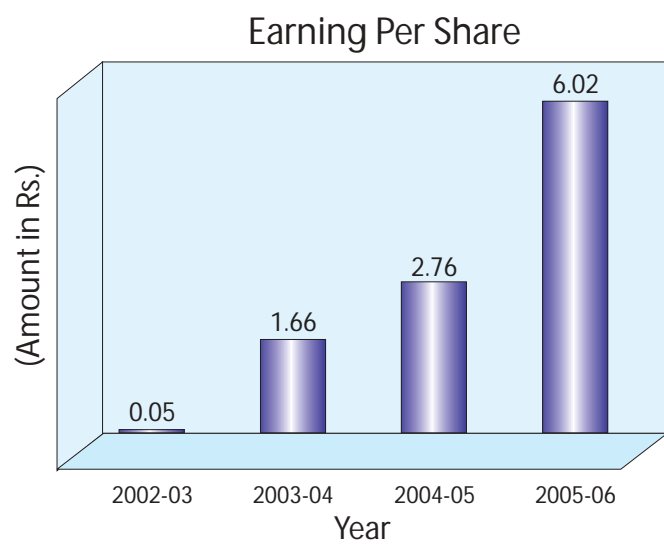
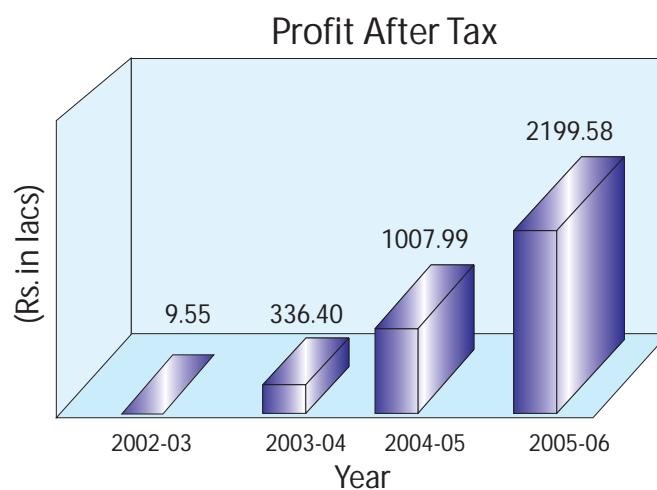
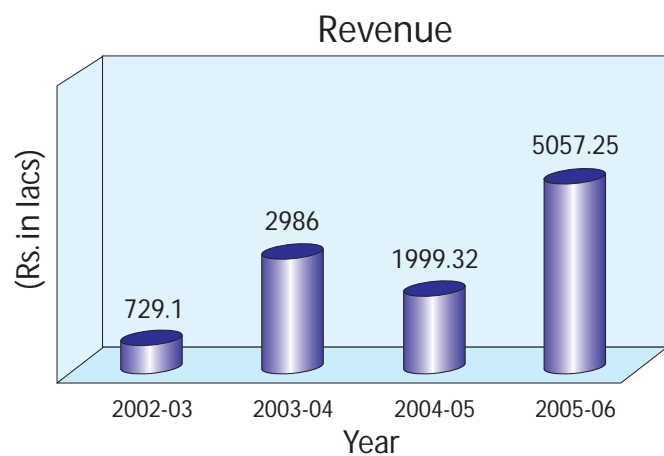


Creating memorable footprints on the infrastructure landscape



BSEL Infrastructure Realty Limited

Growth Without Limits



BSEL INFRASTRUCTURE REALTY LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Divya Momaya

REGISTERED OFFICE

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

REGISTRARS & SHARE TRANSFER AGENTS

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

AUDITORS

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

ADVISORS

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

REGISTRAR & DEPOSITORY FOR GDRs

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

BANKERS

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

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MISSION

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

VISION

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



FROM THE DESK OF CHAIRMAN

Dear Stakeholders,

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

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

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

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

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

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

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

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

Kirit Kanakia
Chairman



DIRECTORS' REPORT

Dear Shareholders,

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

1. Financial Overview

(Rs. in Lacs)

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

2. Results of Operations

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

3. Dividend

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

4. Issue of GDRs

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

5. Business Growth and Prospects at a Glance

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

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

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

6. Future Outlook and Avenues

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

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

7. Directors

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

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

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

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

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

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

8. Auditors

M/s. Raju & Prasad, Chartered Accountants retire at the conclusion of the Annual General Meeting. They have revealed their willingness to continue as Auditors if re-appointed. The Company has received a certificate from them to the effect that their appointment, if made, will be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

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



9. Wholly Owned Subsidiary

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

10. Depository Systems

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

11. Corporate Governance

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

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

12. Comments on Auditors Report

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

13. Internal Control Systems

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

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

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

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

14. Directors Responsibility Statement

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

- In the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable Accounting Standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2006 and of the profit or loss of the Company for the year ended 31st March, 2006.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts for the year under review on a going concern basis.

15. Statutory Information

A. DEPOSITS

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

B. PERSONNEL

None of the employees of the Company come under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

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

b) TECHNOLOGY ABSORPTION:

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

c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

16. Disclosures under the Listing Agreement

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

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

17. Acknowledgments

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

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

For and on behalf of the Board

Place : Mumbai

Date : 03.08.2006



Kirit Kanakiya
Chairman



REPORT ON CORPORATE GOVERNANCE

1. BSEL'S PHILOSOPHY

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

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

Compliance with the Code of Corporate Governance

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

2. BOARD OF DIRECTORS

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

Size & Composition of the Board

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

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

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

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

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

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

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

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

Attendance of each Director at the Board Meetings and the last AGM

The Attendance of the Directors at Board Meetings and at the last Annual General Meeting during the year under review is given below:

Name of the Director	Status	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended
Mr. Kirit R. Kanakiya	Non-Executive Promoter Director and Chairman	11	10	Yes
Mr. Shashank Joshi	Managing Director	11	8	Yes
Mr. Hitesh Vora	Non-Executive Independent Director	11	NIL	Yes
Ms. Sheetal Patil	Non-Executive Independent Director	11	9	No
Mr. Vijay Jain	Non-Executive Independent Director	11	10	Yes
Mr. Dharmendra Raichura*	Executive Director	11	2	Yes
Ms. Pooja Tyagi*	Executive Director	11	2	Yes
Mr. Deelip Choudhari*	Executive Director	11	2	No

* Mr. Dharmendra Raichura, Ms. Pooja Tyagi and Mr. Deelip Choudhari resigned from the post of Executive Director in the Board Meeting held on 2nd June 2005.

Changes in the Board structure after the Balance Sheet Date

On 30th June 2006, the Board of Directors went through major restructuring with a view to define the Board and Top Management responsibilities in an extensive manner to meet the expansion challenges well in time.

Mr. Kirit Kanakiya, Chairman of the Company is also the Chairman of the Wholly Owned Subsidiary, "BSEL Infrastructure Realty FZE" incorporated in Dubai, UAE, in which, the company has total deployment of around Rs. 130 Crores and will be looking after the "International Projects".

Mr. Shashank Joshi resigned from the post of Director and Managing Director and was promoted as President of the company and will be concentrating on the procurement and management of the "Domestic Projects" of the company.

Mr. Dharmendra Raichura was appointed as Director and Managing Director and will be looking after the day-to-day operations and management of the company, subject to the approval of the shareholders in the Annual General Meeting of the company.

Ms. Sheetal Patil resigned from the post of Non - Executive Independent Director in the Board Meeting held on 30th June, 2006.

Mr. Abbas Lakdawalla was appointed as a Non - Executive Independent Director in the Board Meeting held on 30th June, 2006.

This restructuring of the Board will facilitate in achieving more transparency in the operations of the company as there is clear and defined responsibility allocation. The Professional Board with majority of independent directors will monitor the overall functioning of the Executive Directors and Top Management through the system of Internal Management Reporting.

There has not been any materially relevant pecuniary relationship or transaction between BSEL and its non-executive/independent directors.

Details of Directorships / Committee Memberships

As per the directive of Clause 49 of the Listing Agreement, none of the directors is a member of more than ten Board Level Committees nor is any of them Chairman of more than five committees in which they are members. The number of other Directorships and Committee Memberships in Public Companies held by the Directors is as follows:

Name of the Director	No. of Directorship held in Public Companies	No. of other Committee Membership
Mr. Kirit R. Kanakiya	3	2
Mr. Shashank Joshi	0	0
Mr. Hitesh Vora	0	0
Ms. Sheetal Patil	0	0
Mr. Vijay Jain	0	0

Responsibilities of the Board

The Board shares a fiduciary relationship with the stakeholders of the company. The company has defined the role of the Board of Directors including its independent directors. The Board gives its opinion on the strategic decisions of the company including formulating various policies and supervises the implementation of these policies by the management.

In addition to this, the duty of the Board also comprises of reviewing Corporate Performance to assist the achievement of objectives and ensuring regulatory compliances. In addition to this, the Board of the company strives to improve the information provided to the shareholders.

The following information is regularly placed before the Board:

- Quarterly, half yearly and annual results of the company.
- Minutes of Audit Committee and other Committee Meetings.
- Information on recruitment and remuneration of the Top Management of the company.
- Quarterly statutory compliance report.
- Disclosures by management on material transactions, if any, including potential conflict of interest.
- Other Management Reports for review and approval.
- Matters requiring specific approval of the Board of Directors.

3. COMMITTEES OF THE BOARD

Board of Directors of BSEL has constituted following four committees:

- A) **Audit Committee**
- B) **Remuneration Committee**
- C) **Shareholders'/Investors' Grievance Committee**
- D) **GDR Committee**

The Board defines the scope of work and responsibilities of each committee. Within its scope of work, each committee formulates proposals, recommendations or opinions according to the circumstances. Meetings of these Committees are convened by the respective Committee Chairman. Minutes of these committees are circulated and discussed at the Board Meetings.

A) Audit Committee

The role, terms of reference, the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 1956 and the Listing Agreement.

Further in the meeting of the Board of Directors held on 30th June 2006, the Board enlarged and redefined the terms of reference for the Audit Committee.

Re-defined role of the Audit Committee includes:

- 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
- Reviewing drafts of management reports, activity and income tables and all accounts drawn up for specific purposes.
- Ensuring that the procedures comply adequately with relevant and financial institutions and stock exchanges.
- Meeting with the 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 plans of the company and providing suitable recommendations to the Board and the management.
- Analyse the systems and procedures used to prepare the financial statements
- 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. etc.

The Audit Committee as on 31st March 2006 consists of the following directors as the members of the committee:

Sl. No.	Members of the Committee	Designation
1.	Vijay Jain	Committee Chairman
2.	Hitesh Vora	Committee Member
3.	Sheetal Patil *	Committee Member

* Ms. Sheetal Patil ceases to be director w.e.f. 30th June 2006 and hence ceased to be the member of the committee. Mr. Abbas Lakdawalla was appointed as the member of the committee w.e.f. 30th June 2006

All the members of the committee are non-executive and independent directors and possess sound knowledge of accounts, finance, audit and legal matters. The Audit Committee is headed by Mr. Vijay Jain, non-executive independent director, a Chartered Accountant by profession, who has varied experience of more than fourteen years in taxation, accounting & auditing.

The Company Secretary acts as the Secretary of the Committee.

During the year under review, the Professionalized Audit Committee held its meetings before the each Quarterly Financial Results. The Committee ensured proper financial reporting and proper disclosures, which are required to be made.

Five meetings of the Audit Committee were held. The dates of the Audit Committee Meetings are as follows: 16th May 2005, 18th July 2005, 19th October 2005, 6th November 2005, 21st January 2006, where all the members of the committee, except Mr. Hitesh D. Vora were present.

B) Remuneration Committee

The Remuneration Committee of the Company is constituted to recommend the remuneration of the Managing Director and other Executive Directors and top management of the company based on performance and other assessment criteria.

The remuneration committee of the company comprises of the following non-executive, independent directors as members:

Sl. No.	Members of the Committee	Designation
1.	Vijay Jain	Committee Chairman
2.	Hitesh Vora	Committee Member
3.	Sheetal Patil *	Committee Member

* Ms. Sheetal Patil ceases to be director w.e.f. 30th June 2006 and hence ceased to be the member of the committee. Mr. Abbas Lakdawalla was appointed as the member of the committee w.e.f. 30th June 2006

The Remuneration Committee met thrice during the Year on 30th April 2005, 5th January 2006 and 15th February 2006.

Remuneration of Executive directors is recommended by the Remuneration Committee and approved by the Board of Directors and the Shareholders of the Company.

Remuneration policy of the company is in conformity with sections 198, 269, 309, 310 and schedule XIII of the Companies Act, 1956. The Remuneration paid to the Executive / Managing Directors during the year 2005-2006 is given as follows:

Sl. No.	Executive Directors	Salary & Perquisites
1.	Mr. Kirit Kanakiya [#]	73,500
2.	Mr. Shashank Joshi [#]	15,00,000
3.	Mr. Dharmendra Raichura*	40,000
4.	Mr. Deelip Choudhari *	40,000
5.	Ms. Pooja Tyagi *	40,000

[#] Mr. Kirit Kanakia became Non - Executive Chairman w.e.f. 9th June, 2005 and Mr. Shashank Joshi was appointed as Director and Managing Director w.e.f. that date.

* Mr. Dharmendra Raichura, Mr. Deelip Choudhari and Ms. Pooja Tyagi resigned from the Board w.e.f. 2nd June 2005.

Remuneration paid to all non-executive directors is by way of sitting fees to those directors who attend the board meetings. The details of the Sitting Fees payments made to the Non-Executive Directors of the company during the year 2005-2006 are given below :

Sl. No.	Non-Executive Directors	Sitting Fees
1.	Mr. Kirit Kanakiya	7,000
2.	Ms. Sheetal Patil	9,000
3.	Mr. Hitesh Vora	Nil
4.	Mr. Vijay Jain	10,000

Note

- The above fees include the sitting fees paid for the committee meetings.
- No other Non-Executive Director except Mr. Hitesh Vora holds any shares in the company.
- Company has not issued any Employees Stock Option Schemes till date.

C) Shareholders'/Investors' Grievance Committee

BSEL's Shareholders'/ Investors' Grievance Committee is formed for approving issue of duplicate share certificate, reviewing all matters in regard to transfer and transmission of shares, redressing shareholders / investors complaints related to transfer of shares, transmission of shares, non-receipt of Balance Sheet, non-receipt of declared dividend and also all other matters which come under their sphere of duties and activities.

The Company's share transfer, transmission, investors' grievances and queries for both physical as well as dematted shares are handled by M/s Sharex Dynamic (India) Private Limited, a SEBI Registered Registrar and Share Transfer Agent (RTA).

The Committee also looks into the performance of Registrar and Transfer Agents of the Company. The Committee receives the share transfer and demat status from the RTA from time to time. These transfers and demat status reports are discussed and approved by the members of the committee at their meetings. Further, the committee also recommends various measures for improving the quality in investor services which includes monitoring the implementation and compliances for the provisions with the various regulations and guidelines.

The Company's Shareholders'/Investors' Grievance Committee has following members:

Sl. No.	Members of the Committee	Designation
1.	Vijay Jain	Committee Chairman
2.	Hitesh Vora	Committee Member
3.	Sheetal Patil *	Committee Member

* Ms. Sheetal Patil ceases to be director w.e.f. 30th June 2006 and hence ceased to be the member of the committee. Mr. Abbas Lakdawalla was appointed as the member of the committee w.e.f. 30th June 2006

The committee also regularly looks into investors' complaints and grievances and takes effective steps to address their problems.

During the fiscal year, the committee met three times; the dates of the Meeting are as follows: 30th June 2005, 19th October 2005, 21st January 2006.

The Company Secretary of the company acts as a secretary of the committee.

NIL Transfer requests and one Demat request was pending on 31st March 2006.

D) GDR Committee

During the year under review, the Board appointed a specific purpose committee named as "GDR Committee" on 19th October 2005. The members of the committee were as follows:

Sl. No.	Members of the Committee	Designation
1.	Kirit Kanakiya	Committee Chairman
2.	Shashank Joshi	Committee Member
3.	Dharmendra Raichura	Committee Member

The Broad role of the Committee was formulated as follows:

- To locate the parties involved in the GDR / FCCB 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 GDR underlined Equity Shares.
- To decide upon any other issue related to GDR / FCCB issue of the Company.

GDR Committee met four times during the year, the dates of the meeting are as follows: 29th March 2006, 7th April 2006, 10th April 2006, 12th April 2006.

As the GDRs of the company are listed on Luxembourg Stock Exchange w.e.f. 11th April, 2006, Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. 23rd May, 2006, GDR Committee has been dissolved w.e.f. 30th June 2006.

4. GENERAL BODY MEETINGS

General Body Meetings of the last three years & Special Resolutions Passed

Financial Year	Venue	Day & Date	Time	No. of Special Resolutions
2002-2003	01st Floor, Hilton Centre, CBD Belapur, Navi Mumbai	Thursday 10th July 2003	11.00 A.M.	02
2003-2004	BSEL Tech Park, Plot No. 39/5 & 39/5A, Sector 30A, Opp. Vashi Rly Stn, Vashi, Navi Mumbai	Monday, 20 September 2004	11.00 AM	NIL
2004-2005	Abbott Hotel, Sector 2, Vashi, Navi Mumbai- 400 003	Monday, 29th August, 2005	11.00 AM	04

Extra Ordinary General Body Meetings of Last Three Years And Special Resolutions Passed

Date	Venue of the EGM	No. of Special Resolutions
25th March 2004	BSEL Tech Park, Plot No. 39/5 & 39/5A, Sector 30A, Opp. Vashi Rly Stn, Vashi, Navi Mumbai	02
10th December 2005	BSEL Tech Park, Plot No. 39/5 & 39/5A, Sector 30A, Opp. Vashi Rly Stn, Vashi, Navi Mumbai	02

Special Resolution Passed Through Postal Ballot & Voting Pattern For The Same

At the ensuing Annual General Meeting, no matter has been placed before the shareholders to be passed through postal ballot.

The company passed a special resolution for Change in the Object Clause of the Memorandum and Articles of Association of the company through postal ballot and the results were announced and confirmed by the members in the Annual General Meeting held on 29th August 2005.

Sl. No.	Particulars	Results
1.	Valid Postal Ballot Forms in favour of the resolution	27
2.	Valid Postal Ballot Forms against the resolution	0

Scrutinizer for the Postal Ballot

Mr. Avinash Jain, Partner of Raju & Prasad, Chartered Accountants, Statutory Auditor of the Company, was appointed as the scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

Note on Directors' Appointment / Reappointment

Mr. Vijay Jain is the Director retiring by rotation and being eligible has offered himself for re-appointment. Mr. Vijay Jain aged about 46 years, is a Chartered Accountant by profession and has a varied experience in practice since last 14 years. In his long stint profession, he has acquired vast expertise in the fields of taxation, consulting, auditing and supervision. The main areas of audit are company, banks and other tax audits. Hence his re-appointment requires your approval.

Mr. Dharmendra Raichura has been appointed as Additional Director and Managing Director by the Board of Directors of the company in their meeting held on 30th June 2006 subject to the approval of Shareholders' in the ensuing Annual General Meeting.

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.

He is enriched with top management perspective and possesses deep knowledge of financial and capital markets. He has sound knowledge of international markets as he successfully completed USD 20.50 Million GDR issue of the company in the remarkable time span of 6 months.

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

Mr. Abbas Lakdawalla is a Qualified Company Secretary and a Law Graduate having total experience of over 32 years in various fields of Corporate Laws. He started his career in 1972 as a banker with Bank of Baroda. There onwards from 1986 he was appointed as Chief Accountant cum Asst Company Secretary with Paville Fashion Private Limited. In the year 1987 he started Epic Financial Consultancy Private Limited and got in to the service sector to act as a Registrar to Issue and Share Transfer Agency work. As a CEO, he handled around 1.5 Lacs shareholders of various reputed Listed Companies and Public Issue work with the objectives to seek listing of around 15 companies. In the year 1990 he started his Corporate Law Practice which is being pursued till date.

5. DISCLOSURES

Materially significant related party transactions

Materially significant related party transactions are the transactions of the company, which are of material nature, with its promoters, directors, or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

Details are provided in Note 13 to the notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.

Disclosure of Accounting Treatment

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

Other Pecuniary relationship or transactions of Non-Executive Directors

There is no such pecuniary relationship or transactions of Non-Executive Directors vis-à-vis the company which has potential conflict with the interests of the company at large.

Penalties or any strictures imposed

There are no penalties or any strictures imposed on the company by Stock Exchanges or SEBI or any other Statutory Authority in any matter related to capital markets during last three years.

Default of payment of principal or interest on Deposits

The Company has never accepted any deposit, hence the question of default of payment of principal or interest does not arise.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board members and the senior management of the company and the code has been posted on the website of the company. Annual declaration is obtained from every person covered by the code.

Compliance

At every Board Meeting, a statement of compliance with all laws and regulations as certified by the Managing Director and the Company Secretary is placed for review by the Board. The Board considers all materially important show cause/ demand notices received from statutory authorities and the actions taken by the company in this regard. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

CEO and CFO Certification

The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement, which is annexed hereto.

Non Mandatory Requirements

Board has constituted a remuneration committee and the terms of reference of this committee are given above under the head "Remuneration Committee".

Whistle Blower Policy

The company has adopted a "whistle blower policy" which provides a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

6. MEANS OF COMMUNICATIONS

The quarterly/half-yearly/annual results are published in the following newspapers for public information:

- 1) The Economic Times - English Newspaper
- 2) Maharashtra Times - Marathi Newspaper

During the last quarter of the year the company also published audited financial results in all India editions of "Economic Times", all India editions of "The Times of India" and all India editions of "Nav Bharat Times".

The annual/half yearly/quarterly results, other official news releases, presentations are displayed on the website of the Company www.bsel.com, and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with National Informatics Centre (NIC) at www.sebiedifar.nic.in.

7. GENERAL SHAREHOLDER INFORMATION

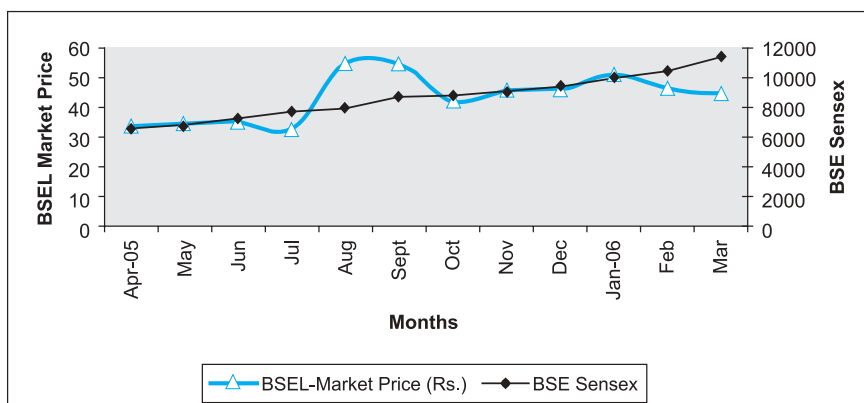
- Date, Time of the AGM: Saturday, 9th September 2006 at 11:30 a.m.
- Venue of the AGM: Abbott Hotel, Sector 2, Vashi, Navi Mumbai - 400 703
- Financial Calendar (tentative and subject to change)
 - Financial Year-April to March
 - First Quarter Results- Normally Third Week of July
 - Half yearly Results- Normally Third Week of October
 - Third Quarter Results- Normally Third Week of January
 - Results for the year ending 31st March- Normally May / June
- Date of Book Closure: 8th September 2006 to 9th September 2006 (Both days inclusive)
- Registered Office: BSEL Tech Park, Plot No. 39/5 & 39/5A, Sector 30A, Vashi, Navi Mumbai - 400705
- Dividend Payment Date: N.A.
- Listing on Stock Exchanges
 - Bombay Stock Exchange Limited (BSE)
 - National Stock Exchange of India Limited (NSE)
 - # The Company has paid the Annual Listing Fees to both BSE & NSE upto date including Financial Year 2006-2007.
 - Stock Code: BSE: 532123
NSE: BSELINFRA
- Listing of GDRs
 - Luxembourg Stock Exchange
 - Bombay Stock Exchange Limited
 - National Stock Exchange of India Limited
 - Stock Code of GDRs: US11776M1009
 - Security Type: BSELInFR GDR ne
- Registrar & Share Transfer Agent: Sharex Dynamic (India) Pvt. Ltd.
Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri-Kurla Road, Andheri (East), Mumbai - 400 072.
Telephone: (022) 2851 5606/5644 Fax: (022) 2851 2885
INE 395A01016
- Demat ISIN in NSDL & CDSL for Equity Shares

• **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

As on 31st March 2006, there were no outstanding GDRs/ADRs/Warrants or any convertible instruments. The company's GDRs were listed on 11th April 2006 on Luxembourg Stock Exchange. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs will have no impact on the Equity Share Capital of the company.

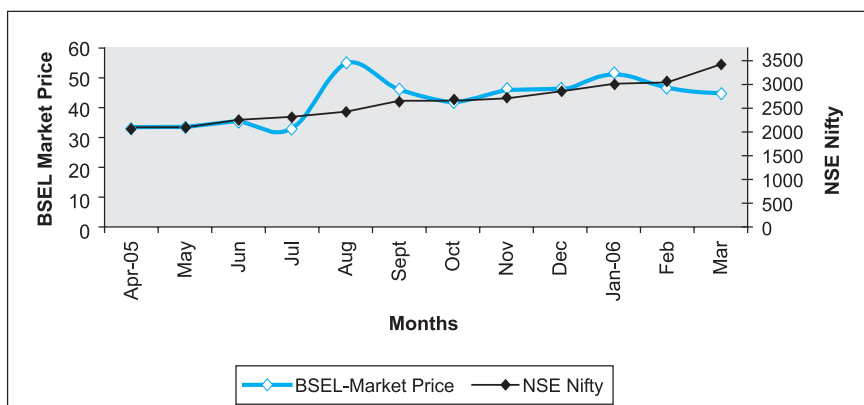
• **Market Price Data-High/ Low on Bombay Stock Exchange Limited during each month in the year 2005-2006**

Month	Apr-05	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan-06	Feb	Mar
BSEL-High	33.75	34.40	35.00	32.65	54.30	54.90	42.45	45.95	45.95	51.00	46.45	44.80
BSEL-Low	24.00	25.00	28.20	27.50	28.85	37.00	32.55	34.75	36.90	40.60	39.50	39.00
BSE Sensex	6649.42	6772.74	7228.21	7708.59	7921.39	8722.17	8821.84	9033.99	9442.98	9945.19	10422.65	11356.95



• **Market Price Data-High/ Low on National Stock Exchange of India Limited during each month in the year 2005-2006**

Month	Apr-05	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan-06	Feb	Mar
BSEL-High	33.40	33.40	34.95	32.60	54.45	45.50	41.90	46.00	46.00	50.90	46.50	44.50
BSEL-Low	23.80	24.75	28.05	26.00	28.80	37.00	32.50	35.00	36.60	40.50	39.60	38.30
NSE Nifty	2084.90	2099.35	2226.15	2332.55	2426.65	2633.90	2669.20	2727.05	2857.00	3005.10	3090.30	3425.45



- Distribution Schedule as on 31st March 2006**

Shares of Nominal Value	Num of Holders	(%) of Holders	Total Amount	% of Total Amount
UPTO TO 5000	16632	79.12	36701390.00	10.04
5001 TO 10000	2531	12.04	21821180.00	5.97
10001 TO 20000	987	4.70	15749200.00	4.31
20001 TO 30000	312	1.48	8204030.00	2.25
30001 TO 40000	139	0.66	5063380.00	1.39
40001 TO 50000	151	0.72	7301410.00	2.00
50001 TO 100000	156	0.74	11775520.00	3.22
100001 TO ABOVE	113	0.54	258783890.00	70.82
** T O T A L **	21021	100.00	365400000.00	100.00

- Dematerialisation of Shares**

The company's equity shares are traded in electronic form. As on 31st March 2006, 3,64,23,788 Equity Shares (99.68%) of total equity capital of the company were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Requests for dematerialization of shares are generally processed and confirmed within 7 days.

8. SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

	Category	No. of shares held	Percentage of Shareholding
A	Promoter's Holding		
	1. Promoters		
	a. Indian Promoters	1,88,79,112	51.667
	b. Foreign Promoters	0	00.000
	2. Persons acting in concerts	20,20,301	5.529
	Sub-Total	2,08,99,413	57.196
B	Non- Promoter's Holding		
	3. Institutional Investors		
	a. Mutual Funds and UTI	0	00.000
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-government institutions)	30890	0.085
	c. FIIs	361821	0.990
	Sub-Total	392711	1.075
	4. Others		
	a. Private Corporate Bodies	4222647	11.556
	b. Indian Public	10501312	28.739
	c. NRIs/OCBs	309180	0.846
	d. Any Other(Foreign Companies)	24120	0.066
	e. Clearing Member	190617	0.522
	Sub-Total	1,52,47,876	41.729
	GRAND TOTAL...	3,65,40,000	100.000



Certificate by Chief Executive Officer (CEO) & Chief Financial Officer (CFO) of the Company

WE, **MR. SHASHANK JOSHI, MANAGING DIRECTOR** AND CHIEF EXECUTIVE OFFICER AND **MR. DHARMENDRA RAICHURA, CHIEF FINANCIAL OFFICER** OF BSEL INFRASTRUCTURE REALTY LIMITED, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, CERTIFY THAT:

- We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts as well as the cash flow statements and the Directors' Report;
- These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- These statements together present a true and fair view of the Company, and are in compliance with the existing accounting standards and/or applicable laws/ regulations;
- We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the company and we 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;
- We 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
- We have indicated to the Auditors, the Audit Committee and in the notes to the accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

Place : Mumbai

Date : 15.04.2006

Shashank Joshi

(Managing Director & Chief Executive Officer)

Dharmendra Raichura

(Chief Financial Officer)

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 31 MARCH 2006

We have examined the compliance of conditions of Corporate Governance by BSEL Infrastructure Realty Limited, for the year ended on March 31, 2006, 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 period 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 : 03.08.2006

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

India's economy is on the fulcrum of an ever increasing growth curve. With positive indicators such as a stable 8 percent annual growth, rising foreign exchange reserves of close to US\$ 140 billion, flowing foreign direct investment (FDI) close to US\$ 8 billion, and a more than 20 per cent surge in exports, it is easy to grasp why India is a leading destination for foreign investment. As per Mr. P. Chidambaram, Finance Minister of India, FDI will continue to be encouraged and actively sought, particularly in the areas of infrastructure, high technology and exports.

With the economy growing at 8% plus rate, business confidence in the economy is at a ten year high and Government is targeting an economic growth rate of 8% during the Eleventh Plan (2008-12).

INFRASTRUCTURE AND CONSTRUCTION INDUSTRY OVERVIEW

At present, the Indian infrastructure sector is in top gear. In India, construction is the second largest economic activity after agriculture. It is expected that fund injection into the sector could go up to US\$ 124.65 billion by FY2010. Construction accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years.

Policy initiatives in the infrastructure sector and increased outlay in major sectors including roads, irrigation, water supply, urban and rural infrastructure are expected to boost the off-take of new projects in these sectors. As per Indian Infrastructure Report (IIR), in India, progress in creating new infrastructure has been slow while demand for infrastructure services is rapidly increasing. To bridge this gap, Government is strengthening on Public-Private Participation (PPP) in various infrastructure projects. This leaves ample scope for potential growth in the infrastructure sector.

BSEL OVERVIEW

Indian economy grew at 8.4 per cent during the fiscal 2005-06 as compared with 7.5 percent in the last fiscal. Our company was not an exception to this growth. We grew at the stunning pace and revenues jumped from Rs. 1007.99 Lacs as on 31st March 2005 to Rs. 2199.58 Lacs as on 31st March 2006 recording the growth of more than 100%. Over a period of three years, the company has grown massively. Following chart portrays the performance of the company over a period of three years:

(Rs. in Lacs)

Financial Snapshot	March 2004	March 2005	March 2006
Sales	2980	1950	4596
OP	370	1108	2430
OPM%	12%	57%	53%
PAT	338	1028	2200
NPM%	11%	51%	44%
EPS	1.7	2.8	6.0
ROE%	8%	21%	32%
ROCE%	6.86%	18.71%	23%

*OP: Operating Profit

*OPM: Operating Profit Margin

*PAT: Profit after Tax

*NPM: Net Profit Margin

*EPS: Earnings per Share

*ROE: Return on Equity

*ROCE: Return on Capital Employed

Operational Performance of BSEL during the Fiscal 2005-2006

During the year 2005-2006, revenues were derived from sale of premises in BSEL Tech Park and lease rentals from properties at BSEL Tech Park and International Infotech Park (IIP). Total sales accounted during the year under review were Rs. 4596 Lacs. Due to insignificant activities in the Software and Hardware Division of the Company, Board of Directors in their meeting held on 20th June 2005, decided to close down these divisions.



Brief Operational highlights are as under:

(Rs. in Lacs)

Particulars	Figures for Year Ended 31 March 2006
Income from Operations	4596.24
Other Income	461.02
Total Income	5057.26
Less: Total Expenditure	2487.19
Profit Before Interest, Depreciation and Tax (PBDIT)	2570.07
Less: Interest	94.56
Less: Depreciation	47.49
Less: Prior Period Items (Income)/ Expenses	(0.68)
Profit Before Tax (PBT)	2428.70
Provision for Tax	229.12
Profit After Tax	2199.58

The year proved to be yet another year of growth for the company. The management takes this growth as the foundation of future growth. During the year, efforts of the management in identifying handsome and profitable projects for the company proved successful. The company completed projects like BSEL Tech Park, Hilton Centre, Kasturi Villa at Kharghar, and properties at IIP -Vashi Railway Station. Further the company started projects like BSEL Narmada Nihar, at Kevadia Gujarat, BSEL Buty Palace at Nagpur and acquired properties at Business Bay, Internet City and Jumeira in Dubai, during the year. Projects of the company which are in pipeline include Tardeo BMC Market project from BMC for which BSEL has been the highest bidder, Tourism facility at Kevadia, Gujarat admeasuring 2500 acres for which BSEL has contended for and Mega Township at Borkhar near JNPT, Panvel. The details of the completed, ongoing and future projects are given as under:

COMPLETED PROJECTS

● BSEL Tech Park

BSEL Tech Park is an infotech realm where shopping, business and recreation converge. It is a highly sophisticated state-of-art facility with an elegant ambience on a saleable area of 3,00,000 sq.ft (approx).

BSEL Tech Park is a monumental landmark of Navi Mumbai due to its location, strategically right opposite to Vashi Railway Station. Also with the enormous saleable area of 3,00,000 sq.ft., basements, ground floor and 12 floors admeasuring 25,000 sq.ft. per floor - allows the businesses to fabricate an expansive workspace. It has been developed as a premium complex in essence to cater to the needs of Multi Nationals and large corporate houses.

Project Highlights

- Approved as an Industrial Park by SIA - Government of India
- Approved as Private IT Park by Directorate of Industries, Maharashtra
- Financed by State Bank of India
- Income Tax Benefits U/S 80-IA
- Project appraised and approved by UTI, ICICI, SBI, SVC Bank for Consumer Loans
- Occupancy Certificate obtained from NMMC

● Properties at International Infotech Park, Vashi

The company has acquired 80,000 sq. ft. of area from CIDCO in the International Infotech Park, Vashi Railway Station Complex. About 60,000 sq.ft. has already been leased out.

Various furnished / semi finished / raw premises of BSEL at IIP are fetching lease rentals of Rs. 2.65 Crores annually. 20,000 sq.ft. is available for being leased / sold out.

- **Hilton Centre, Belapur**

The company owned 22,000 sq.ft of aesthetically designed, fully furnished office at prime location in CBD Belapur. These premises were sold off during the year under review.

- **Kasturi Villa at Kharghar**

BSEL, jointly with M/s Sagar Enterprises, developed the project named Kasturi Villa, a residential complex at Kharghar and sold various 2 BHK apartments, earning a handsome revenue.

Project Highlights

- Attractive Flats at Kasturi Villa, Plot No. 44A, Sector 20, Kharghar, Navi Mumbai
- Ground +7 Storied Residential Complex
- Hi-class interior and exterior amenities

ESTEEMED PATRONS OF THE COMPANY

Some of our esteemed patrons include AIMIL Ltd, NCARD Bank Federation Ltd., ITM Group of Management Education, Sharon Biotec Ltd, Bajaj Auto, Hutch, Birla Sunlife, Naukri.com, Metlife Insurance, Indiabulls Finance, ICICI Lombard, SBI Life Insurance, Western Geco, Wanbury Limited, Alpha Laval, Bajaj Allianz, Prime Financials, Fichtner Consulting Engineers (I) Pvt Ltd, Coalition Development Systems (I) Pvt Ltd, P-Mech Consultants, etc.

ONGOING PROJECTS

- **BSEL Narmada Nihar at Kevadia (Gujarat)**

Marking the beginning of a new era in the history of BSEL, the company got allotment of the area near Sardar Sarovar Dam, at Kevadia, Gujarat. The project, BSEL Narmada Nihar is situated on a piece of land measuring 56,121 sq.mt. with constructed area of 6,00,000 sq. ft. The company has planned to set up residence service apartments, prime budget hotel facility, retail, foodcourt with recreational facilities. The facility will also include landscaping, community dining hall, indoor games, outdoor sports, swimming pool, gymnasium, children's play area, craft bazaar, ethnic shops, car parks, dish antenna and so on.

Sardar Sarovar Dam is enriched with rolling hills, valleys, lakes, canals, and the gently flowing Narmada herself. Around five lakh tourists visit Kevadia every year. BSEL Narmada Nihar will be the first and only residential facility in the area adding to the stunning beauty. BSEL Narmada Nihar consists of seven blocks, each possessing 48 comfortably furnished rooms coupled with various recreational facilities.

The project has commenced in June 2006 and is likely to get over by June 2007. Project primarily includes, renovating the built-up structure, constructing additional structures, landscaping, finishing and interiors.

Project Highlights

- Two phased Development perspective - Commercial & Accommodation
- Commercial Development includes - Shopping, Entertainment and Restaurant
- Commencement - June 2006 & Completion - June 2007

- **BSEL Buty Palace at Nagpur**

BSEL Infrastructure Realty Limited has entered into an agreement with Gigeo Construction Company Private Limited, for joint development of a Shopping Mall at Nagpur. Gigeo Construction is a name synonymous with quality in the field of construction in the city of Nagpur and in Central India. It is primarily engaged in construction of commercial, residential projects. Gigeo Construction has successfully completed 42 mega projects in a brief span of 14 years.

The said shopping mall is situated in the prime commercial and market area of Sitabuldi, Nagpur. The mall will be constructed to an area of 3,52,880 sq.ft., out of which around 70,000 sq. ft. area (on the ground and first floor) will belong to BSEL. Aesthetically designed, the mall will have the facilities for shopping and entertainment, including a restaurant. It will be amongst the largest malls being currently developed at Nagpur. One can say that the

ambience, infrastructure, amenities and the facilities of the mall will be exclusive in Nagpur city. Construction work on the mall has already commenced and the plan is to have it operational in less than one year.

The city of Nagpur is situated in the geographical center of India. The Government has planned for large-scale development of the city. Large scale developments being planned in and around Nagpur includes Special Economic Zone, an International Cargo Hub, several logistics and fulfillment centers and an aircraft maintenance center for a large aircraft manufacturer. Looking at the overall growth of Nagpur City, the company is confident to locate and execute more and more projects and earn handsome revenues from the projects. Cost of the Project for BSEL will be Rs. 20 Crores to be incurred in the current fiscal.

- **Residential, Retail & Commercial mixed used Project at Dubai**

BSEL has set up Wholly Owned Subsidiary named "BSEL Infrastructure Realty FZE" in Dubai with the main objective of developing residential, commercial & retail properties and townships in and around Dubai. The company has deployed around Rs. 130 Crores in this WOS and Mr. Kirit Kanakiya, Non-Executive Chairman of the company is the Chairman of the WOS abroad and will be looking after the "International Projects".

In this move, 1,00,000 sq. ft. area has already been acquired by the company at Business Bay, Internet City and Jumeira in Dubai. Expected investment in this project is 100 Crores.

The Company is also planning for mixed-use development of property- from commercial and residential premises to community centers, sports areas, parks, and scenic trails in Dubai. These projects would carry BSEL's signature values: a perfect blend of design, luxury and purpose.

FUTURE PROJECTS

- **Borkhar-Township Project**

The Company has located the land admeasuring 500 acres, at village Vindhane - Borkhar, Kalgidhugad, Taluka - Uran, District - Raigad near Panvel, and Navi Mumbai SEZ where the company is planning to develop a Mega City Township.

The Company has acquired around 30 acres of land and the project is expected to be completed by 2012. Further the company is in the process of making preliminary surveys and layout for the planned township. Cost of the Project is around Rs. 200 Crores.

- **Tardeo BMC Markets**

The company participated in the tender process for allotment of BMC five storied building for running a municipal retails market to private persons / organizations on lease basis for 60 years. The location of the property is at Grant Road (West), Mumbai, admeasuring a saleable area of around 40,000 sq.ft. BSEL, being highest bidder awaits final allotment by Brihanmumbi Municipal Corporation (BMC).

- **Kharghar Phase - II**

After successfully completing the Kargar Phase-I project, the company is looking forward to commence the new project with M/s Sagar Enterprises, a builder from Kharghar. Preliminary negotiations with M/s Sagar Enterprises are in process.

- **Kevadia Project**

The company is planning the infrastructure paradise spread across 2500 acres in Kevadia, Gujarat. This project will be a tourism facility and will provide everything tourists could want. Development will include activities ranging from agriculture to temple to Health Centre to Restaurant to Disco etc. apart from residential and commercial complexes. This project will be developed in phases.

BSEL has contended for the project and awaits for the allotment of the project.

- **Other Striving Projects**
 - a. IT Park, Airoli, Navi Mumbai
 - b. Thane Township
 - c. IT Park at Pune

ORIGIN OF NEW ERA

The year under review proved to be the origin of new era for BSEL in the field of Infrastructure development nationally and internationally. With the ongoing striking projects and various projects in the pipeline, BSEL is confident to develop strong brands in the Infrastructure Industry in the years to come.

The management of the company foresees this new era in the history of BSEL, as an era having far reaching impact on the profitability and growth of the company, the ultimate benefit of which will be in the hands of its stakeholders.

FINANCIAL PERFORMANCE OF THE COMPANY

■ **Share Capital**

There has been no change in the Paid-up Share capital of the company during the year under review. As on 10th April, 2006, the company allotted 2,27,80,000 underlying equity shares by way of issue of 22,78,000 GDRs. Hence, present paid up capital of the company is Rs. 59,32,00,000 divided into 5,93,20,000 equity shares of Rs. 10 each as against Rs. 36,54,00,000 divided into 3,65,40,000 equity shares of Rs. 10 each as on 31st March 2006.

■ **Reserves & Surplus**

The Reserves & Surplus figures stood at Rs. 3159.35 Lacs as on 31st March 2006 as against Rs. 1168.11 Lacs as on 31st March 2005.

■ **Secured/Unsecured Loans**

The company, during the year under review pre-paid its previous term-loan from State Bank of India of Rs. 1000 Lacs and obtained a fresh term loan of Rs. 1500 Lacs. Further, the company also obtained a term loan of Rs. 1200.00 Lacs from UTI Bank Limited and has been regular in paying its installments. Outstanding balance of term loan from UTI Bank as on 31st March 2006 is Rs. 1139.99 Lacs. The unsecured loans amounted to Rs. NIL.

■ **Fixed Assets**

During the year under review, assets worth Rs. 383.13 Lacs formed the additions to the Fixed Assets of the Company, which mainly includes the Immovable Properties purchased by the Company at IIP, Vashi and Furniture and Fixtures therein. This has resulted in the total Fixed Assets worth Rs. 1155.01 Lacs.

■ **Investments**

The company has investment amounting to Rs. 1252.54 Lacs in the Quoted Shares of listed companies. Apart from that, during the year under review, the company invested Rs. 185.62 Lacs by way of subscription to the share capital of the Wholly Owned Subsidiary - BSEL Infrastructure Realty FZE, Dubai under the Automatic route.

■ **Net Current Assets**

The Net Current Assets of the Company have increased as follows:

	(Rs. in Lacs)
Net Current Assets as on 31 March 2006:	Rs. 6860.16
Net Current Assets as on 31 March 2005:	Rs. 4445.20
Increase in Net Current Assets:	Rs. 2414.96

■ **Cash and Cash Equivalents**

As on 31st March 2006, the company had cash and cash equivalents of Rs. 1892.36 Lacs. This includes Fixed Deposit from the Term Loan of Rs. 1500 Lacs obtained from State Bank of India on 30th March 2006. The company actively manages its short-term liquidity to generate reasonable returns by investing surplus funds while preserving the safety of capital and maintaining liquidity.



OPPORTUNITIES, NEW INITIATIVES & STRENGTHS

As Indian economy grew at 8.4 per cent during the fiscal 2005-06 as compared with 7.5 percent in the last fiscal, it represents several attractive opportunities. Infrastructure Sector remains the core sector of the economy thereby creating large opportunities to grow. We are tapping these opportunities and are set to convert these opportunities into reality. With the requisite financial asset and project execution potential, we look forward to grab the opportunities in our way towards attaining ultimate shareholders' value. With this object in mind, management is continuously probing for the best possible avenues in the field of infrastructure and realty.

- **Aiming Expansion Internationally**

A dynamic movement is desired in this changing paradigm to promote a value revolution with deeper conviction and creative consciousness, leading the company to be a good corporate citizen. BSEL took new initiative and continued its search for accomplishing higher level of excellence at national and international level. Further BSEL has initiated locating and executing Quality Projects on the international level.

- **Financial Soundness of the Company**

Infrastructure Sector in India has always been facing a problem of insufficient financial and managerial resources. The company with its large investors and capital base is in a strong position to bag projects involving higher financial involvement, which in turn, can prove high return yielding for the company and the stakeholders at large. Further, the Company has sound financial tie-ups with reputed banks which will ensure continuous flow of funds required for managing and completing the projects with quality and on-time.

- **Real Estate Investment Trusts- An Emerging Opportunity**

The company is looking forward to grab this emerging opportunity which is just a hand away from the Indian Real Estate Sector. Locating a large scope in the field of real estate the company is planning to act as the Real Estate Investment Trust.

REITs own large commercial office spaces and premises, and earn rental income. Some REITs focus on capital appreciation, while others earn from mortgages. The REITs buy, develop and sell property and share profits from any capital appreciation on the sale of property with investors.

BSEL along with many others is awaiting for SEBI to formulate regulations/ guidelines to establish Real Estate Investment Trusts/ Real Estate Mutual Funds in India. On June 26, 2006, SEBI Board approved the guidelines for Real Estate Mutual Funds (REMFs) and necessary amendments to the respective regulation / guidelines are being issued. This is a welcome move which gives the company ample scope to grow.

- **Foresight of Management**

The management of the company has an excellent foresight in the sense its ability to locate the thriving sectors/ projects and opportunities at the right time and place.

Looking at the scope in the emerging infrastructure industry, and realizing its ability to facilitate India improving its infrastructure, the company timely diversified its operations into infrastructure and developed its First Technology Park - "BSEL Tech Park" which got outstanding response and is 80% occupied as on date.

In the same manner, the company is very ambitious to seize the opportunity of acting as the Real Estate Investment Trust, for which we have already got approval of our shareholders by altering the Objects Clause of Memorandum of Association in the last Annual General Meeting.

- **Dedicated, Reliable, Trustworthy Manpower of the Company**

The company is blessed with the dedicated reliable and trustworthy manpower as majority of the employees of the company are putting their sincere efforts for the overall growth of the company since more than two years. The company looks forward to preserve this human resource which will prove to be the backbone in the manifold growth of the company.

- **Technical and Financial Consortium working for the company**

BSEL has long term association with reputed contractors like R. L. Dalal & Co. Pvt. Ltd., architects like Group Seven, Hafeez Contractor, Bankers like State Bank of India, UTI Bank Ltd. BSEL applies the strategy of outsourcing various activities during execution of the projects to the members of this consortium which not only condense the cost of the project but also enables company to complete the projects well in time. We look forward to bag and execute numerous projects with confidence with the help of this consortium.

- **Policy Decisions by the Government**

With Governments' move in allowing 100% FDI under automatic route for development of township, housing, builtup infrastructure and construction development projects, the company locates the opportunity to approach international investors for financial participations in various projects of the company.

THREATS/ WEAKNESSES AND CHALLENGES FOR BSEL

Change is the only constant thing in today's changing world. This necessitates the corporates to accept the challenge of survival and growth. BSEL plans aggressive ventures into innovative projects, which would enable it, strengthen its position in the Infrastructure Industry and force growth and accelerate its stride towards profitability.

Taking on various types of risk is the integral part of infrastructure sector. The negative consequences of risks need to be managed through sound risk management and effective and early risk mitigation is the demand of the day. BSEL has, in place, the risk management policies, which are reviewed and modified timely by the Board of Directors and its Committees. An evaluation of BSEL's risk exposure as perceived by the management is given below:

- **Political and Judicial Risks**

Political Risks include risk arising from policy changes and conflicting political interests. Further, judicial interventions through court orders/ directives and interventions by regulatory authorities cause delay in completion of projects/ allotment of tenders/ projects.

The management with its expert legal team keeps taking stock of anticipated political and judicial matters and takes proactive actions so as to avoid and mitigate the consequential risks arising during the process of procurement of various projects.

- **Infrastructure Project Risk**

Being a part of infrastructure industry, We face the risk involving high capital investment and long gestation periods. The risk of marketing and completing infrastructure projects will continue with the introduction of the new projects. Further construction risks which arise from price escalations, cost over-runs, time over-runs and labour unrests also forms integral part of the infrastructure projects.

The company, having the large capital base and highly effective Technical and Management Team is confident to complete the projects in time by effective Project Management practices. Further, response and support shown by some leading financial institutions in venturing new projects mitigates the risk of shortfall of capital investment.

- **Competition**

The market of our industry is enormously competitive and is characterized by huge investment and longer gestation periods, as well as introduction of new, more advanced Products / Projects. Further, many of our established competitors have greater recognition and resources in this industry.

The company can relocate the competitors by making sure that the company has prime projects. Further, we assure to deliver on everything that we market as it has been the antiquity of our company to provide our customers with the best.



HUMAN RESOURCES

Organizational development is a continuous exercise and in this respect major initiatives in the area of human resources development have been taken including:

- Increasing employee engagement through various impactful initiatives on special occasions such as annual festivals etc.
- Training and developing the human resources to meet the challenges set by the Company.
- Inducting competent and qualified professionals and conducting continuous motivational programmes for the employees.

None of our employees is represented by any Labour Union nor is subject to collective bargaining agreement. We have not experienced any work stoppages or any industrial indiscipline in the year under review. We have a pleasant work environment and healthy work culture.

INTERNAL CONTROL AND FINANCIAL MANAGEMENT

The company has an adequate system of internal controls commensurate with its nature of business and scale of operations. Internal Control has always been an integral part of the management's framework. The internal control system lays down policies, authorisations and approval procedures. The Audit Committee formed in compliance with the Listing Agreement and provisions of the Companies Act, 1956 approves periodically the annual plans, accounting, auditing and financial reporting matters ensure that a controlled and disciplined environment prevails in the organisation.

The Accounts Head carries out audits in different areas of the company's operations, which provide reasonable assurance of recording the transactions of its operations in all material respect, and provides protection against significant misuse or loss of company's assets. Internal Audit team undertakes the audit programme in accordance with the guidance of Audit Committee of the Board and also strives for improvement in the operational process of the company.

FUTURE OUTLOOK

The Union Budget 2006-07 lays significant thrust on the overall development of infrastructure. Governments' move towards funding infrastructure projects through SPVs (Special Purpose Vehicles), focus on renewal improvement of urban infrastructure, is likely to create greater demand for construction activities in the country. The expected increase in the demand augurs well for Indian construction companies. Also establishment of new towns around specified themes is likely to boost housing activities resulting in ultimate growth in the overall infrastructure in the Indian economy. The initiatives of providing funding support to infrastructure projects by way of long term funds through SPV is innovative in the Indian context.

With the policy initiatives by the Government, allowance of FDI inflows upto 100%, introduction of Real Estate Investment Trusts/ Mutual Funds in India, and ever increasing scope in the infrastructure industry, the company gaze the future with confidence and commitment to serve the business, housing and investors community with its best efforts.

ADMONITORY STATEMENT

This report to the shareholders is in compliance with the Corporate Governance Clause of the Listing Agreement with the Stock Exchanges and this discussion contains forward looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, reliance on availability of capital, qualified and trained manpower and other factors. The above discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. The company can not guarantee that these assumptions and expectations are accurate or will be realized. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. This report seeks to furnish relevant information under different headings and sub-headings as required under "Management Discussion and Analysis" to meet the Listing requirements.

AUDITORS' REPORT

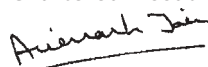
To the Members of

BSEL INFRASTRUCTURE REALTY LIMITED

1. We have audited the attached Balance Sheet of BSEL Infrastructure Realty Limited as at March 31 2006 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 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31 2006 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 explanation 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, **subject to Note No.9 due to which profits are overstated to the extent of Rs. 13,49,423/-**
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31 2006.
 - (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 : 15.04.2006

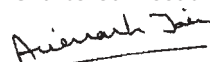


ANNEXURE REFERRED TO IN PARAGRAPH 3 TO THE AUDITORS' REPORT

- 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 finish 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 any secured or unsecured loans to any companies firms or other parties covered in the register maintained under section 301 of the Act.
(b) The Company has not granted any secured or unsecured loans to any companies firms or other parties covered in the register maintained under section 301 of the Act hence the comment on the rate of interest and terms and conditions thereon is not required.
(c) The Company has not granted any secured or unsecured loans to any companies firms or other parties covered in the register maintained under section 301 of the Act, hence the comment on the receipt of the principle and interest thereon is not required.
(d) The Company has not granted any secured or unsecured loans to any companies firms or other parties covered in the register maintained under section 301 of the Act, hence the comment on the overdue amount is not required.
(e) The Company has not taken loan Secured/Unsecured loans from companies, firms or other parties, covered in the register maintained under section 301 of the Companies Act, 1956.
(f) The Company has not taken interest free loans 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 has not taken any secured or unsecured loans from any companies firms or other parties covered in the register maintained under section 301 of the Act, hence the comment on the repayment of the principle and interest thereon is not required
- IV. In our opinion and according to the information and explanation 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 arrangements that need to be entered have been so entered in the register 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 arrangements have been made at price which is reasonable having regards to the prevailing market price at the 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 explanation 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 explanation 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 period of more than six months from the date they became payable.
- (b) According to the information and explanation 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. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 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 not made any preferential allotment of shares to parties and companies covered in register maintained under section 301 of the Act.
- XIX. The Company did not have any debentures during the year.
- XX. The Company has not raised any funds by way of Public Issue during the financial year.
- 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

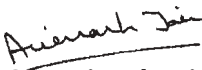
Date : 15.04.2006

**BALANCE SHEET AS AT 31ST MARCH, 2006**

Particulars	Schedule	Current Year 2005-2006	Previous Year 2004-2005
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
SHARE CAPITAL	A	365,400,000	365,400,000
RESERVES AND SURPLUS	B	315,935,194	116,809,274
		<u>681,335,194</u>	<u>482,209,274</u>
LOAN FUNDS			
SECURED LOANS FROM BANK	C	263,999,994	67,179,356
UNSECURED LOANS		-	-
		<u>263,999,994</u>	<u>67,179,356</u>
		<u>945,335,188</u>	<u>549,388,630</u>
APPLICATION OF FUNDS :			
FIXED ASSETS	D	115,501,630	103,937,052
INVESTMENTS	E	143,831,575	931,483
CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	F	110,200,000	175,709,000
(b) Sundry Debtors	G	358,041,678	266,176,615
(c) Cash & Bank Balances	H	189,236,136	29,336,936
(d) Loans, Advances and Deposits	I	140,455,893	45,951,325
		<u>797,933,707</u>	<u>517,173,876</u>
Less : Current Liabilities & Provisions	J	111,931,724	72,653,781
NET CURRENT ASSETS		<u>686,001,983</u>	<u>444,520,095</u>
		<u>945,335,188</u>	<u>549,388,630</u>
NOTES TO THE ACCOUNTS	P		

As per our Report of Even Date

For RAJU & PRASAD
Chartered Accountants


CA. Avinash Jain
Partner

PLACE : Mumbai
DATE : 15.04.2006

For BSEL INFRASTRUCTURE REALTY LIMITED


Kirit R. Kanakiya
Chairman


Shashank Joshi
Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

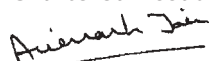
Particulars	Schedule	Current Year 2005-2006	Previous Year 2004-2005
INCOME :			
Income from Operations	K	459,623,409	195,087,191
Miscellaneous Income	L	46,102,356	4,845,042
Increase / (Decrease) in closing stock		(65,509,000)	57,156,500
		440,216,765	257,088,733
EXPENDITURE :			
Direct Expenses	M	126,543,233	121,293,748
Indirect Expenses	N	56,440,134	13,725,461
Interest on Term Loan		9,455,882	7,969,480
Depreciation		4,749,373	3,251,320
Total Expenditure		197,188,622	146,240,010
Operating Profit		243,028,142	110,848,723
Less: Donation		226,000	19,001
Total Income before adjustments		242,802,142	110,829,722
Less: Prior Period Items	O	(68,247)	2,030,585
PROFIT BEFORE TAX		242,870,389	108,799,137
Less: Provision for Taxation		22,912,101	8,000,000
PROFIT AFTER TAX		219,958,288	100,799,137
Less : Proposed Dividend including Dividend Tax		20,832,368	41,664,735
BALANCE CARRIED FORWARD TO BALANCE SHEET		199,125,920	59,134,402

NOTES TO THE ACCOUNTS

P

As per our Report of Even Date

For RAJU & PRASAD
Chartered Accountants


CA. Avinash Jain
Partner

For BSEL INFRASTRUCTURE REALTY LIMITED


Kirit R. Kanakiya
Chairman


Shashank Joshi
Managing Director

PLACE : Mumbai
DATE : 15.04.2006

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : " A "		
SHARE CAPITAL		
1. Authorised Capital		
75,000,000 Equity Shares of Rs.10/- each	750,000,000	500,000,000
(Previous year 50,000,000 Equity Shares of Rs. 10/- each)		
2. Issued, Subscribed and Paid Up :		
36,540,000 Equity Shares of Rs. 10/- fully paid up each	365,400,000	365,400,000
(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)		
	365,400,000	365,400,000
SCHEDULE : " B "		
RESERVES & SURPLUS		
A. General Reserves		
Opening Balance	62,640,000	98,500,000
Add : Transferred from P. & L. Account	25,000,000	126,540,000
Less : Amount Capitalised for issue of Bonus Shares	-	162,400,000
	87,640,000	62,640,000
B. Profit and Loss Account :		
As per last year	54,169,274	121,574,872
Add : Profit/(Loss) for the year	199,125,920	59,134,402
Less: Transfer to General Reserve	25,000,000	126,540,000
	228,295,194	54,169,274
	315,935,194	116,809,274
SCHEDULE : " C "		
SECURED LOANS		
Secured Loan from State Bank of India	150,000,000	67,179,356
Primary Charges		
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)		
Secured Loans from UTI Bank Limited	113,999,994	-
Primary Charges		
Mortgage of unit no. G101/G102/T441/T431/T451/T351 at IIP, Vashi Railway Station Complex, Vashi, Navi Mumbai (Repayment due in next one year = Rs. 185 Lacs)		
	263,999,994	67,179,356

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE : "D"

FIXED ASSETS

Description	Rate of Depreciation	Cost as on 01.04.2005	Additions	Deletion	Cost as on 31.03.06	Depreciation upto 31.03.05	Depreciation for the year	Total Depreciation	W.D.V. as on 31.03.06	W.D.V. as on 31.03.05
Air Condition	4.75%	2,228,536	42,000	1,703,163	567,373	355,031	110,380	465,411	101,962	1,873,505
Electrical Equipment	7.07%	3,747,773	-	2,594,422	1,153,351	868,226	285,125	1,153,351	-	2,879,547
Computers	33.33%	52,736,821	1,206,097	-	53,942,918	52,465,776	297,865	52,763,641	1,179,277	271,045
Furniture & Fixture	16.67%	11,843,389	-	1,562,953	10,280,436	6,973,679	1,957,404	8,931,083	1,349,353	4,869,710
Office Equipment	4.75%	1,200,223	401,353	572,392	1,029,184	141,829	68,192	210,021	819,163	1,058,394
Office Premises - IIP	1.63%	80,219,540	32,246,115	5,054,528	107,411,127	698,778	1,632,770	2,331,548	105,079,579	79,520,762
Office Premises - Hilton Centre	1.63%	11,172,631	110,000	10,512,427	770,204	584,812	185,393	770,205	-	10,587,819
Office Premises - Bombay Oilseed	1.63%	-	1,885,000	-	1,885,000	-	15,994	15,994	1,869,006	-
Vehicles	9.50%	925,650	-	-	925,650	389,392	77,500	466,892	458,758	536,258
Machinery For Construction	4.75%	2,500,000	-	-	2,500,000	159,987	118,750	278,737	2,221,263	2,340,013
Capital Work In Progress	-	-	2,423,269	-	2,423,269	-	-	-	2,423,269	-
		166,574,563	38,313,834	21,999,885	182,888,512	62,637,510	4,749,373	67,386,883	115,501,630	103,937,053
Previous Year		91,128,457	81,210,828	5,764,722	166,574,563	59,386,191	3,251,320	62,637,511	103,937,052	31,742,266

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

Particulars	Current Year 2005-2006		Previous Year 2004-2005	
	No. of. Shares	Amount	No. of. Shares	Amount
SCHEDULE : " E "				
INVESTMENTS (AT COST)				
Long Term Investments				
Investment in Shares				
A. Quoted				
T.V. Today	-	-	10,000	931,483
Essar Steel Limited (Mkt Value Rs. 19,926,470)	443,303	18,110,218	-	-
J.P. Hydro Limited (Mkt Value Rs. 94,964,264)	3,224,593	93,780,877	-	-
Lakshmi Vilas Bank (Mkt Value Rs. 13,203,953)	140,095	13,363,890	-	-
	<u>3,807,991</u>	<u>125,254,985</u>	<u>10,000</u>	<u>931,483</u>
B. Unquoted				
Investment in Subsidiary Company				
BSEL Infrastructure Realty (FZE)	1	18,576,590	-	-
(One Share with Face Value of AED 1500000 Each)				
	<u>1</u>	<u>18,576,590</u>	<u>-</u>	<u>-</u>
	<u>3,807,992</u>	<u>143,831,575</u>	<u>10,000</u>	<u>931,483</u>

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : " F "		
INVENTORIES		
Opening Stock	175,709,000	118,552,500
Add: Addition/Purchase/Consumption/Sale During the year	(65,509,000)	57,156,500
Closing stock	<u>110,200,000</u>	<u>175,709,000</u>

SCHEDULE : " G "		
SUNDRY DEBTORS		
A. Consider Good		
Less than six months	344,299,207	108,326,101
More than six months	2,178,770	146,286,813
	<u>346,477,977</u>	<u>254,612,914</u>
B. Consider Doubt Full		
More than six months	11,563,701	11,563,701
(Refer Schedule P - Notes to Accounts, Note No. 18)		
	<u>11,563,701</u>	<u>11,563,701</u>
	<u>358,041,678</u>	<u>266,176,615</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : " H "		
CASH AND BANK BALANCE		
Cash in hand	4,843,610	4,042,850
Bank Balance with Schedule Banks		
Balance in Current Account	17,001,107	14,210,194
Balance in Fixed Deposit	167,391,419	11,083,892
	189,236,136	29,336,936
SCHEDULE : " I "		
LOANS, ADVANCES AND DEPOSITS		
Deposits		
Deposit for Lease Premises	6,875,000	2,395,000
Deposit for Internet	8,750	8,750
Deposit for Telephone Connections	61,375	44,875
Deposit with New Bombay Petroleum	1,000,000	-
Deposit for Water Connection	23,600	23,600
Deposit with NMMC/Fire Brigade	79,115	79,115
Deposit with MSEB	495,790	495,790
Deposit with Postal Department	-	20,000
Deposit with BMC	2,200,000	-
Short Term Deposits	106,333,950	-
	117,077,580	3,067,130
Loans, Advances & Other Current Assets		
Prepaid Expenses	130,734	287,817
Rent Receivable	2,215,920	-
Advance Income Tax & TDS	4,505,644	-
Advance to WOS	684,267	-
Advance for Imprest	191,215	-
Advance to Staff	646,142	-
Advance for Purchase of Land/Property	13,695,159	-
Advance for Investment/Expenses	1,309,232	42,596,378
	23,378,313	42,884,195
	140,455,893	45,951,325

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : "J"		
CURRENT LIABILITIES AND PROVISIONS :		
Provisions		
Provision for Expenses	1,977,327	840,705
Provision for Liabilities	800,983	2,297,555
PT/Cess/VAT	328,587	-
Provision for Income Tax	9,000,000	-
T.D.S.	1,628,991	995,707
Proposed Dividend including Dividend Tax	-	41,664,735
Deposit against various Leased Properties	31,576,335	-
Retention Money	3,883,064	-
Advance for the Sale of Properties	57,310,000	-
Short Term Credit-SBI	35,959	-
Deposit for Society Formation	133,930	-
Other Liabilities	216,964	6,182,262
	<u>106,892,140</u>	<u>51,980,964</u>
Sundry Creditors	<u>5,039,584</u>	<u>20,672,817</u>
	<u>5,039,584</u>	<u>20,672,817</u>
	<u>111,931,724</u>	<u>72,653,781</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE: "K"		
SALES		
Sale of BSEL Tech Park Premises	436,571,542	186,042,081
Exchange Fluctuation	-	3,278,558
Business Centre Income	23,051,867	5,766,552
	<u>459,623,409</u>	<u>195,087,191</u>

SCHEDULE: "L"
MISCELLANEOUS INCOME

Interest on Fixed Deposit	669,068	68,396
Interest on Income Tax Refund	-	25,737
Dividend Received	698,276	-
Rent	225,000	1,296,739
Other Misc. Income	52,327	166,861
Gain/(Loss) on Sale of Fixed Assets	22,601,281	358,928
Gain/(Loss) on F & O	8,670,660	-
Gain/(loss) on Sale of Shares	13,185,743	2,928,381
	<u>46,102,356</u>	<u>4,845,042</u>

SCHEDULE: "M"
DIRECT EXPENSES

Cost of BSEL Tech Park Project	126,543,233	121,270,273
Computer (Web Site)	-	6,375
Software Development Expenses	-	17,100
	<u>126,543,233</u>	<u>121,293,748</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

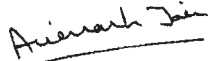
Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : "N"		
INDIRECT EXPENSES		
Advertisement	1,709,519	566,575
Air Condition Hire Charges	296,401	90,300
Audit Fees	65,000	65,000
Bank Charges	295,418	175,641
Board Meeting Fees	24,000	17,000
Books & Periodicals	115,555	14,701
Brokerage & Commission	1,375,378	173,124
Business Promotion	1,035,512	156,774
Cess paid	158,341	243,665
Conveyance Charges	364,915	96,983
Computer Softwares	124,146	-
Demat Charges	64,832	750
Electricity Charges	6,538,519	1,391,727
Hiring Charges	940,820	-
Insurance	575,690	548,898
Internet Exp.	114,922	90,436
Labour Welfare Fund	764	1,376
Legal and Professional fees	7,151,533	2,124,210
Legal Expenses	500,000	-
Loan Disbursement Exp.	3,424,240	-
Listing Fees	84,750	142,275
M.D.'s Perquisites - H.R.A	4,500	60,000
M.D.'s Remuneration	1,569,000	360,000
Membership Fees & Subscription Fees	30,000	54,100
Motor Car Expenses	691,521	212,645
Misc. Exp.	10,686	2,215
Office Expenses	315,960	115,808
Operation and Maint. Charges	3,312,519	274,887
Onsite Designing Studio	980,000	-
Postage & Telegram	278,459	77,539
Printing & Stationery	1,232,771	584,995
Rent paid	1,767,100	115,600
Rent, Rates & Taxes	5,162,252	1,061,305
Repair & Maintenance	3,347,160	607,130
ROC Filing Fees	1,261,300	157,600
Salaries & Wages	4,206,862	2,189,283
Sales Tax Paid	-	6,474
Security Service Charges	205,873	32,516
Service Tax	1,394,717	95,495
Share Transfer Charges	110,540	82,486
Small Balance Written Off	-	700
Transportation Charges	34,450	1,875
ESIC Paid	21,197	84,824
Ex-Gratia / Incentive Paid	452,761	141,939
Provident Fund Paid	70,486	20,540
Staff Welfare	468,420	490,865
Stipend Paid	-	127,896
Security Transaction Tax & Other Charges on Shares	1,327,074	70,724
Telephone and Fax Expenses	872,179	481,686
Tender Fees	15,250	6,050
Travelling Exp. Including Foreign Travel	1,848,690	269,120
Water Charges	473,397	39,730
Website Expenses	14,754	-
	56,440,134	13,725,461

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Particulars	Current Year 2005-2006	Previous Year 2004-2005
SCHEDULE : "O"		
PRIOR PERIOD ITEMS		
Previous Year Depreciation not debited in account	-	2,283,650
Excess Provision of Income Tax of Previous Year now Written Back	-	(255,868)
Prior period expenses	521,220	-
Excess Provision for Electricity Bill	(589,467)	-
Income Tax of Previous Year	-	2,803
	<u>(68,247)</u>	<u>2,030,585</u>

As per our Report of Even Date

For RAJU & PRASAD
Chartered Accountants



CA. Avinash Jain
Partner

PLACE : Mumbai
DATE : 15.04.2006

For BSEL INFRASTRUCTURE REALTY LIMITED


Kirit R. Kanakiya
Chairman



Shashank Joshi
Managing Director

**SCHEDULE "P"****I. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2006****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 added Rs. 383 Lacs (Previous Year : Rs. 812 Lacs) to 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.

5. Auditors Remuneration

(Amount in Rs.)

Details	Current Year 2005-06	Previous Year 2004-05
Audit Fees	35,000	35,000
Tax Audit Fees	15,000	15,000
Income Tax	10,000	10,000
Other Services	5,000	5,000
Service Tax	7,956	6,630
TOTAL	72,956	71,630

6. Turnover

(Rs. in Lacs)

Divisions	Current Year 2005-06	Previous Year 2004-05
Software Division	Nil	32.79
Infrastructure Division	4596.23	1918.09
TOTAL	4596.23	1950.88

7. Revenue from Construction Contracts

(Rs. in lacs)

Sr. No.	Particulars	2005-06	2004-05	2003-04
01.	Initial Amount of Expected Revenue from the Contract	7,846.30	7,846.30	7,846.30
02.	Variation	2,653.70	-	-
03.	Total Contract Revenue	10,500.00	7,846.30	7,846.30
04.	Certified Contract Costs Incurred till date	7,000.00	4,999.00	2,497.33
05.	Contract Cost to be incurred	Nil	1,001.00	3,502.67
06.	Total Contract Cost	7,000.00	6,000.00	6,000.00
07.	Stage of Completion	100%	83.32%	42%
08.	Revenue Recognition	10,500.00	6,538.32	3,265.80
09.	Revenue Recognized on the Basis of Actual Bookings.	8,847.00	4,481.76	2,621.34

Note: Revenue from the contract is recognized by reference to the costs incurred during the year and measured by the proportion that costs incurred upto the reporting date bear to the estimated total costs of the contract.

8. Foreign Exchange

Foreign Currency transactions during the year recorded at the exchange rate prevailing on the date of the transaction. Investment in WOS is stated at the amount invested in WOS including the exchange gain/loss during such investments.

9. Depreciation

The Company has provided a sum of Rs. 47,49,371/- (Previous Year Rs. 32,51,320/-) towards depreciation on its assets as per its accounting policy. Depreciation as per Schedule XIV of The Companies Act, 1956 on Straight-line basis comes to Rs. 33,99,948/-. Hence the Company's Profit is overstated to the extent of Rs. 13,49,423/- due to consistency in the depreciation policy. As per the company's depreciation policy, the Company has overcharged the depreciation and understated the profit to the extent of Rs. 134.61 Lacs uptill 31.03.2004, as compared to Schedule XIV of The Companies Act, 1956.

10. Current Tax

The company has estimated the current tax charge of Rs. 2,05,00,000/- (P.Y. Rs. 80,00,000/-) is based on the earnings for the year ended March 31 2006.

11. Earning/Expenditure in Foreign Currency

Earning :- NIL (Previous Year:- NIL)

Expenditure :- Rs. 6,49,373/- (Previous Year:- NIL)

12. Additional Disclosures in Pursuant to Schedule VI Part II

(Amount in Rupees)

Income Related Disclosures	Current Year 2005-06	Previous Year 2004-05
Other Incomes:-		
Interest on Fixed Deposits	6,69,068	68,396
Interest on Income Tax Refund	NIL	25,737
Rent	2,25,000	12,96,739
Gain / (Loss) on Sale of Fixed Assets	2,26,01,281	3,58,928
Gain / (Loss) on Sale of Shares	1,31,85,743	29,28,381
Gain / (Loss) on Sale of F & O	86,70,660	NIL
Other Misc. Income	52,327	1,66,861
Dividend Received	6,98,276	-

Expenses Related Disclosures:-	Current Year 2005-06	Previous Year 2004-05
Remuneration to Managing Director	15,69,000	3,60,000
Perquisites to Managing Director	4,500	60,000
Salary and Bonus to Staff	46,59,623	23,31,222
Travelling and Conveyance	22,13,605	3,66,103
Rent	17,67,100	1,15,600
Telephone Expenses	8,72,179	4,81,686
Legal & Professional Expenses	71,51,533	21,24,210
Printing And Stationary	12,32,771	5,84,995
Advertisement Expenses	17,09,519	5,66,575
Office Expenses	7,89,357	1,55,538
Repairs & Maintenance	33,47,160	6,07,130
Power & Fuel	65,38,519	13,91,727
Rent, Rates and Taxes	51,62,252	10,61,305
Brokerage & Commission Charges	13,75,378	1,73,124
Auditors Remuneration:-		
Statutory Audit Fees	35,000	35,000
Tax Audit Fees	15,000	15,000
Income Tax Matters Consultancy Fees	10,000	10,000
Other Services	5,000	5,000
Service Tax	7956	6,630
Bank Charges and Commission	2,95,418	1,75,641
Books & Periodicals	1,15,555	14,701

13. 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 :

Name of the Party	Nature of Relationship
--------------------------	-------------------------------

Kirit R. Kanakiya	- Chairman
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2. Key Management Personnel :

Name of the Party	Nature of Relationship
--------------------------	-------------------------------

Kirit R. Kanakiya	- Chairman
Shashank Joshi	- Managing Director
Dharmendra Raichura	- Executive Director
Pooja Tyagi	- Executive Director
Deelip Chaudhari	- Executive Director

3. Other Related Parties and Nature of Relationship :

(a) Nature of Relationship:- Associate Concerns

(b) Name of the Parties:-

- | | |
|---|--|
| a. Beachcraft Invst. & Trading Co. Pvt. Ltd., | b. Blackmore Invst. & 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. Hitech Entertainment Limited | l. Reshma Plastics Pvt. Ltd., |
| m. Total Network Solution Limited | n. Paschim Food Industry Limited |
| o. Contact Consultancy Services Pvt. Ltd., | p. Stock Watch Securities Pvt. Ltd., |
| q. Stock Watch | |

4. 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	Relatives	Other related Parties	Total
Purchase of Materials/Services	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00
Managerial Remuneration	17.00	0.00	0.00	17.00
Salary & Professional fees	0.00	0.00	9.80	9.80
Receivable/ (Payables)	0.00	0.00	(122.35)	(122.35)

14. 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 2005-06	Previous Year 2004-05
A. Net Profit after Tax	2,199.58	1,007.99
Add: Excess Provision and refund of taxes of earlier years (Net)	0.00	0.00
Net Profit for calculation of Earning per share (Numerator)	2,199.58	1,007.99
B. Weighted Average Number of Equity Shares (Denominator)(Nos.)	3654.00	3654.00
C. Basic and diluted Earning Per Share (A/B) (In Rs.)	6.02	2.76
D. Nominal Value per Equity Share (In Rs.)	10.00	10.00

15. Events Occurring after Balance Sheet Date

The GDR issue of the Company is closed on 10th April 2006. The Company has collected USD 20.50 Million by way of GDR issue. The Company has issued 22780000 Fully paid up Equity Shares of Rs. 10.00 each against 2278000 GDRs.

16. Consolidated Financial Statements

The company has incorporated a WOS in UAE on 19th Feb. 2006. Due to the recent incorporation of the WOS the company does not have any financial impact. Therefore the Consolidated Results of WOS are not published.

17. Dues to Small Scale Industrial Undertakings

As on 31.03.2006 the company had Rs. NIL outstanding dues to Small Scale Undertakings (Previous Year. : Rs. NIL).

18. Provision for Doubtful Debts:

Debtors includes dues from Microcity India Limited of Rs. 1,15,63,701/ (Previous Year Rs. 1,15,63,701/-), 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.

19. Prior Period Items

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



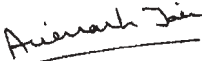
20. Expenditure on employees in respect of salary more than Rs. 6,00,000/- per year or Rs. 50,000/- per month when employed for the part of the year is Rs.20.69 Lacs as given below (Previous Year : Rs. NIL)

Name	Salary Paid during year	Contribution To PF	Incentives	Total
Shashank Joshi Managing Director	15,00,000	Nil	Nil	15,00,000
Sonali Chwada GM-Legal	2,05,645	Nil	Nil	2,05,645
Anusha Gill Head-PR	2,13,710	Nil	Nil	2,13,710
Manju Tripathi Head-Finance	1,50,538	Nil	Nil	1,50,538
	20,69,893			20,69,893

21. 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.
22. 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.
23. All the Loans and Advances (Assets) and Current Assets and Current Liabilities are subject to confirmation from the respective parties.
24. Balance of Unpaid Dividend upto 31st March, 2006 is Rs. 5,26,604/-.
25. 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


CA. Avinash Jain
Partner

PLACE : Mumbai
DATE : 15.04.2006

For BSEL INFRASTRUCTURE REALTY LIMITED


Kirit R. Kanakiya
Chairman


Shashank Joshi
Managing Director

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 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 Infrastructure Division 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. 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 differ 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 is given below :

Furniture & Fixtures 6 Years

Computer Equipments 3 Years

3. INVESTMENT

The company has invested Rs. 185.77 Lacs (Previous Year : NIL) in Wholly Owned Subsidiary incorporated during the year. Current investments are stated at lower of cost and fair value. Long Term investments are stated at cost after deducting provisions made for permanent diminution in the rate of exchange if any.

4. LOANS TO COMPANIES/FIRMS

There are no loans given by the Company.

5. PROVIDENT FUND

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

6. SEGMENT ACCOUNTING POLICIES

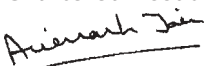
The company has only one segment of operation i.e. Infrastructure Activity in Local Market. So segment wise Income/Expenditure/Assets and Liabilities are not presented.

7. 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


CA. Avinash Jain
Partner

PLACE : Mumbai
DATE : 15.04.2006

For BSEL INFRASTRUCTURE REALTY LIMITED


Kirit R. Kanakiya
Chairman


Shashank Joshi
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

Particulars	Current Year 2005-06	Previous Year 2004-05
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & extraordinary items	242,870,389	108,799,137
Adjustments for :-		
Depreciation	4,749,373	3,251,320
Other Income	(46,102,356)	(4,845,042)
Operating profits before working capital changes	201,517,407	107,205,415
Adjustments for :-		
Sundry Debtors	(91,865,063)	(10,431,669)
Deposits (Assets) Loans & Advances	(94,504,568)	(17,427,684)
Inventories	65,509,000	(57,156,500)
Provision for Tax	(22,912,102)	(8,000,000)
Trade Payable and other liabilities	39,277,943	59,945,049
Net cash from operating activities	97,022,617	74,134,611
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of investment	(142,900,093)	68,368,517
Sale/(Purchase) of fixed assets	(16,313,950)	(75,446,106)
Net cash from investing activities	(159,214,043)	(7,077,589)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Other Income	46,102,356	4,845,042
Dividend including dividend tax	(20,832,368)	(41,664,735)
Other Unsecured Loans	-	(14,514,258)
Loan from Bank	196,820,638	12,179,356
Net cash from financing activities	222,090,626	(39,154,595)
Net increase/(decrease) in cash & cash equivalent	159,899,200	27,902,427
Cash & cash equivalent opening balance	29,336,936	1,434,509
Cash & cash equivalent closing balance	189,236,136	29,336,936

For BSEL INFRASTRUCTURE REALTY LIMITED



Kirit R. Kanakiya
Chairman



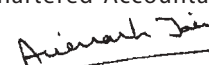
Shashank Joshi
Managing Director

PLACE : Mumbai
DATE : 15.04.2006

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of **BSEL INFRASTRUCTURE REALTY LIMITED**, for the year ended 31st March, 2006. 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 : 15.04.2006

**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	:	31.03.2006

II. CAPITAL RAISED DURING THE YEAR

Public Issue (Issue through the prospectus)	:	NIL
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	:	Rs. 945335
Total Assets	:	Rs. 945335

SOURCES OF FUNDS

Paid Up Capital	:	Rs. 365400
Reserves & Surplus	:	Rs. 315935
Secured Loan	:	Rs. 264000
Unsecured Loan	:	Rs. NIL

APPLICATION OF FUNDS

Net Fixed Assets	:	Rs. 115502
Investments	:	Rs. 143831
Net Current Assets	:	Rs. 686002
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

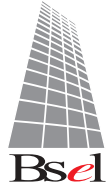
IV. PERFORMANCE OF COMPANY

Turnover	:	Rs. 440217
Total Expenditure	:	Rs. 197347
Profit Before Tax	:	Rs. 242870
Profit After Tax	:	Rs. 219958
Earning Per Share	:	Rs. 6.02
Dividend Rate (%)	:	5% (Interim Dividend)

V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY

(As per monetary terms)

Item Code No.	:	---
Product Description	:	Infrastructure Activity



Project Highlights

- Project: 336-room scenic resort
- Project Theme: Zen gardens, Fountains, Musical lights
- Location: Kevadia, Gujarat, on the banks of river Narmada, along Sardar Sarovar Dam
- Area: 6,00,000 sq.ft
- Accessibility : 1 hour 20 mins from Baroda by road
3 hours from Ahmedabad by road
2 hours from Surat by road

Common Amenities

- Community Dining Hall
- Multi-cuisine restaurant
- Free pick-ups and drops
- Children's play Area
- Craft Bazaar
- Ethnic Shop
- Dish Antenna
- Car Parking and much more

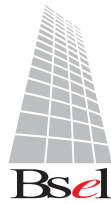
Recreational Facilities

- Landscaping
- Indoor games
- Outdoor sports
- Swimming pool
- Gymnasium
- Spa
- Club house

Schemes on Offer

- Fully furnished apartments with exclusive garden
- Fully furnished apartments without garden
- A one-week per year stay for 25 years





BSEL Infrastructure Realty Limited

BSEL Tech Park, Plot No. 39/5 & 39/5A, Sector 30A, Vashi, Navi Mumbai - 400 705
Tel. : + 9122 6512 3123 / 2781 1598 • Fax : + 9122 2781 2411 • E-mail : info@bsel.com