50,726/- (Previous Year :- Sold net fixed assets of Rs. 699.76 Lacs) from its gross block.

#### 4. Loans and Advances

Advances recoverable in cash, kind or value to be received are primarily towards prepayments for value to be received. Other advances represent deposit for office premises, telephone deposit, advance to contractors, advance for the purchase of commercial premises and advance to the local authorities such as NMMC / MSEB / CIDCO / Fire Brigade etc. Advances also includes loans to Subsidiary and Joint Ventures.

#### 5. Auditors Remuneration

(Amount in Rs.)

Details	Current Year 2007-2008	Previous Year 2006-2007
Audit Fees	75,000.00	60,000.00
Tax Audit Fees	30,000.00	25,000.00
Income Tax	15,000.00	10,000.00
Other Services	5,000.00	5,000.00
Service Tax	15,450.00	12,240.00
<b>TOTAL</b>	<b>140,450.00</b>	<b>1,12,240.00</b>

The auditors fees will be provided on annual basis.

#### 6. Foreign Exchange

Foreign Currency transactions during the year recorded at the exchange rate prevailing on the date of the transaction.

#### 7. Current Tax

The Company has estimated the current tax charge (inclusive of Fringe Benefit Tax) of Rs. 22,365,000/- (Previous Year Rs. 70,256,500) is based on the earnings for the year ended 31<sup>st</sup> March 2008.

#### 8. Earning/Expenditure in Foreign Currency

**Earning :-** Rs. 28,743,294/- (Previous Year :- 17,816,427/-)

**Expenditure :-** Rs. 5,781,716/- (Previous Year :- 9,744,169/-)

#### 9. Additional Disclosures in Pursuant to Schedule VI Part II

(Amount in Rupees)

Income Related Disclosures	Current Year 2007-2008	Previous Year 2006-2007
<b>Other Incomes :-</b>		
Interest on Fixed Deposits	16,864,697	19,489,189
Interest on Income Tax Refund	—	96,484
Gain / (Loss) on Sale of Shares	6,354,832	58,778,833
Gain / (Loss) on Sale on F & O	—	8,588,684
Other Misc. Income / Rent / Interest	10,106,921	1,653,410
Dividend Received	675,587	58,500
Foreign Exchange gain	13,377,595	—



<b>Expenses Related Disclosures</b>	<b>Current Year 2007-2008</b>	<b>Previous Year 2006-2007</b>
Remuneration to Managing Director	780,000	765,000
Salary and Bonus to Staff	3,781,141	5,236,366
Traveling and Conveyance	2,147,581	1,375,594
Rent Paid	357,600	387,958
Telephone Expenses	1,293,077	885,906
Legal & Professional Expenses	20,677,801	3,040,252
Printing & Stationary	1,209,838	1,256,114
Advertisement Expenses	7,358,990	3,680,863
Office Expenses	151,266	309,896
Repairs & Maintenance	719,448	1,550,416
Power & Fuel	527,251	1,423,931
Rent, Rates and Taxes	2,077,541	4,921,778
Brokerage & Commission Charges	4,00,000	2,464,639
<b>Auditors Remuneration :-</b>		
Statutory Audit Fees	75,000	60,000
Tax Audit Fees	30,000	25,000
Income Tax Matters and Consultancy Fees	15,000	10,000
Other Services	5,000	5,000
Service Tax	15,450	12,240
Bank and Commission Charges	143,729	1,360,375
Books & Periodicals	7,940	28,195

#### 10. Related Party Disclosures

Related Party Disclosure as required by AS-18 "Related Party Disclosure" are given below :

##### 1. Individuals owing directly or indirectly an interest in the voting power that gives them control or significant influence:

<b>Name of the Party</b>	<b>Nature of Relationship</b>
Kirit R. Kanakiya	– Chairman

##### 2. Key Management Personnel :

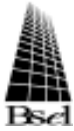
<b>Name of the Party</b>	<b>Nature of Relationship</b>
Kirit R. Kanakiya	– Chairman
Dharmendra Raichura	– Managing Director

##### 3. Other Related Parties and Nature of Relationship :

(a) Nature of Relationship :- Associate Concerns

(b) Name of the Parties:-

a. Beachcraft Investment & Trading Co. Pvt. Ltd.,	b. Blackmore Investment & Trading Co. Pvt. Ltd.,
c. Consistent Packagers Pvt. Ltd.,	d. Pleasant Packaging Co. Pvt. Ltd.,
e. Poornima Commercial Pvt. Ltd.,	f. Pravara Commercial Pvt. Ltd.,
g. Relaxed Packagers Pvt. Ltd.,	h. Sentosa Investment & Trading Co. Pvt. Ltd.,
i. Timberhill Engineers Pvt. Ltd.,	j. Yogi Sung-Won (India) Limited
k. Reshma Plastics Pvt. Ltd.,	l. Total Bizcon Solution Limited
m. Western Bizcon Services Ltd.	n. Contact Consultancy Services Pvt. Ltd.,
o. Stock Watch Securities Pvt. Ltd.,	p. Stock Watch
q. Orbit Plastics Private Limited.	r. KKR Commercial Brokerage, LLC
s. Contact Consultancy Services (FZC)	



4. **Subsidiaries and Joint Ventures :-**

**Wholly Owned Subsidiary/Sub-Subsidiary**

1. BSEL Infrastructure Realty FZE
2. BSEL Infrastructure Realty Pte Ltd.

**Joint Venture**

1. PP Shoppers Mall and Hotel Private Ltd.
2. D G Malls and Multiplex Pvt. Ltd.
3. S B Concept Hotel Malls Pvt. Ltd.
4. G P Concept Hotel and Mall Private Limited
5. Goa Tech Parks Pvt. Ltd
6. J P Shopping Mall and Hotel Private Limited
7. S B Shopping Mall and Hotel Pvt. Ltd.
8. B W Highway Star Pvt. Ltd
9. BSEL Unity Joint Venture

5. The Following transactions were carried out with the related parties in the Ordinary Course of Business. Details regarding the parties referred to in items (1) to (4) above.

(Rs. in Lacs)

Particulars	Key Management Personnel	Joint Ventures & Associate Concern	Subsidiaries	Total
Managerial Remuneration	7.80	—	—	7.80
Investments	—	1,017.50	3,260.16	4,277.66
Loans and Advances Given	—	1,872.23	8,344.79	10,217.02
Guarantee and Security Taken	—	—	16,000.00	16,000.00
Guarantee and Security Given	—	3,666.67	13,308.98	16,975.65
Receivable	—	206.00	—	206.00

11. **Earning Per Share**

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax.

(Rs. in Lacs)

Particulars	Current Year 2007-2008	Previous Year 2006-2007
A. Net Profit after Tax	1,535.52	6,033.20
Add : Excess Provision and refund of taxes of earlier years (Net)	—	—
Net Profit for calculation of Earning per share (numerator)	1,535.52	6,033.20
B. Weighted Average Number of Equity Shares (Denominator) (Nos.)	8,261.68	5,932.00
C. Basic and diluted Earning Per Share (A-B) (In Rupees)	2.36	10.17
D. Nominal Value per Equity Share (In Rupees)	10.00	10.00

12. **Share Warrants**

During the financial year, the Company made a preferential allotment to promoters of the Company by way of issue of 59,00,000 warrants @Rs. 77/- per warrant. As per terms of warrants issue, company has received Rs. 4,54,30,000/- being 10% of the issue price from the allottees. The funds so raised through the preferential issue will be utilized to finance all or any of the ongoing projects & other upcoming future projects. No warrant till date has been converted.

The Company has not utilized the funds for the purpose other than those for which the issue of warrants was made.

**13. Consolidated Financial Statements**

The consolidated financial statements are published as per the Accounting Standard 21 – Consolidated Financial Statements issued by Institute of Chartered Accountants of India.

**14. Dues to Small Scale Industrial Undertakings**

As on 31.03.2008 the company had Rs. NIL outstanding dues to Small Scale Undertakings (Previous Year : Rs. NIL).

**15. Provision for Doubtful Debts**

Debtors includes dues from Microcity India Limited of Rs. 11,563,701/- (Previous Year Rs. 11,563,701/-) which is outstanding for more than six months and the same is classified as doubtful. Company has filed a suit to recover the same and management is of opinion that it will be recovered in full, therefore no provision has been made in the books of accounts.

**16. Prior Period Items**

Prior period items having material impact on the financial affairs of the company have been disclosed.

17. There is no employee employed for full or part of the year in respect of Salary of Rs. 2 Lacs Per Month.

18. Contingent liability which can be reasonably ascertained are provided for if it is in the opinion of the Company the future outcome of the same may be detrimental to the company.

19. The Provisions of Gratuity, as explained to us, will be provided in respect of Employees as and when they become eligible under the payment of Gratuity Act, 1972.

20. All the Loans and Advances (Assets) and Current Assets and Current Liabilities are subject to confirmation from the respective parties.

21. Balance of Unpaid Dividend Account as at 31<sup>st</sup> March, 2008 is Rs. 991,095/-.

22. Other additional information pursuant to Schedule VI Part II of the Companies Act, 1956 are not applicable to the Company.

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place** : Mumbai  
**Date** : 30.06.2008



## II. SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention in accordance with the generally accepted in accounting principles in India including the mandatory accounting standards issued by the institute of Chartered Accountants of India (ICAI) and referred to in Section 211 (3C) of the Companies Act, 1956 (The Act). The significant accounting policies adopted for the preparation of the financial statements are as follows :

#### a. Revenue Recognition

Revenue from projects is recognized on the basis of AS-7 Construction Contracts (Revised). Considering the progress of the work, Architects have estimated the stage of completion of 100% upto the reporting date. However, the company has followed a conservative accounting practice while considering the sales classification and it has recognized the sales on the basis of actual bookings.

#### b. Fixed Assets

Fixed assets are stated at cost of acquisition minus the accumulated depreciation. Advances paid towards acquisition of the fixed assets which have not been installed or put to use and the cost of the assets not put to use, before the year end, are disclosed under advance for purchase of assets.

#### c. Inventories

Inventories are valued at the lower of cost or net realizable value. The cost is determined on a first in first out basis and includes all applicable overheads in bringing the inventories to their present location and condition.

#### d. Borrowing Costs

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as a part of the cost of the assets.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

#### e. Deferred Tax

Pursuant to the Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India having been made mandatory, the Company has evaluated the various elements of tax computation to determine whether any deferred tax asset or liability needs to be recognized. Since, the income of the Infrastructure division of the company exempted U/s. 80 IA sub section 4 (iii) of The Income Tax Act, 1961, no deferred tax assets or liability arises and no provisions are made thereof.

#### f. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating financing and investing activities of the company are segregated.

#### g. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles, requires, management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include accounting for contract cost expected to be incurred, contract revenues, stage of completion, provisions, income taxes, useful lives of fixed assets etc. actual results could be different from those estimates.

**2. DEPRECIATION**

Depreciation on fixed assets is provided using the straight line method, based on the useful life as estimated by the management. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. The management's estimate of useful life for various fixed assets are given below :

Furniture & Fixtures	– 6 Years
Computer Equipments	– 3 Years

**3. INVESTMENT**

Current Investments are stated at lower of cost and fair value. The Long Term Investments are stated at cost after deducting provisions made for permanent diminution in the rate of exchange if any.

**4. PROVIDENT FUND**

The Benefits of Provident Fund are received by the eligible employees, which is defined in contribution plan. Both the employees and the Company are making monthly contribution to this Provident Fund equal to specified percentage of the covered employees salary.

**5. SEGMENT ACCOUNTING POLICIES**

The company has only one segment of operation i.e. Infrastructure Activity in local market. So segment wise Income/ Expenditure/Assets and Liabilities are not presented.

**6. OTHER ACCOUNTING POLICIES**

Other Accounting Policies are consistent with generally accepted accounting policies.

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As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai  
**Date :** 30.06.2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax & extraordinary items	175,917,273	673,576,788
<b>Adjustments for :-</b>		
Depreciation	1,764,963	2,801,572
Other Income	(47,379,632)	(88,665,099)
Operating profits before working capital changes	130,302,604	587,713,261
<b>Adjustments for :-</b>		
Sundry Debtors	206,931,251	114,217,570
Deposits (Assets) Loans & Advances	(79,794,897)	(837,037,233)
Inventories	(11,139,363)	(290,861,478)
Provision for Tax	(22,365,000)	(70,256,500)
Trade Payable and other liabilities	60,128,775	(76,145,347)
Net cash from operating activities	284,063,370	(572,369,727)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Foreign Currency Translation Reserve	(124,284,192)	—
Sale/(Purchase) of investment	(271,524,539)	(262,332,375)
Sale/(Purchase) of fixed assets	50,726	69,976,425
Net cash from investing activities	(395,758,005)	(192,355,950)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital & Premium (adjusted)	1,463,346,477	888,503,942
Share Warrants	45,430,000	—
Other Income	47,379,632	88,665,099
Dividend including dividend tax	(48,328,786)	(142,044,023)
Other Unsecured Loans	—	—
Loan from Bank	(84,219,799)	(5,872,016)
Net cash from financing activities	1,423,607,524	829,253,002
Net increase/(decrease) in cash & cash equivalent	1,311,912,889	64,527,325
Cash & cash equivalent opening balance	253,763,461	189,236,136
<b>Cash &amp; cash equivalent closing balance</b>	<b>1,565,676,350</b>	<b>253,763,461</b>

For BSEL INFRASTRUCTURE REALTY LIMITED

Place : Mumbai  
Date : 30.06.2008

Kirit R. Kanakiya  
Chairman

Dharmendra Raichura  
Managing Director

Priya Singhal  
Company Secretary

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of **M/S. BSEL INFRASTRUCTURE REALTY LIMITED**, for the year ended 31st March, 2008. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with The Stock Exchange, Mumbai and is based on and in agreement with the corresponding Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**For RAJU & PRASAD**  
Chartered Accountants

**CA. Avinash Jain**  
Partner  
Membership No. 41689

Place : Mumbai  
Date : 30.06.2008

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of

### BSEL INFRASTRUCTURE REALTY LIMITED

1. We have audited the attached consolidated Balance Sheet of BSEL Infrastructure Realty Limited ("The Company") and its subsidiary (The Company and its Subsidiary constitute "The Group") as at 31st March, 2008 and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate Financial Statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Financial Statements of Subsidiary since inception have been audited by M/s. Jitendra Chartered Accountants - Dubai, UAE, Whose reports have been furnished to us and our opinion is based solely on the said report.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards-21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
5. Based on our audit and consideration of report of M/s Jitendra Chartered Accountants - Dubai, UAE, on separate Financial Statements and to the best of our information and according to explanations given to us, we are of the opinion that attached Consolidated Financial Statements gives a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008.
  - (b) In the case of the Consolidated Profit & Loss account, of the Profit of the Group for the year ended on that date; and
  - (c) In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Group for the year ended on that date.

**For RAJU & PRASAD**

Chartered Accountants

**CA. Avinash Jain**

Partner

**Membership No. 41689**

**Place :** Mumbai

**Date :** 30.06.2008

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

Particulars	Schedule	Current Year 2007-08	Previous Year 2006-07
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
SHARE CAPITAL	A	826,168,400	593,200,000
SHARE WARRANTS		45,430,000	—
RESERVES AND SURPLUS	B	3,813,029,118	1,580,902,722
		<u>4,684,627,518</u>	<u>2,174,102,722</u>
<b>LOAN FUNDS</b>			
SECURED LOANS	C	174,433,424	258,127,978
UNSECURED LOANS	D	—	1,951,950,000
		<u>174,433,424</u>	<u>2,210,077,978</u>
		<u><b>4,859,060,942</b></u>	<u><b>4,384,180,700</b></u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS	E	42,873,038	2,830,856,102
INVESTMENT	F	354,466,935	27,547,211
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
(a) Inventories	G	2,201,876,066	942,054,322
(b) Sundry Debtors	H	2,350,948,329	243,883,258
(c) Cash & Bank Balance	I	1,594,333,033	287,453,645
(d) Loans & Advances	J	259,895,281	88,289,184
		<u>6,407,052,709</u>	<u>1,561,680,409</u>
Less: Current Liabilities & Provisions	K	<u>1,945,331,740</u>	<u>35,903,022</u>
NET CURRENT ASSETS		<u>4,461,720,969</u>	<u>1,525,777,387</u>
		<u><b>4,859,060,942</b></u>	<u><b>4,384,180,700</b></u>
NOTES TO THE ACCOUNTS	R		

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner  
**Membership No. 41689**

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai  
**Date :** 30.06.2008



**CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

Particulars	Schedule	Current Year 2007-08	Previous Year 2006-07
<b>INCOME</b>			
Income From Operations	L	3,742,056,742	1,532,281,868
Miscellaneous Income	M	48,772,666	117,286,530
Increase / (Decrease ) in Closing Stock		1,259,821,743	831,854,322
		<b>5,050,651,151</b>	<b>2,481,422,720</b>
<b>EXPENDITURE</b>			
Direct Expenses	N	3,779,677,412	1,550,249,354
Indirect Expenses	O	80,935,751	56,175,622
Interest	P	36,366,563	29,993,656
Depreciation		2,835,980	3,193,737
Total Expenditure		<b>3,899,815,706</b>	<b>1,639,612,369</b>
Operating Profit		1,150,835,445	841,810,351
Less: Donation		21,001	61,100
Total Income Before Adjustments		<b>1,150,814,444</b>	<b>841,749,251</b>
Less: Prior Period Items	Q	7,607,721	2,220,692
Profit Before Tax		<b>1,143,206,723</b>	<b>839,528,559</b>
<b>Less: Provision for Taxation</b>			
Fringe Benefit Tax		365,000	256,500
Income Tax		22,000,000	70,000,000
<b>PROFIT AFTER TAX</b>		<b>1,120,841,723</b>	<b>769,272,059</b>
Less : Proposed / Interim Dividend including Dividend Tax		48,328,786	142,044,023
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>1,072,512,937</b>	<b>627,228,036</b>
NOTES TO THE ACCOUNTS	R		

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner  
**Membership No. 41689**

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai  
**Date :** 30.06.2008



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : " A "</b>		
<b>SHARE CAPITAL</b>		
<b>1. Authorised Capital</b>		
150,000,000 Equity Shares of Rs.10/- each (Previous year 75,000,000 Equity Shares of Rs. 10/- each)	1,500,000,000	750,000,000
<b>2. Issued Subscribed and Paid Up</b>		
82,616,840 Equity Shares of Rs. 10/- fully paid up each (P.Y. 59,320,000 Equity Shares of Rs. 10/- fully paid up each) (Of the above, 26,390,000 Equity Shares (P.Y. 26,390,000 Equity Shares) were issued as fully paid up Bonus Shares by way of Capitalisation of Reserves)	826,168,400	593,200,000
	<b>826,168,400</b>	<b>593,200,000</b>
<b>SCHEDULE : " B "</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>A. General Reserves</b>		
Opening Balance	150,140,000	87,640,000
Add : Transferred from P & L Account	—	62,500,000
	<b>150,140,000</b>	<b>150,140,000</b>
<b>B. Profit and Loss Account</b>		
Opening Balance	793,023,231	228,295,195
Add : Profit/(Loss) for the year	1,072,512,937	627,228,036
Transfer to General Reserve	—	(62,500,000)
	<b>1,865,536,168</b>	<b>793,023,231</b>
<b>C. Share Premium</b>		
Opening Balance	690,476,072	—
Add : Share Premium Collected during the year	1,281,325,710	690,476,072
Issue Expenses Written Off	(50,947,633)	—
	<b>1,920,854,149</b>	<b>690,476,072</b>
<b>D. Capital Reserve for Foreign Currency Translation</b>		
Opening Balance	(52,736,581)	—
Add : Foreign Currency Translation Reserves	(70,764,618)	(52,736,581)
	<b>(123,501,199)</b>	<b>(52,736,581)</b>
	<b>3,813,029,118</b>	<b>1,580,902,722</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : " C "</b>		
<b>SECURED LOANS</b>		
<b>Term Loan from State Bank of India</b>	84,775,129	120,858,166
<b>Primary Charges</b>		
Mortgage of 11th and 12th Floor of Project BSEL Tech Park at Plot No. 39/5 & 39/5A, Sector 30A, IIP, Vashi, Navi Mumbai (Repayment due in next one year = Rs. 330 Lacs)		
<b>Term Loans from Axis Bank Limited</b>	41,521,253	87,862,632
<b>Bank Overdraft from Axis Bank Limited</b>	47,611,798	49,407,180
<b>Primary Charges</b>		
Mortgage of unit no. G101 / G102 / T451 at IIP, Vashi Railway Station Complex, Vashi, Navi Mumbai (Repayment due in next one year = Rs. 22 Lacs)		
Vehicle Loan ( Primary charge on vehicle)	525,244	—
	<b>174,433,424</b>	<b>258,127,978</b>
<b>SCHEDULE : " D "</b>		
<b>UNSECURED LOAN</b>		
<b>Payments to R Holding</b>	—	1,951,950,000
Unsecured Loans pertains to the outstanding payments towards the plots of Land at Ajman-UAE to R-Holding for which the Post Dated Cheques (PDCs) have been issued		
	<b>—</b>	<b>1,951,950,000</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

### SCHEDULE : " E "

#### FIXED ASSETS

Description	Rate of Depreciation	Cost as on 1.4.2007	Additions	Deletion	Cost as on 31.03.08	Depreciation up to 31.03.07	Depreciation for the year	Total Depreciation	W.D.V. as on 31.03.08	W.D.V as on 31.03.07
Air Condition	4.75%	567,373	—	—	567,373	471,680	6,286	477,966	89,407	95,693
Computers / Printers	33.33%	54,204,371	250,784	—	54,455,155	53,298,088	579,729	53,877,817	577,338	906,283
Furniture & Fixture	16.67%	10,280,436	—	—	10,280,436	9,213,669	283,360	9,497,029	783,407	1,066,767
Office Equipment	4.75%	1,397,744	361,118	12,635	1,746,227	264,056	67,484	331,540	1,414,687	1,133,688
Office Premises - IIP	1.63%	39,478,623	—	—	39,478,623	3,991,052	601,236	4,592,288	34,886,335	35,487,571
Office Premises - Bombay Oilseed	1.63%	1,885,000	—	—	1,885,000	46,718	30,810	77,528	1,807,472	1,838,282
Vehicles	9.50%	2,048,350	—	—	2,048,350	582,148	184,660	766,808	1,281,542	1,466,202
<b>Assets At Kevadia Project</b>										
Office Equipment	4.75%	52,755	—	52,755	—	—	—	—	—	52,755
Vehicle	9.50%	38,714	40,440	—	79,154	—	11,398	11,398	67,756	38,714
Furniture	16.67%	637,678	—	637,678	—	—	—	—	—	637,678
<b>Total</b>		<b>110,591,044</b>	<b>652,342</b>	<b>703,068</b>	<b>110,540,318</b>	<b>67,867,411</b>	<b>1,764,963</b>	<b>69,632,374</b>	<b>40,907,944</b>	<b>42,723,633</b>
<b>Assets at WOS</b>										
Capital WIP		2,787,740,304	1,215,168,562	4,002,908,866	—	—	—	—	—	2,787,740,304
Computers		74,529	159,541	—	234,070	37,265	61,171	98,436	135,634	37,265
Furniture And Fixtures		709,800	71,887	—	781,687	354,900	361,693	716,593	65,094	354,900
Vehicles		—	2,412,518	—	2,412,518	—	648,152	648,152	1,764,366	—
<b>Total</b>		<b>2,788,524,633</b>	<b>1,217,812,508</b>	<b>4,002,908,866</b>	<b>3,428,275</b>	<b>392,165</b>	<b>1,071,017</b>	<b>1,463,181</b>	<b>1,965,094</b>	<b>2,788,132,469</b>
<b>Grand Total</b>		<b>2,899,115,677</b>	<b>1,218,464,850</b>	<b>4,003,611,934</b>	<b>113,968,593</b>	<b>68,259,576</b>	<b>2,835,980</b>	<b>71,095,555</b>	<b>42,873,038</b>	<b>2,830,856,102</b>
Previous Year		180,964,957	2,791,006,494	72,458,285	2,899,513,166	65,463,327	3,193,737	68,657,064	2,830,856,102	115,501,630

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

Particulars	No. of Shares	Current Year 2007-08	No. of Shares	Previous Year 2006-07
<b>SCHEDULE : "F"</b>				
<b>INVESTMENT (AT COST)</b>				
<b>Long Term Investments</b>				
<b>(a) In Shares (Quoted)</b>				
Simbhaoli Sugar (C.Y. Mkt Value Rs.5,353,310)	165,481	7,413,549	—	—
Amar Remedies (C.Y. Mkt Value Rs. 494,140)	31,000	1,114,450	—	—
Gangotri Textile Ltd. (C.Y. Mkt Value Rs. 18,173,277)	1,351,173	36,394,490	978,406	27,547,211
	<u>1,547,654</u>	<u>44,922,489</u>	<u>978,406</u>	<u>27,547,211</u>
<b>(b) In Shares (Unquoted)</b>				
Investment in Subsidiary Company				
BSEL Infrastructure Realty Pte	—	2,794,446	—	—
	<u>—</u>	<u>2,794,446</u>	<u>—</u>	<u>—</u>
<b>(c) Joint Ventures</b>				
B W Highway Star Pvt. Ltd.	—	100,000,000	—	—
D G Malls Multiplex Pvt. Ltd.	—	250,000	—	—
G P Concept Hotel & Mall Pvt. Ltd.	—	250,000	—	—
J P Shopping Mall and Hotel Pvt. Ltd.	—	250,000	—	—
P P Shoppers Mall and Hotel Pvt. Ltd.	—	250,000	—	—
S B Concept Hotel Malls Pvt. Ltd.	—	250,000	—	—
S B Shopping Mall and Hotel Pvt. Ltd.	—	250,000	—	—
Goa Tech Parks Pvt. Ltd.	—	250,000	—	—
Gigeo Constructions Pvt. Ltd.	—	205,000,000	—	—
	<u>—</u>	<u>306,750,000</u>	<u>—</u>	<u>—</u>
	<u>1,547,654</u>	<u>354,466,935</u>	<u>978,406</u>	<u>27,547,211</u>

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : "G"</b>		
<b>INVENTORIES</b>		
Opening Stock	540,992,844	110,200,000
Add: Purchase/Addition/Transfer/(Deletion)/(Consumption) during the year	—	540,992,844
Consumption/Sales During the year	<u>(540,992,844)</u>	<u>(110,200,000)</u>
Finished Goods Stock (A)	<u>—</u>	<u>540,992,844</u>
Work In Progress of Land, Building & Construction work at Various Projects		
Opening Stock of Work In Progress	401,061,478	—
Add: Purchase/Addition/Transfer/(Deletion)/(Consumption) during the year	<u>1,800,814,588</u>	<u>401,061,478</u>
Total WIP Stock (B)	<u>2,201,876,066</u>	<u>401,061,478</u>
<b>Closing Stock (A) + (B)</b>	<u><b>2,201,876,066</b></u>	<u><b>942,054,322</b></u>



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : "H"</b>		
<b>SUNDRY DEBTORS</b>		
A. Consider Good		
Less than six months	2,318,784,628	232,319,557
More than six months	20,600,000	—
	<u>2,339,384,628</u>	<u>232,319,557</u>
B. Consider Doubtful		
More than six months	11,563,701	11,563,701
(Refer Note No. 14 of Schedule R: Notes to Accounts)		
	<u>11,563,701</u>	<u>11,563,701</u>
	<u><b>2,350,948,329</b></u>	<u><b>243,883,258</b></u>

**SCHEDULE : "I"****CASH AND BANK BALANCE**

Cash in hand	33,385,839	4,778,433
Bank Balance with Schedule Banks		
Balance in Current Account	208,935,548	263,890,426
Balance in Fixed Deposit	1,352,011,646	18,784,786
	<u><b>1,594,333,033</b></u>	<u><b>287,453,645</b></u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "J"</b>		
<b>LOANS, ADVANCES AND DEPOSITS</b>		
<b>Deposits</b>		
Deposit for Lease Premises	4,790,000	4,790,000
Deposit with BMC	2,200,000	2,200,000
Earnest Money Deposits for Tenders	12,200,000	10,784,695
Deposit with Energy Charges of BSEL Tech Park	—	2,500,000
Other Misc Deposits	1,253,164	—
Other Deposits for Kevadia Projects	3,806,062	365,000
Goa IT Park - EMD	—	2,000,000
Nagpur Municipal Corporation -EMD	—	15,000,000
	<u>24,249,226</u>	<u>37,639,695</u>
<b>Current Assets</b>		
Prepaid Expenses	460,337	95,651
Creative Construction Co.	—	1,500,000
Advance to Kasturi Developers	—	30,073,000
Advance against Property (Gorkap)	3,030,000	3,030,000
T.D.S in advance	4,640,628	11,304,550
Advance for Imprest	19,631	124,517
Advance to Staff	137,100	214,500
Advance for Purchase of Land/Property	2,335,734	2,335,734
TDS Receivable	14,500	—
Advance to Suppliers/Contractors	1,068,270	1,073,516
WesternGeco International Ltd.	—	898,021
Advance for Expenses to Kevadia and Rewa Bhavan	361,089	—
Loan to BSEL Infrastructure Realty Pte Ltd.	36,356,109	—
<b>Loans to Joint Ventures</b>		
D G Malls Multiplex Pvt. Ltd.	42,550,000	—
G P Concept Hotel & Mall Pvt. Ltd.	11,000,000	—
J P Shopping Mall and Hotel Pvt. Ltd.	12,500,000	—
P P Shoppers Mall and Hotel Pvt. Ltd.	17,500,000	—
S B Concept Hotel Malls Pvt. Ltd.	7,500,000	—
S B Shopping Malls and Hotels Pvt. Ltd.	15,500,000	—
Goa Tech Parks Pvt. Ltd.	70,357,657	—
BSEL- Unity Joint Venture	10,315,000	—
	<u>235,646,055</u>	<u>50,649,489</u>
	<u><b>259,895,281</b></u>	<u><b>88,289,184</b></u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>SCHEDULE : "K"</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Vehicles loan due in next 12 months	217,344	—
Accruals	132,830	—
Bank Overdrafts	728,334,263	—
Kirit Kanakiya	92,371	—
<b>Provisions</b>		
Provision for Expenses and Liabilities	1,370,045	1,560,004
PT / Cess / VAT/ S T	50,124	242,057
Provision for Income Tax	17,100,960	20,010,000
T.D.S. Payable	1,756,026	215,197
Deposit against various Leased Properties	3,578,570	4,176,965
Employees Terminal Benefits	24,701	—
Retention Money	4,636,905	924,903
Advance for the Sale of Properties	—	52,80,000
Other Misc Deposits	241,895	—
Deposit for Society Formation	178,930	178,930
Deposit for Pune Project	15,230,118	—
Other Liabilities	34,833,606	1,230,966
Proposed Dividend	41,308,420	—
Dividend Tax for Fin Yr. 2007-08	7,020,366	—
Unpaid Dividend	991,095	—
	<u>857,098,569</u>	<u>33,819,022</u>
<b>Sundry Creditors</b>	<u>1,088,233,171</u>	<u>2,084,000</u>
	<u>1,088,233,171</u>	<u>2,084,000</u>
	<u><b>1,945,331,740</b></u>	<u><b>35,903,022</b></u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "L"</b>		
<b>INCOME FROM OPERATION</b>		
Sale of Units	3,732,704,090	1,470,130,980
Business Centre Income	9,352,652	62,150,888
	<b>3,742,056,742</b>	<b>1,532,281,868</b>

<b>SCHEDULE : "M"</b>		
<b>MISCELLANEOUS INCOME</b>		
Interest on Fixed Deposit	16,864,697	19,489,189
Interest Income	1,227,863	1,424,438
Interest on Income Tax Refund	—	96,484
Dividend Received	675,587	58,500
Foreign Exchange Gain	13,377,595	—
Transfer Charges, NOC Charges, Sign Board Rentals, Misc Rental/ Interest Income / Investment Income	10,106,921	27,196,993
Gain/(Loss) on F & O	—	8,588,684
Gain/(Loss) on Sale of Shares	6,354,832	58,778,833
Misc. Income	165,171	1,653,410
	<b>48,772,666</b>	<b>117,286,530</b>

<b>SCHEDULE : "N"</b>		
<b>DIRECT EXPENSES</b>		
<b>Direct Project Expenses for various Construction Sites</b>		
Direct Material and Direct Expenses for various Constructions	3,779,677,412	1,550,249,354
	<b>3,779,677,412</b>	<b>1,550,249,354</b>

<b>SCHEDULE : "O"</b>		
<b>INDIRECT EXPENSES</b>		
Advertisement	12,706,511	3,680,863
AGM / EGM Exps.	27,489	14,500
Air Condition Hire Charges	239,900	220,464
Audit Fees	125,000	100,000
Bank Charges	143,729	1,360,375
Board Meeting Fees	127,000	93,000
Books & Periodical	7,940	28,195
Brokerage & Commission	2,806,889	2,464,639
Business Promotion	550,849	560,057
Cess paid	11,975	63,286
Conveyance	222,759	332,601
Computer Software & Internet Charges	127,551	102,707
Delay Payment Charges	1,603,638	56,242
Demat Charges	1,579	12,149



**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "O"</b>		
<b>INDIRECT EXPENSES (Contd.)</b>		
Electricity Charges	691,552	1,423,931
GDR Issue Expenses	5,744,583	8,552,635
Hire Charges	43,193	21,600
Insurance	400,875	299,864
Labour Welfare Fund	2,502	3,835
Legal and Professional fees	26,018,410	3,832,685
Legal Expenses	8,470	358,445
Loan Disbursement Exp.	—	250,612
Listing Fees	231,850	339,942
Labour Charges	104,220	—
Loss on Sale of Machinery	—	1,370,667
Maintenance charges	1,204,317	4,094,067
M.D.'s Remuneration	780,000	765,000
Membership & Subscription Fees	50,500	140,033
Motor Car Expenses	189,606	519,000
Misc. Exp.	286,629	5,063,387
Office Expenses	2,038,736	309,896
Onsite Designing Studio	—	400,000
Postage & Telegram	262,651	301,477
Printing & Stationery	1,495,298	1,256,114
Rent paid	4,190,592	387,958
Rent, Rates & Taxes	2,077,541	4,921,778
Repairs & Maintenance	719,448	1,550,416
ROC Filing Fees	16,433	17,610
Salaries & Wages	4,817,793	4,652,665
Security Service Charges	—	6,600
Service Tax	1,934,758	1,330,111
Share Transfer Charges	110,891	87,642
Transportation Charges	1,400	92,671
ESIC Paid	28,518	22,974
Bonus, Ex-Gratia & Incentive Paid	354,404	583,701
Provident Fund Paid	214,740	88,862
Staff Welfare	578,222	507,620
Security Transaction Tax & Other Charges on Shares	199,627	1,376,178
Telephone Expenses	2,066,452	885,906
Tender Fees	50,000	94,000
Traveling Exp. Including Foreign Travel	2,789,243	1,042,993
Water Charges	90,535	108,816
Website Expenses	156,453	24,853
Stamp Duty and Registration	2,282,500	—
	<b>80,935,751</b>	<b>56,175,622</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

<b>Particulars</b>	<b>Current Year 2007-08</b>	<b>Previous Year 2006-07</b>
<b>SCHEDULE : "P"</b>		
<b>INTEREST</b>		
Interest on Overdraft - Axis Bank Ltd.	3,328,917	156,907
Interest on Term Loan - SBI	11,324,402	12,993,835
Interest on Term Loan - Axis Bank Ltd.	6,699,273	11,096,894
Interest on Over Draft – Bank of Baroda	15,013,971	5,746,020
	<b>36,366,563</b>	<b>29,993,656</b>

**SCHEDULE : "Q"****PRIOR PERIOD ITEMS**

Short provision made for Interest on Axis Bank Ltd. Loan-2005-06	—	1,339,560
Excess/Short Provisions for Income Tax	8,208,591	881,132
Short Provision made for Back office Exps	134,640	—
Prior Period Exps. reimbursed for 2006-07	(735,510)	—
	<b>7,607,721</b>	<b>2,220,692</b>





## SCHEDULE "R"

### I. CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008

#### 1. Previous Year's Figures

The Previous year's figures have been recasted / restated, wherever necessary to confirm to current year classification.

#### 2. Share Capital

The Company has at present, only one class of shares i.e. Equity Shares.

BSEL Infrastructure Realty Limited holds, 100% shares of BSEL infrastructure Realty FZE).

#### 3. Fixed Assets

During the year, the purchase net fixed assets of Rs. 25.93 Lacs (Previous Year :- sold net fixed assets of Rs. 691.92 Lacs) in its gross block. Also during the year the Company has transferred capital work in progress (under the head of fixed assets) of Rs. 40,029.09 Lacs to inventories.

#### 4. Loans and Advances

Advances recoverable in cash, kind or value to be received are primarily towards prepayments for value to be received. Other advances represent deposit for office premises, telephone deposit, advance to contractors, advance for the purchase of commercial premises and advance to the local authorities such as NMMC / MSEB / CIDCO / Fire Brigade etc. Advances also includes loans to subsidiary and joint ventures.

#### 5. Auditors Remuneration

(Amount in Rs.)

Details	Current Year 2007-2008	Previous Year 2006-2007
Audit Fees	75,000.00	60,000.00
Tax Audit Fees	30,000.00	25,000.00
Income Tax	15,000.00	10,000.00
Other Services	5,000.00	5,000.00
Service Tax	15,450.00	12,240.00
<b>TOTAL</b>	<b>140,450.00</b>	<b>112,240.00</b>

The auditors fees will be provided on annual basis.

#### 6. Foreign Exchange Translation

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of transaction.

Subsidiary's accounts are consolidated at the exchange rate prevailing on the Balance Sheet date, any difference due to exchange rate is transferred to Capital Reserve for Foreign Currency Translation.

#### 7. Current Tax

The Company has estimated the current tax charge (inclusive of Fringe Benefit Tax) of Rs. 22,365,000/- (Previous Year Rs. 70,256,500) is based on the earnings for the year ended 31<sup>st</sup> March 2008.

#### 8. Additional Disclosures in Pursuant to Schedule VI Part II

(Amount in Rupees)

Income Related Disclosures	Current Year 2007-2008	Previous Year 2006-2007
<b>Other Incomes :-</b>		
Interest on Fixed Deposits	16,864,697	19,489,189
Interest on Income Tax Refund	—	96,484
Gain / (Loss) on Sale of Shares	6,354,832	58,778,833
Gain / (Loss) on Sale on F & O	—	8,588,684
Other Misc. Income / Interest	1,393,034	3,077,848
Dividend Received	675,587	58,500
Foreign Exchange Gain	13,377,595	—
Transfer Charges, NOC Charges, Sign Board Rentals, Misc. Rentals/ Interest	10,106,921	27,196,993

<b>Expenses Related Disclosures</b>	<b>Current Year 2007-2008</b>	<b>Previous Year 2006-2007</b>
Remuneration to Managing Director	780,000	765,000
Salary and Bonus to Staff	5,172,197	5,236,366
Traveling and Conveyance	30,12,002	1,375,594
Rent paid	4,190,592	387,958
Telephone Expenses	2,066,452	885,906
Legal & Professional Expenses	26,018,410	3,832,685
Printing & Stationary	1,495,298	1,256,114
Advertisement Expenses	12,706,511	3,680,863
Office Expenses	2,038,736	309,896
Repairs & Maintenance	719,448	1,550,416
Power & Fuel	691,552	1,423,931
Rent, Rates and Taxes	2,077,541	4,921,778
Brokerage & Commission Charges	2,806,889	2,464,639
<b>Auditors Remuneration :-</b>		
Statutory Audit Fees	75,000	60,000
Tax Audit Fees	30,000	25,000
Income Tax Matters and Consultancy Fees	15,000	10,000
Other Services	5,000	5,000
Service Tax	15,450	12,240
Bank and Commission Charges	143,729	1,360,375
Books & Periodicals	7,940	28,195

## 9. Related Party Disclosures

Related Party Disclosure as required by AS-18 "Related Party Disclosure" are given below :

### 1. Individuals owing directly or indirectly an interest in the voting power that gives them control or significant influence:

<b>Name of the Party</b>	<b>Nature of Relationship</b>
Kirit R. Kanakiya	– Chairman

### 2. Key Management Personnel :

<b>Name of the Party</b>	<b>Nature of Relationship</b>
Kirit R. Kanakiya	– Chairman
Dharmendra Raichura	– Managing Director

### 3. Other Related Parties and Nature of Relationship :

(a) Nature of Relationship :- Associate Concerns

(b) Name of the Parties:-

a. Beachcraft Investment & Trading Co. Pvt. Ltd.,	b. Blackmore Investment & Trading Co. Pvt. Ltd.,
c. Consistent Packagers Pvt. Ltd.,	d. Pleasant Packaging Co. Pvt. Ltd.,
e. Poornima Commercial Pvt. Ltd.,	f. Pravara Commercial Pvt. Ltd.,
g. Relaxed Packagers Pvt. Ltd.,	h. Sentosa Investment & Trading Co. Pvt. Ltd.,
i. Timberhill Engineers Pvt. Ltd.,	j. Yogi Sung-Won (India) Limited
k. Reshma Plastics Pvt. Ltd.,	l. Total Bizcon Solution Limited
m. Western Bizcon Services Ltd.	n. Contact Consultancy Services Pvt. Ltd.,
o. Stock Watch Securities Pvt. Ltd.,	p. Stock Watch
q. Contact Consultancy Services (FZC)	r. KKR Commercial Brokerage, LLC
s. Orbit Plastics Private Limited.	



4. Subsidiaries and Joint Ventures :-

**Wholly Owned Subsidiary/Sub-Subsidiary**

1. BSEL Infrastructure Realty FZE
2. BSEL Infrastructure Realty Pte Ltd.

**Joint Venture**

1. PP Shoppers Mall and Hotel Private Ltd.
2. D G Malls and Multiplex Pvt. Ltd.
3. S B Concept Hotel Malls Pvt. Ltd.
4. G P Concept Hotel and Mall Private Limited
5. Goa Tech Parks Pvt. Ltd
6. J P Shopping Mall and Hotel Private Limited
7. S B Shopping Mall and Hotel Pvt. Ltd.
8. B W Highway Star Pvt. Ltd.
9. BSEL Unity Joint Venture

5. The Following transactions were carried out with the related parties in the Ordinary Course of Business. Details regarding the parties referred to in items (1) to (4) above.

(Rs. in Lacs)

Particulars	Key Management Personnel	Joint Ventures & Associate Concern	Subsidiaries*	Sub-Subsidiary*	Total
Managerial Remuneration	7.80	—	—	—	7.80
Investments	—	1,017.50	3,288.10	27.94	4,333.54
Loans and Advances Taken	0.92	346.12	—	—	347.04
Loans and Advances Given	—	1,872.23	8,344.79	363.56	10,580.58
Guarantee and Security Given	—	3,666.67	13,308.98	—	16,975.65
Guarantee and Security Taken	—	—	16,000.00	—	16,000.00
Receivable	—	206.00	—	—	206.00

\* The respective amounts are given/taken from the Holding Company's view point to/from subsidiary.

10. Earning Per Share

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax.

(Rs. in Lacs)

Particulars	Current Year 2007-2008	Previous Year 2006-2007
A. Net Profit after Tax	11,208.42	7,692.72
Add : Excess Provision and refund of taxes of earlier years (Net)	—	—
Net Profit for calculation of Earning per share (Numerator)	11,208.42	7,692.72
B. Weighted Average Number of Equity Shares (Denominator) (Nos.)	8,261.68	5,932.00
C. Basic and diluted Earning Per Share (A-B) (In Rupees)	17.25	12.97
D. Nominal Value per Equity Share (In Rupees)	10.00	10.00

**11. Share Warrants**

During the financial year, the Company made a preferential allotment to promoters of the Company by way of issue of 59,00,000 warrants @Rs. 77/- per warrant. As per terms of warrants issue, company has received Rs. 4,54,30,000/- being 10% of the issue price from the allottees. The funds so raised through the preferential issue will be utilized to finance all or any of the ongoing projects & other upcoming future projects. No warrant till date has been converted.

The Company has not utilized the funds for the purpose other than those for which the issue of warrants was made.

**12. Consolidated Financial Statements****Criteria for Preparation of Consolidated Financial Statements:**

- (a) BSEL Infrastructure Realty Limited has presented Consolidated Financial Statements by consolidating its own financial statements with those of its Subsidiaries in accordance with Accounting Standard 21 (Consolidated Financial Statements) issued by the institute of Chartered Accountants of India.
- (b) Financial Statements for the subsidiary is prepared in accordance with the generally accepted accounting principles & accounting policies of the Parent Company. The effect of inter-company transactions between consolidated companies/ entities are eliminated in consolidation.

**Principles of Consolidation:**

- (i) The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits and losses as per Accounting Standard 21-Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- (ii) The difference between the costs of investments in the subsidiary company and the net assets is recognized in the financial statements as Capital Reserves for Foreign Currency Translation.
- (iii) Minority interest share of net profit / losses of subsidiaries consolidated for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the company.

**13. Dues to Small Scale Industrial Undertakings**

As on 31.03.2008 the company had Rs. NIL outstanding dues to Small Scale Undertakings (Previous Year : Rs. NIL).

**14. Provision for Doubtful Debts**

Debtors includes dues from Microcity India Limited of Rs. 11,563,701/- (Previous Year Rs. 11,563,701/-) which is outstanding for more than six months and the same is classified as doubtful. Company has filed a suit to recover the same and management is of opinion that it will be recovered in full, therefore no provision has been made in the books of accounts.

BSEL infrastructure Realty (FZE) : Bad debts are written off as and when they arise.

**15. Prior Period Items**

Prior period items having material impact on the financial affairs of the company have been disclosed.

**16. There is no employee employed for full or part of the year in respect of Salary of Rs. 2 Lacs Per Month.****17. Contingent liability which can be reasonably ascertained are provided for if it is in the opinion of the Company the future outcome of the same may be detrimental to the company.****18. The Provisions of Gratuity, as explained to us, will be provided in respect of Employees as and when they become eligible under the payment of Gratuity Act, 1972.****19. All the Loans and Advances (Assets) and Current Assets and Current Liabilities are subject to confirmation from the respective parties.****20. Balance of Unpaid Dividend Account as at 31<sup>st</sup> March, 2008 is Rs. 991,095/-.****21. Other additional information pursuant to Schedule VI Part II of the Companies Act, 1956 are not applicable to the Company.**

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai

**Date :** 30.06.2008

## II. SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention in accordance with the generally accepted in accounting principles in India including the mandatory accounting standards issued by the institute of Chartered Accountants of India (ICAI) and referred to in Section 211 (3C) of the Companies Act, 1956 (The Act). The significant accounting policies adopted for the preparation of the financial statements are as follows :

#### a. Revenue Recognition

Revenue from Projects is recognized on the basis of AS-7 Construction Contracts (Revised). Considering the progress of the work, Architects have estimated the stage of completion of 100% upto the reporting date. However, the company has followed a conservative accounting practice while considering the sales classification and it has recognized the sales on the basis of actual bookings.

The percentage completed accounting method is used for projects under construction.

BSEL infrastructure Realty (FZE) income is accounted on accrual basis.

#### b. Fixed Assets

Fixed assets are stated at cost of acquisition minus the accumulated depreciation. Advances paid towards acquisition of the fixed assets which have not been installed or put to use and the cost of the assets not put to use, before the year end, are disclosed under advance for purchase of assets.

#### c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first in first out basis and includes all applicable overheads in bringing the inventories to their present location and condition. Excise Duty arising on finished goods and Customs Duty on imported raw materials in stock (excluding stocks in the bonded warehouse) are treated as part of the cost of inventories.

#### d. Borrowing Costs

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as a part of the cost of the assets.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

#### e. Deferred Tax

Pursuant to the Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India having been made mandatory, the Company has evaluated the various elements of tax computation to determine whether any deferred tax asset or liability needs to be recognized. Since, the income of the Infrastructure division of the company exempted U/s. 80 IA sub section 4 (iii) of The Income Tax Act, 1961, no deferred tax assets or liability arises and no provisions are made thereof.

#### f. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating financing and investing activities of the company are segregated.

#### g. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles, requires, management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include accounting for contract cost expected to be incurred, contract revenues, stage of completion, provisions, income taxes, useful lives of fixed assets etc. Actual results could be different from those estimates.

#### h. Impairment of Assets

In accordance with Accounting Standard, the assets are reviewed for impairment as each year end. An impairment loss is recognized in the statement of income if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is higher of the value in use and the realizable amount of the asset.

## 2. DEPRECIATION

Depreciation on fixed assets is provided using the straight line method, based on the useful life as estimated by the management. Depreciation are charged on pro-rata basis for assets purchased / sold during the year. The management's estimate of useful life for various fixed assets are given below :

Furniture & Fixtures – 6 Years

Computer Equipments – 3 Years

BSEL Infrastructure Realty (FZE) : The tangible fixed assets are stated at cost less accumulated depreciation. The cost is depreciated over the estimated useful lives on straight line basis at the following rates.

Computer 50% per annum

Furniture and Fixtures 50% per annum

## 3. INVESTMENT

Current Investments are stated at lower of cost and fair value. The Long Term Investments are stated at cost after deducting provisions made for permanent diminution in the rate of exchange if any.

## 4. PROVIDENT FUND

Benefits of Provident Fund are received by the eligible employees, which is defined in contribution plan. Both the employees and the Company are making monthly contribution to this Provident Fund equal to specified percentage of the covered employees salary.

## 5. SEGMENT ACCOUNTING POLICIES

The company has only one segment of operation i.e. Infrastructure Activity in Local Market. So segment wise Income/ Expenditure/Assets and Liabilities are not presented.

## 6. OTHER ACCOUNTING POLICIES

Other Accounting Policies are consistent with generally accepted accounting policies.

As per our Report of Even Date

**For RAJU & PRASAD**  
Chartered Accountants

**For BSEL INFRASTRUCTURE REALTY LIMITED**

**CA. Avinash Jain**  
Partner

**Kirit R. Kanakiya**  
Chairman

**Dharmendra Raichura**  
Managing Director

**Priya Singhal**  
Company Secretary

**Place :** Mumbai  
**Date :** 30.06.2008



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

Particulars	Current Year 2007-08	Previous Year 2006-07
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax & extraordinary items	1,143,206,723	839,528,559
<b>Adjustments for :-</b>		
Depreciation	2,835,980	3,193,737
Other Income	(48,772,666)	(117,286,530)
Operating profits before working capital changes	1,097,270,037	725,435,766
<b>Adjustments for :-</b>		
Sundry Debtors	(2,107,065,071)	(243,883,258)
Deposits (Assets) Loans & Advances	(171,606,097)	(88,289,184)
Inventories	(1,259,821,744)	(942,054,322)
Provision for Tax	(22,365,000)	(70,256,500)
Trade Payable and other liabilities	1,909,428,718	35,903,022
Net cash from operating activities	(554,159,157)	(583,144,476)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Reserve for Foreign Currency Translition	(70,764,618)	—
Sale/(Purchase) of investment	(326,919,724)	(27,547,211)
Sale/(Purchase) of fixed assets	2,785,147,084	(2,830,856,102)
Net cash from investing activities	2,387,462,742	(2,858,403,313)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital & Premium (adjusted)	1,463,346,477	1,259,592,903
Share Warrants	45,430,000	—
Other Income	48,772,666	117,286,530
Dividend including dividend tax	(48,328,786)	142,044,023
Other Unsecured Loans	(1,951,950,000)	1,951,950,000
Loan from Bank	(83,694,554)	258,127,978
Net cash from financing activities	(526,424,197)	3,729,001,434
Net increase/(decrease) in cash & cash equivalent	1,306,879,388	287,453,645
Cash & cash equivalent opening balance	287,453,645	—
<b>Cash &amp; cash equivalent closing balance</b>	<b>1,594,333,033</b>	<b>287,453,645</b>

For BSEL INFRASTRUCTURE REALTY LIMITED

Place : Mumbai  
Date : 30.06.2008Kirit R. Kanakiya  
ChairmanDharmendra Raichura  
Managing DirectorPriya Singhal  
Company Secretary**AUDITORS' CERTIFICATE**

We have examined the attached Consolidated Cash Flow Statement of **M/S. BSEL INFRASTRUCTURE REALTY LIMITED**, for the year ended 31st March, 2008. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with The Stock Exchange, Mumbai and is based on and in agreement with the corresponding Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For RAJU & PRASAD  
Chartered AccountantsPlace : Mumbai  
Date : 30.06.2008CA. Avinash Jain  
Partner  
Membership No. 41689

**Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956****I. REGISTRATION DETAILS**

Registration Number	:	94498
State Code Number	:	11
Balance Sheet Date	:	31.03.2008

**II. CAPITAL RAISED DURING THE YEAR**

Public Issue (Issue through the prospectus)	:	232,968,400
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement (Firm Allotment to Promoters and their associates)	:	NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rupees in Thousands)**

Total Liabilities	:	3,694,739
Total Assets	:	3,694,739

**SOURCES OF FUNDS**

Paid Up Capital	:	826,168
Reserves & Surplus	:	2,649,233
Secured Loan	:	173,908
Unsecured Loan	:	NIL

**APPLICATION OF FUNDS**

Net Fixed Assets	:	40,908
Investments	:	677,688
Net Current Assets	:	2,976,143
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

**IV. PERFORMANCE OF COMPANY**

Turnover	:	485,097
Total Expenditure	:	301,551
Profit Before Tax	:	175,917
Profit After Tax	:	153,552
Earning Per Share	:	2.36
Dividend Rate (%)	:	5% (Final Dividend)

**V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY**

(As per monetary terms)

Item Code No.	:	—
Product Description	:	Infrastructure Activity



## NOTICE OF THE ANNUAL GENERAL MEETING:

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of BSEL Infrastructure Realty Limited will be held on Tuesday, 30<sup>th</sup> day of September 2008 at 9.30 A.M. at Abbott Hotel, Sector 2, Vashi, Navi Mumbai- 400703 to transact the following business:

### Ordinary Business:

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2008, the Profit & Loss Account for the year ended on that date including notes thereto together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint Director in place of Mr. Abbas Lakdawalla who is liable to retire by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business:

#### **5. Reappointment of Mr. Dharmendra Raichura as Managing Director of the Company:**

To consider and if thought fit, pass with or without modification(s), if any, as 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, for time being in force), read with Schedule XIII thereof and Article 153 of the Articles of Association of the company, Mr. Dharmendra Raichura, be and is hereby re-appointed as the Managing Director of the Company, for period of three (3) years commencing from 30<sup>th</sup> June 2008 to 29<sup>th</sup> June 2011 at a remuneration which will, including all perquisites, not be exceeding Rs. 9,00,000/- p.a. (Rupees Nine Lacs only) and a copy of the Draft as placed before this meeting be and is hereby specifically approved 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 or 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 by the Board of Directors and Mr. Dharmendra Raichura."

**"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 Mr. Dharmendra Raichura be suitably amended to give effect to such modification, relaxation or variations without any further reference to the Company in General Meeting"

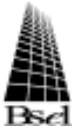
#### **6. Further issue of capital by way of issue of Securities including GDR/ FCCB/ Convertible Bonds / Warrants etc. not exceeding USD 100 Million:**

To consider and if thought fit, pass with or without modification(s), if any, as Special Resolution:

"(a) **RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any guidelines, regulations, approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as "the appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the consent of the company be and is hereby accorded to the Board to issue, offer and allot and retain additional offering for the purpose of over allotment, if any, in national and / or international offerings any securities including Global Depositary Receipts and / or American Depositary Receipts convertible into equity shares, preference shares whether Cumulative or Non-Cumulative / Redeemable / Convertible at the option of the Company and / or at the option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into equity shares / preference shares (hereinafter referred to as "Securities") to be subscribed by Indian and / or

foreign investors / institutions and / or corporate bodies, mutual funds, banks, insurance companies, trusts and / or individuals or otherwise, whether or not such persons / entities / investors are Members of the Company, whether in Indian currency or foreign currency. Such issue and allotment shall be made at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions as the Board may, in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries; provided however that the total amount raised through the aforesaid securities should not exceed USD 100 Million or its equivalent including the over allotment, if any, of incremental funds for the company to meet the company's capital expenditure and working capital requirements."

- "(b) **RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such matters as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the tenure of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more Stock Exchanges including international Stock Exchanges, wherever permissible."
- "(c) **RESOLVED FURTHER THAT** the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practice and regulations, and under the forms and practices prevalent in securities markets."
- "(d) **RESOLVED FURTHER THAT** the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable laws."
- "(e) **RESOLVED FURTHER THAT** the Board or any Committee thereof be and is hereby authorised to issue and allot such number of shares and to retain the additional equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects."
- "(f) **RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law."
- "(g) **RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including but not limited to, determination of number of Equity Shares to be offered or sold, the over allotment option, determine whether the Equity Shareholders, subject to the applicable securities laws, have a right to renounce their entitlement to participate in the issue to other Equity Shareholders, determine the length of the invitation of the offer period, issue and circulate the invitation to offer, file registration statement and or other document(s) with any regulator, list the securities on one or more overseas stock exchanges, enter into underwriting, marketing and depository arrangement and institution / trustees / agents and similar agreements and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."
- "(h) **RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation mortgage / charges under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."
- "(i) **RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorized to delegate all or any of the powers hereby conferred to any Committee or Directors or the Chairman or any other Officers/ Authorised Signatory of the Company."



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy must be deposited at the Registered Office of the Company not later than 48 (forty eight) hours before the commencement of the meeting.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send the certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting.
6. Members who hold their shares in dematerialized form are requested to write their Client ID and DP ID and those who hold their shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m., except Saturdays and Sundays, upto the date of the Meeting.
9.
  - (i) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday 27<sup>th</sup> September 2008 to Tuesday 30<sup>th</sup> September 2008 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
  - (ii) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after October 21, 2008 to those members whose names shall appear on the Company's Register of Members on September 27, 2008; in respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
10. The Members are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrars and Share Transfer Agent of the Company at the following address:  
  
Sharex Dynamic (India) Pvt. Ltd.  
Unit No. 1, Luthra Industrial Premises,  
Safed Pool, Andheri – Kurla Road,  
Andheri (E), Mumbai – 400 072  
☎ Telephone No. (022) 2851 5606/5644 ☎ Fax: (022) 2851 2885
11. Shareholders who have not encashed the dividend warrants so far are requested to make their claim to the company's Registrars and Share Transfer Agents at the above mentioned address.
12. Pursuant to the provisions of sub – section (5) of section 205A of the Companies Act, 1956, any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of (7) seven years from the date of such transfer to unpaid dividend account, shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government  
  
Those members who have so far not encashed their dividend warrants for any previous years may claim or approach the Companies Registrar and Share Transfer Agent, M/s Sharex Dynamic (India) Pvt. Ltd. at the above mentioned address for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956. Kindly note that the refund of the unclaimed / unpaid dividend amount cannot be claimed by the members once it is transferred to the Investor Education and Protection Fund.
13. The Securities Exchange Board of India (SEBI) vide its circular no. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 has reviewed the dematerialization charges being levied to investors. Pursuant to the said circular, w.e.f. 1<sup>st</sup> April 2005, the depositories will collect the custody charges from the issuers on per folio (ISIN position) basis and the same will not be levied on any investors. Accordingly, the Company has paid the custodian fees levied by National Securities Depositories Limited (NSDL) & Central Depositories Services Limited (CDSL) for the financial year 2008 – 09.

14. The Equity Shares of the Company and listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and the Company had paid the annual listing fees to both the stock exchanges for the financial year 2008 – 09. The GDR's of the Company are listed on Luxemburg Stock Exchange and the Company has paid the annual maintenance fees upto December 2008 as per their regulations.

**Registered Office:**

G-101, 2<sup>nd</sup> Floor, Tower No. 7,  
International Infotech Park,  
Sector 30A,  
Vashi Railway Station Complex,  
Vashi, Navi Mumbai- 400705

Navi Mumbai  
August 25, 2008

*By Order of the Board of Directors*  
**For BSEL Infrastructure Realty Ltd.**

**Priya Singhal**  
*Company Secretary*

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

The following explanatory statement, pursuant to Section 173(2) of the Act, set out the material facts relating to the business mentioned in the accompanying notice dated August 25, 2008

#### Item No. 5

Mr. Dharmendra Raichura was re-appointed as the Director and Managing Director of the company by the Shareholders in their Extra-Ordinary General Meeting held on 6th June 2007 for a period of one year commencing from 30<sup>th</sup> June 2007 to 29<sup>th</sup> June 2008. The Board has re-appointed him as the Managing Director in their meeting held on 30th June 2008, for the period of three years at a remuneration which will, including all perquisites, not be exceeding Rs. 9,00,000/-p.a. (Rupees Nine Lacs Only) subject to the approval of the shareholders.

Therefore, approval of the shareholders is requested by the Board for the appointment of Mr. Dharmendra Raichura as the Managing Director for the period from 30<sup>th</sup> June 2008 to 29<sup>th</sup> June 2011 at remuneration not exceeding Rs. 900,000/-p.a. (including all perquisite).

#### **Brief Profile:**

Mr. Dharmendra Raichura is a Chartered Accountant by profession. He has a vast and varied post qualification experience of more than seven years in the field of finance, accounting and auditing. In addition, he has a vast knowledge and exposure in the field of project financing, excise matters, Euro Issues, investment advising, taxation, amalgamations, etc.

Mr. Dharmendra Raichura has been putting his sincere and dedicated efforts for the company since more than three years and has proved to be the pillar in the financial and overall growth of the company.

The Board of Directors recommends the resolutions set out at Item No.5 of the accompanying Notice for the approval of the members.

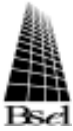
None of the Directors, except Mr. Dharmendra Raichura is concerned or interested in the resolution and this may also be treated as the required notice of abstract as required under section 302 of the Companies Act, 1956.

The copy of the Draft of the Agreement for appointing Mr. Dharmendra Raichura is available for inspection at the registered office of the Company on all days except Saturdays and Sundays and other bank holidays between 11.00 a.m. and 1.00 p.m.

#### Item No. 6:

Your Company has already completed its GDR issue of US\$ 58.8 Million in Toto. The end uses of these funds are being utilized in the funding of our out of seas project. Still, your Company is looking for more profitable avenues in the near future, and also needs to expand long term resources to strengthen its financial position so as to meet its growth objectives; to invest in the areas of infrastructure development, and for such other purposes as may be permitted from time to time under the relevant guidelines. Therefore, it is proposed to issue securities in the national / international markets as contemplated in the resolution set out above, as may be decided by the Board and if found to be expedient and in the interests of the Company, to raise the funds for the striving projects which are in the pipeline. The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the terms of approval of the Government of India, Reserve Bank of India, Financial Institutions who have lent monies for the Company's projects and such other authorities as may be required.





The proposed national and / or international issue of Securities and / or other instruments as above may be made in one or more tranches, including the over allotment option which may or may not be provided, may result in an increase of the issued and subscribed equity and / or Preference share capital of the Company and the total amount raised through the aforesaid securities not to exceed USD 100 Million or its equivalent, of incremental funds for the company to meet the company's capital expenditure and working capital requirements. The issue price of the securities to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The Securities will be listed on such Indian / International Stock Exchanges as the Board may be advised. Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the Shareholders decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decide otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to issue in one or more tranches the securities referred to therein in the national / international market to Foreign Financial Institutions, Foreign investors / collaborators, Non-resident Indians, corporate bodies, mutual funds, banks, insurance companies, pension funds or otherwise shareholders of the company or not, through a public issue and / or on a private placement basis and / or preferential allotment basis.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue which will be a free market pricing and may be at premium or discount to the market price in accordance with the normal practice and (b) powers to issue and market any securities issued pursuant to the national and / or international offer including the power to issue such Securities in such tranche or tranches with / without voting rights.

The Board of Directors recommends the resolution for your approval.

The Directors of your Company may be deemed to be concerned or interested to the extent of the preference shares that may be allotted to them or their relatives or to the Companies in which they or their relatives are Directors.

**Registered Office:**

G-101, 2<sup>nd</sup> Floor, Tower No. 7,  
International Infotech Park,  
Sector 30A,  
Vashi Railway Station Complex,  
Vashi, Navi Mumbai- 400705

Navi Mumbai  
August 25, 2008

*By Order of the Board of Directors*  
**For BSEL Infrastructure Realty Ltd.**

**Priya Singhal**  
*Company Secretary*

## Building Structures... emerging Landmarks



Danaganj, Nagpur



Almas, UAE



Jaripatka, Nagpur



BSEL Pearl Tower, UAE



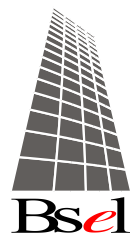
Pune Hotel



Kahraman, UAE



Fayrooz, UAE



**BSEL Infrastructure Realty Limited**

Building Structures... *e*merging landmarks

**:Registered Office:**

G-101, 2nd Floor, Tower No.7, International Infotech Park,  
Vashi Railway Station Complex, Navi Mumbai- 400 705.

Tel.: +91 22 67955000 • Fax: +91 22 27812411 • Email: [info@bsel.com](mailto:info@bsel.com)