



THE YASH BIRLA GROUP

**Power**  
the ability to change

**20th**  
**Annual Report**

**BIRLA POWER**  
SOLUTIONS LTD

The Yash Birla Group Company

**BIRLA POWER SOLUTIONS LTD.****BOARD OF DIRECTORS**

Mr. Yashovardhan Birla	Chairman
Mr. Y. P. Trivedi	
Mr. P. V. R. Murthy	
Mr. Rajesh V. Shah	
Mr. Manish Malani	
Mr. Sanjay Khazanchi	Whole Time Director & President

<b>COMPANY SECRETARY &amp; COMPLIANCE OFFICER</b>	Mr. N. Nagesh
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<b>BANKERS</b>	Canara Bank Punjab & Sind Bank Punjab National Bank
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<b>REGISTRARS</b>	Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi - 110 055
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<b>REGISTERED OFFICE</b>	159, Industry House, Church Gate Reclamation, Mumbai-400 020
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<b>HEAD OFFICE</b>	901, Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi-110066
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<b>STOCK EXCHANGE</b>	Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001
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<b>FACTORY</b>	1. Lal Tappar P.O. Resham Mazri, Dehradun, Uttanchal
	2. Bata Mandi Poanta Sahib Distt. Sirmour Himachal Pradesh
	3. Varekwadi, Tal Patan Distt. Satara Maharashtra

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**BIRLA POWER SOLUTIONS LTD.****NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of members of BIRLA POWER SOLUTIONS LIMITED will be held on Wednesday, the 29th March, 2006 at 3.00 P.M. at Ashoka Hall, Arcadia NCPA Marg, Near New Oberoi, Nariman Point Mumbai- 400021 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September 2005 and Profit & Loss Account of the Company for the year ended on that date and the report of directors and the auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Y. P. Trivedi, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Dalal & Shah, Chartered Accountants, the retiring auditors be and are hereby re-appointed as auditors of the Company, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit."

**SPECIAL BUSINESS**

5. To Consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr P.V.R. Murthy, who was appointed by the Board, in the casual vacancy caused by resignation of Mr S.C. Agarwal, in respect of which vacancy, the Company has received a notice in writing proposing the candidature of Mr P.V.R. Murthy for the office of Director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company."

6. To Consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr Rajesh V. Shah, who was appointed by the Board, in the casual vacancy caused by resignation of Mr G. L. Lath, in respect of which vacancy, the Company has received a notice in writing proposing the candidature of Mr Rajesh V. Shah for the office of Director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company."

BY ORDER OF THE BOARD

PLACE : MUMBAI

**N. NAGESH**

DATED : 28th February 2006 COMPANY SECRETARY

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST REACH REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 27/03/2006 to 29/03/2006 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report to the Meeting and attendance slip duly filled in for attending the meeting.
4. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days before the date of the Meeting, so as to enable the Company to keep the information ready.
5. All documents referred in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days during normal working business hours up to the date of Annual General Meeting except on Saturdays, Sundays and other holidays.
6. Members are requested to intimate their Bank Account details, so that the same can be printed on the dividend warrant, to avoid the incidence of fraudulent encashment of the dividend warrant.
7. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto
8. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEP Fund). Members who have not encashed their dividend warrants, for the financial year ended 31st March, 1999 and onwards may approach the Company for revalidating the warrants or for obtaining duplicate warrants. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim can be made by the respective shareholders for the same.
9. Members are requested to send all communications relating to shares to the Company's Share Transfer Agents (Physical & Electronic) at the following address:

Alankit Assignments Ltd.  
205-208, Anarkali Complex  
Jhandewalan Extension  
New Delhi 110055

# BIRLA POWER SOLUTIONS LTD.

## ANNEXURE TO THE NOTICE

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

### Item No. 05

Mr P.V.R. Murthy was appointed as Director of the Board in the casual vacancy caused by the resignation of Mr S.C. Agarwal pursuant to Article 135 of the Articles of Association of the Company. Mr Murthy holds office only up to the date up to which the Director in whose place he was appointed would have held office if it had not been vacated as aforesaid.

A notice has been received from a member along with a deposit of Rs 500/- as required under Section 257 of the Companies Act, 1956 proposing Mr P. V. R. Murthy as a candidate for the office of Director.

The Board feels that the appointment of Mr P.V.R Murthy on the Board is highly beneficial to the Company and hence commends for your approval.

Except Mr P.V.R Murthy, none of the other Directors of the Company is in anyway concerned or interested in the resolution.

### Item No. 06

Mr Rajesh V. Shah was appointed as Director of the Board in the casual vacancy caused by the resignation of Mr G. L. Lath pursuant to Article 135 of the Articles of Association of the Company. Mr Shah holds office only up to the date up to which the Director in whose place he was appointed would have held office if it had not been vacated as aforesaid.

A notice has been received from a member along with a deposit of Rs 500/- as required under Section 257 of the Companies Act, 1956 proposing Mr Rajesh V. Shah as a candidate for the office of Director.

The Board feels that the appointment of Mr Rajesh V. Shah on the Board is highly beneficial to the Company and hence commends for your approval.

Except Mr Rajesh V. Shah, none of the other Directors of the Company is in anyway concerned or interested in the resolution.

## Details of Directors seeking appointment/re-appointment in ensuing Annual General Meeting

<b>Name of Director</b>	<b>Mr. Y.P.Trivedi</b>	
<b>Date of Birth</b>	06.01.1929	
<b>Date of Appointment</b>	30.10.2003	
<b>Expertise in specific functional areas</b>	Senior Advocate, Supreme Court Legal, Taxation, Finance and Accounting	
<b>List of outside directorships in Public Limited Companies.</b>	Reliance Industries Limited Zodiac Clothing Co. Ltd. Safari Industries Ltd. Sai Service Station Ltd. Zandu Pharmaceutical Works Ltd. Supreme Industries Ltd.	
<b>Chairman / Member of the Committees of other Companies.</b>	<b>Name of the Company</b> Reliance Industries Ltd. Reliance Industries Ltd. Reliance Industries Ltd. Zodiac Clothing Co. Ltd. Zandu Pharmaceutical Works Ltd. Sai Service Station Ltd.	<b>Position Held</b> Chairman, Audit Committee Member, Remuneration Committee Member, Shareholders Grievance Committee Member, Audit Committee Chairman, Audit Committee Member, Audit Committee
<b>Name of Director</b>	<b>Mr. P.V. R. Murthy</b>	
<b>Date of Birth</b>	21.04.1952	
<b>Date of Appointment</b>	06.10.2005	
<b>Expertise in specific functional areas</b>	Chartered Accountant and Management Post Graduate. He has vast experience of more than 25 years out of which 15 years are in very senior positions in the field of finance, accounts, legal and management. He held senior positions such as Managing Director, Director, CEO and Advisor.	
<b>List of outside directorships in Public Limited Companies.</b>	Khamgaon Syntex Ltd. Sanguine Media Ltd.	
<b>Chairman / Member of the Committee.</b>	Nil	
<b>Name of Director</b>	<b>Mr. Rajesh V. Shah</b>	
<b>Date of Birth</b>	10.01.1953	
<b>Date of Appointment</b>	16.12.2005	
<b>Expertise in specific functional areas</b>	Chartered Accountant and is having expertise in handling Audit & Tax matters and is member of ICAI & various other member of ICAI & various other eminent committees	
<b>List of outside directorships in Public Limited Companies.</b>	Nil	
<b>Chairman / Member of the Committee.</b>	Nil	

# BIRLA POWER SOLUTIONS LTD.

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Twentieth Annual Report together with the audited statement of accounts of the Company for the financial year ended on 30th September, 2005.

### FINANCIAL RESULTS

	For the 12 Months Year ended on 30.09.2005	(Rs. in lacs) For the 18 Months Period ended on 30.09.2004
Sales & Other Income	9218.33	10705.53
Profit before interest and depreciation	1531.15	863.67
Interest (Net)	638.46	225.62
Profit before depreciation	892.69	638.05
Depreciation	293.63	467.83
Profit after depreciation but before Tax	599.06	170.22
Provision for taxation	122.07	10.35
Prior period Adjustments	268.44	(15.61)
Profit after tax	208.55	175.48
Net Profit	208.55	175.48

### OPERATIONS

During the Financial year under report, the total revenues for year ended on 30th September, 2005 were Rs 9218.33 Lacs as against Rs 10705.53 during the last financial year of 18 months period ended on 30th September, 2004 showing an increase of 29.16 % on annualized basis. Similarly the profit after tax during the same periods were Rs 208.55 Lacs and Rs 175.48 Lacs, showing an increase of 78.27 % on annualised basis.

This over all better performance has been achieved through optimum product mix, yielding high margins and cost control. However, the management is continuously focusing on cost control and increasing sales of products that yield better margins and expanding and strengthening the dealer network.

### FUTURE PROSPECTS

Your Directors believe that there are tremendous growth opportunities available to the Company in Power Solutions Industry and it should capitalize on these by further expanding the product portfolio. Your Directors are happy to report that your Company has taken active steps for (I) Undertaking expansion of the capacities of existing products viz, diesel gensets, multipurpose engines, alternators, fuel tanks etc. and (II) Setting up of a new unit for manufacturing LPG / CNG gensets, inverters, engines, acoustic hoods. These units will enjoy excise and tax benefits giving the Company much needed advantage over competition.

With these steps, your directors hope that the Company will become an integrated player with all India presence, carrying a strong brand image and further consolidate its position in power solutions market.

### DIVIDEND

Your Directors are pleased to recommend the payment of a dividend @ 8 % (Rs 0.80 Paise per share) on the equity shares for the financial year ended on 30th September, 2005. The Dividend will absorb a sum of Rs 83.85 Lacs (excluding dividend tax of Rs 11.76 Lacs)

### PUBLIC ISSUE

In order to finance the expansion projects, as stated above the Company is approaching capital market shortly to raise

funds through a public issue of 12 Million equity shares of Rs 10/- each at a premium of Rs 32/- per share aggregating to Rs 50.40 Crores. Necessary approvals from SEBI and Stock Exchange have been received. Your Directors are hopeful of completing the issue successfully.

### CHANGE OF REGISTERED OFFICE

During the year under report pursuant to Section 146 of the Companies Act, 1956 the registered office of the Company has been shifted from 1st Floor, Dalamal House, Nariman Point, Mumbai-400 021 to 159, Industry House, Churchgate Reclamation, Mumbai-400 020, w.e.f. 29.7.2005

### INCREASE IN AUTHORISED CAPITAL

During the current year in order to raise funds through issue of further equity share capital to public, the Authorised capital of the Company was increased from Rs 15.00 Crores (divided into 1,50,00,000 shares of Rs 10/- each) to Rs 22.50 Crores (divided into 2,25,00,000 shares of Rs 10/- each) by creation of additional 75,00,000 equity shares of Rs 10/- each, ranking pari passu with existing equity shares of the Company.

### DIRECTORS

Pursuant to Article 150 of the Articles of Association of your Company and Section 256 of the Companies Act, 1956 Mr. Y. P Trivedi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the period under review, Mr. F.D. Netrawala resigned from the Board w.e.f. 26.11.2004 and Mr. G.L. Lath was appointed as director on 26.11.2004, in the casual vacancy caused by the resignation of Mr. Netrawala. Mr S.C. Agarwal resigned from the Board w.e.f. 14.09.2005 and Mr G.L. Lath resigned from the Board w.e.f. 16.12.2005. The Board placed on record its appreciation of the valuable services rendered by the outgoing Directors. Mr P.V. R. Murthy and Mr Rajesh V. Shah were appointed as Directors of the Board on 06.10.2005 and 16.12.2005 respectively to fill the casual vacancies caused by the resignations of Mr S.C. Agarwal and Mr G. L. Lath respectively. Pursuant to Article 135 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956. Mr P.V.R. Murthy and Mr Rajesh V. Shah hold office only up to the date up to which the Directors in whose place they were appointed would have held office if they had not been vacated as aforesaid.

Pursuant to Section 257 of the Companies Act, 1956 the Company has received notices along with deposit of Rs 500/- each for the appointment of Mr P.V.R Murthy and Rajesh V. Shah as Directors of the Company. Your Directors recommend the appointment of Mr P.V.R. Murthy and Mr Rajesh V. Shah as they consider that their appointment on the Board will be highly beneficial and is in the best interest of the Company.

### NOTE ON CORPORATE GOVERNANCE

Your Company is following corporate governance norms of highest standards.

As required under clause 49 of the listing agreement, a report on corporate governance forms part of this annual report.

### FIXED DEPOSITS

As on 30th September, 2005 your Company has accepted fixed deposits from the public including shareholders of the company to the tune of Rs. 1404.71 Lacs. There has

been no delay in making payment of interest and principal on fixed deposits.

#### **AUDITORS**

The Statutory Auditors of the Company, M/s Dalal & Shah, Chartered Accountants, Mumbai, retire at the Conclusion of ensuing Annual General Meeting of the Company and are eligible for re-appointment. M/s Dalal & Shah, Chartered Accountants have sought their re-appointment and have confirmed that their re-appointment if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The Audit Committee and the Board recommends the re-appointment of M/s Dalal & Shah, Chartered Accountants as Auditors of the Company. Your Directors requests their appointment for the current financial year.

#### **EXPLANATION TO AUDITORS REPORT AS REQUIRED UNDER SECTION 217(3) OF COMPANIES ACT 1956.**

Company has implemented ERP system in an earlier year, which is being customized and altered suitably. Management is sure that on full implementation of ERP package, the stated difficulties in the auditors report shall be addressed.

Confirmation letters are sent to concerned parties and our dedicated team is following up to confirm all balances of assets & liabilities.

The Company is in process of complying with all the Accounting Standards in the coming periods.

#### **INDUSTRIAL RELATIONS**

The Company enjoyed harmonious relations with employees through out the year.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars of energy conservation as prescribed have not been provided, as the Company's industry is not specified in the Schedule.

The Details regarding Technology Absorption as per Form 'B' are enclosed.

The foreign exchange outgo was Rs. 268.16 lacs through imports, overseas travelling and dividend as against inflow of Rs. 208.93 lacs through exports.

#### **PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section

217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in the annexure to the Directors Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in preparation of the annual accounts for the year ended on 30th September, 2005 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 30th September, 2005 and of the profit of the Company for that year;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts for the year ended on 30th September 2005 on a going concern basis.

#### **ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the continuing co-operation and assistance rendered by the Central Government, State Government, Financial Institutions, Banks, suppliers and other organisations in the working of the Company.

The Directors also wish to place on record their deep sense of appreciation for dedicated services rendered by officers, staff and workmen of the Company.

The Board takes this opportunity to express its gratitude for the continuous support received from shareholders.

for and on behalf of the  
BOARD OF DIRECTORS

PLACE : MUMBAI

DATE : 28th February, 2006

**YASHOVARDHAN BIRLA**  
Chairman

#### **ANNEXURE TO DIRECTORS REPORT**

Additional Information as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors Report for the year ended on 30th September, 2005.

Sl. No.	Name	Qualification	Age (Years)	Designation	Experience (Years)	Date of Commencement of employment	Remuneration drawn (In Rs.)	Last employment held/Name of the Employer/ Designation
1.	Mr. Sanjay Khazanchi	MBA (MKG.) & B.E.	44	Whole Time Director & President	20	11.02.2004	Rs.28,04,000/-	Regional Director - (South Asia & Middle East) Corning Inc

1. The remuneration as shown above includes salary, Company's contribution to provident fund, house rent allowance, expenditure by the Company on accommodation, leave travel assistance, medical and other facilities.
2. The appointment of Mr. Sanjay Khazanchi, Whole Time Director & President is contractual.

**FORM - B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION IN 01.10.04 - 30.09.05****A. RESEARCH AND DEVELOPMENT (R&D)****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY**

- Design & development of LPG Run Genset upto 25 KVA for mobile applications.
- Development of Acoustic range of Higher capacity Diesel Gensets upto 25 KVA.
- Noise phase -2 compliance as per CPCB norms for higher capacity DG sets.
- Re-Design of Acoustic Genset components and accessories for material cost reduction as a part of value engg. exercise.

**2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D**

- Diversification of product to cater competitive market segment of higher capacity gensets.
- Compliance to CPCB mandatory norms
- Reduction in production / material cost for Acoustic range

**3. FUTURE PLAN OF ACTION**

- To Design & fabricate Acoustic canopy for higher capacity gensets in house.
- Development of overhead value engines.
- Development of Multipurpose engines applications with higher capacity engine models.

**4. EXPENDITURE ON R&D****(Rs. in lacs)**

a. Recurring	-	60.72
b. Total	-	60.72
c. Total - R&D expenditure as a percentage of total turnover	-	0.67%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts in brief, made towards technology absorption : The company has successfully redesigned the products as per International Emission norms and achieved adaptation & innovation Phase - II Exhaust Emission and Noise Emission Norms.
2. Benefits derived as a result of the above efforts : Offering latest technology products at affordable cost e.g. product improvement, cost reduction, product became possible due to in house development of development. technology. The new technologies helped the Company in overall improvement of quality and efficiency.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of financial year), following information is furnished :
  - a. Technology Imported : Manufacture of Portable Gensets & Multi Purpose Engines.
  - b. Year of Import : Technical Assistance Agreement dated 31.8.84 & new Technical Assistance Agreement dated 02.09.94 which has expired on 01.09.1999.  
  
Technical Assistance Agreement dated 25th January, 1998 for a new four stroke model which has also expired on 24.01.2003.
  - c. Whether Technology has been fully absorbed : The technology has been fully absorbed for all the models. In house R&D has further upgraded the technology.
  - d. If not fully absorbed, areas where not taken place, reasons thereof and future plans of action. : Not applicable

**BIRLA POWER SOLUTIONS LTD.****CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency and accountability in all facets of its operations, interactions with shareholders, employees, government and lenders.

**2. BOARD OF DIRECTORS**

The composition, category and details of Directors' attendance during the Financial Year 2004-05 and other particulars are given below:

Name	Status	No. of Board Meetings held	No. of Board Meetings attended	Last A.G.M. Attendance (Yes/No)	No. of Memberships in Board of other Public Co.'s
Mr. Yashovardhan Birla	Chairman, Non Executive	9	9	Yes	7
Mr. Y.P. Trivedi	Independent, Non Executive	9	7	Yes	6
Mr. F. D. Neterwalla	Independent, Non Executive (Up to 26/11/2004)	9	0	No	9
Mr. Sanjay Khazanchi	Whole Time Director & President	9	6	Yes	0
Mr. S. C. Agarwal	Independent, Non Executive (Up to 14/09/2005)	9	5	Yes	0
Mr. G. L. Lath	Independent, Non Executive (Up to 16/12/2005)	9	6	Yes	7
Mr. Manish Malani	Independent, Non Executive	9	6	Yes	1
Mr. P.V.R. Murthy	Non Executive (W.e.f. 06/10/2005)	9	0	No	2
Mr. Rajesh V. Shah	Independent, Non Executive (W.e.f 16/12/2005)	9	0	No	0

None of the Directors is a member in more than 10 Committees or acts as Chairman of more than 5 Committees across all Companies in which he is a Director.

The Board has a fair representation of the executive, non executive and independent directors which is imperative for a vital organisation. Of the six directors, only one is the promoter director and only one executive director and the rest are non executive directors.

During the year, there was no pecuniary relationship or business transaction by the Company with any non-executive director (other than the sitting fee for attending the Board / Committee meetings)

The Board members possess the skills, expertise and experience necessary to guide the Company. During the financial year ended on 30th September, 2005, the Board met Nine (09) times on 26th November, 2004, 24th December, 2004, 28th January, 2005, 18th February, 2005, 22nd March, 2005, 29th April, 2005, 29th July, 2005, 17th August, 2005 and 10th September, 2005.

**3. AUDIT COMMITTEE****A. Brief description of terms of reference.**

The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee are those as specified under clause 49 of the listing agreement as well as in Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

**COMPOSITION, NAME AND CHAIRPERSON, MEETINGS HELD DURING THE FINANCIAL YEAR 2004-2005 AND ATTENDANCE THEREAT ARE AS UNDER.**

Name	Total Meetings held during the tenure of Member	Meetings Attended
Mr. Y.P. Trivedi(Chairman)	5	04
Mr. F. D. Neterwalla(up to 26/11/2004)	5	0
Mr. S.C.Agarwal (up to 14/09/2005)	5	03
Mr. G.L. Lath (up to 16/12/2005)	5	04
Mr. Manish Malani(up to 22/12/2005)	5	03
Mr. P.V.R. Murthy(W.e.f 06/10/2005)	5	0
Mr. Rajesh V. Shah(W.e.f. 16/12/2005)	5	0

**BIRLA POWER SOLUTIONS LTD.**

The Composition of the Audit Committee at present is :

1. Mr. Y.P.Trivedi (Chairman-Independent Director)
2. Mr. Rajesh V. Shah (Independent Director)
3. Mr. P.V.R.Murthy

Mrs Anju Mehta, Company Secretary was secretary to the Committee up to 23rd January,2006. Mrs Anju Mehta resigned and in her place Mr N. Nagesh was appointed as Company Secretary w.e.f 23rd February,2006 and subsequently appointed as Secretary to the Committee.

**4. REMUNERATION COMMITTEE****Terms of reference**

The Committee was formed to review and approve, inter-alia, the recommendation for appointment of Managing Director(s)/ Whole Time Director(s)/Manager and their compensation package, annual increments, incentives, additional perquisites etc. with in the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said Act and such other powers/functions as may be delegated by the Board from time to time.

**Composition**

The remuneration committee during the Financial Year 2004-05 consisted of three independent Directors namely, Mr. Y.P. Trivedi, Mr S.C. Agarwal and Mr G.L. Lath. Mr S.C. Agarwal and Mr G.L. Lath resigned from the Committee w.e.f 14/ 09/2005 and 16/12/2005 respectively. Mr P.V.R. Murthy and Mr Rajesh V. Shah were appointed as members in their place w.e.f. 06/10/2005 and 16/12/2005 respectively.

The present composition of the Committee is :

1. Mr Y.P. Trivedi
2. Mr P.V.R. Murthy
3. Mr Rajesh V. Shah

Attendance during the year : No meeting was held during the period.

**Remuneration Policy**

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance etc.

Details of remuneration to all the Directors

While the executive directors are paid remuneration as approved by the Board / Share holders, the non - executive directors are paid sitting fees. No sitting fees is paid to executive directors. At present there is no stock option scheme of the Company for Whole Time Director/Non Executive Directors.

During the period under review the following sitting fees was paid to non executive directors

Sl. No.	Name of Director	Board Meeting	Audit Committee Meeting
1.	Mr. Yashovardhan Birla	Rs.9000/-	N.A.
2.	Mr. Y.P. Trivedi	Rs.7000/-	Rs 2000/-
3.	Mr. S.C.Agarwal	Rs 5000/-	Rs 1500/-
4.	Mr. G.L.Lath	Rs 7000/-	Rs 2000/-
5.	Mr. Manish Malani	Rs 7000/-	Rs 1500/-

No sitting fees is payable to members for attending Remuneration Committee meeting and Shareholders' Grievance & Investment Committee Meetings.

Details of remuneration paid to the Executive director during the year ended on 30th September, 2005;

	Salary	PF/Superannuation	Perquisites & Others
Mr.Sanjay Khazanchi	Rs.19,20,000/-	1,44,000/-	7,40,000/-

**5. SHAREHOLDERS/ INVESTORS RELATIONS & GRIEVANCE COMMITTEE**

The SHAREHOLDERS / INVESTORS RELATIONS & GRIEVANCE Committee constituted by the Board of Directors consists of the following directors.

1. Mr. Yashovardhan Birla
2. Mr. Sanjay Khazanchi
3. Mr. Y.P.Trivedi
4. Mr. F.D. Neterwalla (up to 26/11/2004)

The Committee inter alia, approves issue of duplicate share certificates and reviews all matters connected with the securities transfer. The Committee also looks into redressing of shareholders/investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrants and to handle the queries / complaints relating to dematerialization of shares etc.

# BIRLA POWER SOLUTIONS LTD.

The Committee oversees the performance of the Registrar & Transfer Agent and recommends measures for the overall improvement of the quality of investor services.

Mrs Anju Mehta, Company Secretary was secretary to the Committee up to 23rd January, 2006. Mrs Anju Mehta resigned and in her place Mr N. Nagesh was appointed as Company Secretary w.e.f 23rd February, 2006 and subsequently appointed as Secretary to the Committee.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading ) Regulations, 1992 (duly amended), the company has framed a "code of internal procedures and conduct for prevention of Insider Trading" and authorised the Committee to implement and monitor the various requirements as set out in the code.

Chairman	-	Mr. Yashovardhan Birla (Non Executive Director)
Compliance Officer	-	Mrs Anju Mehta, Company Secretary, up to 23/01/2006
		Mr Sanjay Khazanchi, Whole Time Director & President, from 24/01/2006 to 22/02/2006
		Mr N. Nagesh, Company Secretary, w.e.f 23/02/2006 .

No. of Shareholders' Complaints  
received during the year ended  
30th September, 2005 - 30

All the complaints have been attended/resolved to the satisfaction of complainants except for disputed cases and sub-judice matters, which would be resolved on final disposal by the judicial and other authorities.

## 6. ANNUAL GENERAL MEETINGS

Details of last three AGMs held

Year	Date	Venue	Time
2001-2002	18.09.2002	Ashoka Hall, Arcadia NCPA Marg, Near New Oberoi, Nariman Point Mumbai- 400021	3.30 p.m.
2002-2003	29.09.2003	Ashoka Hall, Arcadia NCPA Marg, Near New Oberoi, Nariman Point Mumbai- 400021	3.30 p.m.
2003-2004*	22.03.2005	Ashoka Hall, Arcadia NCPA Marg, Near New Oberoi, Nariman Point Mumbai- 400021	3.30 p.m.

\* Financial Year extended for six months up to 30th September, 2004

There were no resolutions put through the Postal Ballot. There is no business at the ensuing A.G.M. requiring implementation of the Postal Ballot under the applicable rules.

## 7. DISCLOSURES

Disclosure on materially significant related party transactions - None which require separate disclosure.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. - None

## 8. MEANS OF COMMUNICATIONS

The Quarterly results are published in leading English / Marathi Dailies. Quarterly results are also displayed on Company's web-site [www.birlaecogen.com](http://www.birlaecogen.com).

Management Discussion and Analysis Report (MDA) forms part of the Annual Report.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS

Details of Annual General Meeting

Date & Time	:	Wednesday, the 29th March, 2006 at 3.00 P.M.
Venue	:	Ashoka Hall, Arcadia NCPA Marg, Near New Oberoi, Nariman Point Mumbai- 400021
Financial Year	:	01/10/2004 to 30/09/2005
Date of Book Closure	:	27/03/2006 to 29/03/06(Both days inclusive)
Dividend Payment date	:	By 25/04/2006

### Listing on Stock Exchanges

Bornaby Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd. and The Calcutta Stock Exchange Association Ltd.

Listing fees for the financial year 2005-2006 has been paid to all the above stock exchanges.