

Minutes of the 180th Meeting of the Board of Directors of the Company held on 30th July 2010 at 2.00PM at the Registered Office of the Corporation.

PRESENT:

Name and designation	
Shri. A.R. Krishnamurthy	Hon'ble Chairman
Shri. E. Venkataiah, I.A.S., Principal Secretary to Government, Social Welfare Dept., Government of Karnataka.	Director
Shri. N. Manjunath Prasad, I.A.S., Commissioner, Social Welfare Dept., Government of Karnataka.	Director
Shri. K.S. Mruthyunjaya	Managing Director
Shri. A. Muniyellappa Addl. Secretary to Government, Finance Department, Government of Karnataka.	Director
Shri. Somala Nayak Managing Director, Karnataka Thanda Development Corporation Ltd.,	Director
Shri. M.A. Hussain, Dy Secretary, DPE Government of Karnataka.	Director

Shri.K.S. Mruthyunjaya, Managing Director of the Corporation extended warm welcome to the newly appointed Chairman of the Corporation Shri. A.R. Krishnamurthy, the Principal Secretary to Government Shri. E. Venkataiah, IAS, the Commissioner, Social Welfare Department, Shri. N. Manjunath Prasad, IAS, Additional Director Shri. A. Muniyellappa, Finance Department, Managing Director, Thanda Development Corporation Shri. Somla Nayaka and Deputy Secretary, D.P.E., Shri. M.A. Hussain to the meeting.

Shri. A.R. Krishnamurthy, Hon'ble Chairman extending warm greetings to the Principal Secretary, the Commissioner, the other Directors and thanked the Hon'ble Chief Minister of Karnataka for having given this opportunity to serve the people. The Hon'ble Chairman assured



to do his best to full fill the confidence reposed in him and also sought guidance and co-operation from the members of the Board and officers of the Corporation in his endeavor.

The Managing Director requested the Hon'ble Chairman to preside over the meeting. The Hon'ble Chairman ascertained that requisite quorum was present and called the meeting to order.

Leave of absence was granted to the Government of India Nominees.

Item No.1 – Noting of Minutes of the 179th Meeting held on 15th May 2010:

The Managing Director informed that the minutes of the 179th meeting held on 15th May 2010 were circulated among all the Directors and no comments have been received.

Referring to the directions of the Board under item no.3, Hon'ble Chairman desired to know the action taken to integrate the Dairy Scheme with the milk unions and to present full statistics of the scheme for its review. The Managing Director assured that the details would be placed before the next meeting.

The Principal Secretary invited attention of the members to the decision taken on the uniform policy on collateral security and requested to review the decision taken on insisting of sureties from two Government Servants in cases of loans exceeding Rs.5.00 lakhs. After deliberation it was decided to relax the requirement of surety from Two Government Servants for loans exceeding Rs. 5.00 lakhs only if the beneficiary provides other form of collateral securities equivalent to 100% of the unit cost.

With the above observations, the minutes of the 179th Meeting held on 15th May 2010 was confirmed.

Item No.2 – Appointment of Chairman:

The Board noted the appointment of Shri. A.R. Krishnamurthy as Chairman of the Corporation made by the Government of Karnataka vide its order no. SWD 87 SDC 2010 dated 02.06.2010 and authorised the Managing Director to file necessary returns with the Registrar of Companies as required under section 303(2) of the Companies Act, 1956.

Item No. 3 - Review of action taken report:

The Managing Director informed that the report on the actions taken on the decisions of the previous Board meeting will be placed in the next meeting.

Item No. 4 – Allotment and issue of shares:-

The Board considered the proposal and accorded approval to allot 60,00,000 shares of Rs.10/- each as under to Government of Karnataka and Government of India and issue of share certificates:

Sl. No.		No of shares of rupees ten each
1.	The Governor of Karnataka	300,00,000
2.	The President of India	300,00,000
	Total→	600,00,000

The Board authorised the Managing Director to file return of allotment in pursuance of Section 75(2) of the Companies Act, 1956. The Board also authorised the Managing Director and any one of the Directors to issue the Share Certificates under the Common Seal of the Corporation.

Enhancement of Authorised Capital:

The Board observed that with the above allotment of shares the total paid up capital went up to Rs. 174,46,49,320/- and there is still an amount of Rs. 6,90,00,000/- is lying in Share Deposit Account pending for allotment. Keeping in view of further release of funds by the Government towards share capital, the Board approved the proposal to enhance the authorised share capital from Rs.175,00,00,000/- to Rs. 200,00,00,000/- with the approval of the Government of Karnataka and after complying with the provisions of Section 97 of the Companies Act, 1956.

Item No. 5 – Provision for bad and doubtful debts:

The Managing Director explained the proposal that since the advances made to the beneficiaries are not classified on the basis of period of outstanding, the Corporation has been consistently providing 10% of the outstanding amount of unsecured loans on adhoc basis as bad and doubtful debts. The auditors have been observing that the provision made towards bad and doubtful debts is inadequate as the beneficiaries to whom loans or advances under various schemes extended by the Corporation are not regular in repaying the principal amount as stipulated together with interest thereon.

The Board considered the proposal and accorded approval to provide for 30% of the outstanding as bad and doubtful debts in the Accounts for the year 2009-10 as against 10% as has been provided in the earlier years.

Item No. 6 – Approval of Accounts for the year 2009-10:

The draft Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended 31st March 2010 were tabled and perused. During the course of perusal the following observations were made:

The Principal Secretary referred to the amounts shown under 'Loans & Advances' account and directed to initiate disciplinary action against Mr. Shivamahadeva and Mr. Renukeshwara. The Managing Director assured to take immediate action and report to the Board. The Principal Secretary and the Commissioner informed that the KAIC is settling all its dues out of the funds provided by the Government and advised the Managing Director to pursue the matter with KAIC for recovering the dues.

The Commissioner observed that the Traveling and Conveyance expenses incurred by the Managing Director during 2009-10 are on the higher side and desired to have the details. The break up details of the Travel and conveyance expenses incurred by the Managing Director were furnished.



After deliberation, the Board approved the draft accounts and passed following Resolutions.

1. **"RESOLVED THAT** the draft Balance Sheet as at 31st March 2010 and Profit & Loss account for the year ended 31st March 2010 and Cash flow statement for the year ended 31st March 2010 be and is hereby approved and that the Managing Director, Hon'ble Chairman /or any one of the Directors of the Corporation along with General Manager Finance be and are authorized to sign the Balance Sheet and Profit & Loss Account for the year ending 31st March 2010 on behalf of the Board and that the signed Balance Sheet and Profit & Loss Account be presented to the Auditors for the report thereon.
2. **"RESOLVED THAT** 35th Annual General Meeting of the Corporation be held on 17th September 2010 and that the Managing Director be and is hereby authorized to issue the notice convening the 35th Annual General Meeting of the company at the Registered Office on 17th September 2010 at 3.00 p.m. [draft notice annexed].
3. **"RESOLVED THAT** the draft report of the Directors for the year 2009-10 be and is hereby approved and that the same be signed by Hon'ble Chairman and Managing Director or by any two Directors of the Corporation as per sub-section (4) of Section 217 of the Companies Act, 1956.

Item No. 7 - Appointment of Private Secretary to Hon'ble Chairman of the Corporation

The Board approved and ratified the action taken by the Managing Director in appointing Shri. D. Chandraiah, retired Thashildhar as Private Secretary to Hon'ble Chairman as proposed by Hon'ble Chairman, on contract basis on a monthly consolidated pay of Rs. 14,000/-. The Board noted that tenure of Mr. Chandraiah as PS was effective from 19.07.2010 and shall co-terminate with the office of Hon'ble Chairman or upon termination of the contract whichever is earlier.

Item No. 8 - Providing residential accommodation to Hon'ble Chairman of the Corporation:

The Board ratified and approved the action taken by the Managing Director in taking on rent the premises at No. 750, 6th Main, 8th Cross Road, II Block, RT Nagar, Bangalore for the residence of Hon'ble Chairman of the Corporation effective from 09.07.2010 on a monthly rent of Rs. 40,000/- with 10 months' rent as refundable deposit.

Item No. 9 - Purchasing a new car for the use of Hon'ble Chairman:

The Board approved the proposal to purchase a new car Toyota Corolla Altis-1.8G for the official use of Hon'ble Chairman and seek the approval of the Government.

Item No. 10 – Government guarantee for availing loans from National Scheduled Castes Finance & Development Corporation Ltd.,

The Managing Director explained that the Corporation has been availing / arranging term loans through the National Corporations as the Banks, NABARD or other Financial Institutions are

not coming forward to extend small loans to the SC community and also as the terms and conditions of such institutions are not compliable by the beneficiaries.

The Principal Secretary referred to the observations made by the Finance Department that the recovery of loans are very low and has advised the Corporation to move away from lending and to act only as a facilitator or extend interest subsidy to the beneficiaries. The Managing Director presented the details that the Corporation has availed term loans from NSCFDC, NSTFDC and NSKFDC aggregation to Rs. 27,250.75 lakhs covering 1,33,666 units and has repaid Rs. 14,033.73 lakhs towards principal and Rs. 2,866.44 towards interest in total.

Going by the experience, the Board observed that the arranging loans through Banks are not practicable as they are not sanctioning the loans to all the schemes of the Corporation. In view of the above facts, the Board concurred with the stand taken by the Corporation to continue to avail term loans from National Corporations for the benefit of SC entrepreneurs during 2010-11 also as per the Action Plan and recommended to seek Government Guarantee for availing the term loans from NSCFDC / NSKFDC.

The Board also authorised the Managing Director to convey the decision of the Board to continue with availing of term loans from National Finance Corporations for the benefit of SC entrepreneurs during 2010-11 also and also to seek requisite Government Guarantee.

Item No.11 - Victim of atrocity and murder – Smt. Honnamma, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District - Waiver of loan and interest due from the legal heir of the beneficiary and to drill bore-well in the land.

Hon'ble Chairman referred to his visit to the kin of the victim of atrocity, Smt. Honnamma, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District, who was murdered and explained the need to extend the benefit of waiver of NSCFDC loan with interest given under Land Purchase Scheme. The Board considered the proposal with reference to the provision for waiver prevalent under NSCFDC schemes which provides for only waiver of interest in such cases where the assets are transferred to the legal heirs. As such the Board approved to seek waiver of the interest from NSCFDC and requested the Government to include the principal amount due in the compensation payable to the kin of the victim.

The Board also approved to drill a bore-well in the land to be transferred in the name of the legal heir of Late Smt. Smt. Honnamma, w/o. Shri. Ramaiah, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District.

Considering the plight of the victim's family and assurance made by the Hon'ble Chairman, the Board also approved to extend dairy loan to Smt. Kariamamma, W/o. Kumaraiah, sister of the victim.

Item No. 12 – Providing credit facilities and other benefits to the Bangi families of Savanur Town, Haveri District.

The Hon'ble Chairman referred to the assurances made to the agitating Bangi families of Savanur Town, Haveri District and explained the proposal to extend credit facilities under self employment programme and to provide bore-wells under the Ganga Kalyana Scheme. The Board noted that 6 of the 11 families have come forward to avail loans under self employment

