

## **BSES Limited**

**Minutes of the Extraordinary General Meeting of BSES Limited  
held on Saturday, February 15, 2003 at 2.00 p.m. at BSES  
Auditorium, BSES Consumer Centre Building,  
Santa Cruz (East), Mumbai 400 055**

- 1.1 173 Shareholders were present in person and 8 Shareholders were represented by proxy. The following Directors were present:

Shri Anil D Ambani	.....	Chairman
Shri Satish Seth	.....	Vice Chairman
Shri Y P Gupta	)	Director
Shri S Rajgopal	)	Director
Shri Amitabh Jhunjunwala	)	Director
Shri P N Bhandari	)	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 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 S V Dodamani of Life Insurance Corporation of India

Shri Sudesh Samant of Unit Trust of India

Shri S S Amrute of General Insurance Corporation of India

Shri Pranesh Kumar of The New India Assurance Company Ltd.

Shri K L Ramaswamy of IFCI Limited

Shri Chetan Desai and Shri Snehal Shah of Haribhakti & Co., 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 Notice convening the Meeting was taken as read with the consent of the Members.

The Chairman thereafter moved the following Resolution as a Special Resolution which was seconded by Shri Arvind J Vyas.

**RESOLUTION NO. 1**

“RESOLVED THAT pursuant to Sections 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the number of Directors of the Company for the time being in the office be increased from twelve to sixteen.

RESOLVED FURTHER THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, existing Article 102 of the Articles of Association of the Company shall stand deleted and the following shall stand substituted in its place and stead as new Article 102 with effect from the date of Central Government’s approval in accordance with the provisions of the Companies Act, 1956:

‘102 Unless otherwise determined by the Company in General Meeting, the number of Directors shall not be less than 5 (five) and shall not be more than 16 (sixteen).’

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.”

Before putting the Resolution to vote, the Chairman invited Shareholders who wished to speak to offer their comments. The following shareholders then raised queries relating to the resolutions proposed in the Notice of the Extraordinary General Meeting circulated to the Members.

The Members in general welcomed the Reliance Group acquiring control and management of the Company and hoped that their presence would enable the Company improve 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:

- (i) A shareholder enquired whether there are any immediate future plans to diversify in the new business other than the core

business. The Chairman assured that BSES would concentrate on its core area of competence i.e. power business. Any diversification, if required to be made, will be in keeping with the group business strategy.

- (ii) To a query on mode of utilization of loans to be raised, the Chairman replied that the loans would be used for the growing business activities of the Company in general and to modernize the Company's distribution infrastructure in Mumbai and Delhi.
- (iii) To a query on the need for increase in the borrowing powers, the Chairman stated that the funds would be required for the growing business operations and future growth plans of the Company.
- (iv) On a query on the implications of the Electricity Bill 2001 to the Company, the Chairman stated that the Bill seeks to bring about deregulation in a phased manner in the generation, transmission and distribution of power and contemplates a larger role for the private sector.
- (v) On the steps being taken by the Company to face the competition in supply of electricity in Mumbai, he informed that the Company has taken appropriate steps as advised by Attorneys of the Company.
- (vi) A shareholder observed that the Chairman, not being a shareholder, personally cannot conduct the Meeting, unless his name is proposed and seconded by shareholder. It was further clarified that under the Articles of Association of the Company, Chairman or the Vice Chairman of the Board is entitled to take the Chair at every general meeting and that he need not hold any qualification shares to become a Director of the Company.

The following members raised the above queries and offered comments on various item of business of the meeting.

Shri Upendra Ochhavlal Shah (DPID No. IN 300829/10151940) Ms. Asha Lata Maheshwari (Folio No. 351143), Shri Tenaz M Davar (Folio No. 401500), Shri Joykrishna H Dalia (DPID No. IN301330/1705381) Ms. Gulshan Abbas Chinwala (Folio No. G00143), Shri Dinesh Lakhani (Folio No. 352549, DPID No. IN300100/11332412), Brig. G K Virmani (Folio No. 466604), Shri Anup Kumar Sheth (Folio No. A00375), Shri Kalavar Shama Shetty (DPID No. IN300020/10609363), Ms. Shobana S Mehta (DPID IN300011/10161959), Shri Manoj Alimchandani (DPID No. 120107000000/1491), Shri Arvind J Vyas (Folio No. 466168), Shri Aspi B Bhesania (Folio No. 482805) and Shri Vijay Kumar Davalia (DPID No. 1301820100004641)

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

- 1.3 At this stage, Shri Anil D Ambani vacated the Chair and Shri Satish Seth presided over the meeting.
- 2.1 Smt Asha Lata Maheshwari proposed and Shri Dinesh Lakhani seconded the following Resolution as an Ordinary Resolution :

**RESOLUTION NO. 2**

"RESOLVED THAT Shri Anil D. Ambani, 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 under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company not liable to retirement by rotation under the Articles of Association of the Company."

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

- 2.2 Thereupon, Shri Satish Seth vacated the Chair and Shri Anil D Ambani thereafter presided over the meeting.
- 3.0 Smt Shobana S Mehta proposed and Shri Tenaz M Davar seconded the following Resolution as an Ordinary Resolution :

**RESOLUTION NO. 3**

"RESOLVED THAT Shri S.C. Gupta, 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 under Section 257 of the Companies Act 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable Sections of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended up-to-date, consent of the Company be and is hereby accorded to the appointment of and the payment of remuneration and perquisites to Shri S.C. Gupta as the Whole-time Director of the Company for a period of five years with effect from January 18, 2003 on the terms and conditions set out in the Agreement to be entered into between the Company and Shri S.C. Gupta, a copy whereof initialled by the Chairman of the Company for the purpose of identification has been placed before this meeting, which Agreement is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider

appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Shri S.C. Gupta shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification or statutory re-enactment thereof and / or any Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Shri S.C. Gupta shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Shri S.C. Gupta as Whole-time Director, the remuneration and perquisites set out in the aforesaid Agreement be paid or granted to Shri S.C. Gupta as minimum remuneration, provided that in any event the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act, and such other amount or perquisites as provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company 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.

- 4.0 Brig. G K Virmani proposed and Shri Kalavar Shama Shetty seconded the following Resolution as an Ordinary Resolution :

**RESOLUTION NO. 4**

"RESOLVED THAT Shri J. P. Chalasani, 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 under Section 257 of the Companies, Act 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable Sections of the Companies Act, 1956 read with Schedule XIII to the said Act as amended up-to-date, consent of the Company be and is hereby accorded to the appointment of and the payment of remuneration and perquisites to Shri J.P. Chalasani as the Whole-time Director of the Company for a period of five years with effect from January 18, 2003 on the terms and conditions set out in the Agreement to be entered into between the Company and Shri J.P. Chalasani, a copy whereof initialled by the Chairman of the Company for the purpose of identification has been placed before this meeting, which Agreement is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Shri J.P. Chalasani shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification or statutory re-enactment thereof and / or any Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Shri J.P. Chalasani shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Shri J.P. Chalasani as Whole-time Director, the remuneration and perquisites set out in the aforesaid Agreement be paid or granted to Shri J.P. Chalasani as minimum remuneration, provided that in any event the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act, and such other amount or perquisites as provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company 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.

- 5.0 At this stage, Shri Anil D Ambani stepped down from the chair to facilitate transaction of the next item of business in which he might be deemed to be interested.

Thereupon, proposed by Shri Manoj Alimchandani and seconded by Shri Anupkumar Sheth, Shri S S Dua was voted to the chair. Shri Dua then took the following item of business for transaction.

- 5.1 Shri Joykrishna H Dalia proposed and Shri Pravin J Paymaster seconded the following Resolution as a Special Resolution :

**RESOLUTION NO. 5**

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered by deleting the existing Article 131(a) and substituting in its place the following new Article:

`131(a) Notwithstanding anything contained in any other provisions of Articles of this Articles of Association including the provisions of Article 104-A, so long as the Reliance Group of Companies and/or its associates/affiliates and/or subsidiary companies hold twenty six per cent or more of the paid-up voting equity share capital of the Company and are the single largest shareholding group in the Company, they shall have the right to appoint majority of the directors on the Board of Directors of the Company, and shall be deemed to be the promoter of the Company as defined in Regulation 2(h) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and shall exercise control over the Company, as defined in Regulation 2(c) of the said Regulations including any amendments, modifications or re-enactment thereof, and Reliance Industries Limited shall designate one of the directors to be the Chairman of the Board, and may also designate one of the directors to be the Vice-Chairman of the Board; and Reliance Industries Limited shall determine the period for which each of them is to hold such office and the Chairman and Vice-Chairman so designated shall not be liable to retire by rotation.'

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard."

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

- 5.2 Thereupon, Shri S S Dua vacated the chair and Shri Anil D Ambani thereafter presided over the meeting.
- 6.0 Ms Gulshan Abbas Chinwala proposed and Shri Aspi B Bhesania seconded the following Resolution as an Ordinary Resolution.

**RESOLUTION NO. 6**

"RESOLVED THAT in supersession of the resolution passed at the 68th Annual General Meeting of the Company held on August 29, 1997, the Board of Directors be and is hereby authorized, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to

say, reserves, not set apart for any specific purpose) by a sum not exceeding two hundred per cent of the aggregate of the paid-up capital of the Company and its free reserves, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

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

7.0 &

8.0 **POSTAL BALLOT ITEMS**

The Chairman informed the Members that the Resolutions set out under item no.7 and 8 of the Notice dated January 21, 2003 of the Notice calling the General Meeting would be passed by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 and the Rules framed thereunder. He further informed the Members that the Company had despatched Notice together with Postal Ballot forms to Members on January 25, 2003 and that Shri Bhupendra Bangari, Chartered Accountant, Mumbai has been appointed as a Scrutinizer to receive and scrutinise the completed Postal Ballot forms received from the Members and for conducting the postal ballot process in a fair and transparent manner. He further informed the Members that duly completed Postal Ballot forms would be received by the Scrutinizer on or before Monday, February 24, 2003, the last date fixed for receiving Postal Ballot forms and the results of the Postal Ballot would be announced by Wednesday, February 26, 2003 at the Registered Office of the Company at Nagin Mahal, 6<sup>th</sup> Floor, 82 Veer Nariman Road, Mumbai 400 020.

9.0 Shri Upendra Ochhavlal Shah proposed and Shri Vijay Kumar Davalia seconded the following Resolution as a Special Resolution :

**RESOLUTION NO. 9**

“RESOLVED THAT approval be and is hereby accorded pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 to the Company commencing and carrying on as and when its Board of Directors may think fit all or any of the businesses and activities specified in sub-clauses 34A to 34Q in Clause III of the Memorandum of Association of the Company as altered.”

The Resolution was put to vote and was passed unanimously.

10.0 Shri Sadruddin M Nathwani proposed and Shri Pankaj D Muni seconded the following Resolution as a Special Resolution :

**RESOLUTION NO. 10**

“RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956

including Schedule XIII to the said Act, the Company hereby accords its consent to the payment of officiating allowance of Rs. 15,000 per month to Shri S S Dua, Director (Technical) for acting as Chairman and Managing Director (CMD) with effect from April 13, 2002 up to the period he held such office as Acting CMD in addition to the remuneration payable to him as Director (Technical) of the Company as approved by the shareholders at the 73<sup>rd</sup> Annual General Meeting held on September 21, 2002 and all other terms and conditions of remuneration already approved by the Members will remain unchanged.”

The Resolution was put to vote and was passed unanimously.

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

**Chairman**

