



THE YASH BIRLA GROUP

Dated March 8, 2006
PROSPECTUS
U/S 60 of the Companies Act, 1956



BIRLA POWER SOLUTIONS LIMITED
 (Formerly known as Birla Yamaha Limited)

(Incorporated as Birla Yamaha Limited on 27th April, 1984 and received the Certificate of Commencement of Business on 2nd May, 1984 under Companies Act, 1956. The name of the company was changed to Birla Power Solutions Limited w.e.f. December 04, 2003)

Registered Office : 159 Industry House, Churchgate Reclamation, Mumbai – 400 020

Tel: (022) 22026340 **Fax :** (022) 22045166

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Contact Person: Mr. Nadimpally Nagesh, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 120,00,000 EQUITY SHARES OF RS. 10/- EACH
FOR CASH AT A PREMIUM OF RS. 32 PER SHARE (i. e. AT A PRICE OF RS. 42 PER SHARE)
AGGREGATING TO RS. 5040.00 LAKHS.
(THE ISSUE PRICE OF RS. 42/- PER SHARE IS 4.2 TIMES OF THE FACE VALUE)

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document.


The attention of investors is drawn to the statement of Risk Factors appearing on page nos. vii to xvi of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing equity shares of the Company are listed on the Bombay Stock Exchange Ltd. (the Designated Stock Exchange). The Company has received in-principle approval from BSE vide their letter no. List/sm/jc/2006 dated February 01, 2006 for listing of the equity shares being issued in terms of this prospectus.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
KEYNOTE CORPORATE SERVICES LTD Keynote Corporate Services Limited 307, Regent Chambers, Nariman Point, Mumbai - 400 021 Tel.: (022) 2202 5230 Fax: (022) 2283 5467 E-mail: mbd@keynoteindia.net SEBI Regn. No.: INM 000003606 AMBI Regn No: AMBI/040	 Bigshare Services Private Limited E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072 Tel No. : (022) 2847 0652 Fax: (022) 28475207 E-mail: ipo@bigshareonline.com SEBI Regn. No.: INR 000001385

ISSUE OPENS ON	FRIDAY, MARCH 24, 2006
ISSUE CLOSES ON	WEDNESDAY, MARCH 29, 2006


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**DEFINITIONS/ABBREVIATIONS****GENERAL TERMS**

Act	The Companies Act, 1956 & subsequent amendments thereto.
AMCs	Asset Management Company
Articles	Articles of Association of Birla Power Solutions Limited
Board	Board of Directors of Birla Power Solutions Limited
BSE	Bombay Stock Exchange Limited/Designated Stock Exchange
CDSL	Central Depository Services (India) Ltd.
Company/BPSL	Birla Power Solutions Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
EPS	Earning Per Share
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FEMA	The Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
HUF	Hindu Undivided Family
Memorandum	Memorandum of Association of Birla Power Solutions Limited
NRE	Non-Resident External
NRI	Non-Resident Indian.
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
Prospectus	This Prospectus dated March 8, 2006
RBI	Reserve Bank of India
ROC	Registrar of Companies, Maharashtra, Mumbai
ROCE	Return on Capital Employed
ROE	Return on Equity
RONW	Return on Networth
RTA	Registrar & Transfer Agent
Retail Individual Investor	Means an investor who applies for securities for a value of not more than Rs. 1,00,000/-.
SEBI	Securities and Exchange Board of India.

OFFER RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Offer Document
Application Forms	The Form in terms of which the investors shall apply for the equity shares of the company.


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Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms
Lead Manager	Lead Manager to the Issue, in this case being KEYNOTE CORPORATE SERVICES LIMITED
CAGR	Compounded Annual Growth Rate
D/E Ratio	Debt-Equity Ratio
DP	Depository Participant
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
IPO/Offer/Issue	This Public Issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040.00 Lacs.
ROC	Registrar of Companies, Mumbai.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited

COMPANY/INDUSTRY RELATED TERMS

VA	Volt Ampere
KVA	Kilo Volt Ampere
HP	Horse Power
DGS	Director General of Supplies
HSD	High Speed Diesel
KWH	Kilo Watt Hour
TCI	Transistor Control Ignition
LCD	Liquid Crystal Display
NAD	National Association of Deaf
LED	Light Emitting Diode
MSEB	Maharashtra State Electricity Board
ITAT	Income Tax Appellate Tribunal
ISO	International Standard Organisation
ERP	Enterprise Resource Planning
BIFR	Board for Industrial & Financial Reconstruction
CEA	Central Electricity Authority
MW	Mega Watt
NEID	Non Executive Independent Director
DFT	Directorate of Foreign Trade
SEB	State Electricity Board

**THE YASH BIRLA GROUP****CERTAIN CONVENTIONS; USE OF MARKET DATA**

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Prospectus, all figures have been expressed in Lakhs unless otherwise stated All references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section “Definitions and Abbreviations” on page iii of this Prospectus. In the section entitled “Main Provisions of Articles of Association” on page no. 209 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India,



FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- ◆ General economic and business conditions in India;
- ◆ The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- ◆ Changes in the value of the Rupee and other currency changes;
- ◆ Changes in the Indian and international interest rates;
- ◆ Allocations of funds by the Government;
- ◆ Changes in laws and regulations that apply to the customers of the Company and of Electrical and Equipment Industry.
- ◆ Increasing competition in and the conditions of the customers of the Company and the Electrical and Equipment Industry.
- ◆ Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page no. vii of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



SECTION I- RISK FACTORS

Prospective investors should carefully consider all the information in this Offer Document including the risks described below, in addition to the other information contained in this Offer Document, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment. In this section, any reference to "we", "us", "our" or "the Company" refers to Birla Power Solutions Limited

Note: *Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:*

A. RISKS SPECIFIC TO THE PROJECT

The company has not entered into any definitive agreement or placed orders for purchase of plant and machinery for the proposed project.

The company is yet to enter into any definitive agreement or place orders for purchase of plant and machinery. The estimated expenditure towards these objects will be financed from the proceeds of this issue. The estimates are based on the various quotations received by the company and the orders shall be placed at an appropriate time.

The company has not commissioned an independent appraisal for the use of proceeds to be raised through the Issue.

The proposed project for which the money is being raised has not been appraised by any entity. The uses of proceeds of the Issue, which are to be deployed on Phase –II of the project, have been determined based on the management's internal estimates. The Management of the company has sufficient expertise in the field to appraise the project. Moreover the company has successfully implemented Phase I of the project, which was appraised and partly funded by The Shamrao Vithal Co. Op. Bank Ltd.

Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect company's profitability.

The company is embarking on the proposed expansion and timely commencement of commercial operations at this project will have a critical bearing on the company's financial performance. Any delay in its completion or to the beginning of the production may adversely impact the results of its operations and would also affect the market price of the Equity Shares. The Phase –I of the project was completed in a record time and hence the management is confident to complete the project in time.

B. RISKS INTERNAL TO THE COMPANY

Auditor's qualification pertaining to the year 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 for which adjustments could not be carried out in the adjusted financial statements

1999 – 00

Auditor's qualifications pertaining to year 1999 – 00 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	No provision has been made in respect of Royalty amounting to Rs.140.48 lakhs and interest amounting to Rs.86.57 lakhs, pertaining to earlier years as referred to in Note No.5, which have resulted in an increase of Reserves & Surplus by Rs.227.05 lakhs.	Royalty is no longer payable as settled in court in the year 2001-02. Interest stands waived under the scheme of BIFR.

2000-01

Auditors qualifications pertaining to year 2000 - 01 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	No provision has been made in respect of Royalty amounting to Rs.140.48 lakhs and interest amounting to Rs.86.57 lakhs, pertaining to earlier years as referred to in Note No.5 which have resulted in an increase of Reserves & Surplus by Rs.227.05 lakhs.	Royalty is no longer payable as settled in the year 2001-02. Interest stands waived under the scheme of BIFR.

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Auditors qualifications pertaining to year 2001-02 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Loans and advances includes demand loan/advance of Rs.1053.06 lakhs(including interest of Rs.159.39 lakhs) given to a body corporate where terms of repayment have been restipulated during the year. As per the current repayment terms ,the said loan has not fallen due for repayment. Pending outcome of the rehabilitative measures under active consideration by the company as well as steps taken by the company to repay these amounts, the amount outstanding has been considered good and recoverable. whereof as such can not be commented upon by us presently.	Apart from recoveries made subsequently, Company expects to realize the entire amount in the near future. Hence no adjustment is called for. In any case as per terms of repayment the said loan has not fallen for repayment. Hence any provision for non-receipt of loan is not required.

2002-03

Auditors qualifications pertaining to year 2002-03 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Loans and advances includes demand loan/advance of Rs.1112.29 lakhs(including interest of Rs.207.62 lakhs) given to a body corporate where terms of repayment have been restipulated. As per current repayment terms , a part of said term loan has fallen due for repayment which has however been rescheduled pending outcome of rehabilitation measures under active consideration by the said company as well as steps taken by the company to recover these amounts, the amount outstanding has been considered good and recoverable..	Apart from substantial recoveries made subsequently, Company expects to realize the entire amount in the near future. Some of the loans&advances are rescheduled. The management feels these debts are recoverable. Hence no adjustment is called for.
b)	Note No.8B of Schedule 21 regarding pending reconciliation of some of the sundry debtors accounts and consequently our inability to comment whether the amount shown as good of recovery is fully recoverable.	Reconciliation with debtors is underway and financial impact could not be ascertained. Hence no adjustment is called for.

2003-04

Auditors qualifications pertaining to year 2003-04 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Note No.6A regarding purchases / sales of DFRC licenses and electronic / electrical components and miscellaneous appliances included in purchases / sales as stated in the said note.	This has no financial impact
b)	Note No.6B regarding netting off commission Income against the Commission Expenses on sale as stated in the said note.	This has no financial impact
c)	Note No.7B regarding loans and advances amounting to Rs.2006.68 lakhs given to / recoverable from certain bodies corporate / parties which become overdue as per terms of the agreement / sales terms, has been considered good and recoverable by the management, as state in said note and our inability to comment on realisibility / recoverability in absence of any supportive evidence (amount unascertainable).	Apart from recoveries made subsequently, Company expects to realize the entire amount in the near future. Hence no adjustment is called for.
d)	Note No.7C regarding sale of a overdue debtor as stated in the said note and our inability to comment on realisibility / recoverability of the same in absence of substantive evidence (amount unascertainable).	The Company is in active negotiations with the party and is positive that amount will be fully recovered along with the interest in due course. Hence no adjustment is called for.


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e)	Note No.8 regarding non provision against overdue debtors to the extent as stated in said note, as in the opinion of the management these are good and recoverable, and our inability to comment on realisibility / recoverability (amount unascertainable).	In our opinion the debtors are recoverable even though delayed and hence the management feels no provision is required.
f)	Note No.10 regarding accounting of Interest Income on overdue loans & advances and debtors amounting to Rs.480.85 lakhs based on management perception, which is not in confirmation with AS-9 (Revenue Recognition) and our inability to comment on realisibility.	In view of the comments in Para (c) and (d) above, no adjustment is called for
g)	Note No.2 and 11 regarding pending reconciliation and / or confirmation of balances of, loans & advances, stock with third parties, debtors, secured loans, unsecured loans, certain bank accounts, investments&contingent liabilities, creditors, other current liabilities considered based on management estimation as stated in the said notes and consequential impact thereof cannot be ascertained presently and our inability to comment on the correctness and completeness.	Reconciliation and/or confirmation with different parties are underway. As these are in progress and the management believes that no variation will be there which requires any adjustment in the accounts.
h)	Note No.13A regarding inventory which has been considered / valued as per book balance / estimated by the management and non-availability of audit trial / certain recording in respect of accounting of sales, stores & spares and raw materials consumption and reconciliation of inter shop / inter unit / inter depot transfers as stated in said note (impact unascertainable) and our inability to comment on correctness and completeness of the same.	The balances are taken based on book balances, which give details of receipts and issues based on scientific principles. Hence we do not foresee any major deviations.
i)	Note No.13B regarding non-provision for obsolete, non-moving, shortages, damaged / unserviceable inventory (impact unascertainable).	We have a system whereby obsolete, non-moving, shortages, damaged/unserviceable inventories are detected and action taken. In our opinion no provision for these is required necessary.
j)	Note No 15 regarding non-provision of penal interest on certain overdue loans and interest on overdue liability of SSI undertaking as stated in the said note (amount unascertained)	So far we have not received any communication for payment of penal interest for any overdue loans and/or over due liabilities of SSI. Hence we feel no claim, which needs to be provided in the books, is there.

2004-05

Auditor's qualifications pertaining to year 2004-05 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No	Qualifications	Response
a)	Note no. 13A regarding pending updating of ERP package for Inventory Accounting, as a result of which we are unable to comment on the correctness and completeness on the Inventory and Raw materials consumed, Purchase of Goods and Increase/(Decrease) in stocks	See Note Below
b)	Note no. 11 regarding pending confirmation and/or reconciliation of certain balances of assets and liabilities as stated in the said note	Confirmation letters are sent and our dedicated team is following up to confirm all balances.


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c)	In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 <i>except in case of following:</i>	
	I) AS -2: Valuation of inventory (Note No.13A), II) AS - 9: Recognition of sales and interest income (Note No. 10 and Accounting Policy C- revenue Recognition), III) Interest on borrowed funds utilized for const. Of capital assets has not been ascertained (AS-16), IV) AS-17 Segment Reporting (Note No. 18), V) AS-26: Disclosure of Intangible Assets not in accordance with accounting standard, VI) No working has been done to assess Impairment losses, if any, as required by (AS-28).	See Note Below.
d)	Attention is invited to:	
i)	Due to non-availability of audit trail and absence of satisfactory cut-off procedure in respect of : (a) sales, sales return , discount, rebates and allowances, non completion of reconciliation of excise duty/service tax accounts with excise records, non compliance of provision of cenvat credit rules in some cases also nonadjustment of sales tax rates differentials in case of inter depot transfers which in the opinion of management will be appropriately reconciled/accounted, (b) certain transaction for traded goods entered into by the company and absence of confirmation of balances in respect thereof;	These are being taken care and reconciliation is underway and expected to be completed shortly. However we do not foresee any deviation in the same.
ii)	Recoverability of the advances relating to Tax deducted at source amounting to Rs. 21.22 Lacs for which the company has not received the certificates as on 30.09.2005.	The company is in process of collecting certificates of tax and it is expected to get shortly.
iii)	Non compliance with the provisions of Tax deduction at source, Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the ESI Act, 1948 and also non-provisioning for penal interest on delayed payments of Statutory dues and also for non compliance with the various provisions of those statutes (Impact unascertainable)	Dues under Provident Fund and tax deducted at source since paid. Any penal interest will be provided as and when demanded.
iv)	Adjustment of Rs. 32 lacs (credit of the body corporate previously adjusted against interest recoverable) from interest recoverable to loan recoverable based on management perception and our inability to comment thereon;	This has no financial impact
e)	Attention is further invited to following Notes of Schedule 21:	
i)	Note No. II 7B Note No. II 7B regarding loans and advances amounting to Rs. 1443.99 Lacs given to/recoverable from certain parties which has become overdue as per the terms and has been considered good and recoverable by the management, as stated in said note and based on such representation we have placed reliance on the recoverability	Company is recovering money from these parties and there is movement of these balances. Therefore management is confident of recovery.
ii)	Note No. II 7C regarding sale of overdue debtor as stated in the said note and based on such representation we have placed reliance on the recoverability	We are receiving monies from the party and there is movement in the balances. Hence we are hopeful of full recovery.
iii)	Note No. II 8 regarding overdue debtors amounting to Rs. 3806.90 lacs for which in the opinion of the management no provision is required to be made as these are good and fully recoverable and based on such representation we have placed reliance on the recoverability	Company is receiving monies from these debtors already. There is movement in the accounts. We are hopeful of full recovery.
iv)	Note No. II 11 regarding absence of confirmations of balances of Loans and advances, stock with third parties, debtors, secured loans, unsecured loans, creditors and other current liabilities which have been considered as per the book balances and our inability to comment on the correctness and completeness	Letters are sent for confirmation. Apart from that a separate team is assigned to get confirmation from all these parties. We do not envisage any non-recovery in any of these debts.


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Note:

The Company implemented ERP system in an earlier year, which is being customized and altered suitably. Towards this objective, the Company has also incurred substantial costs and in the course of time it is expected that the system would be fully implemented. Pending entire implementation and customization, the Company has encountered certain areas of accounting and related matters whereby it could not comply strictly with the various Accounting Standards referred to in the Notes forming part of accounts to which the reference has been drawn by the Auditors. The Company expects to comply with all the Accounting Standards once the system is fully implemented.

Adjudication order by SEBI against group companies

An adjudication order in terms of section 15 H of the SEBI Act, 1992 was passed by the adjudicating officer, Mr. Ananta Barua of SEBI in the matter of acquisition of shares of Zenith Birla (India) Limited vide their letter dated November 20, 2002 wherein an amount of Rs. 2,50,000 was imposed as a penalty to be paid by M/s. Birla Bombay Pvt. Ltd. and Rathi Merchantile Ltd.

Pursuant to the order M/s. Birla Bombay Pvt. Ltd. had vide their letter dated December 27, 2002, paid the necessary penalty of Rs. 1,25,000 and M/s. Rathi Mercantile Limited had paid the necessary penalty of Rs. 1,25,000 on December 23, 2002.

Show Cause notice received by Dagger Forst Tools Ltd (DFTL).

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to DFTL for violation of Regulations 7(3) & 8(3) of the SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

DFTL had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60710/2006 dated February 20, 2006.

Show Cause notice received by Scimitar Investment & Trading Company Pvt. Ltd. (SITCL) (Since merged with Godavari Corporation Ltd.)

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to SITCL for violation of Regulations 3, 4(a), 4(b) & 4(b) & 4(e) of the SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60709/2006 dated February 20, 2006.

The Company is involved in certain legal and regulatory proceedings that, if determined against the Company, could have a material adverse impact on the Company.

The Company is party to various legal proceedings, including civil proceedings, consumer cases, labour cases, sales tax cases, customs and excise tax cases. These proceedings are pending at different levels of adjudication before various courts, and if determined against the company, could have a material adverse impact on the business, financial condition and results of operations. The summary of the cases filed against the company is as given below. For further details on these proceedings, see the section "Outstanding Litigation" on page no. 154 of this Prospectus.

S. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. In lakhs)
1.	Civil Proceedings	5	8.67
2.	Labour Related	3	Not quantifiable
3.	Consumer Forum	16	14.00 Approx.
4.	Sales tax, Custom duty and Excise disputes	8	535.49

There are certain legal proceedings against the Promoting Companies and group companies

The Promoter, Promoting companies and group companies are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For more information regarding legal proceedings against the Promoters, Promoting companies and group companies, see the section "Outstanding Litigation" beginning on page no. 154 of this Prospectus.

**THE YASH BIRLA GROUP*****Losses by Promoter / Group Associates***

Certain of the promoting companies and promoter group companies have incurred losses in the financial years 2003, 2004 and 2005. For more information, please see section “Promoters” from page no. 68 to 76 and “Information of the group companies” beginning on page no. 124 of this prospectus.

Details of Sick Group companies

M/s. Birla Transasia Carpets Ltd has been declared a Sick Industrial Company within the meaning of clause (o) of the subsection (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board of Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.1999.

M/s Birla Perucchini Limited (BPL) has been declared as a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. It has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that it is a sick company u/s 15 of SICA. However BPL is not under winding up.

Delays to Banks and Financial Institutions

There had been a delay by the company in the payment of interest and repayment of principal towards loans sanctioned by Bank of Punjab and Bank of Rajasthan. As on date, there are no dues to financial institutions and debenture holders.

Sale of pledged shares by State Bank of Bikaner & Jaipur

3,94,925 Equity Shares of BPSL were pledged by one of the promoter companies - Birla International Pvt. Ltd. with State Bank of Bikaner & Jaipur as guarantee for loans sanctioned. However, these equity shares were sold by the bank during June 2005 due to delay in repayment of loan amount.

Restrictive Covenants in Loan Agreements

There are restrictive covenants in the agreements for short term and long-term borrowings from banks, among other things, which require the Company to obtain the approval of these banks or provide restrictions, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while the Company is in default, undertaking material diversification in the business of other companies or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit Company's ability to borrow additional money.

Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of the Company.

Our success depends on the continued services and performance of the members of the senior management team and other key employees. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

Shortfall in promise V/s performance/Delay in schedule or implementation:

There has been a shortfall in the promise V/s performance/delay in schedule of implementation by certain group companies details of which are given as under:

Dagger Forst Tools Limited (DFTL)

In October 1996, DFTL came out with a rights issue of 18,06,390 Equity Shares of Rs. 10 each for cash at a premium of Rs. 10 per share aggregating Rs. 361 lakhs in the ratio of three shares for every five Equity Shares held which closed on November 22, 1996. The object of the Issue was to part finance the cost of the modernization – cum – expansion project being undertaken by the Company in two of its Broach manufacturing divisions including the expenses of the present issue. The total cost of project was Rs. 900 Lakhs and company had made following projections in the offer document –


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Particulars	01.04.1996 – 31.03.1997 (Rs. in lakhs)
Sales (including Job work and Excise Duty)	2375.00
Other Income	50.00
Gross Profit (after interest)	580.00
Depreciation	180.00
Profit before Tax	400.00
Provision for Taxation	100.00
Profit after Tax	300.00

With regards to schedule of implementation of the modernization cum expansion project, the same is given below –

Sr. No	Activity	Projected Completion	Actual Completion	Reason for variation
1	Civil Construction of Building	August 1996	August 1996	-
2	Delivery of main plant & machinery	January 1997	September 1997	Suppliers delayed supply of machine
3	Trial Run & Commercial Production	February 1997	October 1997	Due to delay in supply of some of the machines

As it is a modernization – cum – expansion project, Trial Run & Commercial Production commenced on installation of machines.

For more details please refer to “listed ventures of the promoters” given on page no. 193.

Our operations create environmental challenges, and changes in environmental laws and regulations may expose us to liability and result in increased costs.

Our manufacturing and power generation are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment of Government of India, the Uttar Pradesh State Pollution Control Board and the Uttaranchal State Pollution Control Board. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials. We expect that environmental laws will continue to become stricter. Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases, whether permitted or not.

In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditures, such as the installation of pollution control equipment. We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and inspection and enforcement policies resulting in higher compliance costs. Though presently we do not have any pending claim or litigation or liability to any environmental agency, except directions u/s 5 of Environment (Protection) Act 1986 which are being complied with by the company, liability of which is provided in the contingent liabilities. We cannot predict with certainty the extent of our future liabilities and claims against us.

High level of debtors in the last 5 years

There are high level of debtors due to the fact that the the company is offering around 120 days credit to its customers, which is in line with the industry standards. Also increase in debtors is due to corresponding increase in turnover of the company. The management of the company is hopeful of the recovery of debtors and is of the opinion that no risk is involved.

The company is yet to tie up its borrowings from banks/financial institutions in respect of additional working capital requirements

The Company is yet to tie up its borrowings from banks for the additional working capital requirement arising subsequent to the completion of the proposed project. The company is presently enjoying working capital limits from various Banks. The Company does not envisage any difficulty in raising the additional working capital requirement from Banks and the same shall be done at appropriate time.


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Licenses and Approvals:

The Licence from Air & water Pollution control Board from Himachal Pradesh Environment Protection & Pollution Control Board for the manufacturing unit at Ponta Sahib has expired on 31.03.2005. The company has applied for renewal of the license and the same is expected shortly.

Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our principal manufacturing facilities at Dehradun, Uttaranchal and Poanta Sahib, Himachal Pradesh are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.

As of September 30, 2005, we have 496 full-time employees. The number of our employees will increase with our proposed expansion plans. The employees in our operations are represented by labour unions. While we consider our current labour relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

Our exposure to interest rates may adversely affect our financial performance

We borrow from time to time both in Indian Rupees and in foreign currencies. Some of our borrowings may be linked to movements in particular currencies or particular indices. Adverse movements in interest rates or in such indices may adversely affect our results of operations and financial condition.

We have contingent liabilities, which may adversely affect our financial condition.

The contingent liabilities of our Company as on 30th September 2005, as certified by the auditors are as follows:

(Rs. in lakhs)	
Nature of Liability	As at 30th September, 2005
Claims against the Company not acknowledged as debts	96.66*
Disputed Sales Tax, Excise Duty and Custom Duty under appeal	720.05
Bank Guarantees	324.78
Letters of credit (Outstanding as on 30.09.2005)	175.56
Total	1388.59

*Excludes Rs.71.54 lacs (as estimated by the management) of liability on account of returns and working costs in relation to gensets (Two Stroke) which are to be taken back by the company as per Central Pollution Control Board (CPCB) orders.

Qualification by Auditors

There has been a change in the auditors of the company from M/s. Lodha & Co, to M/s. Dalal and Shah w.e.f 22.03.2005. The Report in terms of Part – II of Schedule II to the Companies Act, 1956 as required by SEBI (DIP) Guidelines 2000 has been issued by the present auditors M/s. Dalal & Shah. In the said report adjustments has been made as required by SEBI (DIP) guidelines except towards certain qualifications for which adjustment have not been carried out. For details of such qualifications please refer to the Section IV on “Financial Information” on page no. 77 of this prospectus.

Delay / Non –Compliance in compliance with Listing requirements

There has been a delay in filing of the limited review results for the quarter ended March and June 2005 and to the extent that the reports for both the quarters have been filed on 26.12.2005. Further the limited review report for the quarter ended September 2005 is yet to be filed with the Stock Exchange.

**THE YASH BIRLA GROUP****EXTERNAL RISK FACTORS*****A slowdown in economic growth in India could cause our business to suffer.***

The Indian economy has shown sustained growth over the last few years with gross domestic product (“GDP”) growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term review of annual policy published on October 25, 2005, the RBI stated that its GDP growth forecast for fiscal 2006 is between 7.0% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is between 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce advertising spend by our customers and adversely affect our financial performance.

A significant change in the Government of India’s economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government’s policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect our business and the market price of our Equity Shares.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian economy and financial markets and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence and ultimately adversely affect our business. Diplomatic relations between India and some of its neighboring countries have been strained in the past. Any deterioration in relations between Indian and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the market price of the Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence or war could have a significant adverse impact on international or Indian financial markets or economic conditions or in government policy. Such incidents could also create a perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Insurance cover is unavailable for certain risks or may be inadequate.

Our Company has covered itself against certain risks. Insurance cover may not have been taken or is generally not available for certain kind of risks. We believe our insurance coverage is consistent with the industry practice. To the extent that any uninsured risks materialize, our operating results and financial performance could be detrimentally affected.

After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and entertainment industry, the performance of the Indian and global economy and significant developments in India’s fiscal regime.

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There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

Shareholders will bear the risk of fluctuation in the price of Equity Shares.

The market price of the Equity Shares may be affected by fluctuations in the stock markets and it is impossible to predict whether the price of the Equity Shares will rise or fall. Trading prices of the Equity Shares will be influenced by, among other things, our financial position, the results of operations and political, economic, financial and other factors.

HIGHLIGHTS

1. BPSL is established, existing profit making company with an experienced management team
2. An ISO 9001 & ISO 14001 certified company by Underwriters Laboratories Inc.
3. Products – engines, alternators and entire range of gensets are ISI certified.
4. New Project is being set up in the excise duty free zone in Uttaranchal.
5. One of the few companies to launch emission compliant generators under the brand name of “BIRLA ECOGEN”.
6. All products manufactured by the Company are fully emission compliant.

NOTES:

- | | | | |
|----|--|---|---|
| 1. | Pre issue Networth (as on 30/09/2005) | : | Rs. 5665.95 lakhs |
| | Post Issue Networth | : | Rs. 10705.95 lakhs. |
| | Issue Size | : | Public Issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32/- per share (i.e. Rs. 42/- per share) aggregating to Rs. 5040.00 lakhs. |
| | Cost per share to the promoter | : | Rs. 20.05/- |
| | Net Asset Value per share as on 30/09/2005 (Face Value Rs. 10/- per share) | : | Rs. 54.06 /- |
2. The company, its directors, company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The promoters, their relatives, issuer, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed in the past or pending against them.
 3. For related party transactions, please refer to the section entitled “Related Party Transactions” beginning on page no. 112 of this Prospectus.
 4. The name of the company was changed from Birla Yamaha Limited to Birla Power Solutions Limited w.e.f. December 04, 2003 subsequent to the termination of the Joint Venture Agreement with the Foreign Collaborator – Yamaha Motor Company Ltd.
 5. Investors are advised to refer to the paragraph entitled “Basis for Issue Price” beginning on page no. 25 of this prospectus before making an investment in this issue.
 6. The Lead Manager and the Company shall update this Prospectus and keep the shareholders/public informed of any material changes till the listing and trading commencement.
 7. Investors are free to contact the Lead Manager for any clarification or information pertaining to the Issue. All information shall be made available by the lead manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
 8. In the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI guidelines and in consultation with BSE (The Designated Stock Exchange) as per the prevailing guidelines in this regard. If the Issue is oversubscribed, the Designated Stock Exchange along with the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
 9. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.
 10. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.



PART I

SECTION II: INTRODUCTION

INDUSTRY SUMMARY

Overview

The power industry in India has been characterized by peak power and energy shortages. In fiscal 2004 and 2005, demand for electricity exceeded supply on an average by an estimated 7.1% and 7.3% respectively in terms of total requirements and 11.2% and 11.7% respectively in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy generally. According to the United Nations, India has one of the lowest electricity consumption levels in the world, at 355 units per capita in 2000, due to unreliable supply and inadequate distribution networks. This contrasts with 827 units per capita in China, 1,878 units per capita in Brazil and 12,331 units per capita in the United States, in 2000.

Historically, state and central government entities played the dominant roles in the development of the Indian power industry. However, capacity growth did not keep pace with demand, due to inadequate investment and the poor financial health of the SEBs. However in recent years, in light of persistent shortages, the Government has taken significant action to restructure the industry and attract investment.

Indian Power Scenario

As of March 31, 2005, India's power system had an installed generation capacity of approximately 115,544.8 MW. Of the installed capacity, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 69.4% of total power capacity. Hydroelectric stations accounted for approximately 26.1% and others (including nuclear stations and wind power) accounted for approximately 4.5%.

Recurring power shortages, fundamentally caused by under capacity, have impacted India's overall industrial growth. According to CEA estimates, India's power deficit has been at 12 percent. This apparently modest figure hides large variations in power deficits across the country. Moreover, the power supplied in India is often of poor quality, resulting in problems like voltage fluctuations and low current. Industrial, agricultural, office, and residential consumers have tried to gain some control over their power supplies by buying power generating sets. Since the grid power supply is uncertain and often of poor quality, many industrial consumers increasingly rely on captive power systems. Despite environmental concerns, many large manufacturing firms are also switching to captive diesel power plants, as diesel power plants are more economical and have a short gestation period to build.

The industrial sector is one of the largest consumers of electrical energy in India. To counter the unpredictability of hydrocarbon fuel prices and the cost of fuel in DG-based power plants, the captive power scenario in India is making a distinct shift from conventional liquid fuels to solid fuels. The market for solid fuel/ waste heat based captive power plants is growing in India at 10% per annum; estimated at 500 MW per annum. Further, due to the poor quality, unreliability and inadequacy of grid supply and high tariffs due to heavy cross subsidization, a number of industries are now increasingly relying on their own generation (captive and co-generation).

With increasing urbanization, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. Some latent demand for electricity may also surface in the event of wider distribution and increased reliability in power supply. As a result, manufacturers of diesel power generating sets are doing well. "GENSETS" are being bought in the thousands by businesses and individuals seeking protection from frequent power cuts imposed by state-owned utilities. In this scenario, the company expects that back up sources of electric power such as generator; invertors are likely to play an increasingly important role.

Inverters

The market for Inverters covers a wide spectrum of users, households, shops, commercial establishments, and other institutions. Small offices require power in small quantities to enable them to run the basic utilities. Inverters are electronic devices that work on rechargeable batteries. In the event of a power failure, they have the facility of automatic changeover from the mains and electricity starts flowing. The Inverters are available in a wide capacity range, 100VA to as high as 10KVA. The most popular range continues to be the 300/500/700 VA which enables the user to run a few fans, a few tube lights and may be a television set.



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Inverter manufacturers are trying to constantly upgrade their product technology to improve quality and reliability of their product. Some Inverter manufacturers used advanced technologies like the installation of a microprocessor in their Inverters. This helps reduction in change-over time to two milliseconds. Inverters also have features like digital display for measuring battery and the charging system. Some Inverters have two transformers – one for charging and the other for discharging to ensure that at any given time, only one transformer is working and the other is at rest. The protection levels of the machines are also being increased; most Inverters carry automatic protection from high voltage.

Gensets

The market for Gensets in the 5 to 15 KVA usage bracket covers a wide spectrum of affluent users, households, shops, commercial establishments, and other institutions including the small and medium industries.

All offices require power in some quantities to enable them to run the basic utilities. Though existing usage of below 5 KVA portable generating sets are meant for meeting only rudimentary requirements the 5 to 15 KVA usage bracket is fast rising that need to meet the essentials with basic affluence comforts like an AC & refrigerator. Also there is a fast growing demand created by the booming telecom industry to support their unmanned stations spread all over India including remote areas.

BACKGROUND ABOUT THE COMPANY

Birla Power Solutions Ltd. (BPSL), a Yash Birla Group Company was one of the first companies to manufacture portable generators in India in 1986. The company has the expertise of manufacturing 2 stroke as well as 4 stroke engines. The Company is presently producing a wide range of generators catering to the power requirements of 500W to 5.5 K.W. It is one of the first few companies to roll out Self Start Gensets and has recently became the first Company to launch emission compliant Generators under the brand name – **BIRLA ECOGEN**.

The present domestic market share of BPSL Generators is around 32%. (Source: Economic Times dated 28th September 2005) Till date, the company has more than 4.25 lakhs satisfied genset owners in every part of the country. BPSL has a network of more than 600 dealers spread throughout the country. The modern manufacturing unit is established near Dehradun (Uttaranchal) in a very scenic and serene backdrop of hills & forest, with a manufacturing capacity of 75,000 Portable Gensets and 25,000 Multi Purpose Engines.

There are 496 employees in the Company out of which around 471 are skilled workmen, 25 unskilled. The Company is an ISO 9001 certified company since October 1998. Further, Company has been awarded ISO14001 certification.

The company is also exploring market potential in export market specially in the African sub-continent. With its diversified and competitive product range, the company expects to gain a fair market share for its products in the international market .Even though presently,the company doesn't has a significant presense in the export market however it is confident to make a mark in the export market due to its strong product range.



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FINANCIAL HIGHLIGHTS

Birla Power Solutions Ltd.

STATEMENT OF ADJUSTED PROFITS & LOSSES

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31ST MARCH 2000	YEAR ENDED 31ST MARCH 2001	YEAR ENDED 31ST MARCH 2002	YEAR ENDED 31ST MARCH 2003	PERIOD ENDED 30TH SEPT. 2004 (18 MONTHS)	YEAR ENDED 30TH SEPT. 2005
INCOME						
Sales:						
Of products manufactured by the Company (net of Excise duty)	5,920.97	6,363.13	6,559.50	5,983.14	4,859.62	3,603.01
Of products traded in by the Company	104.52	30.06	144.78	867.25	4,661.76	5,499.00
Sub-total	6,025.50	6,393.19	6,704.28	6,850.39	9,521.37	9,102.01
Other Income	153.57	25.44	33.33	64.15	623.24	133.55
Increase/Decrease in Stock	118.27	(27.12)	337.22	465.16	512.71	(108.51)
Total	6,297.33	6,391.51	7,074.83	7,379.71	10,657.32	9,127.05
EXPENDITURE						
Purchase of goods traded	235.65	229.55	399.92	1,216.73	3,703.00	3,018.26
Raw materials Consumed	2,695.79	2,732.48	3,027.93	3,010.86	2,855.85	2,478.50
Staff Costs	689.21	818.21	889.02	891.30	1,370.51	901.14
Other Manufacturing expenses	120.39	294.05	182.18	134.09	31.23	197.70
Administration expenses	660.82	684.90	643.13	739.35	955.95	608.79
Selling & Distribution expenses	501.54	588.16	802.63	860.28	908.21	434.34
Interest	106.25	95.31	38.13	180.79	183.17	582.96
Total Expenditure	5,009.65	5,442.66	5,982.94	7,033.39	10,007.93	8,221.70
Profit before depreciation, tax & Misc. exp.	1,287.69	948.85	1,091.89	346.31	649.40	905.35
Gross Depreciation -on Original cost	249.48	259.70	265.31	318.41	477.85	298.64


THE YASH BIRLA GROUP
(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31ST MARCH 2000	YEAR ENDED 31ST MARCH 2001	YEAR ENDED 31ST MARCH 2002	YEAR ENDED 31ST MARCH 2003	PERIOD ENDED 30TH SEPT. 2004	YEAR ENDED 30TH SEPT. 2005
Net adjusted profit/ (loss) before tax and Misc. exp.	1,038.21	689.14	826.58	27.90	171.55	606.72
Less: Misc Expenditure Written Off	54.00	54.00	61.68	72.88	109.32	45.88
Net adjusted profit/ (loss) before Tax	984.21	635.14	764.89	(44.98)	62.23	560.84
Less: Provision for current tax (including Wealth tax)	(385.29)	(286.12)	(114.44)	(84.53)	(82.11)	(188.50)
Less: Deffered Tax	-	-	(31.47)	60.22	71.76	76.32
Less: Fringe BenefitTax	-	-	-	-	-	(9.89)
Less: Effect of Adj. onTax	16.02	2.27	(44.18)	84.03	(42.05)	(82.50)
Net profit/ (loss) after taxation & adjustments	614.94	351.29	574.80	14.74	9.82	356.27

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure IV & Significant Accounting Policies as appearing in Annexure III.



THE YASH BIRLA GROUP



Birla Power Solutions Limited

STATEMENT OF ADJUSTED ASSETS & LIABILITIES

(Rs.in Lacs)

	PARTICULARS	AS AT 31ST MARCH 2000	AS AT 31ST MARCH 2001	AS AT 31ST MARCH 2002	AS AT 31ST MARCH 2003	AS AT 30TH SEPT. 2004	AS AT 30TH SEPT. 2005
A.	FIXED ASSETS:						
(i)	Gross Block	4,657.64	4,768.83	5,245.69	5,318.46	5,348.52	5,517.04
	Less: Accumulated Depreciation	2,746.94	3,002.74	3,248.91	3,563.45	3,952.97	4,275.35
	Net Block	1,910.71	1,766.09	1,996.78	1,755.01	1,395.55	1,241.69
(i)	Capital work in Progress	8.46	11.25	71.16	96.57	83.53	348.30
	Net Block after adjustment	1,919.16	1,777.34	2,067.94	1,851.58	1,479.09	1,589.99
B	Investments	1.16	1.16	0.16	0.16	0.16	-
C	Current Assets , Loans & Advances:						
	Inventories	1,740.31	1,765.02	2,168.96	2,940.84	3,959.11	3,663.41
	Sundry Debtors	3,061.88	2,668.41	2,625.30	3,651.40	4,752.57	8,830.54
	Cash & Bank Balances	607.36	649.85	867.49	788.85	362.53	465.61
	Loans & Advances	892.96	1,256.12	2,012.57	2,633.01	4,520.25	4,021.09
	Other Current Assets	209.81	191.10	-	-	-	-
	C	6,512.32	6,530.51	7,674.32	10,014.10	13,594.46	16,980.65
	A+B+C	8,432.64	8,309.01	9,742.41	11,865.84	15,073.70	18,570.64
D	Less :Liabilities & Provisions:						
	Secured Loans	1,446.32	1,551.76	1,487.82	1,948.47	2,955.81	2,815.06
	Unsecured Loans	360.44	-	222.11	1,784.91	3,465.65	4,159.69
	Net Deferred Tax liabilities	-	-	437.70	377.48	305.72	229.40



(Rs.in Lacs)

	PARTICULARS	AS AT 31ST MARCH 2000	AS AT 31ST MARCH 2001	AS AT 31ST MARCH 2002	AS AT 31ST MARCH 2003	AS AT 30TH SEPT 2004	AS AT 30TH SEPT. 2005
	Current Liabilities	1,394.16	1,303.21	2,043.31	2,402.62	2,951.70	5,129.31
	Provisions	180.73	138.60	146.73	165.54	117.91	571.22
	D	3,381.65	2,993.57	4,337.67	6,679.01	9,796.79	12,904.69
	Networth (A+B+C - D)	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95
	Represented By:						
(i)	Share Capital	1,048.20	1,048.23	1,048.25	1,048.25	1,048.25	1,048.25
(ii)	Reserves	4,272.79	4,483.22	4,549.23	4,314.41	4,295.18	4,638.34
(iii)	Less: Misc.Expenditure (to the extent not written off/adjusted)	270.00	216.00	192.73	175.83	66.51	20.63
		-	-	-	-	-	-
	Networth (i+ ii - iii)	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95

BIRLA POWER SOLUTIONS LIMITED
ACCOUNTING RATIOS

	PARTICULARS	Year ended 31st March, 2000	Year ended 31st March, 2001	Year ended 31st March, 2002	Period ended 31st March, 2003	Period ended 30th Sep, 2004 (18 mths)	Period ended 30th Sept., 2005 (12 mths)
1	EARNINGS PER SHARE (EPS)	5.87	3.35	5.48	0.14	0.09	3.40
2	NAV PER SHARE	48.18	50.70	51.57	49.49	50.35	54.06
3	RETURN ON NET WORTH	0.12	0.07	0.11	0.00	0.00	0.06



THE YASH BIRLA GROUP

THE ISSUE

Type of Issue	Type of Instrument	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Public Issue	Equity Shares	120,00,000	10/-	42/-	Cash

ISSUE BREAK-UP

Equity Shares offered	120,00,000 Equity Shares
Reserved for allotment to Employees/Directors	12,00,000 Equity Shares
Shareholders of group companies	12,00,000 Equity Shares
Reserved for allotment to NRI's/FII's	24,00,000 Equity Shares
Reserved for allotment to Banks/Mutual Funds/ Indian Financial Institution	12,00,000 Equity Shares
Net Issue to the public	60,00,000 Equity Shares
Equity shares outstanding prior to the Issue	104,81,050 Equity Shares
Equity shares outstanding after the issue	224,81,050 Equity Shares

Use of proceeds:

Please see section entitled "Objects of the Issue" on page no. 18 of this Prospectus

ISSUE PROGRAM

ISSUE OPENS ON	FRIDAY, MARCH 24, 2006
ISSUE CLOSES ON	WEDNESDAY, MARCH 29, 2006



THE YASH BIRLA GROUP



GENERAL INFORMATION



BIRLA POWER SOLUTIONS LIMITED

(Formerly known as Birla Yamaha Limited)

(Incorporated as Birla Yamaha Limited on 27th April, 1984 and received the Certificate of Commencement of Business on 2nd May, 1984 under Companies Act, 1956. The name of the company was changed to Birla Power Solutions Limited w.e.f. December 04, 2003.)

Registered Office	:	159 Industry House, Churchgate Reclamation, Mumbai – 400 020 Tel: 22026340
Head Office	:	901, Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi – 110066 Tel: (011) 42594100 E-mail: publicissue@birlagenset.com Contact Person: Mr. Nadimpally Nagesh, Company Secretary & Compliance Officer
Registration number of the company	:	32773 of 1984

The composition of the Board of Directors of the BPSL is as follows:

NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr. Yash Birla	Chairman	Non Executive Chairman
Mr. Y. P. Trivedi	Director	Non Executive Independent Director
Mr. Sanjay Khazanchi	Whole Time Director & President	Executive Director
Mr. P.V.R. Murthy	Director	Non Executive Director
Mr. Rajesh V. Shah	Director	Non Executive Independent Director
Mr. Manish Malani	Director	Non Executive Independent Director

Mr. N. Nagesh is Company Secretary and Compliance Officer of Birla Power Solutions Limited.

The brief details of the Board of Directors of the company are as follows:

Mr. Yash Birla, Chairman aged 38 years is M. COM, L.L.B. by qualification. He is the Chairman of the diversified Yash Birla Group. He has been the chairman of the group for over 12 years. He has vast experience and has played key role in the building and development of the diversified Yash Birla Group of Companies. Under the aegis of Mr. Yash Birla, the Group Chairman the Group is striving to build on and contribute to the expansion of Birla Conglomerate through identifying and exploiting various business opportunities.

Mr. Y. P. Trivedi, Director aged 76 years is L.L.B. by qualification. He is a senior advocate with the Supreme Court and a senior tax consultant and is on the board of various other companies

Mr. Sanjay Khazanchi, Whole Time Director & President aged 44 years is MBA (Marketing) & Bachelor of Engineering, and is having expertise in administrative and marketing functions for over 19 years in diverse industries and companies.

Mr. P.V.R. Murthy, Director aged 53 years is a 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.

Mr. Rajesh V. Shah, Director aged 52 years is a Chartered Accountant by qualification and is having expertise in handling Audit & Tax matters and is member of ICAI & various other eminent committees.

Mr. Manish Malani, Director aged 36 years is a B.Com, MBA – Marketing by qualification and is having expertise in handling Information Technology industry and he is actively involved in administrative & management of group companies along with giving his valuable guidance in relation to corporate office functions.



THE YASH BIRLA GROUP
ISSUE MANAGEMENT TEAM

Company Secretary & Compliance Officer

Mr. Nadimpally Nagesh

901, Bhikaji Cama Bhawan

11, Bhikaji Cama Place

New Delhi – 110066

Tel : (011) 42594100

Bankers to the Company

CANARA BANK

C – 10, S.D. Area, Community Centre, New Delhi

Tel: (011) 26963661/ (011) 26563114

Fax: (011) 26963661

PUNJAB & SIND BANK

P – 18/90, IInd Floor, Madrashotel,

Connaught Circus, New Delhi – 110 001

Tel: (011) 23350978/ (011) 23346682

Fax: (011) 23346681

PUNJAB NATIONAL BANK

Astley Hall, Palton Bazar, Dehradun

Tel: (0135) 2653852/ (011) 2656012

Fax: (0135) 2654711

THE SHAMRAO VITHAL CO-OPERATIVE BANK LIMITED

SVC Tower, Nehru Road, Vakola,

Santacruz (E), Mumbai – 400 055

Tel: (022) 56999701-14

Fax: (022) 56999700

Lead Manager To The Issue



Keynote Corporate Services Limited

307, Regent Chambers

Nariman Point,

Mumbai – 400 021

Tel: (022) 22025230, Fax: (022) 22835467

E-mail: mbd@keynoteindia.net

Sebi Regn No: INM 000003606

Contact Person: Mr. Praveen Kumar Sangal

Registrars to the Issue



BIGSHARE SERVICES PRIVATE LIMITED

E-2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (E)

Mumbai - 400 072

Tel No. : (022) 2847 0652

Fax: (022) 28475207

E-mail: ipo@bigshareonline.com

Website: www.bigshareonline.com

SEBI Regn. No.: INR 00001385

Contact Person: Mr. V. Kumaresan

**THE YASH BIRLA GROUP****Bankers to the Issue**

HDFC Bank Limited Trade World 'A' Wing 2 nd Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	UTI Bank Limited Ground Floor, Atlanta, Nariman Point, Mumbai – 400 021	Corporation Bank 15, Mittal Chambers, Nariman Point, Mumbai – 400 021
The Hongkong and Shanghai Banking Corporation Limited India Area Management Office, 52/60 Mahatma Gandhi Road, P.O. Box 128, Mumbai – 400 001	Canara Bank Capital Market Service Branch, 11, Homji Street, Varma Chambers, Fort, Mumbai – 400 001	

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

Auditors to the Company

M/s Dalal & Shah,
Chartered Accountant
49 – 55, Bombay Samachar Marg,
Fort, Mumbai – 400 023
Tel : (022) 22660115/0
Fax : (022) 22661503
Website – www.dalalandshah.com
Email: dalal_shah@rediffmail.com

Tax Auditor to the Company

M. K. Sureka & Co.,
Chartered Accountants
302, Maker Bhavan No. 3,
21, New Marine Lines
Mumbai – 400 020
Tel : (022) 22037789

Legal Advisors to the issue**Hemant Sethi**

Advocate
302 Satnam Building,
3 A Sion West,
Mumbai – 400 022
Tel : (022) 24078557

Credit Rating/Debenture Trustee

This being a Public Issue of Equity Shares, no Credit Rating or appointment of Debenture Trustee is required.

UNDERWRITING/ STANDBY SUPPORT

The present Public Issue is not underwritten



CAPITAL STRUCTURE

* For the purpose of determining the share holders of the group companies who are eligible to participate in the reservation category, the specified date has been determined as March 10, 2006.

- i. Undersubscribed portion in any reserved category may be added to any other reserved category
- ii. The unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the net offer to the public.
- iii. In case of under subscription in the net offer to the public portion, spillover to the extent of under subscription shall be permitted from the reserved category to the net offer to the public.


THE YASH BIRLA GROUP

iv. Changes in the authorized capital since inception are as follows:

Date	Authorised Capital Increased From	Authorised Capital Increased to
25.04.1984	-	80,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 800 lakhs
26.12.1995	80,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 800 lakhs	100,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 1000 lakhs
22.09.1997	1,00,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 1000 lakhs	150,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 1500 lakhs
06.10.2005	150,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 1500 lakhs	225,00,000 Equity Shares of Rs, 10/- each aggregating to Rs. 2250 lakhs

Notes to the Capital Structure:

1. Details of present Equity Share Capital of the Company are as follows:

Date of Allotment	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative No. of shares	Nature of allotment	Consideration	% to Post Issue Capital (%)
28.04.1984	10	10	160	160	On Incorporation	Cash	0.00
21.01.1986	10	10	20,80,000	20,80,160	Allotment to collaborator Yamaha Motor Co. Ltd., Japan	Cash	19.85
21.01.1986	10	10	33,90,240	54,70,400	Allotment to Promoters and associates	Cash	32.35
21.01.1986	10	10	25,29,600	80,00,000	Allotment to Public	Cash	24.13
27.02.1996	10	10	10,00,000	90,00,000	Allotment to Financial Institutions against Conversion of loan as per BIFR Scheme	Other than cash	9.54
27.02.1996	10	30	3,51,500	93,51,500	Preferential Allotment to Collaborator (Yamaha Motor Company) as per BIFR Scheme **	Cash	3.35
22.09.1997	10	68	11,32,350	1,04,83,850	Preferential Allotment to collaborator and other promoter companies ***	Cash	10.80
28.06.2001	10	--	(2800)*	1,04,81,050	Shares forfeited		-0.03
Total			1,04,81,050				100.00

* 2800 equity shares having face value of Rs. 10/- each were forfeited in accordance with Article 32 of Articles of Association of the Company due to non payment of the allotment money of Rs. 5/- per share. Notice of forfeiture had been served upon the registered holders.

** M/s Lodha & Co. Chartered Accountants, the then statutory Auditors of the company had vide their letter dated December 21, 1995 certified that the issue of shares on preferential allotment basis is in accordance with the Guidelines for Disclosure & Investor Protection – Preferential Issue, issued by SEBI dated August 04, 1994.

*** M/s Lodha & Co. Chartered Accountants, the then statutory Auditors of the company had vide their letter dated September 09, 1997 certified that the issue of shares on preferential allotment basis is in accordance with the Guidelines for Disclosure & Investor Protection – Preferential Issue, issued by SEBI dated 04.08.1994.


THE YASH BIRLA GROUP
Promoters holding:

Name of Promoter	Date of allotment & Fully Paid- up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital
Mr. Yash Birla	29.01.86	Allotment	50,800	10	10.00	0.23
Sub Total			50,800			0.23
Birla Bombay Pvt. Ltd.	11.04.85	Purchase	2,70,000	10	10.00	1.20
	19.04.88	Purchase	400	10	12.62	0.00
	17.05.88	Purchase	900	10	12.60	0.00
	13.08.88	Purchase	300	10	12.62	0.00
	02.08.88	Purchase	200,000	10	14.10	0.89
	02.05.88	Purchase	15,300	10	12.00	0.07
	22.12.93	Sale	10,100	10	11.77	0.04
	10.01.94	Sale	3,500	10	11.77	0.02
	19.05.94	Sale	3,000	10	11.77	0.01
	31.03.96	Purchase	96,400	10	28.65	0.43
	13.09.97	Sale	55,000	10	14.84	0.24
	31.03.98	Purchase	87,800	10	71.21	0.39
	31.03.98	Purchase	3,01,165	10	68.00	1.34
	01.04.99	Purchase	600	10	38.88	0.00
	08.05.01	Sale	3,150	10	14.27	0.01
	15.05.01	Sale	500	10	14.11	0.00
	29.05.01	Sale	2,000	10	14.80	0.01
	31.10.01	Sale	1,955	10	11.73	0.01
	04.12.01	Sale	1,000	10	14.11	0.00
	07.12.01	Sale	16,660	10	15.73	0.07
	08.12.01	Sale	13,600	10	16.26	0.06
	08.12.01	Sale	32,226	10	14.49	0.14
	19.12.03	Sale	10,000	10	34.86	0.04
Sub Total			8,20,174			3.65
Birla International Pvt. Ltd.	29.01.86	Allotment	110000	10	10.00	0.49
	04.07.86	Purchase	2400	10	29.15	0.01
	22.09.97	Preferential allotment	90000	10	68.00	0.40
	18.03.02	Purchase	1897185	10	17.00	8.44
	11.07.05	Sale	394925	10	39.29	1.76
	21.07.05	Sale	300000	10	56.82	1.33
Sub Total			14,04,660			6.25


THE YASH BIRLA GROUP

Name of Promoter	Date of allotment & Fully Paid- up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital
Godavari Corporation Pvt. Ltd.*	29.01.86	Allotment	760000	10	10.00	3.38
	18.12.87	Purchase	700	10	12.81	0.00
	07.01.88	Purchase	3700	10	13.25	0.02
	12.01.88	Purchase	600	10	13.73	0.00
	02.02.88	Purchase	600	10	13.42	0.00
	29.03.88	Purchase	100	10	13.73	0.00
	04.01.89	Purchase	5000	10	11.25	0.02
	15.06.92	Sale	900	10	13.25	0.00
	22.09.97	Preferential Issue	200000	10	68	0.89
	01.05.99	Sale to scimitar Investment	760000	10	23.98	3.38
	01.05.99	Sold to Shearson Investments	209800	10	23.98	0.93
	25.07.02	Purchase	3997	10	25.36	0.02
	16.12.02	Received from Scimitar Investment & trading Co. Pvt. Ltd. on Scheme of Amalgamation	1639000	10	21.86	7.29
Sub Total			16,42,997			7.31
M/s. Transvestments Pte Ltd.	31.12.99	Purchase	11,20,000	10	25.00	4.98
Sub Total			11,20,000			4.98
Shearson Investment & Trading Company Pvt. Ltd	28.12.98	Purchase	90000	10	19.35	0.40
	24.04.00	Purchase	209800	10	24.13	0.93
	14.03.02	Purchase	200000	10	17.00	0.89
Sub Total			4,99,800			2.22
Estate of Mrs. Sujata Birla	29.01.86	Allotment	30,000	10	10.00	0.13
Sub Total			30,000			0.13
Estate of Ms. Sunanda Birla	29.01.86	Allotment	70000	10	10.00	0.31
Sub Total			70,000			0.31
Estate of Mr. Ashok Vardhan Birla	29.01.86	Allotment	50000	10	10.00	0.22
Sub Total			50,000			0.22
Total			56,88,431			25.30

**THE YASH BIRLA GROUP****Promoter Contribution and Lock – in**

The requirement of Promoters contribution is not applicable as per the details given below:

Exemption as per Clause 4.10.1(a)

- The equity shares of the company are listed on the BSE since 1986.
- Company has a track record of dividend payment & has paid dividend for the last 3 immediately preceding years.
- Dividend paid in the past three years are as under:

Particulars	2002-03	2003-04	2004-05
Rate %	14	14	6

Note:

- * Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Scimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.
- Birla International has pledged the following shares of BPSL:
 - 6,00,000 equity shares with Canara Bank on 12.10.2001 as a security for overdraft of Birla Electricals.
 - 1,25,000 equity shares with J M Shah (HUF) on 30.08.2005 as a security for loan taken by BPSL.
 - 3,00,000 equity shares with Union Bank of India on 12.03.2004 as a security for overdraft of Viking Travels.
- Godavari Corporation has pledged the following shares of BPSL:
 - 5,00,000 equity shares with Union Bank of India on 12.06.2002 as a security for bank guarantee of windmill.
 - 10,00,000 equity shares of BPSL with L&T Finance on 14.10.2005 as a security for unsecured loan taken by BPSL.
- Birla Bombay Pvt. Ltd. and Shearson Investment & Trading Company Pvt. Ltd have pledged 12,50,000 equity shares of BPSL with Bank of Rajasthan on 10.05.2004 as a security for unsecured loan taken by BPSL
- The Promoter may pledge the Equity Shares with banks or FIs as collateral security for loan whenever availed by him from banks/FIs.
- The existing promoters' contribution has been brought in from persons defined as promoters under the Guidelines.
- The company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the company.
- The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
- An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment.
- Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:
 - A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
 - The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.

**THE YASH BIRLA GROUP**

11. The ten largest shareholders as on the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Godavari Corporation Ltd	1642997	15.68
2	Transvestments Pte Ltd.	1120000	10.69
3	Birla Bombay Private Limited	820174	7.82
4	Birla International Pvt Ltd	804660	7.68
5	Canara Bank*	600000	5.72
6	Shearson Investment Trading Co Pvt Ltd	499800	4.77
7	Galaxy Broking Ltd.	347748	3.32
8	Anil Amrutlal Gandhi	335980	3.21
9	Canara Bank Trustee Canbank Mutual Fund A/c	107750	1.03
10	Priti Anil Gandhi	85062	0.81

* 6,00,000 equity shares are in the name of Canara Bank which were pledged by Birla International Pvt. Ltd. (One of the Indian Promoter) with the Bank and have been transferred in their name as Security. However the same belongs to Indian Promoter namely M/s Birla International Pvt. Ltd.

12. The ten largest shareholders as on 10 days prior to the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Godavari Corporation Ltd	1642997	15.68
2	Transvestments Pte Ltd.	1120000	10.69
3	Birla Bombay Private Limited	820174	7.82
4	Birla International Pvt Ltd	804660	7.68
5	Canara Bank*	600000	5.72
6	Shearson Investment Trading Co Pvt Ltd	499800	4.77
7	Galaxy Broking Ltd.	347748	3.32
8	Anil Amrutlal Gandhi	335980	3.21
9	Dheeran Shantilal Vagadia	2,60,000	2.48
10	GIC Mutual Fund A/c GIC Fortune 94	1,07,750	1.03

* 6,00,000 equity shares are in the name of Canara Bank which were pledged by Birla International Pvt. Ltd. (One of the Indian Promoter) with the Bank and have been transferred in their name as Security. However the same belongs to Indian Promoter namely M/s Birla International Pvt. Ltd.

13. The ten largest shareholders two years prior to the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Birla International Pvt Ltd	14,99,585	20.03
2	Transvestments Pte Ltd.	11,20,000	10.69
3	Godavari Corporation Ltd	10,88,997	10.39
4	Birla Bombay Private Limited	820174	7.82
5	Canara Bank*	6,00,000	5.72
6	Unit Trust of India – US 1964	5,80,104	5.53
7	Scimitar Investment Trading Co Pvt Ltd	5,54,000	5.29
8	Shearson Investment Trading Co Pvt Ltd	4,99,800	4.77
9	GIC Mutual Fund A/c GIC Fortune 94	1,82,750	1.74
10	Estate of Late Ms. Sunanda Birla	70,000	0.67

* 6,00,000 equity shares are in the name of Canara Bank which were pledged by Birla International Pvt. Ltd. (One of the Indian Promoter) with the Bank and have been transferred in their name as Security. However the same belongs to Indian Promoter namely M/s Birla International Pvt. Ltd.

14. Total number of shareholders as on March 03, 2006 is 15055.


THE YASH BIRLA GROUP

15. The shareholding pattern of the promoter group as on 30.09.2005 is as detailed below:

Particulars	Present	
	No. of Equity Shares of Rs.10/- each	% of Present Capital
Indian Promoters		
Birla International Pvt. Ltd	1404661	13.40
Transvestments Pte Ltd	1120000	10.69
Godavari Corporation Pvt Ltd	1642997	15.68
Birla Bombay Pvt. Ltd	820174	7.83
Shearson Investment & Trading Co. Pvt. Ltd	499800	4.77
Estate of Mrs. Sunanda Birla	70000	0.67
Mr. Yash Birla	50800	0.48
Estate of Mr. Ashok Vardhan Birla	50000	0.48
Estate of Ms. Sujata Birla	30000	0.29
TOTAL	5688431	54.27

16. The pre and post offer shareholding pattern of the Company is given below:-

Particulars	Pre Issue		Post Issue	
	No. of equity shares	% to present share capital	No. of equity shares	% to Post Issue share capital
Promoter/directors & other persons in promoter group	56,88,431	54.27	56,88,431	25.30
Financial Institutions/ Banks/ Mutual funds	110600	1.05	167,92,619	74.70
Private Corporate Bodies	792303	7.56		
NRI /FII	35329	0.35		
Indian Public	3854387	36.77		
Total	104,81,050	100.00	224,81,050	100.00

17. There are no transactions in the securities of the Company during preceeding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
18. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).
19. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
20. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed.
21. The Company does not propose to alter the capital structure by way of split or consolidation of the denomination of the shares or the issue of shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities within a period of six months from the date of opening of the present Public Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this offer document or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.


THE YASH BIRLA GROUP
OBJECTS OF THE ISSUE

The main objects of the issue are:

- To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank
- To finance the setting up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods
- To meet the margin money for working capital requirement
- To meet the expense of the issue

The main object clause and objects incidental or ancillary to the main objects of our Memorandum of Association enables us to undertake existing activities and activities for which the funds are raised through the present issue.

BPSL plans to expand its market share by way of increasing the capacities of its existing products and also going in for backward integration by way of putting up a plant for manufacturing of Acoustic Hoods, which is presently outsourced. The company is also proposing to manufacture LPG / CNG Gensets and Engines which in the opinion of the management would be having a good market in the near future. The details of the existing capacity and the future capacity after the proposed expansion are as tabled below:

Products	Existing		After Expansion	
	Range	Capacity	Range	Capacity
Diesel Gensets	2.5 KVA	90,000	5.50 KVA and above	92400
Multi-Purpose Engines	5 H.P	35,000	Higher Capacity	37,400
Inverter	500 VA ~ 1500 VA	60,000	550VA – 1350VA	160000
LPG/ CNG Gensets & Engines	N.A.	-	-	2400
Acoustic Hoods	N.A	-	-	600
Fuel Tanks	1-14 Ltrs		Upto 100 Ltrs	2400

FUNDS REQUIREMENT

(Rs. in lakhs)

Sr. No	Particulars	Amount
1.	Factory Building	
	• Site Development	100.00
	• Building & Civil work	920.52
2.	Purchase of Assets	
	• Plant & Machinery	1,818.19
	• Misc. Fixed Assets	496.70
3	Prelim. & Preoperative Expenses	102.10
4.	Contingencies	333.54
5.	Issue Expenses	350.00
6.	Margin Money for Working Capital	918.95
	Total	5040.00

MEANS OF FINANCE

(Rs in Lakhs)

Sr. No	Particulars	Amount
1.	Equity Share Capital	5040.00
	Total	5040.00

The company is proposing to invest an amount of Rs. 3335.41 lacs towards creation of tangible assets out of the proceeds of the issue.

**THE YASH BIRLA GROUP****SOURCES AND DEPLOYMENT OF FUNDS**

As certified by M/s Shantilal Jain & Associates, Chartered Accountant, vide their letter dated February 28, 2006. The details of sources and deployment of funds is as under:

The total project cost as envisaged by the company (as given in the prospectus) is to be funded out of the issue proceeds. However, the Company has spent an amount of Rs.228.80 Lacs up to February 28, 2006 as per details given herein, which is funded through internal accruals for the time being.

Details of expenditure

Sr. No.	Particulars	Total Amount(Rs. in Lacs)
1	Site Development	88.50
2	Building & Civil works	74.00
3	Plant & Machinery	28.50
4	Issue Expenses	37.80
	Total	228.80

YEAR WISE BREAK UP OF EXPENDITURE

The entire issue proceeds are to be utilized within the current financial year. Hence the year wise break up of expenditure is not given.

INTERIM USE OF FUNDS

Pending deployment in the project the funds raised through the rights issue would be deployed by the company judiciously in the secured fixed deposits and other short term secured investment opportunities.

Rationale for the project:

BPSL is an existing profit making company-manufacturing products offering power solution and presently having a market share of 32% for its existing range of products. The market for Gensets in the 5 to 50 KVA usage bracket covers a wide spectrum of affluent users, households, shops, commercial establishments, and other institutions including the small and medium industries. All offices require power in some quantities to enable them to run the basic utilities. Though existing usage of below 5 KVA portable gensets are meant for meeting only rudimentary requirements the 5 to 50 KVA usage bracket is fast rising to meet the essentials comforts like an AC & refrigerators. Also there is a fast growing demand created by the booming telecom industry to support their unmanned stations spread all over India including remote areas.

The company has recently completed an expansion for the manufacture of inverter by expanding its existing capacities. The cost of project was Rs. 1458.58 lacs and the same has been funded by way of term loan to the extent of Rs. 925.56 lacs from The Shamrao Vithal Co. Op. Bank Ltd. vide their sanction letter dated 28th September 2005, Capital subsidy to the extent of Rs. 30.00 lacs and balance by way of unsecured loan from some promoting companies. The project has already been completed and commercial production commenced during September 2005.

DETAILED BREAK UP OF FUNDS REQUIREMENTS:**Factory Building**

The proposed expansion will be located near the existing facilities at Dehradun, land for which is already available with the company. The location will have all the necessary infrastructure required to manufacture Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank. The total area of land available is 20,000 sq. ft. The site development includes ground leveling, internal roads, paving, lawns, parkings, tube wells, water tanks, temporary sheds etc.

For its expansion project, the company is proposing to construct factory building consisting of store rooms for raw material and finished goods, production shed, administration center, security cabins, compound wall, lawns, concreting the compound of the factory building, structural water proofing, colouring, etc. The company has appointed architect – M/s Rakesh Jain & Associates for the construction. Following are the detail of expenditure to be incurred on proposed high capacity factory at Dehradun:


THE YASH BIRLA GROUP

Sr. No.	Particulars	Amount (Rs. In lakhs)
1	Site Development	100.00
2	Architect's Fees	18.52
3	Production Shed For Higher Capacity Gensets, Engines Etc.	320.00
4	Raw Material Store	140.00
5	Finished Goods Store	140.00
6	Office/Admn. Block	90.00
7	R & D Block	36.00
8	Boundary Wall, Gate, Guard's Cabin, Utility Block and other civil works.	176.00
	TOTAL	1020.52

Purchase of Assets
Plant and Machinery

The details of plant and machinery to be purchased and installed are as follows:

Sr. No.	Particulars	Quantity	Price per unit	Amount (Rs. In lakhs)	Name & Address of the supplier	Date of Quotation
1	Powder Coating Plant (Complete Unit)	1	64.53	64.53	Crescent Technology Pvt. Ltd., Noida, U.P.	17.11.05
2	Paint Shop Equipment	1	22.45	22.45	Crescent Technology Pvt. Ltd., Noida, U.P.	22.11.05
3	Fabrication Equipments/Machine Tools				India International Marketing Company, Mayapuri Industrial Area, New Delhi	
3.1	Precision Lathe Machine					
	(a) 6'6"	15	1.10	16.50	-do-	15.11.05
	(b) 8'6"	10	1.55	15.50	-do-	15.11.05
3.2	Shaping Machine (24")	12	1.98	23.76	-do-	15.11.05
3.3	Radial Drilling Machine					
	(a) 40 mm	30	2.75	82.50	-do-	15.11.05
	(b) 50 mm	35	1.04	36.40	-do-	15.11.05
3.4	Heavy Duty Lathe Machine					
	(a) 6'6"	13	1.42	18.46	-do-	18.11.05
	(b) 8'8"	10	1.65	16.50	-do-	15.11.05
3.5	Double Ended Precision Bench Grinding Machine (200 mm)	60	0.05	3.15	-do-	15.11.05
3.6	Precision Pillar Drilling Machine					
	(a) 20 mm	15	0.16	2.46	-do-	15.11.05
	(b) 25 mm	15	0.24	3.60	-do-	15.11.05
	(c) 32 mm	10	0.35	3.50	-do-	15.11.05


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Sr. No.	Particulars	Quantity	Price per unit	Amount (Rs. In lakhs)	Name & Address of the supplier	Date of Quotation
3.7	Auto feed Heavy Duty Precision Pillar Drilling Machine (40 mm)	12	0.56	6.72	-do-	15.11.05
3.8	Heavy Duty Guillotine Shearing Machine (3,000 x 4 mm)	15	4.15	62.25	-do-	18.12.05
3.9	Universal/Horizontal Milling Machine					
	(a) 1 ½ "	15	1.45	21.75	-do-	15.11.05
	(b) 2 No. Size	16	2.37	37.92	-do-	18.12.05
3.10	Precision Surface Grinding Machine (7" x 14")	20	0.62	12.40	-do-	15.11.05
3.11	Power Press Machine				India International Marketing Company, Mayapuri Indl. Area, New Delhi	
	(a) 30 Tons	22	0.94	20.57		15.11.05
	(b) 50 Tons	12	1.30	15.54		15.11.05
	(c) 100 Tons	14	2.35	32.83		15.11.05
3.12	Press Brake Machine Heavy Duty (3100 x 4 mm)	20	8.75	175.00	-do-	18.12.05
3.13	Spin Rivetting Machine	30	0.77	23.10	-do-	15.11.05
	(a) 6 mm	40	0.90	36.00	-do-	15.11.05
	(b) 8 mm					
3.14	Horizontal Metal Cutting Bandsaw Machine	42	0.40	16.80	-do-	15.11.05
3.15	Hydraulic Pipe Bending Machine (2" Size)	41	0.11	4.51	-do-	15.11.05
3.16	Double Action Deep Draw Hydraulic Presses (300 Tons)	7	12.50	87.50	-do-	21.11.05
3.17	Profile Cutting Machine	26	0.75	19.50	-do-	21.11.05
4	CNC Equipments					
4.1	CNC Turning Machine (890x400 Size, 8000 RPM)	3	23.50	70.50	India International Marketing Company, Mayapuri Indl. Area, New Delhi	21.11.05
4.2	CNC Turret Punch Press, Arries 255	1	64.00	64.00	Amada India Pvt. Ltd, Mumbai	12.09.05
5	Welding Equipments				India International Marketing Company, Mayapuri Indl. Area, New Delhi	
5.1	MIG Welding Machine					
	(a) 250A	30	0.60	18.00		15.11.05
	(b) 400A	35	0.71	24.85		15.11.05
5.2	Seam Welding Machine/ Arc welding & Others	50	0.29	14.95		15.11.05


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6	Material Handling Equipments					
6.1	Full Electric Stacker (1500 Kgs.)	10	5.90	59.00	Lokpal Industries, Noida, U.P.	18.11.05
6.2	Counter Balance Stacker, (1000 Kgs.)	8	5.54	44.32	Lokpal Industries, Noida, U.P.	18.11.05
6.3	Fork Lifts:					
	(a) 2000 kg.	12	7.80	93.60	Mahindra Stiller Ltd., Faridabad, Haryana.	18.11.05
	(b) 3000 kg.	10	8.80	88.00		18.11.05
6.4	EOT/ Overhead Cranes:					
	(a) 5 Ton	8	3.75	30.00	Lokpal Industries, Noida, U.P.	21.11.05
	(b) 10Ton	6	6.40	38.40		21.11.05
6.5	Trolleys, Hoists, Platforms, Lifters etc.	45	0.94	42.30	Mahindra Stiller Ltd. Faridabad, Haryana.	18.11.05
7	Testing & Misc. Equipments			46.13	RRL consulting Engg. New Delhi	20.12.05
8	Duties, Taxes, Transportation and Installation Charges @ 20%			303.15		
	Grand Total			1818.19		

The Company has relied on quotations received from various suppliers and the orders for the same are yet to be placed.

Misc. Fixed Assets

Sr. No.	Particulars	Amount (Rs. in lakhs)
1	Furniture & Fixtures	120.00
2	IT Infrastructure / computers, Office equipments	59.37
3	Electricals, Lighting, A/c etc	114.00
4	Vehicles / car / tempo	67.13
5	Store Equipments, office partition	94.50
6	DG Set (100 KVA)	6.70
7	Misc. Equipments	35.00
	TOTAL	496.70

Preliminary and Pre-operative Expenses

Preliminary and pre-operative expenses are estimated to be Rs. 102.10 lakhs details of which are given below :

Sr. No.	Particulars	Amount (Rs. in lakhs)
1	Establishment expenses	8.50
2	Traveling expenses	15.00
3	Legal expenses	16.50
4	Rent, Rates & Taxes	13.10
5	Insurance during construction	4.00
6	Postage, Stationery, Telephone expenses	13.50
7	Consultancy & other misc. expenses	31.50
	TOTAL	102.10


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Contingencies

The company has provided 10% of the project cost (excluding issue expenses, working capital margin and Preliminary and Pre-operative expenses), i.e., Rs. 333.54 Lakhs for contingencies. The cost estimates are based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Contingencies are mainly to provide for fluctuations of prices of machineries, factory building cost etc.

Issue Expenses:

The expenses for the issue (6.94% of the issue size) include among others, fees payable to lead manager, selling commissions, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees payable to the stock exchanges. The estimated Issue expenses are as follows:

(Rs. in lakhs)	
Particulars	Amount
Fees to the intermediaries	75.00
Advertising & Marketing expenses	90.00
Printing, Stationary, Dispatch	75.00
Brokerage	75.60
Miscellaneous	34.40
Total	350.00

Working Capital Requirements

The company has planned a major expansion of its existing capacities whereby the turnover of the company is expected to increase substantially. This increase in turnover would be achieved not only by increase in the capital cost but also by an increase in working capital requirement. Hence there is need for additional working capital which is calculated as follows :

(Rs. in lakhs)			
Particulars	Period ended 30.09.2005	30.09.2006 (Estimated)	30.09.2007 (Estimated)
Current Assets			
Work in progress	3543.79	3680.20	4971.08
Sundry Debtors	2050.2	2105.50	2882.45
Advances / Deposits	668.12	787.75	1252.74
Deposits – Guarantees	1258.58	1280.30	1454.48
Total	7520.69	7853.75	10560.75
Current Liabilities			
Sundry Creditors	1077.20	1433.06	1732.86
Advances received	200.00	200.00	460.50
Liabilities – Others	3893.46	3430.50	3659.15
Total	5170.66	5063.56	5852.51
Working Capital Gap	2350.03	2790.19	4708.24
Financed by:			
Banks	1800.00	1871.24	3789.29
Margin	550.03	918.95	918.95

Basis of estimation of Working Capital Requirement:

Working Capital requirements is estimated on the basis of the following assumptions:

Particulars	Number of Days
Raw materials	15
Power and fuel	30
Salaries and Wages	30
Work- in- process	7
Finished goods	7
Sundry Debtors	30

**THE YASH BIRLA GROUP****Schedule of Implementation / Utilization of Issue Proceeds**

The major activities in the implementation of the project have been listed and the average time for implementation of the project is estimated at 16 months:

Sr. No.	Major Activities	Commencement	Completion
1	Land Development / Construction of Building	January 2006	June 2006
2	Placing order for Plant & Machinery	February 2006	April 2006
3	Plant & Machinery Procurement	March 2006	August 2006
4	Procurement of Other Fixed Assets	June 2006	August 2006
5	Erection/Installation of Plant & Machinery	May 2006	September 2006
6	Trial Production/ Commercial Production	Oct.06	


BASIS FOR ISSUE PRICE
QUALITATIVE FACTORS

1. BPSL is established, existing profit making company with an experienced management team
2. An ISO 9001 & ISO 14001 certified company by Underwriters Laboratories Inc.
3. Products – engines, alternators and entire range of gensets are ISI certified.
4. New Project is being set up in the excise duty free zone in Uttaranchal.
5. One of the few companies to launch emission compliant generators under the brand name of “BIRLA ECOGEN”.
6. All products manufactured by the Company are fully emission compliant.

QUANTITATIVE FACTORS

Information presented in this section is derived from the audited financial statements

i) Earnings per Share (on Rs. 10/- per share)

Year	EPS (Rs)	Wts
2002-03	0.14	1
2003-04 (18 Months)*	0.06	2
2004-05	3.40	3
Weighted Average EPS (WEPS)	1.74	

* Annualised

ii) P/E Ratio

Price per share	Rs. 42
P/E (based on Weighted Average EPS)	24.08

iii) Return on Networth

Year	RONW (%)	Wts
2002-03	0.28	1
2003-04 (18 Months)*	0.12	2
2004-05	6.29	3
Weighted Average RONW	3.23	

* Annualised

iv) Minimum RONW required for maintaining pre issue EPS of (%)	3.66
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v) Book Value (Rs.)

Book Value (pre issue) (As on 30/09/2005)	54.06
Book Value (post Issue)	47.62

vi) Industry P/E Ratio

Highest (IMP Powers)	54.4
Lowest (Lak. Electrical)	11.9
Average	30.50
Source: Capital Market – Feb. 27 – Mar. 12, 2006, Segment – Electric Equipment	

**THE YASH BIRLA GROUP****Comparison with other companies**

Name of the company	Equity (Rs. In Crores)	Sales (Rs. In Crores)	PAT (Rs. In Crores)	EPS (Rs.)	BV (Per Share)	P/E
Crompt. Greaves	52.38	2040.1	110.0	20.1	75.0	31.6
Havell's	11.60	582.0	30.6	13.0	37.3	18.0
Honda Siel Power	10.14	200.8	8.3	7.7	143.4	18.3
IMP Powers	4.57	43.9	-5.6	-	11.8	54.4

Source: Capital Market – Feb. 27 – Mar. 12, 2006; Segment – Electric Equipment

Conclusion

The equity shares are being issued at a price of Rs. 42/- per share. The issue price is 4.2 times the face value of the equity shares. The pre issue book value of the equity shares as on 30/09/2005 is Rs. 54.06/- per share. The average PE multiple of the industry sector is 30.50. The present issue of shares are being issued at a PE multiple of 24.08 times the weighed average EPS and at a PE Multiple of 12.35 times EPS for the FY ended 30/09/2005. The minimum return on networth required to be earned to maintain the pre-issue WEPS of Rs. 1.74/- is 3.66% whereas the company had an RONW of 6.29% for the FY ended 30/09/2005.

Taking into account the above qualitative and quantitative factors, the issue price of Rs. 42/- per share is justified.



THE YASH BIRLA GROUP

STATEMENT OF TAX BENEFITS

February 28, 2006

M/s Birla Power Solutions Ltd.,
Industry House,
159, Churchgate Reclamation,
Mumbai-400 020

Dear Sirs,

**Re: Tax Benefits available to the Company and the Shareholders on
Proposed Public Issue of Shares under the existing tax laws.**

As desired by you vide your letter dated 25th November, 2005 and 6th February, 2006, we enclose herewith an 'Annexure' giving the details of the possible Tax Benefit available to **Birla Power Solutions Limited ("the Company")** and its **Shareholders** under the current direct tax laws, in India **subject to amendments/changes, if any, as proposed in the Finance Bill 2006.**

Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether “

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with;
- The revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws and **subject to amendments/changes, if any, as proposed in the Finance Bill 2006.**

Thanking you,

Yours faithfully,

FOR M. K. SUREKA & CO.

(M. K. SUREKA),

PROPRIETOR

Encl: As above

**THE YASH BIRLA GROUP****ANNEXURE TO THE STATEMENT OF TAX BENEFITS****RE: BIRLA POWER SOLUTIONS LIMITED****ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS:****A. BENEFITS TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 “ACT”:**

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - (a) In respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;
 - (b) In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.
2. Under section 10(34) of the Act, the income earned by way of dividend from domestic company (in which the company has invested) referred under section 115-O of the Act is exempt from tax in the hands of the company.
3. The income received by the company from distribution made by any mutual fund specified under section 10(23D) of the Act in respect of which tax is paid by such mutual fund under section 115R of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the company.
4. Under section 10(38) of the Act, the Long-Term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.
5. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
6. Under Section 80-IB of the Income Tax Act, 1961, subject to fulfillment of conditions laid-down therein, the company is entitled to claim deduction in respect of profits and gains derived from its Industrial Undertaking set up at Bata Mandi, Poanta Sahib, Dist: Sirmour (Himachal Pradesh) manufacturing Portable Gensets, Multi-purpose Engines, and Battery Chargers. The amount of deduction shall be 100% of the profits and gains from such Industrial Undertaking for five assessment years beginning with the initial assessment year 2000-2001 and thereafter another five years 30% of the profits and gains from such Industrial Undertaking. The total period of deduction shall not exceed ten consecutive assessment years.
7. Under Section 80-IC of the Income Tax Act, 1961, subject to fulfillment of conditions laid-down therein –
 - (a) in respect of its new Industrial Undertaking in the name of **Electronic Product Division (EDP)** set up at Village Lal Tappar (Majri Grant), P. O. Resham Majri, Dehra Dun-248 140 (Uttanchal) to manufacture Inverters, Uninterrupted Power Supply (UPS), Automains Panel and Battery Charger, the Company is entitled to deduction of 100% of the profits and gains for five assessment years beginning with the initial assessment year 2004-2005 and thereafter another five years 30% of the profits and gains from said Industrial Undertaking. The total period of deduction shall not exceed ten consecutive assessment years.
 - (b) in respect of its new Industrial Undertaking (Unit 2) being set up at Village Lal Tappar (Majri Grant), P. O. Resham Majri, Dehra Dun-248 140 (Uttanchal) to manufacture Diesel Gensets, Multi-purpose Engines, Alternators, LPG/CNG Gensets & Engines, Acoustic Hoods, Fuel Tanks and Inverters, the Company is entitled to deduction of 100% of the profits and gains for five assessment years beginning with the initial assessment year 2004-2005 and thereafter another five years 30% of the profits and gains from said Industrial Undertaking. The total period of deduction shall not exceed 10 consecutive assessment years subject to fulfillment of condition that it begins to manufacture or produce articles or things during the period beginning on the 7th day of January, 2003 to 1st April, 2012.

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8. As per the provisions of Section 112(1)(b) of the Act, other Long-Term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the Long-Term Capital Gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on Long-Term Capital Gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of Long-Term Capital Gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
9. As per the provisions of section 111A of the Act, Short-Term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognized Stock Exchange or from sale of units of any equity-oriented mutual fund are subject to tax at the rate of 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
10. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the company would be entitled to exemption from tax on Long-Term Capital Gain [not covered by Section 10(36) and Section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of Capital Gains for which exemption is availed earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such new asset is transferred or converted into money.
11. The corporate tax rate shall be 30% (plus surcharge on tax @ 10% and Education Cess @ 2%). In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided/deemed to be provided to the employees.
12. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act. Such MAT credit shall be available for set-off upto 5 years succeeding the year in which the MAT credit initially arose.

B. TO THE MEMBERS OF THE COMPANY

Under the Income-tax Act, 1961

Resident Members

- Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
- Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.
- In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

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- d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
- e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax, to the extent of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Non Resident Indians / Members other than FIIs and Foreign Venture Capital Investors

- By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115-O of the Act, is exempt from tax in the hands of the recipients.
- Tax on income from investment and Long Term Capital Gains:
 - A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to certain incomes of Non-Residents".
 - Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess on income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.

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- Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases

Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Return of income not to be filed in certain cases
 - Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

Other Provisions

- Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.
- Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

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- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.

Foreign Institutional Investors (FIIs)

- By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- In terms of section 10(38) of the Act, any Long Term Capital Gains arising to an investor from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a) The transaction of sale of such equity shares is entered into on or after 1st October, 2004.
 - b) The transaction is chargeable to such securities transaction tax.
- The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income-tax) as per section 115AD of the Act.
- The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - Short term capital gains – 30% (plus applicable surcharge and education cess on income-tax)
 - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income-tax)(shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;

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- b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.
- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.
 - In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.

Venture Capital Companies / Funds

- In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Infrastructure Capital Companies / Funds or Co-operative Bank

- In accordance with and subject to the conditions specified in section 10(23G) of the Act, income from specified investments made to a power sector company by an Infrastructure Capital Fund or Infrastructure Capital Company or Cooperative Bank on or after first day of June, 1998 is exempt from levy of Income-Tax.

However the aforesaid Income would be subjected to Minimum Alternative Tax under section 115JB of the Act.

(ii) Under the Wealth-tax Act, 1957

- Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, hence Wealth-tax Act will not be applicable.

(iii) Under the Gift-tax Act, 1957

- Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- **All the above benefits are as per the current tax law subject to amendments/changes, if any, as proposed in the Finance Bill 2006.**
- We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.
- *Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.*
- **IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCE, EACH INVESTOR IS ADVISED TO CONSULT HIS / HER OWN TAX ADVISER WITH RESPECT TO SPECIFIC TAX CONSEQUENCES OF HIS / HER PARTICIPATION IN THE SCHEME.**



SECTION III: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Overview

The power industry in India has been characterized by peak power and energy shortages. In fiscal 2004 and 2005, demand for electricity exceeded supply on an average by an estimated 7.1% and 7.3% respectively in terms of total requirements and 11.2% and 11.7% respectively in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy generally. According to the United Nations, India has one of the lowest electricity consumption levels in the world, at 355 units per capita in 2000, due in part to unreliable supply and inadequate distribution networks. This contrasts with 827 units per capita in China, 1,878 units per capita in Brazil and 12,331 units per capita in the United States, in 2000.

Historically, state and central government entities played the dominant roles in the development of the Indian power industry. However, capacity growth did not keep pace with demand, due to inadequate investment and the poor financial health of the SEBs. However in recent years, in light of persistent shortages, the Government has taken significant action to restructure the industry and attract investment.

History

At the time of independence in 1947, India had power generating capacity of a meagre 1,362 MW. Power was not available in villages or rural areas, and only a few urban centres had electricity. Generation and distribution of power was carried out primarily by private utility companies. After independence, electricity was made subject to the concurrent jurisdiction of the state and central governments, although Parliament was given the ability to exercise pre-emptive power. The Electricity (Supply) Act, 1948 of India (the “Electricity Supply Act”) created the institutional framework under which the industry was developed, which framework was not substantially modified until the recent passage of the Electricity Act, 2003 (the “EA 2003”).

The Supply Act led to the creation of the SEBs—state government agencies with the sole responsibility for generation, transmission and distribution of electricity within each state. Most states established SEBs; the smaller states and Union Territories, established Electricity Departments (“EDs”) to manage and operate power systems. As of March 31, 2004, the SEBs own or control approximately 58% of India’s total generating capacity and have substantial control of most of the distribution assets.

Indian Power Scenario

As of March 31, 2005, India’s power system had an installed generation capacity of approximately 115,544.8 MW. Of the installed capacity, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 69.4% of total power capacity. Hydroelectric stations accounted for approximately 26.1% and others (including nuclear stations and wind power) accounted for approximately 4.5%.

Recurring power shortages, fundamentally caused by under capacity, have impacted India’s overall industrial growth. According to CEA estimates, India’s power deficit has been at 12 percent. This apparently modest figure hides large variations in power deficits across the country. Moreover, the power supplied in India is often of poor quality, resulting in problems like voltage fluctuations and low current. Industrial, agricultural, office, and residential consumers have tried to gain some control over their power supplies by buying power generating sets. Since the grid power supply is uncertain and often of poor quality, many industrial consumers increasingly rely on captive power systems. Despite environmental concerns, many large manufacturing firms are also switching to captive diesel power plants, as diesel power plants are more economical and have a short gestation period to build.

The industrial sector is one of the largest consumers of electrical energy in India. To counter the unpredictability of hydrocarbon fuel prices and the cost of fuel in DG-based power plants, the captive power scenario in India is making a distinct shift from conventional liquid fuels to solid fuels. The market for solid fuel/ waste heat based captive power plants is growing in India at 10% per annum; estimated at 500 MW per annum. Further, due to the poor quality, unreliability an inadequacy of grid supply and high tariffs due to heavy cross subsidization, a number of industries are now increasingly relying on their own generation (captive and co-generation).

With increasing urbanization, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. Some latent demand for electricity may also surface in the event of wider



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distribution and increased reliability in power supply. As a result, manufacturers of diesel power generating sets are doing well. Gensets are being bought in the thousands by businesses and individuals seeking protection from frequent power cuts imposed by state-owned utilities. In this scenario, the company expects that back up sources of electric power such as generator; invertors are likely to play an increasingly important role.

Generators / Inverters

With use of electricity needed everywhere, load shedding has become dreaded word where power failures and low voltage have become a constant comparison. In some of states, over the years, situation has worsened instead of improving, the problem has compounded with popularity of consumer electronics in modern households. Ultimate solution lies with Generators, Inverters which can facilitate uninterrupted power supplies.

Gensets are ideal backup source in case of all power cuts, where as Inverters are ideal back up for power cuts of smaller duration. Although Portable genset industry has not witnessed significant growth in past couple of years due to shift in Inverters but industry over 2.5 KVA's i.e. 5KVA and above is upcoming and is expected to do well in coming years due to infrastructural developments taking place. Market for invertors was primarily dominated by unorganised players and the trend is reversing now.

The market for Inverters covers a wide spectrum of users, households, shops, commercial establishments, and other institutions. Small offices require power in small quantities to enable them to run the basic utilities while diesel generating sets are meant for categories including the small and medium industries.

Inverters are electronic devices that work on rechargeable batteries. In the event of a power failure, they have the facility of automatic changeover from the mains and electricity starts flowing. The Inverters are available in a wide capacity range, 100VA to as high as 10KVA. The most popular range continues to be the 300/500/700 VA which enables the user to run a few fans, a few tube lights and may be a television set.

Inverter manufacturers are trying to constantly upgrade their product technology to improve quality and reliability of their product. Some Inverter manufacturers use advanced technologies like the installation of a microprocessor in their Inverters. This helps reduction in change-over time to two milliseconds. Inverters also have features like digital display for measuring battery and the charging system. Some Inverters have two transformers – one for charging and the other for discharging to ensure that at any given time, only one transformer is working and the other is at rest. The protection levels of the machines are also being increased; most Inverters carry automatic protection from high voltage.

The demand for Generators in the domestic segment has also come down over the last few years because of the following problems faced by the customer with the Generators –

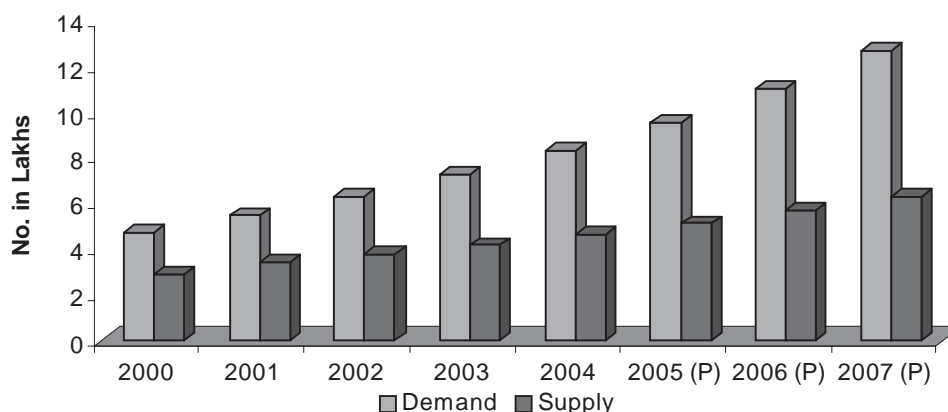
- Inconvenience of starting generator especially by ladies and old members of household and during odd hours etc.
- Higher noise level of the generators even with acoustic hood which causes discomfort.
- Pollution due to the exhaust from the engine.
- Free and open space required for running the generators which is a big constraint in the multi storey flats.
- Inconvenience caused in regular purchase and storage of petrol and kerosene for running of Gensets.

Because of these problems there has been growing preference for the use of inverters by the domestic consumers to meet power shortage. Generators are preferred only where there is a large requirement of power, like commercial establishments, shops, cyber café and institutional requirements.



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DEMAND SUPPLY GAP OF INVERTERS



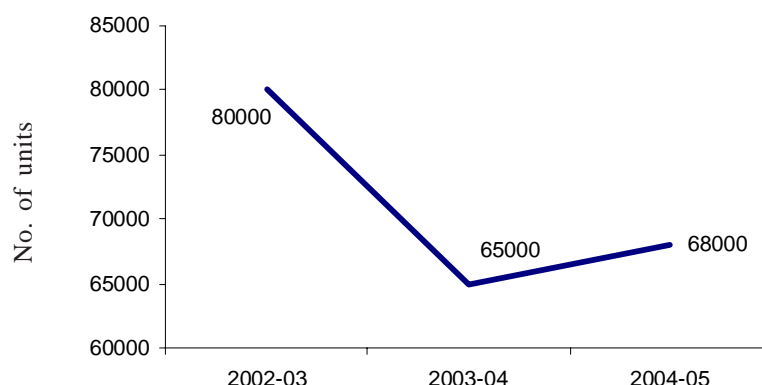
Source: Centre for Monitoring Indian Economy

GENSETS

The market for Gensets in the 5 to 15 KVA usage bracket covers a wide spectrum of affluent users, households, shops, commercial establishments, and other institutions including the small and medium industries. All offices require power in some quantities to enable them to run the basic utilities. Though existing usage of below 5 KVA portable generating sets are meant for meeting only rudimentary requirements the 5 to 15 KVA usage bracket is fast rising that need to meet the essentials with basic affluence comforts like an AC & refrigerator.

Also there is a fast growing demand created by the booming telecom industry to support their unmanned stations spread all over India including remote areas.

All India demand trend – Portable Gensets



Source: Primary Research, Discussion with BPSL personnel & UC Analysis

Overall market size is expected to remain stagnant. However, increase in semi urban and rural sales is expected to compensate for the loss of sales in the core markets.

MULTIPURPOSE ENGINES

Multipurpose engine is segmented in different applications products namely pumpsets, sprayers, vibrators, threshers, power tillers etc. The major sales of engines is utilised in agriculture retail in the form of pumpsets, sprayers, threshers, power tillers etc., whereas the other portion of engines is captured in construction, industrial, automotive and OEM application segments.

In today's market, the pumpsets demand has increased and the overall growth is increasing by about 10-15% every year. Due to non-availability of kerosene in certain pockets, the demand of pumpsets in diesel range has increased and further demand for pumpsets with LPG fuel has also started coming. High capacity diesel engine for heavy-duty application products in the range of 5-8 HP is the major demand in the market



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DIESEL ENGINES

The diesel engine industry is categorized into three main segments, according to the size of the engines. Light fuel, high-speed diesel, and petrol or kerosene fire most of these engines, which typically are used for power back up. The power industry, however, is not the only market for DGS manufacturers. The oil and gas industries also represent a significant market potential.

Engines below 20 HP are categorized as small range engines. These engines are catering to agriculture sector. This demand is primarily met by the local players, which have emerged in pockets in and around Rajkot, Agra, Kolhapur and Jaipur.

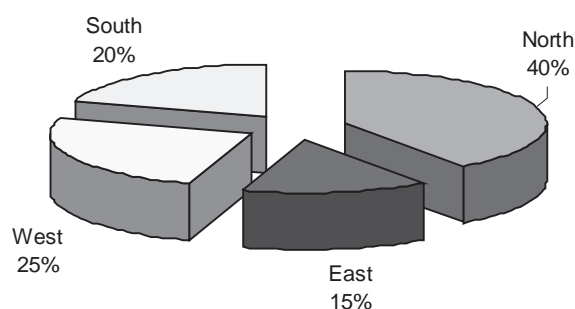
The medium range engines, in the 20 HP- 300 HP, go into tractors, power generation, construction and smaller industrial applications. Overall, the maximum growth rate is found in the range of medium HP engines. The demand from Hotels, banking sector, hospitals, and the telecom sector is going up. Hence, could lead to overall volume growth in these segments. The volume growth in the best-case scenario would be around 10 percent. The large engine segment, of 300 HP- 200 HP, caters to the needs of power generation and large industrial applications. The deficit in power from state utilities would drive the scope for captive power generation and, in turn for diesel engines.

Market Size and Players

Portable Generators and Inverters

Portable gensets market is dominated by organised sector players like Honda Siel Limited (with about 65 percent of market share), BPSL (with about 32 percent of market share) and balance three percent by new entrants. In numbers total industry for Portable Gensets is about 55,000 nos out of which Birla brand enjoys about 19,000 numbers. On inverter front, approximately 15 lac inverters were sold nationally in the year 2004-05 from major players like Microtek, Sukam, Lumineous, Birla Ecogen, Genus.

Market Segmentation (Inverters)



Source: Centre for Monitoring Indian Economy

Multipurpose Engines:

Total market size of portable range of engines / pumpsets is 97000. Out of which BPSL enjoys about 12000 numbers. Major players in the market are Greaves, Honda, Villers, Elgi. 40% of the market is enjoyed by Greaves, 30% by Honda, 11% by BPSL and balance by the other players.

(Source: Ac Nelson Market survey report)

KEY INDUSTRY REGULATIONS

Benefit of New Industrial Policy for Uttaranchal State

Fiscal Incentives to new Industrial Units and to Existing units on their substantial expansion: Central Government has announced the new industrial policy for the state of Uttaranchal which offers the following benefits for the new units if set up in the Notified Industrial Areas in the Uttaranchal State.

- 100% excise relief for the period of 10 years from the date of commencement of commercial production.



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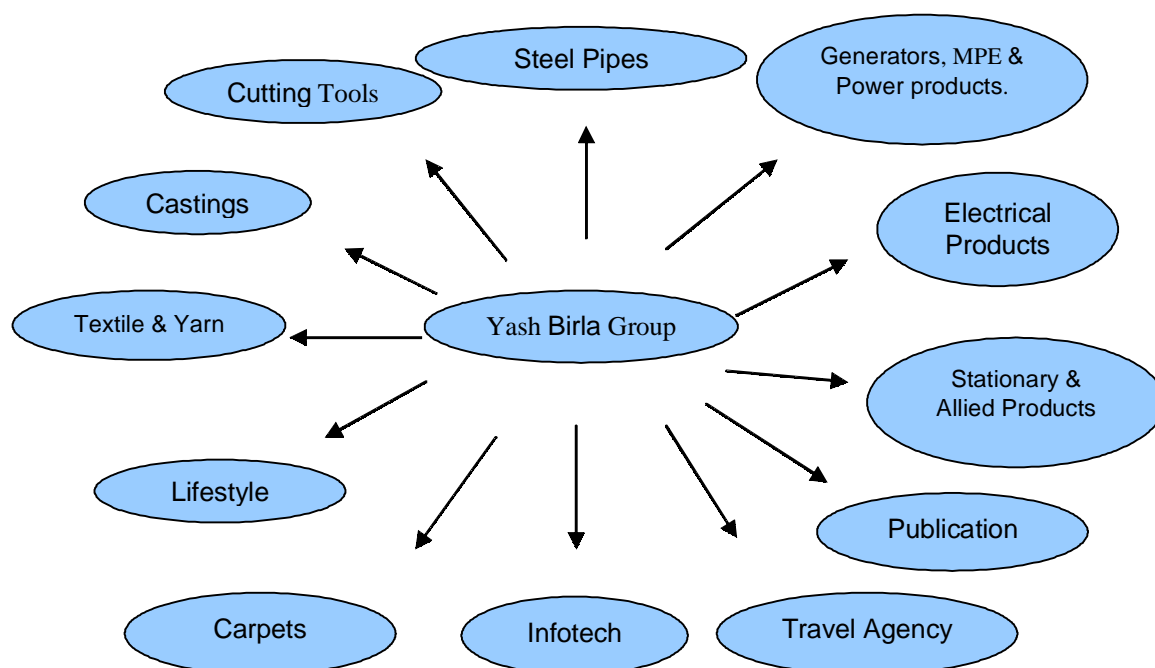
- 100% income tax exemption for the initial period of 5 years and thereafter 30% Income Tax exemption for further period of 5 years.
- Capital Investment subsidy @ 15% of investment in Plant & Machinery in a New Unit subject to the ceiling of Rs. 30 lakhs.

Since the new plant of the company is located in Dehradun, Uttranchal bearing Khasra No.3972, 3973,3974 which is covered in the notified area as specified in the Industrial policy, it can take the benefit of the above excise, income tax and capital investment subsidy benefits by which the company will become more competitive.

**THE YASH BIRLA GROUP****BUSINESS OVERVIEW****YASH BIRLA GROUP:**

Birla Power Solutions Limited is a part of the Yash Birla group. Yash Birla group has various industries spread all over India. Under the leadership of Mr. Yash Birla, the group made successful forays into many areas like generator sets, multipurpose engines, yarns, pipes, consumer durable, precision cutting tools, electrical products, publications, travel agency, Infotech, carpets, castings, furnishing etc.

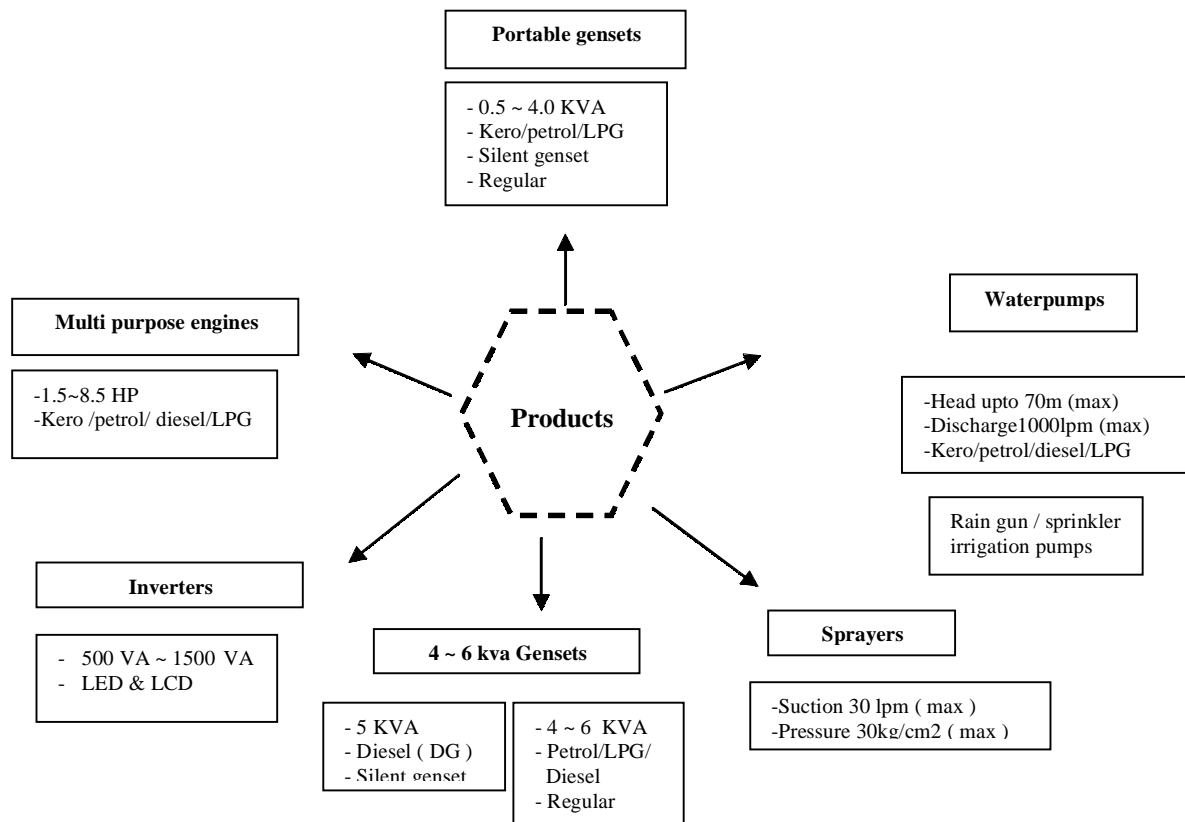
With an eye on overseas market and modern technology, the group has established tie-ups with the market leaders like Oswald Forst (Germany), Samputensili (Italy), Klingelnberg Solne (Germany) Kenametal Inc. (USA), Besmer (Germany) and Fonderia Peruchini Spa (Italy).

Group's Diversified Business**BIRLA POWER SOLUTIONS LIMITED**

BPSL was one of the first Companies to manufacture portable generators in India in 1986. The Company has the expertise in manufacturing 2 stroke as well as 4 stroke engines. The Company is presently producing a wide range of Generators catering to the power requirements from 500W to 5.5 K.W. BPSL was the first Company to roll out Self Start Gensets and recently became the first Company to launch emission compliant Generators under the brand name – **BIRLA ECOGEN**. The different products manufactured by the company are as detailed herein under:

**THE YASH BIRLA GROUP****PRODUCTS AND SERVICES OF THE COMPANY**

Products manufactured by BPSL are:



- **Gensets:** Presently manufactured and marketed are portable upto 5 KVA with petrol / diesel / LPG fuel options. Market for these Gensets are households, shops, banks, ATM centres, schools, telecommunication sectors, radars etc. BPSL has plans to go upto 50 KVA Gensets in forth coming months which will basically serve big establishments, stores shopping complexes, multistoried buildings.
- **Multipurpose Engines:** Presently BPSL is manufacturing and marketing portable pumpsets upto 5.0 HP with petrol / Kerosene / LPG fuel options. Major junks of engines are utilized for agricultural pumpsets, power sprayers, vibrators and other application products. The HP range of engines in diesel sector is shortly coming upto 8.6 HP designed for heavy agricultural application like thresher, harvests, tiller and industrial / construction segments.
- **Inverters / Batteries:** Being targeted to mainly household segments as mostly being manufactured upto 1500 VA. Also being marketed through consumer durable manufacturers under their various schemes for their distributors / dealers. The company has recently developed inverters for a consumer durable company for their refrigerators.
- **Portable generator**
 - Output of 0.5 to 5.0 KVA range is manufactured with fuel options of Petrol, kerosene, LPG and diesel.
 - Above range is offered both in silent canopy as well as regular frame configuration.
 - Serves household, commercial establishments, banks, paramilitary forces, defence and export customer segment
 - Meet CPCB emission and noise pollution control norms wherever applicable.


THE YASH BIRLA GROUP

- **Water pumps**

- 28 types of models are manufactured for different water heads and discharge to cater different requirements of field for agricultural irrigation usage.
- Water head as high as 70 m and discharge as high as 1000 LPM are covered in specs.
- Available in Petrol, kerosene, LPG and diesel fuels.

- **Multi purpose engines**

- The Company recently diversified into Multi Purpose Engines and its application products such as Pumpsets, Sprayers, Vibrators and Lawn Mowers etc. The engines manufactured by the Company are useful particularly to small / medium scale farmers having small land holdings. The products are extremely compact, light weight, portable and efficient and are becoming popular in the farming community because of their reliability, low maintenance and low running costs.
- Available in the range of 1.5 ~ 8.5 hp with fuel options of Petrol , kerosene , LPG and diesel
- Used mainly for retail and institutional customers for agriculture , construction , railways and water applications

- **Appliances**

- Appliances like sprayer, grass cutter etc are in current manufacturing range mainly for irrigation and agricultural purpose

- **Inverters**

- Available in the capacity of 500 VA, 800 VA, 1500 VA
- LED and LCD Display

MANUFACTURING FACILITIES/LOCATION:

The modern manufacturing unit is established near Dehradun (Uttaranchal) in a very scenic and serene backdrop of hills & forest, with a manufacturing capacity of 1,00,000 Gensets and 30,000 Multi Purpose Engines. The connected load is 1550 KVA. Though the power availability in the region is good, Company has DG sets of 100 KVA as stand by captive power.

PLANTS	DEHRADUN (UTTARANCHAL)	PONTA SAHIB (HIMACHAL PRADESH)
Land Area	1,49,005.72 Sq. Mtrs	2897.19 Sq Mtrs.
Total Covered Area	19175.00 Sq. Mtrs	796.47 Sq Mtrs
Capacity - Gensets	75000 units/ year	15000 Unit / Year
MPE	25000 units/ year	10000 units/ year
Inverter	60000 units/ year	-
Manufacturing	Portable Gensets Portable Engines Portable Water Pumping Set. Inverters, Alternators, Sprayers, all critical components are manufactured in House	Portable Gensets Portable Engines Portable Water Pumping sets
Address	Village - Lal Tappar P.O - Resham Majri Distt - Dehra Dun, Uttaranchal	Village - Batta Mandi Yamuna Nagar Road, Paonta Sahib, Distt. Sirmour, Himachal Pradesh

**THE YASH BIRLA GROUP****MACHINERY:*****Generator Shop***

Generator shop is one of the most automated shops in the plant, having automated tailor made winding machines for the winding of circular type laminations. It produces single phase self excited synchronous alternators from 0.5 KVA upto the capacity of 3.0 KVA using wire diameter from 0.600mm to 1.100mm. The Alternator consists of two major components namely Stator assembly and Rotor assembly. Both these assemblies are made on separate lines in the shop. The Stator & Rotor assemblies are then sent for varnishing on the Trickle Varnishing machine, which is the latest state of art machine, which ensures accurate, fixed amount of varnish and proper baking which can be monitored by means of external TV monitors. The major part of this sophisticated machinery is imported from Japan. Out of the total of 28 machines 22 are imported.

It also has the rigorous in process and final testing facilities like –

- Surge comparison testing
- Dielectric testing
- Resistance testing
- Performance testing

Alternator shop has fully automatic machines capable of producing single phase self excited synchronous alternators upto the capacity of 4.5 KVA. The Machine shop has 79 machines out of which 10 are CNC such as CNC Lathes, CNC Machining Centre & CNC Drill Tap Centre. The Paint shop has Dip Phosphate to accommodate upto the cube size of 800 mm and conveyerised electrostatic spray painting along with Thermic fluid baking for cube size of 600 mm.

Welding Shop

Pre pressed parts of Muffler, Fuel Tank and Air Shroud are welded in this shop. The shop is essentially divided into two main categories i.e. Fuel tank welding line and Muffler welding line. This shop has state of the art welding machines & produces high quality welds.

Some of the main welding machines used in the shop are described below –

- ***Spot Welding machines*** - for welding sheet thickness of 0.5 mm to 2 mm. Resistance type welding is done on this machine to create a strong nugget type joint with the help of copper electrodes of the machine. The welding parameters are pre set on the machine to eliminate process variations and to produce high strength joints.
- ***Seam Welding machines*** - for welding sheet thickness of 0.5 mm to 2 mm. Here also resistance type welding is performed and the electrodes are of copper discs. A continuous seam type joint is created between the parts to be welded. The joint produced is very strong and leak proof. On account of this it is used to weld our fuel tanks panels.
- ***Metal Inert Gas (MIG)*** welding machines 200 Amps – the welded joint is created by continuous feed of copper-coated M.S. wire. The welding is carried out in an inert atmosphere of Carbon di oxide to produce high quality welded parts.
- ***Tungsten Inert Gas (TIG)*** welding machines 200 Amps- the welded joint is created by passing current through non-consumable tungsten electrode. The welding is carried out in an inert atmosphere of Argon gas to produce high quality welded joints.
- ***Gas Welding*** or brazing is done in which parts are joint together with the help of welding blow pipe (Gas welding torch). In this blowpipe we use Oxygen and DA gas and we use flux-coated electrode for brazing.

In addition to the above the fuel tanks welded are tested under air pressure to ensure that they are leak proof.

**THE YASH BIRLA GROUP****Paint Shop**

Painting of all genset parts is carried out in house in a dust proof paint booth. The company has a complete and dedicated shop to paint its gensets parts and the process parameters are controlled to produce the best quality painted parts. The various stages of the painting process is as follows –

1. **Pretreatment** – This is an essential process to ensure that the paint adheres properly to the part and the life of the painted part remains in tact. The phosphating layer acts as a shield against environmental effects before painting. The phosphating is of dip type (wet type) and can accommodate parts upto the cubic size of 800 mm. Sand-blasting facility is also employed in some parts to be painted.
2. **Painting** – Electrostatic spray painting is carried out in a conveyORIZED spray booth. It can accommodate parts upto the cubic size of 600 mm.
3. **Baking** – the parts after the painting are fed into a baking / heating zone to bake the parts. The heating is done in - directly by use of thermic fluid upto 200°C.

Testing facilities:

- **Titration of phosphating chemicals** – this is carried out to ensure that the correct strength / ratio of chemicals are being used during the pre treatment process.
- **DFT measurement** – this is checked by means of an instrument, which directly gives the value of the dry film thickness of the painted part.
- **Salt Spray testing** – is done to ensure that the life of the painted part is as per the specification.
- **Gloss testing** – this is done by a gloss meter to give the value of gloss / shine of the painted part.
- **Adhesion testing** – to ensure the paint has properly adhered to the part.
- **Impact resistance testing** – this is done to know if the paint film has acquired sufficient strength.

In addition to this the shop has an efficient Effluent Treatment Plant to treat the effluents generated before being discharged finally.

Assembly Shop

The assembly shop has two conveyors specifically dedicated to produce 2- stroke and 4- stroke generators. Both these lines have torque controlled pneumatic impact wrenches for proper tightening of bolts/screws. These torque wrenches ensure that the tightening torque of fasteners is maintained within specified limits. In between there is a separate station for engine testing before the final testing of the complete generator. The final testing station is located at the end of the conveyors. A belt conveyor is used for 2 stroke generators whereas a slat conveyor is used for the 4 stroke gensets. In addition to these conveyors a separate slat conveyor is used for the assembly of acoustic hoods of gensets.

The various assembly stages are marked on the respective conveyors and the assembling operation performed at that particular stage is done as per the process detail available at that stage, ensuring the highest quality at all the stages of assembly. The major parameters of generators that are tested are as follows –

- Frequency of output
- Voltage at load and no load conditions
- Current / amperage at load and no load conditions
- Exhaust Emissions from the generators
- Starting & stopping of generators
- Working and functioning of oil warning unit
- Check for abnormal noise

**THE YASH BIRLA GROUP**

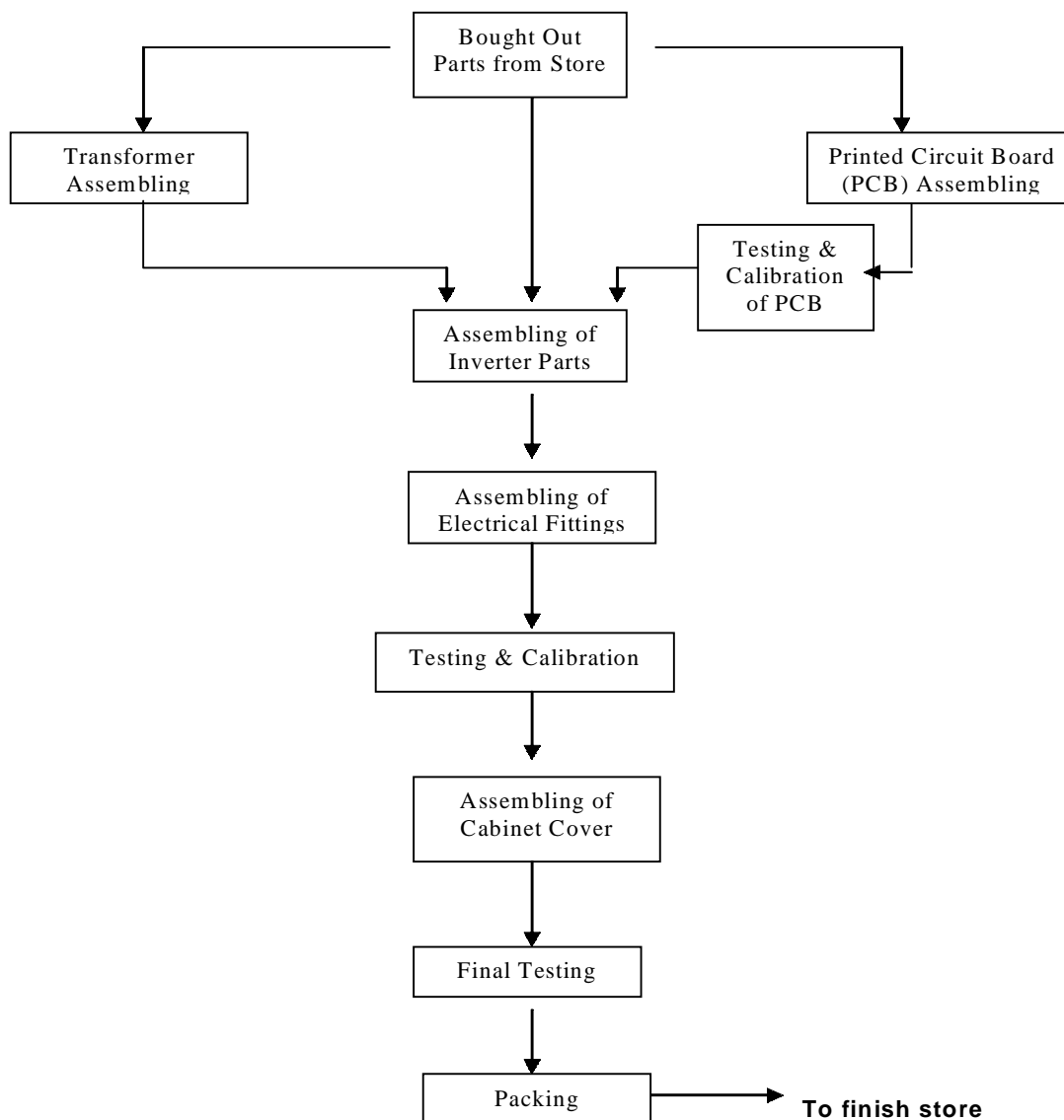
- Sound Level of generators
- Aesthetics
- Packing and accessories

Tool Room

Basically for machining of R&D development jobs, Maintenance jobs and day to day repairing of jig & fixtures for manufacturing shops. All the Machines are conventional.

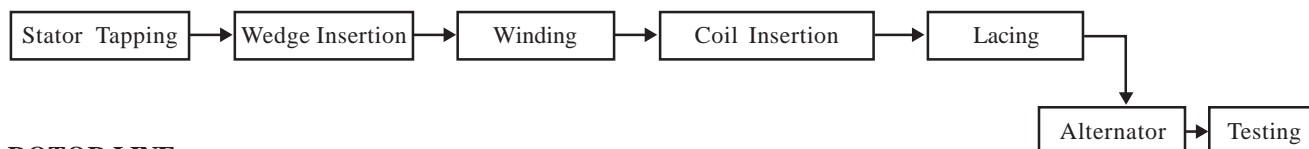
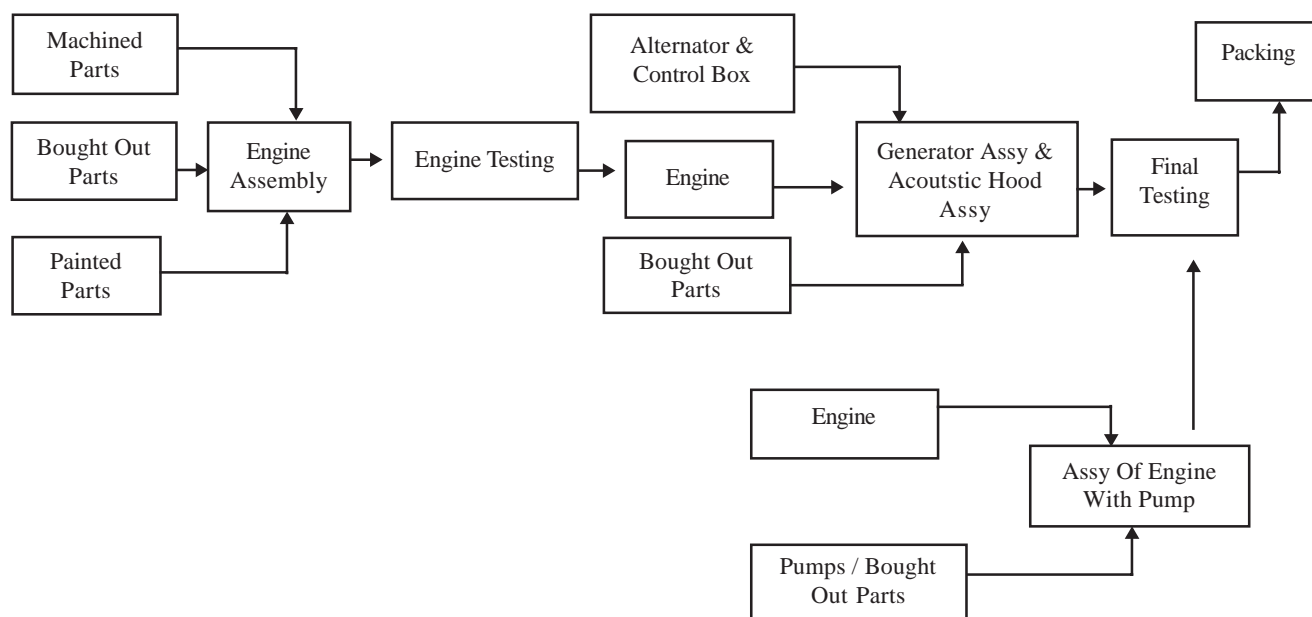
MANUFACTURING PROCESS

The manufacturing set up consists of standard plant and machinery from the best manufacturers in India and abroad. The machine shop particularly has a flexibility of machining aluminum castings of various size and shapes. The alternator shop similarly has a modern winding, varnishing and testing plant to produce high quality alternators upto 4 KVA capacity. The paint shop has conveyerised electrostatic painting along with dip phosphating, which produces high quality automotive finish components having long life glossy finish.

Process Flow of Inverters

**THE YASH BIRLA GROUP****Manufacturing of Inverter:**

Manufacturing of Inverter involves assembly of electronic circuits, mounting of electronic components on Printed Circuit Board (PCB), mounting of transformer, relay, and other electro mechanical components on the panels etc. The components are assembled on the PCBs as per the circuit designs and the assembled PCBs are tested for any defects. The electromechanical components PCBs and transformer are mounted in the cabinet as per systems design and inter connected using wires and cables. The completed system is finally tested for performance as per the relevant specifications. The tested inverters are packed well and then dispatched for sale.

Process Flow Chart of Alternator**STATOR LINE****ROTOR LINE**Process Flow Chart of Engine, Genset & Pump Assembly**MANUFACTURING OF DIESEL ENGINES**

The raw materials required for diesel engine manufacture include: Castings, bed plates, cylinder heads, liners, fly wheel, pistons, rings, exhaust and air silencer, connecting rods, crankshaft, bearings, hardwares etc.

Castings are cleaned and inspected for defects. The machine shop is equipped with precision planning, grinding, boring, tapping and turning machine and special jigs, fixtures and tools to attain absolute interchangeability of parts and a high productivity rate. The parts are inspected at every stage of production and also after the completion of the machining operations.

In the sub-assembly section the various group units are assembled and tested, and passed on to the main assembly section where crankshafts and main bearings are fitted, cylinder liners inserted, and the various group units attached. The engines are finally inspected, tested and then surface coated.

**THE YASH BIRLA GROUP****MANUFACTURING OF LPG/ CNG ENGINES AND GENSETS**

Manufacturing of LPG/ CNG Engines and Genset are quite similar to diesel engines and D.G.Sets but only difference is complete LPG/CNG gas kits would be installed in order to run by gas. As per the design and specifications LPG/ CNG Engines would be produced and then assembled with other parts, alternator, radiator, control panel battery, gas cylinder etc. Finally it is surface coated and then tested.

MANUFACTURING OF ACOUSTIC HOODS

The process of manufacturing Acoustic Hoods comprises of cutting of M.S. sheets, channels, angles etc., pressing/ brake pressing of sheet / sections, welding, sealing, assembling the complete set for making Acoustic Hoods. With the help of various equipments like shearing machine, press brake, power press, butt/ mig welding machines, powder coating plant etc., the complete acoustic hoods are manufactured. Finally acoustic hoods are tested and then dispatched to market.

Major raw materials required for the manufacture of acoustic hoods are 1.0 mm M.S. sheets, 1.6 mm channels, angle iron, hardware's, rubber sheets etc.

Major machinery & equipments used for making such acoustic hoods are shearing machine, Power Presses, Brake Presses, Butt Welding Machine, Mig welding machine, Deburring/Buffering, assembly tables, Pipe Bending, Powder coating/paint shop equipments etc.

RAW MATERIALS

The major raw materials are copper wire, precision wire frames, fuel tanks, batteries, aluminum, carburetors, castings, stamping, TCI Magneto, circuit breakers, acoustic hoods, cabinet base, LCD module, transformer and pumps. Most of the requirement is fulfilled from Indian market itself through local suppliers though a few components like Engines, Alternators, are also imported.

Purchases are mainly from reputed, well-known suppliers/manufacturers like Escorts auto components Ltd., FAG Bearings, Lucas-TVS Ltd., SKF Bearings, Tata Iron and Steel Co. Ltd., AMCO Batteries, Indian Nippon Electricals Ltd., Century NF castings, Deltronix Engineers, Kent Electronics, Classic enterprises, Jetex Carburetors, Electrosark, Tecumseh India Pvt. Ltd. As the part are similar to auto components they are easily available.

UTILITIES:

UNIT	Power Consumption per month (KWH)	Water Consumption per month (In Kilo Litre)	HSD Consumption per month (In Litres)	Back –up DG Set
BPSL Plant – I Lal Tapper	131707	1200	8366	1 No.-100 KVA
BPSL – Electronic Product Division	4980	60	-	
BPSL – Paonta Sahib	1897	60	-	

- HSD is used in Paint Shop and 100 KVA DG set for power supply backup.
- BPSL have uninterrupted Power Supply (Continuous Power Supply) from Uttaranchal Power Corporation Ltd.
- BPSL is using 100 KVA DG Set for essential services. Permission is not required to run the 100 KVA DG Set.
- BPSL is using own water generation through bore well.

QUALITY CONTROL (QC)

BPSL believes in employee's involvement in achieving the quality objects and focus to upgrade the skill of workforce to take up new challenges in present cutthroat competition. The Company has strong QC infrastructure that results in continuous improvements.

BPSL'S philosophy of quality envisages achieving highest standard of product quality & further commitment for continuous establishment & diligently following the highest quality standards, adoption of latest tools & techniques in pursuit of customer satisfaction. The company has commitments towards environment as well & has implemented



THE YASH BIRLA GROUP

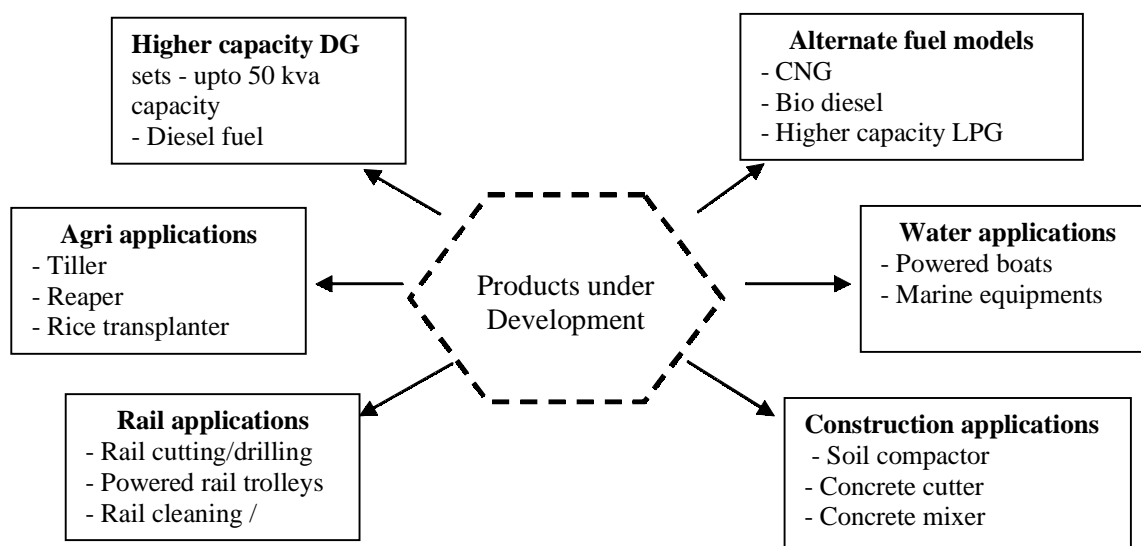
the ISO14001 environmental management system; Also ISO 9001 certification has been obtained long back to enhance the product reliability. The various tools like TQM, KAIZEN, TPM, 5S are in place & continuously add value to quality & performance of the company's products. Company also has well established internal quality systems and procedures which are supported by internal quality checks / audits in all areas of operations.

RESEARCH & DEVELOPMENT

Research & Development department of BPSL is equipped with the latest infrastructure in terms of design, testing & product evaluation. The current product range incorporates latest and advanced technology. Presently 20 qualified and well trained professionals are involved in the areas of new model development, alternate fuels options, big capacity generators & engine based appliances along with basic R&D functions which include product specifications and changes control, design / drawing records controls, applicable Government approvals and developing models as per special market need.

Current projects in working are mainly higher capacity DG sets, engine appliances in the area of agriculture & construction and CNG fuel options besides cost reduction & performance improvement as a continuous exercise. The latest achievement includes launch of LPG gensets, introduction of silent gensets and sprayers. The future plans include upgradation of infrastructure in the areas of design software and testing equipments.

R & D Division is currently working on the following projects:



Projects successfully completed in the last one year:

- Modification of Genset Engine – to meet exhaust emission norms.
- Launch of 625 Watt & 1250 Watt Inverters.
- Launch of LPG kit for generator sets.
- Development of 60Hz/110Volt Alternator.
- Launch of Ecogen 1000 Genset.
- Launch of 600VA & 750VA UPS.

**THE YASH BIRLA GROUP**
INFRASTRUCTURE FACILITIES**FREEHOLD LAND, DEHRADUN:****LAL TAPPAR, DEHRADUN:**

The company has acquired 36.82 acres of land on 6th November 1984; out of which 24.32 acres was converted into leased hold land and the remaining 12.50 acres is freehold land. The land is situated at village Mazri Grant, Pargana Parwa Doon, District Dehradun, outside municipal limits.

The land is exempt from Urban Land (ceiling and regulation) Act, 1976 and also the imposition of land holding Act, 1960 is not applicable to it.

LEASE HOLD LAND, DEHRADUN:

The company entered into a lease agreement dated April 21, 1986 with the government of Uttar-Pradesh for land measuring 24.32 acres (out of the above 36.82 acres), situated in village Mazri Grant, Pargana Parwa doon, District Dehradun for a period of 30 years with effect from 21st April 1986.

The lease agreement entitles the company to set up an industrial complex to manufacture portable generator sets, multi-purpose engines and systems including components and consumables, establishment of research & development center, residential colony for its staff and employees and guests and provision of civic amenities and recreation facilities for them.

RESIDENTIAL PROPERTY:

The company purchased a flat on December 29, 1986 from S.C.H. Builders Pvt. Ltd, bearing no.402 in the fourth floor having an area of 2122.46 square feet being part of the building known as Himalaya apartments, bearing municipal No. 75, Rajapur Road, Dehradun.

FREEHOLD LAND, POANTA SAHIB, HIMACHAL PRADESH:

The company purchased freehold land on January 17, 2001 measuring 3.17 bighas situated at Paonta Sahib comprised in khata khatauni No. 142/337 min khasra No. 330/202/1/1 situated at Mauza bhatanwali, tehsil Paonta Sahib, District-Sirmaur, Himachal Pradesh from Himachal Pradesh Financial Corporation.

The above two property houses the plants of the company.

Wind Mill Maharashtra

The Company has commissioned a windmill at Satara in Maharashtra. The Company is not carrying out any other business on the land on which mill is commissioned. The electricity generated from this wind mill is sold to Zenith Birla (India) Ltd.

MANPOWER

There are 496 employees in the company out of which around 471 are skilled workmen; most of them are ITI educated. Work culture at the factory is very cordial and in the last 3 years, there has been no loss of production due to industrial related issues. Though, there are some matters pending related to settlement of dues of ex-employees.

Department	No. of Employees
Skilled employees:	
Production	189
Quality Control	18
R&D	20
Maintenance	15
Stores	8
Accounts	25
Marketing	85
Others	111
Administration	471
Unskilled	25
Total	496

**THE YASH BIRLA GROUP****Exports:**

The company is also exploring market potential in export market especially in the African sub-continent. With its diversified and competitive product range, the company expects to gain a fair market share for its products in the international market. Even though presently, the company doesn't have a significant presence in the export market but with its strong product range, it hopes that in future a significant portion of its revenue will come from the export segment.

Business Strategy:

Ever since the tightening of the pollution norms for the Diesel Gensets, the supply from the unorganized sector has reduced substantially. This is due to the fact that the gensets supplied by the players in the unorganised markets generally are not environment friendly.

Also there has been a spurt in demand from the telecom market due to significant expansion by every telecom company to increase its spread in the interiors of the country. With each cellular tower being put, one generator is required. The study shows that the growth of these towers will continue well over for next 4-5 years. Accordingly, the market has grown enough to accommodate few more reputed players. BPSL with its vast infrastructure is well poised to be a national level player in the mid sized segment to cater to the requirement of the Telecom and SME sector.

The business strategy to be adopted by the company would include the following in order to increase its top and bottom line in near future:

To enter the following new Product Line:

The business strategy to be adopted by the company would include the following in order to increase its top and bottom line in near future:

1. To enter into new product lines / expansion of existing capacities such as Mid Size Diesel Gensets (Silent Models) (5 KVA – 40 KVA) and Acoustic Hoods and Fuel Tank.
2. Distributorship Agreement with KIPOR Power Company Limited, China.

The company has entered into an agreement with M/s KIPOR Power Company Limited, a leading manufacturer of power products on April 16, 2005 to market and distribute the products (Engines – Gasoline/Diesel, Pumps - Gasoline/Diesel, LPG Products) and its parts in the territory of India on exclusive basis.

3. Tie up with Hindustan Petroleum Corporation Ltd.

The company has signed a co-branded Agreement for Gensets & Irrigations Pumps with HPCL Commercial Cylinders with Hindustan Petroleum Corporation Limited (HPCL) dated December 12, 2005. The validity of the agreement is upto 30.11.2007. BPSL and HPCL have agreed that "HPCL" shall permit its distributor network at its direction to effect sales of "HPCL BIRLA" Appliances. LPG distributors of HPCL shall get supplies of HPCL-Birla appliances for the Depots / C& Fs of BPSL. BPSL will pay overriding commission to HPCL @ 4% for every "HPCL Birla" sold by BPSL.

4. To increase market share in the following product lines by Increasing Capacities:
 - Portable Petrol / Kerosene based gensets
 - LPG range of Portable gensets.
 - Inverters & Batteries.
5. To increase focus on Export Sales by penetrating in the following countries:
 - Nigeria.
 - Latin America
 - South East Asia



THE YASH BIRLA GROUP COMPETITION

The Competition faced by the company in its various product lines are as given below:

Products	Competition	
Genset	<ul style="list-style-type: none"> ▪ Honda Siel 	<ul style="list-style-type: none"> ▪ Strong competitor, preferred brand ▪ New competition expected as LPG segment grows
Pumpset	<ul style="list-style-type: none"> ▪ Greaves Cotton ▪ Honda 	<ul style="list-style-type: none"> ▪ New entrant - Crompton Greaves ▪ Cheaper Chinese models
Appliances and MPE	<ul style="list-style-type: none"> ▪ Greaves Cotton ▪ Honda ▪ Bajaj Electricals 	<ul style="list-style-type: none"> ▪ Cheap & Rugged Engine preferred
Inverter	<ul style="list-style-type: none"> ▪ Microtek ▪ Su-kam ▪ Luminous 	<ul style="list-style-type: none"> ▪ New competition from organised players – Videocon, APC

MARKET:

The domestic Genset market is currently catered by 2 players – Honda Siel and BPSL

- The major competitor for BPSL has been Honda Siel. The product range and the quality of the product have been comparable all through last several years.
- After the Exit of Yamaha there has been a decline in market share in domestic as well as export market.
- There has been no new product launch in higher segments since last few years.
- Compounding the effect has been the slow growth in the portable Genset Industry.

BPSL has recently launched its LPG genset in Mumbai and Delhi. Eastern UP, Bihar and Upper Assam would be the key markets for BPSL to tap. The major advantage of using LPG as a fuel to the genset is as follows:

- LPG is available through pipelines to residences in Upper Assam (Tinsukhia, Sibsagar, Jorhat, Digboi etc.)
- LPG Gensets:
 - ✓ Run Cheaper
 - ✓ Run Longer
 - ✓ Run Cleaner

DEMAND

The following table enumerates the various growth segments as also the anticipated annual demand for the same.



Segment	Growth rate of the Segment %	Demand Per Annum (in Units)
Hotel	12	280
Shopping, Comm./Residential Complexes	12	360
IT & Telecom	20	240
Hospitals	15	210
Restaurant	10	150
Hirer	6	1000
Bank	8	350
Petrol Pump	4	180
Entertainment	16	135
Others		
Agricultural	4	600
Dairy	3	20
Poultry	7	120
SSI	7	30800

Source: AC Nielsen & ORG-MARG Survey

Target Markets

India's chronic power shortages impact most of its citizens. As a result, manufacturers of diesel power generating sets are doing well. So-called "GENSETS" are being bought in the thousands by businesses and individuals seeking protection from frequent power cuts imposed by state-owned utilities.

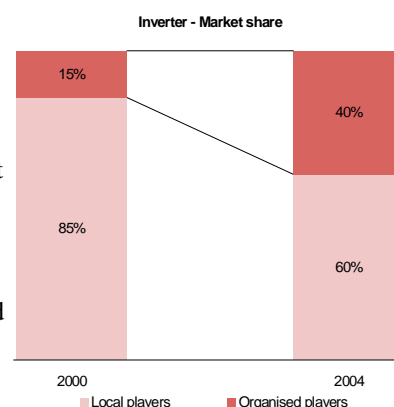
Any new market entrant will have to face strong competition and a widespread dealer network. All players have to contend with competition from the inverter industry.

The Government of India (GOI) power policies have been widened to include the use of diesel engine based power generating units using heavy fuel oils such as HPS (heavy petroleum stock), LSHS (low sulfur heavy stock), HFO (heavy furnace oil), FO (furnace oil) and natural gas.

These policy changes have given foreign firms more incentives to set up production basis in India. Given the vagaries of power supply across India, the demand for Diesel Generator Sets (DGS) will be robust for many years to come.

Focus On Invertors:

- Growing market
- Product quality has improved after starting manufacturing the product in-house
- Preference for branded products is increasing
- Opportunity to penetrate in the markets, as brand 'Birla' is recognised



Organised players have improved their market share at the cost of local players:

- Product reliability has improved
- Price differential between organised players and local players has come down
- Efficient service back-up
- Increased market presence resulting in higher customer awareness



THE YASH BIRLA GROUP MARKETING STRATEGY

The surveys conducted by Centre for Industrial & Economic Research has revealed significant market trends that are produced below:

- Increasing consumer awareness on products and product value
- Leap frogging to sunrise areas
- Multidirectional market penetration with new consumer shifts
- Shift from functional to convenience goods
- MNC invasion in large number of product markets
- Market are competitive and oligopolistics at the same time
- Change of sellers market to buyers market
- Injection of monopolistic power via strategic USPs and brand building
- Attributing illusory USPs to brands to gain market penetration
- Promotion acquiring increasing value
- Emergence of e business as a major marketing force
- Ascendancy of product quality consumer preferences
- Increased firm (brand) mortality leading to fast restructuring of market segmentation, product composition and producer organizations
- Volatile markets and prices making producers and brands vulnerable
- The consumer demanding product quality, price, improved delivery systems and customer service
- Upgradation of delivery systems with perceptible consumer orientation

BPSL main marketing strategy will be focused on expansion of the existing products, entering into higher capacity diesel range of engines/pumpsets. BPSL would be registering its products with local land development banks, NABARD, State Agriculture, Horticulture Departments and emphasizing on tie-ups with nationalised rural banks for loans/subsidy schemes. Further the company plans to sell engines through application products in Railway, govt. departments like MTNL, BSNL, NDMC, Delhi Jal Board, MCD etc.

For above product expansion, BPSL intends to penetrate rural market by organising various promotional fairs, participations in Kissan Bazzars.

Overall Marketing Strategy has been focused on marketing of goods to customers who want value for their money. Customer retention and their repeat purchase motive have been kept in mind while devising our marketing strategy.

BPSL's growth strategy is focused towards expanding its existing product lines, entering into new application areas in the agricultural and construction industry and to launch higher capacity Gensets and Engines running on Diesel and LPG fuel.

The overall marketing strategy is to position BPSL as a leading power solutions company rather than just a portable Genset manufacturing company. In order to reposition and implement its growth plans, the Company has undertaken the following measures:-

- a) Strategic tie-ups in marketing and technology areas:-
 - i) Birla KIPOR based Diesel pumps and engines.
- b) Activities to increase penetration in the rural market through various distribution channels like ITC and NAFED outlets.

**THE YASH BIRLA GROUP**

The Company is targeting to increase its focus on Inverters/Batteries in the urban and semi-urban markets and at the same time increasing penetration of Gensets and Multi-purpose Engines in the rural market. The company is also in the process of tie-ups with leading international companies for increasing its competence in the area of technology, marketing and distribution.

The Company has exclusive distribution/marketing tie-up with KIPOR (leading Chinese engine and gensets manufacturing company) for marketing its Diesel gasoline based engines, water pumps and other product lines.

DISTRIBUTION NETWORK:

Products of BPSL are marketed through distributors & retailers appointed in different parts of the country. BPSL has a network of 619 dealers spread throughout the country. These dealers are given extensive training and are well equipped to cater After Sales Service for generators.

The products are marketed through appointing distributors & retailers all over India. The dealer network of BPSL includes the given below regions:

- North region: 175 Dealers
- South Region: 229 Dealers
- East Region: 101 Dealers
- West Region: 114 Dealers

Distributors have already been appointed for the existing production of inverters & gensets. Present marketing network is to be expanded to sell more products in near future.

DIRECT DEALERS

BPSL has the right channel in the form of direct dealers in the following states:

North East, West Bengal, Bihar, Jharkhand, Orissa, Uttar Pradesh, Delhi, Rajasthan, Punjab, Haryana, Jammu & Kashmir, Madhya Pradesh, Chattisgarh, Gujarat, Maharashtra – Goa, Andhra Pradesh, Karnataka, Tamil Nadu and Kerala.

SWOT ANALYSIS OF BPSL:**Strengths:**

- BPSL enjoys strong brand recognition and recall.
- BPSL has almost a complete range of products making it a single window for power solutions.
- The plants of the company are ISO 9001 and ISO 14001 certified by Underwriters Laboratories Inc., USA.
- All products manufactured by the Company are fully emission compliant and ISI marked.
- BPSL has a very strong dealer – distributor network through which the products of the company are marketed and sold.
- BPSL has a strong aftersales service support mechanism.
- BPSL has tied up with global players like Kipor to have a technological edge.
- The manufacturing facility of the company is situated on the main high way between Haridwar and Dehradun which is well connected with Delhi by road / rail and there is an abundance uninterrupted power supply

Weakness

- Lack of new product launch after the exit of foreign partner has resulted in a decline in the market share for BPSL.
- BPSL is operating in the lower range of in house engines & pumps, which is a highly competitive segment.

**THE YASH BIRLA GROUP****Opportunities**

- The company can increase its market share by expanding capacity.
- The company plans to introduce higher KVA gensets and water pumps to capitalize on growing demand in this segment.
- It can increase market share in the mid-size gensets market by increasing institutional sales.
- Increase presence in the agricultural and construction sector by offering a higher range of diesel engines.
- Export market is still untapped specially for engines, alternators, Inverters.
- Erratic power situation in the semi urban & rural towns has resulted in increase in demand.
- Power requirement of consumers increasing – opportunity for adding new higher capacity products
- Rural demand improving
- Shift towards LPG/ CNG based gensets has opened new avenues for the company.

Threats

- Portable genset industry growth has shown decline in recent times.
- Cheaper products from China are giving stiff competition to local players.
- Inverter market is getting crowded with extensive competition from local & international Players.



HISTORY OF THE COMPANY

The company was incorporated as a Public Limited Company on 27th April, 1984 and registered with Registrar of Companies, Maharashtra at Bombay and received the certificate of commencement of business on 2nd May, 1984. The company was jointly promoted by Tungabhadra Industries Limited (TIL) and Yamaha Motor Company Limited (Foreign Collaborator) of Japan for the manufacture of 75,000 portable generators and 25,000 multi-purpose engines per annum. In the year 2002, as per mutual understanding between the promoters and the Foreign collaborator the Joint Venture Agreement entered in 1986 came to an end and the Indian Promoters through one of their holding company – Birla International Pvt. Ltd. acquired the entire holding of Yamaha Motor Company limited in BPSL which was 29,22,185 equity shares at a price of Rs. 17/- per share. Subsequently, the name of the Company was changed from Birla Yamaha Limited to Birla Power Solutions Limited w.e.f. 04th December 2003.

The company was making losses continuously for a period of 5 years from 1989-1990 to 1993-1994. By the year 1993-94 the Networth of the company was fully eroded. With the amendment of section 3(1) (o) of the SICA, 1985 on 1st February 1994, the company came under the purview of section 3(1) (o) of the SICA, 1985 and was declared as a sick unit. Subsequently through infusion of funds through promoters, and conversion of debt of Financial Institution into Equity as per rehabilitation package, the financials of the company improved and the company ceased to be a sick industrial company within the meaning of Section 3 (1) (o) of the act during financial year 1997 – 98.

Birla Power Solutions Ltd., a Yash Birla Group Company was one of the first Companies to manufacture portable generators in India in 1986. Company has the expertise of manufacturing 2 stroke as well as 4 stroke engines. The Company is presently producing a wide range of Generators catering to the power requirements 500W to 5.5 K.W. It was the first Company to roll out Self Start Gensets and recently became the first Company to launch emission compliant Generators under the brand name – **BIRLA ECOGEN**.

The present domestic market share of BPSL Generators is around 32%. Till date, the company has more than 4.25 lakhs satisfied genset owners in every nook and corner of the country. BPSL has a network of 619 dealers spread throughout the country. These dealers are given extensive training and are well equipped to cater after Sales Service for generators.

The modern manufacturing unit is established near Dehradun (Uttaranchl) in a very scenic and serene backdrop of hills & forest, with a manufacturing capacity of 75000 Gensets and 25000 Multi Purpose Engines. The total area of the factory is 150000 sq. mtrs and the covered area is 17000 sq. mtrs. The connected load is 1550 KVA. Though the power availability in the region is good, Company has DG sets of 100 KVA as stand by captive power.

Alternator shop has fully automatic machines capable of producing single phase self excited synchronous alternators upto the capacity of 4.5 KVA. The Machine shop has 79 machines out of which 10 are CNC such as CNC Lathes, CNC Machining Centre & CNC Drill Tap Centre. The Paint shop is having Dip Phosphating to accommodate upto the cube size of 800 mm and conveyorised electrostatic spray painting along with Thermic fluid baking for cube size of 600 mm. There are 456 employees in the Company out of which around 200 are skilled workmen, most of them are ITI educated. Work culture at factory is very cordial and there has been no loss of production due to Industrial related issues for the last 3 years.

The Company recently diversified into Multi Purpose Engines and its application products such as Pumpsets, Sprayers, Vibrators and Lawn Mowers etc. The engines manufactured by the Company are useful particularly to small/medium scale farmers having small land holdings. The products are extremely compact, lightweight, portable and efficient and are becoming popular in the farming community because of their reliability, low maintenance and low running costs. The Company has developed Dual Fuel Generators (run on kerosene/LPG) to be launched in the markets where kerosene availability/price is becoming out of reach. The Company has also plans to increase its range of Pumpsets and Sprayers in the lower power range.

The company also exports its products to various countries around the world. Both Generators as well as Multi Purpose Engines are gaining increasing acceptance in the African sub continent, Middle East and Far East countries. The Company's products are sold in competition with well known and renowned international brand names such as Honda, Robin and Briggs etc. Engines exports is a relatively new field and is gaining popularity in many countries. The company has forayed into exports of inverters mainly to African countries.

The Company has launched 500VA Inverters Ecogen 625 for domestic segment in October'2000 and 1250 VA in June'2001 after successfully establishing its brand in domestic market. The Company received ISO 9001 certification in October, 1998 from Underwriters Laboratories Inc. Further, Company has undertaken the implementation of ISO-14001 for which the Company is successfully awarded ISO14001 certification by Underwriters Laboratories Inc. The Company has recently completed the implementation of ERP system at works and will shortly connect all its Regions and Head Offices to the Factory for on line connectivity.

**THE YASH BIRLA GROUP****MILESTONES**

Year	Description
1984	<ul style="list-style-type: none"> o Incorporation of the Company o The Company entered into a technical-cum-financial collaboration agreement with Yamaha Motors Co. Ltd (YMCL) of Japan on 31st August, 1984.
1986	The company commenced trial production of the LG 900 and 2000 model generators in April.
1986	BPSL went Public
1987	New modern generators such as LG 600, LG 900 AC and LG 2800 were introduced. Prototypes of multipurpose engines (part of Company's product range) were also developed.
1989	New range of products such as multipurpose engine, fogger and public address system were test marketed.
1993	The Company launched a new model of genset of a smaller capacity which operates on kerosene in order to satisfy market requirement of a lower running cost genset.
1994	Launched a new Kerosene model `BY 1000 K`
1995	Introduced two new models of self start generators. Also introduced two new multi purpose engines namely Birla Power and Birla Power Plus.
1996	Launched two new models of self start portable generators and `Yamaha` brand of EF 6600 E (5.5 KW) Electric start genset.
1997	The Company was discharged from the purview of the BIFR under the Sick Industrial Companies (Sp. Provisions) Act, 1965.
1998	Launched 4-stroke 600 watts LG 700 K model.
1998	ISO 9001:2000 certificate received by the company from Underwriters Laboratories Inc.
1999	Erected a genset manufacturing facility in Himachal Pradesh, its second in the country.
2000	Introduced a range of eco-friendly generators under the brand, Birla Ecogen.
2001	ISO 14001: 1996 for Environmental Management System received by the company
2004	Tied up with Hindustan Petroleum Corp Ltd (HPCL) to produce electric generators, which run on LPG. This agreement was renewed again during December 2005.

MAIN OBJECT OF THE COMPANY

1. To carry on in India or elsewhere the business of assembling, fabrication, manufacture, production, buying, selling, importing, exporting, repairing, renovating (and servicing) or otherwise dealing in all types of generators and generating sets (including portable generators and generating sets) whether operated, driven or motivated by petrol, diesel, kerosene oil or otherwise howsoever.
2. To carry on in India or elsewhere the business of assembling, fabrication, manufacture, production, buying, selling, importing, exporting, repairing, renovating (and servicing) or otherwise dealing in all types of internal combustion engines or propulsion units whether piston operated, rotary, turbine including gas and steam turbine and whether operated, driven or motivated by petrol, diesel, kerosene, oil or otherwise and including in particular multi-purpose engines for use in agriculture, irrigation, propulsion and other applications.
3. To carry on in India or elsewhere the business of assembling, fabrication, manufacture, and production, buying, selling, importing, exporting, repairing, renovating (and servicing) or otherwise dealing in all parts, tools, spares, accessories and ancillaries used in the assembly, manufacture, production, utilization and servicing of all types of generators and generating sets, all types of internal combustion engines, turbines or propulsion units.

SUBSIDIARIES OF BPSL

The Company does not have any subsidiaries

SHAREHOLDER'S AGREEMENTS

There is no Shareholders' Agreement existing as on date.

STRATEGIC & FINANCIAL PARTNERS

The Company does not have any strategic/ financial partner,

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement/Contract.


THE YASH BIRLA GROUP
MANAGEMENT

Sr. No.	Name, Designation Age and Address	Other Directorships	Date of Appointment and term of appointment	No. of equity shares of Rs. 10 each held	Status
1.	Mr. Yash Birla, Chairman, Age – 38 Years S/o Late Mr. Ashok Vardhan Birla R/o Birla House, 21, Mount Pleasant Road, Mumbai- 400 006	1. Asian Distributors Limited 2. Birla Cement & industries Ltd. 3. 3M India Ltd. 4. Birla Kennametal Ltd. 5. Dagger Forst Tools Ltd. 6. Zenith Birla (India) Limited 7. Shearson Investment & Trading Co. Pvt. Ltd. 8. Capricon Leasors & Distributors Pvt. Ltd. 9. Hallmark Leasors & Distributors Pvt. Ltd. 10. Birla Cotsyn (India) Pvt. Ltd. 11. Birla Bombay Pvt. Ltd. 12. Birla Brothers Pvt. Ltd. 13. Opus Investment & Trading Co. Pvt. Ltd. 14. Viking Travels Pvt. Ltd. 15. Birla Capital & Financial Services Ltd.	June 5, 1987 Permanennt Director	50,800	Chairman – Non-Executive
2.	Mr. Y.P. Trivedi, Director Age – 76 Years S/o Late Mr. P.B. Trivedi R/o 23, Atlanta, Nariman Point, Mumbai – 400 021	1. Reliance Industries Limited 2. Zodiac Clothing Co. Ltd. 3. Safari Industries Ltd. 4. Sai Service Station Ltd. 5. Zandu Pharmaceutical Works Ltd. 6. Supreme Industries Ltd. 7. Metro Exporters Private Limited 8. Clare Mont Trading Pvt. Limited 9. Bloomingdale Estates Pvt. Limited 10. Monica Travels Pvt. Limited 11. Trivedi Consultants Pvt. Ltd. 12. Telstar Travels Pvt. Ltd. 13. Colosseum Sports & Recreation International (Formerly known as Ripples Club)	October 30, 2003 Liable to retire by rotation	Nil	Non Executive Independent Director
3.	Mr. Sanjay Khazanchi, Whole Time Director & President Age – 43 Years S/o Mr. J.L.Khazanchi R/o 21/702, Heritage City Mehrauli Gurgaon Road, Gurgaon	Nil	May 03, 2004 Terms and conditions of appointment are given below	Nil	Executive Director


THE YASH BIRLA GROUP

4.	Mr. P. V. R. Murthy, Director Age – 53 Years S/o Mr. P. Dakashana Murthy A/4, Sagar Darshan Off Carter Road, Bandra (West), Mumbai-400 052.	1. Khamgoan Syntex Ltd. 2. Sanguine Media Limited	October 06, 2005 Liable to retire by rotation	Nil	Non Executive Director
5.	Mr. Rajesh V. Shah, Director Age- 52 years S/o Mr.Virendra H. Shah R/o 4B,Pleasant Palace, Friends Society, 5th Road, JVPD Schme, Vile Parle (W) Mumbai-400 056	Nil	December 16, 2005 Liable to retire by rotation	Nil	Non Executive Independent Director
6.	Mr. Manish Malani, Director Age – 36 Years S/o Mr. Radhey Shyam Malani R/o 98, V.P. Road, C.P. Tank, Mumbai - 400004	1. Shloka Publication Private Limited 2. Shloka Software Private Limited 3. Shloka Peripheral Private Limited 4. Shloka Academy Private Limited 5. Shloka Graphics Private Limited 6. Shloka Finance & Consultancy Pvt. Limited 7. Viking Travels Pvt. Ltd. 8. Birla Bombay Pvt. Ltd. 9. Birla Cotsyn (India) Pvt. Ltd.	November 26, 2004 Liable to retire by rotation	Nil	Non Executive Independent Director

COMPENSATION OF MANAGING DIRECTOR/WHOLE TIME DIRECTORS

No remuneration has been paid to non-executive directors except the sitting fees of Rs.1000 for attending the meeting of the Board of Directors and Rs. 500 for attending the meetings of the audit committee. The remuneration of Whole Time Director & President has been paid as per the approval of the members.

The main terms and conditions of appointment of Mr. Sanjay Khazanchi – Whole Time Director as per resolution passed by the shareholders at its AGM held on 22.03.2005 are as follows:

A. **Basic salary:** Rs 100,000/- per month and increments shall be subject to the approval of the Board of Directors.

B. **Perquisites:** House Rent Allowance 60 per cent of the basic salary.

C. Other Perquisites:Component	Amount per annum
Medical Reimbursement	Rs. 15,000/-
Soft Furnishing Allowance	Rs. 1,56,000/-

In addition to the above, House Maintenance expenses and gas/electricity charges at actual subject to a limit of Rs. 1,50,000/- (Rupees One lac fifty thousand only) per annum will be payable against submission of original receipts and subject to tax.

- Mediclaime - Reimbursement of expenses incurred for the premium of mediclaime to self/spouse/two children to the extent of Rs. 12,000/- p.a. subject to the submission of original receipts.
- Provident Fund– Contribution to Provident Fund under the Company's Rules to the extent it is not taxable under the Income Tax Act, 1961.

**THE YASH BIRLA GROUP**

- iii) Gratuity – Gratuity in respect of the period of appointment not exceeding half a months’ basic salary for each completed year of service subject to his putting in qualifying period of service under the provisions of Gratuity Act, 1972.
- iv) Leave Travel Assistance/Reimbursement – For the Whole Time Director & President and his family once in a year in accordance with the Rules specified by the Company, subject to the ceiling of equivalent to one month’s basic salary in a year or three months’ basic salary over a period of three years.
- v) Leave Encashment – In accordance with the Rules specified by the Company. However, encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- vi) Car and Telephone – Provision of one car with driver for use on Company’s business with annual limit of Rs. 2,50,000/- against submission of original receipts and subject to tax. Provision of car on Company’s business and telephone facility at residence will not be considered as perquisite. Personal long distance calls and use of car for private purpose shall however be billed by the Company to Mr. Sanjay Khazanchi.
- vii) Performance Linked Incentive – On the net profit of the Company, for each financial year computed in the manner laid down under Section 309 of the Companies Act, 1956 at a rate to be determined by the Board of Directors from time to time but in any case shall not exceed 2% of the net profits of the Company as computed above.
- viii) Club Fees: Annual membership fees of clubs subject to a maximum of two clubs.

In case of absence or inadequacy of profit in any financial year, Mr. Sanjay Khazanchi, Director, as such “Whole Time Director & President” of the Company will be entitled to receive the remuneration as specified in Part II of the Schedule XIII of the Companies Act, 1956 as minimum remuneration.



THE YASH BIRLA GROUP

CORPORATE GOVERNANCE**BIRLA POWER SOLUTIONS LIMITED****CORPORATE GOVERNANCE as on 30/09/2005****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 period and other particulars are given below:

Name	Status	No. of Board Meetings attended	Last A.G.M Attendance (Yes/No)	No. of Memberships in Board of other Public Co.'s
Mr. Yash Birla	Chairman Non Executive	9	Yes	7
Mr Y.P. Trivedi	Independent Non Executive	7	Yes	5
Mr Sanjay Khazanchi	Whole Time Director & President	6	Yes	0
Mr. S. C. Agarwal*	Independent Non Executive	5	Yes	0
Mr.G. L. Lath **	Independent Non Executive	7	Yes	7
Mr. Manish Malani	Independent Non Executive	7	Yes	1

* Resigned as director of the Company on 14th September 2005.

** Resigned as director of the Company on 16th December 2005

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 present Board consisting of Mr. Yash Birla, Mr. Y.P. Trivedi, Mr. S.C.Agarwal,

Mr. G.L.Lath, Mr. Manish Malani and Mr. Sanjay Khazanchi having an optimum combination of executive, non-executive and independent directors as per requirement of Clause 49-I (A) of the Listing Agreement.

During the period under review, 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 period ended on 30th September, 2005, the Board met 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, 10th September, 2005.

3. AUDIT COMMITTEE

The Audit Committee presently constituted by the Board of Directors consists of 3 directors all of them are non-executive independent directors, namely, Mr Y. P. Trivedi (chairman of the Committee), Mr. G.L.Lath and Mr. Manish Malani.

The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee 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.

**THE YASH BIRLA GROUP**

During the financial year ended 30th September, 2005, 05 Audit Committee meetings were held on 26th November, 2004, 24th December, 2004, 28th January, 2005, 29th April, 2005 and 29th July, 2005.

Details of Directors' attendance and other particulars are given below:

Member Director	Category	No. of Audit Committee Meetings Attended (Total meetings held 05)
Mr. Y.P. Trivedi	Independent Non executive Director	04
Mr. S.C.Agarwal*	Independent Non executive Director	03
Mr. G.L.Lath **	Independent Non executive Director	04
Mr. Manish Malani	Independent Non executive Director	03

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 consists of three independent Directors namely, Mr. Y.P. Trivedi, Mr. Manish Malani and Mr. G.L.Lath.

No meetings held during the period.

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. Yash 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. 6000/-	Rs. 1500/-

* Resigned as director of the Company on 14th September 2005.

** Resigned as director of the Company on 16th December 2005

No sitting fee was paid to members for attending Remuneration Committee meeting and Shareholders' Grievance & Investment Committee Meetings held during the period under review.

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.

**THE YASH BIRLA GROUP****Details of remuneration paid to the Executive directors during the period ended on 30th September, 2005;**

	Salary	PF/Superannuation	Perquisites & Others
Mr. Sanjay Khazanchi (Rs. In lakhs)	Rs. 14.40/-	1.08/-	3.38/-

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. Yash Birla
2. Mr. Sanjay Khazanchi
3. Mr. Y.P.Trivedi

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.

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

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. Yash Birla (Non Executive Director)

Compliance Officer - Mr. Nadimpally Nagesh

No. of Shareholders' Complaints
received during the period
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.

INTEREST OF PROMOTERS/DIRECTORS

All the Promoters/Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the articles. The Promoters/Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

**THE YASH BIRLA GROUP****Changes in the directors during the last three years and reasons thereof:**

Sr. No.	Name	Date of Appointment	Date of Resignation	Reason for Change
1.	Mr. C.P. Shah	30.06.1992	30.12.2002	Death
2.	Mr. S.L.Khunteta	01.02.2001	02.05.2004	Due to his preoccupation
3.	Mr. D.K.Agarwal	20.01.2001	12.06.2004	Death
4.	Mr. Vijay Agarwal	25.01.2002	16.09.2004	Due to his preoccupation
5.	Mr. F.D.Neterwalla	08.07.1999	26.11.2004	Due to his preoccupation
6.	Mr. Y.P.Trivedi	30.10.2003		Opted as Additional Director
7.	Mr. Sanjay Khazanchi *	28.04.2004*		Opted as Whole Time Director
8.	Mr. S.C.Agarwal #	30.07.2004	14.09.2005	Due to pre occupation
9.	Mr. Manish Malani	26.11.2004		Appointed as independent director
10.	Mr. G.L.Lath **	26.11.2004	16.12.2005	Appointed as independent director
11.	Mr. PVR Murthy	06.10.2005		To fill the casual vacancy caused due to the resignation of Mr. S. C. Agarwal.
12.	Mr.Rajesh V. Shah	16.12.2005		Appointed as independent director

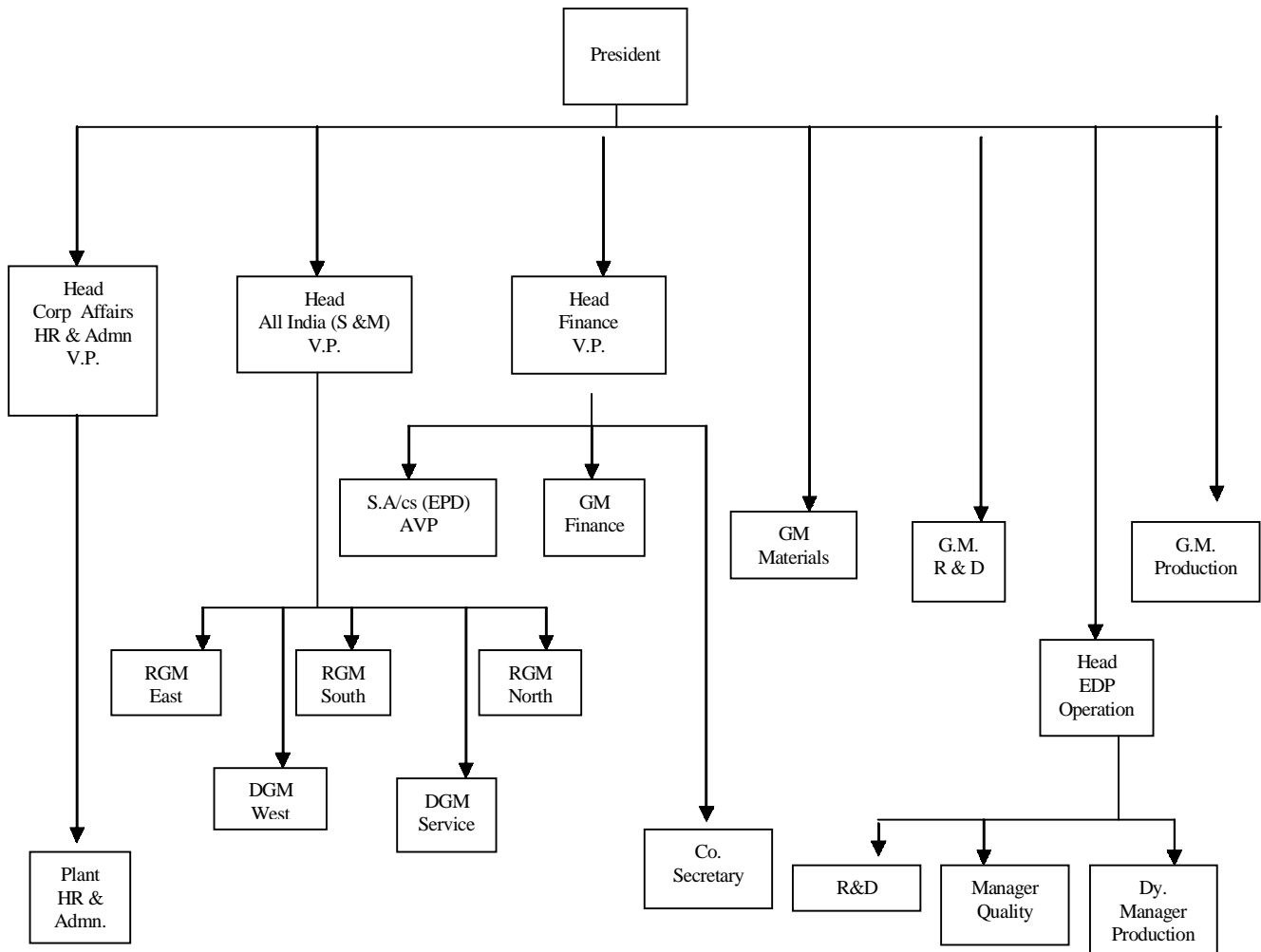
* Appointed as an additional director w.e.f. 28.04.2004 & subsequently appointed as Whole Time Director of the Company w.e.f. 03.05.2004.

Resigned as director of the Company on 14th September 2005.

** Resigned as director of the Company on 16th December 2005.



MANAGEMENT ORGANISATION STRUCTURE




THE YASH BIRLA GROUP
MANAGERIAL COMPETENCE & KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of Banking/R&D/finance/Production/marketing. The brief detail of the key managerial personnel is given below:

<i>Name, Designation,Address</i>	<i>Age (years)</i>	<i>Qualification</i>	<i>Experience in the Company (year/ months)</i>	<i>Total No. of years of Experience and the nature of experience</i>	<i>No. of Shares Held</i>	<i>Compensation received Per Month (Rs.)</i>
Sanjay Khazanchi, President 21/702, Heritage City Mehrauli Gurgaon Road Gurgaon	44	B.E., M.B.A.	1 Years 8 months	19 Years of experience in various fields with diverse organisations	Nil	2,28,916
Praveen Nagpal, VP - Marketing D-100, LIC Colony Jeevan Niketan. Paschim Vihar New Delhi - 110 081	44	M. Com., PGDBA	1 Year 3 months	19 years of experience in marketing with diverse organisations	Nil	1,11,716
S V Ramnath, VP - Finance & Commercial 1003, "D" Block Sahakara Nagar Bangalore - 560 092	49	C.A., C.S., ICWA	3 months	22 Years of experience in Financial, Banking and other commercial aspects	Nil	1,00,416
H S Rinwah, GM – Finance 3215A, Sector-, Ballabgarh Faridabad - 121 004	51	B.Com, FCA	4 Years	24 Years of experience in Finance & Commercial with various organisations	Nil	70,041
Adarsh Srivastava, GM – R&D MIG-45, Avas Vikas Rudrapur, Distt. U.S. Nagar Uttaranchal	40	B. Tech (Agri)	1 ½ years	21 Years of experience in R & D with various organisations	Nil	75,341
B S Bisht, GM - Production 42, Nimboowala P.O. Garhi Cantt Dehradun	52	B.Sc., B.Tech	19 Years	25 Years of experience in Quality, Production and Servicing with various organisations	Nil	50,333
Sanjay Chawala, GM – Service 95, Vidhya Vihar Apts 48, Sector-9, Rohini Delhi - 110 075	42	Dip. Electrical Engg.	2 months	22 Years of experience in product servicing and after sales service.	Nil	62,554
Sunil Madan, RGM - Marketing AC-61A, Shalimarbagh Delhi	40	B.Sc., PGDBM	5 Years	16 Years of experience in marketing with diverse organisations	Nil	43,563
G Chandramouli, RGM – Marketing "Akshaya" DF2 Hansa Garden, Rajakillipakkam Mandampakkam Road Chennai - 600 073	47	B.Sc., PGDBIM	1 Year 8 months	24 Years of experience in marketing with diverse organisations	Nil	56,154
S K Pande, RGM – Marketing Gokul Path, Patel Nagar Patna - 800 023	52	B.A., MBA	8 months	18 Years of experience in marketing with diverse organisations	Nil	58,379


THE YASH BIRLA GROUP

Name, Address, Designation	Age (years)	Qualification	Experience in the Company (years)	Total No. of years of Experience and the nature of experience	No. of Shares Held	Compensation received (Rs.)
S K Sharma, DGM – Accounts Brij Bhawan, Pilani - 333 031 Rajasthan	47	B. Com	14 Years	27 Years of experience in Finance & Commercial with various organisations	Nil	53,274
Maresh Pujari, DGM – Institutional A/502, Sangeet Lok Darshan CHS Ltd. Military Road, Marol, Andheri (E) Mumbai - 400 059	40	B.E., MBA	5 Years	13 Years of experience in marketing with diverse organisations	Nil	58,806
Nadimpally Nagesh, Company Secretary D-40 Saket, New Delhi	51	B. Com, A.C.S.	9 days	22 Years of experience in Company Secretarial, Legal and Commercial areas	Nil	50,000

The above persons are on the rolls of the company as permanent employees.

Changes in Key Managerial Personnel in the Last 3 Year:

Name	Department	Designation	Date of Appointment	Date of Resignation
Mr. S Santholia	Comercial	Sr. V P	16.06.1999	22.07.2003
Mr. Sudhir K Saldi	CP	AVP	13.08.2003	16.11.2005
Mr. S Rajagoplan	Materials	Sr.V P	18.12.2002	01.09.2003
Mr.O P Kalani	Marketing	Sr. V P	15.03.2001	30.09.2003
Mr. S K Ahuja	Marketing	V P	01.01.1999	30.09.2003
Mr. P Ambulgelar	H R	A V P	06.11.2000	02.12.2003
Mr. S L Khunteta	General	President	01.02.2001	04.02.2004
Mr. B B Chhabra	Production	Sr. V.P.	01.04.2002	09.02.2004
Mr. Sanjay Khazanchi		President	11.02.2004	
Mr. Ritesh Kapoor	Audit	AVP	16.08.1996	04.03.2004
Mr. P P Saragoi	Commercial	V P	14.10.2003	19.03.2004
Mr. G. Chandramouli	Marketing	RGM	07.04.2004	
Mr. Adarsh Srivastava	R&D	GM	11.05.2004	
Mr. Sunil Bhalla	Production	A V P	03.02.2001	28.06.2004
Mr. Praveen Nagpal	Marketing	VP	11.10.2004	
Mr. S K Pande	Marketing	RGM	16.03.2005	
Mr. S Sonthalia	Finance	EVP	04.02.2004	31.05.2005
Mr. V K Garg	Int'l Business	V P	01.11.2002	29.06.2005
Mr. Sanjay Chawla	Service	Dip. Electrical Engg.	10.10.2005	
Mr. Geetanjali Ayar	PR	VP	26.02.2002	24.08.2005
Ms. Anita Goel	Finance	AVP	04.07.2005	22.08.2005
Mr. S.V. Ramnath	Finance	VP	25.09.2005	
Mr. Nadimpally Nagesh	Finance	Company Secretary	23.02.2006	

Remuneration

The remuneration of each of key managerial personnel includes salary, bonus, Company's contribution to Provident Fund, Leave Travel Concession, Medical Expenses and value of other facilities inclusive of accommodation as may be applicable in such case. The Company has not offered any profit sharing plan to its Key Managerial Personnel

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

The key managerial personnel do not hold any shares of the Company

**THE YASH BIRLA GROUP****EMPLOYEE STOCK OPTION SCHEMES**

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of the Directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.


THE YASH BIRLA GROUP
PROMOTERS

The Company was originally promoted jointly by Tunghabhadra Industries Ltd. and Yamaha Motor Co. Ltd., Japan. During 2002, the agreement with the Collaborator Yamaha Motor Company was terminated by mutual understanding and Birla International Pvt. Limited, a holding company of Yash Birla Group bought out the entire stake of Yamaha Motor Co. Ltd. at a price of Rs. 17/- per share. The present promoters of the company are as detailed herein under:

Details of Promoters Being Individuals:

Name : Mr. Yash Birla

Designation: Chairman



Permanent Account Number	AAJPB2505N
Passport Number	F3355431
Voter ID Number	-
Driving License Number	-
Bank A/c no.	SB A/C No. – 002-704757-006, HSBC, Fort Branch
Address:	Birla House, 21 Mt. Pleasant Road, Mumbai 400006

Mr. Yash Birla is the Chairman of the diversified Yash Birla Group. He has been the chairman of the group for over 12 years. He has wide experience and has played a key role in the development & up building of the Yash Birla Group of Companies. Under the Chairmanship of Mr. Yash Birla, the Group is striving to build on and contribute to the expansion of formidable Birla Conglomerate through identifying and exploiting various business opportunities.

Details of Promoter Being a Company:

I	Birla International Pvt. Ltd.
II	M/s Transvestments Pte Ltd. (An overseas corporate body which is associated with the Indian promoters)
III	Godavari Corporation Ltd
IV	Birla Bombay Pvt. Ltd.
V	Scimitar Investment & Trading Co. Pvt. Ltd. (Since merged with Godavari Corporation Limited vide High Court order dated 5 th December 2002)
VI	Shearson Investment & Trading Co. Pvt. Ltd.
VII	Estate of Late Ms. Sunanda Birla
VIII	Estate of Late Ashokvardhan Birla
IX	Estate of Late Smt. Sujata Birla

I Birla International Pvt. Ltd.
Background

The company was incorporated on April 15, 1963 under the name and style of Vallabh Textile Mills Ltd. the name was changed to Maharashtra Commodity Trading Company Limited on January 30, 1970, then it was changed to Maharashtra Commodity Trading Company Private Limited on February 15, 1971 and finally it was changed to Birla International Pvt. Ltd. on May 1, 1978. The registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

Initially the company was operating a small textile unit producing Cotton Blankets at its establishment situated at Thane. At present the company is engaged, amongst others, in trading of HSS Tools & Abrasive, Fire Hose fittings, furnace oil, Cast Iron Powder, Generators, Heavy Duty angle grinder, Raw wool etc. The company is also dealer of other items like Fire Hose fittings, Gunmetal Couplings, Cutting Oil, purifier and Coolers. The company has also undertaken exports of fabrics and yarn.


THE YASH BIRLA GROUP
Promoters:

- Mrs. Avanti Birla
- M/s Godavari Corporation Pvt. Ltd
- M/s Hallmark Leasors & Distributors Pvt. Ltd
- M/s Opus Investment & Trading Co. Pvt. Ltd
- M/s Shearson Investment & Trading Co. Pvt. Ltd
- M/s Capricorn Leasors & Distributors Pvt. Ltd

Shareholding Pattern as on 30th September 2005:

SL. No.	Name of the Shareholder	No. Of Shares Held	% of Issued Capital
1	M/s. Hallmark Leasors & Distributors Pvt. Ltd.	77500	17.22
2	M/s. Capricorn Leasors & Distributors Pvt. Ltd.	71390	15.86
3	M/s. Opus Investment & Trading Co. Pvt. Ltd.	55500	12.33
4	M/s. Godavari Corporation Pvt. Ltd.	52600	11.69
5	Smt. Avanti Birla	50000	11.11
6	M/s. Shearson Investment & Trading Co. Pvt. Ltd.	49000	10.89
7	Yash Society	40000	8.89
8	Sunanda Educational Society	35000	7.78
9	Smt. Avanti Birla & Mr. Arunkumar Singhi	19000	4.22
10	Ms. Divya Mohta & M/s. Capricorn Leasors & Distributors Pvt. Ltd.	10	0.01
	Total	450000	100

Board of Directors as on 30th September 2005:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Ms. Ashadevi Mohta	Director
2	Mr. G.L.Lath	Director
3	Mr. R.S. Malani	Director

Financial Performance:

(Rs. in Lakhs.)

Particulars	Year ended 31 st March 2005	Year ended 31 st March 2004	Year ended 31 st March 2003
Total Income	3570.43	2,005.49	1,819.40
Profit / (Loss) After Tax	(31.03)	(116.12)	18.61
Equity Share Capital	45.00	45.00	45.00
Reserves & Surplus (excluding revaluation reserve)	273.80	242.76	358.88
Share Holders Funds / Net Worth (Rs)	318.80	287.76	403.88
NAV per share of FV Rs. 10/- each (Rs.)	70.84	63.95	89.75
EPS of FV Rs. 10/- each (Rs.)	-	-	4.14

The company is not a listed Company. The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

**THE YASH BIRLA GROUP**

There are no defaults in meeting any statutory/bank/institutional dues other than as under:

1. Income Tax appeals for the assessment years 1997-98 to 2001-02 are pending before the ITAT, Mumbai. The tax due is Rs. 719.48 lakhs plus interest.
2. Income Tax appeal for the year 2002-03 is pending before the CIT (Appeals), Mumbai. The Tax due is Rs.162.30 lakhs

No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number and Address of RoC:

Promoters have confirmed the following details:

PAN	AAA-CB-4327L
Bank Account Details	Bank of Baroda, Backbay Reclamation
Registration Number	11-12630 dated 15 th April 1963

II. M/s Transvestments Pte Ltd.

The company was incorporated on 26th November 1994. the registered office of the company is located at 135,Cecil street, 10-04,LKN Building, Singapore (069536). The company is into Investment activities.

Board of Directors:

Sr. No.	Name of the Director
1	Mr. Yacoob
2	Mrs.Karamjeet Kaur
3	Mr.Gurbachan Singh

Promoters:

- Mrs. Karamjeet Kaur
- Mr. Gurbachan Singh

Shareholding Pattern:

Mrs. Karamjeet Kaur and Mr. Gurbachan Singh hold 1 share of 1 Singapore \$ each

Financial Performance:

(In Singapore \$)

Particulars	Year ended Dec.31, 2002	Year ended Dec. 31, 2003	Year ended Dec. 31, 2004
Equity Share Capital	2.00	2.00	2.00
Reserves (excluding revaluation reserves)	(18244.00)	(18064.00)	(17864.00)
Net Worth	(18242.00)	(18062.00)	(17862.00)
Total Income	9100.00	9350.00	9510.00
Profit/Loss after Tax	175.00	180.00	200.00
EPS of FV (Singapore \$)	87.50	90.00	100.00
NAV per share (Singapore \$)	-	-	-

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Company Registration Number:

Promoters have confirmed the following details:

PAN	Not Applicable
Bank Account Details	United Overseas Bank Limited Main Branch, 80 Raffles Place UOB Plaza 1, Singapore - 048624
Registration Number	199408655N

**THE YASH BIRLA GROUP****III. Godavari Corporation Pvt. Ltd****Background**

The company was incorporated on February 13, 1946 under the name and style of Godavari Corporation Ltd. under the Indore Companies Act, VII of 1940, Madhya Pradesh. The company's registered office was changed from the state of Madhya Pradesh to the state of Maharashtra on March 25, 1980. The present registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. The name was changed to Godavari Corporation Pvt. Ltd. on September 21, 2004.

At present the company is engaged in dealing in investment and trading in shares and securities. The company has also commissioned a windmill at Karad in Maharashtra which is generating electrical power and transmitting/distributing the same through the MSEB.

Promoters:

- M/s Shearson Investment & Trading Co. Pvt. Ltd.
- M/s Birla International Pvt. Ltd.
- Yash Society.

Shareholding Pattern (As on 30th September, 2005)

Sr. No.	Name of the Shareholder	No. of Shares Held	% of Issued Capital
1	Yash Society	14795	34.96
2	M/s. Shearson Investment & Trading Co. Pvt. Ltd.	10900	25.76
3	M/s. Birla International Pvt. Ltd.	5645	13.34
4	Mr. Yash Birla	2572	6.08
5	M/s. Hallmark Leasors & Distributors Pvt. Ltd.	1900	4.49
7	M/s. Opus Investment & Trading Co. Pvt. Ltd.	1900	4.49
8	M/s. Capricorn Leasors & Distributors Pvt. Ltd.	1900	4.49
9	Mr.. Yash Birla & Smt. Avanti Birla C/o Birla Industries Group Charity Trust	1800	4.25
10	Yash Birla HUF	900	2.13
11	Mr.. Arun Singhi	1	0.00
12	Smt. Kusum Singhi	1	0.00
	Total	42314	100

Board of Directors as on 30th September 2005:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mrs. Avanti Birla	Director
2	Mr. R.S. Malani	Director
3	Ms Rita Agarwal	Director
4	Mr. Arun Singhi	Director
5	Mr. G.L.Lath	Director

**THE YASH BIRLA GROUP****Financial Performance:**

The brief financials are given below:

Particulars	<i>(Rs. in Lakhs)</i>		
	Year Ended 31 st March 2005	Year Ended 31 st March 2004	Year Ended 31 st March 2003
Total Income	197.63	526.61	455.47
Profit / (Loss) After Tax	(44.99)	161.43	212.43
Equity Share Capital	42.31	42.31	42.31
Reserves & Surplus	4659.78	4,919.32	4,757.90
Share Holders Funds / Net Worth (Rs)	4702.09	4,961.64	4,800.21
NAV per share of FV Rs. 100/- each (Rs.)	11,113.42	11,725.75	11,344.26
EPS of FV Rs. 100/- each (Rs.)	-	381.49	502.03

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number and Address of RoC:

Promoters have confirmed the following details:

PAN	AAACG1850D
Bank Account Details	South Indian Bank, Fort Branch
Registration Number	11-022398 dated 13 th February 1946

IV. Birla Bombay Pvt. Ltd.**Background**

The company was incorporated on September 26, 1923 under the name and style of The Cotton Agents Pvt. Ltd. the name was changed to Birla Bombay Pvt. Ltd. on September 28, 1965. The company's registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

Initially the company was engaged amongst others in business as merchants on its own account and as commission Agents & Brokers in Cotton, Bullion, Seeds, Piece goods, Hosiery, Sugar, lands, building, hardware, machinery, stores and other commodities and articles and also to act and work as Managing Agents of Joint Stock Companies. At present the company is carrying on the business of financier, Guarantor and dealing in shares and securities. The company also holds properties and agricultural lands at various places.

Promoters:

- Mr. Yash Birla.
- M/s Birla International Pvt. Ltd.
- M/s Shearson Investment & Trading Co. Pvt. Ltd.
- M/s Godavari Corporation Pvt. Ltd.

**THE YASH BIRLA GROUP****Shareholding Pattern (As on 30th September 2005)**

Sr. No	Name of Shareholders	Number of Equity Shares	% of holding
1	Mr. K.K. Birla	72	1.29
2	Mr Kumar Mangalam Birla	24	0.43
3	Mr. S.K. Birla & Mr. C.K. Birla	72	1.29
4	M/s Sokhavati Investment & Traders Ltd	160	2.86
5	Hari Om Educational Institute	210	3.75
6	Govind Education Institute	288	5.14
7	Rukmani Birla Educational Institute	288	5.14
8	Calcutta Hospital Institute	71	1.26
9	Calcuttal Medical Institute	76	1.36
10	M/s Godavari Corporation Pvt. Ltd	840	14.99
11	M/s Birla International Pvt. Ltd	703	12.55
12	Mr Yash Birla & Mrs. Avanti Birla	346	6.18
13	Mr Yash Birla	558	9.96
14	Mr. Yash Birla C/o. Mr. Ashok V. Birla HUF	635	11.33
15	Yash Society	400	7.14
16	M/s Shearson Investment & Trading Co. Pvt.	648	11.57
17	Hallmark Leasors & Distributors Pvt. Ltd	100	1.79
18	M/s Capricorn Leasors & Distributors Pvt. Ltd	109	1.95
	Total	5,600	100.00

Board of Directors

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yash Birla	Director
2	Ms Kusum Singhi	Director
3	Mr. Shailesh Agarwal	Director
4	Mr. Manish Malani	Director

Financial Performance:

The brief financials are given below:

Particulars	(Rs. in Lakhs.)		
	Year Ended 31 st March 2005	Year Ended 31 st March 2004	Year Ended 31 st March 2003
Total Income	231.21	109.98	72.52
Profit / (Loss) After Tax	129.72	18.68	(11.74)
Equity Share Capital	56.00	56.00	56.00
Reserves & Surplus	1,432.24	1,302.53	1,283.85
Share Holders Funds / Net Worth (Rs)	1,488.24	1,358.53	1,339.85
NAV per share of FV Rs. 1000/- each (Rs.)	26,575.71	24,259.46	23,925.90
EPS of FV Rs. 1000/- each (Rs.)	2293.13*	310.27*	Nil

* EPS of Rs. 2293.13 for the year 2005 and of Rs 310.27 for the year 2004 is calculated after taking into account Preference Dividend of Rs 1,30,000/-.

The company is not a listed Company. The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****Promoter's PAN, Bank Account Details, Promoters Registration Number and Address of RoC:**

Promoters have confirmed the following details:

PAN	AAACB2436N
Bank Account Details	UCO Bank, Churchgate Reclamation Branch
Registration Number	11-01084 dated 26th September 1923

PERSONS ACTING IN CONCERT:**V. Scimitar Investment & Trading Co. Pvt. Ltd.**

Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. vide High Court order dated 5th December 2002. However the shares held by Scimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

VI. Shearson Investment & Trading Co. Pvt. Ltd.**Background**

The company was incorporated on November 10, 1989 under the name and style of Shearson Investment and Trading Co. Pvt. Ltd. The registered office of the company is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. The company is carrying on business of financier and dealing in shares and securities.

Promoters

- Mr. Yash Birla.
- M/s Godavari Corporation Pvt. Ltd.
- M/s Capricorn Leasors & Distributors Pvt. Ltd.
- M/s Hallmark Leasors & Distributors Pvt. Ltd.
- M/s Opus Investment & Trading Co. Pvt. Ltd.

Shareholding Pattern as on 30th September, 2005

SL. No.	Name of the Shareholder	No. Of Shares Held	% of Issued Capital
1	Mr. Yash Birla	2,400	24.00
2	M/s. Capricorn Leasors & Distributors Pvt. Ltd.	1,900	19.00
3	M/s. Hallmark Leasors & Distributors Pvt. Ltd.	1,900	19.00
4	M/s. Godavari Corporation Pvt. Ltd.	1,900	19.00
5	M/s. Opus Investment & Trading Co. Pvt. Ltd.	1,900	19.00
	Total	10,000	100.00

Board of Directors as on 30th September 2005:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yash Birla	Director
2	Mr. Arun Jain	Director
3	Mr. G.L. Lath	Director
4	Mr. R.P. Todi	Director


THE YASH BIRLA GROUP
Financial Performance:

The brief financials are given below:

(Rs. in Lakhs)			
Particulars	Year ended 31 st March 2005	Year ended 31 st March 2004	Year ended 31 st March 2003
Total Income	8.36	67.84	33.73
Profit / (Loss) After Tax	(54.36)	(119.17)	(31.66)
Equity Share Capital	1.00	1.00	1.00
Reserves & Surplus	1217.81	1272.17	1391.13
Share Holders Funds / Net Worth	1218.81	1273.17	1392.34
NAV per share of FV Rs. 10/- each (Rs.)	12188.10	12731.70	13921.30
EPS of FV Rs. 10/- each (Rs.)	-	Nil	Nil

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number and Address of RoC:

Promoters have confirmed the following details:

PAN	AABCS4653H
Bank Account Details	UCO Bank, Churchgate Reclamation
Registration Number	11-54227 dated 10 th November 1989

VII Estate of Late Ms. Sunanda Birla

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE1512G
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Current Account Number: 1229

VIII Estate of Late Ashokvardhan Birla

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE1509R
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Current Account Number: 1230

**THE YASH BIRLA GROUP****IX Estate of Late Smt. Sujata Birla**

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE151OE
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Savings Account Number: 7961

Declaration

It is confirmed that the PAN, Bank Account details and Passport Number of **Mr. Yash Birla** being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Prospectus with them. In respect of corporate and other promoters, i.e. **Birla International Pvt. Limited, Transvestments Pte Ltd., Godavari Corporations Pvt. Limited, Birla Bombay Pvt. Limited, Estate of Late Ms. Sunanda Birla, Estate of Late Ashokvardhan Birla, Estate of Late Smt. Sujata Birla, Scimitar Investment & Trading Co. Pvt. Ltd., Shearson Investment & Trading Company Pvt. Limited**, their respective PAN, Bank Account details, Company Registration Number and the addresses of the Registrars of Companies where these companies are registered; are being submitted to the Stock Exchanges, on which Equity Shares are proposed to be listed.

For related party transactions, please refer to the section entitled “Related Party Transactions” beginning on page no. 112 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India.

Dividend Policy

Particulars	Year ended 31-Mar-00	Year ended 31-Mar-01	Year ended 31-Mar-02	Year ended 31-Mar-03	Period ended 30-Sep-04	Year Ended 30-Sep-05
Equity shares						
Number of shares	10,483,850	10,483,850	10,481,050	10,481,050	10,481,050	10,481,050
Face value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Paid-up value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Rate of dividend (%)	11	12	14	14	6	8
Total dividend (Rs in Lacs)	115.30	125.77	146.74	146.74	62.89	83.85*
Corporate dividend tax on above (Rs in Lacs)	25.37	12.83	-	18.80	8.22	11.76

* Subject to the approval of members in the ensuing General Meeting.

COMMON PURSUITS

The Group Companies/Promoter Companies are carrying on separate businesses and there is no conflict of interest between the issuer company and Group Companies/Promoter Companies.



THE YASH BIRLA GROUP

PART II

SECTION IV: FINANCIAL INFORMATION

REPORT OF THE AUDITOR ON FINANCIAL INFORMATION

The Board of Directors

BIRLA POWER SOLUTIONS LIMITED

Industry House
159 Churchgate Reclamation
MUMBAI – 400 020

Dear Sirs,

We have examined the accompanying ‘statement of adjusted Profits and Losses’ (Annexure – I) for the six financial periods/years ended March 31, 2000, 2001, 2002, 2003 September 30, 2004 and September 30, 2005 and the ‘statement of adjusted assets and liabilities’ (Annexure – II) as on those dates, of **BIRLA POWER SOLUTIONS LIMITED** [hereinafter referred to as ‘the Company’] forming part of the ‘Financial Information’ dealt with by this Report, detailed below. These Statements of adjusted Profits and Losses and adjusted assets and liabilities are as extracted by the Company based on the accounts for the year/period ended March 31, 2000, 2001, 2002, 2003 and September 30, 2004 audited by M/s.Lodha & Co., and in respect of the accounts for the year ended September 30, 2005 approved by the Board of Directors and audited by us, pending approval of members at the General Body Meeting. Both read together with the notes thereon, which are the responsibility of the Company’s management and approved by the Board of Directors of the Company to be included in the Offer Document in connection with the proposed Public Issue Offer of Equity Shares of the Company.

In terms of the requirement of:

- a. Paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956;
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, ‘the SEBI Guidelines’ :
- c. The instructions dated February 6, 2006, received from the Company, requesting us to issue a report as Statutory Auditors of the Company relating to the Offer Document being issued by the Company in connection with the proposed Public Issue Offer of Equity Shares of the Company.

We report as under:-

- (i) The statement of adjusted profits and/or losses, and the assets and liabilities of the Company as at the end of each of the six financial periods/years ended March 31, 2000, 2001, 2002, 2003 September 30, 2004 and September 30, 2005, reflect the profits and losses and assets and liabilities extracted from the Profit and Loss Accounts and Balance Sheets for those periods/years, after making such adjustments, regrouping and disclosures, **except that certain adjustments have not been made in respect of matters listed in the annexure “VI”,** as were, in our opinion, appropriate and required to be made in accordance with Clause (b) of paragraph 6.10.2.7 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of SEBI Act, 1992, “the SEBI Guidelines,” ;
- (ii) In our opinion, the financial information dealt with by this report, read with the respective Significant Accounting Policies and **subject to/read** together with the notes thereon and after making such adjustments, regroupings and disclosures, **except that adjustments have not been made in respect of certain matters listed in the annexure ‘VI’,** as were, in our opinion, appropriate and required, have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines.

We have also examined the following financial information relating to the Company proposed to be included in the Offer Document, approved by the Board of Directors and annexed to this report :-

- i) Statement of the Cash Flow of the Company (Annexure-VII);

**THE YASH BIRLA GROUP**

- ii) Details of Other Income (Annexure – VIII) ;
- iii) Adjusted statement of Investments (Annexure – IX) ;
- iv) Age-wise analysis of Sundry Debtors and details of Loans and Advances as at September 30, 2005 (Annexure – X & XI) ;
- v) Capitalization Statement (Annexure – XII) ;
- vi) Details / Analysis of Outstanding Unsecured and Secured Loans taken by the Company (Annexure – XIII & XIV) ;
- vii) Related Party Transactions (Annexure – XV) ;
- viii) Summary of Accounting Ratios based on adjusted profits relating to the earning per share, net asset value and return on net worth (Annexure – XVII) ;
- ix) Details of Dividends paid by the Company (Annexure – XVIII).

We further state that the statement of Tax Shelter (Annexure – XVI) is as examined and certified by M/s. M. K. Sureka & Co., Chartered Accountants, on which we have placed our reliance.

Our this Report, is being provided solely for the use of Birla Power Solutions Limited, for the purpose of inclusion in the said Offer Document in connection with the proposed Public Issue Offer of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
DALAL & SHAH
Chartered Accountants

MUMBAI: 28th February 2006

SHISHIR DALAL
Partner
Membership No.37310



Birla Power Solutions Ltd.
STATEMENT OF ADJUSTED PROFITS & LOSSES

(Rs.in Lacs)

PARTICULARS	YEAR ENDED 31ST MARCH 2000	YEAR ENDED 31ST MARCH 2001	YEAR ENDED 31ST MARCH 2002	YEAR ENDED 31ST MARCH 2003	PERIOD ENDED 30TH SEPT 2004 (18 MONTHS)	YEAR ENDED 30TH SEPT 2005
INCOME						
Sales:						
Of products manufactured by the Company (net of Excise duty)	5,920.97	6,363.13	6,559.50	5,983.14	4,859.62	3,603.01
Of products traded in by the Company	104.52	30.06	144.78	867.25	4,661.76	5,499.00
Sub-total	6,025.50	6,393.19	6,704.28	6,850.39	9,521.37	9,102.01
Other Income	153.57	25.44	33.33	64.15	623.24	133.55
Increase/Decrease in Stock	118.27	(27.12)	337.22	465.16	512.71	(108.51)
Total	6,297.33	6,391.51	7,074.83	7,379.71	10,657.32	9,127.05
EXPENDITURE						
Purchase of goods traded	235.65	229.55	399.92	1,216.73	3,703.00	3,018.26
Raw materials Consumed	2,695.79	2,732.48	3,027.93	3,010.86	2,855.85	2,478.50
Staff Costs	689.21	818.21	889.02	891.30	1,370.51	901.14
Other Manufacturing expenses	120.39	294.05	182.18	134.09	31.23	197.70
Administration expenses	660.82	684.90	643.13	739.35	955.95	608.79
Selling & Distribution expenses	501.54	588.16	802.63	860.28	908.21	434.34
Interest	106.25	95.31	38.13	180.79	183.17	582.96
Total Expenditure	5,009.65	5,442.66	5,982.94	7,033.39	10,007.93	8,221.70
Profit before depreciation, tax & Misc. exp.	1,287.69	948.85	1,091.89	346.31	649.40	905.35
Gross Depreciation -on Original cost	249.48	259.70	265.31	318.41	477.85	298.64



PARTICULARS	YEAR ENDED 31ST MARCH 2000	YEAR ENDED 31ST MARCH 2001	YEAR ENDED 31ST MARCH 2002	YEAR ENDED 31ST MARCH 2003	PERIOD ENDED 30TH SEPT 2004	YEAR ENDED 30TH SEPT 2005
Net adjusted profit/ (loss) before tax and Misc. exp.	1,038.21	689.14	826.58	27.90	171.55	606.72
Less: Misc Expenditure Written Off	54.00	54.00	61.68	72.88	109.32	45.88
Net adjusted profit/ (loss) before Tax	984.21	635.14	764.89	(44.98)	62.23	560.84
Less: Provision for current tax (including Wealth tax)	(385.29)	(286.12)	(114.44)	(84.53)	(82.11)	(188.50)
Less: Deffered Tax	-	-	(31.47)	60.22	71.76	76.32
Less: Fringe BenefitTax	-	-	-	-	-	(9.89)
Less: Effect of Adj. onTax	16.02	2.27	(44.18)	84.03	(42.05)	(82.50)
Net profit/ (loss) after taxation & adjustments	614.94	351.29	574.80	14.74	9.82	356.27

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure IV & Significant Accounting Policies as appearing in Annexure III.



Birla Power Solutions Limited

STATEMENT OF ADJUSTED ASSETS & LIABILITIES

(Rs.in Lacs)

	PARTICULARS	AS AT 31ST MARCH 2000	AS AT 31ST MARCH 2001	AS AT 31ST MARCH 2002	AS AT 31ST MARCH 2003	AS AT 30TH SEPT 2004	AS AT 30TH SEPT. 2005
A.	FIXED ASSETS:						
(i)	Gross Block	4,657.64	4,768.83	5,245.69	5,318.46	5,348.52	5,517.04
	Less: Accumulated Depreciation	2,746.94	3,002.74	3,248.91	3,563.45	3,952.97	4,275.35
	Net Block	1,910.71	1,766.09	1,996.78	1,755.01	1,395.55	1,241.69
(i)	Capital work in Progress	8.46	11.25	71.16	96.57	83.53	348.30
	Net Block after adjustment	1,919.16	1,777.34	2,067.94	1,851.58	1,479.09	1,589.99
B	Investments	1.16	1.16	0.16	0.16	0.16	-
C	Current Assets , Loans & Advances:						
	Inventories	1,740.31	1,765.02	2,168.96	2,940.84	3,959.11	3,663.41
	Sundry Debtors	3,061.88	2,668.41	2,625.30	3,651.40	4,752.57	8,830.54
	Cash & Bank Balances	607.36	649.85	867.49	788.85	362.53	465.61
	Loans & Advances	892.96	1,256.12	2,012.57	2,633.01	4,520.25	4,021.09
	Other Current Assets	209.81	191.10	-	-	-	-
	Total	6,512.32	6,530.51	7,674.32	10,014.10	13,594.46	16,980.65
	A+B+C	8,432.64	8,309.01	9,742.41	11,865.84	15,073.70	18,570.64
D	Less :Liabilities & Provisions:						
	Secured Loans	1,446.32	1,551.76	1,487.82	1,948.47	2,955.81	2,815.06
	Unsecured Loans	360.44	-	222.11	1,784.91	3,465.65	4,159.69
	Net Deferred Tax liabilities	-	-	437.70	377.48	305.72	229.40



(Rs.in Lacs)

	PARTICULARS	AS AT 31ST MARCH 2000	AS AT 31ST MARCH 2001	AS AT 31ST MARCH 2002	AS AT 31ST MARCH 2003	AS AT 30TH SEPT 2004	AS AT 30TH SEPT. 2005
	Current Liabilities	1,394.16	1,303.21	2,043.31	2,402.62	2,951.70	5,129.31
	Provisions	180.73	138.60	146.73	165.54	117.91	571.22
	D	3,381.65	2,993.57	4,337.67	6,679.01	9,796.79	12,904.69
	Networth (A+B+C - D)	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95
	Represented By:						
(i)	Share Capital	1,048.20	1,048.23	1,048.25	1,048.25	1,048.25	1,048.25
(ii)	Reserves	4,272.79	4,483.22	4,549.23	4,314.41	4,295.18	4,638.34
(iii)	Less: Misc.Expenditure (to the extent not writtenoff/adjusted)	270.00	216.00	192.73	175.83	66.51	20.63
	Networth (i+ ii - iii)	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95

Note:

- 1 Refer Note No. 3 In Annexure III.
- 2 The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure IV & Significant Accounting Policies as appearing in Annexure V



Birla Power Solutions Limited

1. Notes to Statement of adjusted Profit and loss and adjusted Adjusted assets and liabilities Adjustment (Income/Expenses) in Statement of Profit and Loss arising out of:

a. Prior Period items/excess provision written back/liabilities written back

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003	30.09.2004	30.09.2005
Staff Cost	(3.15)	1.49	0.23	5.56	11.58	0.00
Other Manufacturing Expences	(9.62)	(4.99)	(7.48)	(8.24)	11.42	0.00
Administrative Expences	(23.28)	(3.53)	(65.45)	27.21	13.59	0.00
Selling & Distribution Expences	(52.72)	(11.06)	(38.79)	147.41	64.32	0.00
Other Income	(118.47)	(156.27)	(29.93)	(110.91)	(19.51)	(37.40)
Prior Period exp. On the Face of B/S	0.00	0.00	0.00	0.00	0.00	(268.44)
Interest	(0.29)	0.00	0.00	0.00	(7.20)	0.00
Note: Figures in bracket shows decrease in Income & Expences						

b. Change in Accounting policy

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003	30.09.2004	30.09.2005
Other Manufacturing Expences	(5.58)	(6.49)	(6.69)	(6.66)	(8.78)	(4.19)
Depriciation	5.58	5.82	6.60	6.63	10.02	5.01
Note: Figures in bracket shows decrease in Income & Expences						

c. Adjustment (Increase/Decrease) in Statement of Assets & Liabilities

	31.03.2000	31.03.2001	31.03.2002	31.03.2003	30.09.2004	30.09.2005
Reserve & Surplus	204.75	41.43	174.94	(107.88)	(231.50)	(1.27)
Investments	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Assets	(33.50)	(29.35)	(28.21)	(21.80)	(12.13)	39.66
Loans & Advances	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities & Provisions	(145.43)	(37.80)	(174.18)	108.67	231.04	(0.00)
Debtors	(59.31)	(2.95)	0.00	0.00	0.00	0.00
Inventory	33.50	28.68	27.46	21.02	12.59	(38.38)

**Annexure – III**
(Contd...)

2. In respect of the Following Accounting Standards coming into effect mandatorily from the periods stated thereagainst, the efforts thereof have been considered in the respective accounting periods and disclosures made accordingly :
 - (i) AS-17 “Segment Reporting” w.e.f. 1/4/2001.
 - (ii) AS –18 “Related Party Transactions” w.e.f. 1/4/2001.
 - (iii) AS – 22 “Accounting for Taxes on Income” w.e.f. 1/4/2001.
 - (iv) AS- 28 “Impairment in value of Assets” w.e.f. 1/4/2004.
3. In respect of the matter referred to in the Annexure V hereto, for the reason stated therein, no effect has been given in the adjusted Profit & Loss A/c and adjusted Assets & Liabilities of the respective years.
4. In respect of the financial year / period ended 2000, 2001, 2002, 2003 and for 30th September 2004 for which audit of the accounts was conducted by M/s Lodha & Co., Chartered Accountants, while for the year ended 30th September 2005 was conducted by Dalal & Shah, Chartered Accountants. In respect of figures for the period 2000 through 2004 no regrouping / rearrangement of the figures have been made in the annexed recasted Profit & Loss A/c and Assets & Liabilities.



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II. NOTES ON ACCOUNTS

ANNEXURE - IV

1. There is contingent liability in respect of: -

(Rs. in lacs)

	Nature of Liability	As at 30 th September, 2005	As at 30 th September, 2004
(i)	Claims against the Company not acknowledged as debts	96.66*	28.87
(ii)	Disputed Sales Tax, Excise Duty and Custom Duty Matters under appeal	720.05	365.90
(iii)	Bank Guarantees	324.78	170.79
(iv)	Letters of credit (Outstanding as on 30.09.2005)	175.56	301.93
Total:		1388.59	867.49

*Excludes Rs.71.54 lacs (as estimated by the management) of liability on account of returns and working costs in relation to gensets (Two Stroke) which are to be taken back by the company as per Central Pollution Control Board (CPCB) orders.

Note:- In absence of files in relation to some of the consumer cases the liability has been taken as these were taken in the 30th September, 2004 notes to accounts.

(Rs.in lacs)

2.	Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	267.17	222.46
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3. The current period figures are for 12 months, hence not comparable with the figures of previous period which was for 18 months.

4. Payment to Auditors

		Current Year (12 months)	Previous Period (18 months)
(i)	Audit fees	5.51	2.47
(ii)	Certification	2.20	1.88
(iii)	Out of Pocket Expenses	1.26	0.43
Total		8.97	4.78

5. Managerial Remuneration paid/payable to Managing Director/ Wholtime Directors:

(Rs. in lacs)

	Current Year (12 months)	Previous Period (18 months)
Salary & Allowances	19.20	19.13
Contribution to Provident & other Funds	1.44	3.19
Perquisites	7.40	2.02
Total	28.04	24.34

(a) As the employee wise breakup of liability on account of gratuity and leave encashment is not available, the amount relatable to the Whole Time Director(s) is not considered.

(b) No commission is payable in the absence of adequate profits.

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Statement Showing computation of net profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956:

Details	Rs. in Lacs
Profit before Tax	599.06
Add: Whole time director remuneration	28.04
Less: Prior Period Adjustments (Net)	(268.44)
Profit Under Section 349 of the Companies Act, 1956	358.66

The remuneration paid is covered by Schedule XIII Part II Section II (1) (B), as per which the maximum permissible remuneration is Rs. 48 Lacs (Rs. 4 Lacs * 12 months). The company has complied with the conditions mentioned in this schedule except the resolution passed in the remuneration committee.

6. i) Sales is net of rebates, discounts etc.
 - ii) Profits/ losses on sale of DFRC licenses have been included in other income, sale of which was earlier included in sales-genset. There is no impact on the profits/losses of the company on account of the change in this regard.
 - iii) Purchases/ Sales includes Purchases/ Sales of electrical/ electronic Components and Miscellaneous Appliances amounting to Rs.2748.00 and Rs.5315.45 lacs respectively. In the opinion of the management Purchases/ Sales have been made at market rates/ competitive rates.
- 7(A) Advances recoverable in cash or in kind include interest free loan to employees of Rs 4.95 lacs (previous period Rs.13.05 lacs) in the ordinary course of business and as per service rules of the company.
- 7(B) Loans & Advances (Schedule 10) includes demand loans/ advances recoverable in cash or kind amounting to Rs.1443.99 lacs given to / recoverable from bodies corporate/ parties, which became overdue as per the terms of agreement/ sale terms [including interest thereon amounting to Rs.440.98 lacs and Rs.308.59 lacs from bodies corporate and debtors respectively (read with Note No.10 below). Pending out come of the rehabilitative measure under active consideration [in respect of Birla TransAsia Carpets Ltd. wherein outstanding is Rs.779.80 lacs (including interest thereon amounting to Rs.312.29 lacs)] and necessary steps taken by the management for repayment/recovery of these amounts, the amount outstanding has been considered good and recoverable by the Board and accordingly no provision has been considered necessary at this stage.
- 7(C) Loans and advances (schedule 10) include amount recoverable from a party (assignee) on account of sale of an overdue debtor amounting to Rs. 1000 lacs. In the opinion of the management it is fully recoverable.
- 7(D) Recoverable and Receivables include Rs. 26.35 Lacs paid to a statutory authority in respect of property at 257, Okhla Industrial Estate – III, New Delhi- 110020.
8. Sundry Debtors has been taken as per book balance in absence of balance confirmations. As and when the confirmations with respect to the balances will be received the reconciliations will be done and the adjustments, if any, on this account will be made as & when these are finally reconciled and confirmed. Further, debtors includes certain debtors amounting to Rs. 253.77 Lacs (including for export sale) are overdue where company has initiated legal & other necessary actions for recovery. In the opinion of the management, subject to reconciliation's referred above, the debts to the extent stated as considered good in the Balance Sheet are fully recoverable. [Refer note no II (11)]
 9. Since it is not possible to ascertain with reasonable accuracy the quantum in respect of Subsidies, Excise Duty Refund, Insurance and other Claims lodged by customers during the warranty period and interest on custom duty & other charges on imported materials lying at bonded warehouse, the same are continued to be accounted for on receipt/ payment basis.
 10. Interest income accounted for during the period amounting to Rs. 11.47 lacs on overdue loans/ advances as per sale terms/ terms of agreement. The Board is confident for the Realization / collection of the same (read with Note No.7B above) hence considered good and recoverable.
 11. Balances in accounts of debtors, loans & advances, stock with third parties, secured loans, unsecured loans, creditors and other current liabilities are subject to confirmation and/ or reconciliation and the adjustment, if any, on these accounts will be accounted for as and when these are finally reconciled and/or confirmed.

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12. As per the programme Fixed Assets are to be verified over a period of three years in a phased manner. The last physical verification was taken in respect of Plant & Machineries in the year ended September 30, 2004. Physical verification of furniture & fixture, office equipment's & other remaining fixed assets could not be physically verified during the year. However we will carry out physical verification of the said fixed assets in the next financial year and if any discrepancy found between book records and physical quantities, the same shall be accounted for appropriately.
- 13(A) The Company has implemented an ERP (Software) package for inventory accounting in an earlier year. The said package needs updation, which is under progress. Pending completion, inventories have been ascertained as per physical stock take upto one stage in case of stocks at plant but in case of depots, third parties and stock lying at bonded warehouses no physical verification has been carried out during the year. In the opinion of the management, differences arising out of the said process, including inter shop / inter depot / inter unit reconciliation, determination of obsolete, non-moving damaged and unserviceable inventory and overhead allocation shall be accounted for as per AS-2 (Valuation of inventories).
- 13(B) Provision/ adjustment for obsolete, non-moving, shortages, damaged/ unserviceable inventories will be written off as & when identified. However during the year ended 30th September 2005 we have written off Rs.30.53 lacs on this account.
- 13(C) Provision/ adjustments for obsolete and damaged fixed assets will be made as and when identified. In the opinion of the management Current Assets and Loans & Advances are stated at realizable value, if sold/ realized in ordinary course of Business.
- 14 During the year certain unsecured loans (including interest) could not be repaid on due dates. (read with clause (xi) of Annexure to the audit report)
15. Capital work in progress (plant and machinery) amounting to Rs. 347.90 includes freight Rs.5.13 lacs and materials 342.77 lacs.
16. The company has written off Doubtful debts amounting to Rs.45.18 lacs out of Provisions made in earlier period and Rs.110.03 lacs by charging to P & L Account in Current Year.
- 17A. Miscellaneous expenditure to the extent not written off includes: -

(Rs. in lacs)

Particulars	License Fees	Product Launching expenses
Opening Balance	27.00	39.51
Write off during the period	27.00	18.88
Closing Balance	Nil	20.63


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18. In compliance with Accounting Standard 17-“Segmental reporting” issued by the Institute of Chartered Accountants of India, segmental disclosure is as follows:

Business Segment

Financial information about the primary business segment is presented in the table given below:

(Rs. in lacs)

	Particulars	Power & Allied Products	Electrical Appliances	Others	Total
A	Segment Revenue				
1	Sales from external Customer's	4,183.18 (6,238.37)	3,787.48 (3,009.15)	1,562.44 (931.05)	9,533.10 (10,178.57)
	Less :Excise Duty	431.09 (657.20)	- -	- -	431.09 (657.20)
	Net Sales	3,752.09 (5,581.17)	3,787.48 (3,009.15)	1,562.44 (931.05)	9,102.01 (9,521.37)
2	Other allocable income	58.65 (-)	- (-)	101.79 (52.50)	160.44 (52.50)
3	Other un-allocable income				64.39 (618.96)
	Total Revenue	3,810.74 (5,581.17)	3,787.48 (3,009.15)	1,664.23 (983.55)	9,326.84 (1,0192.83)
B.	Segment Result				
1	Segment result (PB I T) (Profit before Interest, non-operational items and Tax	-930.23 (-728.07)	1,273.82 (43.92)	838.43 (469.77)	1,182.02 (-214.38)
2	Interest & Financial Charges (net of interest income)				638.46 (225.62)
3	Unallocable Income net off unallocable expenditure				(55.50) (666.25)
4	Non operational items (provision for Doubtful Debts/Advances)				- (56.03)
5	Profit/ (Loss) before tax				599.06 (170.22)
6	Provision for current tax (including Wealth Tax and Fringe Benefit Tax)				198.39 (82.11)
7	Deferred tax credit				76.32 (71.76)
8	Net Profit/ (Loss) after tax				476.99 (159.87)
9	Tax/Prior Period Adjustments for earlier period's				268.44 (-15.61)
10	Net Profit				208.55 (175.48)
C	Other information				
1	Segment assets	11,274.41 (10,777.75)	5,886.75 (1,628.73)	649.78 (1,211.30)	17,810.94 (13617.78)
2	Investments, inter corporate deposits Cash & Bank Balances , interest accrued & other unallocable fixed assets				781.61 (1522.90)
3	Advance Tax & TDS (Net of provision)				- (-)
	Total assets	11,274.41 (10,777.75)	5,886.75 (1,628.73)	649.78 (1,211.30)	18,592.55 (15,140.68)
4	Segment liabilities	2,427.83 (2,226.92)	2,635.07 (16.33)	2.42 (430.47)	5,065.32 (2,673.72)


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	Particulars	Power & Allied Products	Electrical Appliances	Others	Total
5	Secured and unsecured loans				6,974.75 (6,421.46)
6	Interest accrued, but not due				43.10 (27.61)
7	Deferred Tax Liability (Net)				229.40 (305.72)
8	Provision for Taxation (net of Advance Tax & TDS) including Bills Admitted				475.61 (46.81)
9	Unclaimed dividend				20.89 (19.32)
10	Proposed dividend (incl. Dividend tax)				71.71 (71.11)
	Total liabilities	2,427.83 (2,226.92)	2,635.07 (16.33)	2.42 (430.47)	12,880.78 (9,565.75)
11	Capital expenditure incurred during the year including capital work in Progress	503.62 (129.35)			503.62 (129.35)
12	Depreciation (including deficit on fixed assets sold/scrapped)	260.75 (416.54)		34.19 (51.29)	294.94 (467.83)
13	Miscellaneous Expenditure Written Off/Provided	45.88 (109.32)	- (-)	- (-)	45.88 (109.32)
14	Other Non cash adjustments bad debts / Advances written off	- (-)	- (-)	- (-)	110.03 (56.03)

NOTES: -

- The common expenses relating to “Electrical Appliances segment and “other segment”, which are not directly allocable since not segregated, has been shown as segment part of “Power & Allied Products.

The Primary Segment identifiable is as follows:

- Power & Allied Products: Manufacturing Portable Generators, Engines, Pumps, Inverters and Trading of Allied Products.
- Electrical Appliances: Trading of Electrical appliances & Miscellaneous Components .
- Others: Wind Mill energy Generation, Carpet sale & sale of DFRC/DEPB License etc.
- Previous period figures have been regrouped/ rearranged wherever considered necessary.

As the Company also exports, the secondary segment for the company is based on the location of customers/ export destinations:


THE YASH BIRLA GROUP
Geographical Segment

Financial information about the secondary geographical segment is presented in the table given below:

(Rs. in Lacs)

	Particulars	India	Nigeria	Other Countries	Total
A.	Revenue from the customers	9,320.84 (9,489.71)	104.51 (152.44)	107.75 (536.42)	9,533.10 (10178.57)
B.	Segment Assets*	18,540.40 (13,540.00)	- -	52.15 (77.78)	18,592.55 (13,617.78)
C.	Capital expenditure incurred during the year including capital work in progress.	503.62 (129.35)			503.62 (129.35)

*Shown on the basis of location of assets

- Previous period figures has been regrouped/rearranged wherever considered necessary and the same has been given below the current period figures.
 - The figures in brackets indicate the previous period figures.
19. The disclosure of transactions with related parties, as described in the Accounting Standard 18-“Related Party Disclosures”, issued by the Institute of Chartered Accountants of India, as given below: **(The related party is identified by the management and accepted by auditors)**

A. Name of the Related Parties along with their Relationship

Name of Related parties	Relationship
Birla International (P) Ltd.	An Associate
Shearson Investment & Trading Co.	An Associate
Hallmark Leasors & Distributors (P) Ltd.	An Associate
Viking Travels (P) Ltd.	An Associate
Daggar Forst Ltd.	An Associate
Zenith Birla Ltd.	An Associate
Godavari Corporation Ltd.	An Associate
Shloka Infotech Ltd.	An Associate
Birla Capital & Finance Ltd.	An Associate
Birla Electricals Ltd.	An Associate
Birla TransAsia Carpets Ltd.	An Associate
Birla Global Corporates Ltd.	An Associate
Mr. Sanjay Khazanchi.	Key Managerial Personnel


THE YASH BIRLA GROUP
B. Transaction With Related parties
(Rs. in Lacs)

Nature of transaction	Associates		Key managerial personnel		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Purchase of goods	0.75	0.03	-	-	0.75	0.03
Rent Paid	18.18	27.50	-	-	18.18	27.50
Sale of goods	32.68	-	-	-	32.68	-
Sale of wind energy	34.47	-	-	-	34.47	-
Sales of assets	2.78	-	-	-	2.78	-
Sales tax benefit	35.00	-	-	-	35.00	-
Receiving of services	70.37	9.52	-	-	70.37	9.52
Agency arrangement	4.17	8.13	-	-	4.17	8.13
Security paid/ transfer	-	508.50	-	-	-	508.50
Loan taken	1,313.57	440.00	-	-	1,313.57	440.00
Loan Given	76.91	-	-	-	76.91	-
Loan refund	1,122.44	540.00	-	-	1,122.44	540.00
Loan received back	25.00	-	-	-	25.00	-
Interest on advance/ security given	0.74	29.93	-	-	0.74	29.93
Interest on loan taken	8.45	2.06	-	-	8.45	2.06
Advance given	48.78	-	-	-	48.78	-
Remuneration	-	-	25.41	24.34	25.41	24.34
Closing balances:-						
Loan & advances recoverable in cash or in kind	907.02	874.89	0.73	8.60	907.75	874.89
Loan from bodies corporate	601.13	435.00	-	-	601.13	435.00
Other liabilities	103.47	69.14	-	0.26	103.47	69.14
Security Deposit	718.70	-	-	-	718.70	-

Note:

No amount has been written off or written back during the period in respect of debts due from/ or to the related parties.

20. In compliance with AS 20-“Earning Per Share” issued by the Institute of Chartered Accountants of India, the disclosures are as follows:

Particulars	Current Year (12 months)	Previous Period (18 months)
Net profit/(loss) for the period attributable to equity shareholder's (Rs.in Lacs)		
Net Profit After Tax	208.55	175.48
Weighted average number of equity shares outstanding (nos.)	10,481,050	10,481,050
Basic earnings per share (face value of Rs.10 each) (in Rs.)	2.00	1.67*

* EPS is not annualized


THE YASH BIRLA GROUP

21. In compliance with the Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recognized a net cumulative deferred tax liability amounting to Rs.229.40 lacs upto 30th September 2005 (previous period Rs.305.72 lacs upto September 2004). Further provisions of tax for the year ended 30th September 2005, includes net deferred tax credit of Rs.76.32 lacs (previous period deferred tax credit Rs71.76 lacs). The details relating to deferred tax assets and liabilities are as under:

(Rs in Lacs)

Particulars	As at 30 th September 2005	As at 30 th September, 2004
Deferred Tax Liabilities:		
Difference in W.D.V.s	258.78	325.89
Deferred Revenue Expenditure	6.94	24.34
Total Deferred tax Liabilities(A)	265.72	350.23
Accrued Expenses allowable for tax purposes when paid	36.32	27.98
Provision for doubtful debts/advances	-	16.53
Total Deferred Tax Assets (B)	36.32	44.51
Net Deferred Tax Liability (A)-(B)	229.40	305.72

22. Sundry creditors includes Rs. 81.54 Lacs dues to small undertakings, the details of name along with balances of the SSI's whose balances outstanding more than 30 days are given below:

Name of the party	As at 30.09.05 (Rs in Lacs)
Autofield Engineers Private Ltd.	0.02
Automate Products	0.70
Akshat Autoline Pvt.Ltd.	2.22
Automation Electronics	0.45
Bemco India Pvt.Ltd.	1.41
Concord Controls	2.35
Chhaya Packers & Printers P Ltd	0.97
Del Gears Ltd	3.95
Doon Rubber Industries	1.15
Dass Electronics	0.58
Damani Group Overseas	1.24
Diamond Rubber Products	0.03
Flyco Industries	3.29
Hitech Rolling Balls Pvt Ltd	1.57
Industrial & Farm Equipment Co	0.16
Indian Packaging Services	2.16
Indu Magnetics Pvt Ltd	0.14
Jain Precision Fasteners (P) Ltd	8.66
Kemfin Chemical (P) Limited	3.84
Meenu Electro Stampings	1.09
MTA Industries	0.32
Material Movell (India) Pvt Ltd	1.55
National Rubbers	5.47



Name of the party	As at 30.09.05 (Rs in Lacs)
P S Engineers	1.87
Prestamp Engineers	1.93
P.B.M.Insulations Pvt Ltd	18.57
Rubber Udyog Vikas Pvt.Ltd.	0.12
R.D.Engineering Works	0.39
Suraj Plastic Industries	1.05
Sumax Systems	0.98
Srashtank Glass Fibre Products	0.10
Shakuntal Elect.Mfg.Co.	0.46
S.M.Technosales (P) Ltd.	0.28
Super Tech Industries	1.49
Texplass (India) Pvt.Ltd.	1.04
Tonk & Associates	1.10
Umrao Precision Tools	6.76
Ubisons Engineers	2.09
Total	81.54

Above figures are excluding the interest payable amounting to Rs. 4.56 Lacs. The small-scale undertakings as mentioned above have been identified by the management.

23. The information as required by para 3 and 4 part-II of the schedule VI of companies Act, 1956.

A. Licenced and installed Capacity: Annual Capacity

Particulars	Units	Licenced Capacity		Installed Capacity	
		As at 30.09.05	As at 30.09.04	As at 30.09.05	As at 30.09.04
Portable Generator Sets	Nos.	90,000	90,000	90,000	90,000
Multipurpose Engines	Nos.	35,000	35,000	35,000	35,000
Wind Energy	KWH	N.A.*	N.A.	11,03,800	1,103,800
Inverters	Nos.	150,000	150,000	60,000	60,000
UPS	Nos.	150,000	150,000	NIL	NIL
Auto Mains Panel	Nos.	10,000	10,000	NIL	NIL
Battery Chargers	Nos.	10,000	10,000	NIL	NIL
Voltage Stabilizers	Nos.	75,000	75,000	NIL	NIL

N.A. represents not applicable.

*Installed capacity has been certified by the management and not verified by the auditor, being a technical matter.


THE YASH BIRLA GROUP
B. Actual Production

Particulars	Units	Current Year (Quantity)	Previous period (Quantity)
Portable Generator	Nos.	6,833	16,701
Multi purpose Engine	Nos.	11,385	15,287
Inverters (E P)	Nos.	8,750	8,434
Pump sets & Sprayers	Nos.	10,414	12,816
Components for Sales And Servicing of Generator sets and Multi purpose engine And Miscellaneous items	Nos.	*	*
Wind Energy	kWh	1447656	2401854
Electrical Appliances	Nos.	*	*

* In view of considerable number of items having diverse nature, it is not practicable to furnish quantitative information.

C. Opening Stock of Finished Goods

Particulars	Units	Current Year (Quantity)		Previous period (Quantity)	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Portable Generator	Nos.	5,230	1,127.22	5,844	720.65
Multi purpose Engine	Nos.	609	50.29	629	45.82
Inverters (E P)	Nos.	6,116	166.25	1,267	36.99
Pump sets & Sprayers	Nos.	1,765	204.76	1,104	124.60
Components for Sales And Servicing of Generator sets and Multi purpose engine And Miscellaneous items	Nos.	*	172.08	*	80.97
Wind Energy	kWh	98.44	Nil	Nil	Nil
Electrical Appliances	Nos.	*	329.97	*	536.75

*In view of considerable number of items having diverse nature, it is not practicable to furnish quantitative information.

D. Closing Stock of Finished Goods

Particulars	Units	Current Year (Quantity)		Previous period (Quantity)	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Portable Generator	Nos.	5,428	1,148.87	5,230	1,127.22
Multi purpose Engine	Nos.	238	24.37	609	50.29
Inverters (E P)	Nos.	6,632**	161.00	6,116	166.25
Pump sets & Sprayers	Nos.	1,020	194.62	1,765	204.76
Components for Sales And Servicing of Generator sets and Multi purpose engine And Miscellaneous items	Nos.	*	163.59	*	172.08
Wind Energy	KW H	Nil	Nil	98.44	Nil
Electrical Appliances	Nos.	*	346.07	*	329.97

*In view of considerable number of items having diverse nature, it is not practicable to furnish quantitative information.

** Difference in quantity tally is on account of 166 nos. of Inverter dismantled.


THE YASH BIRLA GROUP
E Turnover of Goods dealt with by the Company

Particulars	Units	Current Year (Quantity)		Previous period (Quantity)	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Portable Generator	Nos.	6,635	2169.43	17,554	3,710.35
Multi purpose Engine	Nos.	11,756**	91.94	14,929**	210.08
Inverters (E P)	Nos.	16,482	505.44	25,672	1,041.07
Pump sets & Sprayers	Nos.	11,159	1,286.68	12,195	1,326.19
Components for Sales And Servicing of Generator sets and Multi purpose engine And Miscellaneous items	Nos.	*	129.69	*	264.28
Wind Energy	KWH	14,47,656***	34.47	1,801,390	45.94
Electrical Appliances	Nos.	*	5315.45	*	3,901.82

*In view of considerable number of items having diverse nature, it is not practicable to furnish quantitative information.

**10,174 Nos. (previous period 12,816 Nos.) of Multi purpose engines used for captive consumption.

*** It includes 54,419 KWH as transmission loss.

F Purchase of Goods dealt with by the Company

Particulars	Units	Current Year (Quantity)		Previous period (Quantity)	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Portable Generator	Nos.	Nil	Nil	264	86.54
Multi purpose Engine	Nos.	Nil	Nil	Nil	Nil
Inverters (E P)	Nos.	8,414	192.15	22,087	503.83
Pump sets & Sprayers	Nos.	Nil	Nil	128	20.89
Components for Sales And Servicing of Generator sets and Multi purpose engine And Miscellaneous items	Nos.	*	78.11	*	238.12
Wind Energy	KWH	Nil	Nil	Nil	Nil
Electrical Appliances	Nos.	*	2,748.00	*	2,853.62

* In view of considerable number of items having diverse nature, it is not practicable to furnish quantitative information.

G Raw Material consumed (as certified by the management)

Particulars	Units	Current Year		Previous period	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Raw material consumed		*	2,478.51	*	2,855.85

* In view of considerable number of items having diverse nature, it is not possible to furnish quantitative information of raw Material & Component consumed.


THE YASH BIRLA GROUP
H Consumption of Raw Materials, Spare Parts and Components in absolute and percentage terms. (As certified by the Management)

Particulars	Current Year		Previous period	
	Imported	Indigenous	Imported	Indigenous
Raw material & Components				
- Rs. in lacs	82.32	2,396.19	88.58	2,767.27
- Percentage	3.32	96.68	3.10	96.90
Stores and Spare Parts				
- Rs. in lacs	0.29	51.94	2.49	131.41
- Percentage	0.56	99.44	1.86	98.14

I CIF value of Imports

Particulars	Current Year (Rs. in Lacs)	Previous period (Rs. in Lacs)
Raw Materials & components, Gensets, Electrical Appliances, Consumable Stores and Spare Parts (including spare parts for sales & servicing of Generator Sets and Capital Goods) (Including in Transit)	181.96	503.88

J. Expenditure in foreign currency

Particulars	Current Year (Rs. in Lacs)	Previous period (Rs. in Lacs)
Travelling	17.22	34.83
Royalty	Nil	0.15
Interest Exp.	62.26	63.43

K. FOB value of Exports

Particulars	Current Year (Rs. in Lacs)	Previous period (Rs. in Lacs)
Exports	208.93	667.52

L. Dividend remitted to Non- Resident Shareholders in foreign currency.

Particulars	Current Year	Previous period
Number of Non- Resident shareholders	1	1
Number of ordinary shares held by them	1,120,000	1,120,000
Gross amount of Dividend (Rs. in Lacs)	6.72	15.68
Dividend in respect of 1 st April' 03 to 30 th September' 04 (Rs. in lacs)	6.72	-
Dividend in respect of 02-03 (Rs. in lacs)	-	15.68

Excluding Rs.22877 (Previous Period Rs.25550.00) remitted to Forty (previous period thirty) non-resident shareholders holding 38129 (Previous Period 18250) ordinary Equity shares.

**THE YASH BIRLA GROUP**

24. Prior period Adjustment (Net) includes the following:

Particulars	Current Year
Legal and Professional	10.32
Local conveyance	1.14
Electricity expenses	0.08
General expenses	0.97
Rates and taxes	0.82
Travelling expenses	0.58
Repairs & maintenance expenses	3.20
Postage expenses	1.30
Auditors remuneration	0.22
Employees welfare expenses	1.41
Telephone expenses	0.42
Bank charges	1.58
Salary & wages	7.47
Rent	0.11
Freight charges	0.02
Product development expenses	1.66
Entertainment expenses	0.05
Advertisement expenses	0.25
Interest	(0.28)
Debtors Claims Settled	161.02
Advance tooling adjustments	6.69
Inverter Sales tax adjustments	18.43
Creditors claims settlement	64.65
Insurance Claims Settlement	(0.70)
Sales Tax Adjustments	0.33
Modvat on Capital Goods	(4.64)
Machinery Spares	(8.66)
Total	268.44

25. During the year the company has changed its policy in respect of accounting treatment of mechanical spares. Earlier it was being treated as part of inventory and was being amortized over a period of seven years but now the same has been treated as machinery spares and shown under the head Plant and Machinery in the Balance Sheet. Consequently profit for the year has come down by Rs. 1.27 lacs.
26. The figures of the previous periods have been rearranged and/ or regrouped wherever considered necessary to facilitate comparisons.
27. The figures have been rounded off to the nearest of lacs of rupees upto two decimal point.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS.****1 SIGNIFICANT ACCOUNTING POLICIES****A) Basis of Accounting**

- (i) The accounts are prepared on historical cost convention, on accrual basis and on the principle of going concern.
- (ii) Accounting policies not specifically referred to other wise, are consistent and in accordance with Indian Generally Accepted Accounting Practices comprising of mandatory Accounting Standards, Guidance note and other pronouncements issued by ICAI and the provision of the Companies Act, 1956.

B) Use of Estimate

The preparation of financial statements requires estimate and assumption that effect the reported amounts of income and expenses for the period, the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as on the date of financial statements. Difference between the actual results and estimate are recognized in the period in which the results are known / materialized.

C) Revenue recognition

- (i) Revenue is recognized in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory/ depots. Quality rebate, claims and other discounts are disclosed separately.
- (ii) A domestic sale includes excise duty. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.
- (iii) Power produced at the power plants is sold to Zenith Limited which is included in sales.
- (iv) Insurance claims are recognized when there exists no significant uncertainty with regard to the amount to be realized and the ultimate collection thereof.
- (v) Income and expenditure are accounted for on accrual basis and as per principles given under AS-9-Revenue Recognition.

D) Cenvat duty calculation and utilisation of Cenvat credit

- (i) Excise duty is calculated in the following manner:-
Sales Price (-) Sales tax- Profit Margin (-) Other deductions (e.g discounts, etc.) permissible as per rules framed under Excise Act, 1944
- (ii) Cenvat credit on excise duty paid goods is accounted for by reducing the purchase cost of related goods.

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price (net of Cenvat/ duty credits availed wherever applicable) and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure for additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to the profit and loss account.

F) Intangible Assets

Capital expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26-Intangible Assets.

G) Expenditure Incurred During Construction Period

In respect of new/ major expansion of the Units, the indirect expenditure incurred during construction period up to the date of commencement of commercial production is capitalized on various categories of fixed assets on proportionate basis.

**THE YASH BIRLA GROUP****H) Depreciation**

- i) Depreciation on Furniture & Fixtures, Vehicles and Office Equipments is provided on written down value method and on other assets it is provided on straight-line method as per rates given in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on additions due to foreign exchange fluctuations is provided over the remaining useful life of the assets.
- iii) Premium paid on Leasehold Land is amortized over the period of lease agreement.
- iv) Depreciation is provided on pro-rata basis with reference to the month of addition/ deletion. Assets costing less than Rs.5000/- each are depreciated fully in the year of purchase.

I) Investments

Investments (Long Term) are stated at cost. Provision for diminution in value is made only if such a decline is other than temporary.

J) Inventories

Inventories are valued at lower of cost and net realizable value except scrap which is valued at net realizable value. Cost is computed on weighted average basis. Cost for the purpose of valuation of finished and semi finished goods is computed taking into account the cost of material, labour and appropriate portion of overheads.

K) Valuation of R&D Stocks and Stocks lying with Third parties

Management decided to write off the value of sets in phases over a period of 3 years in the following manner:

- (i) In 1st year, to value the same on 50% of the cost price.
- (ii) In 2nd year, the value of the stocks to be further devalued at 25% of the cost.
- (iii) In 3rd year, to fully write off the value of such sets in the Books of Accounts.

L) Foreign Currencies Transactions

Exchange rate differences relating to fixed assets are adjusted in the cost of the assets and any other exchange difference is dealt with in the Profit & Loss account. Assets & Liabilities related to Foreign Currency transactions are translated at exchange rate prevailing at the end of the year or at Contracted rate.

M) Borrowing Costs

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalized as part of the cost of such fixed assets upto the date when such assets are ready for its intended use. All other borrowing costs are charged to revenue.

N) Retirement Benefits**(i) Gratuity**

The gratuity liability in respect of the employees of the company is covered through a policy taken by a trust from Life Insurance Corporation of India. The contribution toward the premium of the policy paid to the trust is treated as revenue expenditure.

(ii) Superannuation

The liability in respect of employees covered under the Superannuation scheme is covered through a policy taken by a trust from Life Insurance Corporation of India. The contribution towards the premium of the policy paid to the trust is treated as revenue expenditure.

(iii) Provident Fund

Contribution to Provident fund is made in accordance with provision of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and is treated as revenue expenditure.

(iv) Leave Encashment

Leave encashment benefit is accounted for on accrual basis based on actuarial valuation liability as at the balance sheet date.

**THE YASH BIRLA GROUP****O) Miscellaneous Expenditure**

- i) License Fee to Foreign Collaborator for new model is being amortized in seven years. One seventh of gross amount of fee is written-off every year and the balance is being shown as deferred revenue expenditure.
- ii) Expenditure (including expenditure on research & development) incurred (incurred till 31.03.2003) for Product Launching/Long-Term Brand Building against which benefit is expected to flow into future periods, are treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit, i.e. five years.

P) Research & Development

Revenue Expenditure on Research & Development is charged to Profit & Loss Account of the period in which it is incurred and capital expenditure is added to the cost of fixed assets in the period in which it is incurred.

Q) Taxation

- (i) Provision for Current Tax is made in accordance with the provision of Income Tax Act, 1961.
- (ii) In accordance with the Accounting Standards AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountant of India, Deferred tax Liability / Assets arising from timing differences between books and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred tax Assets are recognized only if there is a virtual certainty of realization.

R) Government Grants

Grants from Government relating to Fixed Assets are shown as a deduction from the value of Fixed Assets. Other Government Grants including incentives, duty draw back etc. are credited to Profit & Loss Account or deducted from the related expenses.

S) Segment Accounting & Reporting.

In addition to the significant accounting policies applicable to the business segment as set out in Note No.1 – Schedule 21, the accounting policies in relation to segment accounting are as under:

a) Segment asset and liabilities :

All segment assets and liabilities are directly attributable to the segment, Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances. Segment assets and liabilities do not include investments, inter-corporate deposits, Cash & Bank Balances, certain unallocated receivable balances respectively and share capital, reserves and surplus, borrowings and income tax (both current and deferred).

b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segment. It does not include interest income on inter corporate deposits, debts written back, profit on sale of investments, interest expense, provision for contingencies and taxation..

T) Impairment of Assets

At the Balance Sheet an assessment is made whether any indication exists that has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

U) Contingent Liabilities

Contingent Liabilities are not provided for and are disclosed by way of notes.

**ANNEXURE - VI**

Auditor's qualifications pertaining to year 1999 – 00 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	No provision has been made in respect of Royalty amounting to Rs.140.48 lakhs and interest amounting to Rs.86.57 lakhs, pertaining to earlier years as referred to in Note No.5, which have resulted in an increase of Reserves & Surplus by Rs.227.05 lakhs.	Royalty is no longer payable as settled in court in the year 2001-02. Interest stands waived under the scheme of BIFR.

Auditors qualifications pertaining to year 2000 - 01 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	No provision has been made in respect of Royalty amounting to Rs.140.48 lakhs and interest amounting to Rs.86.57 lakhs, pertaining to earlier years as referred to in Note No.5 which have resulted in an increase of Reserves & Surplus by Rs.227.05 lakhs.	Royalty is no longer payable as settled in the year 2001-02. Interest stands waived under the scheme of BIFR.

Auditor's qualifications pertaining to year 2001-02 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Loans and advances includes demand loan/advance of Rs.1053.06 lakhs(including interest of Rs.159.39 lakhs) given to a body corporate where terms of repayment have been restipulated during the year. As per the current repayment terms ,the said loan has not fallen due for repayment. Pending outcome of the rehabilitative measures under active consideration by the company as well as steps taken by the company to repay these amounts, the amount outstanding has been considered good and recoverable. Whereof as such can not be commented upon by us presently.	Apart from recoveries made subsequently, Company expects to realize the entire amount in the near future. Hence no adjustment is called for. In any case as per terms of repayment the said loan has not fallen for repayment. Hence any provision for non-receipt of loan is not required.

Auditor's qualifications pertaining to year 2002-03 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Loans and advances includes demand loan/advance of Rs.1112.29 lakhs(including interest of Rs.207.62 lakhs) given to a body corporate where terms of repayment have been restipulated. As per current repayment terms , a part of said term loan has fallen due for repayment which has however been rescheduled pending outcome of rehabilitation measures under active consideration by the said company as well as steps taken by the company to recover these amounts, the amount outstanding has been considered good and recoverable..	Apart from substantial recoveries made subsequently, Company expects to realize the entire amount in the near future. Some of the loans&advances are rescheduled. The management feels these debts are recoverable. Hence no adjustment is called for.
b)	Note No.8B of Schedule 21 regarding pending reconciliation of some of the sundry debtors accounts and consequently our inability to comment whether the amount shown as good of recovery is fully recoverable.	Reconciliation with debtors is underway and financial impact could not be ascertained. Hence no adjustment is called for.


THE YASH BIRLA GROUP

Auditor's qualifications pertaining to year 2003-04 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No.	Qualifications	Response
a)	Note No.6A regarding purchases / sales of DFRC licenses and electronic / electrical components and miscellaneous appliances included in purchases / sales as stated in the said note.	This has no financial impact
b)	Note No.6B regarding netting off commission Income against the Commission Expenses on sale as stated in the said note.	This has no financial impact
c)	Note No.7B regarding loans and advances amounting to Rs.2006.68 lakhs given to / recoverable from certain bodies corporate / parties which become overdue as per terms of the agreement / sales terms, has been considered good and recoverable by the management, as state in said note and our inability to comment on realisibility / recoverability in absence of any supportive evidence (amount unascertainable).	Apart from recoveries made subsequently, Company expects to realize the entire amount in the near future. Hence no adjustment is called for.
d)	Note No.7C regarding sale of a overdue debtor as stated in the said note and our inability to comment on realisibility / recoverability of the same in absence of substantive evidence (amount unascertainable).	The Company is in active negotiations with the party and is positive that amount will be fully recovered along with the interest in due course. Hence no adjustment is called for.
e)	Note No.8 regarding non provision against overdue debtors to the extent as stated in said note, as in the opinion of the management theses are good and recoverable, and our inability to comment on realisibility / recoverability (amount unascertainable).	In our opinion the debtors are recoverable even though delayed and hence the management feels no provision is required.
f)	Note No.10 regarding accounting of Interest Income on overdue loans & advances and debtors amounting to Rs.480.85 lakhs based on management perception, which is not in confirmation with AS-9 (Revenue Recognition) and our inability to comment on realisibility.	In view of the comments in Para (c) and (d) above, no adjustment is called for
g)	Note No.2 and 11 regarding pending reconciliation and / or confirmation of balances of, loans & advances, stock with third parties, debtors, secured loans, unsecured loans, certain bank accounts, investments&contingent liabilities, creditors, other current liabilities considered based on management estimation as stated in the said notes and consequential impact thereof cannot be ascertained presently and our inability to comment on the correctness and completeness.	Reconciliation and/or confirmation with different parties are underway. As these are in progress and the management believes that no variation will be there which requires any adjustment in the accounts.
h)	Note No.13A regarding inventory which has been considered / valued as per book balance / estimated by the management and non-availability of audit trial / certain recording in respect of accounting of sales, stores & spares and raw materials consumption and reconciliation of inter shop / inter unit / inter depot transfers as stated in said note (impact unascertainable) and our inability to comment on correctness and completeness of the same.	The balances are taken based on book balances, which give details of receipts and issues based on scientific principles. Hence we do not foresee any major deviations.
i)	Note No.13B regarding non-provision for obsolete, non-moving, shortages, damaged / unserviceable inventory (impact unascertainable).	We have a system whereby obsolete, non-moving, shortages, damaged/unserviceable inventories are detected and action taken. In our opinion no provision for these is required necessary.
j)	Note No 15 regarding non-provision of penal interest on certain overdue loans and interest on overdue liability of SSI undertaking as stated in the said note (amount unascertained)	So far we have not received any communication for payment of penal interest for any overdue loans and/or over due liabilities of SSI. Hence we feel no claim, which needs to be provided in the books, is there.


THE YASH BIRLA GROUP

Auditor's qualifications pertaining to year 2004-05 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr No	Qualifications	Response
a)	Note no. 13A regarding pending updating of ERP package for Inventory Accounting, as a result of which we are unable to comment on the correctness and completeness on the Inventory and Raw materials consumed, Purchase of Goods and Increase/(Decrease) in stocks	See Note Below
b)	Note no. 11 regarding pending confirmation and/or reconciliation of certain balances of assets and liabilities as stated in the said note	Confirmation letters are sent and our dedicated team is following up to confirm all balances.
c)	In our opinion, the Balance Sheet, Profit and Loss account Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 <i>except in case of following:</i>	
	I) AS -2: Valuation of inventory (Note No.13A), II) AS - 9: Recognition of sales and interest income (Note No. 10 and Accounting Policy C- revenue Recognition), III) Interest on borrowed funds utilized for const. Of capital assets has not been ascertained (AS-16), IV) AS-17 Segment Reporting (Note No. 18), V) AS-26: Disclosure of Intangible Assets not in accordance with accounting standard, VI) No working has been done to assess Impairment losses, if any, as required by (AS-28).	See Note Below.
d)	Attention is invited to:	
i)	Due to non-availability of audit trail and absence of satisfactory cut-off procedure in respect of : (a) sales, sales return , discount, rebates and allowances, non completion of reconciliation of excise duty/service tax accounts with excise records, non compliance of provision of cenvat credit rules in some cases also nonadjustment of sales tax rates differentials in case of inter depot transfers which in the opinion of management will be appropriately reconciled/accounted, (b) certain transaction for traded goods entered into by the company and absence of confirmation of balances in respect thereof;	These are being taken care and reconciliation is underway and expected to be completed shortly. However we do not foresee any deviation in the same.
ii)	Recoverability of the advances relating to Tax deducted at source amounting to Rs. 21.22 Lacs for which the company has not received the certificates as on 30.09.2005.	The company is in process of collecting certificates of tax and it is expected to get shortly.
iii)	Non compliance with the provisions of Tax deduction at source, Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the ESI Act, 1948 and also non-provisioning for penal interest on delayed payments of Statutory dues and also for non compliance with the various provisions of those statutes (Impact unascertainable)	Dues under Provident Fund and tax deducted at source since paid. Any penal interest will be provided as and when demanded.
iv)	Adjustment of Rs. 32 lacs (credit of the body corporate previously adjusted against interest recoverable) from interest recoverable to loan recoverable based on management perception and our inability to comment thereon;	This has no financial impact


THE YASH BIRLA GROUP

Sr No	Qualifications	Response
e)	Attention is further invited to following Notes of Schedule 21:	
i)	Note No. II 7B Note No. II 7B regarding loans and advances amounting to Rs. 1443.99 Lacs given to/recoverable from certain parties which has become overdue as per the terms and has been considered good and recoverable by the management, as stated in said note and based on such representation we have placed reliance on the recoverability	Company is recovering money from these parties and there is movement of these balances. Therefore management is confident of recovery.
ii)	Note No. II 7C regarding sale of overdue debtor as stated in the said note and based on such representation we have placed reliance on the recoverability	We are receiving monies from the party and there is movement in the balances. Hence we are hopeful of full recovery.
iii)	Note No. II 8 regarding overdue debtors amounting to Rs. 3806.90 lacs for which in the opinion of the management no provision is required to be made as these are good and fully recoverable and based on such representation we have placed reliance on the recoverability	Company is receiving monies from these debtors already. There is movement in the accounts. We are hopeful of full recovery.
iv)	Note No. II 11 regarding absence of confirmations of balances of Loans and advances, stock with third parties, debtors, secured loans, unsecured loans, creditors and other current liabilities which have been considered as per the book balances and our inability to comment on the correctness and completeness	Letters are sent for confirmation. Apart from that a separate team is assigned to get confirmation from all these parties. We do not envisage any non-recovery in any of these debts.

Note:

The Company implemented ERP system in an earlier year, which is being customized and altered suitably. Towards this objective, the Company has also incurred substantial costs and in the course of time it is expected that the system would be fully implemented. Pending entire implementation and customization, the Company has encountered certain areas of accounting and related matters whereby it could not comply strictly with the various Accounting Standards referred to in the Notes forming part of accounts to which the reference has been drawn by the Auditors. The Company expects to comply with all the Accounting Standards once the system is fully implemented.



THE YASH BIRLA GROUP



Restated Cash Flow Statement

ANNEXURE - VII
(Rs. In Lacs)

	For the 12 months Sept. 30, 2005		For the 18 months September 30, 2004		For the 12 months March 31, 2003		For the 12 months March 31, 2002		For the 12 months March 31, 2001		For the 12 months March 31, 2000
(A) Cash Flow From Operating Activities											
Net Profit before tax & adjustments		560.84			62.23		(44.98)		764.89		635.14
Adjustments for :											
Add: adj. On a/c of prior period & Excess prov.w/back of earlier years i.e. before 1999-2000											
- Depreciation	298.64		477.85	-	318.41	-	265.31	2.95	259.70	234.15	249.48
- Interest Expenses	590.68		712.93		240.68		138.57	151.75	151.75	148.38	
- Interest Income	(25.66)		(579.20)		(127.56)		(137.27)	(77.21)	(63.78)		
- Loss/(Profit) on Fixed Assets Sold/Discarded	(0.22)		(1.82)		(0.15)		0.34	(0.01)	(0.65)		
- Investment written off	0.16				-						
- Loss on sale / discard of Fixed Assets	1.31		5.56		-						
- Bad Debts Written off	50.03		50.03		-						
- Provision for Doubtful Debts	60.00		6.00		-						
- Unrealised Foreign Exchange Fluctuation	(55.50)		(31.44)		-						
- Miscellaneous Expenditure Written off	45.88		109.32		72.88		61.68	54.00	54.00		
- Interest on Long term investment							(0.04)				
- Provision for taxation written back								(29.88)		-	
Operating Profit before Working Capital Changes		965.32			749.23		504.26	328.59	361.30		621.58
Adjustments for :		1,526.15			811.46		459.28	1,093.49	996.45		1,605.79
- Trade & Other Receivables	(4,242.69)		(2,869.23)			(1,327.76)					
- Inventories	295.70		(1,018.26)			(771.89)		80.23	345.23	60.64	
- Trade & Other Payables	2,378.35		510.03			353.30		(403.93)	(24.71)	(205.86)	
- Misc.Expenditure (Prodiet Launching/ Brand Building)	-	(1,568.64)	-		(3,377.47)	(55.97)	(1,802.32)	9.97	(54.09)	(779.87)	
											(925.10)
Cash Generated from Operating Activities		(42.49)			(2,566.01)		(1,343.26)	1,103.46			680.69
- Tax (Net)		(52.28)			133.72		(152.95)	(182.91)			(346.61)
Net Cash Generated from Operating Activities		(94.77)			(2,432.29)		(1,496.21)	920.55			334.08



THE YASH BIRLA GROUP

		For the 12 months Sept. 30, 2005		For the 18 months September 30, 2004		For the 12 months March 31, 2003		For the 12 months March 31, 2002		For the 12 months March 31, 2001		(Rs. In Lacs)
	Operating Profit before Working Capital Changes		1,526.15		811.46		459.28		1,093.49		996.45	1,605.79
	Adjustments for :											
	- Trade & Other Receivables	(4,242.69)		(2,869.23)		(1,327.76)		80.23		345.23		60.64
	- Inventories	295.70		(1,018.26)		(771.89)		(403.93)		(24.71)		(205.86)
	- Trade & Other Payables	2,378.35		510.03		353.30		372.09		(54.09)		(779.87)
	- Misc Expenditure (Product Launching/ Brand Building)	-	(1,568.64)	-	(3,377.47)	(55.97)	(1,802.32)	(38.42)	9.97		266.43	(925.10)
	Cash Generated from Operating Activities		(42.49)		(2,566.01)		(1,343.26)		1,103.46		1,262.87	680.69
	- Tax (Net)		(52.28)		133.72		(152.95)		(182.91)		(370.67)	(346.61)
	Net Cash Generated from Operating Activities		(94.77)		(2,432.29)		(1,496.21)		920.55		892.20	334.08
(B)	Cash Flow from Investing Activities											
	- Purchase of Fixed Assets(including C.W.I.P.)	(417.18)		(114.70)		(102.35)		(559.50)		(121.74)		(148.67)
	- Sale of Fixed Assets	6.55		5.61		0.45		3.24		3.87		2.70
	- Loans (repayment received)	549.19		125.00		(170.00)		(100.00)		(310.75)		18.00
	- Interest Received	33.72		115.81		47.10		68.54		107.26		37.41
	-Sale of Investments					-		1.00		-		(0.06)
	Net Cash Used in Investing Activities		172.28		131.72		(224.80)		(586.72)		(321.36)	(90.62)



THE YASH BIRLA GROUP

(Rs. In Lacs)										
	For the 12 months Sept. 30, 2005	For the 18 months September 30, 2004	For the 12 months March 31, 2003	For the 12 months March 31, 2002	For the 12 months March 31, 2001	For the 12 months March 31, 2000				
(C) Cash Flow from Financing Activities										
- Loans from Bodies Corporate (Net)	751.31	580.00	1,551.66	222.11	(360.14)	(340.80)				
- Sales Tax Deferment Loan taken / (repay)	-	(143.15)	(104.52)	(119.74)	(63.07)	85.61				
- Other Loan taken / (repay)	(563.64)	1,302.58	11.69	48.23						
- Loans (fixed deposits)	448.73	955.98								
- Interest Paid	(541.30)	(659.57)	(227.36)	(138.57)	(156.54)	(183.44)				
- Dividend Paid	(69.54)	(161.59)	(142.57)	(135.83)	(117.11)	(108.26)				
- Short term borrowings			553.47	7.57	168.50	210.32				
- Calls in arrears received			-	0.03	0.02	-				
- foreign exchange gain	-	-								
Net Cash Used in Financing Activities	25.56	1,874.25	1,642.37	(116.20)	(528.34)	(336.57)				
Net (Increase/Decrease) in Cash & Cash Equivalent	103.07	(426.32)	(78.64)	217.63	42.51	(93.11)				
Cash & Cash Equivalent being cash and bank										
balance at the beginning of the year	362.53	788.85	867.49	649.85	607.35	700.47				
Cash & Cash Equivalent being cash and bank										
balance at the end of the year	465.61	362.53	788.85	867.48	649.86	607.36				



ANNEXURE VIII

BIRLA POWER SOLUTIONS LIMITED

Other income for recasted statement

(Rs. In Lacs)

Particulars	Year ended 31.03.2000	Year ended 31.03.2001	Year ended 31.03.2002	Year ended 31.03.2003	Period ended 30.9.2004 18 Months	Year ended 30.09.2005 12 Months
Details of Other income						
Recurring						
Misc. Income (net)	127.18	4.20	13.73	18.45	27.22	75.36
Interest on long term Investment	0.11	0.11	0.05	-	-	-
Sale of scrap	15.96	21.04	19.50	12.94	34.15	22.95
Rent	0.16	0.09	0.06	0.12	0.21	0.02
Non recurring						
Profit on sale of stores & raw material	-	0.01	-	0.15	1.82	0.22
Sales Tax Benefits	-	-	-	32.50	52.50	35.00
Price Difference	10.16	-	-	-	-	-
Commission	-	-	-	-	496.50	-
Total	153.57	25.44	33.33	64.15	612.40	133.55

- 1 Details of Other income is as per the Statement of Adjusted Profit and Loss.
- 2 The Classification of Other Income by management into recurring and non- recurring is based on the current operations and business activities of the company.

ANNEXURE IX

BIRLA POWER SOLUTIONS LIMITED

ADJUSTED STATEMENT OF INVESTMENTS

(Rs. In lacs)

Particulars	30.09.05	30.09.04	31.03.03	31.03.02	31.03.01	31.03.00
Investments -Long Term						
Un-Quoted(At Cost)Non-Trade						
National Savings Certificates (Pledged with sales-tax authorities)	0	0.16	0.16	0.16	0.16	0.16
11% Uttar Pradesh Government Bond	0	0.00	-	-	1.00	1.00
TOTAL	0.00	0.16	0.16	0.16	1.16	1.16



ANNEXURE - X

BIRLA POWER SOLUTIONS LIMITED
AGEING SCHEDULE OF DEBTORS

(Rs.in Lacs)

Sundry Debtors		30.09.05	30.09.04	31.03.03	31.03.02	31.03.01	31.03.00
More than 6 months	Receivable from Promoter/ Promoter Group Co.	108.28	101.35	50.07	26.29	-	-
	Receivable from Others	3,698.62	2,384.31	1,462.05	1,242.70	1,437.88	1,058.41
	Less: Provision	-	45.18	192.93	110.75	112.46	162.50
		3,806.90	2,440.48	1,319.19	1,158.24	1,325.42	895.91
Less than 6 months	Receivable from Promoter/ Promoter Group Co.	37.26	30.78	201.15	163.30	129.19	35.25
	Receivable from Others	4,986.38	2,281.31	2,131.06	1,303.76	1,210.85	2,071.40
		5,023.64	2,312.09	2,332.21	1,467.06	1,340.04	2,106.65
	Total	8,830.54	4,752.57	3,651.40	2,625.30	2,665.46	3,002.56

ANNEXURE - XI

BIRLA POWER SOLUTIONS LIMITED
ADJUSTED STATEMENT OF LOANS & ADVANCES GIVEN

(Rs.in Lacs)

	30.09.05	30.09.04	31.03.03	31.03.02	31.03.01	31.03.00
Receivable from Promoter/ Promoter Group Co.	-	-	-	-	-	-
Loans To Body corporates	224.65	773.84	933.84	763.84	663.84	353.09
Advance tax including TDS & refund receivable (net of provision)	0.00	0.00	117.89	51.31	33.59	(42.85)
Balance with Central Excise/Custom Authorities	72.41	45.96	89.86	86.15	121.45	58.07
Other advances recoverable in cash or in kind or for value to be received	3724.03	3700.45	1491.42	1111.28	437.24	524.66
Total	4021.09	4520.25	2633.01	2012.58	1256.12	892.97



ANNEXURE - XII

BIRLA POWER SOLUTIONS LIMITED
STATEMENT OF CAPITALISATION

(Rs. In Lacs)

Particulars	Pre issue as at 30th Sept. 2005	Adjusted for present issue
Borrowings:		
Short Term Debts (Note-1)	4,234.35	4,234.35
Long Term Debts	2,740.40	2,740.40
Total Debts	6,974.75	6,974.75
Shareholders Funds:		
Share Capital	1,048.25	Note-2
Reserves & Surplus	4,638.34	Note-2
Total shareholders Funds	5,686.59	
Long Term Debt/ Equity ratio	0.48	Note-2

Note :

- 1) Debts maturing within next one year from 30th September, 2005 are considered as short term debts.
- 2) Share Capital and Reserves (Post Issue) can be Calculated only on Issue Price finalisation.

ANNEXURE - XIII

BIRLA POWER SOLUTIONS LIMITED
STATEMENT OF UNSECURED LOANS

(Rs. In Lacs)

PARTICULARS	30.09.05	30.09.04	31.03.03	31.03.02	31.03.01	31.03.00
Fixed Deposit	1,404.71	955.98	0.00	-	-	-
Short term Loans from Bodies Corporate	1,754.98	970.21	368.24	222.11	-	-
Short term Loans from Banks	1,000.00	1,539.46	1,416.67	-	-	-
From Yamaha Motor Co; Japan	-	-	-	-	-	360.14
Interest accrued and due	-	-	-	-	-	0.29
Total	4,159.69	3,465.65	1,784.91	222.11	-	360.43



ANNEXURE - XIV

BIRLA POWER SOLUTIONS LIMITED
STATEMENT OF SECURED LOANS

(Rs.in Lacs)

Secured Loans	30.09.05	30.09.04	31.03.03	31.03.02	31.03.01	31.03.00
Cash/Packing Credit from BANKS	1,460.27	1,471.35	1,683.89	1,130.42	1,122.85	954.35
ECB from Bank Of India-New York	1,335.69	1,388.92	-			
Sales Tax defferment loan from PICUP	-	61.50	204.65	309.17	428.91	491.98
Other Loans	19.10	34.04	59.92	48.23	-	
TOTAL	2,815.06	2,955.81	1,948.46	1,487.82	1,551.76	1,446.33

1. The cash/packing credit from Banks is secured by first pari passu charge by way of mortgage of immovable assets & hypothecation of inventories book debts and other receivables both present and future.
2. E C B from BOI, New York is secured by first pari passu charge by way of mortgage of immovable and by hypothecation of movable fixed assets both present and future and second charge on the current assets of the company both present and future.
3. Sales Tax Defferment loan from PICUP is secured by second charge on all the company's movable and immovable properties except residential properties both present and future.
4. Other Loans from banks/financial institutions are secured by hypothecation of Motor Vehicles purchased there under.

ANNEXURE - XV

BIRLA POWER SOLUTIONS LIMITED
RELATED PARTIES

		30.09.05	30.09.04	31.03.03	31.03.02
(A)	Where control exists:				
	<u>Associate Companies:</u>	Birla International Pvt. Ltd.	Birla International Pvt. Ltd.	Birla International Pvt. Ltd.	Birla International Pvt. Ltd.
		Shearson Investment & Trading Co		Yamaha Motor Co.Ltd	Yamaha Motor Co.Ltd
		Hallmark Leasers & Distributors Pvt Ltd			
		Viking Travels Pvt Ltd			
	-	Dagger Forst Tools Ltd			
		Zenith Birla India Ltd			
		Godavari Corporation Ltd			
		Shloka Infotech Ltd			
		Birla Capital & Finance Ltd			
		Birla Electricals Ltd			
		Birla Transasia Carpets Ltd.			
		Birla Global Corporates Ltd.			
(B)	Key Management Personnel:	Shri Sanjay Khazanchi	Shri S.L.Khunteta & Shri Sanjay Khazanchi	Shri S.L.Khunteta	Shri S.L.Khunteta

Note : Related Party relationship is as identified by the company based on available information and relied upon by the auditors.



BIRLA POWER SOLUTIONS LIMITED
Transactions with Related Parties during the year:

(Rs. In Lacs)

Particulars	Year	Related Parties referred in (A) above	Related Parties referred in (B) above
Sale of goods	Sep-05	32.68	
	Sep-04	—	
	Mar-03	—	
	Mar-02	0.72	
Purchase of goods	Sep-05	0.75	
	Sep-04	0.03	
	Mar-03	—	
	Mar-02	31.27	
Royalty	Sep-05	—	
	Sep-04	—	
	Mar-03	13.80	
	Mar-02	18.35	
Selling Comission	Sep-05	—	
	Sep-04	—	
	Mar-03	—	
	Mar-02	53.51	
Security paid/transfer	Sep-05	—	
	Sep-04	508.50	
	Mar-03	—	
	Mar-02	—	
Loan Taken	Sep-05	1,313.57	
	Sep-04	440.00	
	Mar-03	250.00	
	Mar-02	—	
Loan Refund	Sep-05	1,122.44	
	Sep-04	540.00	
	Mar-03	—	
	Mar-02	—	
Receiving of services	Sep-05	70.37	
	Sep-04	17.65	
	Mar-03	9.16	
	Mar-02	6.65	
Rent paid	Sep-05	18.18	
	Sep-04	27.50	
	Mar-03	60.15	
	Mar-02	60.00	


THE YASH BIRLA GROUP

Rent Recovery	Sep-05	—	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Interest paid on loans taken	Sep-05	8.45	
	Sep-04	2.06	
	Mar-03	0.34	
	Mar-02	—	
Advances given	Sep-05	48.78	
	Sep-04	—	
	Mar-03	86.40	
	Mar-02	—	
Agency Arrangement	Sep-05	4.17	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Interest on advances given	Sep-05	0.74	
	Sep-04	29.93	
	Mar-03	—	
	Mar-02	—	
Remuneration	Sep-05	—	25.41
	Sep-04	—	24.34
	Mar-03	—	12.27
	Mar-02	—	8.77
Sale of Wind Energy	Sep-05	34.47	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Sale of Assets	Sep-05	2.78	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Sales Tax Benefit	Sep-05	35.00	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Loan Given	Sep-05	76.91	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	
Loan Recd. Back	Sep-05	25.00	
	Sep-04	—	
	Mar-03	—	
	Mar-02	—	



BIRLA POWER SOLUTIONS LTD
DETAILS OF TRANSACTION RELATED PARTIES

1. Transactions with Related Parties during the year ended 30th September 2005

(Rs.in lacs)

Particulars	Name of Related Party	Subsidiary	Associate	Foreign Enterprises	Key Management Personnel	Relative of Key Management Personnel
Sales	Birla International Pvt Ltd Birla Electricals Ltd Zenith Birla Limited Dagger Forst Pvt Ltd		1.21 31.47 34.47 2.78			
Purchases	Birla International Pvt Ltd		0.75			
Advance Given	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Hallmark Leasors & Distributors P Ltd Shloka Infotech Ltd Birla TransAsia Carpets Ltd		7.50 6.16 35.00 0.04 0.08			
Rent	Birla International Pvt Ltd		18.18			
Other Income (Sales Tax Benefit)	Zenith Birla Limited		35.00			
Receiving of Services & Agency arrangements	Birla International Pvt Ltd Viking Travels Pvt Ltd Birla Electricals Ltd Birla Capital & Finance Ltd		12.44 22.75 1.24 38.11			
Loan Taken	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Godavari Corporation Ltd Birla Capital & Finance Ltd		995.13 250.00 20.00 48.44			
Loan Given	Birla International Pvt Ltd Birla TransAsia Carpets Ltd Birla Electricals Ltd Birla Capital & Finance Ltd		25.00 6.09 39.01 6.81			
Loan Refund	Birla International Pvt Ltd Godavari Corporation Ltd Shearson Investment & Trading Co.Pvt Ltd Birla Capital & Finance Ltd		784.00 210.00 80.00 48.44			
Loan Received Back	Birla International Pvt Ltd		25.00			
Interest Given on Advance / Security	Birla Capital & Finance Ltd		0.74			


THE YASH BIRLA GROUP

(Rs.in lacs)

Particulars	Name of Related Party	Subsidiary	Associate	Foreign Enterprises	Key Management Personnel	Relative of Key Management Personnel
Interest Given on Loan Taken	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Godavari Corporation Ltd		- - 8.45 -			
Amount Outstanding Shown under Sundry Debtors	Birla Capital & Finance Ltd Birla Electricals Ltd Birla International Pvt Ltd Zenith Birla Limited		0.00 65.77 7.69 43.73			
Amount Outstanding Shown under Advances/ Loan Given	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Hallmark Leasors & Distributors P Ltd Dagger Forst Pvt Ltd Zenith Birla Limited Godavari Corporation Ltd Shloka Infotech Ltd Birla Capital & Finance Ltd Birla Electricals Ltd Birla TransAsia Carpets Ltd		29.93 4.08 35.00 28.41 114.30 0.17 2.95 7.73 49.29 517.97			
Amount Outstanding Shown under Sundry Creditors	Birla International Pvt Ltd Viking Travels Pvt Ltd Dagger Forst Pvt Ltd		30.79 28.04 1.11			
Amount Outstanding Shown under Advances Received	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Godavari Corporation Ltd		1.90 27.17 14.46			
Amount Outstanding Shown under Advances/ Loan Received	Birla International Pvt Ltd Shearson Investment & Trading Co.Pvt Ltd Godavari Corporation Ltd		336.13 250.00 15.00			
Key Managerial Personnel	Sh Sanjay Khazanchi Sh Sanjay Khazanchi				28.04 0.73	
Remuneration Loan & Advance Recoverable in Cash or in kind						



THE YASH BIRLA GROUP



February 28, 2006

The Board of Directors,
M/s Birla Power Solutions Ltd.,
Industry House,
159, Churchgate Reclamation,
Mumbai-400 020

Dear Sirs,

'Statement of Tax Shelter'

In accordance with the requirements of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('SEBI Guidelines') and our terms of reference with Birla Power Solutions Limited ('the Company') dated 25th November 2005 and 6th February, 2006, requesting us to make this report for the purpose of Letter of Offer in connection with the Public Issue, we have examined the attached Statement of Tax Shelter. The attached Statement of Tax Shelter is the responsibility of the Company's management. Our responsibility is to report on the statement based on our examination. The statement of Tax Shelter has been prepared by the Company's management based on the statement of adjusted Profit & Losses for the year ended 31.03.2000; 31.03.2001; 31.03.2002; 31.03.2003; 18 months period ended on 30.09.2004 and the year ended on 30.09.2005, audited by the Statutory Auditors of the Company subject to such notes and qualifications and significant accounting policies adopted by the Company and reported by the Statutory Auditors in their report in respect of the Statement of Adjusted Profit and Loss Account, Statement of Adjusted Assets and Liabilities and other financial information.

In our opinion, the above Statement of Tax Shelter subject to the above, based on the Adjusted Profit & Loss Account as audited by the Statutory Auditors has been prepared in accordance with the 'SEBI Guidelines'

This report is intended only for your information.

FORM. K. SUREKA & CO.,
CHARTERED ACCOUNTANTS.

SD/-
(M. K. SUREKA),
PROPRIETOR.



BIRLA POWER SOLUTIONS LTD.
Statement of Tax Shelters

(Rs.in Lacs)

Particulars		YEAR ended 31.03.2000	YEAR ended 31.03.2001	YEAR ended 31.03.2002	YEAR ended 31.03.03	PERIOD ended 30.09.04 18 Months	YEAR ended 30.09.05
Profit before current and deferred taxes, as restated	A	984.21	635.14	764.89	(44.98)	62.23	560.84
Adjustments :							
Permanent Differences							
Disallowance of Employers & Employees Cont to PF, FPF & ESIC Etc.		0.17	0.04	0.06	-	37.27	39.76
Other Adjustments		(26.07)	0.23	0.04	0.09	0.76	1.07
Export Profit U/S 80HHC		(74.82)	(42.27)	(155.42)	-	-	-
zNew Industrial Undertaking U/S 80IB /80IC		# (59.89)	# (90.73)	# (101.91)	# (17.36)	\$ (154.55)	\$ (30.38)
Total	B	(160.61)	(132.73)	(257.23)	(17.27)	(116.52)	10.45
Temporary Differences							
Difference between tax depreciation and book depreciation		53.81	95.43	(58.76)	42.17	@ 247.76	@ 154.43
Net Disallowable/ (Allowable) expenses u/s 43B of the I.Tax Act.		4.70	0.50	31.37	3.32	* 37.98	** 14.06
Loss / (Profit) on sale of Fixed Assets		(0.65)	(0.01)	0.34	(0.15)	3.74	0.86
Deferred Revenue Expenses W/Off		54.00	54.00	23.26	16.91	109.32	45.88



(Rs.in Lacs)

Particulars		YEAR ended 31.03.2000	YEAR ended 31.03.2001	YEAR ended 31.03.2002	YEAR ended 31.03.03	PERIOD ended 30.09.04 (18 Months)	YEAR ended 30.09.05
Disallowance u/s 40(a)(ia)		0.49	0.85	1.38	-	-	-
Provision For Gratuity		-	-	-	-	-	17.09
Other Adjustments		22.47	63.73	(63.73)	-	-	-
Total	C	134.82	214.50	(66.14)	62.25	- 398.80	- 232.32
Business Profit / Loss	D=A+B+C	958.42	716.91	441.52	-	344.51	803.61
Tax Liability (Including Wealth Tax)***		369.27	283.85	158.62	0.50	124.16	271.00
Tax Liability under MAT***		98.12	44.47	45.71	-	4.67	47.22
Tax as per P/L A/c		385.29	286.12	114.44	84.53	82.11	188.50
Adjusted Tax Provision		(16.02)	(2.27)	44.18	(84.03)	42.05	82.50

@ WORKED OUT ON PROPORTIONATE BASIS.

* AS PER RETURN OF INCOME FOR ASSESSMENT YEAR 2004-05

** AS PER RETURN OF INCOME FOR ASSESSMENT YEAR 2005-06

*** WITH OUT CONSIDERING INTEREST UNDER SECTION 234 B & C IF ANY.

AS PER ASSESSMENT ORDER

\$ AS PER CERTIFICATE ISSUED BY M/S ANKUR GUPTA & CO. CHARTERED ACCOUNTANTS.



**BIRLA POWER SOLUTIONS LIMITED
ACCOUNTING RATIOS**

(Rs. In Lacs) (except per share data)

Sr. No.	Particulars	YEAR ended 31.03.2000	YEAR ended 31.03.2001	YEAR ended 31.03.2002	YEAR ended 31.03.03 18 Months	PERIOD ended 30.09.04	YEAR ended 30.09.05
1.	EARNINGS PER SHARE (EPS)						
	Net Profit after Tax	614.94	351.29	574.80	14.74	9.82	356.27
	No.of Equity shares (No. in Lacs)	104.84	104.84	104.81	104.81	104.81	104.81
	EARNINGS PER SHARE (EPS)	5.87	3.35	5.48	0.14	0.09	3.40
2.	NET ASSETS VALUE (NAV)						
	Net Assets	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95
	No.of Equity shares (No. in Lacs)	104.84	104.84	104.81	104.81	104.81	104.81
	NAV PER SHARE	48.18	50.70	51.57	49.49	50.35	54.06
3.	RETURN ON NET WORTH						
	Net Profit after Tax	614.94	351.29	574.80	14.74	9.82	356.27
	Net Worth	5,050.99	5,315.44	5,404.74	5,186.82	5,276.91	5,665.95
	RETURN ON NET WORTH	0.12	0.07	0.11	0.00	0.00	0.06

Definations of Ratios

- 1 Earning per Equity Share:- (Adjusted Net Profit after tax) / (weighted average number of Equity shares).
- 2 Net Asset Value :- (Adjusted Net assets after reduction of miscellaneous expenditure not written off)/ (weighted average number of equity shares).
- 3 Return on Net Worth :- (Adjusted Net Profit After Tax /Adjusted Equity Share holders fund after reduction of Miscellaneous expenditure not written off at the end of the year)
- 4 The Equity Share Capital of the Company comprising of 10481050 Equity share of Rs. 10/- each.

**BIRLA POWER SOLUTIONS LIMITED****Dividend Policy**

Particulars	Year ended 31-Mar-00	Year ended 31-Mar-01	Year ended 31-Mar-02	Year ended 31-Mar-03	Year ended 30-Sep-04	Year Ended 30-Sep-05
Equity shares						
Number of shares	10,483,850	10,483,850	10,481,050	10,481,050	10,481,050	10,481,050
Face value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Paid-up value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Rate of dividend (%)	11	12	14	14	6	8
Total dividend (Rs in Lacs)	115.30	125.77	146.74	146.74	62.89	83.85*
Corporate dividend tax on above (Rs in Lacs)	25.37	12.83	-	18.80	8.22	11.76

* Subject to the approval of members in the ensuing General Meeting.

Note : Subsequent to the auditors report, the price per share has been fixed at Rs. 42/- in the Board meeting held on 03.03.2006. Pursuant to fixation of price the captialisation statement the figures of Share capital, Reserves and Surplus and Long term debt equity ratio would be Rs. 2248.25 lacs, Rs. 8478.34 lacs and 0.65 respectively.


THE YASH BIRLA GROUP
Details of term and working capital loans:
A. Term Loans/Unsecured loans

Name of the Bank/Date of Sanction Letter	Loan Sanctioned (Rs. in Lakhs)	Loan O/s as on 30.06.2005 (Rs. in Lakhs)	ROI (%)	Repayment Schedule (Rs. in Lakhs)	Security Offered
Short Term Loan					
Bank of Rajasthan 28.03.2005	500.00	500.00	10.50	In three equal installments as under: • 31.12.05 - Rs. 166.77 • 31.01.06 - Rs. 166.66 • 28.02.06 - Rs. 166.66	PDC for full value of principal and interest amount & Pledge of 90,000 equity shares of 3M India Ltd., 12,50,000 equity shares of BPSL
Birla Global Finance Ltd. 07.02.2005	600.00	600.00	10.00	In three equal installments as under: • 09.12.05 - Rs. 200.00 • 09.01.06 - Rs. 200.00 • 08.02.06 - Rs. 200.00	PDC for full value of principal and interest amount & Pledge of 1,71,500 equity shares of 3M India Ltd.
L&T Finance 02.06.2005	250.00	250.00	11.25	Repayment on 09.06.06 - Rs. 250.00	PDC for full value of principal and interest amount & Pledge of 72,000 equity shares of 3M India Ltd.
Allahabad Bank 20.06.2005 *	500.00	-	11.00	Bullet payment at the end of 9 months	Pledge of 1,15,000 equity shares of 3M India Ltd.
Total	2100.00	1600.00			
Long Term Loan					
Bank of India 07.01.2003	1420.00	1310.90	200 basis points over 3 mths LIBOR with quarterly reset	In three equal installments as under: • 31.03.06 - Rs. 473.33 • 31.03.07 - Rs. 473.33 • 31.03.08 - Rs. 473.33	First pari passu charge on gross block & second pari passu charge on current assets of the company
The Shamrao Vithal Co-operative Bank Limited 28.09.2005*	925.56	-	10.50		First Charge on the Factory land & building and fixed Assets
Fixed Deposit Receipts	1400.00	1346.70	1 st year - 7.5% 2 nd year - 8% 3 rd year - 9%	• By 31.3.06: 6.71Lacs • 06-07:168.05 Lacs • 07-08:1018.75 Lacs • 08-09:232.66 Lacs	
Total	3745.56	2657.60			
Grand Total	5845.56	4257.60			

*Loan was sanctioned but was yet to be disbursed as on 30.06.05

Note - Unsecured Loans to the tune of Rs. 1754.98 lakhs are from Body Corporates. There are no unsecured loans that can be recalled by the lenders at any time before it is due and no amount is due to be repaid within six months from date.


THE YASH BIRLA GROUP
B. Working Capital Facilities

Name of the Bank/ Date of Sanction letter	Nature of Loan	Loan Sanctioned (Rs. in Lakhs)	Loan O/s as on 30. 06. 2005 (Rs. in Lakhs)	ROI (%)	Security Offered	
					Prime Security	Collateral Security
Fund Based Limits						
Canara Bank 30.03.2004	Working capital & Cash Credit	600.00	649.71	11.75	Hypothecation of Book Debts and First Parri Passu Charge on all the present and future current assets of the company under multiple banking finance with PNB & Punjab & Sind Bank	Second Parri Passu charge on all the present and future fixed assets of the company under multiple banking finance with PNB & Punjab & Sind Bank
	Foreign Bill Discounting	75.00		8.00	Proceeds of the bills	- do -
Punjab National Bank	Cash Credit	545.00	536.37	13.50	First Parri Passu Charge on all the present and future current assets of the company under multiple banking finance with Canara & Punjab & Sind Bank	Second Parri Passu charge on all the present and future fixed assets of the company under multiple banking finance with Canara & Punjab & Sind Bank
Punjab & Sind Bank 06.01.2003	Cash Credit	300.00	296.68	12.00	First Parri Passu Charge on all the present and future current assets of the company under multiple banking finance with Canara & PNB	Second Parri Passu charge on all the present and future fixed assets of the company under multiple banking finance with Canara & PNB
The Shamrao Vithal Co-operative Bank Limited 04.11.2005*	Cash Credit	600.00		11.50		First Charge on the Factory land & building and fixed Assets
TOTAL		1520.00	1482.76			
Non Fund Based Limits						
Canara Bank	ILC/FLC/BG	300.00	-		Stocks & 10% Cash Margin	Second Parri Passu charge on all the present and future fixed assets of the company


THE YASH BIRLA GROUP

Name of the Bank/ Date of Sanction letter	Nature of Loan	Loan Sanctioned (Rs. in Lakhs)	Loan O/s as on 30.06.2005 (Rs. in Lakhs)	ROI (%)	Security Offered	
					Prime Security	Collateral Security
					Stocks & 10% Cash Margin	Second Parri Passu charge on all the present and future fixed assets of the company
Punjab & Sind Bank	ILC/FLC/BG	150.00	-		Stocks & 10% Cash Margin	Second Parri Passu charge on all the present and future fixed assets of the company
The The Shamrao Vithal Co-operative Bank Limited * 04.11.2005	Import/Inland LC	200.00	-			First Charge on the Factory land & building and fixed Assets
TOTAL		650.00				
GRAND TOTAL		2170.00	1482.76			

*Loan was sanctioned but was yet to be disbursed as on 30.06.05



THE YASH BIRLA GROUP

INFORMATION OF THE GROUP COMPANIES

LISTED GROUP COMPANIES:

- (i) Birla Transasia Carpets Ltd
- (ii) 3M India Ltd (Formerly Birla 3M Ltd)
- (iii) Birla Kennametal Ltd
- (iv) Zenith Birla (India) Ltd. (Formerly Zenith Limited)
- (v) Dagger Forst Tools Limited
- (vi) Birla Capital and Financial Services Limited
- (vii) Shloka Infotech Ltd.

UNLISTED GROUP COMPANIES:

- (i) Tungabhadra Holdings Pvt. Ltd
- (ii) Birla Lifestyle Pvt. Ltd
- (iii) Viking Travels Pvt. Ltd
- (iv) BCI International Limited
- (v) Birla Electricals Ltd
- (vi) Birla Concept India Pvt Ltd
- (vii) Birla Perucchini Ltd
- (viii) Shloka Publication Private Limited
- (ix) Asian Distributors Ltd.
- (x) Birla Cotsyn (India) Pvt. Ltd. (Formely Birla Agro Private Limited)
- (xi) Capricon Leasors & Distributors Pvt. Ltd.
- (xii) Hallmark Leasors & Distributors Pvt. Ltd.
- (xiii) Opus Investment & Trading Co. Pvt. Ltd

LISTED GROUP COMPANIES:

(i) BIRLA TRANSASIA CARPETS LTD

The company was incorporated in the year 1979 with the main object of manufacturing of carpets. The Company's plant is situated at Sikandrabad in Uttar Pradesh. The products of the company include carpets of different styles like DVD, Galaxy, Prime, Luxury, Top notch, Renaissance and Astral.

Board of Directors as on 30th September 2005:

Sr. No	Name
1.	Mr. Arun Singhi
2.	Mr. Rameshwar Singh
3.	Mr. Anil Mahale

Shareholding Pattern (As on September 30, 2005)

Name of the Shareholder	No. of Shares	% Holding
Promoters	17,80,870	62.82
Mutual Funds & UTI	31,682	1.12
Banks & Financial Institution	400	0.01
Private Corporate Bodies	3,32,377	11.72
Indian Public	6,89,700	24.33
Total	28,35,029	100.00


THE YASH BIRLA GROUP
Brief Financial Performance:
(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	283.83	283.83	283.83
Reserves (Excluding Revaluation Reserve)	132.00	132.00	132.07
Profit & loss A/c (not written off)	(2580.53)	(2317.36)	(2064.43)
Net Worth	(2164.70)	(1901.53)	(1648.53)
Total Income	482.80	333.50	507.94
PAT	(263.17)	(252.93)	(286.97)
EPS (Per Share) (Rs.)	-	-	-
NAV Per Share (Rs.)	-	-	-

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	No data Available for the month			
January 2006	No data Available for the month			
December 2005	No data Available for the month			
November 2005	No data Available for the month			
October 2005	35.20	35.20	100	0.04
September 2005	37.00	22.95	1050	0.35

(Source: www.bseindia.com)

Other Details :

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	Yes*
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

* The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.99 and registered as case no. 43/99 with the Board.

The company has not constituted investor grievance committee since the paid up capital of the company is less than Rs. 300 lakhs.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

(Rs. In Lakhs)

Particulars	Amount Dues as on 30.06.05	Recovery initiated by the department as on 30.06.05
Provident Fund	39.83	21.11
ESI	9.24	6.63
Excise Duty	34.32	34.32
Sales Tax	57.26	41.56


THE YASH BIRLA GROUP
(ii) 3MINDIA LTD (Formerly BIRLA 3MLTD)

The company was incorporated in the year 1988 and is located at Bangalore. The company manufactures Adhesives [Milling, Compounding], Coating, Screen Painting, Solvent Extraction Injection Moulding, Optic Assembly etc.

Board of Directors: (as on 30th September 2005)

SR. NO	NAME
1	Mr Yash Birla
2	Mr Lee M Kennedy
3	Dr Paul Rosso
4	Ms Mary McCormick
5	Mr Thomas P Spencer
6	Mr B S Iyer
7	Mr Amit Mukherjee
8	Mr D.J. Balaji Rao
9	Mr B.V. Shankaranarayana Rao
10	Mr Brad C Sweet (Alternate to Mr Thomas Spencer)

Shareholding Pattern (as on 30th September 2005):

Category	No. of Shares	% Holding
Promoter's	93,72,900	83.20
Non-Promoters Holding		
Institutional Investors	70,084	0.62
Others	18,22,086	16.17
Total	1,12,65,070	100.00

Brief Financial Performance:
(Rs. in Lakhs)

Particulars	For the Financial year Ended December 31 st		
	2004	2003	2002
Share Capital	1,126.51	1,126.51	1,126.51
Reserves (Excluding Revaluation Reserve)	12,372.38	9,818.81	7,321.98
Net Worth	13,498.89	10,945.32	8,448.49
Total Income	25,973.74	22,899.08	21,072.15
PAT	2,553.57	2,496.83	1,753.83
EPS (Per Share) (Rs.)	22.67	21.43	15.57
NAV Per Share (Rs.)	119.83	97.16	67.52

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	1,321.00	866.10	1,26,246	1,407.41
January 2006	970.00	845.00	45,368	414.42
December 2005	939.00	769.00	33,818	289.24
November 2005	809.00	705.20	12,900	99.45
October 2005	888.00	696.00	24,596	193.20
September 2005	999.00	800.00	86,585	775.99

(Source: www.bseindia.com)

**THE YASH BIRLA GROUP****Other Details:**

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick, Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iii) BIRLA KENNAMETAL LTD (BKL)

The company was incorporated in the year 1986. BKL is a joint venture between Birlas and Kennametal Inc, USA. The plant is situated at Aurangabad in Maharashtra.. Products manufactured are wide range of precision AT 3 class rotating tool holders, Machine tools and Accessories.

Board of Directors: (As on 30th September 05)

Sr. No.	Name
1	Mr Yash Birla
2	Mr Kumar Kanetkar
3	Mr Mirko Cvjeticanin
5	Mr Arun Jain
6	Dr William R Correa
7	Mr. Shailesh Sheth

Shareholding Pattern (As on September. 30, 2005)

Name of the Shareholder	No. of Shares	% Holding
Promoter's Holding	28,32,100	88.50
Non-Promoters Holding		
Institutional Investors	NIL	NIL
Others	3,67,900	11.50
Total	32,00,000	100.00

Brief Financial Performance:**(Rs. in Lakhs)**

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	320.00	320.00	320.00
Reserves (Excluding Revaluation Reserve)	464.14	322.64	216.20
Total Income	1,416.79	1,038.64	915.89
PAT	189.53	106.44	80.60
Net Worth	784.14	642.64	535.70
EPS (Per Share) (Rs.)	5.92	3.33	2.52
NAV Per Share (Rs.)	24.50	20.08	16.74

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	135.00	107.00	54,659	67.76
January 2006	159.00	125.55	1,28,220	191.20
December 2005	168.00	93.50	6,79,936	1,016.00
November 2005	111.00	94.00	14,256	14.52
October 2005	154.50	94.40	2,30,222	317.81
September 2005	147.00	101.00	1,02,334	126.28

Source: (www.bseindia.com)

**THE YASH BIRLA GROUP****Other Details:**

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iv) ZENITH (BIRLA) INDIA LTD.

The company was incorporated in the year 1960. The plants of the company are situated at Khopoli, Nasik, Aurangabad in Maharashtra.

Zenith has 2 divisions:

A] Zenith Steel Pipes

B] Indian Tools Manufacturers

A] Zenith Steel Pipes division:

The plant was setup in the year 1960 and is situated at Khopoli in Maharashtra. Turnover of the company for 15 months ended September 2003 was Rs.313.99 crores. The products manufactured are Black and Galvanized pipes, which are mainly used in Building, Construction, Agriculture and Industrial sector.

B] Zenith (Birla) India Ltd. [Indian Tools Manufacturers]:

The company was incorporated in the year 1937, with plants situated at Nasik and Aurangabad in Maharashtra. Turnover for the 15 months ended September 2003 was Rs.36.79 crores. The products manufactured by the company are Centre drills, Masonry drills, Milling cutters, Reamers, Tapes, Jobbers and Tool bits.

Subsidiaries:**Khamgaon Syntex India Limited:**

The plant started its operations in the year 1982, with operating unit situated at Khamgaon in Maharashtra. Turnover of the company for the 18 months ended March 2005 was Rs.12.27 crores. The company produces Synthetic yarns.

Zenith (USA) Inc:

The Company was originally incorporated in New York on June 18, 1970. It subsequently relocated its office and incorporated in Virginia on September 3, 1997. The Company is a general trader in steel pipes and other products. Generally it imports steel pipes from India and sells them to various customers throughout the United States of America. Turnover of the company for the year ended December 2004 was USD 501576.

NOTE ON SCHEME OF ARRANGEMENT OF ZENITH LIMITED

Zenith Limited has entered into a Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956. This scheme of arrangement is presented for the purpose of :

1. Transfer of Chemical Division of Zenith Limited to Nipur Chemicals Limited
2. Transfer of Textiles Division of Zenith Limited to Khamgaon Syntex Limited

The whole of the undertaking of the Chemical Division and Textile Division of Zenith as a going concern and all its assets and liabilities immediately before the Appointed Date i.e. 01.01.05 and the employees of Zenith engaged in or in relation to the Chemical Division and Textile Division immediately before the Appointed Date shall be transferred to and vested in or be deemed to be transferred to and vested in Nipur Chemicals Ltd. and Khamgaon Syntex Ltd. respectively.

In consideration for the transfer, Nipur Chemicals Ltd. shall allot to Zenith 0% 6,50,000 Debentures of Rs.100/- each redeemable within a period of 30 days from the Effective Date.

In consideration for the transfer, Khamgaon Syntex Ltd. being wholly owned subsidiary of Zenith (Birla) India Ltd.. shall allot 6% 6,90,440 Debentures of Rs.100/- each redeemable within a period 7 years or mutually agreeable date from the Effective Date.


THE YASH BIRLA GROUP

The Hon'ble High Court of Judicature of Bombay vide its order-dated 12.08.05, has approved the above scheme of arrangement.

Reasons for Separating the Zenith's Chemical Division and Textile Division:

1. Zenith is engaged in the business of manufacturing of Pipes and Tools, which are making profits. It has two other Divisions viz. Chemical Division and Textile Division.
2. Chemical Division has been making losses on account of sluggish market conditions. Textile Division is only spinning with 18,000 Spindles which is not at all an economical size and is not core business for Zenith.
3. The losses of Chemical Division were adversely affecting profits of Zenith. Hence the Company proposes to transfer Chemical Division to Nipur.
4. After the scheme is sanctioned, Khamgaon Syntax (India) Limited being wholly owned subsidiary of Zenith will take over Textile Division and Nipur will taken over Chemical Division of Zenith
5. By virtue of present Scheme of Arrangement, Zenith intends to concentrate on its core business i.e. manufacturing of pipes and Tools, which are now making profits.
6. The implementation of Scheme would result in the operations being more economical, efficient, cost effective and simplify the operations and management of Zenith.
7. To separate the diversified, different activities under the separate Companies and to carry out the same from different companies in a more professional manner.
8. The vesting of Chemicals division and Textile Division to Nipur and Khamgaon is in interest of the shareholder, creditors, stakeholders and employees of petitioner Company as it would enable focused business approach for maximization of benefit to all stakeholders in future.

Board of Directors as on 30th September 2005:

Sr. No	Name
1	Mr Yash Birla
2	Mr Arun Jain
3	Mr D.V. Kapur
4	Mr Augustine P Kurias

Shareholding Pattern (as on 30th Septembere 2005):

Category	No. Of Shares	% Holding
Promoter's	4937549	32.80
Non-Promoters Holding		
Institutional Investors	4050023	26.90
Others	6066790	40.30
Total	15054362	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	Year ended 31 st March 2005 (18 Months)	Year ended 30 th September2003 (15 Months)	2002 (15 Months ended 30 th June)
Share Capital	1,384.25	1,384.25	3,384.17
Reserves (Excluding Revaluation Reserve)	3,858.24	(194.42)	(2,586.88)
Net Worth	5,242.49	1,057.82	625.14
Total Income	56,300.99	42,963.31	33,172.31
PAT	489.37	(258.20)	(880.21)
EPS (Per Share) (Rs.)	3.53	-	-
NAV Per Share (Rs.)	37.84	7.64	1.84

The stock market data of the company for the last six months is as under:


THE YASH BIRLA GROUP

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	59.90	51.00	3,82,946	213.20
January 2006	71.40	57.00	5,76,716	374.73
December 2005	72.00	61.25	6,74,202	453.82
November 2005	72.95	61.25	4,03,458	270.22
October 2005	71.95	55.05	10,59,556	699.41
September 2005	95.70	63.60	48,98,701	3929.74

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

(Rs. In Lakhs)		
Name of the Lender	Date of Default	Amount of Default
SICOM (Sales Tax & Capital Incentive Loan)	25 th October 1991	185.22
Unpaid Amount of Investro Education & Protection Fund	Financial Year 2001 – 02, however out of total outstanding of Rs. 69.98 Lakhs Rs. 20.41 Lakhs has already been paid and current outstanding as on date is Rs. 49.57 Lakhs	49.57

(v) DAGGER FORST TOOLS LIMITED:

Dagger Forst Tools Limited (DFTL) is engaged in the manufacture of highly precision Cutting Tools viz. Broaches, Hobs, Shaper Cutters & Shaving Cutters (Gear Cutting Tools). DFTL was incorporated in the year 1965 to set up a Broach manufacturing plant at Thane in Maharashtra in Technical collaboration and equity participation with Oswald Forst GmbH of Germany and their nominee German Investment and Development Company. All these manufacturing units have obtained ISO certification and satisfy all the norms related to environmental clearances. The company has manufacturing facilities at Thane and Aurangabad.

Board of Directors as on 30th September 2005:

Sr. No	Name of the Director
1	Mr. Yash Birla
2	Mrs. Avanti Birla
3	Mr. U.S. Sethia
4	Mr. Vijay Agarwal
5	Mr. Arun Jain
6	Mr. Shishir Dalal

Shareholding Pattern (as on 30th September 2005):

Category	No. Of Shares	% Holding
Promoter's	32,93,589	70.75
Non-Promoters Holding		
Banks & FI's	450	0.01
Private corporate Bodies	4,41,956	9.49
Indian Public	9,16,545	19.69
NRIs/OCBs	2,395	0.05
Total	46,54,935	100.00


THE YASH BIRLA GROUP
Brief Financial Performance:

(Rs. in Lakhs)

Particulars	Year ended 30 th June 2005 (12 Months)	Year ended 30 th June 2004 (15 Months)	Year ended 31 th March 2003
Share Capital	465.49	465.49	465.49
Reserves (Excluding Revaluation Reserve)	1819.59	(593.46)	586.58
Net Worth	2285.08	(127.97)	1052.07
Total Income	2789.00	2895.21	1990.93
PAT	42.67	77.39	122.63
EPS (Per Share) (Rs.)	0.92	1.66	2.63
NAV Per Share (Rs.)	49.09	(2.75)	22.60

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	79.25	62.50	1,61,949	111.59
January 2006	93.95	74.50	81,153	70.06
December 2005	101.95	86.00	92,874	88.40
November 2005	105.00	88.05	60,689	58.87
October 2005	111.00	83.00	1,38,221	141.72
September 2005	122.00	90.10	10,86,766	1153.86

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	Yes
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Dagger Forst Tools Limited has proposed to come out with a composite issue of equity shares of Rs. 10/- each aggregating to Rs. 2900.00 lacs comprising of:

Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lacs to the existing equity shareholders of the company in the ratio of (5) equity shares for every (7) equity shares held as on [·] (record date) and

Public issue of [•] equity shares of Rs. 10/- each for cash at a price band of Rs. 65 to Rs. 78 inclusive of premium aggregating to Rs. 1,802.77 lacs of which 10,000 shares being offered to lead managers on a firm basis at a price band of Rs. 65 to Rs. 78 inclusive of premium. Thus net offer to the public is [•] equity shares of Rs. 10/- for cash at a price band of Rs. 65 to Rs. 78 inclusive of premium.

The company has filed the draft prospectus for the above mentioned issue with SEBI and the same is currently being examined by SEBI.



THE YASH BIRLA GROUP

(vi) BIRLA CAPITAL AND FINANCIAL SERVICES LIMITED:

The company was originally incorporated in the name of Dolphin International Limited on 7th May, 1985 and further fresh certificate of incorporation was obtained on 3rd December, 2001 in the name of Birla Capital and Financial Services Limited. The Company is carrying the business of Hire purchase & leasing. Company is also into the business of advancing loans, Inter-corporate Deposits & Investments.

Board of Directors as on September 30, 2005:

Sr. No	Name of the Director
1	Mr. Arun Singhi.
2	Mr. K. P. Chokhani.
3	Mr. G.L. Lath.
4	Mr. B. L. Varma

Shareholding Pattern (As on September 30, 2005)

Category	No. Of Shares	% Holding
Promoter's & PAC	55,38,540	70.90
Non-Promoters Holding		
Private Corporate Bodies	8,69,933	11.14
Indian Public	13,83,066	17.70
Others	20,461	0.26
Total	78,12,000	100.00

Brief Financial Performance:

Particulars	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Share Capital	781.20	781.20	781.20
Reserves (Excluding Revaluation Reserve)	78.53	61.92	86.13
Net Worth	859.73	841.51	865.73
Total Income	57.99	70.90	153.48
PAT	18.21	(24.21)	9.27
EPS (Per Share) (Rs.)	0.23	-	0.12
NAV Per Share (Rs.)	11.01	10.77	11.08

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	10.58	8.75	61,182	5.77
January 2006	13.65	9.63	1,09,362	12.52
December 2005	14.17	9.05	62,436	7.16
November 2005	15.00	11.45	74,645	10.01
October 2005	19.80	10.45	2,56,999	33.42
September 2005	30.05	20.80	3,58,759	94.67

(Source: bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
(vii) SHLOKA INFOTECH LIMITED.

Originally incorporated in the year 1992 under the name and style of M/s. Rathi Merchantile & Management Services Limited as per the Companies Act, 1956 and further renamed in the year 2002 to Shloka Infotech Limited. Presently M/s. Shloka Infotech Limited is dealing in Hardware and Software items.

Board of Directors as on September 30, 2005:

Sr. No	Name of the Director
1	Mr. Arun Jain
2	Mr. Ajay Jain
3	Mr. B.L. Verma
4	Mr. K. P. Chokhani

Shareholding Pattern (As on September 30, 2005)

Category	No. Of Shares	% Holding
Promoter's & PAC	11,17,151	29.41
Non-Promoters Holding		
Private Corporate Bodies	7,56,397	19.91
Indian Public	18,84,303	49.61
NRI's/OCB's	500	0.01
Others	40,249	1.06
Total	78,12,000	100.00

Financial Performance
(Rs. in lakhs)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	379.86	379.86	379.86
Reserves (excluding revaluation reserves)	(128.08)	(133.94)	(18.25)
Net Worth (Rs)	251.78	245.92	361.61
Total Income	120.25	111.56	81.3
Profit/Loss after Tax	5.54	(115.69)	(45.59)
EPS of FV Rs. 10/- each (Rs.)	0.15	-	-
NAV per share of FV Rs. 10/- each (Rs.)	6.63	6.47	9.52

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
February 2006	21.00	16.25	2,12,153	41.68
January 2006	23.00	19.70	6,65,744	141.74
December 2005	21.80	14.35	11,12,455	216.24
November 2005	17.69	9.75	5,23,404	80.83
October 2005	12.47	8.42	1,99,908	20.80
September 2005	19.00	11.90	14,51,946	243.71

(Source: bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the, Sick Industrial Companies (Special Provisions) Act, 1985 or is under, winding up	No
Whether the company has made a loss in the immediately preceding year and, if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
FINANCIAL INFORMATION OF UNLISTED GROUP COMPANIES:

- (i) Tungabhadra Holdings Pvt. Ltd
- (ii) Birla Lifestyle Pvt. Ltd
- (iii) Viking Travels Pvt. Ltd
- (iv) BCI International Limited
- (v) Birla Electricals Ltd
- (vi) Birla Concept India Pvt Ltd
- (vii) Birla Perucchini Ltd
- (viii) Shloka Publication Private Limited
- (ix) Asian Distributors Ltd.
- (x) Birla Cotsyn (India) Pvt. Ltd. (Formerly Birla Agro Private Limited)
- (xi) Capricorn Leasors & Distributors Pvt. Ltd.
- (xii) Hallmark Leasors & Distributors Pvt. Ltd.
- (xiii) Opus Investment & Trading Co. Pvt. Ltd

(i) TUNGABHADRA HOLDINGS PVT. LTD

Tungabhadra Holdings Pvt. Ltd was incorporated on July 1983 having a share capital of Rs.300 lakhs. The company produces high frequency induction welded pipes. The pipes produced are black and galvanized with size of 15 mm to 80 mm MB. The plant of the company is located at Tarapur district and has installed capacity of 36000 tons per annum, with fully automatic imported pipe manufacturing and online galvanizing. The pipes produced are used in the Building industry for water supply, Bore Well, Structural General Engineering, Fencing, Furniture, Automobiles, and Conduits etc.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Mr. J.H.Baxi
2	Mr. Lalit A. Rungta
3	Mr. G.L Lath
4	Mr. B.B. Sharma

Shareholding Pattern (As on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
Asian Distributors Limited	2,00,000	3.97
Birla International Private Limited	9,68,400	19.23
Godavari Corporation Private Limited	6,62,000	13.14
Capricorn Leasors & Distributors Private Limited	2,73,000	5.42
Hallmark Leasors & Distributors Private Limited	3,65,000	7.25
Shearson Investment & Trading Co. Private Limited	5,68,000	11.28
Mr. Arun Kumar Singhi	10	-
Mr. Kashiprasad Chokhani	10	-
Mr. Purushotam Sharma	10	-
M/s. Chervil Capital Limited	20,00,000	39.71
TOTAL	50,36,430	100.00

Brief Financial Performance:
(Rs. in Lakhs)

Particulars	2005 (Unaudited 18 months ended 31 st March 2005)	2003 (18 months ended 30 th September 2003)	2002 (12 months ended 31 st March 2002)
Share Capital	503.64	303.64	192.00
Reserves (Excluding Revaluation Reserve)	1396.38	274.98	56.31
Net Worth	1900.02	575.46	242.02
Total Income	4877.67	1393.37	523.96
PAT	121.15	72.68	50.58
EPS (Per Share) (Rs.)	2.40	2.39	2.63
NAV Per Share (Rs.)	37.52	18.95	12.60


THE YASH BIRLA GROUP
Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(ii) BIRLA LIFESTYLE PVT. LTD

Birla Lifestyle Pvt. Ltd. was incorporated on 16th February 2001. Mr. Yash Birla in association with architect Mr. Nozer Wadia came up with the idea of building a chain of lifestyle stores in major cities of India. The aim was to provide stylish furniture and lifestyle products that match the tastes of urban Indian.

Birla Lifestyle Pvt. Ltd. with the help of its stores aims at providing basic utilities required for home or office. The items that are showcased at the stores include not only exclusive designer furniture that are designed by world's finest designers but also small accessories such as folding ladder, ironing boards, cutlery etc.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Ms. Kaajal Anand
2	Mr. Arun Singhi
3	Mr. K.P. Chokhani

Shareholding Pattern (as on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
M/s Shearson Investment & Trading Co. Pvt. Ltd	1,04,750	23.27
M/s Godavari Corporation Pvt. Ltd	1,04,750	23.27
M/s Opus Investment & Trading Co. Pvt. Ltd	80,000	17.78
M/s Birla International Pvt. Ltd	80,000	17.78
M/s Shloka Infotech Ltd	80,000	17.78
Mr. Arun Singhi	100	-
Mr. K.P. Chokhani	100	-
R.S. Malani	100	-
Ms. Kaajal Anand	100	-
Mr. Purushotam Sharma	100	-
Total	4,50,000	100

Brief Financial Performance:
(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	45.00	45.00	45.00
Reserves (Excluding Revaluation Reserve)	(2.59)	2.13	(7.46)
Net Worth	41.76	46.34	36.63
Total Income	252.82	416.85	253.44
PAT	(4.72)	9.58	14.99
EPS (Per Share) (Rs.)	-	2.14	3.33
NAV Per Share (Rs.)	9.28	10.30	8.14

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****(iii) VIKING TRAVELS PVT. LTD**

The company was incorporated in the year 1976 and is in the travel agency business. The company has membership with International Organizations like IATA, UFTA, AAAL.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Mr Yash Birla
2	Ms Avanti Birla
3	Ms Asha Mohta
4	Mr. Arun. Singhi
5	Mr Manish Malani
6	Mr G L Lath
7	Ms Kaajal Anand

Shareholding Pattern (as on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
M/s Birla Bombay Pvt. Ltd	4,500	1.8
M/s Birla International Pvt. Ltd	12,000	4.8
M/s Godavari Corporation Pvt. Ltd	4,000	1.60
M/s Scimitar Investments & Trading Co. Pvt. Ltd.	1,00,000	40.00
M/s Hallmark Leasors & Distributors Pvt. Ltd	6,000	2.4
M/s Capricorn Leasors & Distributors Pvt. Ltd	5,400	2.16
M/s Shearson Investment & Trading Co. Pvt. Ltd	1,00,000	40.00
Mr. Yash Birla	12,600	5.04
Sunanda Medical Institute	500	0.20
Mr. Yash Birla & Ms Avanti Birla C/o Mr. Ashok V Birla HUF	2,000	0.80
Mr. S.S.Dalal	500	0.20
Mrs. Pravina S Dalal	500	0.20
Mr. Sharad Ladha	1,000	0.40
Ms Smita Ladha	1,000	0.40
Total	2,50,000	100.00

Note: - Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Scimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance:

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	25.00	25.00	25.00
Reserves (Excluding Revaluation Reserve)	7.38	0.50	(9.49)
Net Worth	32.38	25.50	15.51
Total Income	241.76	168.33	146.87
PAT	6.88	10.00	(4.47)
EPS (Per Share) (Rs.)	2.75	4.00	-
NAV Per Share (Rs.)	12.95	10.2	6.20

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****(iv) BCI INTERNATIONAL LIMITED**

BCI International was incorporated under Companies Act 1956 in 1977 at Delhi. The Company has been promoted by Mr. Ashok Vardhan Birla. The Company transferred its Registered Office from Delhi to Mumbai (Maharashtra) in 1997 for operational convenience. Company is currently engaged in Business of Development and Construction of properties in Mumbai, Finance and Trading of various products in Domestic as well as in International Market.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Directors
1	Mr. B.L Varma
2	Mr. K.P. Chokhani
3	Mr. G.L. Lath
4	Mr. R.P. Todi
5	Mr Purushotam Sharma

Shareholding Pattern (As on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
M/s Hallmark Leasors & Distributors Pvt. Ltd	2,200	22.00
M/s Capricorn Leasors & Distributors Pvt. Ltd	2,200	22.00
M/s Godavari Corporation Pvt Ltd	2,400	24.00
M/s Shearson Investment & Trading Co. Pvt. Ltd	2,400	24.00
M/s Opus Investment & Trading Co. Pvt. Ltd	500	5.00
Mr. Yash Birla	270	2.70
Mr Arun Singhi	10	0.10
Mr. K.P. Chokhani	20	0.20
Total	10,000	100.00

Brief Financial Performance:**(Rs. in Lakhs)**

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	10.00	10.00	10.00
Reserves (excluding revaluation reserves)	27.88	19.20	5.78
Total Income	459	1,823.40	85.90
Profit/Loss after Tax	8.67	13.43	24.11
EPS (Per Share) (Rs.100)	86.7	134.27	241.11
NAV per share (Rs.100)	378.8	292.00	157.80
Share Holders Funds / Net Worth (Rs)	37.88	29.20	15.78

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
(v) BIRLA ELECTRICALS LTD

The Company was incorporated in the year 1996. With Head Office in Mumbai it operates from various metro cities in India. The products of the company include room heating system, air purifier, ice cream maker, blender, coffee maker, juicer, oven & toasters, cooking hobs, iron, mixer grinder, oil heaters etc.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Mr. G.L. Lath
2	Mr. Subhash Sonthalia
3	Mr. Sudhir Kumar Saldhi

Shareholding Pattern (as on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
Mr. Yash Birla	100	0.01
Mrs. Avanti Birla	100	0.01
M/s Asian Distributors Ltd	75,000	9.99
M/s Godavari Corporation Pvt. Ltd	75,000	9.99
M/s Scimitar Investment & Trading Co. Pvt. Ltd	1,00,000	13.32
M/s Shearson Investment & Trading Co. Pvt. Ltd	1,00,000	13.32
M/s Birla International Pvt. Ltd	1,50,000	19.98
M/s Hallmark Leasors & Distributors Pvt. Ltd	1,00,000	13.32
M/s Birla Bombay Pvt. Ltd	1,50,000	19.98
Mr. Subhash Sonthalia	500	0.07
Total	7,50,700	100.00

Note: - Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Scimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance:
(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005 (unaudited)	2004	2003
Share Capital	75.07	75.07	75.07
Reserves (Excluding Revaluation Reserve)	(632.70)	(173.44)	(18.74)
Net Worth	(618.01)	(188.98)	(64.50)
Total Income	480.68	1217.42	611.88
PAT	(459.26)	(154.70)	(44.95)
EPS (Per Share) (Rs.)	-	-	-
NAV Per Share (Rs.)	-	-	-

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
(vi) BIRLA CONCEPT INDIA PVT LTD

The company was incorporated in the year 2002. The products sold by the company include various types of furniture and fixtures.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Ms Kaajal Anand
2	Mr K.P. Chokhani
3	Mr Mustafa Eisa

Shareholding Pattern (as on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
Ms. Kaajal Anand	100	0.20
Mr. Arun Singhi	100	0.20
Mr. K.P. Chokhani	100	0.20
Mr. Radheshyam Malani	100	0.20
M/s Godavari Corporation Pvt. Ltd	6,275	12.55
M/s Hallmark Leasors & Distributors Pvt. Ltd	6,275	12.55
M/s Birla International Pvt. Ltd	6,275	12.55
M/s Shearson Investment & Trading Co. Pvt. Ltd	6,275	12.55
Mr. Mustafa Eisa	24,000	48.00
Ms Rukshana Eisa	500	1.00
Total	50,000	100.00

Brief Financial Performance:

Particulars	(Rs. in Lakhs)		
	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	5.00	5.00	5.00
Reserves (Excluding Revaluation Reserve)	23.02	14.62	6.35
Net Worth	27.82	19.38	11.08
Total Income	319.15	315.77	196.79
PAT	8.70	8.27	6.35
EPS (Per Share) (Rs.)	17.40	16.53	12.70
NAV Per Share (Rs.)	55.62	38.76	22.16

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
(vii) BIRLA PERUCCHINI LTD

The company was incorporated in the year 1997. Birla Perucchini was founded in collaboration with M/s. Fonderia Perucchini Spa, Italy with plant situated at Aurangabad in Maharashtra. The products manufactured are SG Iron [Nodular], CG Iron and Grey Iron casting.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Mr U.S. Sethia
2	Mr. Ajay Jain
3	Mr. Sanjay Chaddha

Shareholding Pattern (as on September 30, 2005):

Name of the Shareholder	No. of Shares	% Holding
Fonderia Peruchhini SPA	15,60,000	22.94
Kinglor Limited	6,00,000	8.82
Mr. Yash Birla	50,100	0.74
Mrs. Avanti Birla	100	-
Birla International Pvt. Ltd	6,17,800	9.09
Dagger Forst Tools Ltd	27,10,000	39.85
Shearson Investment & trading Co. Pvt. Ltd	4,82,000	7.09
Scimitar Investment & Trading Co. Pvt. Ltd.	4,82,000	7.09
Mr. U.S. Sethia	2,20,100	3.24
Mr. L R Daga	2,100	0.03
Others –Staff	75,800	1.14
Total	68,00,000	100.00

Brief Financial Performance:
(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	680.00	680.00	680.00
Reserves (Excluding Revaluation Reserve)	(2355.57)	(2290.90)	(1896.59)
Net Worth	(1677.00)	(1,612.78)	(1,226.29)
Total Income	1385.76	837.13	424.34
PAT	(64.68)	(394.30)	(415.01)
EPS (Per Share) (Rs.)	Nil	Nil	Nil
NAV Per Share (Rs.)	-	-	-

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	Yes
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The company has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that the company is a sick company u/s 15 of SICA. However the company is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

Name of the Bank / Financial Institution	Principal Amount (Rs. In Lakhs)	Interest Amount (Rs. In Lakhs)
Bank of Maharashtra (Term Loan)	194.00	79.00
Bank of Maharashtra (Cash Credit)	384.00	161.00

**THE YASH BIRLA GROUP****(viii) SHLOKA PUBLICATION PRIVATE LIMITED**

The company was incorporation in the year 2003. The company is in to publication of books. The Company has tied up with WRC, Media Discovery India. The location of the company is in Mumbai with activities like publication of books. The Company's main objective is to make continuous efforts towards the constant evolution of our nation's education pattern.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Arun Singhi
2	Mr. K.P.Chokhani
3	Mr. Manish Malani

Shareholding Pattern (as on 30th September 2005):

Name of the Shareholder	No. of Shares	% Holding
Mr. Arun Singhi	100	1.00
Ms. Rummana Rangwala	100	1.00
Mr. K.P.Chokhani	100	1.00
Mr. Manish Malani	100	1.00
Mr.B. L. Varma	100	1.00
Birla International Pvt. Ltd	1,900	19.00
Godavari Corporation Pvt. Ltd	1,900	19.00
Shearson Investment & trading Co. Pvt. Ltd	1,900	19.00
Opus Investment & Trading Company Pvt. Ltd	1,900	19.00
Nirved Traders Pvt. Ltd	1,900	19.00
Total	10,000	100.00

Brief Financial Performance (For Last two Years):**(Rs. in Lakhs)**

Particulars	For the Financial year Ended March 31 st	
	2005	2004
Share Capital	1.00	1.00
Reserves (Excluding Revaluation Reserve)	(37.77)	-
Net Worth	(36.77)	1.00
Total Income	56.33	-
PAT	(30.94)	-
EPS (Per Share) (Rs.)	-	-
NAV Per Share (Rs.)	-	-

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****(ix) ASIAN DISTRIBUTORS LIMITED**

Originally incorporated on December 24, 1942 in the name and style of M/s. East-West Import & Export Limited and further renamed on February 3, 1962 to Asian Distributors Limited. Presently Asian Distributors Limited is into investment and trading activities.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Yash Birla.
2	Mrs. Avanti Birla.
3	Mrs. Kusum Singhi.
4	Mr. K. P. Chokhani

Brief Financial Performance (For Last Three Years):**(Rs. in Lakhs)**

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	96.25	96.25	96.25
Reserves (excluding revaluation reserves)	310.04	310.00	304.88
Total Income	33.18	32.96	32.74
Profit/Loss after Tax	0.05	4.37	3.20
EPS of FV Rs. 100/- each (Rs.)		4.54	3.32
NAV per share of FV Rs. 100/- each (Rs.)	422.12	421.97	416.54
Share Holders Funds / Net Worth (Rs)	406.29	406.15	400.92

Shareholding Pattern (as on 30th September 2005) :

Name of the Shareholder	No. of Shares	% Holding
M/s Indore Exporting & Importing Co. Ltd	22,750	23.63
Sushila Birla Memorial Institute	11,375	11.82
Yash Society	37,425	38.88
Mr. Yash Birla	3,000	3.12
M/s Hallmark Leasors & Distributors Pvt. Ltd	2,350	2.44
M/s Capricorn Leasors & Distributors Pvt. Ltd	2,350	2.44
M/s Godavari Corporation Pvt. Ltd	8,450	8.78
M/s Shearson Investment & Trading Co. Pvt. Ltd	8,550	8.88
Total	96,250	100.00

Other Details:

This Company is an unlisted Company and it has not made any public or rights issue in the preceding three years. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****(x) BIRLA COTSYN (INDIA) PVT. LTD.** (Formerly known Birla Agro Private Limited)

Originally incorporated in the year 1941 under the name and style of M/s. Jamod Ginning Company Private Limited, renamed in the year 1978 to M/s. Birla Agro Private Limited and now renamed to Birla Cotsyn (India) Pvt. Ltd. on 9th December 2005

Presently the M/s. Birla Cotsyn (India) Private Limited is engaged in carrying on all or any of the business of the manufacturers, importers, exporters, wholesalers, retailers and dealers in all kinds of yarns, carpets and carpet tiles, furnishing fabric materials, various fabrics including woven, knitted, etc. and also in all kinds of agro chemicals related to pesticides and chemical product for plant growth stimulizers.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Yash Birla
2	Mr. Arun Singhi
3	Mr. K. P. Chokhani.
4	Mr. Manish Malani
5	Mr. Rajendra Prasad Todi

Financial Performance**(Rs. in lakhs)**

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	226.97	6.18	6.18
Reserves (excluding revaluation reserves)	1731.47	6.51	(5.48)
Total Income	353.14	339.85	228.86
Profit/Loss after Tax	5.47	11.99	(25.99)
EPS of FV Rs. 100/- each (Rs.)	2.41	194.01	-
NAV per share of FV Rs. 100/- each (Rs.)	862.75	205.32	-
Share Holders Funds / Net Worth (Rs)	1958.44	12.69	(0.70)

Shareholding Pattern: (As on 30th September 2005)

Name of the Shareholder	No. of Shares	% Holding
Mr. Yash Birla	2,907	1.28
Yash Society	1,084	0.48
Mr. Suresh S Dalal	289	0.13
Ms Pravina S Dalal	340	0.12
Ms Usha H Sata	10	0.00
Mr. Jai S Dalal	100	0.04
Mr. Ravinda S Dalal	10	0.00
Sunanda Medical Institute	1,440	0.64
Birla International Pvt. Ltd	52,115	22.97
Capricorn Leasors & Distributors Pvt. Ltd	13,029	5.74
Godavari Corporation Pvt. Limited	52,115	22.97
Hallmark Leasors & Distributors Pvt. Ltd	13,029	5.74
Chervil Capital Invest Ltd	90,500	39.87
Total	2,26,968	100.00

This Company is an unlisted Company and it has not made any public or rights issue in the preceding three years. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

**THE YASH BIRLA GROUP****(xi) CAPRICON LEASORS & DISTRIBUTORS PVT. LTD.**

The Company was incorporated in 1985 under the name and style of Capricorn Leasors & Distributors Pvt. Ltd. The Company is engaged in the activity of Investments. The company is in the business of Investment & Finance.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Yash Birla
2	Mr. Arun Singhi
3	Mr. K.P. Chokhani
4	Mr. G.L. Lath

Financial Performance**(Rs. in lakhs)**

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	45.00	45.00	45.00
Reserves (excluding revaluation reserves)	(26.96)	(4.79)	(41.73)
Net Worth	18.04	40.21	3.27
Total Income	0.08	65.70	30.12
Profit/Loss after Tax	(22.17)	36.95	8.54
EPS of FV Rs. 100/- each (Rs.)	-	8.21	2.12
NAV per share of FV Rs. 100/- each (Rs.)	4.01	8.94	0.73

Shareholding Pattern: (As on 30th September 2005)

Name of the Shareholder	No. of Shares	% Holding
Mr. Yash Birla	59,110	13.13
Mr. Yash Birla HUF	890	0.20
M/s Hallmark Leasors & Distributors Pvt. Ltd	85,500	18.99
M/s Opus Investment & Trading Co. Pvt. Ltd	85,500	18.99
M/s Godavari Corporation Pvt. Ltd	85,500	18.99
M/s Shearson Investment & Trading Co. Pvt. Ltd	85,500	18.99
M/s Indoasean Oceanic Exports Ltd	47,700	10.60
Mr. Arun Singhi & M/s Indoasean Oceanic Exports Ltd	100	0.02
Mr. K.P. Chokhani & M/s Indoasean Oceanic Exports Ltd	100	0.02
Mr. Purushotam Sharma & M/s Indoasean Oceanic Exports Ltd	100	0.02
Total	4,50,000	100.00

The company is not a listed Company. The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****(xii) HALLMARK LEASORS & DISTRIBUTORS PVT. LTD.**

The Company was incorporated in 1985 under the name and style of Hallmark Leasors & Distributors Pvt. Ltd. The Company is engaged in the activity of Investments. The company is in the business of Investment & Finance.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Yash Birla
2	Mr. Arun Singhi
3	Mr. G.L. Lath
4	Mr. K.P. Chokhani
5	Mr. Deepesh Agarwal

Financial Performance**(Rs. in lakhs)**

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	45.00	45.00	45.00
Reserves (excluding revaluation reserves)	(12.74)	2.08	(21.56)
Net Worth	32.26	47.08	23.44
Total Income	0.00	62.24	45.50
Profit/Loss after Tax	(14.36)	23.64	13.32
EPS of FV Rs. 100/- each (Rs.)	-	5.25	2.96
NAV per share of FV Rs. 100/- each (Rs.)	7.17	10.46	5.21

Shareholding Pattern (as on 30th September 2005) :

Name of the Shareholder	No. of Shares	% Holding
Mr. Yash Birla	59,110	13.13
Mr. Yash Birla HUF	890	0.19
M/s Capricorn Leasors & Distributors Pvt. Ltd	85,500	18.99
M/s Opus Investment & Trading Co. Pvt. Ltd	85,500	18.99
M/s Godavari Corporation Pvt. Ltd	85,500	18.99
M/s Shearson Investment & Trading Co. Pvt. Ltd	85,500	18.99
M/s Birla International Pvt. Ltd	47,700	10.60
Mr. Arun Singhi & M/s Indoasean Oceanic Exports Ltd	100	0.02
Mr. K.P. Chokhani & M/s Indoasean Oceanic Exports Ltd	100	0.02
Mr Purushotam Sharma & M/s Indoasean Oceanic Exports Ltd	100	0.02
Total	4,50,000	100.00

The company is not a listed Company. The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.


THE YASH BIRLA GROUP
(xiii) OPUS INVESTMENT & TRADING COMPANY PVT. LTD.

The company is a NBFC company and having business of financier and dealing in shares, securities and ICD.

Board of Directors: (as on 30th September 2005)

Sr. No.	Name of the Director
1	Mr. Yash Birla
2	Mrs. Avanti Birla
3	Mr. Arun Singhi
4	Mr. K.P. Chokhani
5	Mr. Shailesh Agarwal

Financial Performance
(Rs. in lakhs)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	45.00	45.00	45.00
Reserves (excluding revaluation reserves)	28.68	28.17	27.62
Net Worth	73.68	73.17	72.62
Total Income	1.62	1.66	42.99
Profit/Loss after Tax	0.51	0.55	26.12
EPS of FV Rs. 100/- each (Rs.)	0.11	0.12	5.80
NAV per share of FV Rs. 100/- each (Rs.)	16.37	16.26	16.14

Shareholding Pattern (as on 30th September 2005) :

Name of the Shareholder	No. of Shares	% Holding
Mr. Yash Birla	60000	13.33
M/s Hallmark Leasors & Distributors Pvt. Ltd.	85500	19.00
M/s Capricorn Leasors & Distributors Pvt. Ltd.	85500	19.00
M/s Godavari Corporation Pvt. Ltd.	85500	19.00
M/s Shearson Investment & Trading Co. Pvt. Ltd.	85500	19.00
M/s Indoasean Oceanic Exports Pvt. Ltd.	10700	2.38
M/s Birla International Pvt. Ltd.	37000	8.22
Mr. Arun Kumar Singhi	100	0.02
Mr. Kashiprasad Chokhani	100	0.02
Mr. Purshottam Sharma	100	0.02
Total	450000	100.00

The company is not a listed Company. The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**THE YASH BIRLA GROUP****Note on Amalgamation of the Group Companies**

Opus Investment and Trading Company Private Limited and Hallmark Leasors and Distributors Private Limited and Capricorn Leasors and Distributors Private Limited being group companies are in process of being merged with another group company namely Shearson Investment and Trading Company Private Limited. The Company has filled applications for the Amalgamation on 15th September 2005. Applications filled by these companies under section 391 of the Companies Act, 1956 have disposed off and dispensation have been granted by the High Court for convening meetings of equity share holders and creditors. The Company has filled petition under section 394 of The Companies Act, 1956 for sanctioning the scheme of Amalgamation. The Scheme has been approved by the Honourable High Court, Mumbai on January 20, 2006

The main reasons for entering into the Scheme of Amalgamation are highlighted as below:

- The nature of Business carried on by the Transferor companies and Transferee Company are complementary to each other. The Amalgamated Company will benefit from the strong capital base and improvement in the financial liquidity.
- While pooling of resources and financial and Administrative restructuring the relative operational and administrative cost will be lowered.
- By the proposed scheme of Amalgamation the financial resources of all the companies will be conveniently merged and pool together leading to more effective and centralized management and reduction of administrative expenses and overheads, which are presently being multiplied because of separate entities.
- Amalgamation will result in the larger pool of financial resources as well as manpower, which will enable Amalgamated Company to grow and prosper at faster pace.
- The combined managerial and financial resources of all companies would enhance the capability of the Amalgamated company to invest in larger and sophisticated projects to ensure rapid growth and would consolidate the strategic strength of Amalgamated Company

Other relevant details about the group companies:

1. The Promoters have not disassociated themselves from any of the companies / firms during preceding three years.
2. There are no sales or purchase between companies in the Promoters' group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company except as disclosed under Related Party Transaction. The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Related Party Disclosures" as mentioned under Annexure VII of the Auditors' Report appearing on page 112 of this Prospectus.

**THE YASH BIRLA GROUP****MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS**

You should read the following discussion of our financial condition and results of operations together with our audited financial statements each of the financial years 2005, 2004, 2003 and 2002 including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

The following discussion is based on our audited financial statements for years 2005, 2004, 2003 and 2002, which have been prepared in accordance with Indian GAAP & the Companies Act, and on information available from other sources.

a. Industry structure and developments

The power industry in India has been characterized by peak power and energy shortages. In fiscal 2004 and 2005, demand for electricity exceeded supply on an average by an estimated 7.1% and 7.3% respectively in terms of total requirements and 11.2% and 11.7% respectively in terms of peak demand requirements.

Historically, state and central government entities played the dominant roles in the development of the Indian power industry. However, capacity growth did not keep pace with demand, due to inadequate investment and the poor financial health of the SEBs. In recent years, in light of persistent shortages, the Government has taken significant action to restructure the industry and attract investment.

Erratic and fluctuating power supply has necessitated a strong Generator and Inverter industry. With improvement in life style and penetration of Electrical and Electronic gadgets, masses are increasing depending on electricity. As existing Electricity availability is way short of demand, generators fill in the slot to some extent.

While the diesel gensets are popular among rural/industrial consumers, urban consumers prefer petrol/kerosene based portable gensets and inverters.

The market for Gensets in less than 5 KVA range includes limited household applications, agriculture and other domestic applications. The market for Gensets in the 5 to 15 KVA usage bracket covers a wide spectrum of affluent users, households, shops, commercial establishments, and other institutions including the small and medium industries.

As industrial and domestic requirements look for Uninterrupted and quality power supply, inverters chip in to provide stable electricity and also as a storage device to fill the gap in applications and areas where electricity is not continuously available.

The market for Inverters covers a wide spectrum of users, households, shops, commercial establishments, and other institutions.

In the recent years inverter because of its advantages of easy, automatic, noise less operation and relatively low running cost is cutting sales of petrol/kerosene based portable gensets. Portable gensets industry is also facing stiff competition from cheaper Chinese products.

Both the industries are in technological flux with new products and technologies being introduced by different players. Both are highly dependent on efficient Market and service network because of its scattered customer base.

Multi purpose engines manufactured by the Company are useful particularly to small / medium scale farmers having small land holdings. The products are extremely compact, lightweight, portable and efficient and are becoming popular in the farming community because of their reliability, low maintenance and low running costs.

There are number of branded/unbranded players of electrical appliances having cut throat competition among themselves.

BPSL have small presence in Wind Energy as well. Despite of cheaper cost of production, wind energy is not very much popular in the Country and the industry is passing through initial years of its evolution.

b. Overview of the company

BPSL is engaged in the production and marketing of following products:

- Portable Gensets,
- Multi Purpose Engines;
- Pump sets and Sprayers,
- Inverters
- Wind energy.

**THE YASH BIRLA GROUP**

In addition to this the Company is engaged in trading of imported Gensets, Inverters and electrical items.

The company was one of the earliest entrants into Generator market in late 1980s with manufacturing set up in Dehradun.

BPSL is launching new technologies and product jointly with Foreign partners in Generator and Inverter markets, which will help the company to stay ahead of competition in terms of technology.

c. Opportunities and threats

In a power starved developing Country, there is tremendous potential for power generation & storage devices.

Due to high growth in Inverter demand in recent times, Demand supply gap has increased, creating huge untapped market for Inverters. As average life style is improving and electronics appliances and gadgets are entering into Rural India, which is plagued with erratic and fluctuating power supply, inverter demand is increasing rapidly in those areas as these appliances and gadgets are very sensitive to electricity supply. BPSL, due to its well spread network and good brand image, expects to capture a substantial part of this demand.

Generator market was suppressed in recent past due to poor agriculture growth. With pro agriculture policy and increase in rural credit, rural market is expected to show higher growth in demand for generators.

Several Indian states like Gujarat, are moving towards gas-based energy for industrial and domestic requirements. Company has developed Gas based generators, which is expected to become a sought after product due to its evident superiority over conventional generators in terms of cheaper running cost and pollution free operations. Company, being one of the pioneers, should get strong first mover advantage.

Slow growth of the portable genset industry and competition from cheaper Chinese products may pose a threat in the short term for the Company.

Slow growth in the industry was due to lack of growth in Agriculture, which was only 1.9% for first 3 years of tenth five year Plan (2002–07). However, the management expects agriculture growth to pick up due to increased farm credit and agriculture reforms.

Simultaneously, the company is entering into higher capacity Gensets and Engines to cater to niche segments, which have little competition from unorganized players. Also, manufacturing of Gas based Gensets will improve Capacity Utilization of existing capacity.

d. Outlook

In the long run the Company visualize itself as one stop shop for all sort of power solutions with variety of products with different capacities to cater all segments of economy.

BPSL is consciously broadening its product portfolio to meet this goal. With introduction of Gas based generators, it is now having generator portfolio for all kind of fuels.

With new introduction of Multi Purpose engines of different ranges, BPSL is expanding its presence in motive power as well. The company is looking at forward integration to use these engines for manufacturing of end purpose applications.

e. Risks and concerns

The Company is exposed to the business and financial risks. Business risks include need for continuous technological up-gradation to meet emission standards/safety requirements, customers' higher expectations for better value.

All these risks are continuously addressed in the business plans, functional strategies, and management review and acted upon.

Foreign exchange risks are inherent in exports of products, import of materials, capital equipment etc. The Company has a well-defined exposure management system to review its exchange exposure and to take measures to mitigate losses.

f. Internal control systems and their adequacy

Your Company has placed considerable emphasis and effort on internal control systems. On the finance and administrative side, the internal checks and balances are augmented by a formal system of Internal and management audit.

**THE YASH BIRLA GROUP****g. Material developments in Human Resources**

Your Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment.

h. Financial Highlights**1. Sales**

Sales (net of excise) during the year ended on 30th September 2005 were Rs. 9102.01 lakhs as against Rs. 9521.37 lakhs during the last financial period (18 months period) ended on 30th September 2004.

2. Profit

During the year ended on 30th September 2005, the Company has earned a net profit of Rs. 356.27 lakhs as against Rs. 9.83 lakhs earned during the last financial period (18 months period) ended on 30th September 2004.

3. Fixed Assets

During the year ended on 30th September 2005 the Company added Rs 238.85 lakhs to its gross block of assets and sold assets of Rs. 23.56 Lakhs, making a net addition of Rs. 215.29 Lakhs.

4. Sundry Debtors

Sundry Debtors amounting to Rs. 8830.54 lakhs as at 30th September, 2005 as compared to Rs. 4752.57 lakhs as at 30th September, 2004. Sales has decreased by about 4.40% with larger share of institutional sales and electrical appliance sales which generally carry higher credit period.

FACTORS AFFECTING BUSINESS OPERATIONS

Our results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the project at the scheduled time.
- Our ability to deliver technology up gradation from time to time.
- Our ability to successfully expand our market reach.

Comparison of significant items of income and expenditure of BPSL for the past three years is as follows:

(Rs. in lakhs)

Particulars	31/03/2003	30/09/2004 (18 Months)	30/09/2005 (12 Months)
Sales	6850.39	9521.37	9102.01
Other Income	64.15	623.24	133.55
Total Income	6914.54	10144.61	9235.56
Raw Materials Consumed & Manufacturing Expenses	3144.95	2887.08	2676.2
Purchase of goods	1216.73	3703	3018.26
Payments to and provisions for Employees	891.3	1370.51	901.14
Administrative, Selling, Distribution and other Expenses	1599.63	1864.16	1043.13
Profit before Interest and Depreciation and Tax	527.09	832.57	1488.32
Interest	180.79	183.17	582.96
Depreciation	318.41	477.85	298.64
Net profit/(Loss) before tax	27.89	171.55	606.72
Taxation	-59.72	52.4	204.57
Net Profit/(Loss) after tax	14.73	9.83	356.27

**THE YASH BIRLA GROUP****COMPARISON OF FY 2003 WITH FY 2002 – REASONS FOR VARIANCE**

- **Total Income:**

The Company registered modest rise of 2.63% in total income for the FY 2003 as compared to the FY 2002. Domestic market was more or less stagnant due to stagnation in Agriculture growth. Slow agriculture growth resulted in declined growth in rural demand of generators. Increased competition in lower range from unorganized players and Chinese products also resulted in reduced realization.

Company ventured into High growth market of inverters to maintain growth. Growth in Inverters helped the company to attain growth.

- **Manufacturing Expenses:**

Manufacturing expenses mainly comprise of raw materials consumed, Stores and spares parts consumed, power & fuel, Repairs & Maintenance. Manufacturing expenses, as a percentage to total income decreased from 47.74% in FY 2002 to 45.70% in FY 2003.

This is mainly due to broader supply base, improved inventory control and decrease in cost of goods purchased.

- **Personnel Expenses:**

The personnel expenses include salaries, wages, bonus, contribution to provident fund, gratuity fund, and welfare expenses. Personnel expenses were approximately same in FY 2003 and FY 2002. Expense under this head came down from 13.18% of total income to 12.89% of total income during the period under consideration.

- **Administrative, Selling, Distribution and other Expenses:**

The Administrative, selling, distribution and other expenses as a percentage to total income stayed almost flat from 21.35% in FY 2002 to 21.56% in FY 2003.

- **Interest & Depreciation:**

Interest expense as a percentage to total income increased from 0.57% in FY2002 to 2.61% in FY 2003. This is due to the increase in loan funds from Rs. 1,709.93 lakhs in FY 2002 to Rs. 3,733.38 Lakhs in 2003. The depreciation expense as a percentage to total income has increased from 3.84% in FY 2002 to 4.51% in FY 2003.

- **Profit after tax:**

The profits declined sharply from Rs. 574.80 lakhs in FY 2002 to Rs. 14.73 lakhs in FY 2003, an 97.44% reduction as compared to previous year. This can be attributed to the fact that the turnover of the company has increased by 2.18%, the total expenditures increased at a comparatively higher rate of 15.78% due to increased inventory and interest cost.

COMPARISON OF FY 2004 (18 Months) WITH FY 2003 – REASON FOR VARIANCE

Financial year 2004 was of 18 months and hence strictly cannot be compared with financials in 2003.

- **Total Income:**

The Company registered a growth of 46.71% in total income for the FY 2004 (18 months) as compared to the previous FY 2003. During this period, sales and average unit price realization of portable gensets declined by 30% and 9.54% respectively due to another year of poor growth in Agriculture and increasing competition.

Company expanded its operations in traded inverters, which almost compensated for decline in revenue from Gensets. Company's income from trading increased from Rs. 8.67 Crores to Rs. 46.61 Crores during the given period. Inverter market got established well during the year, prompting the company to set up capacity to manufacture inverters.

- **Manufacturing Expenses:**

Manufacturing expenses mainly comprise of raw materials consumed, Stores and spares parts consumed, power & fuel, Repairs & Maintenance. Manufacturing expenses, as a percentage to total income have decreased from 45.48% in FY 2003 to 28.46% in FY 2004. This is mainly because company shifted its focus to Inverters, as almost 40% of the revenue was generated from traded products.

**THE YASH BIRLA GROUP**

- ***Personnel Expenses:***

The personnel expenses include salaries, wages, bonus, contribution to provident fund, gratuity fund, welfare expenses. Personnel expenses as a percentage of total income have increased from 12.89% in FY 2003 to 13.51% in FY 2004.

- ***Administrative, Selling, Distribution and other Expenses:***

The Administrative, selling, distribution and other expenses as a percentage to total income declined from 23.13% in FY 2003 to 18.38% in FY 2004.

- ***Interest & Depreciation:***

Interest expense has increased from Rs. 180.79 lakhs in FY 2003 to Rs. 183.17 lakhs in FY 2004. This is due to the increase in loan funds on account of higher working capital requirement from Rs. 3,733.38 Lakhs in 2003 to Rs. 6,421.46 lakhs in FY 2004. The depreciation expense as a percentage to total income has increased from 4.60% in FY 2003 to 4.71% in FY 2004.

- ***Profit after tax:***

The profits declined from Rs. 14.73 lakhs in FY 2003 to Rs. 9.83 lakhs in FY 2004, an 33.27% reduction as compared to previous year.

Lower average unit price realization of portable Gensets and lower capacity utilization, put tremendous pressure on profits of the company. Also, the company made additional expenditure on the development of market for Inverters, impacting bottom line of the company.

COMPARISON OF FY 2005 (12 Months) WITH FY 2004 (18 Months) – REASON FOR VARIANCE

- ***Total Income:***

The Company registered total income of Rs. 9235.56 Lakhs for the FY 2004 – 05 (12 Months) compared to Rs. 10144.61 Lakhs for the FY 2004 (18 months).

On annualized basis, the company has shown revenue growth of almost 37% compared to previous year. The company has steadily grown across Inverter market, while sustaining its income from Generator business.

- ***Manufacturing Expenses:***

Manufacturing expenses mainly comprise of raw materials consumed, Stores and spares parts consumed, power & fuel, Repairs & Maintenance. Manufacturing expenses, as a percentage to total income have increased from 28.46% in FY 2004 to 28.98% in FY 2005.

- ***Personnel Expenses:***

The personnel expenses include salaries, wages, bonus, contribution to provident fund, gratuity fund, welfare expenses. Personnel expenses as a percentage of total income have decreased from 13.51% in FY 2004 to 9.76% in FY 2005.

- ***Administrative, Selling, Distribution and other Expenses:***

The Administrative, selling, distribution and other expenses as a percentage to total income declined from 18.38% in FY 2004 to 11.29% in FY 2005.

- ***Interest & Depreciation:***

Interest expense a percentage to total income increased from 1.81% in FY 2004 to 6.31% in FY 2005. The depreciation expense as a percentage to total income has decreased from 4.71% in FY 2004 to 3.23% in FY 2005.

- ***Profit After Tax:***

The profit increased from Rs. 9.83 Lacs in 2004 to Rs. 356.27 Lacs in 2005. The increase is mainly due to shift in prior period adjustments and liabilities/advances written back in the respective years and due to the reduction in personnel, administrative, selling, distribution and other expenses as percentage of total income.

**THE YASH BIRLA GROUP****INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5(a) OF SEBIDIP GUIDELINES**

- **Unusual or infrequent events or transactions**

There have been no unusual or infrequent transactions that have taken place during the last three years.

- **Significant economic changes**

Government's focus on power sector will have some bearing on the companies involved in electrical equipment manufacturing segment. Any major changes in policies of the Government may have the significant impact on the profitability of the Company, as applicable to electrical equipment manufacturing industry.

Except the above, there are no significant economics changes that may materially affect or likely to affect income from continuing operations.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations**

Apart from the risks as disclosed under heading "RISK FACTORS" appearing on page no. vii of this Offer Document, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

- **Changes in relationship between costs and revenues**

The company shifted from being a manufacturing entity to a manufacturing & trading entity, which is reflected in the change in cost structure of the company. Cost of production had gone down compared to sales, which has been compensated by purchase of trading goods. However, with setting up of new manufacturing facility, the company will refocus on its core strength of manufacturing.

- **Extent to which material increases in revenues are due to increased volumes, introduction of new projects.**

The increase in sales volume has considerable impact on the revenues and profitability of the company.

- **Total revenue of the industry segment in the which the Company operates.**

The company operates in only one segment – Electrical Equipment

- **Seasonality of business**

The business of the Company is not seasonal in nature.

- **Dependence on single or few suppliers/customers**

The company has well established vendor base. Similarly, it has large network of Dealers and distributors all over the country, which helps the country to distribute its products to mass market it is catering to. The company does not depend on single or few suppliers / customers for any of its requirements or product.

- **Competitive Conditions**

In the Genset industry, the company faces competition from Honda Siel Power Products Ltd., which makes similar range of our products. However, the company has been able to maintain its market share of approx. – 32%. There is competition from unorganized sector as well, but unorganized sector is moving out due to stringent quality and emission norms being put in place. Inverter market is competitive market with players like Microtek, Sukam, Lumineous, Genus etc. Other companies like D Link and APC are entering into the market. BPSL enjoys an edge of strong market and service network of generators, which is being leveraged by the company to reach out to the masses. Also, strong brand name enjoyed by the company puts it ahead of the competition.

Also, industry data suggests that there is wide gap between demand and supply of the Inverters in the country currently, which will be partly filled by the company.

**SECTION V: LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATIONS, DEFAULTS, MATERIAL DEVELOPMENTS AND ADVERSE EVENTS**

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/ Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

OUTSTANDING LITIGATIONS INVOLVING BIRLA POWER SOLUTIONS LIMITED

The summary of cases pending against the company is as follows:

S. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. In lakhs)
1.	Civil Proceedings	5	8.67
2.	Labour Related	3	Not quantifiable
3.	Consumer Forum	16	14.00 Approx.
4.	Sales tax, Custom duty and Excise disputes	8	535.49

The brief details of the pending cases are as follows:

DETAILS OF CASES FILED AGAINST THE COMPANY**1. Civil Proceedings**

1. Mr. Kamaljit Singh has filed a case against the company in TIS Hazari court Delhi on 26.04.2005 as a counter claim against suit filed by the company for non payment for supply of invertors. The amount involved is Rs. 5.84 lakhs and the next date of hearing for filing of written statement is 09.03.2006.
2. M/s Material Movell has filed a recovery suit on 13.09.2005 for Rs. 1.75 lakhs against the company for supply of certain material at the TIS Hazari Court, Delhi. The next date of hearing for filing of written statement is 15.03.2006
3. Mr. Manoj Itlychia has filed a case against the Company on 06.08.2001 for non-payment of advertising charges of Rs. 1.08 lakhs. Case is pending before Subordinate Judge, Ernakulam. Suit decreed against Birla Yamaha for a sum of Rs. 0.86 approx. alongwith future interest @ 9%.
4. M/s Goodwill Auto has filed a case against the Company on 04.09.2001 for rendition of accounts. M/s Goodwill Auto was a Dealer at Hubli. Case is pending in Civil Court, Hubli. The next date for hearing is 15.04.2006 for further proceedings.
5. M/s Kavin Auto has filed a case against the Company on 10.10.2002 for rendition of accounts. M/s Kavin Auto was a Dealer at Nagercoil. Case is pending in Civil Court, Nagercoil. The next date for hearing is 05.04.2006 for evidence.

**THE YASH BIRLA GROUP****2. Cases in Labour court**

1. A case has been filed by Mr. B B Saran against the company in Labour Court, Patna on 19.11.2002 for reinstatement with full backwages. The next date for hearing is 20.03.2006
2. A case has been filed by Mr. Lal Babu against the company in Labour Court, Patna on 07.04.2003 for reinstatement with full backwages. The next date of hearing is 19.03.2006
3. A case has been filed by Mr. Mahavir Singh Bisht against the company in Labour Court, Delhi on 15.04.2002 for reinstatement with full backwages. The final order has been passed against us and the copy of the order is awaited.

3. Consumer Forum

1. Mr. Rajeev Sharma has a filed case against the Company on 07.08.1995 for supply of alleged defective Generator before the Consumer Forum, Delhi and has claimed a sum of Rs. 16,600/- plus interest and litigation expenses. Case is fixed for orders.
2. Mr. M Khan has filed a case against the Company on 02.02.1999 for the supply of alleged defective Generator before the MRTP Commission, Delhi and has claimed a sum of Rs. 25,000/- plus interest plus compensation. Further proceedings are awaited; the next date for herring is yet to be fixed.
3. Mr. M N Deviprasad has filed a case against the Company on 21.05.2000 for supply of alleged defective Generator before the State Forum, Ernakulam and has claimed a sum of Rs. 42,000/- plus interest and litigation expenses. Final arguments have been heard and orders are awaited.
4. M/s Jyoti Computers has filed a case against the Company on 03.04.2003 for compensation for delay in supplies of Generator. Case is pending before the Consumer Forum, Hyderabad for a sum of Rs. 4 lakhs. Arguments have been heard, now fixed for orders.
5. Mr. Simon N V has filed a case against the Company on 18.04.2005 for supply of alleged defective Inverter before the Consumer Forum, Thrissur and has claimed a sum of Rs. 25,000/- plus interest and litigation expenses. Next date of hearing is not yet received.
6. Mr. John V Abraham has filed a case against the Company on 29.11.2004 for supply of alleged defective Inverter before the Consumer Forum, Pathanamthitta and has claimed a sum of Rs. 1.90 lakhs plus interest and litigation expenses. Next date of hearing is not yet received.
7. Mr. N Balakrishnan has filed a case against the Company on 10.01.2005 for supply of alleged defective Generator before the Consumer Forum, Kanjangad and has claimed a sum of Rs. 3.04 lakhs plus interest and litigation expenses. Next date of hearing is not yet received.
8. Mr. V T Anthony has filed a case against the Company on 20.01.2005 for supply of alleged defective Inverter before the Consumer Forum, Kasargode and has claimed a sum of Rs. 15,000/- plus interest and litigation expenses. The next date of hearing is 15.03.2006.
9. Mr. K Jagmohan has filed a case against the Company on 16.09.2004 for supply of alleged defective Battery before the Consumer Forum, Kannur and has claimed a sum of Rs. 1 lac plus interest and litigation expenses. Next date of hearing is not yet received.
10. Dr.Dinesh Marotro Kale has filed a case against the Company on 12.06.2005 for supply of alleged defective Generator before the Consumer Forum, Amravati and has claimed a sum of Rs. 1 lac plus interest and litigation expenses. Next date of hearing is not yet received.
11. Mr. Khem Chand has filed a case against the Company on 20.04.1995 for supply of alleged defective Generator before the State Forum, Lucknow and has claimed a sum of Rs. 50,000/- plus interest and litigation expenses. The next date for hearing is yet to be fixed.
12. Mr. Phool Chand Agarwal has filed a case against the Company on 27.11.2000 for supply of alleged defective Generator before the State Forum, Lucknow and has claimed a sum of Rs. 16,000/- plus interest and litigation expenses. The next date for hearing is yet to be fixed.
13. MOD (Dealer) has filed a case against the Company on 21.09.1993 for supply of defective Generator before the State Commission, Lucknow for stay of proceedings / orders passed against the Dealer by Consumer Forum, Moradabad for a sum of Rs. 25,000/- . The next date for hearing is yet to be fixed.


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14. Mr. Sanjay Kumar Agarwal has filed a case against the Company on 15.02.1998 for supply of alleged defective Generator before the Consumer Forum, Itawaha and has claimed a sum of Rs. 50,000/- plus interest and litigation expenses. The next date for hearing is yet to be fixed.
15. M/s Sehgal Enterprises (Dealer) has filed a case against the Company on 07.06.2000 for supply of defective Generator before the State Commission, Lucknow for stay of proceedings / orders passed against the Dealer by Consumer Forum, Moradabad for a sum of Rs. 25,000/-. The next date for hearing is yet to be fixed.
16. Smt. Rajani Mathur has filed a case against the Company on 09.09.2003 for supply of alleged defective Generator before the Consumer Forum, Patna and has claimed a sum of Rs. 25,000/- plus interest and litigation expenses. The next date of hearing is 05.04.2006.

4. Defaults to Sales tax, excise and custom duty:

Details of the dues in respect of Sales Tax, Customs Duty and Excise Duty along with forum where the dispute is pending are as follows:

Name of Statute	Nature of the dues	Amount (Rs. /Lakhs.)	Forum where dispute is pending.
Delhi Sales Tax Act	Sales Tax	276.69	Additional Commissioner
		0.83	Deputy Commissioner, Delhi
		37.06	Sale Tax Appellate Tribunal
Kerala Commercial Tax	Sales Tax	33.49	High Court, Kerala
U.P. Trade Tax	Sales Tax	0.89	Deputy Comm., Ghaziabad
		70.50	Joint Commissioner (Appeal)
		20.05	Appellate Tribunal
Bihar Sales Tax	Sales Tax	9.30	Deputy Commissioner, Patna

Name of Statute	Nature of the dues	Amount (Rs. /Lakhs.)	Forum where dispute is pending.
Karnataka Sales Tax	Sales Tax	0.75	Commercial Tax Officer, Karnataka
Maharashtra Sales Tax	Sales Tax	81.22	Sales Tax Officer, Maharashtra
Central Excise Act	Excise Duty	3.31	Commissioner (Appeal)
Custom Act	Custom Duty	1.40	Commissioner of Customs

DETAILS OF CASES FILED BY BPSL

The summary of cases pending by the company is as follows:

S. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. In lakhs)
1.	Civil Proceedings	11	68.59
2.	Consumer Forum	2	12.00
3.	Cases filed under section 138 of the Negotiable Instruments Act	53	215.28

The brief details of the pending cases are as follows:

1. Civil Proceedings

1. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Blue Bird Auto Sales in May 2001 for recovery of dues of Rs. 3 lakhs plus interest in the Civil Court, Gurgaon. The next date of hearing is 29-4-2006 for final argument.
2. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Deewan Auto Sales on 16.01.1997 for recovery of dues of Rs. 0.84 lakhs plus interest in the Civil Court, Delhi.


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3. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Modfab International on 28.07.1996 for recovery of dues of Rs. 15 lakhs plus interest in the High Court of Delhi. The next date for hearing is 15.07.2006.
4. BPSL erstwhile Birla Yamaha Limited has filed a writ petition on 17.03.2002, against encashment of Bank Guarantee of Rs. 2 lakhs by Hindustan Aeronautics Limited and the same is pending in the High Court of Uttaranchal at Nainital. The next date for hearing is not fixed by High Court.
5. BPSL has filed a case against All India General Trade Mazdoor Union on 07.06.2005 regarding stay against the demonstration. All India General Trade Mazdoor Union has issued a notice for demonstration regarding termination of services of Mr. B P Singh, who was employed as Despatch Clerk. Stay has been granted by the Civil Court, Delhi against demonstration. The next date for hearing is 15.04.2006 for evidence.
6. BPSL has filed a case against Excellent Motors on 03.06.2002 in the Civil Court, Kanpur. Suit has been decreed in the company's favor. Execution to be filed for recovery of dues of Rs. 2 lakhs.
7. BPSL has filed a recovery suit against M/s Mangalam Motors on 20.12.2001 for recovery of dues of Rs. 2.5 lakhs in the Civil Court, Lucknow. The next date for hearing is 12.03.2006 for further proceedings
8. BPSL has filed a recovery suit against M/s Permil Traders on 07.07.2000 for recovery of dues of Rs. 9.5 lakhs in the Civil Court, Bullandshahar. Case is fixed for evidence. The next date for hearing is 28.03.2006 for evidence.
9. BPSL has filed a case against M/s Lohia Jute Press 04.10.1996 for recovery of dues of Rs. 6.62 lakhs in the Civil Court, Kolkatta. Case is fixed for evidence. The next date for hearing is 20.04.2006
10. BPSL has filed a case against M/s Ameri Gas on 04.10.1996 for recovery of dues of Rs. 3.13 lakhs in the Civil Court, Kolkatta. Case is fixed for evidence. The next date for hearing is 20.04.2006.
11. BPSL has filed a case against M/s Mohanty & Company 04.04.2001 for recovery of Rs. 24 lakhs in the Civil Court, Bhubaneswar. Case is fixed for evidence. The next date for hearing is 28.03.2006

2. Consumer Forum

- 1) M/s Birla Power Solutions Limited has filed a case against M/s Burlington Express on 03.03.1996 who was appointed as a Consolidating Agent for delivery of certain material. On account of delay in delivery, a case has been filed against Burlington for recovery of Rs. 8 lakhs which is pending before State Commission, Delhi. The next date of hearing is 05-08-2006
- 2) M/s Birla Power Solutions Limited has filed a case against Haryana Urban Development Authority (HUDA) in the consumer forum, Gurgaon on 07.06.2001 for delay in refund of the amount deposited with them. Rs. 4 lac has been claimed towards interest. Fixed for orders.

3. Cases filed under section 138 of the Negotiable Instruments Act at the Metropolitan Magistrate Court – Patiala House

Sr. No.	Party (No. of Cases)	Date of Filing	Amount involved	Next Date Of Hearing / Present Status
1	Sindhu Electric.	09.01.2001	0.50	05.07.2006 for execution of Non Bailable Warrants
2	Crescent Corpn.	17.01.2001	2.00	08.03.2006 matter compromised for Rs. 14 lakhs Post dated cheques given by party.
3	Crescent Corpn.	20.02.2001	1.83	08.03.2006 matter compromised for Rs. 14 lakhs Post dated cheques given by party.
4	Crescent Corpn.	02.05.2001	3.00	08.03.2006 matter compromised for Rs. 14 lakhs Post dated cheques given by party.
5	Crescent Corpn	18.02.2002	1.92	08.03.2006 matter compromised for Rs. 14 lakhs Post dated cheques given by party.
6	Crescent Corpn	10.01.2002	1.92	08.03.2006 matter compromised for Rs. 14 lakhs Post dated cheques given by party.
7	SYMPower System	07.05.2001	4.64	20.05.2006 for Non Bailable Warrants


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Sr. No.	Party (No. of Cases)	Date of Filing	Amount involved	Next Date Of Hearing / Present Status
8	Japan Trading Corporation (2 Cases)	18.04.2002	8.50	27.03.2006 for execution of Non Bailable Warrants against the Dealer
9	Lilly & Lilly	10.08.2001	0.50	27.03.2006 for execution of Non Bailable Warrants against the Dealer
10	Universal Engineering	30.08.2001	11.50	09.05.2006 for Non Bailable Warrants against the Dealer
11	Universal Engineering	30.08.2001	2.78	09.05.2006 for Non Bailable Warrants against the Dealer
12	Universal Engineering	12.09.2001	11.50	09.05.2006 for Non Bailable Warrants against the Dealer
13	Universal Engineering	08.01.2002	13.00	09.05.2006 for Non Bailable Warrants against the Dealer
14	Goodwill Auto	12.02.2001	25.00	25.07.2006 for evidence
15	P.S. Motors	13.09.2000	5.00	20.05.2006 for Non Bailable Warrants
16	Gautam Motors	15.12.1997	2.79	15.04.2006 for charge
17	Kendrapara	12.09.2001	1.00	28.03.2006 for non-bailable warrants
18	Permil Traders	05.02.2002	2.00	28.04.2006 for service
19	Auto World	19.11.2003	11.50	28.03.2006 for evidence
20	Yash Motors	08.02.2002	1.70	27.03.2006 for appearance
21	Kavin Auto	07.06.2002	2.95	06.03.2006 for execution of Non Bailable Warrants
22	Kavin Auto (5 Cases)	07.06.2002	3.05	06.03.2006 for evidence
23	Vijayalakshmi	31.05.2002	0.99	27.03.2006 for appearance of the accused
24	Kamal Motors	25.11.2002	0.50	27.03.2006 for appearance of the accused
25	Kamal Motors	22.11.2002	0.50	27.03.2006 for appearance of the accused
26	Power Point (2 Cases)	11.03.2001	3.00	17.07.2006 for warrants
27	Madhumati Enterprises	11.06.2003	0.20	15.04.2006 for appearance of the accused.
28	B N Kejriwal	17.08.2003	3.25	17.07.2006 for appearance of the accused.
29	Unitech (2 Cases)	22.10.2003	0.75	15.05.2006 for appearance of the accused.
30	Diamond Documentation	22.10.2003	3.00	15.05.2006 for appearance of the accused
31	Kirabo Software	01.10.2003	2.75	15.05.2006 for appearance of the accused
32	Sawan Sales Agencies Pvt. Ltd. (2 Cases)	12.11.2003	13.00	15.12.2006 for appearance of the accused
33	Sawan Sales Agencies Pvt. Ltd.	12.11.2003	10.00	15.12.2006 for appearance of the accused
34	Sawan Power Systems Pvt. Ltd.	12.11.2003	8.00	10.12.2006 for appearance
35	Sawan Sales Agencies Pvt. Ltd.	12.11.2003	9.00	14.12.2006 for appearance of the accused
36	Sakti Marketing	15.07.2004	1.25	11.05.2006 for appearance
37	Shakti Automobiles	15.07.2004	0.50	18.07.2006 for appearance
38	Agro Diesel Engg. Works	10.08.2004	0.50	09.10.2006 for appearance
39	Priya Enterprises	01.12.2004	1.00	09.10.2006 for appearance


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Sr. No.	Party (No. of Cases)	Date of Filing involved	Amount Present Status	Next Date Of Hearing /
40	Bhajan Enterprises	04.03.2005	2.00	10.10.2006 for appearance
41	Gen Power	17.12.2004	1.50	09.03.2006 for appearance
42	Gen Power (2 Cases)	13.01.2005	3.00	09.03.2006 for appearance
43	Gen Power (2 Cases)	21.02.2005	2.50	09.03.2006 for appearance
44	Gen Power	05.05.2005	0.50	09.03.2006 for appearance
45	Gen Power	02.06.2005	0.50	09.03.2006 for appearance
46	Gen Power	02.06.2005	1.00	09.03.2006 for appearance
47	Gen Power	02.06.2005	1.50	09.03.2006 for appearance
48	Gen Power (5 Cases)	02.07.2005	2.31	05.04.2006 for appearance
49	Delta Enterprises (3 Cases)	13.01.2005	2.00	05.04.2006 for appearance
50	K.S.automobiles	21.02.2005	3.38	15.04.2006 for appearance
51	Priya enterprises	01.12.2004	2.05	11.07.2006 for appearance
52	Mahesh enterprises	04.03.2005	14.27	15.07.2006 for appearance
53	Vinayaka Enterprises	13.09.2005	2.00	15.04.2006 for appearance
	TOTAL		215.28	


THE YASH BIRLA GROUP
OUTSTANDING LITIGATIONS INVOLVING PROMOTERS/DIRECTORS:

Except as stated herein, there are no outstanding litigations, disputes, defaults, non-payment of statutory dues, over dues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of BPSL.

I. MR. YASH BIRLA:
Tax Disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	Assessment Year 1998-99	ITAT	02.05.2005	Rs. 1,25,518

Arbitration Matters:

Mr. Yash Birla is one of the co applicant in the case filed against Fonderia Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 Lakhs paid to IL&FS with regards to loan. The matter is pending before the International court in Milan in Italy.

II. GODAVARI CORPORATION PVT. LTD:
Case Filed Against Godavari Corporation Pvt. Ltd.
Pertaining To Securities Laws:

A case has been filed by SEBI with regard to dealing in script of DFTL during the period from November 2000 to January 2001 as an insider trading transaction. This case was initiated in the year 2003. The last date of hearing was 24th January 2005. The company is awaiting the final order.

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to SITCL for violation of Regulations 3, 4(a), 4(b) & 4(b) & 4(e) of the SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60709/2006 dated February 20, 2006.

Cases filed by Godavari Corporation Pvt. Ltd.
Pertaining to criminal laws: (recovery case)

Sr. No.	Name of the Party	Court before which Litigation is Pending	Date Instituted	Claim Amount
1	Mr. B. L. Jain	Additional Metropolitan Magistrate, 33 rd Court at Ballard Pier, Mumbai	18.01.2000	Rs 25,00,000/-

Tax Disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	Assessment Year 1997-1998 u/s 143(3) by Joint Commissioner of Income Tax S.R 6 u/s 147. By Income Tax Officer 1(1)(4)	ITAT	07.07.2005	Rs.25,43,980 in the matter of Interest, Ready Shares & Speculation Loss.
2	Assessment Year 1998-1999 u/s 143(3) Joint Commissioner of Income Tax SR-6	ITAT	23.02.2005	Rs 69,67,268/- in the matter of Interest.

Arbitration Matter

Godavari Corporation Pvt. Ltd is one of the co applicant in the case filed against Fonderia Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 Lakhs paid to IL&FS with regards to loan. The matter is pending before the International court in Milan in Italy.

**THE YASH BIRLA GROUP****III. SHEARSON INVESTMENT & TRADING COMPANY PVT. LTD (SITCPL)****Cases filed by SITCPL****Arbitration Matter**

Shearson Investment & Trading Co. Pvt. Ltd is one of the co applicant in the case filed against Fonderia Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 Lakhs paid to IL&FS with regards to loan. The matter is pending before the International court in Milan in Italy.

IV. BIRLA INTERNATIONAL PRIVATE LIMITED (BIPL)**Cases Filed Against BIPL**

1. Income-Tax Appeals for the Assessment Years 1997-98 to 2001-02, amounting to Rs. 719.48 lakhs plus interest, are pending before the ITAT, Mumbai
2. Income-Tax Appeals for the Assessment Years 2002-03, amounting to Rs. 162.30 lakhs plus interest, is pending before CIT (Appeals), Mumbai
3. Wealth Tax Assessment years 1986-87 to 1992-93 pending before the ITAT, Mumbai, the amount is not ascertainable
4. Interest Tax Assessment years 1996-97 to 1998-99 pending before the ITAT, Mumbai, and the amount is not ascertainable

Cases Filed by BIPL**Civil Cases**

1. Birla International Private Limited has filed a case against Fonderia Perucchini with regards to recovery of Rs. 1,100 Lakhs paid to IL&FS with regards to loan in terms of Arbitration award dated 13.01.03. The matter is pending before the International court in Milan in Italy.
2. Case filed by the Company against Surya Corporation before the State Consumer Dispute Redressal Commission, Maharashtra is pending for not giving the possession of the flat purchased by the Company at Thane.


THE YASH BIRLA GROUP
OUTSTANDING LITIGATIONS INVOLVING PROMOTERS' GROUP COMPANIES

Except as stated herein,

There are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group companies / Associate Concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

I. BIRLA TRANASIA CARPETS LTD. (BTCL)

The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.99 and registered as case no. 43/99 with the Board.

Cases filed against BTCL
Criminal Cases:
RECOVERY CASES RELATED TO SEC. 138 – DISHONOUR OF CHEQUES

Name of Party	Date	Amt.Rs.
StreamLine Shipping Co. Pvt. Limited	20 th July 2005	25,00,000

Pertaining to Statutory Laws:

Sr. No.	Assessment Order Challenged	Assessing Authority	Date of Institution	Claim Amt.(Rs.)
1	Sales Tax -1989-99	U.P. Sales Tax	2001-02	22,77,207
	1999-00		2002-03	14,65,146
	2000-01		2003--04	1,14,97,374
	2001-02		2004-05	28,11,013
	2002-03		2005-06	31,75,513
				2,12,26,253
2	Sales Tax – 1985-86	Delhi Sales Tax	1987-88	1,14,038
	1990-91		1992-93	68,956
	1991-92		1993-94	28,777
	1993-94		1995-96	1,09,656
	1994-95		1996-97	1,73,753
	1995-96		1997-98	39,004
	1996-97		1998-99	1,18,144
	1997-98		1999-00	87,794
	1998-99		2000-01	16,02,224
	1999-00		2001-02	25,66,329
	2000-01		2002-03	7,38,160
	2001-02		2003-04	1,22,840
	2002-03		2004-05	1,53,361
	2003-04		2005-06	4,40,128
	2003-04		2005-06	12,536
				63,75,700
3	Excise Demand	CEGAT		17,26,000


THE YASH BIRLA GROUP
Civil Case

Sr. No.	Name of the Opposite Party	Court before which Litigation is Pending	Reason	Claim Amount (Rs.)
1	Sanjay Jain – Mahavir Traders, New Delhi v/s BTCL	The District Judge, Delhi	Recovery	2,49,556.48
2	Deepak Arora – J.K. Associates, N.Delhi v/s BTCL	High Court	Recovery	2,19,888.24
3	Triveni Insulations, Delhi v/s BTCL	Sr. Civil Judge, Delhi	Recovery	1,68,400.00
4	Mohan Lal & Sons, Panipat v/s BTCL	Sr. Civil Judge, Panipat	Recovery	1,42,000.00
	Total			7,79,844.72

Labour Case:

Name	Assessing Authority	Year Instituted	Claim Amount
A. R. Zaidi	Labour Commissioner, GZB	1996	Reinstatement
A.K. Srivastav	Labour Commissioner, Delhi	1996	Reinstatement
A. K. Choudhary	Labour Commissioner, Delhi	1997	Reinstatement
J. M. Sharma	Con. C. GZBD.	2000	Reinstatement
Sunder Singh	Labour Commissioner, Delhi	1998	Reinstatement
V. K. Mishra	Labour Commissioner, Gzbd.	2001	Reinstatement
P.N.Pandey	Labour Commissioner, Gzbd.	2001	Reinstatement
Amarjeet	Labour Commissioner, Gzbd.	2001	Reinstatement
Aalam	Labour Commissioner, Gzbd.	2001	Reinstatement
Noor Akram	Labour Commissioner, Gzbd.	2001	Reinstatement
Bule Ram	Labour Commissioner, Gzbd.	2001	Reinstatement
Azam	Labour Commissioner, Gzbd.	2001	Reinstatement
Jagat Singh	Labour Commissioner, Gzbd.	2001	Reinstatement
Santosh kumar	Labour Commissioner, Gzbd.	2001	Reinstatement
S.P.Yadav	Labour Commissioner, Delhi.	2000	Reinstatement
Badruddin	Civil Court, Bullandsahr	2000	Reinstatement
Ram Kishore Saini	ALC, Bsr	2004	Reinstatement
Rockwell Pumps	Civil Court, Ghaziabad	2003	Reinstatement
Nagendra Rai	Labour Commissioner, Delhi	1997	Reinstatement
R.N. Tiwari	High Court, Allahabad	1989	Reinstatement

Pollution Control Case:

Name	Assessing Authority	Date Instituted
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993

The above cases are filed under Water (Prevention & Control of Pollution Act) 1974 by UPPCB against the Company. Non-bailable warrants were issued to the then directors of the Company for personal non-appearance before the Court as per the orders. At present the Company is in the process of filing the writ petition before High Court to get a stay in the above mentioned case.


THE YASH BIRLA GROUP
Cases Filed By BTCL
Pertaining to Criminal Laws:
RECOVERY CASES RELATED TO SEC. 138 – DISHONOR OF CHEQUES

Name of Party	Date	Amt.Rs.
BTCL V/s Vandana Polytex	18.12.02	56,663
	22.01.03	58,449
	30.04.03	50,000
	13.04.03	56,663
	23.04.03	39,967
	16.05.03	1,50,000
	22.05.03	1,50,000
	28.05.03	1,50,000
	09.07.03	57,336
	09.07.03	61,197
	10.09.03	73,680
	15.02.03	3,53,129
	TOTAL	12,57,084

PERTAINING TO STATUTORY LAWS:
TAX DISPUTES

Sr. No.	Assessment Order Challenged	Assessing Authority	Claim Amount
1	Income Tax 1998-99	Tribunal	Rs. 90,00,000

II. BIRLA PERUCCHINI LIMITED: (BPL)

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The company has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that the company is a sick company u/s 15 of SICA. However the company is not under winding up.

Cases Filed against BPL
Pertaining to Criminal Laws:
RECOVERY CASES RELATED TO SEC. 138 – DISHONOUR OF CHEQUES

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Date of Notice
1	Classic Metal	Mumbai	U/s 138 of N. I. Act trial is in process in Mumbai Court.	35,829	07.08.00
2	Vardhaman Ind.	Ahmednagar	U/s 138 of N.I. Act.	24,24,877	Summon recd on 30.10.02


THE YASH BIRLA GROUP
Pertaining to Civil Law:
WINDING UP CASES:

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Date of Notice
1	Pillar Induction	Mumbai	Winding up petition U/S 433,434 of Co"s Act. Filed at Mumbai HC	8,66,614	July ,03
2	Vardhaman Ind.	Ahmednagar	U/s 433, 434, 439	24,24,877	18.09.01

RECOVERY CASES

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Date of Notice
1	Shelik Industries	Pune	Legal notice received through Advocate	11,45,672	29.03.00
2	Shree Precoated	Pune	Trial is in process at Pune court	17,549	08.11.00
3	Sharda Ispat Ltd.	Nagpur	Legal notice received through Advocate	2,45,426	10.11.00
4	S. P. Kulkarni	Aurangabad	Legal notice received through Advocate	8,09,538	09.10.01
5	Shilpa Industries	Chiplun	Legal notice received through Advocate	1,66,044	30.10.01
6	Sunil Deshpande	Aurangabad	Legal notice received through Advocate	2,91,550	23.11.2002
7	Vishal Electricals Aurangabad.	Aurangabad	Summons recd.	2,59,000	20.01.2004
8	Gajanand Industries	Aurangabad	Legal notice received through Advocate	46,495	14.01.2004
9	Snam Alloys P Ltd	Pondicherry	Summon received from court.	3,75,805	May, 04
10	Associated Engineering	Kolhapur	Recovery Suit Filed by party	7,74,287	-

Cases Filed By BPL
PERTAINING TO CRIMINAL LAW:

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Remarks
1	Mr. S.B.Mathur/Mr. V.R. Baheti/Mr. S.V.Deshmukh	Aurangabad	FIR Filed U/s 420,408,468 & 34	24,24,879	Company has filed case against three Employees for issue of Cheque to Vardhman Industries, Case Pending before Court.
2	Mr. Shyam Thampi	Aurangabad	FIR Filed U/s 420,408,468 & 471	11,25,000	FIR filed against accused employee of the Company for misappropriation of funds. The matter is under investigation, Charge sheet yet to be filed by the Police.


THE YASH BIRLA GROUP
PERTAINING TO STATUTORY LAW:
EXCISE

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Remarks
1	Shree Precoated	Pune	Excise Duty Extra Paid	3,82,996	Notice sent for Excess payment of Excise Duty

III. BIRLA CAPITAL AND FINANCIAL SERVICES LIMITED: (BCFSL)
Cases Filed against BCFSL - Nil
Cases filed by BCFSL
Pertaining to Criminal Laws:
Cases Related to Sec. 138 – Dishonour of Cheques at Metropolitan Magistrate Court, New Delhi

S. No	Name	Dt of Institution	Amount Involved
1	Mrs. Krishana Bala Walia	12.07.04	3,325
2	Mrs. Krishana Bala Walia	19.08.04	3,325
3	Sunil Kumar	19.08.04	1,000
4	M/S Chabra Saree	19.08.04	2,494
5	Durgesh Aggarwal	19.08.04	2,000
6	Mr.Mahfooz Ali Sidiqqi	20.03.04	2,592
7	Mrs. Ranjit Kaur Bal	20.03.04	1,494
8	Mrs. Ranjit Kaur Bal	20.03.04	1,494
9	Mr. Ravinverjeet Singh	20.03.04	2,234
10	Mr. Sanjay Kumar	20.03.04	4,726
11	Mr. Sanjay Kumar	20.03.04	4,726
12	Mr. Mahipal Sharma	20.03.04	3,976
13	Mr. Mahipal Sharma	20.03.04	3,976
14	Mr. Mahipal Sharma	20.03.04	3,750
15	Mr. Mahipal Sharma	20.03.04	2,500
16	Mr Pradeep Grover	20.03.04	9,975
17	Mr Pradeep Grover		
18	Mr. A R Zha	20.03.04	4,125
19	Mr. Sushant Saha Roy	4.08.04	3,972
20	Shree Jalaram	19.08.04	38,505
21	Shree Jalaram	19.08.04	46,196
22	Shree Jalaram	19.08.04	21,444
23	Shree Jalaram	19.08.04	1,00,000
24	Mr P Ananda Reddy	19.05.04	2,483
25	Mr B S Krishna	19.05.04	3,579
26	Mr Manoj Kumar	19.05.04	6,836
27	M/s Power Home	20.09.04	42,680
28	M/s Power Home	20.09.04	42,680
29	M/s Power Home	6.11.04	42,680


THE YASH BIRLA GROUP

S. No	Name	Dt of Institution	Amount Involved
30	MR K Sampth Kumar	9.12.04	3,360
31	MR K Sampth Kumar	9.12.04	6,720
32	MR K Sampth Kumar	9.12.04	6,720
33	S.R K Agency	12.07.04	21,021
34	MR. Shailender Pundir	19.05.04	5,276
35	MR. Shailender Pundir	6.11.04	7,914
36	MR. Shailender Pundir	6.11.04	2,638
37	Human Development	6.11.04	4,000
38	Human Development	6.11.04	4,000
39	MR. Neeraj Kumar	6.11.04	3,332
40	MR. Pradeep Garg	6.11.04	6,484
41	Amit Chabra	6.11.04	6,650
42	MR. Subhash Sharma	6.11.04	2,500
43	MR. Subhash Sharma	6.11.04	2,500
44	Amit Chabra	6.11.04	6,650
45	Amit Chabra	6.11.04	3,325
46	Amit Chabra	9.12.04	3,325
47	MR. Kanhiya Lal	19.05.04	2,326
48	MR. Kanhiya Lal	19.05.04	3,489
49	M/s National Agencies	27.05.04	4,494
50	M/s National Agencies	25.05.04	6,741
51	Mr. Sunil Kumar Gupta	19.05.04	2,000
52	Mr. Ravi Shukla	25.05.04	5,385
53	Mr. Ravi Shukla	25.05.04	3,590
54	Raj Associates tours & travels	20.05.04	2,695
55	ZMr. Rohit Yadav	20.05.04	2,695
56	Mr. Bhupendra singh	20.05.04	2,058
57	Mr. Arindan Bhattacharya	20.05.04	2,018
58	Mr. Abdul jaleel	27.05.04	2,724
59	Mr. Vishawambhar nath tripathi	27.05.04	3,600
60	Mr. Vishawambhar nath tripathi	27.05.04	3,600
61	Mr. Prem dutt verma	27.05.04	4,140
62	Subash Rana	27.05.04	2,637
63	Nisar Ahmad	15.07.04	900
64	Nisar Ahmad	15.07.04	900
65	Nisar Ahmad	15.07.04	3,000
66	Nisar Ahmad	15.07.04	3,000
67	Mr.Sanjay kumar chakrobty	27.05.04	2,000
68	M/s Premier Computers	16.01.04	1,494
69	M/s Premier Computers	16.01.04	1,494
70	Gangotri	16.01.04	1,494
71	Maruti Steel	16.01.04	2,991
72	Mrs. Suchitra Singh	16.01.04	1,680
73	Mr. Kanhiya Lal	16.01.04	1,163
74	Pardeep kumar Banerje	28.05.04	1,380
			5,90,845


THE YASH BIRLA GROUP
Cases Related to Sec. 138 – Dishonour of Cheques – Mumbai Office

Sr. No	Name of the Party	Filing Date	Amount
1	Nygara Paper Product	08-Apr-99	378,000
2	Harshad Parikh	31-Jan-00	29,000
3	Indiana Dairy Products (I) Ltd.	15-Jan-97	865,305
4	Harshad Parikh	14-Oct-99	174,000
5	Nygara Paper Product	09-Oct-97	756,000
6	Sol Ltd.	01-Feb-00	338,550
7	Harshad Parikh	21-Dec-99	58,000
8	Harshad Parikh	21-Dec-99	29,000
9	Sol Ltd.	05-Feb-99	338,550
10	Nygara Paper Product	05-Feb-99	378,000
11	Arif Hudda	20-May-99	169,900
12	Terrance D'souza	03-Mar-00	55,500
13	Mahendra Panchal	09-Dec-98	165,300
14	Sol Ltd.	09-Oct-97	11,213,326
15	Rashid Khan	05-Feb-99	165,500
16	Nygara Paper Product	01-Feb-00	378,000
17	Terrance D'souza	01-Feb-00	13,875
18	Harshad Parikh	03-Mar-00	29,000
			15,534,806

Pertaining to Statutory Laws:
Tax Disputes

Sr. No.	Assessment Challenged	Order	Assessing Authority	Date Instituted	Remarks
1	Assessment Year 1996-1997 to 2000-2001.		Income Tax Settlement Commission	20.03.2003	Settlement Commission has admitted company's settlement applications u/s 245 D (1) of the Income Tax Act, 1961 on 25.10.2004. Company has paid all the due taxes of the said years. The Final order u/s 245 (D) (4) is awaited. Additional amount of the Income Tax payable shall be known when final order u/s 245 (D) (4) is passed.

**THE YASH BIRLA GROUP****IV. TUNGABHADRA HOLDINGS PRIVATE LTD.(THPL)****Filed Against THPL**

1. The matter pertains to a Show-Cause notice issued by the Additional Commissioner (Preventive) for recovery of Cenvat Credit availed by the Company of Rs 17,46,040/-

Filed by THPL

1. Appeal pending with (Commissionerate-Appellate) against the decision of Assistant Commissioner refusing the issue of Excise license at plot no. G-39, MIDC, Tarapur.
2. The Company has received letter from Central Excise claiming their ownership on Plot No. G-39, MIDC, Tarapur (purchased by the Company from DRT), the Company has filed a suit on Union of India (Central Excise) for restraining the Excise officers from disturbing and obstructing the peaceful occupation & possession by the Company.
3. The company has filed an appeal against the order of Assistant Commissioner rejecting the refund claim amount of Rs 3,87,584/-.

V. BCI INTERNATIONAL LTD.**Filed Against BCI****Consumer Dispute Redressal Forum**

Sr. No.	Name of Party	Court of Litigation	Nature of Case	Date Instituted
1	Mr. Vinod Dhanuka & Others	Bandra	Consumer Dispute	16.05.05

The Complainants are the flat owners of the building. The Complainant has filed the suit against the Company for failure & neglect of the contractual and statutory obligations.



THE YASH BIRLA GROUP

VI. BIRLA KENNAMETAL LIMITED.

Filed Against BKL

Pertaining to Criminal Laws:

Sr. No.	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)	Remarks
1	I.E.S.Agencies Coimbatore	Sub Court Coimbatore	Sept.' 1999	58,614.81	Payment against ordered material
2	Mr.B.S.Sonwane	Mumbai High Court Bench, Aurangabad	04.05.1989	Not Quantifiable	Labour Case
3	Mr. Karanjkar	Industrial Court Aurangabad	17.03.2005	Not Quantifiable	Labour Case

Filed by BKL

Pertaining to Criminal Laws:

Cases Related To Sec. 138 – Dishonour of Cheques

Sr. No	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)
1	Gupta steel & hard-ware stores Chandigarh	District Court Ahemdabad	04/06/2002	2,60,505.00
2	A. V. Tech - Delhi	District Court Ahemdabad	14/05/2002	7,46,946.00
3	Style World Aurangabad	District Court Ahemdabad	16/02/2005	10,000.00

Pertaining to Criminal Laws: (Recovery Cases)

Sr. No	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)	Remarks
1	Ambika Steels	District Court A' bad	07-12-1999	14,800.00	Advance payment against order
2	A V I machines	District Court A' bad	13-01-2000	77,388.00	Payment of ordered material
3	I E S - Coimbatore	District Court A' bad	FY 1996	1,77,286.00	Payment of ordered material
4	Amicara	District Court A' bad	28-07-2001	9,734.00	Recovery Proceedings
5	Union of India (Commissioner of customs, Mumbai)	Mumbai High Court	25.04.1990	87,607.00	Custom Duty Difference
6	Union of India and others (Commissioner of customs, Mumbai)	Mumbai High Court	20.01.1989	2,12,490.00	Custom Duty Difference
7	Union of India and others (Commissioner of customs, Mumbai)	Mumbai High Court	27.11.1989	84,500.00	Custom Duty Difference
8	Auram Engineers ltd	District Court A' bad	12/07/1999	60,966.00	Payment of ordered material



THE YASH BIRLA GROUP

VII. VIKING TRAVELS PRIVATE LIMITED.

Cases filed by VTPL

Sr. No.	Name of Party	Place	Amt. Claimed (Rs)
1	M/s Freeway Marketing India	Mumbai	1,05,787.00
2	Miss. S. Gidwani	Mumbai	30,138.00
3	M/s Meltroll Engineering Pvt. Ltd.	Mumbai	38,190.00
4	M/S Vatsa Entertainment Limited	Mumbai	1,06,534.00
	Total		2,80,649.00

VIII. BIRLA ELECTRICALS LIMITED.

Cases filed by BEL

Pertaining to Criminal Laws:

Cases Related To Sec. 138 – Dishonour of Cheques

Sr. No	Name of opposite	Court before which	Claim Amount
1	Party	Litigation is pending	(Rs.)
2	Johari Enterprises	Mumbai High Court	5,90,777.00
3	Enbee Enterprise	Mumbai High Court	523496.00
4	T.R. Enterprise	Mumbai High Court	475062.00
5	Kamala Stores	Mumbai High Court	160000.00
6	M/s Shyam Sales	Delhi High Court	450000.00
7	Rajkamal Marketing	Delhi High Court	1,10,000.00
8	Ramdev Marketing	Delhi High Court	1,65,000.00

Pertaining to Civil Laws:

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed (Rs.)
1	M/s Akrtit Marketing	Delhi Court	Recovery Case	11,35,000.00
	Total			11,35,000.00



THE YASH BIRLA GROUP

IX. ZENITH BIRLA (INDIA) LTD.:

Cases filed Against the Company

Pertaining to Criminal Laws:

Sr. No.	Case No.	Name of Opposite party	Court before Which litigation is Pending	Brief History and Prayer	Claim Amount (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	388/RC/92/697/S/2000	Asst. Registrar of Companies, Maharashtra	Metropolitan Magistrate's Court Mumbai,	Case filed by ROC for delay in repayment of Fixed Deposits	Criminal Case	--	Next date of Hearing: 6 th July, 2006
2.	614/SW/04	Bimla Holdings Pvt. Ltd.	Special Metropolitan Magistrate Esplanade Court Mumbai	Charges u/s. 415, 420, 427 r/w 34 & 114 IPC for damaging and destructing the property, at Moti Mahal wherein Zenith was the Tenant	Criminal Case	--	Hearing on recall of process, pending. Next date of hearing: 3 April 2006

Pertaining to Civil Laws:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation is pending	Brief History and Prayer	Claim Amount (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	298 of 1991	India Steel Industries	High Court Bombay	Litigation for short supply of material by the Company	1,14,52,069	Hearing on Motion adjourned in view of declaration issued by BIFR u/s. 22 (3) of SICA.	Next date not known but the case to be withdrawn soon.
2.	Long Cause Suit No. 960 of 1988	Paschimanchal Udyog	City Civil Court Ahmedabad	For Recovery of Service charges paid to Zenith	50,000/-	--	Matter Pending
3.	T.E.&R Suit No. 24/25 of 2001	Hillcrest Constructions	Small Causes Court Mumbai	Suit for Eviction of flat on ground floor of Hillcrest Society	--	--	Cross Examination of the Plaintiff pending. Next hearing 9 th march, 2006.


THE YASH BIRLA GROUP

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation is pending	Brief History and Prayer	Claim Amount (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
4.	R.P.No.323/04 IN OA No.263/02	Industrial Development Bank of India	Debt Recovery Tribunal, Mumbai	Suit for recovery of Principal and Interest on Term Loan of Rs.15 crores	18,93,98,839	--	Application for amendment dt.8 th Sept' 05 by applicants is pending for hearing.
5.	Company Petition No. 496/05	Pokarmal Gurudayal Pvt. Ltd.	Bombay High Court	Winding up petition for the recovery of dues towards supply of materials	5,69,452	--	Affidavit of Reply filed. Matter pending
6.	Special Civil Suit No. 675 / 04	PRAJ Industries Ltd.	City Civil Court Pune	Suit filed against Zenith for performance of Contract and recovery of unpaid consideration.	25,00,000	--	Hearing on 9A Application challenging the Jurisdiction of Pune Court. Written Statement filed on 29.11.05 Next date of hearing is not yet received.
7.	80 / 2005	Umga Gears Pvt. Ltd.	Judicial Magistrate, Nashik	Suit filed for rejection of materials	24,000	--	On going
8.	2474 / 1992	Ramson Enterprises	Adj, Tis Hazari Court, New Delhi	Claiming the damages for non payment of dues	15,00,000	--	On going
9.		Lohia Dyes & Chemicals	Dist. Court Jodhpur and High Court Jodhpur	Case filed by the party for non acceptance of materials	47,000	District Court ruled in favour of the party.	We have now filed an appeal in the High Court at Jodhpur, which is yet to come up for the hearing.
10.	--	Shree Yarns Ind	Punjab State Electricity Tribunal	Demand notice raised by the party for line losses imposed by PSEB on them after they purchased our erstwhile Paper Division	19,57,616	--	On going
11.	98/96 (607/91)	Royce Dyestuffs Company	District and Sessions Court, Delhi	Recovery Suit	99,999	Ex-parte Judgement passed against the	The Company has now filed an Application in the Court


THE YASH BIRLA GROUP
CASES FILED AGAINST THE COMPANY
PERTAINING TO LABOUR LAWS:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation is pending	Brief History and Prayer	Claim Amount (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	ULP 312/90	Purushottam	Labour Court Buldhana	On cancellation of Badli pass due to absenteeism and also suspension for disorderly behaviour with the officer.	371238/-	--	For evidence
2.	ULP 264/92	Prakash Ite	Labour Court Buldhana	On cancellation of Badli pass due to absenteeism and also suspension for disorderly behaviour with the officer	--	--	For Arguments
3.	ULP 267/92	Prakash Fasale	Labour Court Buldhana	On cancellation of Badli pass due to absenteeism and also suspension for disorderly behaviour with the officer	--	--	For Arguments
4.	ULP 267/92	Ram Prashad	Labour Court Buldhana	On cancellation of Badli pass due to absenteeism and also suspension for disorderly behaviour with the officer	--	--	For Arguments
5.	ULP 268/92	Devendra	Labour Court Buldhana	On cancellation of Badli pas due to absenteeism and also suspension for disorderly behaviour with the officer	--	--	For Arguments


THE YASH BIRLA GROUP

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation is pending	Brief History and Prayer	Claim Amount (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
6.	ULP 6/96	Sheshrao	Labour Court Buldhana	Challenging the 8 days wages deduction due to his being absent even though discharged after domestic enquiry	254832/-	--	Matter dismissed
7.	BIR/3/97	GKS	Labour Court Buldhana	Challenging the 8 days wages deducted due to his being absent	--	--	Evidence
8.	REF/ULP/5/98	Vardhan Syntex V/s. GKS & Ors.	Labour Court Buldhana	To declare the strike of the workers as illegal	--	--	Evidence
9.	ULP/6/98	GKS	Labour Court Buldhana	Lockout challenged by the Union	--	--	For Arguments
10..	ULP 380/04	Madhukar	Labour Court Buldhana	Challenging the discharged for absenteeism	183520/-	--	For Arguments
11.	BIRI/2000	GKS	Labour Court Buldhana	Union wants the festive advance of Rs. 1000/- to be treated as bonus	--	--	For Filing Written Statement
12.	ULP 20/02	Gajanan	Labour Court Buldhana	Dept. Equity challenged	111284/-	--	For filing Written Statement
13.	ULP 60/03	G.M. Tiware	Labour Court Buldhana	Discharged from work challenged	--	--	For filing Written Statement
14.	ULP 69/03	Ajay	Labour Court Buldhana	Discharged from work challenged	--	--	Hearing
15.	ULP 93/03	J.K. Jadon	Labour Court Buldhana	Discharged from work challenged	--	--	For written statement
16.	ULP 572/04	M. Choudhari	Labour Court Buldhana	Discharged from work challenged	76258/-	--	For evidence
17.	ULP ¼	VSKS	Labour Court Buldhana	For Declaration of strike by workers as illegal	--	--	Evidence
18.	ULP 596/04	P.D. Patil	Labour Court Buldhana	Discharged from work challenged	--	--	Hearing


THE YASH BIRLA GROUP

19.	ULP 705/04	M. Charke.	Labour Court Buldhana	Discharged from work challenged	--	--	Hearing
20.	ULP 709/04	M. Mishara	Labour Court Buldhana	Discharged from work challenged	--	--	Judgment
21.	ULP 137/02	JKS	Industrial Court, Akola	Union seeking appointment of members as temporary workers instead of learners.	--	--	Hearing

All these cases are labour cases against unit by labours. In some cases liability is about to arrive where as in some cases only notices are received and liability is yet to arrive.

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	C-231 / 95 / NDD/ 3643	Mr. R. K. Gupta	VII th Labour Court, Delhi	Reinstatement in services with back wages	5,00,000	Ordered to reinstate with back wages Rs. 5 lacs on 26 th April 05	The Company to file a WP challenging the same. Yet to be filed.
2.	PGA/ CA/71 - 21/20 04	N. K. Malhotra	Dy. Comm of Labour	Payment of Gratuity	70,000	Order dated 25.10.2005 directing the Company to pay the Gratuity	The Company to appeal to Commissioner of Labour.
3.	ULP no.23 1/ 1992	A. S. Rangnekar	10 th Labour Court Mumbai	Termination of Service	3,00,000	The Court directed to make payment of Rs.3 lacs to the Legal Heir as the Plaintiff is dead	The Company will soon file an appeal against the order
4.	ULP no.8/ 2005	I. N. Rathi	10 th Labour Court Mumbai	Termination of Service	--	Original Application for termination of services has been dismissed	Company to get fresh notice from the court for further proceedings. Next date of hearing is not yet received.
5.	ULP no.9/ 2005	N. K. Utekar	10 th Labour Court Mumbai	Termination of Service	--	Original Application for termination of services has been dismissed	Company to get fresh notice from the court for further proceedings. Next date of hearing is not yet received.
6.	PGA no.53 & 54 / 1997	I. S. Raju And Amba Shetty (Legal Heir Of Late I.S. Raju)	8 th Labour Court Mumbai	Non payment of Gratuity	57,231 & 66,173	Court ordered to make payment of Gratuity to both the employees	The Company challenged the order before Dy. Commissioner of Labour. Next date of hearing is not yet received.


THE YASH BIRLA GROUP
Pertaining to statutory laws such as income tax / excise / customs etc:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	--	Central Excise Department	Joint Commissioner, Central Excise, Raigad	Various Show Cause Notices issued by the Excise Dept. for Rate Difference due to Classification Disputes	53,34,689	--	On going
2.	Appl no. 28/90 dt.12.1.90	Central Excise Department	Comm of Appeal Mumbai	Demand for non submission of proof of export	5,30,000	The Company has filed an appeal for quashing of the order passed by the Central Excise Divisional Office	On going
3.	Appl. No. E/2507/04 Mum	Central Excise Department	Dy. Comm of Appeal Amravati	Demand for duty levied on yarn sales	4,96,000	Case Transferred	On going
4.	ADJ/198/B /SDE/KN R/04	District Collector, Dues Recovery Branch	Directorate of Enforcement New Delhi	Levy of Penalty in relation to submission of Export Proof	40,00,000	Appellate Tribunal of Foreign Exchange granted the stay on the recovery proceedings subject to deposit of 5% of the penalty amount i.e. Rs.2 lacs	The Company deposited Rs.2 lacs with the Tribunal. Final hearing is yet to take place
5.	--	Central Excise Department	Collector of Central Excise, Chandigarh	Show Cause notice issued by the Central Excise Dept. for using more than required unconventional raw materials by our erstwhile Paper Division	1,14,53,000	--	The Company has filed an appeal with the Commissioner (Appeal) Central Excise against the said show cause notice. The case is still pending
6.	--	Central Excise Department	Collector of Central Excise, Chandigarh	The demand notice issued by the Central Excise Dept. after not accepting our claim towards usage of required raw materials by our erstwhile Paper Division	15,25,000	Appeal filed by us with the Central Excise Tribunal has been rejected.	The Company has filed an appeal with the CEGAT, New Delhi against the said show cause notice. The case is still pending


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
7.	24.11.92	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1989-90
8.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1997-98
9.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1998-99
10	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1999-00

Cases filed by the Company
Pertaining to Criminal Laws:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	106/N/00	Harbanslal Sharma	Metropolitan Magistrate at Esplanade Mumbai	Criminal Case u/s 420 of IPC.	5,01,379	Property was auctioned and Rs. 2,26,950 recovered and deposited in bank.	Accused absconding. Case Dormant
2.	2540/SS/03	Modern Traders/ Sunil Shah	Small Cause Court, Bombay	Case filed u/s 138 of NI Act and 420 of IPC for dishonour of cheques	4,00,000	--	Cross of Compliant Next date of hearing on 17 th Feb' 06
3.	1782/05	Grindco & Co.	Judicial Magistrate Nashik	Case filed u/s 138 of NI Act and 420 of IPC for dishonour of cheques	5,00,000	--	Case ongoing
4.		Arihant Gem & Jewellery/G .V. Mehta	High Court Bombay	Criminal Case u/s 138 of the Negotiable Instruments Act.	10,00,000	--	Matter is pending
5.	59/S/ 1996 and 1164/03	V. D. Chokhani	Metropolitan Magistrate and High Court Bombay	Vacation of Company's Residential Accommodation	Criminal Case filed by us	M.M. Court passed the order stating that the Small Cause Court has the proper jurisdiction	The Company has now filed Application in the High Court challenging the order of the Magistrate Court


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
6.	63/S/ 1996 and 101/2003 and 544/97 and Rev/343/2005	I. S. Raju	Metropolitan Magistrate and Sessions Court and Small Cause Court and High Court Bombay	Vacation of Company's Residential Accommodation	Criminal Case filed by us	M. M. Court and Sessions court dismissed his petition.	The party has now filed an appeal in High Court and Next date of hearing is not yet received.
7.		Ramson Enterprises	Punjab & Haryana High Court	Case filed by the Company for recovery of dues of consignments sales made to the party	8,64,697	In the year 2001, the Sessions Court ruled in our favour	The party has now filed an appeal in the High Court
8.	Short Cause no.1497 / 87	Khaitan Fenesty Holdings P. Ltd.	City Civil Court, Bombay	Case filed for recovery of detention and demurrage charges paid by us on their behalf	29,100	Writ summons served	Matter for final hearing

Pertaining to Civil Laws:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	SS no. 2083/83	Amitabh Textile Mills Ltd.	High Court, Bombay	Recovery Suit	5,05,451	Converted to Long Causes suit for recovery of dues	BIFR passed the winding up orders of respondent company and the matter is pending.
2.	Short Cause no.1497/ 87	Khaitan Fenesty Holdings P.Ltd.	City Civil Court, Bombay	Case filed for recovery of detention and demurrage charges paid by us on their behalf	29,100	Writ of summons served	Matter for final hearing
3.	Summary Suit no.868 of 1994	Khatri Bros. & Anr Bros	High Court, Bombay	Recovery Suit	11,92,710	Summons Issued but the defendants are absconding	Defendants absconding. Matter pending.


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
4.	Suit no.3174 of 1992	Khatri Bros.	High Court, Bombay	Recovery Suit	12,26,247	Decree passed in favour of the Company	Defendants absconding, hence no execution proceedings filed
5.	Suit no. 2800 of 1992	Shree Mahalaxmi Agencies Pvt. Ltd.	High Court, Bombay	Recovery Suit	10,58,642	Ex-parte Decree passed on 30th June' 98 in favour of the Co. for Rs.12,30,655	Execution of Decree pending
6.	RCS 99/97	Vardhan Syntex v/s J.K. Textiles Zenith Ltd.(3)	City Civil Court, Khamgaon	Case filed for recovery of money on account of unpaid purchase price of goods alongwith interest	15,00,000	Written statement on behalf of D(3) wherein D(3) has submitted that no relief shall be claimed against D(3) Appl made on 14.11.05	Ongoing
7.	CS 56/99	K. S. Suppliers & Ors.	City Civil Court, Khamgaon	Recovery Suit	22,00,000	Suit was partly decreed in favour of Co. for Rs.14,45,811 and interest	Execution of Decree in progress
8.	CS 8/04	Sandhya Enterprises	City Civil Court, Khamgaon	Recovery Suit	1,58,224	--	Hamdas Notice shall be served upon the party very shortly.
9.	Suit no.728 of 1982	Modi Dyes & Chemicals Industries	High Court, Bombay	Recovery Suit	3,40,946	Ex-parte decree passed for Rs.3,40,946	Decree is yet to be executed
10.	Suit no. 4507/93	K.K. Goyal	High Court, Bombay	Recovery Suit	2,57,420	Ex-parte Decree passed on 1st April' 99 for Rs.2,57,420 in favour of Co.	Execution of Decree not filed as the party is absconding
11.	4526/ 2000	PRAJ Industries Ltd.	High Court, Bombay	Suit filed for Damages claimed for non fulfillment of contractual obligation	79,18,000	--	Yet to come for hearing.


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
12.	First Appeal no.855 of 1990	Board of Trustees of Bombay Port Trust	High Court, Bombay	Summary Suit filed for recovery of 65 bales waste paper	68,820	Decree passed against the Defendant, who has now gone into appeal in the High Court	Appeal is pending
13.	Suit no.3897 of 1988	Indian Roadways Corpn.	High Court, Bombay	Recovery Suit	4,49,200	Suit transferred as Long Cause Suit	Yet to come for hearing.
14.	--	Bengal Paper Mills Ltd		Claim in respect of supply of Industrial Knives.	2,55,359	Defendants have obtained stay against winding Up petition.	The scheme of Payment of unsecured creditors is being proposed and the matter is ongoing.
15.	S.S. no. 1798/83	Kota Steel Re-rolling Mills Pvt. Ltd.	High Court, Bombay	Recovery Suit	2,38,255	Decree passed in Co's favour.	Execution proceedings conducted However, the defendant co. is closed. Decree is yet to be executed
16.	S. S. 3923 of 1988	Deege Steel Traders	High Court, Bombay	Recovery Suit	8,72,110	Ex-parte decree passed. In favour of Co.	Decree given to Advocate for Execution. Property Declared by partners are Not enough to recover dues. Decree is yet to be executed


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
17.	C.P. no.18/85	D.V. Raju Springs Pvt. Ltd.	High Court, Hyderabad	Recovery Suit	3,33,392	The company has been wounded voluntarily. We have filed our claim with Official Liquidator, Hyderabad.	No reply received so far.
18.	S. S. 1210/ 1987	Creations (India)	High Court, Bombay	Recovery Suit	72,750	--	Yet to come up for hearing.
19.	1454/ 1988	Paschimanchal Udyog	High Court, Bombay	Recovery Suit	53,314		Matter pending for final disposal
20.	Appeal no.769/98 in Com. Petition no.408/97	Grand Foundry Limited	High Court, Bombay	Recovery of Inter Corporate Deposits	50,00,000	Appeal is dismissed. The order dt.6.08.1998 that in view of the party referred to BIFR all proceedings are stayed.	Company's claim has been upheld. However amount is still recoverable
21.	C.P. no.436/97	Western Paques India Ltd.	High Court, Bombay	Recovery of Inter Corporate Deposits	85,00,000	Defendant company has been wound up.	We are in the process of filing our claim with the Official Liquidator
22.	1985 / 1994	D. K. Mehta	High Court, Bombay	Recovery of Loan (alongwith interest on it) granted to employee	2,22,146	--	The suit has so far not been placed on board for hearing.


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
23.	Civil Suit no.2 / 93 and Civil Appeal no.20 / 2003	State of Maharashtra thru Executive Engg. Raigad	Civil Judge Sr. Division at Panvel and Dist. Judge, Panvel and District Court at Alibaug, Raigad	Case filed by the Company for prohibiting the State of Maharashtra not to dis-allow the lifting of water from the Patalganga River	--	Ad-interim order passed on 23.04.1993. Appeal filed by the State of Maharashtra against the Ad-interim Order on 01.04.1996 Final Order dt. 20.10.2003 passed by the Court allowing the Company to un-interrupted lifting of water.	The State of Maharashtra has now filed an appeal against the Order dt.20.10.2003 in the District Court at Alibaug, Raigad.
24.	28 / 97	Ramson Enterprises	Punjab & Haryana High Court	Recovery Suit	7,72,913	The Court has ordered for stay of the case till the disposal of the case filed by the party at Delhi High Court	The Court has ordered for stay of the case till the disposal of the case filed by the party at Delhi High Court
25.	123 / 98	Meghdoot Publishers & ors	Punjab & Haryana High Court	Recovery Suit	11,12,000	--	On going
26.	Civil Suit 41 / 1993 and W P no 2284 / 1993	Central Bank of India	Court of Civil Judge at Khopoli and High Court, Bombay	Suit filed for allowing the Company to lift H R Coil which was imported under irrevocable Letter of Credit established by Central Bank	--	Civil Court at Khopoli passed an ex-interim order allowing the Company to use H R Coil.	Against the order of the Civil Court, Central Bank than filed a petition in the High Court, which passed an ad-interim stay order against the injunction of Civil Court. The matter is


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Pertaining to Statutory Laws such as Income Tax / Excise / Customs etc:

Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
1.	F. No. 161-CE/APPLN GP/95/1398 1	Central Excise Dept	CEGAT, Mumbai	Refund of Excise Duty of Khamgaon	28,60,000	--	Pending for Decision
2.	1829/82	Custom Department	High Court, Bombay	Difference of duty on Raw material Value Enhancement and classification dispute	2,95,799	--	Ongoing
3.	1826/86	Custom Department	High Court, Bombay	Difference of duty on Raw material Value Enhancement and classification dispute	49,036	--	Ongoing
4.	--	Excise Department	Commissioner of Cent Excise, Khopoli Div.	Difference of duty on Raw material Value Enhancement and classification dispute	41,32,569	--	Ongoing
5.	7591 / 2004	Custom Department	High Court, Bombay	Refund of Custom Duty paid on Budget Day	13,03,178	--	Ongoing
6.	2004	Joint Comm.of Comm. Sales Tax Bangalore	Karnataka Appellate Tribunal	Appeal filed for wrongly imposing the Entry Tax on goods meant as Stock Transfer	15,48,000	--	Ongoing
7.	W.P. no. 3419 of 1996	P.F. Commissioner	High Court Bench at Aurangabad	Suit filed for seeking infancy protection under Section 16(d) of the EPF Act, 1952	4,01,000	--	Ongoing
8.	1220 / 1997	Sales Tax Officer, New Delhi	Delhi High Court	Suit filed against the Sales Tax Department challenging their assessment order for AY 1990 - 91	58,03,550	--	Ongoing
9.	19.04.05	Income Tax Dept	DCIT 1(3), Mumbai	Assessment Order Challenged	Not Ascertainable	--	Penalty proceedings u/s 271(1)(c) for A.Y. 2002-03
10.	19.04.05	Income Tax Dept	ACIT 1(3), Mumbai	Assessment Order Challenged	Not Ascertainable	--	Penalty proceedings u/s


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Sr. No.	Case No.	Name of the Opposite party	Court before Which litigation	Brief History and Prayer	Claim Amounts (Rs.)	Ad-interim Relief or Orders If any passed by the Court	Current Status / Next Date of Hearing
11.	29.04.92	Income Tax Dept	ITAT	Assessment Order Challenged	Not Ascertainable	--	Disallowance of various expenses for A.Y. 1989-90
12.	--	Income Tax Dept	ITAT	Assessment Order Challenged	Not Ascertainable	--	Disallowance of various expenses for A.Y. 1995-96

SALES TAX ASSESSMENT ORDER CHALLENGED (ITM):

SR.NO.	ASSESSMENT ORDER CHALLENGED	ASSESSING AUTHORITY	DATE INSTITUTED	CLAIM AMOUNT	REMARK
1	CTO Kolkata	CTO Kolkata	JULY 1986	2,41,000	Sales Tax F.Y. 81-82
2	CTO Kolkata	CTO Kolkata	10.11.1987	91,000	Sales Tax F.Y. 82-83
3	CTO Kolkata	CTO Kolkata	14.12.1992	1,87,000	Sales Tax F.Y. 83-84
4	CTO Kolkata	CTO Kolkata	29.12.1993	36,000	Sales Tax F.Y. 84-85
5	CTO Kolkata	CTO Kolkata	25.06.1991	2,75,000	Sales Tax F.Y. 86-87
6	CTO Kolkata	CTO Kolkata	28.06.1995	1,90,000	Sales Tax F.Y. 92-93

All the above case matters are disputed U/s 20 of the BF(ST) Act, 1941 read with Section 9(2) of the CST Act, 1956.

SR.NO.	ASSESSMENT ORDER CHALLENGED	ASSESSING AUTHORITY	DATE INSTITUTED	CALIM AMOUNT	REMARK
1	CTO Kolkata	Asst.Comm.Kolkata	AUG 2003	21,30,000	Sales Tax F.Y. 2000-01
2	CTO Kolkata	Asst.Comm.Kolkata	MAR 2004	5,66,000	Sales Tax F.Y. 2001-02

Above cases are related to dispute U/s 82 of the WBST Act, 1994 read with Rule 257 & 240 of the WBST Rule 1995 read with Section 9(2) of the CST Act, 1956.

X. DAGGERFORST TOOLS LIMITED (DFTL)

FILED AGAINST THE COMPANY:

- PERTAINING TO CRIMINAL LAWS: NIL
- PERTAINING TO SECURITIES LAWS:

CASE HISTORY:

DFTL has received a notice vide letter no. IES/ID5/RM/3631/2003 dated 14th February 2003 from SEBI, for furnishing the names & addresses of the promoters and their shareholding, and also of the promoter group in DFTL, annual distribution schedule of the company as filed with stock exchange as on 31st October 2000 or as nearby date. Copies of annual report for the year 2000 & 2001, Copies of Memorandum and Articles of the Company. The same has been furnished by the company vide letter dated 19th February 2003.

SEBI vide letter no IES/ID5/RM6045/2003, dated 25th March 2003 has further asked to furnish the information regarding the disclosures filed under regulation 7 of the SEBI (SAST) Regulations, 1997 during October 31st 2000 to October 31st 2001. The company has replied vide letter dated 26th March 2003.

SEBI further vide their letter no IES/ID5/RM/7666/2003 dated 22nd April 2003, advising to furnish Shareholding pattern of the company as per clause 35 of the listing agreement for the period starting, September 2000 to September 2001 on a per quarter basis.


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The Company vide its letter dated 24th April 2003 furnished the Shareholding pattern details as required.

The company has further received a notice vide letter no. 31447/2005 dated 18th January 2005 from SEBI as summons u/s 11(3) and section 11c(5) of the Securities and Exchange Board of India Act, 1992 in case of selling or dealing in the shares of M/s DFTL.

The company, vide its letter dated 24th January 2005 and 27th January 2005, has furnished the details required by SEBI. The reply for the same is awaited from SEBI and no further communication has been received from SEBI.

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to DFTL for violation of Regulations 7(3) & 8(3) of the SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

DFTL had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60710/2006 dated February 20, 2006.

- PERTAINING TO STATUTORY LAWS:

PROVIDENT FUND DISPUTE

Party	Assessing Authority	Date Instituted	Claim Amount	Status
Assistant P.F. Commissioner, The Employees Provident Fund Organisation, Maharashtra, Sub-Regional Office, Aurangabad.	The Employees Provident Fund Appellate Tribunal, Aurangabad.	18.04.2002	Rs.2, 35, 013/-	The APF, SRO, Aurangabad vide an order dated 14.11.2002 ordered to pay an amount of Rs.2,35,013/- within 10 days. Accordingly the company has paid on 24.03.2002 the total amount under protest and gone on appeal in the Employees Provident Fund Appellate Tribunal, which is still pending. As per our advocate, hearing is expected at the end of 2006 as at present 2001 cases are being taken up for hearing.

LABOUR DISPUTE

Party	Assessing Authority	Date Instituted	Claim Amount	Status
Mr.Stanlay F. Rodrigus	First Labour Court at Thane	13.12.2001	Reinstatement with back-wages	The case has been dismissed by the labour Court on 29/06/05

ARBITRATION MATTERS: NIL

- PERTAINING TO CIVIL LAWS: NIL

FILED BY THE COMPANY:

- PERTAINING TO CRIMINAL LAWS:

Sr. No.	Name of the Opposite Party	Place of Litigation	Court before which Litigation is Pending	Date Instituted	Claim Amount	Status
1	Midindia Oil & Exports Ltd	Mumbai	Small Cause Court, Mumbai	23.06.1995	Rs. 56,61,750	The case is pending with the Small Cause Court at Mumbai. Meanwhile the accused have brought a stay from High Court. Case has not gone for hearing yet.
2	Vikram Projects Ltd	Mumbai	Additional Chief Metropolitan magistrate Court, Dadar, Mumbai	03.06.1996	Rs. 2,51,490	Opp. Party missing, hence non bailable warrant cannot be served. Next hearing is fixed for 20/3/ 06

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- PERTAINING TO SECURITIES LAWS: NIL
- PERTAINING TO STATUTORY LAWS:

TAX DISPUTES

Sr. No.	Party	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 1997-1998	Deputy Commissioner of Income Tax	18.04.05	Rs. 6,24,763
2	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 1999-2000	Deputy Commissioner of Income Tax	18.04.05	Rs. 4,57,372
3	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 2002 – 2003	Deputy Commissioner of Income Tax	18.04.05	Rs. 1,56,138

Arbitration Matters:

DFTL is one of the co applicant in the case filed against against Fonderia Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 Lakhs paid to IL&FS with regards to loan. The matter is pending before the International court in Milan in Italy.

Litigation of Shloka Infotech Limited and Birla Bombay Private Limited pertaining to Zenith Birla India Limited.

An adjudication order in terms of section 15 H of the SEBI Act, 1992 was passed by the adjudicating officer, Mr. Ananta Barua of SEBI in the matter of acquisition of shares of Zenith Birla (India) Limited vide their letter dated November 20, 2002 wherein an amount of Rs. 2,50,000 was imposed as a penalty to be paid by M/s. Birla Bombay Pvt. Ltd. and Rathi Merchantile Ltd.

Pursuant to the order M/s. Birla Bombay Pvt. Ltd. had vide their letter dated December 27, 2002, paid the necessary penalty of Rs. 1,25,000 and M/s. Rathi Mercantile Ltd. had paid the necessary penalty of Rs. 1,25,000 on December 23, 2002.



MATERIAL DEVELOPMENTS

- **Material developments after the date of the last balance sheet**

There are no material developments after the date of last audited balance sheet which will have any adverse impact on the company.

- **Adverse events**

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

**THE YASH BIRLA GROUP****GOVERNMENT APPROVALS**

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for their present business. The important licenses and approvals procured by the Company are as follows: -

S.No.	Issuing Authority	Registration/Licence No.	Nature of Registration/Licence	Validity Date
1	Director of Industries, Shimla	06/10/017/Regn.(L&M)	Certificate of Production	Not Applicable
2	Ministry of Commerce & Industry	1092/SIA/IMO/99	Licence to manufacture generators, Multi purpose Engines, Pump Sets	Not Applicable
3	Ministry of Commerce & Industry	841/SIA/IMO/2002	Licence to manufacture Inverter, Transformer, UPS, Battery Charger, Voltage stabilizer	Not Applicable
4	Himachal Pradesh Electricity Board		Letter from electricity board for electricity connection	Not Applicable
5	Central Excise Department	AAACB 5253 DXM002	Registration under Exice Act for Paonta Sahib	Not Applicable
6	Central Sales Tax Department	CST-6195	CST registration	Not Applicable
7	State Sales Tax Department		State sales tax registration	Not Applicable
8	Regional office-ESI Corporation	14/38154/66	ESI Registration	Not Applicable
9	Himachal Pradesh Environment Protection & Pollution Control Board	P-022/04	For collection and storage of hazardous waste	31-03-2009
10	Himachal Pradesh Environment Protection & Pollution Control Board	R No.12888	Licence from Air & water Pollution control Board	31-03-2005*

* The company has applied for renewal of license and the same is expected shortly.

The Company has received all the necessary permissions and approvals from the Government and various non-government agencies for conducting business. No further approvals from any Government Authority are required by the Company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in granting the above approvals the Government of India and Reserve Bank of India does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard.


SECTION VI: REGULATORY AND STATUTORY DISCLOSURES
AUTHORITY FOR THE ISSUE

The shareholders of the company, vide a special resolution passed under section 81 and 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting held on 06/10/2005, have authorized the issue of equity shares. The Board of Directors of the company (hereinafter referred to as "The Board") pursuant to a resolution passed at the Meeting held on March 03, 2006 have decided to offer 120,00,000 equity shares of Rs. 10/- each at a premium of Rs. 32/- per equity share (i.e. Issue Price of Rs. 42/- per Share) aggregating to Rs. 5040.00 lakhs.

PROHIBITION BY SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

The Company is eligible to access the capital market through public issue of equity shares as per Clause 2.3.1 of SEBI (Disclosure & Investor protection) Guidelines, as it is an existing listed company on Bombay Stock Exchange Ltd.

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters contribution through the offer document), issue size does not exceed 5 times its pre issue net worth as per the audited balance sheet of the last financial year i.e. 2004 - 2005. The above is illustrated below: -

(Rs. in lacs)

a)	Offer through Offer document	5040.00
b)	All Previous Issues made in the same financial year in terms of size (i.e. offer through offer document – firm allotment – Promoters' contribution through the offer document)	Nil
c)	Net worth as per audited balance sheet for year 2004 – 05	5665.95
d)	5 times the Net worth results in the company eligible to raise	28329.75

There has been no change in the name of the company in last year from the date of filing of offer document.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 30/12/2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

- (i) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.**

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- (ii) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (a) **THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- (b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (c) **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.**
- (d) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Birla Power Solutions Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED (BSE) (DESIGNATED STOCK EXCHANGE)

The Bombay Stock Exchange Ltd., has given the permission to Birla Power Solutions Limited vide their letter dated February 01, 2006 to use their name in this Prospectus as the stock exchange on which the equity shares are proposed to be listed. The Stock Exchange, Mumbai has scrutinized this Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to Birla Power Solutions Ltd. The exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus or
- ii. Warrant that the securities will be listed or will continue to be listed on the Exchange, or
- iii. Take any responsibility for the financial or other soundness of Birla Power Solutions Ltd., its promoters, its management or any scheme or project of Birla Power Solutions Ltd.

and it should not, for any reason be deemed or construed that this Prospectus has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**THE YASH BIRLA GROUP****CAUTION STATEMENT/COMPANY STATEMENT**

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

FILING

A copy of this Prospectus has been filed with SEBI, Mittal Court, "A" Wing, Nariman Point, Mumbai – 400 021 Mumbai, Registrar of Companies, Maharashtra, Kalachowki, Mumbai The Bombay Stock Exchange Ltd. (BSE), P.J Towers, Dalal Street, Mumbai, where the equity shares of the company are proposed to be listed.

LISTING

The Equity shares of the company are proposed to be listed on The Bombay Stock Exchange Limited. The Company has received in-principle approval from BSE vide its letter no. List/sm/jc/2006 dated February 01, 2006 for listing of the equity share being issued in terms of this Prospectus.

If the permissions to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: "Any person who:

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company, Lead Managers to the issue, Registrar to the issue and Bankers to the issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

The company has not obtained any expert opinion except for Legal Advisor – Hemant Sethi and Architect – Mr. Rakesh Jain.

EXPENSES OF THE ISSUE

The total expenses of the issue are estimated to be around 7 % of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

(Rs. in lakhs)	
Particulars	Amount
Fees to the intermediaries	75.00
Advertising & Marketing expenses	90.00
Printing, Stationary, Dispatch	75.00
Brokerage	75.60
Miscellaneous	34.40
Total	350.00

Fees payable to Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of BPSL

Fees payable To Registrar to the Issue

The total fees payable to the Registrar to the issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the issue, a copy of which is available for inspection at the registered office of BPSL


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Fees payable To Bankers to the Issue

The total fees payable to the Bankers to the issue will be as per the understanding of the Company with the Bankers to the Issue, a copy of which is available for inspection at the registered office of BPSL

UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the brokers column. Brokerage at the same rate will also be payable to the Bankers to the Public Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS ISSUE DETAILS

The company has not made any issue of equity shares to the public during the last five years.

Commission and brokerage on previous issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Promise v/s Performance

In November 1985, Birla Power Solutions came out with an issue of 27,20,000 Equity Shares of Rs. 10 each for cash at par. The object of the Issue was to part finance the cost of the project for manufacturing 75,000 Portable Generator sets (0.5 KW to 4.0 KW) and 25,000 additional engines (multi purpose engines) and to meet issue expenses. We had not made any projections in the offer document.

LISTED VENTURE OF THE PROMOTERS
Dagger Forst Tools Limited (DFTL)

In October 1996, DFTL came out with a rights issue of 18,06,390 Equity Shares of Rs. 10 each for cash at a premium of Rs. 10 per share aggregating Rs. 361 lakhs in the ratio of three shares for every five Equity Shares held which closed on November 22, 1996. The object of the Issue was to part finance the cost of the modernization – cum – expansion project being undertaken by the Company in two of its Broach manufacturing divisions including the expenses of the present issue. The total cost of project was Rs. 900 Lakhs and company had made following projections in the offer document –

Particulars	31.03.1997 (Rs. in lakhs)
Sales (including Job work and Excise Duty)	2375.00
Other Income	50.00
Gross Profit (after interest)	580.00
Depreciation	180.00
Profit before Tax	400.00
Provision for Taxation	100.00
Profit after Tax	300.00

With regards to schedule of implementation of the modernization cum expansion project, the same is given below –

Sr. No	Activity	Projected Completion	Actual Completion	Reason for variation
1	Civil Construction of Building	August 1996	August 1996	-
2	Delivery of main plant & machinery	January 1997	September 1997	Suppliers delayed supply of machine
3	Trial Run & Commercial Production	February 1997	October 1997	Due to delay in supply of some of the machines

As it is a modernization – cum – expansion project, Trial Run & Commercial Production commenced on installation of machines.

**THE YASH BIRLA GROUP****Birla Transasia Carpets Limited (BTCL):**

In April 1978, BTCL came out with an issue of 7,93,800 Equity Shares of Rs. 10 each offered to Public for subscription for cash at par aggregating Rs. 79 Lakhs which closed on May 08, 1978. The object of the Issue was to set up the plant for manufacturing tufted Carpets and Wilton /Ax – Minister Carpets at Sikandrabad Industrial Area, District Bulandshahar (Uttar Pradesh). The capacity of the plant will be 2.5 (two point five) Million Pounds with Four Looms. The estimated cost of project is Rs. 454.00 lacs. BTCL had not made any projections in the offer document

3M India Limited:

In February 1991, 3M India Limited came out with a Public issue of 6, 00,000 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 60 lakhs and 5, 00,000 12.5% Secured Partly Convertible Debentures of Rs. 100 each for cash at par aggregating Rs. 500 lakhs which closed on February 22, 1991. The object of the Issue was to raise funds to manufacture speciality pressure sensitive coated tapes for medical / surgical and packaging applications, speciality chemicals and working capital requirements of the Company. The total cost of project was Rs. 1320 lacs. 3M India Limited had not made any projections in the offer document.

Birla Kennametal Limited (BKL):

In July 1990, Birla Kennametal Ltd. came out with a Public Issue of 17, 98,840 Equity Shares of Rs. 10 each. The issue closed on July 19, 1990. The object of the Issue was to part finance the cost of project for manufacturing of tool holders and work holders for CNC and conventional machine tool. BKL had not made any projections in the offer document.

Zenith Limited

In December 1991, Zenith Limited made a rights issue of 95, 91, 044 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 9, 59, 10, 440 which closed on January 18, 1992. The object of the issue was to augment the long-term resources of the company for meeting working capital requirements including normal capital expenditure. Zenith Limited had not made any projections in the offer document.

It is confirmed that the listed ventures of the issuer company namely Dagger Forst Tools Limited, Birla Transasia Carpets Ltd., 3M India Limited, Birla Kennametal Limited and Zenith Limited have completed the delivery of Share/Debenture certificates in the stipulated time.

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any Equity Shares for a consideration otherwise than for cash.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the company does not have any outstanding Debentures, Bonds or Preference shares.

**THE YASH BIRLA GROUP****STOCK MARKET DATA FOR SHARES OF THE COMPANY**

The stock market data as taken from the website of Bombay Stock Exchange Ltd. are mentioned hereunder

Period	HIGH				LOW				Average Price (Rs.)
	Rate (Rs.)	Date	No. Of shares traded	Net Turnover (Rs. In Lakhs)	Rate (Rs.)	Date	No of shares traded	Net Turnover (Rs. In Lakhs)	
2002	28.15	09/07/02	53845	14.80	12.50	15/03/02	9210	1.20	20.33
2003	37.50	19/12/03	266055	93.82	11.40	28/03/03	1725	0.20	24.45
2004	35.45	14/01/04	92282	30.05	13.30	07/06/04	7200	1.18	24.38
September 2005	69.40	01/09/05	128400	85.14	47.40	30/09/05	10115	4.80	58.40
October 2005	57.50	07/10/05	36710	20.16	37.60	21/10/05	6437	2.55	47.55
November 2005	53.90	28/11/05	56188	29.49	43.30	22/11/05	16674	7.45	48.60
December 2005	51.90	23/12/05	20586	9.91	45.10	30/12/05	16105	7.35	48.5
January 2006	54.90	16/01/06	64126	34.53	46.00	02/01/06	11585	5.40	50.45
February 2006	51.30	10/02/06	39517	19.67	43.55	02/02/06	10471	4.64	47.43

(Source: www.bseindia.com)

Period	No. Of Shares Traded	Net Turnover (Rs. In Lakhs)
2002	2102585	442.34
2003	8443152	2182.75
2004	7937233	1759.76
September 2005	1143734	686.99
October 2005	323601	156.27
November 2005	323201	158.12
December 2005	363650	173.59
January 2006	672100	344.86
February 2006	366227	173.91

(Source: www.bseindia.com)

The market price immediately on 10.09.2005 the date on which the board of Directors approved the Public issue and on 06.10.2005 the date on which the share holders approved the Public issue are given as under:

Date	High	Low	Close
12.09.05*	65.50	61.50	62.45
06.10.05	55.20	55.20	55.20

* The Stock Exchanges were remained closed on 10.09.2005 & 11.09.2005 being Saturday & Sunday.

INVESTOR GRIEVANCE REDRESSAL SYSTEM

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. Nadimpally Nagesh, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

**THE YASH BIRLA GROUP****Disposal of Investor Grievances by the company**

The average time required by the company or the Registrar to this Issue for the redressal of routine investor grievances will be upto fifteen business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the company seeks to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Nadimpally Nagesh as the Compliance Officer and he may be contacted at 901, Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi – 110066. Tel. No. – 42594100. Investors may contact him in case of any Pre-Issue or Post-Issue problems.

CHANGE IN AUDITORS

The auditors of the company have undergone a change as under:

Name of Present Auditor	Name of Past Auditor	Date of Change
M/s Dalal & Shah	M/s Lodha & Co.	22.03.2005

M/s Dalal & Shah, Chartered Accountants has been appointed as Statutory Auditors of the Company for the financial year starting from 01.10.2004 to 30.09.2005 in place of M/s Lodha & Co., Chartered Accountants in the Nineteenth Annual General Meeting of the Company held on 22.03.2005. The Company had received special notice pursuant to section 225(1) of the Companies Act, 1956 from two members holding requisite voting rights signifying their intention to move the resolution in the Nineteenth Annual General Meeting of the Company to appoint M/s Dalal & Shah, Chartered Accountants in place of previous auditors, M/s Lodha & Co., Chartered Accountants.

Due to the said change in the auditor as stated above, there has been a delay in the submissions of the quarterly results by the company to the stock exchange in relation to the quarter ended June 30, 2005 and September 30, 2005.

CAPITALISATION OF RESERVES OR PROFITS

The Company has not capitalized its reserves or profits at any time.

REVALUATION OF ASSETS

The company has not revalued its assets.

**SECTION VII: OFFERING INFORMATION****TERMS OF THE ISSUE**

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Govt. of India and Securities & Exchange Board of India and the concerned Stock Exchange

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Prospectus at a price of Rs. 42 per share aggregating to Rs. 5040.00 lakhs. At any point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to the applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed company under the Companies Act and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see "Main Provisions of Articles of Association of the Company".

MARKET LOT

In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, alongwith other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares transferred/allotted, if any, shall vest. A person being a nominee, entitled to the equity shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares ; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

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Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The equity shares of the Company will be listed/traded in compulsory demat mode. The market lot of the share will be 1 (One). The Company has not made any arrangements for the disposal of odd lot shares arising out of the issue.

**ISSUE PROCEDURE****PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Prospectus, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AVAILABILITY OF OFFER DOCUMENT AND APPLICATION FORM

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company.

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.

Investors should note that Equity Shares will be allotted to successful applicants only in the dematerialized form. Applicants will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

WHO CAN APPLY

1. Indian National Resident of India.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.
8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
9. Venture Capital Funds registered with SEBI.
10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and bilateral development financial institutions.
15. Permanent and Regular employees/Working Directors of the Bank.
16. Non Resident Indians (NRIs)/FII's on repatriation basis.

**THE YASH BIRLA GROUP****APPLICATIONS NOT TO BE MADE BY:**

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

TERMS OF PAYMENT

The entire issue price of Rs. 42 per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

PROCEDURE FOR APPLICATION**APPLICATION BY RESIDENT INDIAN PUBLIC**

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in **BLOCK LETTERS** in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 150 Equity Shares and in multiples of 150 thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- Birla Power Solutions Ltd.- Public Issue" and crossed "Account Payee Only" (e.g. **HDFC Bank A/c – Birla Power Solutions Ltd – Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the issue or to the Registrars to the issue.
6. No receipt will be issued for the application money. However, Bankers to the issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.

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9. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to “**Birla Power Solutions Limited. - Public Issue**”

For further instructions please read Application Form carefully.

APPLICATION BY PERMANENT EMPLOYEES OF THE COMPANY AND SHAREHOLDERS OF THE GROUP COMPANIES

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors of the company and shareholders of the group companies. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only :
 - a. On the prescribed Application Form (**BLUE** in colour) accompanying this Prospectus and completed in full in **BLOCK LETTERS** in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 150 Equity Shares and in multiples of 150 thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees/Shareholders in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked “Name of the Bank A/c- Birla Power Solutions Ltd. – Public Issue - Employees” and crossed “Account Payee Only” (e.g. **HDFC Bank A/c – Birla Power Solutions Ltd. - Public Issue - Employees**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Issue or to the Registrars to the Issue.
6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
9. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to “**Birla Power Solutions Ltd.” - Public Issue – Employees/Shareholder**”

For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)/FOREIGN INSTITUTIONAL INVESTOR (FIIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**RED** in colour) and completed in full in **BLOCK LETTERS** in **ENGLISH** in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of 150 Shares and in multiples of 150 thereof.
 - c. In single or joint names (not more than three).
 - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.

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2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRI's/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. 42/- or equivalent of Indian Rs. 42/- remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank A/c Birla Power Solutions Ltd. - Public Issue - NRIs/FIIs**". (e.g. "**HDFC Bank A/c Birla Power Solutions Ltd. - Public Issue - NRIs/FIIs**") A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.
7. Applicants are requested to mention the number of application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

For further instructions please read the Application Form carefully.

APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (IFIs) /MUTUAL FUNDS/ BANKS

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only:
 - (i) In the prescribed application form (**GREEN** in colour) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
 - (ii) For a minimum of 2,500 equity shares and in multiples of 150 thereafter.
 - (iii) Allotment will be made on competitive basis.
 - (iv) Application made otherwise is liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "**Name of the Bank A/c Birla Power Solutions Ltd.- Public Issue – IFI's/Banks/MF's**" (e.g. "**HDFC Bank A/c Birla Power Solutions Ltd. - Public Issue - IFIs/ Banks/MFs - whichever is applicable** "). A separate cheque or bank draft should accompany each Application Form.
4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs. 42/- per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and NOT to the Company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. The application form number should be mentioned on the reverse of the instrument through which the payment is made. Applicants are advised, in their own interest, to indicate the name of their bank and the savings / current account number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

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In case of Mutual Funds a separate application can be made in respect of each scheme of the Fund registered with SEBI and such application will not be treated as multiple applications provided the applications made by the AMCS/Trustees/ Custodian clearly indicate their intention as to each scheme concerned to which application has been made.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

- The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.
- Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

JOINT APPLICATIONS:

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS:

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

Application made by permanent/regular employees of the company/shareholders of the group companies which are under the reserved category for employees/ shareholder of the group companies as well as in the net public offer shall not be treated as multiple applications. A separate single cheque/draft must accompany each application form.

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES:

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

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Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRARS TO THE PUBLIC ISSUE**SECTION 269SS OF INCOME TAX, 1961**

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

DISCLOSURE OF P.A.N./G.I.R. NUMBER:

Where an application for allotment of securities is for a total value of Rs.50,000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50,000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held in the respective spaces provided in the application form, to enable the registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s), if any.

RIGHTS TO REJECT**Grounds for Technical Rejections**

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 100.
10. Category not ticked;
11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form;
15. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.

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16. Applications not duly signed by the sole/joint Applicants;
17. Applications by OCBs;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

DEMATERIALIZATION

The shares of the company are in dematerialized form and the company has signed a tripartite agreement as detailed here under:

- a) The Company has entered into a tripartite agreement dated 16th March 2000 with the Central Depository Services (India) Ltd. (CSDL) and Alankit Assignments Limited, Registrar and Transfer Agent for dematerialisation of the equity shares of the company.
- b) The Company has entered into a tripartite agreement dated 25th March 2000 with the National Securities Depository Ltd. (NSDL) and Alankit Assignments Limited, Registrar and Transfer Agent for dematerialisation of the equity shares of the company.

The Company's shares bear an ISIN no. INE224B01016

Instructions:

- a. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- b. The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
- c. Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP)
- d. Name(s) in the Share Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e. The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- f. Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
- g. The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
- h. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
- i. Trading in the Equity Shares of the Company would be only in dematerialised form for all investors.
- j. **Investors can contact the Compliance Officer – Mr. Nadimpally Nagesh in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.**

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over

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Rs. 1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs. 1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible despatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.

The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the issuer will not appropriate the funds unless approval of the Designated Stock Exchange i.e. BSE is obtained for allotment and no utilisation shall be made till listing and trading approval is obtained from BSE where the shares are proposed to be listed.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) **Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein,**

OR

- b) **Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Interest on delay in dispatch of refund order

Payment of interest of 15% per annum will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than 150 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 150 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 150, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 150 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares

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- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under point 9 of to the Capital Structure mentioned in the Prospectus.
- h. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retail individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail individual investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-

Investors may note that in case of over - subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawl of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

ALLOTMENT / REFUNDS

Refunds, if any, will be made alongwith Allotment Letters / Share Certificates and / or regret letters by Refund Orders drawn on the Bank nominated for this purpose by the Company and will be dispatched within 10 weeks from the date of closure of Issue, by Registered Post. The Company shall ensure dispatch of refund orders of value over Rs.1500/- by Registered Post only and adequate funds for the purpose shall be made available to the Registrar by the issuer company. Such refund orders will be payable at par during their validity period at all centres where the applications are received or such places from where the applications were collected. In case of joint applications, Refund Orders, if any, will be made out in the First applicant’s name and all communication will be addressed to the person whose name appears on the Application form.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS /REFUND ORDERS**The Company agrees that –**

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the Public Issue.
- b. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been despatched to the applicants within 30 days from the date of the closure of the issue.

ACCESS TO THE FUNDS:

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE for listing and trading permission is received from BSE where listing is proposed in terms of this Prospectus.

UNDERTAKINGS BY THE ISSUER COMPANY

The Board of Directors of **Birla Power Solutions Ltd.** state that: -

- i) All the complaints in respect of the Public Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii) That the Company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE within 7 working days of finalisation of basis of allotment.
- iii) That the Company shall apply in advance for the listing of equity shares.
- iv) That the funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vi) That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, undersubscription etc.

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The Board of Directors of **Birla Power Solutions Ltd.** states that:

- i. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- ii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- iii. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the company further certify that:

- i. The utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. The details of all unutilized monies out of the funds received from reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading “Objects of the Issue”, the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.



SECTION VIII: OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

UNDERWRITING AND BROKERAGE

15 Commission for Placing Shares, Debentures Etc

The Company may, subject to the provision of Section 76 and other applicable provision (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscriptions, whether absolutely or conditionally for any shares in or debentures of the Company but so that the commission does not exceed in the case of shares, 5% of the price at which the shares are issued and in the case of debentures, $2\frac{1}{2}\%$ of the price at which the debentures are issued. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

CERTIFICATES

16 Certificate of shares

The certificates of title to the shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by (i) two Directors (Provided that if the composition of the Board permits, one of the aforesaid two Directors shall be a person other than the Managing or whole-time Director) and (ii) the Secretary or some other person appointed by the Board for the purpose. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue. A Director may sign the share certificates by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. Provided always that notwithstanding anything contained in this Article, the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act, or the rules made thereunder, as may be in force for the time being and from time to time.

CALLS

20 Board may make calls

The Board may from time to time, (by a Resolution passed at the meeting of the Board and not by Resolution by circulation) but subject to the terms on which any charges may have been issued and subject to the conditions of allotment, make such calls as they think fit upon the members in respect of all monies unpaid on the shares held by them respectively (whether on account of the capital value of the shares or by way of premium) and each member shall pay the amount of every call so made on him to the persons and at the times appointed by the Board. A call may be made payable by installments.

21 Calls on shares of same class to be made on uniform basis

Where any calls are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

22 Notice of call

At least thirty days' notice of every call, otherwise than on allotment, shall be given specifying the time of payment, and if payable to any person other than the Company, the name of the person to whom the call shall be paid. A call may be revoked or postponed at the discretion of the Board.

23 Call to date from date from resolution

A call shall be deemed to have been made at the time when the Resolution of the Board of Directors authorizing such call was passed and may be made payable by those members whose names appear on the Register of Members on such date, or, at the discretion of the Board on such subsequent date as shall be fixed by the Board.

24 Directors may extend time

The Board may from time to time, at their discretion extend the time for payment of any call, and may extend such time as to payment of call for any of the members who, from residence at a distance or other cause, the Board may deem entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

**THE YASH BIRLA GROUP****25 Sums deemed to be calls**

If by the terms of issue of any share, any amounts are made payable on allotment or at any fixed time or by installments at fixed times (whether on account of the nominal amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls shall relate and apply to such amount or installment accordingly.

26 When interest on call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, or any such extension thereof as aforesaid, the holder for the time being or allottee of the share(s) in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate as shall be fixed from time to time as the Board shall fix from the day appointed for the payment thereof to the time of actual payment but the Board may waive payment or recovery of such interest wholly or in part from any member.

27 Judgement decree or partial payment not to preclude forfeiture

Neither a judgement nor a decree in favour of the Company for calls or the other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company or of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

28 Proof on trial of suit for money due on shares

Subject to the provisions of the Act and these Articles at the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares, it shall be sufficient to prove that the name of the member in respect of whose shares money is sought to be recovered is entered on the Register of Members as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly posted to the member or his representative in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

29 Payment in advance of calls may carry interest

The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of calls then made upon and due in respect of the shares on account of which such advance has been made, the Board may pay or allow interest at such rate as the member paying such sum in advance and the Board agree upon and the Board may agree to repay at any time any amount so advanced or may at any time repay the amount so advanced either by agreement with the member or otherwise upon giving to such member three months' notice in writing. No member paying any sum in advance shall be entitled to participate in profits or dividend or to voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

FORFEITURE, SURRENDER, LIEN**30 If call or installment not paid notice may be given**

If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, or any such extension thereof as aforesaid the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (Legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

31 Terms of notice

The notice shall name a day (not being less than 14 days from the date of the notice) on or before which and the place or places at which such call, installment or such part thereof and such other moneys as aforesaid and such interest therein at such rate as the Board shall determine from the day on which such call, installment or other moneys ought to have been paid and expenses as aforesaid are to be paid, and if payable to any person other than the Company, the person to whom

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such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the Company) at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

32 Shares to be forfeited in default of payment

If the requirements of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given may, at any time thereafter but before payment of all calls or installments, interest and expenses and other moneys due in respect thereof, be forfeited by a resolution of the board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

33 Entry of forfeiture in register of members

When any shares shall have been so forfeited, an entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the member in whose name they stood immediately prior to the forfeiture but no forfeiture shall be in any manner invalidated by any omission or neglect to make any such entry or to give such notice as aforesaid.

34 Forfeited shares to be property of the Company and may be sold, etc.

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person upon such terms and in such manner as the Board shall think fit.

35 Directors may annul forfeiture

The Board may, at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

36 Shareholder still liable to pay money owing at the time of forfeiture and interest

Any person whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from time of the forfeiture until payment at such rate as the Board may determine and the board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.

37 Effect of forfeiture

The forfeiture of a share shall involve the extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the shares forfeited and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

38 Surrender of shares

The board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as it thinks fit.

39 Company's lien on shares

The company shall have no lien on its fully paid shares. In the case of partly paid up shares, the Company shall have a first and paramount lien on such shares registered in the name of each number, whether solely or jointly with others and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and whether held solely or jointly with any other person, and whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, and no equitable interest in any share shall be created except upon the footing and condition that Article 14 is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. Provided that the board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

40 As to enforcement of lien by sale

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until the expiration of seven days after a notice in writing of the intention to sell shall have been served on such member, his executors or administrators or other legal representatives as the case may be, and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after service of such notice. To give effect to any such sale, the

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Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

41 Application of proceeds of sale

The net proceeds of any such sale, after payment of the costs of such sale, shall be received by the Company and applied in or towards the satisfaction of such part of the amount in respect of which the lien exists as is presently payable and the residue, (if any) shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to such member or the person (if any) entitled by transmission to the shares at the date of the sale.

42 Evidence of forfeiture

A certificate in writing under the hands of two Directors that the call in respect of a share was made, and notice thereof given, and that default in payment of the call was made, and that the forfeiture of the shares was made by a resolution of the Board to that effect shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to such share.

43 Title of purchaser and allottee of forfeited shares or shares sold in exercise of lien

Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share and he shall not be bound to see to the application of the consideration if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share and after his name has been entered in the Register of Members in respect of such share, the validity of the sale shall not be impeached by any person.

44 Cancellation of share certificates in respect of forfeited shares

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES**45 Register of transfer**

The Company shall keep a book to be called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

45 A DEMATERIALISATION OF SECURITIES

Notwithstanding anything contrary contained in these articles, the Company shall be entitled to dematerialise/rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996, any amendments thereof and the rules framed thereunder. Rights, liabilities, duties and relationship of the Company, depository, members, beneficial owner and transfer of securities shall be subject to and in accordance with the provisions of the Depositories Act, 1996 and the Companies Act, 1956 and rules made thereunder as amended from time to time. For the purpose of this clause, the words securities, depository, member and beneficial owner will have the same meaning as assigned to them in the Depositories Act, 1996 and the rules made thereunder as amended from time to time.

46 Register of renewed and Duplicate Certificates

The Company shall keep a book to be called the "Register of Renewed and Duplicate Certificates" and therein shall be fairly and distinctly entered the particulars of the issue of renewed and duplicate certificates in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or rendered useless.

**THE YASH BIRLA GROUP****47 Form of transfer**

The instrument of transfer of any share shall be in writing and in such form as may be prescribed. All the provisions of section 108 of the Act shall be duly complied with in respect of all transfers of shares and the registration thereof.

48 Application of transfer

1. An application for the registration of a transfer of the shares in the Company may be made either by the transferor or by the transferee.
2. Where the application is made by transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
3. For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been given if it is dispatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at time at which it would have been delivered in the ordinary course of post.

49 Instrument of transfer to be executed by the transferor and transferee

Every such instrument of transfer shall be signed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

50 Transfer not to be registered except on production of instrument of transfer.

The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company within the prescribed period along with the certificate relating to the shares, or if no such share certificate is in existence, along with the letter of allotment of the shares. PROVIDED that, where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may if the Board thinks fit, register the transfer on such terms as to indemnity as the Board may think fit provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

51 No share shall in any circumstances be subscribed for or transferred to any infant or minor or person of unsound mind.**52 Directors may refuse to register transfer.**

- (A) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956 the Board may refuse to register any transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member of the Company, but in such case the Company shall, within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of such refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be, giving reasons for such refusal. Provided however that the registration of a share not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares.
- (B) Without prejudice to the generality of the foregoing sub-Article (A), the Board shall be entitled to refuse an application for transfer of less than 50 equity shares of the Company subject, however, to the following exceptions: (i) Transfer of Equity Shares made in pursuance of any statutory provision or an order of a competent Court of Law; (ii) The transfer of the entire Equity Shares by an existing Equity Shareholder holding less than 50 Equity Shares by a single transfer to a single or joint names. (iii) Transfer of the entire holding of Equity Shares of a member, which is less than 50, to one or more transferees provided that the total holding of the transferee or each of the transferees as the case may be will not be less than 50 shares after the said transfer; (iv) The transfer of not less than 50 Equity Shares in the aggregate in favour of the same transferee in two or more transfer deeds, submitted together within which one or more relates to the transfer of less than 50 Equity Shares.

53 Notice of refusal to be given to transferor and transferee

If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall, within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to transferee, and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act shall apply.

**THE YASH BIRLA GROUP****54 Transfer by legal representative**

A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

55 Custody of instrument of transfer

The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall, on demand, be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of ten years or more.

56 Closure of transfer books

The Board shall have power on giving not less than seven days' previous notice by advertisement as required by Section 154 of the Act, to close the transfer books of the Company, the Register of Members or the Register of Debenture-holder at such time or times and for such period or periods of time not exceeding in the whole 45 days in each year and not exceeding 30 days at a time, as to it may seem fit.

57 Title of shares of deceased holder

The executors or administrative or a holder of a Succession Certificate in respect of the estate of a deceased member, not being one of two or more joint holders shall be the only person recognized by the Company as having any title to the shares registered in the name of such deceased member and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration as the case may be, from a duly constituted Court in India, provided that in any case where the Board in its absolute discretion thinks fit, it may dispense with the production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 58 register the name of any person who claims to be absolute entitled to the shares standing in the name of a deceased member as a member.

58 Transmission Article

Subject to the provisions contained in Article 57 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, upon producing proper evidence of the grant of Probate or Letters of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he purports to act under this Article or of his title to the shares as the Board thinks sufficient may, with the consent of the Board (which it shall not be under any obligation to give), either be registered as a member in respect of such shares, or elect, to have some person nominated by him and approved by the Board registered as a member in respect of such shares provided that if such person shall elect to have his nominee registered, he shall rectify his election by executing in favour of his nominee an instrument of transfer in accordance with these Articles and until he does so he shall not be free from any liability in respect of such shares. This Article is herein referred to as 'the Transmission Article'.

59 Compliance with the Estate Duty Act, 1953

If any member of the Company dies, and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller or Assistant Controller, of Estate Duty that either the Estate Duty in respect thereof has been paid or will be paid or none is due as the case may be. Where the Company has come to know through any of its principal officers of the death of any member, the Company shall within three months of the receipt so such knowledge, furnish to the Assistant Controller or the Deputy Controller of Estate Duty who is exercising the functions of the Income Tax Officer under the Income-Tax Act in relation to the Company, such particular Act may be prescribed by the Estate Duty Rules, 1953.

60 Refusal to register in case of transmission

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**THE YASH BIRLA GROUP****61 Person entitled may receive dividend without being registered as member**

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not before being registered as a member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

62 Board may require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

63 No fee on transfer or transmission

The Board shall not charge any fee for registration of transfer or transmission in respect of shares or debentures of the Company.

64 Company not liable for disregard of a notice prohibiting registration of transfer

The Company shall incur no liability or responsibility whatsoever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest (to or in such shares notwithstanding that the Company may have notice of such equitable right, title or interest) or may have received a notice prohibiting registration of such transfer and may have entered such notice or referred there to in any book of the Company, and save as provided by section 187-C of the Act, the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless to be at liberty to regard and attend to any such notice and give effect thereto if the Board so think fit.

BORROWING POWERS**79 Power to borrow**

Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Board shall have the power, from time to time at its discretion, by a resolution passed at the meeting of the Board and not by Resolution by circulation, to accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of moneys for the purposes of the Company provided that the total amount to be borrowed at any time together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), shall not, without the consent of the Company in General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves that it to say reserves not set apart for any specific purpose. Such consent shall be obtained by an ordinary resolution which shall provide for the total amount up to which moneys may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six months from the date of the loan such as short term loans, cash credit arrangements, discounting of bills and the issue of other short-terms loans of seasonal character but does not include loans raised for the purpose of financing expenditure of a capital nature.

80 Conditions on which moneys may be borrowed

Subject to the provisions of the Act and these Articles, the Board may, by a resolution passed at a meeting of the Board and not by resolution by circulation or secure the payment of such sum or sums in such manner as it thinks fit and particularly by issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

81 Bonds, debentures, etc. to be subject to control of Directors

Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions and in such manner and for such consideration as it shall consider to be for the benefits of the Company.

**THE YASH BIRLA GROUP****82 Securities may be assignable free from equities**

Debentures, debenture-stock, bonds or other securities made be made assignable free from any equities between the Company and the person to whom the same may be issued.

83 Condition on which bonds, debentures, etc. may be issued

Subject to the provisions of the Act and these Articles any bonds, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and with any special rights, privileges and conditions as to redemption, surrender, drawings, allotment of shares as to attending (but not voting) at general meeting, as to appointment of Directors or otherwise. Provided that debentures with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting, accorded by a Special Resolution.

84 Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by way mortgage or other security by the Board, the Board shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed or, if permitted by the Act, may be instrument under Seal, authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to receive monies on call from the members in respect of such uncalled capital and the provision hereinbefore contained in regard to calls shall mutatis mutandis apply to calls made under such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either the exclusion of the Directors' powers or otherwise and shall be assignable if expressed so to be.

85 Indemnity may be given

Subject to the provisions of the Act and these Articles, if the Directors or any them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

86 Register of Mortgages, etc. to be kept

The board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company including all floating charges on the undertaking or any property of the Company, and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly compiled with, within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Company Law Board or the Registrar so far as they are to be compiled with by the Board. The Company shall, if at any time it issues debentures, keep Register and index of Debenture-holders in accordance with Section 152 of the Act.

GENERAL MEETINGS**87 Statutory meeting**

The statutory meeting of the Company shall be held at such place and time (not less than one month not more than six months from the date at which the Company is entitled to commence business) as the Directors may determine, and in connection therewith, the Directors shall comply with the provisions of the Section 165 of the Act.

88 Annual General Meeting

1. Subject to the provisions of Section 166 and 210 of the Act, the Company shall, in addition to any other meetings, hold a general meeting (hereinafter called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Company shall holds its first Annual General Meeting within eighteen months from the date of incorporation of the Company and if such general meeting is held within that period, it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following year, but subject to the aforesaid provisions, the Annual General Meeting shall be held at least once in every calendar year and not more that fifteen months shall elapse between the date of one Annual General Meeting and the next; Provided however that if the Registrar of Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar.
2. Every Annual General Meeting shall be called at a time during business hours an on such day (not being public holiday) as the Board may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is

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situate as the Board may determine. The Company may, by a resolution passed at one Annual General Meeting, fix the time for its subsequent Annual General Meeting. The notice calling the meeting shall specify it as the Annual General Meeting.

89 Extraordinary General Meeting

1. The Board of Directors may call an Extraordinary General Meeting whenever they think fit.
2. The Board of Directors shall, on the requisition of such number of members of the Company as hold, in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company upon which all calls or other moneys then due shall have been paid as at that date carries the right of voting in regard to that matter. Forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act and the provisions herein below contained shall be applicable to such meeting.
3. The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
4. The requisition may consist of several documents of the like form, each signed by one or more requisitionists.
5. Where two or more distinct matters are specified in the requisition, the provisions of clause (1) above shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
6. If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days' from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in clause (2) above whichever is less.
7. A meeting called under clause (6) above by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board, but shall not be held after the expiration of three months from the date of the deposit of the requisition.
8. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Notice of Meetings

- 90 1. A General Meeting of the Company may be called by giving not less than twenty-one days' notice in writing. PROVIDED, that so far as members whose address registered in the books of the Company is outside India are concerned, in addition to the notice of the General Meeting, cable or telex intimation of the date of the General Meeting shall be sent to such number at their address outside India for the time being registered with the Company at least 21 clear days before the date of the said General Meeting of the Company.
2. However a General Meeting may be called after giving shorter notice than 21 days, if the consent is accorded thereto. i. In the case of the Annual General Meeting by all the members entitled to vote thereat; and In the case of any other meeting, by members of the Company holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at that meeting.

DIRECTORS**129 Number of Directors**

Subject to the provisions of Section 259 of the Act, the number of Directors (excluding alternate directors) shall not be less than three, and unless otherwise determined by the Company in General Meeting, more than twelve (excluding Special/Financial Directors). The first Directors of the Company shall be:

1. MR. ASHOK VARDHAN BIRLA
2. MR. GANGA SHARAN AGRAWAL
3. MR. SHREENARAYAN BAHETI

**THE YASH BIRLA GROUP****131 Special and financial Directors**

1. The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation, that he or it shall have the right to appoint his or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors of the Company.
2. The Special Directors appointed under sub-clause (1) hereof shall be entitled to hold office until requested to retire by the person, firm or corporation which may have appointed him/them and will not be liable to retire by rotation. A Special Director shall not be required to hold any qualification shares. As and when a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the person, firm or corporation who or which appointed such Director may appoint any other Director in his place. A Special Director may, at any time, by notice in writing to the Company, resign his office. Subject as aforesaid a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

132 Institutional Directors

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Corporation of India Limited (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Oriental Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI), or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this article referred to as 'the Corporation') out of any loans/debentures assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time, (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation of such Nominee Director/s shall not be required to hold any qualification shares in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retire by rotation of directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold debentures / shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the nominee director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold debentures / shares in the Company or on the satisfaction of the Nominee Director/s appointed under this article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies, remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly as paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s being appointed as Whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Company. Such whole-time Director/s shall be entitled to receive such remuneration, fees, commission, and monies as may be approved by the Corporation.

**THE YASH BIRLA GROUP****133 Debenture Director**

Any Trust Deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the Trustees thereof or by the holders of the debentures or debenture-stock of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stock from time to time to remove any director so appointed. The Director appointed under this Article is herein referred to as the “Debenture Director” and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or, subject to the provisions of the Act, be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

134 Appointment of Alternate Director

The Board may appoint any person who is recommended for such appointment by a Director (hereinafter called the “the Original Director”) to act as an Alternate Director for him during his absence for a period of not less than three months from the state in which the Meetings of the Board are ordinarily held and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of Meetings of the Directors and to vote thereat accordingly and to the same rights and privileges as the Original Director, provided, however, that if the Original Director is non-retiring Director appointed by Yamaha or Tungabhadra pursuant to Article 130, then as the Board may appoint as his alternate, a person recommended for such appointment by Yamaha or Tungabhadra as the case may be. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the said state. If the term of office of the Original Director is determined before he so returns to the State as aforesaid any provisions in the Act or in this Article for the automatic re-appointment of a Retiring Director in default of any other appointment shall apply to the Original Director and to the Alternate Director.

135 Casual Vacancy

Subject to the provisions of the Act and these Articles if the office of any Director is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board. PROVIDED HOWEVER that if the Director whose office shall be so vacated shall be a person nominated or selected by the Yamaha Motor Company Limited or Tungabhadra Industries Limited then the person who shall be appointed in his place by the Board of Directors as aforesaid shall be a person selected by Yamaha Motor Company Limited or Tungabhadra Industries Limited as the case may be. Any person so appointed shall hold office only upto the date up to which the Director in whose place he is appointed would have held office, if the vacancy had not occurred.

136 Appointment of Additional Directors

Subject to the provisions of the Act, the Board shall have power at any time and from time to time appointment a person or persons as an Additional Director or Directors. Such Additional Directors shall hold office only upto the date of the next Annual General Meeting of the Company, but shall be eligible for re-election at that meeting as a Director, provided that, the number of Directors and the Additional Directors together, shall not exceed the maximum strength fixed by the Board by Article 129 thereof.

Qualification of Directors**137 A Director of the Company shall not be bound to hold any qualification shares.****138 Remuneration of Directors**

Subject to the provisions of section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company shall be as hereinafter provided.

1. Subject to the provisions of the aforesaid Sections each of the Directors of the Company (inclusive of the Chairman) shall be entitled to payment of a sum as decided by the Board of Directors from time to time, within the maximum limits of such fees that may be prescribed under the proviso to Section 310 of the Companies Act, 1956 or other applicable provisions or rules if any, or such lesser amount as the Directors may agree to accept from time to time, for each meeting of the Board or of one or more Committee of the Board attended by him. The Directors shall be paid such further remuneration, if any, either on the basis of percentage on the net profits of the Company or otherwise, as the Company in General Meeting shall from time to time determine, and such additional remuneration and further remuneration shall be divided amongst the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination, shall be divided amongst the Directors equally.

**THE YASH BIRLA GROUP**

2. The Board of Directors may in addition allow and pay to any Director who is not a bonafide resident of the place where a meeting of the Board or Committee or a General Meeting of the Company is held, and who shall come to that place for the purpose of attending the meeting, such sum as the Board may consider fair compensation for his travelling, hotel, boarding, lodging and other expenses incurred in addition to his fees for attending or returning from meetings of the Board of Directors or any Committee thereof or General Meetings of the Company.
3. Subject to the limitations provided by the Act and this Article, if any, Director shall be called upon to go or reside out of his usual place or residence on the Company's business or otherwise perform extra services outside the scope of his ordinary duties, the Board may arrange with such Director for such special remuneration for such service either by way of salary, commission, or the payment of a stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided, and all the Directors shall be entitled to be paid or reimbursed or repaid any travelling, hotel and other expenses incurred or to be incurred in connection with the business of the Company and also to be reimbursed all fees for filing all documents which they may be required to file under the provisions of the Act.

139 Directors may act notwithstanding vacancy

The continuing Directors may act notwithstanding any vacancy in their body, but subject to the provisions of the Act, if the number falls below the minimum number above fixed and notwithstanding the absence of a quorum, the Continuing Directors, may act for the purposes of increasing the number of Directors to the minimum fixed or for summoning a General Meeting of the Company

MANAGING DIRECTOR OR WHOLE TIME DIRECTOR

Board may appoint Managing director and whole-time Director

- 175** Subject to the provisions of the Act and of these Articles, the Board may from time to time appoint one or more of its members as Managing Director or Managing Directors or Whole time Director or Whole time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as it may think fit and subject to the provisions of the Act and of Article 176, the Board may by resolution vest in such Managing Director or whole time Director such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such condition and subject to such restrictions as it may determine.

176 Restrictions on powers of Managing or whole-time Directors

The Managing Director or Managing Directors or the whole time Director or whole time Directors shall not exercise the powers to:-(a) make calls on shareholders in respect of money unpaid on their shares in the Company, and(b) issue debentures; And except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director or Managing Directors or whole time Director or whole time Directors shall also not exercise the powers to: -(c) borrow moneys,(d) invest the funds of the Company, and(e) make loans;

177 That provision the Managing and whole-time Director shall be subject to

Subject to the provisions of the Act and of these Articles, the Managing Director or Managing Directors or Whole time Director or Whole time Directors shall not, while he or they continue to hold that office be subject to retirement by rotation but he or they shall be subject to the provisions of any contract between him or them and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and he or they shall ipso facto and immediately cease to be Managing Director or Managing Directors or whole time Director or whole time Directors if he or they cease to hold the office of Directors for any cause.

178 Remuneration of the Managing Director and Whole-time Director.

Subject to the provisions of the Act and these Articles, the remuneration of the Managing Director or Managing Directors or whole time Director or whole time Directors shall be in accordance with the terms of his or their contract with the Company.

179 Powers and duties of Managing Director

Subject to the provisions of the Act and to the terms of any Resolution of the Company in General Meeting or of any resolution of the Board and to the terms of any contract with him or them, the Managing Director or Managing Directors shall have and exercise substantial power of management subject to the superintendence, control and direction of the Board.

**THE YASH BIRLA GROUP**
SECRETARY**180 Secretary**

The Directors shall appoint a whole time Secretary of the Company for such term at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. The main functions of the Secretary shall be the responsibility for maintaining Registers required to be kept under the Act and these Articles, for making the necessary returns to the Registrar of Companies under the Act and these Articles and for getting the necessary documents registered with the Register and for carrying out all other administrative and ministerial acts, duties and functions which a Secretary of the Company is normally supposed to carry out such as giving the necessary notices to the members, preparing the agenda of meetings, issuing notices to Directors, preparing minutes of meetings of members and Directors and of any Committees of Directors and maintaining minute books and other statutory documents and, he shall carry out and discharge such other functions and duties as the Directors or the Managing Directors may from time to time require him to do. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company.

THE SEAL**182 Seal of the Company**

The Board shall provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Board or a Committee of the Board previously given.

183 Deeds how executed

Subject to the provisions relating to the issue of share certificates, every deed or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by two Directors or one Director and the Secretary or in place of the Secretary some other person appointed by the Board for the purpose. Provided nevertheless that certificates of debentures may be signed by one Director only or by the Secretary of the Company or by a duly constituted attorney of Company and certificates of shares shall be signed as provided in Article 16.

184 Seals abroad

The Company may exercise the powers conferred by Section 50 of the Act and such power shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL**185 Payment of interest out of capital**

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate, and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the works or building or the provision of the plant.

DIVIDENDS**186 Division of Profits**

The profits of the Company, subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up or credited as paid-up on the shares held by them respectively. Provided always that any capital paid up or credited as paid-up on a share during the period in respect of which a dividend is declared shall, unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such Dividend proportionate to the capital from time to time paid up during such period on such share.

187 Capital paid up in advance at interest not to earn dividend

Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer or right to dividend or to participate in profits.

188 Dividends in proportion to amount paid up

The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share where a larger amount is paid up or credited as paid up on some shares than on others.

**THE YASH BIRLA GROUP****189 The Company in General Meeting may declare a dividend**

The Company in General Meeting may subject to the provisions of Section 205 of the Act, declare a dividend to be paid to the members according to their respective rights and interests in the profits and subject to the provisions of the Act, may fix the time for payment. When a dividend has been so declared, subject to the provisions of Section 207 of the Act either the dividend shall be paid or the warrant in respect thereof shall be posted within 42 days of the date of the declaration to the share holders entitled to the payment of the same.

190 Powers of General Meeting to limit dividend

No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No Dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of Sections 205, 205A, 206 and 207 of the Act, and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

191 Interim dividend

Subject to the provisions of the Act, the Directors may, from time to time, pay to the members such Interim dividends as in their judgment the position of the Company justifies.

192 Retention of dividends until completion of transfer

Subject to the provisions of the Act the Directors may retain the dividends payable upon any shares in respect of which any person is under Article 58 hereof, entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same. The provisions of this Article shall apply to any interest created in a share either by reason of transmission by operation of law or otherwise.

193 No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out.

Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

194 Right to dividend to pending registration of transfer

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

195 Dividends how remitted

Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the Registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, The Company shall be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or other person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

196 Unpaid dividend

The Company shall duly comply with the provisions of Section 205-A of the Act in respect of a dividend declared by it but which has not been paid or the warrant in respect thereof has not been posted within forty-two days from the day of the declaration to any shareholder entitled to the payment of the Dividend.

197 Dividend and call together

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.

**THE YASH BIRLA GROUP****RESERVE AND CAPITALISATION****198 Reserves**

The Board may, before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or as may be permitted by the Act, applied for payment of dividend or be invested in such investments and in such manner or as may be permitted by the Act and as the Board may from time to time think fit.

199 Capitalisation

1. Any General Meeting of the Company on the recommendation of the Board may resolve that any amounts standing to the credit of the Share Premium Account, the Capital Redemption Reserve Account, or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from the realisation and where permitted by law), from the appreciation in value of any capital assets of the Company standing to the credit of the General Reserve or any other Reserve or Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend be capitalised:- (a) By the issue and distribution as fully paid up of shares of the Company and to the extent permitted by the Act, debentures, debenture-stock, bonds or other obligations of the Company; or (b) By crediting Shares of the Company which may have been issued to and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon. Provided that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Accounts shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.
2. Such issue and distribution under sub-Clause (1) (a) above and such payment to credit of unpaid share capital under sub-clause (1) (b) above shall be made to among and in favour of the members or any class of them or any of them entitled thereto in accordance with their respective rights and interest and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (1) (a) or payment under sub-clause (1) (b) above shall be made on the footing that such members become entitled thereto as capital.
3. The Directors shall give effect to any such resolution and shall apply such portion of the profits, General Reserve or other Reserve or any other Fund or Account as aforesaid as may be required for the purpose of making payment in full of the shares, debentures, debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (1) (a) above or (as the case may be) for the purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under sub-clause (1) (b) above.
4. For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash shares, debentures, debenture-stock, bonds or other obligation in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.
5. Subject to the provisions of the Act and these Articles, in cases where some of the Shares of the Company are fully paid up and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and the partly paid shares, the sum so applied on the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
6. When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

**THE YASH BIRLA GROUP****SECRECY CLAUSE****223 Secrecy clause**

1. Every director, manager, auditors, trustee, member of a committee, officer, servant, agent accountant or other person employed in the business of the Company, shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transaction and affairs of the Company with the customers and the state of the accounts with individuals and in relation thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
2. No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Director or the Managing Director it will be expedient in the interest of the members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY**224 Directors' and others' right to indemnity**

1. (1) Subject to the provisions of Section 201 of the Act every Director of the Company or the Managing Director, Manager, Secretary and other officer or employee of the Company and the Trustees (if and for the time being acting in relation to any of the affairs of the Company and every one of the them shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, Managing Director, Manager, Secretary or other officer or employee and the trustees (if any) for the time being acting in relation to any of the affairs of the Company may incur or become liable to by reason of any contract entered into or any act, deed or thing done by him as such Director, officer, employee, or trustees or in any way in the discharge of his duties.
2. Subject as aforesaid every Director, Managing Director, Manager, Secretary or other Officer or employee of the Company or the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is given by the Court.

225 Directors and others not responsible for acts of others

Subject to the provisions of Section 201 of the Act no Director, the Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects or defaults of any Director or officer or for joining in any omission or other act for conformity, or for any loss or expenses suffered by the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, willful neglect or default.

**THE YASH BIRLA GROUP****MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Prospectus may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated 21.12.2005 between Birla Power Solutions Ltd. and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 16.12.2005 between Bigshare Services Private Limited, Registrar to the Issue and Birla Power Solutions Ltd., the Company.
3. Copy of tripartite agreement dated 25.03.2000 between the Company, National Securities Depository Limited (NSDL) and Alankit Assignments Limited
4. Copy of tripartite agreement dated 16.03.2000 between the Company, Central Depository Services (India) Limited (CDSL) and Alankit Assignments Limited

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of Birla Power Solutions Ltd.
2. Copies of Annual report of Birla Power Solutions Ltd. for the year ended 31.03.2001, 31.03.2002, 31.03.2003, 30.09.2004 and audited accounts for year ended 30.09.2005.
3. Memorandum and Articles of Association and Annual reports of the promoting companies and group companies for last three years.
4. Copy of Sale Agreement for property in Dehradun and Himachal Pradesh.
5. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 06.10.2005 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares.
6. Resolution of the members of the company passed at the Annual General Meeting held on 22.03.2005 appointing M/s Dalal & Shah, Chartered Accountants as the statutory auditors.
7. Copy of certificate dated 28.02.2006 issued by M/s Dalal & Shah, Chartered Accountant & Statutory Auditors of the Company reporting financials of Birla Power Solutions Ltd. in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios.
8. Letter dated 28.02.2006 from the auditors of the company M/s M. K. Sureka & Co., Chartered Accountants confirming tax benefits as mentioned in the Offer Document.
9. Copy of ISO 9001, 14001 Certificate dated 06.10.1998 and 06.07.2001 respectively.
10. Copies of undertakings from Birla Power Solutions Ltd.
11. Consents from the Directors of the Company, Company Secretary, Compliance officer, Registrar to the Issue, Lead Managers to the Issue, Auditors, Tax Auditor, Banker to the Company, Legal Advisor, Bankers to the Issue.
12. Copy of Power of Attorney dated 16.12.2005 in favour of to Mr. Sanjay Khazanchi by the Directors of the Company
13. List of directors for the last five years.
14. List of Form 5 for the last three years.
15. Copy of listing applications made to BSE dated 30.12.2005
16. Due Diligence Certificate dated 30.12.2005 to SEBI from M/s. Keynote Corporate Services Limited
17. Copies of Quotations obtained and Purchase Orders for purchase of Equipments.
18. No objection certificates from the Banks & Financial Institution (i.e. The Shamrao Vithal Co-operative Bank Limited, Punjab and Sind Bank, Punjab National Bank) for the proposed public issue.
19. Copy of the Agreement with the Architect- M/s Rakesh Jain & Associates dated 22.12.2005.
20. Copy of in-principle listing permission received from BSE vide their letter no. List/sm/jc/2006 dated February 01, 2006.
21. Copy of Sebi Observation letter no. CFD/DIL/PB/Ac/59404/2006 dated February 02, 2006 in respect of the Public Issue of the Company and pursuant reply to SEBI by Keynote Corporate Services, the Lead Manager vide their letter-dated March 07, 2006.
22. Form II dated 09.03.2006 under regulation 20 of the Companies Act 1956 issued by Registrar of Companies Maharashtra, Mumbai



THE YASH BIRLA GROUP

PART III

DECLARATION

The Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Board of Directors of the Company further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF BIRLA POWER SOLUTIONS LIMITED

Sd/-

Mr. Yash Birla *
Chairman

Sd/-

Mr. Y.P. Trivedi *
Director

Sd/-

Mr. Sanjay Khazanchi
Whole Time Director & President

Sd/-

Mr. PVR Murthy *
Director

Sd/-

Mr. Rajesh V. Shah *
Director

Sd/-

Mr. Manish Malani *
Director

* Through their constituted power of attorney – Mr. Sanjay Khazanchi

DATE: 08.03.2006

PLACE: Mumbai