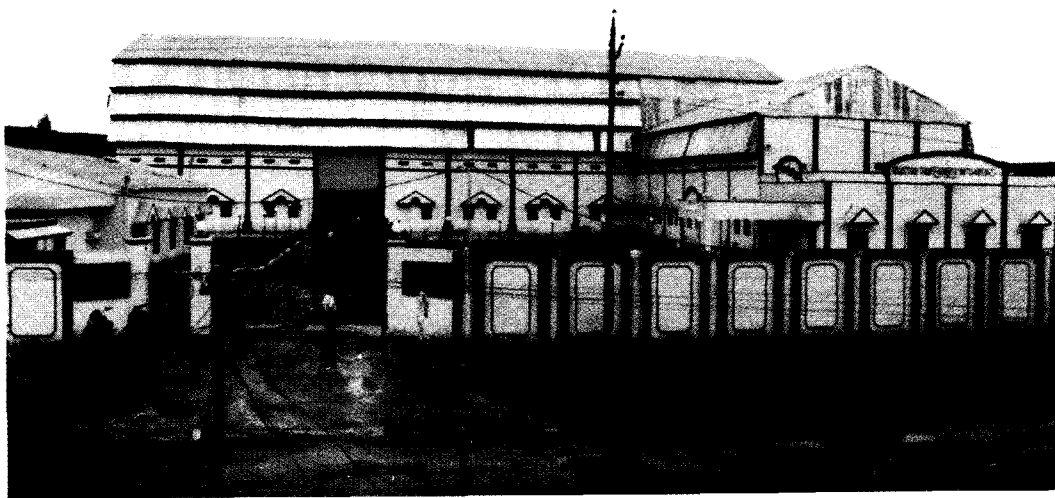




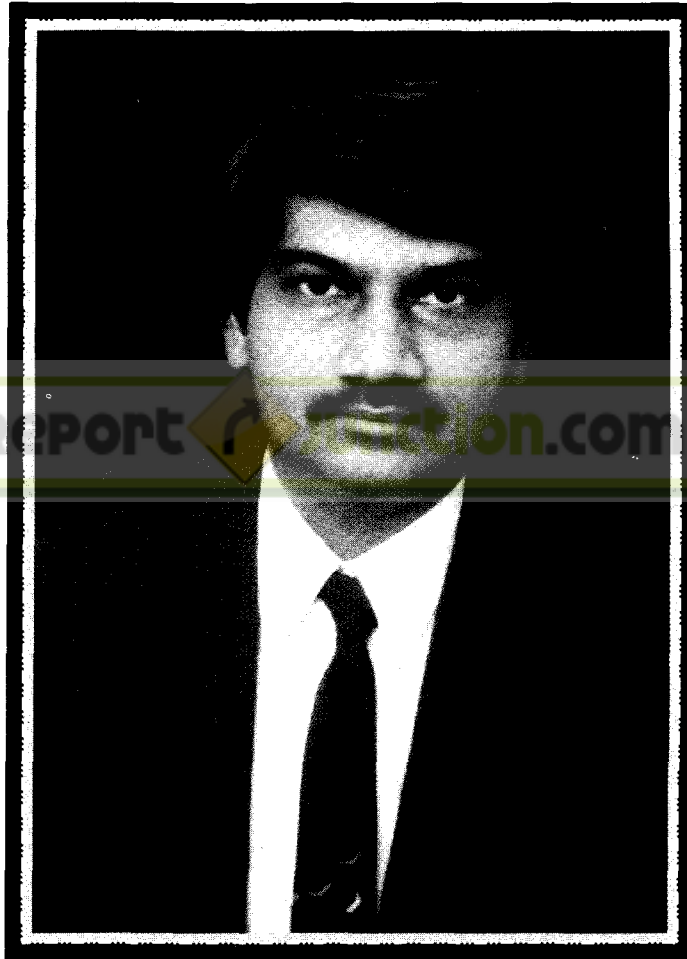
58th ANNUAL REPORT 2005 - 2006

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RTS POWER CORPORATION LIMITED

Mortal in life - immortal memory



Late Surendra Bhutoria (1961-1995)

RTS POWER CORPORATION LIMITED

BOARD OF DIRECTORS :

SRI SARDUL SINGH JAIN	CHAIRMAN
SRI ABHAY BHUTORIA	MANAGING DIRECTOR
SRI RAJENDRA BHUTORIA	WHOLE TIME DIRECTOR
SRI LOON KARAN PATAWARI	DIRECTOR
SRI SHARAD BHUTORIA	DIRECTOR

COMPANY SECRETORY

SRI J. BISWAS

AUDITORS :

A.C. BHUTERIA & CO.

CHARTERED ACCOUNTANTS

2, INDIA EXCHANGE PLACE

KOLKATA - 700 001

BANKERS :

THE BANK OF RAJASTHAN LTD.

STATE BANK OF BIKANER & JAIPUR

BANK OF BARODA

IDBI BANK LTD.

BANK OF INDIA

REGISTERED OFFICE :

56, NETAJI SUBHAS ROAD,

KOLKATA - 700 001

PLANT :

- | | |
|--|--|
| 1. Jaipur - Rajasthan
(Power & Distribution Transformers Unit) | 2. Jaipur - Rajasthan
(132 KV Extra High Voltage
Transformer Unit) |
| 3. Kaladera - Rajasthan
(Oil Unit) | 4. Agra - Uttar Pradesh
(Power & Distribution Transformers
Unit) |
| 5. Salkia, Howrah - West Bengal
(Power & Distribution Transformer Unit) | 6. Dhule - Maharashtra
(Wind Energy Division) |

REGISTERARS & SHARE TRANSFER AGENT :

NICHE TECHNOLOGIES PVT. LTD.

D-511, Bagree Market, 71 B.R.B. Basu Road,

Kolkata - 700 001

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NOTICE

NOTICE is hereby given that Fifty Eighth Annual General Meeting of Shareholders of the Company will be held at 8B Lindsay Street, Kolkata – 700 087 on Monday, 25th day of September, 2006 at 10.30 A.M to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2006 and the Balance Sheet of the Company as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Loon Karan Patawari, who retires by rotation, and, being eligible, offers himself for re-appointment.
3. To declare Final Dividend on Equity Shares.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution with or without modification(s) :

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. A. C. Bhuteria & Co., Chartered Accountants be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Audit Committee of the Board of Directors of the Company to fix their remuneration."

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 the Board of Directors of the Company be and is hereby authorized to appoint any person qualified for appointment as Auditors of the Company under Section 228 of the Companies Act, 1956, for auditing the Accounts of the Branch Offices of the Company, situated at Jaipur - Rajasthan, Agra – U.P. and Dhule - Maharastra for the Financial Year 2006-2007, in consultation with the statutory Auditors of the Company at a remuneration to be fixed by the Audit Committee of the Board of Directors of the Company."

6. 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 Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (hereinafter referred to as "the Act") and subject to the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with

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the Stock Exchanges where the Shares of the Company are listed and in accordance with the applicable regulations / guidelines / clarifications issued by The Securities and Exchange Board of India ("SEBI"), The Reserve Bank of India ("RBI"), all other applicable laws, regulations and subject to the approval of the lenders, if any, and subject to all such approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permission or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to create, issue and allot, in one or more tranches, and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment up to 20,00,000 Warrants, with an option to the Warrant holders to acquire, for every Warrant, one fully paid up Equity Share of Rs. 10/- each of the Company for cash, at a price of Rs. 95/- per Equity Share (i.e. at a premium of Rs. 85/- per share), aggregating to Rs. 19 Crores (Rupees Nineteen Crores only) which price has been calculated based on "Guidelines for Preferential Issues" issued by SEBI under SEBI (Disclosure & Investor protection) Guidelines, 2000 ("SEBI DIP Guidelines"), on such other terms and conditions, as the Board may deem appropriate in its absolute discretion to the Promoters and such Companies and persons of the Promoters Group, their friends, relatives and associates and other independent persons / investors, Indian/Overseas, on the general terms and conditions given herein :

1. One new Equity Share of the Company of the face value of Rs. 10/- each at a price of Rs. 95/- per Share in lieu of one Warrant which shall be issued at same price calculated as per SEBI DIP Guidelines and certified by the statutory Auditors of the Company.
2. The "Relevant Date" for the purpose of Preferential Issue as per SEBI DIP Guidelines as amended upto date for the determination of the applicable price for the Equity Shares in lieu of the above mentioned Warrants is 26th August, 2006, which is 30 days prior to the date of this Annual General Meeting.
3. The amount of Rs. 1.90 Crores (Rupees One Crore & Ninety Lacs only) being 10% of the total Warrant amount will be payable at the time of making the application which will be kept by the Company as a deposit to be adjusted and appropriated against the price of Equity Shares payable by the Warrant Holders at the time of exercising the option.
4. The option to acquire the Equity Shares may be exercised by the Warrant Holders at any time in one or more tranches before the expiry of 18 months from the date of allotment of Warrants.
5. In the event the Warrant Holder does not exercise the option given under the Warrants within 18 months from the date of allotment of Warrants, the Warrants shall lapse and the amount of deposit shall stand forfeited by the Company.
6. The Warrants issued and allotted to the Promoters Group shall be transferable within the Promoters Group subject to the approval of the Board and such other approvals as may be necessary.

RTS POWER CORPORATION LIMITED

7. The instruments shall be subject to such lock-in period as specified in SEBI DIP Guidelines as amended upto date.
8. The Equity Shares to be issued and allotted by the Company as a consequence of the conversion / exchange of the Warrants in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respect with the existing Equity Shares of the Company.
9. The Warrants shall not carry any voting / dividend rights.

FURTHER RESOLVED THAT :

- a. The Board be and is hereby authorized to decide and approve the other terms and conditions of the Issue of the Shares and also shall be entitled to vary, modify or alter any of the terms and conditions, including the Issue Price and the size of the Issue, allottees of the Issue, as it may deem expedient, subject to the provisions of the Act, the rules / regulations / guidelines issued by GOI / RBI / SEBI, without being required to seek any further consent or approval of the Company in General Meeting.
- b. The offer, issue and allotment of the aforesaid Shares shall be made at such time or times as the Board may in its absolute discretion decide.
- c. The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this Resolution to any Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid Resolution.

FURTHER RESOLVED THAT for giving effect to this Resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue, allotment and utilization of the issue proceeds of the Shares for the Company's expansion plans, capital expenditure, working capital and other corporate initiatives etc., to prescribe the Forms of application, enter into agreement or other instruments, and to take such actions or such directions as may be necessary or desirable and to obtain any approval, permission, sanction which may be necessary or desirable, as they may deem fit.

FURTHER RESOLVED THAT the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the GOI / RBI / SEBI or any other regulatory authority may stipulate in that behalf, without being required to seek any further consent or approval of the Company in General Meeting."

Registered Office :

56, Netaji Subhas Road

Kolkata – 700 001.

Dated : 26th August, 2006

By Order of the Board

J. BISWAS**COMPANY SECRETARY**

RTS POWER CORPORATION LIMITED

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. Proxies in order to be effective, must be received by the Company at its Registered Office not less than **48 hours before the Meeting**.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 19th day of September, 2006 to Monday, 25th day of September, 2006, both days inclusive.
3. Members who hold Shares in physical form are requested to notify immediately any change of their addresses to the Company's Registrar & Share Transfer Agent, M/s. Niche Technologies Pvt. Ltd., D-511, Bagri Market, 71, B.R.B. Basu Road, Kolkata – 700 001. so that future communications can be correctly dispatched.
Mr. J. Biswas, Company Secretary is the Compliance Officer in terms of Clause 12B of the Listing Agreements with the Stock Exchanges. Members may communicate with the Compliance Officer in relation to any query pertaining to their shareholdings.
4. As per the provisions of the Companies Act, 1956 the facility for making nominations is available to the Members in respect of their Shares in the Company. Nomination Forms can be obtained from the Company's aforesaid Registrar & Share Transfer Agent in case they hold their Shares in physical form. If they are holding the Shares in dematerialized form, they may contact their respective Depositories for such nomination.
5. Members holding more than one Share Certificate in the same name and in the same order of names but under different Ledger Folios, are requested to apply for consolidation of such Folios and send their all relevant Share Certificates to the Company's aforesaid Registrar and Share Transfer Agent by Registered Post at the earliest to facilitate better service in case they desire to continue to hold Shares in physical form in the Company.
6. The Company has signed Agreements with National Securities Depository Limited and Central Depository Services (India) Limited for Dematerialization of the Company's Shares. These facilities are now operational since 13th February 2001 and members are requested to avail of the same. Demat ISIN No. allotted by NSDL and CDSL is INE005C01017.
7. Members who hold Shares in physical form are requested to inform the Company's aforesaid Registrar and Share Transfer Agent their Income Tax Permanent Account Number (PAN) / General Index Register Number (GIR), if any, allotted to them by the Income Tax Authorities.
8. Members holding Shares in physical form are requested to note that, in order to avoid any loss / interception in postal transit and also to get prompt credit of Dividend, they may provide details of their Bank Account quoting their Folio Numbers to the R&T Agents to enable them to print such details on the Dividend Warrants.

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9. Members holding Shares in electronic form may please note that their Bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable Regulations of the Depositories and the Company will not entertain any direct request from such Members for change / deletion in such Bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the Dividend paid on Shares held in electronic form. Members may therefore give instructions regarding Bank accounts in which they wish to receive Dividend, to their Depository Participants.
10. **Members are requested to produce the accompanying Attendance Slip at the entrance of the Meeting Hall and bring their copies of the Annual Report to the Meeting as extra copies will not be possible to be supplied. Members who hold shares in Dematerialized form are requested to indicate without fail their DPID and Client ID Numbers in the Attendance Slip.**
11. **Members intending to require information about Accounts to be explained / clarified at the Meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.**
12. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 6 under Special Business is annexed hereto.

BRIEF PROFILE OF DIRECTOR SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO THE CORPORATE GOVERNANCE CODE :

1. Name of the Director	Sri Loon Karan Patawari
Age	71 years
Qualifications	Self Educated
Nature of expertise	He has been attached with the Company for last 55 years. He has vast experience in Finance & Accounts.
Date of First Appointment	20.02.1985
Name of the companies in which he holds Directorship of Boards	NIL
Name of the companies in which he holds Membership of Committees of Board	NIL
Professional Membership	NIL

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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5 :

The Company has Branch Offices and Units at Jaipur, Agra and Dhule - Maharashtra. M/s. N.C. Dhadha & Co., Chartered Accountants, were appointed the Branch Auditors for the Financial Year 2005-2006. It is proposed to re-appoint M/s. N.C. Dhadha & Co., Chartered Accountants as Branch Auditors for the Jaipur, Agra and Dhule - Maharashtra Offices and Units for the Financial Year 2006-2007.

The Shareholders approval is, therefore, sought for the appointment of M/s. N.C. Dhadha & Co., Chartered Accountants as Branch Auditors of the Company's Branch Offices and Units in Jaipur - Rajasthan, Agra - U.P. and Dhule - Maharashtra for the Financial Year 2006-2007 and to authorize the Audit Committee of the Board of Directors to determine the remuneration payable in consultation with them.

The Board of Directors recommends the Resolution for acceptance by the Members.

Item No. 6 :

To support the growth plans and to raise resources for its long term requirements and working Capital needs, your Board of Directors ("BOARD") in its Meeting held on 26th August, 2006 subject to the approval by the Company in General Meeting and requisite statutory approvals, has proposed to offer for subscription by way of preferential allotment 20,00,000 Warrants with an option to the Warrant holders to acquire, for every Warrant, one fully paid-up Equity Share of Rs. 10/- each of the Company for cash, at a price of Rs. 95/- per Equity Share of Rs. 10/- each of the Company (the "Shares") to the Promoters and such Companies and persons of the Promoters Group, their friends, relatives and associates and other independent persons / investors, Indian/Overseas, in one or more tranches, on an aggregate value of Rs. 19 Crores (Rupees Nineteen Crores Only).

The Special Resolution has been proposed under the provisions of Section 81(1A) of the Companies Act, 1956 (the "Act") in view of the fact that the Shares may be offered to persons who may or may not be the existing Members.

As per SEBI's Guidelines for Preferential Issues, the Issue of Shares on a preferential basis can be made only at a price, which is not less than the higher of the following :

- a. The average of the weekly high and low of the closing prices of the Shares quoted on the Stock Exchange during the six months preceding the "Relevant Date";

or

- b. The average of the weekly high and low of the closing prices of the Shares quoted on the Stock Exchange during the two weeks preceding the "Relevant Date".

The "Relevant Date" for the above purpose means the date of thirty days prior to the date on which the Annual General Meeting is held to consider the proposed Issue under Section 81(1A) of the Act. As the date of the ensuing Annual General Meeting of Shareholders is 25th September, 2006, the "Relevant Date" is 26th August, 2006.

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The minimum Issue price computed on the above basis works out to Rs. 95/- per Share approximately. As against this, the Shares are proposed to be issued at Rs. 95/- per Share. The Equity Shares to be issued and allotted on exercise of the Warrants shall be subject to the Memorandum and Articles of Association of the Company and the terms of Issue. The Equity Shares to be issued and allotted on exercise of Warrants shall rank pari-passu in all respects with, and carry the same rights including Dividend as, the existing Equity Shares.

The Board believes that the proposed offer will be in the best interest of the Company and its Members.

1. Object of the Issue :

The objects of the Issue are to mobilize funds for implementing the Company's growth plans. The Company propose to expand its existing capacities. Therefore, the funds to be raised from this Preferential Issue along with internal accruals will be utilized for funding Capital expenditure for existing operations as well as expansions and meeting working capital requirements of the Company.

2 Intention of Promoters / Directors / Key Management Persons to subscribe this Preferential Offer :

The Promoters and the Companies of the Promoters Group intend to subscribe to the Issue of Warrants / Equity Shares on its conversion on a Preferential basis.

3. Shareholding Pattern before and after the proposed Issue based on the Shareholding Pattern as on 30.06.2006 (assuming {a} allotment of 20,00,000 Equity Shares to the Company of the Promoters Group and Independent Investors against the same number of Warrants and { b} no further increase in the Company's paid-up Share Capital in between) :