

BSES Limited

Minutes of the Seventy Fourth Annual General Meeting of BSES Limited held on Monday, June 09, 2003, at 11.00 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056

- 1.1 600 Shareholders were present in person and 4 Shareholders were represented by proxy. The following Directors were present:

Shri Anil D Ambani	Chairman & Managing Director
Shri Satish Seth	Executive Vice Chairman
Shri Amitabh Jhunjhunwala	Director
Shri Cyril S Shroff	Director
Shri Gautam Doshi	Director
Shri S L Rao	Director
Gen. V P Malik	Director
Prof. J Ramachandran	Director
Shri S S Dua	Director (Technical)
Shri K H Mankad	Director (Finance)
Shri K D Kulkarni	Director (Human Resource Development)
Shri S C Gupta	Director (Operations)
Shri J P Chalasani	Director (Business Development)

Representatives of the following companies and financial institutions were also present:

Shri Rohit C Shah of Reliance Power Ventures Limited and Reliance Industries Limited.

Ms. Kalpana Srinivasan of Reliance Industrial Investments & Holdings Limited.

Shri V R Mohan of Reliance Capital Limited.

Shri Sanjeev M Dandekar of Jagadanand Investment & Trading Company Limited, Kankhal Investment & Trading Company Limited, Maxwell Dyes & Chemicals Private Limited, Nikhil Investment Company Limited, Real Fibres Limited, Blue Chip Merchant Bankers Private Limited, Adbhut Trading Company Private Limited, Paramount Merchant Bankers Private Limited and Auspicious Investments Private Limited.

Shri Sachin Ahuja of Life Insurance Corporation of India.

Shri Pranesh Kumar of The New India Assurance Company Limited.

Shri P K Mehrotra of The Oriental Insurance Company Limited.

Shri A C Agarwal of United India Insurance Company Limited.

Shri S N Bhalerao of National Insurance Company Limited.

S/Shri V B Haribhakti and Chetan Desai of Haribhakti & Co., and
Shri Partha Ghosh of Price Waterhouse, Auditors of the Company.

- 1.2 Shri Anil D Ambani, Chairman of the Board of Directors, presided and the quorum being present, declared the meeting open and welcomed the Members attending the meeting. The Register of Proxies and the Register of Directors' shareholdings were laid on the table. The Notice convening the Meeting was taken as read with the consent of the Members.

Thereafter, Shri Ramesh Shenoy, Company Secretary, read out the Auditor's Report dated April 21, 2003.

Chairman while welcoming the shareholders gave a brief account of performance highlights of BSES during the year under review.

The main points of observations made by the Chairman were:

BSES Limited ranked among the top 25 private sector listed companies in India. The company had customer base of over 5 million consumers. The total asset base was over Rs. 6,000 crore. During the year, the company recorded its highest ever sales of electrical energy of 5,880 million units, registering growth of 4%. The Dahanu thermal power station further improved its performance, setting several new records despite shut down of one unit for annual maintenance for 35 days.

Chairman reported that BSES Kerala Power station resumed operations and was running at a capacity utilization of 85%. BSES Andhra Power Station has secured partial firm linkage of natural gas and was operating at 55% capacity utilization. BSES Rajdhani Power and BSES Yamuna Power have taken series of steps for modernization and upgradation of their existing infrastructure. He stated that discussions were in progress with Orissa government and other authorities to arrive at a comprehensive restructuring proposal, in order to make the operations of Orissa electricity distribution companies viable and sustainable.

Chairman informed the shareholders about the recently enacted Electricity Act, 2003 and described it as landmark piece of legislation, which would benefit millions of consumers offering them option of suppliers, leading to competitive tariffs and improvement in quality of power.

Chairman elaborated on BSES' Vision and Mission Statement that charts out the Company's future growth path in the backdrop of the enormous growth opportunities likely to emerge from the enactment of the Electricity Act, 2003.

Chairman further stated that the proposed change in the name of the Company would reflect the ownership of Reliance group and would give the Company the opportunity to leverage the brand equity of Reliance name. The Company's ability to mobilize financial resources on competitive terms would increase significantly with adoption of the name, Reliance Energy.

Chairman stated that the Company is committed to providing adequate and modern health and medical care to all its employees. He informed that the Company, as a responsible corporate citizen, regularly undertakes various community welfare measures and environment- friendly initiatives.

The Chairman concluded by thanking Central and State Governments, Financial Institutions, employees and shareholders of the Company for their co-operation and support.

The Chairman thereafter moved the following Resolution as an ordinary Resolution which was seconded by Shri T M Davar

RESOLUTION NO. 1

"RESOLVED THAT the Directors' Report, the Auditors' Report, the audited Profit and Loss Account for the year ended March 31, 2003 and the Balance Sheet as at that date submitted to this meeting be and are hereby approved, adopted and confirmed."

Before putting the Resolution to vote, the Chairman invited the Members to offer their comments and observations on the accounts.

The Members in general congratulated the Chairman and his team for achieving improved performance for the year and hoped that under the leadership of the Chairman, the Company would improve its performance in all areas of its operations and enhance shareholder value in the years to come. Salient observations made by various members and the comments and clarifications offered by the Chairman are summarized below:

1. To a query as to when the Company would be self reliant in meeting its requirement of power, the Chairman replied that the Company would have the option to buy power from other suppliers and an appropriate framework would be in place for the bulk supplier to be competitive.

2. On a query on EPC Contracts, the Chairman replied that hitherto the Division which has been carrying on activities of other companies, would restrict to Group Companies in future in view of the growth and opportunities available within the Group Companies.
3. On a query related to the losses of BSES Yamuna Power Limited and BSES Rajdhani Power Limited, the Chairman replied that the Transmission & Distribution loss was the main reason for the losses. In Mumbai, 1% of Transmission & Distribution losses results in loss of revenue of about Rs.25 crore whereas in Delhi it amounts to Rs.50 crore. Such losses exceed 50% in Delhi distribution systems. He assured that steps were being taken to reduce transmission and distribution losses.
4. To a query on the amount saved in printing and postage of Annual Report, the Chairman replied that the Company had saved about Rs.65 lakh.
5. To a member's query on desubsidiarisation of BSES Group Companies, the Chairman clarified that the exercise was carried out as a part of the restructuring of strategic investments of the Company. To a shareholder's query on heavy financial burden on the Company due to the Mumbai High Court's ruling in standby charges, the Chairman stated that the Company would present its case suitably before the Maharashtra Electricity Regulatory Commission and the Courts.
6. Some members desired to know whether the generation capacity of the Dahanu power station would be enhanced . The Chairman informed that the Dahanu Thermal Power Station has generation capacity of 500 MW and the plant capacity could be expanded if natural gas were to be used as a source of fuel.
7. To a shareholder's query on the billing system, the Chairman stated that the Company would switch over to monthly billing cycle and change the metering policy, so that the consumers are rest assured that they are charged correctly.
8. He assured to publish financial ratios in the Annual Report as requested by the shareholders.
9. On a shareholder's query on the steep variation in the rates between BSES and MSEB particularly to industrial consumers, the Chairman stated that this was due to the reason that the cost of purchase was high and the Company owing to the peculiar consumer profile of BSES, had to cross subsidise some

sections of the consumers. He hoped, the introduction of National Tariff Policy would enable competitive tariff in the future.

10. A Shareholder wanted to know the company's view on Dabhol Power project. Chairman informed him that a proposal was made to Maharashtra Government stating BSES' willingness on contractual basis to complete Phase I of Dabhol power project for which Reliance was willing to supply resource material and BSES was ready to purchase 100% power generated. However no response had been received from the Government of Maharashtra.
11. On a member's query, the Chairman clarified that the Profit Before Tax and Profit After Tax declined sharply due to withdrawal of bills aggregating Rs.135 crore raised over the past 7 years on estimated/provisional basis. On considerable reduction in asset utilization ratio and operating income ratios, the Chairman replied it was due to the investments in group companies not generating returns. On the increase in investments and loans and advances by Rs.400 crore and Rs.200 crore respectively, the Chairman replied it was due to investments in and lending to group companies.
12. On a query related to the steps that the Company had taken to prevent power thefts, the Chairman informed that an important aspect of the new Electricity Act, 2003 was that it contains anti-theft provisions. Severe action could be taken for stealing power. The Company has introduced amnesty scheme in Delhi, which gives a chance to consumers to regularize their connections and replacement of meters.
13. Some members desired to know when the State Electricity Board privatization was expected and whether the Company would take part in it. Chairman stated that privatization would happen in phased manner and Company would participate in the privatization as and when opportunity arises. He stated that the Company was uniquely positioned to take such distribution business in view of its track record in the field.
14. On a query regarding reduction in book debts, the chairman stated that it was due to strong recovery drive implemented by the Company and change in monthly billing cycles.
15. A few members wanted to know the returns expected from investments made in BSES Rajdhani Power Limited and BSES Yamuna Power Limited. The Chairman informed that reasonable

returns on investments are expected as the Transmission & Distribution losses of more than 50% will come down over the next 2 to 3 financial years.

16. The Chairman informed that sources like solar and water are free of cost, but they require substantially higher fixed cost.
17. On a query regarding supply of gas to BSES Andhra Power Limited by Reliance from its Krishna Godavari basin, Chairman replied that natural gas would be commercially available by June 2005.

The following members raised above queries and made observations at the Annual General Meeting.

Shri Upendra O Shah (DPID No. IN300829/10151940), Ms. Asha Lata Maheshwari (Folio No. 351143), Shri Dinesh Lakhani (DPID No. IN301604/10013149), Shri T M Davar (Folio No. 495338), Brig. G K Virmani (DPID No. IN300476/1023494), Shri Shailesh Mahadevia (DPID No. IN300126/10537621), Dr. M G Joshi (DPID No. IN300749/10046459), Shri Anoop Kumar Seth (Folio No. A00375), Shri Manoj Alimchandani (DPID No. 1201070000001491), Shri Joy Krishna H Dalia (DPID No. IN301330/1705381), Shri Aspi Bhesania (Folio No. 482805), Shri Dahyabhai Shah (Folio No. 211815), Shri Pravin Jagmohandas Paymaster (DPID No. IN300046/10199659), Shri Janak Mathuradas (Folio J 00590) and Shri Arvind Vyas (Folio No. 466168)

Thereafter, the Resolution was put to vote and was passed unanimously.

2. Shri Dinesh Lakhani proposed and Shri Pravin J Paymaster seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 2

“RESOLVED THAT dividend of Rs.4.40 per equity share on 13,77,25,666 equity shares of Rs.10 each be paid to those Members whose names appeared on the Register of Members after giving effect to transfers lodged with the Company on or before May 30, 2003 and to “Deemed Members” whose names appeared in statements furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the end of business hours on May 30, 2003.”

The Resolution was then put to vote and was passed unanimously.

3. Shri Aspi Bhesania proposed and Shri Arvind Vyas seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 3

“RESOLVED THAT Shri Amitabh Jhunjhunwala who retired by rotation pursuant to Section 256 of the Companies Act, 1956, be and is hereby re-appointed as Director of the Company.”

The Resolution was then put to vote and was passed unanimously.

4. Shri Anoop Kumar Seth proposed and Shri Janak Mathuradas seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 4

“RESOLVED THAT Shri K H Mankad who retired by rotation pursuant to Section 256 of the Companies Act, 1956, be and is hereby re-appointed as Director of the Company.”

The Resolution was then put to vote and was passed unanimously.

5. Shri Dinesh Lakhani proposed and Shri Pravin J Paymaster seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 5

“RESOLVED THAT Shri K D Kulkarni who retired by rotation pursuant to Section 256 of the Companies Act, 1956, be and is hereby re-appointed as Director of the Company.”

The Resolution was then put to vote and was passed unanimously.

6. Shri Jitendra Prakash Maheshwari proposed and Shri Arvind Vyas seconded the following Resolution as a special Resolution :

RESOLUTION NO. 6

“RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Haribhakti & Company, Chartered Accountants, Messrs. Price Waterhouse, Chartered Accountants, Messrs. Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as the Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company upon such remuneration, in addition to the reimbursement of travelling and other out-of-pocket expenses incurred incidental to their functions, as may be agreed to between the Board of Directors of the Company and the

Auditors and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration as aforesaid.”

The Resolution was then put to vote and was passed unanimously.

At this stage, Shri Anil D Ambani vacated the Chair. Thereupon, Shri Satish Seth, Executive Vice Chairman presided over the meeting.

SPECIAL BUSINESS :

7. Shri C C Shah proposed and Shri Upendra Shah seconded the following Resolution as an Ordinary Resolution.

RESOLUTION NO. 7

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment and designation of Shri Anil D. Ambani as Chairman & Managing Director of the Company, for a period of 5 (five) years, with effect from April 21, 2003, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Anil D. Ambani, a draft whereof is placed before this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Anil D. Ambani.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

The Resolution was then put to vote and was passed unanimously.

At this stage, Shri Satish Seth vacated the Chair and Shri Anil D Ambani thereafter presided over the meeting.

8. Shri Nathwani proposed and Shri T M Davar seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 8

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Satish Seth as Whole-time Director designated as Executive Vice Chairman of the Company, for a period of 5 (five) years, with effect from April 21, 2003, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Satish Seth, a draft whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Satish Seth.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

The Resolution was put to vote and was passed unanimously.

9. Shri Pravin J Paymaster proposed and Shri Anoop Kumar Seth seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 9

"RESOLVED THAT General V P Malik, PVSM, AVSM (Retd.) who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, and who holds office up to the date of this General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

The Resolution was put to vote and was passed unanimously.

10. Shri Dinesh Lakhani proposed and Shri Arvind Vyas seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 10

“RESOLVED THAT Shri S.L. Rao, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, and who holds office up to the date of this General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

The Resolution was put to vote and was passed unanimously.

11. Mrs. Mascaren has proposed and Mrs. Asha Lata Maheshwari seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 11

“RESOLVED THAT Dr. Leena Srivastava, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, and who holds office up to the date of this General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

The Resolution was put to vote and was passed unanimously.

12. Shri Shailesh Mahadevia proposed and Shri Paymaster seconded the following Resolution as an ordinary Resolution :

RESOLUTION NO. 12

“RESOLVED THAT Prof. J. Ramachandran, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, and who holds office up to the date of this General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

The Resolution was put to vote and was passed unanimously.

13. Shri Dinesh Lakhani proposed and Shri Janak Mathuradas seconded the following Resolution as a special Resolution :

RESOLUTION NO. 13

“RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the “Delisting Guidelines”) and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable rules, regulations, and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein after referred to as “the Board”, which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Bangalore, Kolkata, New Delhi and of Inter-connected Stock Exchange of India Limited at such time or times as the Board may decide.”

The Resolution was put to vote and was passed unanimously.

14. Shri T M Davar proposed and Shri Arvind Vyas seconded the following Resolution as a special Resolution :

RESOLUTION NO. 14

“RESOLVED THAT pursuant to the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby granted for changing the name of the Company from “BSES Limited” to “Reliance Energy Limited” and consequently the new name “Reliance Energy Limited” shall appear in the Memorandum and Articles of Association of the Company and that the Board of Directors of the Company [(hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution)], be and is hereby

authorized to do all such acts and things and deal with all such matters and take all such steps as may be necessary to give effect to this resolution.”

The Resolution was put to vote and was passed unanimously.

15. Shri Aspi Bhesania proposed and Shri Janak Mathuradas seconded the following Resolution as a special Resolution :

RESOLUTION NO. 15

“RESOLVED THAT pursuant to Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to approval of the Central Government, if applicable, the Company hereby approves the payment to Directors who are not in the whole time employment of the Company, for a period of three years from the financial year commencing April 1, 2003, commission of an amount not exceeding Rs.30,00,000 (Rupees Thirty lakhs only) per annum in the aggregate, or 1% (one per cent) of the net profits of the Company computed in the manner specified in the Act, whichever is lower, to be apportioned amongst them in such manner as the Chairman and Managing Director may from time to time determine.”

The Resolution was put to vote and was passed unanimously.

16. The meeting concluded with a vote of thanks to the Chair.

Chairman