

"RESOLVED THAT, the Draft Annual Accounts of CESC for the FY 2017-18 viz., (a) Balance sheet, (b) Statement of Profit & loss (c) Statement of Cash Flow (d) Notes forming part of Profit & Loss Account and (e) Statement of Accounting policies for the year ending 31.03.2018 complied as per details brought out in the proposal and considering the additions/ modifications to the Accounting policies be and are hereby APPROVED".

"RESOLVED FURTHER THAT, Sri.Dr.H.N.Gopal Krishna, IAS, Managing Director, CESC, Sri.N.Narasimhegowda, Director(Technical), CESC and Sri.A.Shivanna, Chief Financial Officer, CESC be and are hereby authorized to authenticate the approved accounts along with the notes forming part of Balance sheet and Profit & Loss Account on behalf of CESC to handover to the Statutory Auditors for certificate and after certification thereon, submission to Principal Accountant General".

11. Agenda item No. BoDM 69/11(TA-01): Approval for CSR investment for the FY 2016-17 (Which had to be spent in FY 2017-18)

The Authorised Signatory apprised as below:

I. Section 135 of the Companies Act, 2014 speaks about the CSR obligations. The salient features of CSR, as applicable to the Company, are under:

(a) CSR has been made mandatory: It applies to the Company as its,

(i) Net worth is more than Rs.500 Crore; or

(ii) Turnover is more than Rs.1000 Crore; or

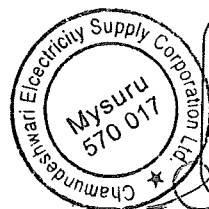
(iii) 'Net profit', is more than Rs.5 Crore;


According to the strict interpretation of this Section, if a Company achieves any one of the aforementioned criterion, it gets eligibility to spend CSR and immediately it has to form a Board's sub-committee called "CSR Committee". In case of CESCL, it has crossed all the threshold limits and, therefore, it has to spend CSR for the FY 2017-18. CESC has achieved the following threshold limits in the immediate preceding financial year:

(i) Net worth-Rs.572,52,04,000/-;

(ii) Turnover-Rs.3479,02,86,000/-;

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(CIN: U40109KA2004SGC035177)

(iii) Net Profit-Rs.21,44,37,000/-

(b) Amount to be spent every year: Every Company coming under the category as explained in (a) above, has to spend, at least, 2% of the average net profits of the Company made during the three immediately preceding financial years. It applies to CESC as it squarely falls in all the threshold limits explained above. It will be the regular affair in future for CESC without any exception.

(c) The Company to spend, at least, 2% of the net profit. In other words, it can spend for CSR beyond 2% also.

(d) Sub Section(5) of Section 135 says "provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR".

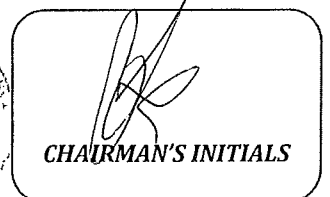
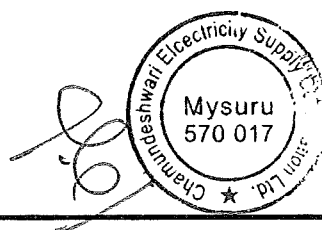
(e) "Net Profit" means the net profit of a company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

(i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act:

Provided that net profit in respect of financial year for which the relevant financial-statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act: Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section(1) of section 381 read with section 198 of the Act. From the foregoing interpretations, in my opinion, the CESC comes under the Companies defined under Section 135 of the Companies Act 2013 and will have to comply with the conditions contained under the said Section and rules made there-under:

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II. Calculation:

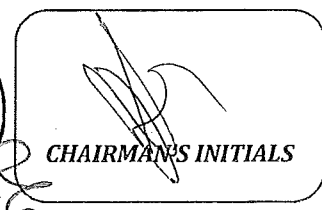
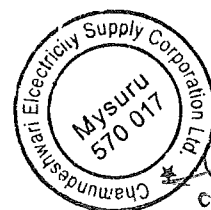
The following table of calculation shows as to how much, in terms of money, CESCL should spend on CSR for the FY 2017-18. It has to pay at least 2% the average net profits of it, made during the three immediately preceding financial years namely, FYs 2014-15, 2015-16 and 2016-17.

Sl. No	Financial years	Net profit(Rs)
01	2014-15	40,27,37,000
02	2015-16	7,92,28,000
03	2016-17	21,44,37,000
04	Total for three years (1+2+3)	69,64,02,000
05	Average of three years (04/3 yrs)	23,21,34,000
06	2% of 05 (Average of three years)	46,42,680

III. Therefore, for the foregoing reasons, interpretation of law relating to CSR, rules made there-under and calculations made as aforementioned, I am of the opinion that CESC Ltd., should spend minimum of Rs.46,42,680/- (Rupees Forty Six Lakhs Forty Two Thousand Six Hundred Eighty only) for the financial year 2016-17(Amount had to be spent during 2017-18). There is a provision under Companies Act 2013 & Rules thereon, the Company can carry forward the unspent money and can spend in subsequent years also. The last BoDM was held on 19.06.2018, the committee was constituted and from 27th March 2018 to 15th May 2018 code of conduct was in existence. The Department of Corporate Affairs, GoI(ROC) is having close watch and scrutiny with regard to CSR obligation and compliance by Companies.

Section 450 of the Act stipulates that, if a Company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be punishable

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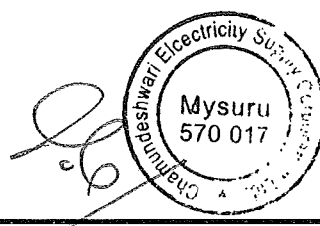
with fine which may extend to ten thousand rupees, and where the contravention is continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the contravention continues.


Board went through the proposal. The amount was required to be spent during the FY 2017-18 itself. However at the circumstances explained by the CFO and Authorised Signatory, the amount was not spent. Board after a detailed discussion, considered the proposal to spend Rs.46.42 lakhs towards CSR activities for the FY 2016-17 (had to be spent before 31.03.2018) recognized under the Companies Act 2013 and passed the following resolutions in this context:

“RESOLVED THAT, for the reasons explained, approval be and is hereby accorded to spend Rs.46,42,680/- (Rupees Forty Six Lakhs Forty Two Thousand Six Hundred Eighty only) for the FY 2016-17 (had to be spent before 31.03.2018) towards CSR activities recognized under Schedule VII of Company activity as below:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation (including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation) and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga);

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CHAIRMAN'S INITIALS

Chamundeshwari Electricity Supply Corporation Ltd. 

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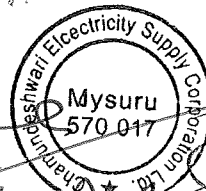
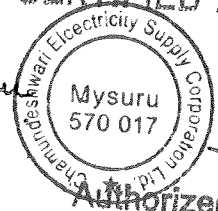
- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependent;
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, Other Backward Classes, minorities and women;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects.
- (xi) Slum area development. (Slum area shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).

"RESOLVED FURTHER THAT, the CSR Committee, CESC be and is hereby authorized to recognize the suitable projects as stipulated under Schedule VII of Companies Act 2013 and authorize Managing Director, CESC to spend the eligible CSR amount towards the recognized project and to ensure compliance of Statutory provisions laid down under Companies Act 2013".

Since there were no other subjects to discuss meeting concluded @ 12:30 PM with vote of thanks to the chair.

"CERTIFIED TRUE COPY!"

PLACE: *Bengaluru*
DATE: *23.8.2018*



(P.RAVIKUMAR, IAS)
DIN: 02285126
CHAIRMAN
CESC, MYSURU

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