



THE YASH BIRLA GROUP

21st 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. Biswajit Sarkar	Chief Executive Officer & Whole Time Director

COMPANY SECRETARY & COMPLIANCE OFFICER Mr. N. Nagesh

BANKERS Canara Bank
Punjab & Sind Bank
Punjab National Bank
The Shamrao Vithal Co-Operative Bank Ltd.

AUDITORS DALAL & SHAH
Chartered Accountants
'The Regency' Office No. 11, 1st Floor,
National Library Road, Bandra, (West)
Mumbai - 400 050

REGISTRARS Alankit Assignments Limited
205-208, Anarkali Complex,
Jhandewalan Extension,
New Delhi - 110 055

REGISTERED OFFICE Industry House, 159,
Church Gate Reclamation,
Mumbai-400 020

HEAD OFFICE 901, Bhikaji Cama Bhawan,
11, Bhikaji Cama Place,
New Delhi-110066

FACTORY Lal Tappar
P.O. Resham Mazri - 248140
Dehradun,
Uttarakhand

WINDMILL Varekwadi, Tal Patan
Distt. Satara
Maharashtra

CONTENTS

Notice	2
Directors' Report	7
Corporate Governance	10
Auditors' Report	19
Balance Sheet	25
Profit and Loss Account	26
Schedules forming part of the Accounts ...	27
Cash Flow Statement	50

BIRLA POWER SOLUTIONS LTD.

NOTICE FOR TWENTY FIRST ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of BIRLA POWER SOLUTIONS LIMITED will be held on Wednesday, the 19th, September, 2007 at 11.30 AM at Patkar Hall of S.N.D.T. Women's University, Nathibai Thakersey Road, New Marine Lines, Mumbai- 400 020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account of the Company for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Manish Malani, 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, 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. Biswajit Sarkar, who was appointed by the Board as Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from 31st July, 2007 and who holds office upto the date of ensuing Annual General Meeting and in respect of whom, the company has received a notice in writing under Section 257 of the Companies Act, 1957 from a member proposing his candidature, for the office of the Director, be and is hereby appointed as Director of the Company."

6. Appointment of Mr. Biswajit Sarkar as Wholetime Director

To consider and if thought fit to pass, with or without modification(s) the following resolution as Special Resolution.

"RESOLVED FURTHER that pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII, and all other applicable provisions of the Companies Act, 1956, ("the Act") the approval of the company be and is hereby accorded to the appointment of Mr. Biswajit Sarkar as a Wholetime Director of the company with effect from 01st August, 2007 on the terms and conditions set out in the draft agreement to be entered into between the company and Mr. Biswajit Sarkar, a

copy of which, duly initialed by the the Chairman for the purpose of identification, is placed before the meeting with a liberty to the Board of Directors or Chairman to alter and vary such terms and conditions including remuneration within, however, the maximum limit prescribed under Schedule XIII of the Act..

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

7. Increase in Authorized Capital

To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:

"Resolved that pursuant to the provisions of Sections 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorized capital of the company of Rs. 30,00,00,000 (Rupees thirty crores) divided into 3,00,00,000 equity shares of Rs. 10/- each be and is hereby increased to Rs55,00,00,000 (Rupees Fifty five crores only) divided into 5,50,00,000 (Five crores and fifty lakhs) equity shares of Rs. 10/ each."

8. Alteration of the Memorandum of Association of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:

Resolved that pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

V. The Authorized Share Capital of the Company is Rs 55,00,00,000 (Rupees Fifty five crores) divided into 5,50,00,000 (Five crore fifty lakhs only) equity shares of Rs.10/- (Rupees ten) each"

9. Alteration of the Articles of Association of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:

Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and is hereby altered by substituting the existing Article 5 thereof by the following

Article 5:

5. The Authorized Share Capital of the Company is Rs 55,00,00,000 (Rupees Fifty five Crores only) divided into 5,50,00,000 (Five crores fifty lakhs only) equity shares of Rs 10/- each with power to increase or reduce the capital subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act."

BIRLA POWER SOLUTIONS LTD.

10. Increase in Borrowing Limits

To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution:

"Resolved that in supersession of the resolution passed at the Annual General Meeting of the Company held on 25th September, 1995, the Board of Directors be and is hereby authorized in accordance with Section 293 (1) (d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion for the purpose of the business of the company, which together with the monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed at any time the aggregate of the paid up capital of the company and its free reserves (that is to say reserves not set apart for any specific purpose) by a sum not exceeding Rs.300 crores (Rupees three hundred crores) and that the Board of Directors be and is hereby empowered and authorized to arrange and or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit."

11. Creation of Charge/mortgage/hypothecation.

To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution:

"Resolved that the the Company do hereby accord its consent under Section 293 (1) (a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the company of all or any of the immovable and movable properties of the company wherever situate, both present and future, the whole or substantially the whole of the undertaking/s of the company in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the company in certain events for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or to secure any debentures/bonds issued or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other monies payable by the company to the concerned lenders within the overall limits specified under Section 293(1)(d) of the Companies Act, 1956.

12. To consider and if thought fit, to pass with or without modifications the following resolutions as a special resolution:

Further Issuance of Securities

"RESOLVED that pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the company are listed, Foreign Exchange Management Act, 2000

(FEMA), and Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depository Receipt Mechanism) Scheme 1993 and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, any securities including Global Depository Receipts and/or American Depository Receipts convertible into Equity shares and/or convertible bonds and/or other securities convertible in to Equity shares at the option of the Company and/or the holder(s) of such securities, and/ or securities linked to equity shares and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant holder to subscribe for the equity shares and/or warrants with and option exercisable by the warrant-holder to subscribe for equity shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as 'Securities') to eligible investors (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies, and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company), through prospectus and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash; at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities; provided that the total amount raised through the issuance of such Securities does not exceed US \$ 25 million or its equivalent in one or more currencies, including premium if any.

"RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and condition relating to payment of interest, dividend, premium on redemption at the option

BIRLA POWER SOLUTIONS LTD.

of the Company and/or holder of any securities, or for variation of the price or period of conversion of securities in to equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities.

"RESOLVED FURTHER that the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying equity shares in the capital of the company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

"RESOLVED FURTHER that the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter se and with the then existing equity shares of the company in all respects.

"RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things at it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

"RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any officers of the company.

BY ORDER OF THE BOARD

PLACE : MUMBAI **N. NAGESH**
DATED : 20th August, 2007 **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 17/09/2007 to 19/09/2007 (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 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). Shareholders who have not encashed their dividend warrants, for the financial year ended 31st March, 2000 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. 5

APPOINTMENT OF MR. BISWAJIT SARKAR AS DIRECTOR

The Board has appointed Mr. Biswajit Sarkar as Additional Director effective 31st July, 2007 in terms of Article 136 and Section 260 of the Companies Act, 1956. Mr. Sarkar holds office upto the ensuing Annual General Meeting. The company has received from a member a notice in writing pursuant to Section 257 of the Companies Act, 1957 proposing the candidature of Mr. Sarkar as Director. Your directors feel that the services of Mr. Biswajit Sarkar are highly beneficial to the Company and therefore commends his appointment for your approval.

Except Mr. Sarkar, none of the other directors is, in any way, concerned or interested in the resolution/

Item No.6

APPOINTMENT OF MR. BISWAJIT SARKAR AS WHOLETIME DIRECTOR

Mr. Biswajit Sarkar is a Metallurgical Engineer with a 1st class first (Gold Medalist) with varied experience and expertise in plant operations, and strategic management in reputed companies like Sterlite Industries Ltd., HINDALCO Industries Limited, Aluminum Industries SDN BHD, Union Carbide.. Mr. Sarkar has joined the company effective 20th March, 2007 as Chief Executive Officer. In view of his profile and the requirements of the company, the Board has appointed Mr. Biswajit Sarkar as Wholetime Director effective 1st August, 2007 for a period of 3 three years. The material terms of the agreement to be entered into between the company and Mr. Sarkar are given below:-

PERIOD OF APPOINTMENT: 3 (THREE YEARS) EFFECTIVE 1st August 2007

1. Salary Rs 1, 20,000 per month
2. Perquisites

He shall be entitled to furnished /non-furnished accommodation or house rent allowance in lieu thereof, house maintenance, medical reimbursement, medical insurance, leave travel concession for self and family as per company rules, company maintained car, telephone, and such other perquisites, to be determined in accordance with Income Tax Rules, 1962, being restricted to Rs. 12.00 lakhs

3. The company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites

Mr. Sarkar will not be entitled to any sitting fees for attending any meeting of the Board or any other Committee of Directors.

In the event of absence or inadequacy of profits in any financial year, Mr. Sarkar will be paid the aforesaid remuneration in accordance with the provisions of Schedule XIII of the Companies Act, 1956

The Board or the Chairman will have the discretion and authority to modify the foregoing terms of remuneration within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

NATURE OF DUTIES

Mr. Sarkar shall devote his whole time and attention to the

business of the company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the company and the group.

Mr.Sarkar will not be subject to retirement by rotation.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Board of Directors accordingly recommends the resolution at item No. 6 as ordinary resolution for the approval of the shareholders.

Except Mr. Sarkar, none of the other directors is concerned or interested in the resolution.

Item No 7,8 & 9

The company proposes to strengthen its financial position by generating long term resources by issuing securities including Global Depository Receipts and/or American Depository Receipts and/or Foreign Currency Convertible Bonds in international market/s, as contemplated in item No.12 of the Notice. It is therefore deemed appropriate to increase the Authorised Share Capital of the company from Rs 30.00 crores to Rs 55.00 crores and consequently to alter the Memorandum and Articles of Association of the Company as set out at item Nos 7,8 & 9 of the accompanying notice.

In accordance with the provisions of the Companies Act, 1956, the company is seeking the approval of the shareholders for increase in authorized share capital and for alteration of capital clause V and Article 5 of the Articles of Association of the Company.

Your Board of Directors accordingly recommends the resolutions at item No7, 8& 9 as special resolutions for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the said resolutions

Item No.10

In terms of the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the company in general meeting, borrow moneys, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital of company and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the company's expanding business and its growth plans, it is deemed desirable to enhance the said borrowing limits.

Your Board of Directors accordingly recommends the resolutions at item No.10 as ordinary resolution for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the said resolutions

Item No.11

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the company in such form, manner and rankings as may be determined by the Board of Directors of the company from time to time, in consultation with the lender(s).

Under Section 293 (1) (a) of the Companies Act, 1956, the

BIRLA POWER SOLUTIONS LTD.

Board of Directors, except with the consent of the Shareholders in a general meeting, cannot create charge, mortgage, hypothecate the company's movable and immovable properties in favour of lender(s).

Your Board of Directors accordingly recommends the resolution at item No.11 as ordinary resolution for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the said resolutions

Item No.12

The Company needs to augment long term resources to strengthen its financial position and to meet its growth objectives, towards becoming the country's leading integrated player in power solutions segment, besides diversifying into manufacture of other products. To fund the growth plans of the company, it is accordingly proposed to issue securities in the international/domestic market (s) as contemplated in the resolution set out at item No 12 of the accompanying Notice, as may be decided by the Board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of securities as above may be made in one or more tranches, in the international market in one or more currency, upto an aggregate amount of US\$ 25 million

or equivalent thereof. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The securities will be listed on such international/Indian Stock Exchanges as the Board may be advised.

Section 81(1A) of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the dated of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all securities to the existing equity shareholders, unless the shareholders decide otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Securities and in the event it is decided to issue Securities convertible into Equity Shares, to issue to the holders of such convertible Securities in such manner and such number of Equity Shares on conversion as may be required to be issued in accordance with the terms of the issue.

The Board of Directors recommends the resolution set out at item No.12 of the accompanying Notice for the approval of the Members.

None of the Directors is in any way concerned or interested in the resolution.

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

1.	Name of Director	Shri Manish Malani
	Date of Birth	20.08.1969
	Date of Appointment	26.11.2004
	Expertise in specific functional areas	An MBA, LLB General Management, Finance, Administration
	List of outside directorships in Public / Private Limited Companies.	Zenith Dyeintermediaries Limited Shloka Infotech Limited Birla Bombay Pvt. Ltd Birladp Carpets Pvt. Ltd Birla Grass Pvt Ltd Shloka Publications Pvt. Ltd Shloka Academy Pvt. Ltd Shloka Finance Consultancy Pvt.Ltd Shloka Graphics Pvt. Ltd Shloka Peripheral Pvt. Ltd Shloka Software Pvt. Ltd Viking Travels Pvt. Ltd
	Chairman / Member of the Committees of other Companies.	NIL
	No.of shares held in the Company	NIL
2.	Name of Director	Mr Biswajit Sarkar
	Date of Birth	20 th February, 1958
	Date of Appointment	20 th March, 2007
	Expertise in specific functional areas	Mr.Sarkar is a metallurgical engineer with first class first (gold medalist). Has more than 20 years experience in across diverse operations in the manufacturing industry and strategic management.
	List of outside directorships in Public Limited Companies.	NIL
	Chairman / Member of the Committee.	NIL
	No.of shares held in the Company	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 period ended on 31st March, 2007.

FINANCIAL RESULTS

	(Rs. in lacs) For the 18 Months period ended 31.03.2007	for the 12 months year ended 30.09.2005
Sales & Other Income	23009.79	9268.27
Profit before interest and depreciation	2422.49	1531.15
Interest (Net)	1234.87	638.46
Profit before depreciation	1187.62	892.69
Depreciation	327.10	293.63
Profit after depreciation but before Tax	860.52	599.06
Provision for taxation	(2.78)	122.07
Adjustment of provision for earlier years	108.42	268.44
Tax adjustment for the earlier years	181.28	-
Profit after tax	573.60	208.55

OPERATIONS

During the period under report the total revenues for the financial year (18 months period) ended on 31st March, 2007 were Rs.23009.79 Lacs as against Rs 9268.27 during the last financial year of 12 months period ended on 30th September,2005 showing an increase of 65.51% on annualized basis. Similarly the profit after tax during the same periods were Rs 573.60 Lacs and Rs 208.55 Lacs, showing an increase of 83.36%.

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

The company has completed the expansion-cum-diversification project and which will yield results in the current financial year.

FUTURE PROSPECTS

Your Company is repositioning Portable Genset brand Birla Ecogen through improved design, aesthetics and superior service to valued customers.

Company has also earmarked projects to manufacture acoustic canopies, AMF Panel for Higher KVA and Portable gensets in house. This will give substantial cost reduction beside building our own USPs like reduced sound emission and automated Control Panels for customers delight.

Growth potential is very strong in higher KVA i.e. 7.5 to 30 KVA gensets for Telecom sector and your company is a major player today in this DG segment.

Demand for portable genset is strong and your company expects to register a sizable growth in sales and contribution in 2007-08. Multipurpose engine and pumps have strong demand in agricultural sector and your company is planning to launch fuel efficient diesel pumps sets in the market.

Your company is in the final stage of introducing Power tiller with Japanese help for high growth in the growing agricultural sector of India.

DIVIDEND

Your Directors are pleased to recommend the payment of a dividend @ 6 % (Rs 0.60 Paise per share) on the expanded capital for the financial year ended on 31st March, 2007. The Dividend will absorb a sum of Rs 142.59 Lacs (excluding dividend tax of Rs.24.23 Lacs)

INCREASE IN AUTHORISED CAPITAL

During the period under review, the authorized share capital of the company was increased from Rs 22.50 to Rs.30.00 crores by creation of additional 75,00,000 equity shares of Rs 10/- ranking pari-passu in all respects with the existing equity shares.

PUBLIC ISSUE

During the period under review, the company has successfully completed a follow on public issue and 1,20,03,206 equity shares of Rs 10/- each at a premium of Rs 32/- per share were allotted. These shares have been listed on the Bombay Stock Exchange Limited w.e.f. 26th April 2006.

PREFERENTIAL ISSUE

During the period under review, the company has also issued 12,80,000 equity shares of Rs 10/- each at a premium of Rs 33/- per share to M/s. Bennett, Coleman & Co. Ltd. On a preferential allotment basis in accordance with SEBI guidelines. These shares have been listed on the Bombay Stock Exchange Limited w.e.f. 2nd November, 2006..

As a result of above share issues, the paid up capital of the company has increased to Rs 23,76,42,560/-

LISTING OF SHARES

Your Directors are happy to inform you that National Stock Exchange of India Limited (NSE) has granted approval for listing of the company's shares and the same have been admitted for trading w.e.f. 6th June, 2007

DIRECTORS

Mr. Sanjay Khazanchi, has resigned as Whole time Director as well as Director of the Company w.e.f. 28.02.2007.

Pursuant to Article 150 of the Articles of Association of your Company and Section 256 of the Companies Act, 1956 Mr. Manish Malani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board in its meeting held on 31st July, 2007, has appointed Mr. Biswajit Sirkar as Director and also as Wholetime Director with effect from 01st August, 2007 for a period of three years, subject to the approval of shareholders in the ensuing Annual General Meeting.

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

During the period under review your Company has accepted deposits from the public amounting to Rs 1447.32 lacs. As on 31st March, 2007 no deposit has fallen due for repayment.

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.

BIRLA POWER SOLUTIONS LTD.

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.

The observations of the Auditors in their Report are self-explanatory and/or are suitably explained hereunder:-

I. ERP Package

1. The ERP (Software) Package for inventory accounting, is in final stages of implementation and the same will be completed in the current financial year.
2. The company has earlier appointed a firm for designing, installing and implementing an ERP package . But the ERP package did not work well due to certain problems. The company has now appointed another firm for implementing ERP package afresh and the same is expected to be completed during this current financial year. Due to non functioning of the earlier ERP package, the company could not comply with all the accounting standards. The company will ensure compliance of accounting standards during the current year.

II. Compliance with Accounting standards

1. As stated above, once the ERP software package is implemented during the current financial year, the company will comply fully with all the accounting standards.

III. COMPLIANCE WITH DEPOSIT RULES

1. The company has taken steps to comply with the relevant provisions of the Companies (Acceptance of Deposit) Rules, 1975.

IV. CORPORATE GOVERNANCE REPORT

1. As stated above, once the ERP software package is implemented during the current financial year, the company will comply fully with all the accounting standards.
2. All complaints were solved except those two cases where the requisite details/documents were not furnished to the company
3. There is no pecuniary relationship with any of the directors, except for the sitting fees paid to non executive directors and managerial remuneration paid to the whole time director, as approved by the shareholders.

INDUSTRIAL RELATIONS

The Company enjoyed harmonious relations with employees through out the period under review.

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. 271.15 lacs through imports, overseas travelling and dividend as against inflow of Rs. 329.83 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 period ended on 31st March, 2007 the applicable accounting standards, except those stated in para 3(d) of the Auditor's Report 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 period ended on 31st March, 2007 and of the profit of the Company for that period;
- 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 period ended on 31st March, 2007 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: 31st July, 2007

YASHOVARDHAN BIRLA
CHAIRMAN

BIRLA POWER SOLUTIONS LTD.

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 31st March, 2007.

Sl. No	Name	Qualification	Age (Years)	Designation	Experience (Years)	Date of Commencement of employment	Remuneration (In Rs.)	Last employment held/Name of the Employer/ Designation
1.	Mr. Sanjay Khazanchi	MBA (MKG.) & B.E.	45	Whole Time Director	21	11.02.2004	Rs.52,23,554/-	Regional Director - (South Asia & Middle East) Corning Inc
2.	Mr. Biswajit Sarkar	B.E.	49	Chief Executive Officer	20	20-03.2007	Rs. 1,06,452/-	CEO, India Foils Ltd
3.	Mr. Rohit Dhar	B.E. P.G. Diploma	41	Vice President Marketing	19	21.02.2007	Rs.3,95,857	Head (Business Development) ACME Energy Solutions Ltd.

- The remuneration of Mr.Sanjay Khazanchi is for the period 1.10.2005 to 28.02.2007 and includes salary, Company's contribution to provident fund, superannuation, house rent allowance, expenditure by the Company on accommodation, leave encashment, leave travel assistance, medical and other facilities.
- The appointment of Mr. Sanjay Khazanchi, Whole Time Director & President was contractual.

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION (FROM 01.10.2005 TO 31.03.2007)

A RESEARCH AND DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

- Design & development of LPG Run Genset.
- Development of Acoustic range of Higher capacity Diesel Gensets upto 30 KVA
- Redesign of Acoustic Hood in portable sets for reduction in the heating effect for better performance
- Noise phase -2 (Type approval) compliance as per CPCB norms for higher capacity DG sets from NPL
- Improvement of Portable Gensets Emission for Confirmatory Oil Production
- Development of Micro controlled Quasi Sine Wave Inverters upto 800VA
- Development of Sine Wave inverters (Home UPS upto 1400VA
- Testing, Validation and launching of BIRLA KIPOR Pumpsets

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

- Diversification of product to cater competitive market segment of higher capacity gensets, inverters and pumpsets.
- Compliance to CPCB mandatory norms

3. FUTURE PLAN OF ACTION

- Design & fabricate Acoustic canopy for portable & higher capacity gensets in house.
- Development of Power Tiller
- Development of overhead value engines.
- Design and Development of New Acoustic Hood for Portable Gensets for better performance
- Development of AMF Panels in house for Higher Capacity Diesel Seats.

EXPENDITURE ON R&D

	(Rs. in lacs)
a. Capital	- 0.00
b. Recurring	- 71.12
c. Total	- 71.12
d. Total - R&D expenditure as a percentage of total turnover	- 0.31%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief, made towards technology absorption adaptation & innovation : The company has successfully redesigned the products as per International Emission norms and achieved Phase - II Exhaust Emission and Noise Emission Norms.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development. : Offering latest technology products at affordable cost became possible due to in house development of technology. The new technologies helped the Company in overall improvement of quality and efficiency.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of financial year), following information is furnished :
 - Technology Imported : Manufacture of Portable Gensets & Multi Purpose Engines.
 - 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.
 - 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.
 - If not fully absorbed, areas where not taken place, reasons thereof and future plans of action. : Not applicable