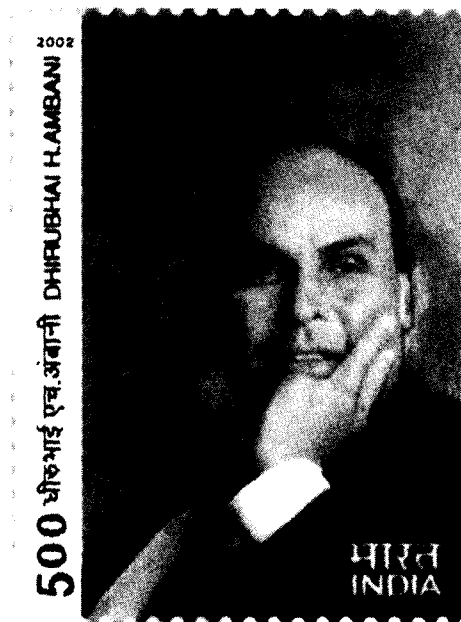


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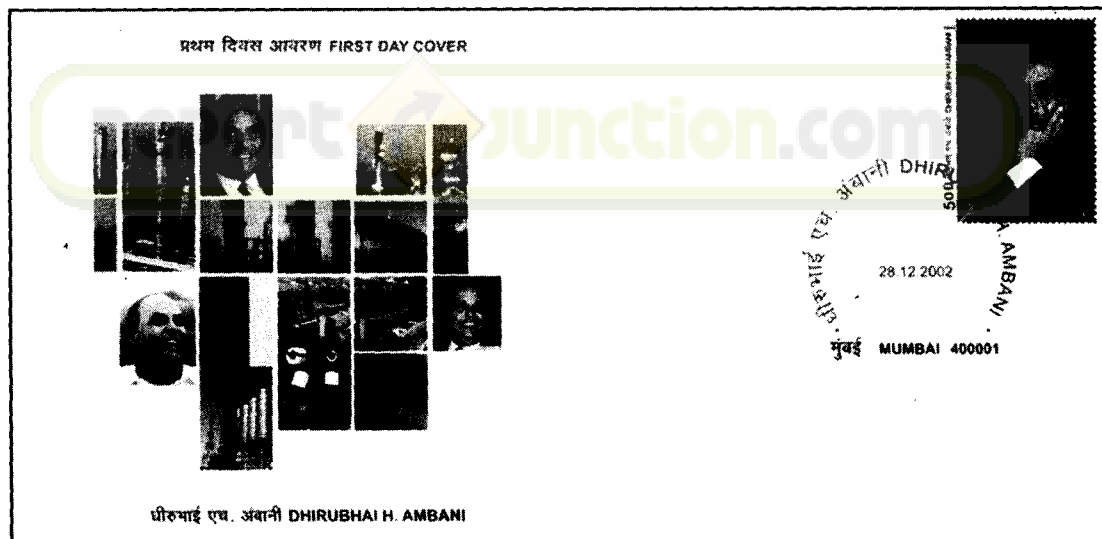
BSES

BSES Limited

74th Annual Report 2002-2003



Postal Stamp issued on 28th December, 2002



Commemorative First Day Cover issued by Philately Division, Department of Posts, Government of India on 28th December, 2002, the 70th Birth Anniversary of Shri Dhirubhai H. Ambani

BSES PERFORMANCE HIGHLIGHTS

Year Ended 31st March		2003	2002	2001	2000	1999	1998	1990	1980	1970	1960	1950	1940	1930
Units Sold - (Million Units)		5880	5676	5415	5168	4960	5698	2899	1316	540	121	25	5	1.4
Maximum Demand MVA		1226	1201	1198	1121	1065	1050	546	258	111	29	NA	NA	NA
High Tension Mains KMs		2829	2789	2734	2577	2473	2351	1437	1000	700	326	NA	NA	NA
Low Tension Mains KMs		2965	2923	2870	2774	2644	2497	1671	1143	841	418	NA	NA	NA
No. of Substations		3653	3547	3444	3337	3205	3028	2257	1446	718	226	NA	NA	NA
No. of Consumers (in '000)		2223	2142	2067	1977	1894	1814	1210	598	260	80	18	12	1.7
Licensed Area - 384 sq.km														
No. of Shareholders		121913	144809	154993	168072	185705	184228	7397	NA	NA	NA	NA	NA	NA
Financial Data (Rs. in Crore)														
Assets :	US\$ in million													
Fixed Assets (Net)	381.85	1813	1951	2080	2107	2074	2042	147	43	13.74	3.18	0.78	0.28	0.16
Investments	216.93	1030	611	534	525	319	265	8	3	0.48	0.09	-	-	-
Current Assets (Net)	114.79	545	867	673	539	842	722	28	7	2.07	0.15	0.20	0.01	-
Total Assets	713.57	3388	3429	3287	3171	3235	3029	183	53	16.29	3.42	0.98	0.29	0.16
Sources of Finance :														
Share Capital	29.06	138	138	201	225	235	188	13	5	3.59	1.75	0.83	0.24	0.16
Reserves & Surplus	510.95	2426	2540	2375	2143	1902	1685	88	24	5.02	0.88	0.15	0.05	-
Borrowings	133.12	632	661	695	787	922	992	27	9	5.23	0.49	-	-	-
Deposits from Consumers	2.95	14	17	16	16	176	164	55	15	2.45	0.30	-	-	-
Deferred Tax Liabilities	37.49	178	73	-	-	-	-	-	-	-	-	-	-	-
Total Finance Raised	713.57	3388	3429	3287	3171	3235	3029	183	53	16.29	3.42	0.98	0.29	0.16
Gross Revenue	584.88	2777	2783	2778	2430	2349	2067	390	66	7	1	0.31	0.08	0.01
Profit Before Tax	32.22	153	302	350	397	350	297	12	7	1	0.29	0.08	0.02	-
Profit After Tax	62.55**	297**	281	321	307	270	262	12	4	1	0.22	0.08	0.02	-
Dividends	12.85	61	61	62	61	56	50	2	1	0.31	0.14	0.04	0.02	0.01
Dividend Tax	1.68	8	0.17	7	7	6	5	-	-	-	-	-	-	-
Retained Earnings(including statutory reserves)	11.37	54	244	227	235	208	208	10	3	1	0.17	0.07	0.02	-
Equity Share Capital	29.06	138	138	138	138	138	138	12	4	3	2	1	0.24	0.16
Rate of Dividend on Equity Shares	*44%	*44%	43%	40%	37%	34%	32%	18%	16%	11%	8%	7%	7%	5%
Earnings Per Share (Rs.)@		22**	22	21	21	19	19	10	72	30	13	10	8	2
*Proposed	@Based on face value of								@Based on face value of					
**Prior to one time adjustments	Rs. 10 per share								Rs. 100 per share					

1 US\$ = Rs. 47.48 as on 31st March, 2003

1 crore = 10 million

BOARD OF DIRECTORS

Anil D Ambani	– Chairman & Managing Director
Satish Seth	– Executive Vice Chairman
S S Dua	– Director (Technical)
K H Mankad	– Director (Finance)
K D Kulkarni	– Director (HRD)
S C Gupta	– Director (Operations)
J P Chalasani	– Director (Business Development)
Y P Gupta	
Amitabh Jhunjunwala	
Cyril S Shroff	
Gautam Doshi	
Gen V P Malik, PVSM, AVSM (Retd.)	
S L Rao	
Dr. Leena Srivastava	
Prof. J Ramachandran	
Company Secretary	
Ramesh Shenoy	

AUDIT COMMITTEE

Gautam Doshi (Chairman)
Y P Gupta
Satish Seth

NOMINATION/REMUNERATION COMMITTEE

Gautam Doshi (Chairman)
Cyril S Shroff
Prof. J Ramachandran

SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE

Y P Gupta (Chairman)
Amitabh Jhunjunwala
K H Mankad

ENVIRONMENT & SAFETY COMMITTEE

Dr. Leena Srivastava (Chairman)
S L Rao
S C Gupta

AUDITORS

Haribhakti & Co.
Price Waterhouse

BANKERS

Canara Bank
UCO Bank
Union Bank of India
Standard Chartered Bank
HDFC Bank Limited
ICICI Bank Limited
ABN Amro Bank N.V.
State Bank of India

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REGISTERED OFFICE

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Mumbai 400 055
Telephone : (022) 2615 4284
Facsimile : (022) 2615 4291
Email : info@bses.com
Web site : www.bses.com

REGISTRAR & TRANSFER AGENT

Karvy Consultants Limited
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
Telephone : (040) 2332 0666/2330 4703
Facsimile : (040) 2332 3058
Email : bses@karvy.com
Web site : www.karvy.com

POWER STATION

BSES Nagar
Dahanu Road 401 602
Thane District

SEVENTY-FOURTH ANNUAL GENERAL MEETING

Monday, June 9, 2003 at 11.00 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056.

This Annual Report can be accessed at www.bses.com

LETTER TO SHAREHOLDERS

**My dear fellow BSES shareowners,**

I welcome each one of you to the over 35 lakh strong family of Reliance group shareowners. And it is an especially great honour to do so as Chairman of BSES, India's leading private sector power company, now part of the Reliance family.

Reliance Industries is India's largest private sector company, ranked among the world's 175 largest companies in terms of net profits, and the 500 largest companies in terms of sales. Our market capitalisation is nearly Rs 40,000 crore. Over the past 25 years, we have delivered a compounded annual return of nearly 23 per cent to our shareholders. Reliance enjoys a pre-eminent position in India's economy with group revenues of nearly 3.5 per cent of India's GDP. The group contributes 5 per cent of India's total exports and 10 per cent of the Government of India's indirect tax revenues.

We are committed to the future of growth of BSES as an important member of the Reliance family. And, it is my great pleasure to share with you today the broad contours of the ideas, imperatives and dynamics that will shape the future of our company, in these times of extraordinary opportunity and great challenge.

Dhirubhai's Inspiration

BSES and Reliance share a common, reinforced destiny.

As far back as 1988-89 Reliance first acquired a small equity stake in BSES. That first step nearly 15 years ago reflected the inspiring vision of Dhirubhai H. Ambani, the founder-chairman of Reliance.

He foresaw a future when, as a natural outcome of economic reforms in India and the urgent needs of an aspiring nation, the private sector would one day be welcomed as a partner in growth of the power sector.

He recognised that power is the critical building block for development of all sectors of the economy - manufacturing, services and agriculture - and is at the heart of every aspect of our day-to-day lives.

He realised the enormous potential of BSES. And he was determined that Reliance and BSES would be partners in an abundant future that he was even then convinced would one day be upon us.

That future is here.

After being the single largest private sector shareholder in BSES for over a decade, Reliance made two open offers for acquisition of BSES, in a fair and transparent manner, in accordance with the provisions of the SEBI Takeover Code. As a result, Reliance's stake in BSES increased to 58 per cent, and it acquired management control over the company this year.

Dhirubhai would have been absolutely delighted on January 18, 2003 - the day BSES became a part of the Reliance group. But fate willed otherwise, and he left for his heavenly abode on July 6, 2002.

Yet, the legacy of his awe-inspiring physical and intellectual capital will ever remain with us. His unmatched vision will guide every element of our corporate and philosophical construct. His extraordinary life force will inspire us to achieve the impossible.

Power Sector Opportunities

We see unparalleled opportunity for growth in the power sector.

The Electricity Bill is set to soon become law, ushering in comprehensive reforms in all segments of the power sector - generation, transmission and distribution - and transforming the regulatory framework for the industry.

Customers will soon have the option of choice and will no longer be tied down to a single service provider - and utility companies such as BSES will have the opportunity to address new markets, by entering new geographical areas of operations.

Electricity will soon be a service like any other, traded on benchmarks of customer satisfaction such as quality, pricing and service.

And, competition among service providers will demand improvement in efficiencies and productivity, and lifting of customer care to international standards.

Simultaneously, the enactment of stringent anti-theft legislation will remove that bane of the power sector in India - abnormally high T&D losses that have sapped the competitiveness of electricity companies.

A greater role for automation and technology will pave the way for physical and operational performance of Indian utility companies to match global standards.

BSES' Vision

BSES will endeavour to become India's leading integrated utility company, engaged in the generation, transmission and distribution of power, in this exciting, yet hugely challenging, new environment.

In addition to its own strengths, BSES will also now be in a position to draw on the Reliance group's proven management strengths, established project execution capabilities, and demonstrated track record of superior operational and financial performance.

We will ensure that BSES achieves global competitiveness in all its operations, and delivers international quality services to millions of customers by continuously providing reliable and quality power at competitive prices, backed by world class customer care.

The BSES group already distributes over 15 billion units of power a year to over 5 million customers in Mumbai, Delhi and Orissa. We have 885 MW of power generation capacity at our plants located in Maharashtra, Andhra Pradesh and Kerala. Our combined sales are over Rs. 6,250 crore, and our total asset base is over Rs. 5,000 crore.

We rank among the top 25 of all private sector listed companies in India, in terms of all major financial parameters, such as sales, assets, profits and market capitalization.

We intend to consolidate operations in all our existing licensed areas, and to look at opportunities to enter new distribution areas, thereby substantially enhancing our customer base.

We will also examine new opportunities in generation of power, with specific reference to maximising feedstock synergies stemming from Reliance's exploration and production initiatives in the oil and gas sector. Gas is the preferred feedstock for power generation, as it is a clean, efficient and environment-friendly fuel.

Reliance's KG-D6 block in the Krishna-Godavari basin alone has currently estimated in-place gas reserves of over 10 trillion cubic feet (TCF). This gas find will translate to production of over 40 million cubic metres of gas per day, which is over 60 per cent of India's present total gas production. Reliance still has 85 per cent of that block to explore, and overall, there is still over 200,000 sq km of acreage to explore in on-shore and offshore areas, in deep water as well as shallow water.

These gas finds provide a unique opportunity to scale up power generation capacities in India, thereby addressing a significant portion of the country's chronic power shortages.

Challenges

We are deeply conscious of the several aspects of BSES' existing business that require urgent attention. These include the competitive threat in the supply area in Mumbai; the large financial claims made on BSES by its existing supplier of power in Mumbai; the difficult state of affairs in the three distribution companies in Orissa; the issues constraining optimal performance of the power generating plants in Andhra Pradesh and Kerala; and the need to modernise the company's distribution infrastructure in Mumbai and Delhi.

In the first few weeks of BSES' becoming a part of the Reliance family, we have initiated detailed action plans to address each of these pressing matters with the highest priority.

In Mumbai, we have taken the unprecedented step this year of withdrawing bills aggregating Rs 135 crore raised on provisional and/or estimated basis, as a gesture to our customers, and to signal the start of a new chapter in an ongoing relationship based on trust. This measure has benefited over 270,000 customers. We are confident these endeavours will reflect in improved performance in the current financial year.

The Future

We are committed to build complete value propositions for our customers, enhance return on capital employed, and create significant value for our shareholders.

We are committed to achieve and extend our leadership in the power sector. We will target the highest quality standards in the world, with a focus on productivity, cost reduction and efficiencies, and an increased emphasis on adoption of best practices in health, safety and environment.

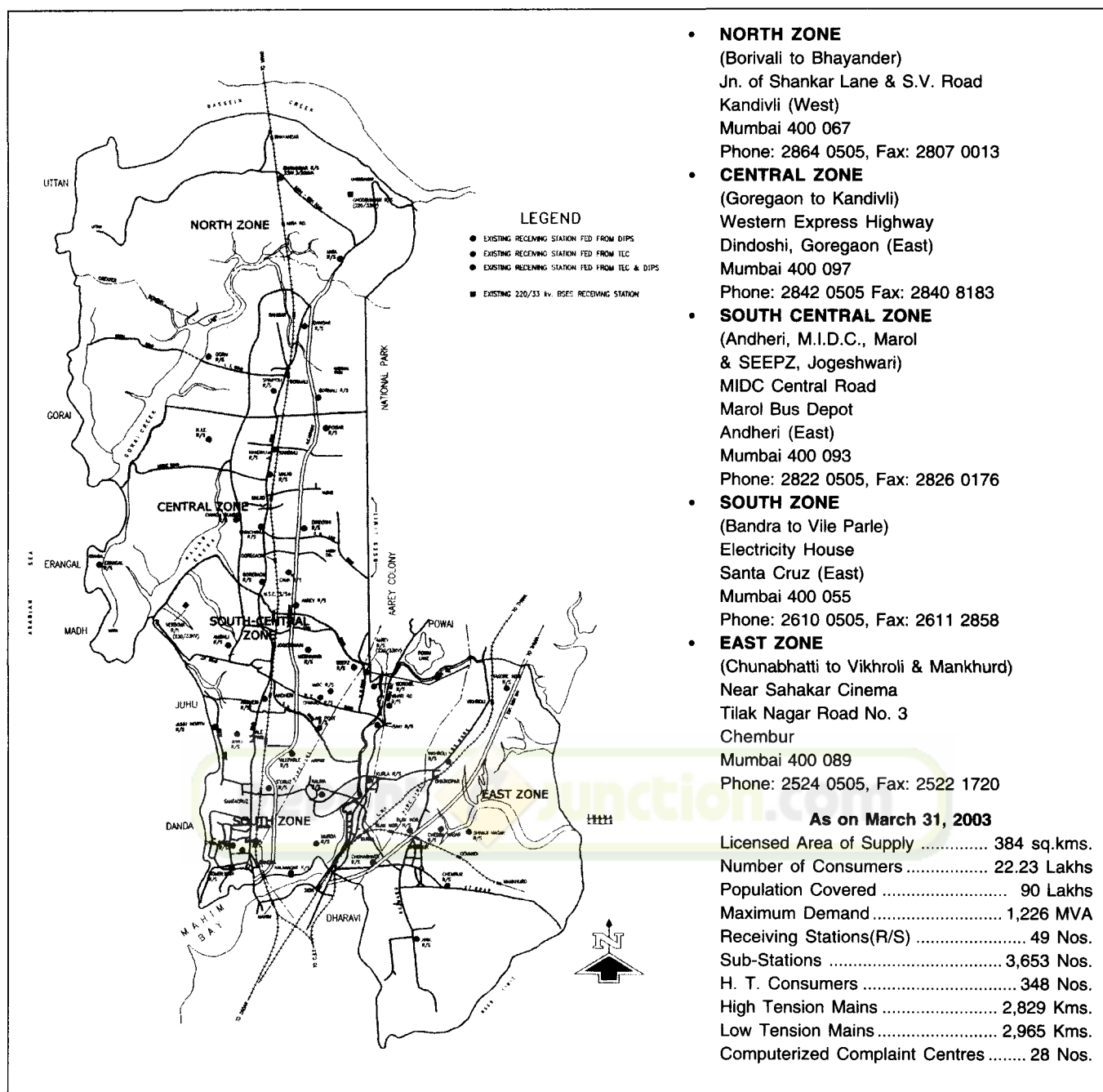
In Human Resources Development, we have already taken several initiatives to create a more robust platform for future growth. Human resource synergies with Reliance will ensure cross-fertilisation of talent and ideas across the group. In turn, BSES will contribute immeasurably to Reliance's learning in the power business. Together, Reliance and BSES will 'energise' the power sector.

Dhirubhai always said that Reliance has been built on the foundation of relationship and trust with all our stakeholders, and especially, with our shareholders.

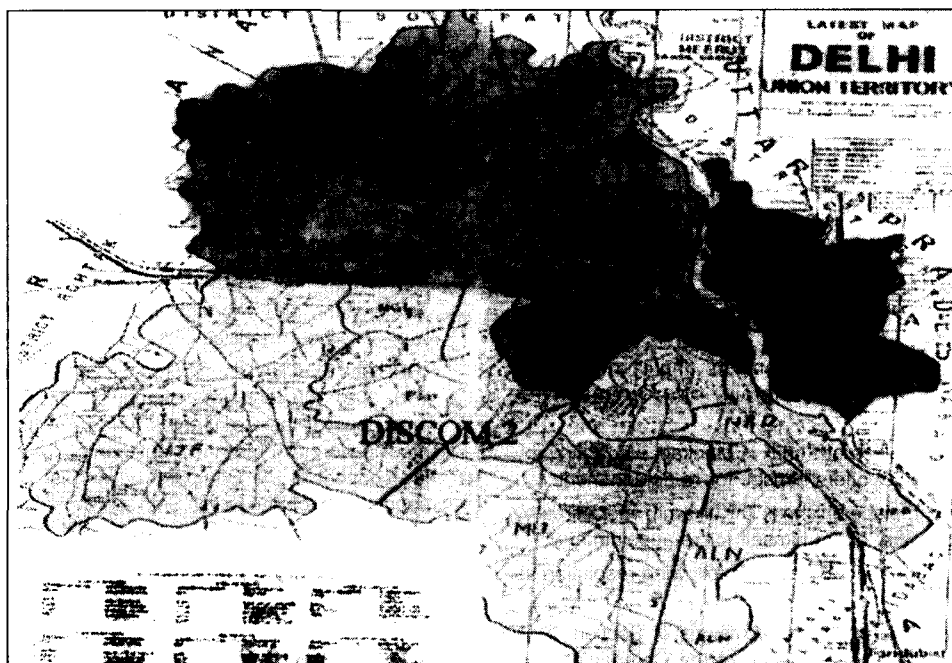
I am confident that in the new environment of opportunity for the power sector, and with our emphasis on superior operational and financial performance, BSES will enjoy sustained growth in the years to come, thereby leading to maximisation of overall shareholder value.



Anil D. Ambani
Chairman and Managing Director

DISTRIBUTION NETWORK IN MUMBAI

DISTRIBUTION NETWORK IN DELHI



DISCOM 1 : BSES Yamuna Power Limited

DISCOM 2 : BSES Rajdhani Power Limited

In July 2002, Delhi Vidyut Board was unbundled into five successor entities – the three distribution companies, a transmission and a holding company. Two of the three distribution companies have been handed over to BSES.

BSES in July 2002 has acquired an equity stake of 51% in two of the three Distribution Companies of Delhi after unbundling and privatization of the erstwhile Delhi Vidyut Board. The two distribution companies, BSES Yamuna Power Limited (BYPL) covering Central and East areas and BSES Rajdhani Power Limited (BRPL) covering South and West regions provide electricity to around 17 lakh consumers across an area of 900 sq kms (approx).

BSES Yamuna Power Limited has a consumer base of 8.49 lakhs and consists of 10 district – Yamuna Vihar, Krina Nagar, Chandni Chowk, Paharganj, Nand Nagri, Mayur Vihar, Daryaganj, Jhilmil, Laxminagar and Shankar Road areas.

BSES Rajdhani Power Limited has a consumer base of 8.69 lakhs and consists of 11 districts – Nehru Place, RK Puram, Vikaspuri, Najafgarh, Alaknanda, Mehrauli, Palam, Nangloi, Nizamuddin, Janakpuri and Punjabi Bagh areas.

NOTICE

NOTICE is hereby given that the Seventy-fourth Annual General Meeting of the Members of BSES Limited will be held on Monday, June 9, 2003 at 11.00 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056, to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2003, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2003.
3. To appoint a Director in place of Shri Amitabh Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K H Mankad, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri K D Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass the following resolution as Special Resolution:

"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."

Special Business**7. Appointment of Shri Anil D Ambani as Chairman and Managing Director**

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

"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."

8. Appointment of Shri Satish Seth as Executive Vice Chairman

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

"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."

9. Appointment of General V P Malik, PVSM, AVSM (Retd.)

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

"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."

10. Appointment of Shri S L Rao

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

"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