

FAX/SPEED POST/BY HAND

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Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
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Room No.260, Krishi Bhawan,
New Delhi, the 25 November, 2016

Office Memorandum

Subject: Minutes of the 132nd meeting of the Standing Committee on SDF taken by Secretary (F&PD) as Chairperson on Thursday, the 27th October, 2016 - reg.

In continuation of this Ministry's O.M. of even number dated 3rd October, 2016 on the above subject, a copy of the minutes of the 132nd meeting of the Standing Committee held on 27th October, 2016 under the Chairpersonship of Secretary (F&PD) is enclosed for kind information and necessary action.



(N.K. Kashmira)
Director (SDF)
Member Secretary
Tel. 23382338
e-mail: nk.kashmira@nic.in

Distribution:-

1. Finance Secretary, Ministry of Finance, North Block, New Delhi (Member).
2. Secretary, Department of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi (Member).
3. Financial Adviser, Department of Food & Public Distribution, Krishi Bhawan, New Delhi (as nominee of Secretary, Department of Expenditure)-(Member).
4. Joint Secretary, Ministry of Finance (Department of Financial Services), Jeevan Deep Building, New Delhi (Member).
5. Joint Secretary (Sugar & Admn.), Department of Food & Public Distribution, (Member).
6. Director (Sugar Policy), Directorate of Sugar, Department of Food & Public Distribution, (Member)
7. Director, National Sugar Institute, Kanpur (Member)
8. Director General, Indian Council of Agricultural Research, Krishi Bhawan, New Delhi (Member)

Special Invitee:-

- | | | |
|------|--------------------------|-------------------|
| (i) | Representative from IFCI | Expert on banking |
| (ii) | Representative from NCDC | Expert on banking |



(N.K.Kashmira)
Director (SDF)
Member Secretary

Copy for information:-

- (i) PS to Hon'ble Minister of Consumer Affairs, Food & Public Distribution.
- (ii) PS to Secretary, Department of Food & Public Distribution.

Minutes of the 132nd meeting of the Standing Committee held on 27th October, 2016

The 132nd meeting of the Standing Committee of the Sugar Development Fund (SDF) under the Chairpersonship of Secretary (F&PD) was held on 27th October, 2016. A list of Members participants is annexed. At the outset, the Member Secretary, welcomed all the Members and invitees. Following decisions were taken:

I. ACTION TAKEN REPORT OF 131ST MEETING OF THE STANDING COMMITTEE (AGENDA ITEM NO. 1).

The Action Taken Report on the decisions taken in the 131st meeting of the Standing Committee held on 14th September, 2016 was considered. On a reference made by AS & FA regarding SDF default cases, it was brought to the notice of the Committee that, a Committee under the chairmanship of AS& FA has already been constituted and a meeting of the Committee has already been held on 29.08.2016. The minutes of the said meeting were circulated to all the members / participants of the Standing Committee during the meeting.

II. MODERNIZATION CUM EXPANSION WITH BAGASSE BASED CO-GENERATION POWER PROJECT

(i) Proposal of M/s Bilagi Sugar Mill Ltd., badagandi village, Bilagi Taluk, Bagalkot District, Karanataka Modernisation cum expansion of sugar capacity from 2500 TCD to 5000 TCD and setting up of 30 MW Cogeneration plant. (Agenda Items No. 2 & 3)

1. The Standing Committee considered the loan application for modernization cum expansion of sugar factory at a cost Rs.6950.00 lakh including SDF assistance of Rs. 2640.00 lakh and setting up of **30 MW Bagasse based Co-generation Power Project** at a cost of 13750.00 lakh including SDF assistance of Rs. 3270.80 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole is 2.20 and the FACR of the sugar factory and society as a whole is 1.39 as on 31.3.2016. IRR of the both modernization and cogen project is 34.23% .

3. Both the projects have been appraised by IFCI. Technical evaluation of the Modernisation cum expansion project has been done by Echo-Biotech Financial Consultants Pvt. Ltd and the project is being implemented under the guidance of

TECSOL Engineers Pvt. Ltd.. The Cogen project is technically evaluated by TECSOL Engineers Pvt. Ltd. The two projects were found financially viable and technically feasible by the Committee.

4. Director NSI, Kanpur, informed that the project was using high pressure boilers and was thermodynamically efficient. He also mentioned that the calculations for availability of bagasse have also been checked. To a query raised by the representative of Department of Agriculture Cooperation and Farmers Welfare, Director, NSI, Kanpur informed that there was sufficient sugarcane availability in the area and the yield was also high. The sugar factory has also given the details of the area to be developed for sugarcane growing. On a query raised by Secretary (F&PD), IFCI informed that FACR calculated based on the audited balance sheet for 2015-16 and taking into account the proposed assets came to be 1.39 in comparison to the earlier FACR calculated as 0.87, without taking the proposed assets. To a query raised by JS (Sugar) on the basis for judging the ability of agency to operate and return the loan, IFCI informed that the DSCR, which is calculated based on the realistic assumptions, was an indicator of the same, which is good in this case.

5. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.2268.85lakh for modernisation cum expansion of sugar capacity from 2500 TCD to 5000 TCD and Rs.3004.38 lakh for setting up of 30 MW Cogen project subject to submission of NOC/acknowledgement of application by the Pollution Control Board, Power Purchase Agreement and no levy due certificate from the Directorate of Sugar.**

6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.

(ii) **Proposal of M/s Shri Sai Priya Sugars Ltd., Veerbhadreshwar Nilaya, Siddarameshwar Colony, Kudachi Road, at Post & Tal Jamkhandi, Dist. Bagalkot, Karnataka for Modernization cum expansion of sugar unit from 2500 TCD to 10000 TCD and Setting up of 50 MW bagasse based co-generation power project. (Agenda Items No. 4 & 5)**

1. The Standing Committee considered the loan application for modernization cum expansion of sugar factory at a cost Rs.28665.00 lakh including SDF assistance of Rs. 8241.00 lakh and setting up of **50 MW Bagasse based Co-generation Power Project** at a cost of 25797.00 lakh including SDF assistance of Rs. 7260.00 lakh requested by the Sugar Factory.



2. The average DSCR of the sugar factory and the society as a whole is 2.53 for the modernization cum expansion project and 1.90 for the cogen project. FACR of the sugar factory and society as a whole is 1.48 as per provisional balance sheet of 2015-16. IRR of the modernization cum expansion and cogen project is 25.14% & 28.14%.

3. Both the projects have been appraised by IFCI and technically evaluated by KSM Engineering, Bangalore. Further, IFCI referred the project for technical / cost vetting to National Sugar Institute, Kanpur and NSI, Kanpur has concluded that the project is technically viable. The two projects were found financially viable and technically feasible by the Committee.

4. Regarding the availability of cane for expansion up to 10,000 TCD, Director, NSI, Kanpur, mentioned that the area available with the sugar factory was very high with high cane Potential in the command area in the Bagalkot District where the whole project / plant and machinery are being relocated. This would be an advantage for the project. IFCI informed that the financials of the project were good. **Director (Sugar) pointed out that there is a levy sugar default of 383.7MT against the acquired sugar factory namely M/s SPR Sugars Pvt. Ltd..**

5. **In view of above and on the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.3203.64 lakhs for the Modernization cum expansion of sugar unit from 2500 TCD to 10000 TCD and Rs. 6711.27 lakh for the 50 MW bagasse based co-generation power project, subject to clearance of Levy Sugar dues.**

7. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.

III. Modernisation cum expansion & Anhydrous alcohol or Ethanol Project.

(i) Proposal of M/s Siddhi Sugar and Allied Industries Ltd., Ujana, Tal. Ahmedpur, Dist. Latur, Maharashtra for modernisation cum expansion of sugar capacity from 2500 TCD to 4000 TCD and Setting up 30 KLPD anhydrous alcohol or Ethanol Project. (Agenda Item No. 06 & 07)

1. The Standing Committee considered the loan application for modernization cum expansion of sugar factory from 2500 TCD to 4000 TCD at a cost Rs.4504.00 lakh including SDF assistance of Rs. 1801.92 lakh and setting up of setting up 30



KLPD anhydrous alcohol or Ethanol Project at cost of Rs.3695.32 lakh including SDF assistance of Rs.1478.12 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole is 1.79 & 1.77 respectively for the modernization project and 2.03 for the ethanol project. FACR of the sugar factory and society as a whole is 1.51 as on 31.03.2016. IRR of the modernization cum expansion and Ethanol Project is 16.94% & 31.99% respectively.

3. Both the projects have been appraised by Maharashtra State Cooperative Bank (MSCB) Ltd. and technically evaluated by VSI, Pune. The two projects were found financially viable and technically feasible by the Committee.

4. Director, NSI, Kanpur, informed that the project was technically feasible and had enough molasses. IFCI mentioned that financials of the sugar factory / company were good. Director (Sugar) mentioned that pending levy sugar obligation of 2.05 MT was meagre and is also subject to lifting by the State Government of Maharashtra. Directorate of Sugar has extended the time period up to 31.10.2016 for updation of the status on online levy module by the State Government of Maharashtra and instructions have also been issued to the State Government for expediting the lifting.

5. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1543.54lakh for the modernisation cum expansion of sugar capacity from 2500 TCD to 4000 TCD and Rs. 1035.60 lakh for setting up 30 KLPD anhydrous alcohol or Ethanol Project subject to furnishing of no due certificate from the Directorate of Sugar regarding Levy Sugar before creation of charge.**

6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.

IV. BAGASSE BASED CO-GENERATION POWER PROJECT

(i) Proposal of M/s Baliraja Sakhar Karkhana Ltd., Village Kanadkhed, Tehsil Purna, Dist.Parbhani, Maharashtra for setting up of 15 MW Greenfield bagasse based co-generation power project. (Agenda item No. 8)

1. The Standing Committee considered the loan application setting up of 15 MW Greenfield bagasse based co-generation power project at a cost Rs.6725.46 lakh including SDF assistance of Rs. 644.00 lakh requested by the Sugar Factory.



2. The average DSCR of the sugar factory and the society as a whole is 2.03. FACR of the sugar factory and society as a whole is 1.11 as on 31.03.2016. IRR of the project is 27.48%.

3. The project has been appraised by Bank of India and technically evaluated by MITCON Consultancy and Engineering Services Ltd.. The project was found financially viable and technically feasible by the Committee.

4. **It was observed by the Committee that the FACR of the company was below benchmark even after taking collateral security. DSCR also seems to be inflated as actual figures for 2014-15 and 2015-16 do not match with the projected figures. Operational profit of the company is negative, net profit is substantially negative and reserves and cash flow from operational income as well as investing activities are negative.**

5. **In view of the very weak financials of the company the Standing Committee rejected the proposal of the Sugar Factory for the aforesaid Greenfield project.**

(ii) Proposal of M/s Superior Food Grains (P) Ltd. at Village-Shamla Shamli, Block Unn, Tehsil-Kairana, Distt.- Shamli, U.P. for setting up of 33 MW bagasse based co-generation power project. (Agenda item No. 9)

1. The Standing Committee considered the loan application for setting up of 33 MW Greenfield bagasse based co-generation power project at a cost Rs.16727.00 lakh including SDF assistance of Rs. 6690.80 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole is 1.64. FACR of the sugar factory and society as a whole is 1.63 & 1.06 respectively as on 31.03.2016. IRR of the project is 32.39%.

3. The project has been appraised by Indian Renewable Energy Development Agency Ltd. (IREDA) and technically evaluated by /s Superior Food Grains (P) Ltd. / technically vetted by NSI, Kanpur.

4. It was observed that M/s Laxmiji Sugar Mills Co. Ltd., (old name-Ajudia Sugar) in which the owners of the company are having stake, is a SDF defaulter against whom the Government of India is in litigation to recover the SDF dues. Director (Sugar Policy) also informed that the Group to which the company belongs is a



major levy sugar defaulter and are also having huge amount of cane farmers' dues pending.

5. In view of the position, the Standing Committee rejected the proposal.

(iii) Proposal of M/s Sovereign Industries Limited., Village Terdal, Jamakhandi Taluk, Bagalkot District, Karnataka for setting up of 20 MW Greenfield bagasse based co-generation power project . (Agenda item No. 10)

1. The Standing Committee considered the loan application for setting up of **20 MW Greenfield bagasse based co-generation power project** at a cost Rs.10204.61 lakh including SDF assistance of Rs. 892.00 lakh requested by the Sugar Factory.

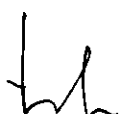
2. The average DSCR of the sugar factory and the society as a whole is 1.90. FACR of the sugar factory and society as a whole is 1.36 & 1.48 respectively as on 31.03.2015/provisional. IRR of the project is 27.44%.

3. The project has been appraised by The Karnataka State Co-operative Apex Bank Ltd. and technically evaluated Manalee Engineering, Pune. The project was found financially viable and technically feasible by the Committee.

4. IFCI mentioned that the financials of the project were sound. Director, NSI, Kanpur mentioned that the project is technically viable. Director (Sugar Policy) mentioned that the sugar factory has applied for the short name and plant code. Directorate of Sugar has sought information from the sugar factory and clarifications from the State Government.

5. On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.829.33lakh for setting up of 20 MW Greenfield bagasse based co-generation power project subject to the condition that the sugar factory shall complete all the requirements for disbursement of SDF loan including obtaining of Plant Code within the validity period of Administrative Approval and no further extension shall be granted in any case. Further, the sugar factory shall submit the Power Purchase Agreement (PPA) before disbursement of SDF loan.

6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.



(iv) Proposal of M/s Bidar Kissan Shakkar Karkhana Ltd., Village Mogdal, National Highway No. 9, Taluk & Dist: Bidar, Karnataka for setting up of 15 MW Greenfield bagasse based co-generation power project. (Agenda item No. 11)

1. The Standing Committee considered the loan application for setting up of **15 MW Greenfield bagasse based co-generation power project** at a cost Rs.8900.00 lakh including SDF assistance of Rs. 730.00 lakh requested by the Sugar Factory.
2. The average DSCR of the sugar factory and the society as a whole is 1.68. FACR of the sugar factory and society as a whole is 1.62 respectively as on 31.03.2016. IRR of the project is 21.01%.
3. The project has been appraised by The Karnataka State Co-operative Apex Bank Ltd. and technically evaluated TECSOL Engineering Services Ltd.. The project was found financially viable and technically feasible by the Committee.
4. IFCI informed that the financial aspects of the project were sound. Director, NSI, Kanpur, mentioned that the project was technically feasible and there is enough bagasse. Director (Sugar Policy) mentioned that the sugar factory has applied for the short name and plant code. Directorate of Sugar has sought information from the sugar factory and clarifications from the State Government.
5. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.425.98lakh for setting up of 15 MW Greenfield bagasse based co-generation power project subject to the condition that the sugar factory shall complete all the requirements for disbursement of SDF loan including obtaining of Plant Code within the validity period of Administrative Approval and no further extension shall be granted in any case. Further, the sugar factory shall submit the Power Purchase Agreement (PPA) before disbursement of SDF loan.**
6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.



(v) Proposal of M/s DCM Shriram Ltd., DSCL Sugar-Ajabpur, Village Ajbapur, P.o-Mullapur, Lakhimpur Kheri-261505 Uttar Pradesh for Expansion of bagasse based Co-generation power project by 34.4 MW. (Agenda item No. 12)

1. The Standing Committee considered the loan application for **Expansion of bagasse based co-generation power project by 34.4 MW** at a cost Rs.10880.00 lakh including SDF assistance of Rs. 4350.00 lakh requested by the Sugar Factory.
2. The average DSCR of the sugar factory and the society as a whole is 3.39 & 4.35 respectively. FACR of the sugar factory and society as a whole is 3.30 & 4.17 respectively as on 31.03.2016. IRR of the project is 34.70%.
3. The project has been appraised by IFCI. Technical vetting of DPR has been carried out by NSI, Kanpur. The project was found financially viable and technically feasible by the Committee.
4. IFCI informed that the financials of the company were sound. While the company has revised the means of finance, they have increased the term loan from the HDFC Bank. There would be no impact on the project viability on account of the revised means of finance. Director, NSI, Kanpur mentioned that the project envisaged new boiler, turbine and had sufficient bagasse.
5. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.3876.15lakh for Expansion of bagasse based Co-generation power project by 34.4 MW subject to submission of Power Purchase Agreement (PPA) before disbursal of SDF loan.**
6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.



V. ANHYDROUS ALCOHOL OR ETHANOL PROJECT

(i) Proposal of M/s Kisan Sahakari Chini Mills Ltd. (KSCM), Sneh Road, Najibabad, Bijnor, Uttar Pradesh for setting up plant for production of 40 KLPD anhydrous alcohol or Ethanol project. (Agenda item No. 13)

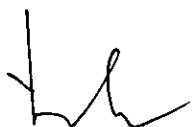
1. The Standing Committee considered the loan application **for setting up plant for production of 40 KLPD anhydrous alcohol or Ethanol project** at a cost Rs.5137.40 lakh including SDF assistance of Rs. 1920.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole is 2.20. FACR of the sugar factory and society as a whole is 1.94 as per the tentative balance sheet for 2015-16. IRR of the project is 28.67%.

3. The project has been appraised by NCDC. Techno Feasibility Report prepared by National Federation of Co-operative Sugar Factories Ltd. (NFCSF). NCDC mentioned that the shortfall in molasses shall be procured from other nearby sugar factories. In this regard, MD, UPCSF, Lucknow vide letter dated 19.09.2015 has mentioned that entire molasses produced by cooperative sugar factories is under the control of Federation. UPCSF has given an undertaking to allot and transfer the required quantity of molasses from neighbouring cooperative sugar factories situated at Morna, Ramala, Gajrola and Bagpat. Further, appraising bank has also submitted letters from two sugar mills i.e. The Ganga Kisan Sahakari Chini Mills ltd. & The Bagpat Co-operative sugar mills ltd., Bagpat., in which The Ganga Kisan Sahakari Chini Mills ltd. has intimated that they will supply 8000 MT of molasses per year for the next ten years to KSCM, Najibabad and The Bagpat Co-operative sugar mills ltd., Bagpat has intimated that they will supply 7500 MT of molasses per year for the next ten years to KSCM, Najibabad. The project was found financially viable and technically feasible by the Committee.

4. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs. 1256.14 lakh for setting up plant for production of 40 KLPD anhydrous alcohol or Ethanol project.**

5. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.



(ii) Proposal of M/s Krantiagrani Dr. G.D. Bapu Lad SSK Ltd., Kundal, Taluka-Palus, Distt. Sangli, Maharashtra for Setting up of 60 KLPD distillery (54 KLPD absolute alcohol plant) Ethanol Project. (Agenda item No. 14)

1. The Standing Committee considered the loan application for setting up of 60 KLPD distillery (54 KLPD absolute alcohol plant) Ethanol Project at a cost Rs.7443.00 lakh including SDF assistance of Rs. 2977.20 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole is 1.85. FACR of the sugar factory and society as a whole is 1.68 as on 31.03.2016. IRR of the project is 19.09%.

3. The project has been appraised by NCDC and technically evaluated by VSI, Pune. NCDC informed that the sugar factory has forwarded an agreement of the sugar factory with Mohanrao shinde SSK Ltd. Mohannagar wherein the latter has agreed to supply 10,000 MT of molasses yearly for next ten years at the market rate applicable at that time to M/s Kranitagrani and also that they will not install distillery project within next 10 years. This will ensure sufficient molasses for the project. The project was found financially viable and technically feasible by the Committee.

4. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.2403.55 lakh for setting up of 60 KLPD distillery (54 KLPD absolute alcohol plant) Ethanol Project.**

5. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.

(iii) Proposal of M/s Shri Ambalika Sugar pvt. Ltd., Ambikanagar, A/P-Jagdama Factory, Tal- Karjat, Distt. Ahmednagar, Maharashtra for Setting up plant for production of 56.4 /60 KLPD anhydrous alcohol or Ethanol from molasses. (Agenda item No. 15)

1. The Standing Committee considered the loan application for **Setting up plant for production of 56.4 / 60 KLPD anhydrous alcohol or Ethanol from molasses** at a cost Rs.7632.00 lakh including SDF assistance of Rs. 3052.00 lakh requested by the Sugar Factory.



2. The average DSCR of the sugar factory and the society as a whole is 2.10 & 3.10 respectively. FACR of the sugar factory is 2.02 as on 31.03.2016 and is awaited for society as a whole. IRR of the project is 26.46%.
3. The sugar factory has not been able to furnish the audited financials for the year 2015-16 despite several reminders, the Committee observed that the latest financials are necessary to consider the loan application of the sugar factory.
4. **The Standing Committee, therefore, directed to obtain latest financials from the sugar factory latest by 31.12.2016. If the sugar factory fails in doing so, their case will stand rejected. If the sugar factory submits the audited financials for 2015-16 by 31.12.2016, the same will be examined by IFCI and the matter will be brought to the next Standing Committee meeting for consideration.**

VI. MISCELLANEOUS

Proposal for Extension of validity period of Administrative Approval in respect of Sanction of SDF loan to M/s Babonraoji Shinde Sugar & Allied Industries Ltd., (BSSAIL)- for sanction of financial assistance from SDF for setting up 25 MW Greenfield bagasse based co-generation power project at Pimpri, Mawandi, Tal-Barshi Dist Solapur, Maharashtra (Agenda Item No. 16)

The Standing Committee considered the case of for extension of validity of the Administrative Approval up to **25.03.2017 as requested by the sugar factory vide its request dated 21.09.2016. The AA was issued** for setting up 25 MW Greenfield BSCP project on 26.9.2014. The AA which was valid up to 25.09.2015 was extended up to 25.9.2016 with the approval of Secretary (DFPD) due to non-receipt of environment clearance. Before the expiry of the current validity, the charge was to be created and disbursement to be made. The sugar factory has mentioned that the process of charge creation could not be completed before 25.09.2016, the extended validity, as it is very hard to coordinate with IFCI.

The Committee sought clarifications from the IFCI on the delay in completion of process for creation of charge and other formalities before the expiry of extended validity time.

IFCI clarified that they had started the process of finalizing of FACR based on Audited Balance Sheet (ABS) 2014-15. However, the SF requested IFCI to await for improved FACR based on ABS 2015-16 which the sugar factory submitted vide their letter dated 07.07.2016 to IFCI. In the ABS 2015-16, land was revalued and method of depreciation was changed. The sugar factory was in default in payment of its dues to the

Banks and therefore, IFCI requested the sugar factory to submit Auditors Certificate regarding revaluation of land and furnish letters from Banks regarding status of credit facilities availed by them from Banks. These letters were furnished by the sugar factory with the last letter from Canara Bank dated 16-08-2016. It was clarified that the account of Babanraoji Shinde remains as Standard in the books of the Banks. Meanwhile, the other group company viz. Indian Sugar Manufacturing Co. Ltd failed to pay the SDF defaulted dues as per their commitment vide letter dated 11-08-2016. Subsequently, IFCI forwarded FACR calculation of the company for approval of SDF/GoI vide letter dated 18-08-2016.

The matter was examined in the SDF in consultation with IFD & clarifications/documents subsequently sought from IFCI. Based on the clarification received, letter of FACR and charge creation approval by SDF was issued on 20-09-2016. The SF vide their letter dated 21-09-2016 requested for extension of AA validity which was to expire on 25-09-2016. Meanwhile, Indian Sugar Manufacturing Co. Ltd vide letter dated 15-10-2016 again informed IFCI that they will clear the SDF dues by 31-12-2016. Presently, they are in SDF loan default of Rs.706.29 lakh.

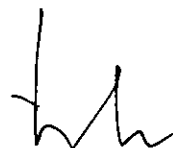
The Committee observed that the sugar factory lost time in not facilitating the process of charge creation by waiting for improvement in FACR for 2015-16. The Company finally submitted, its ABS 2015-16 in July, 2016 which again was not clear w.r.t. revaluation of land and default in payment of its dues to the Banks. Final No dues from the Banks were furnished by the company by 16-08-2016 only. The Committee observed that, with the AA validity expiring shortly on 25.09.2016, it would not have been possible for the company to achieve completion of finalizing the FACR calculation, charge creation and disbursement of the SDF loan within the remaining validity period. The Committee also took note of the SDF defaults of the other group company viz. Indian Sugar Manufacturing Co.

In view of the foregoing, the Committee rejected the case.

VII. ADDITIONAL AGENDA:

- (i) Proposal of M/s Shree Padmabhusan Krantiveer Dr Nagnathanna Nayakawade Hutatma Kisan Ahir SSK Ltd. Nagnathannanagar, Tal-Walwe, Dist. Sangli, Maharashtra for Setting up 30 KLPD distillery (27 KLPD absolute alcohol plant, Ethanol) anhydrous alcohol or Ethanol Project. (Additional Agenda item No. 1)**


1. The Standing Committee considered the loan application for setting up 30 KLPD distillery (27 KLPD absolute alcohol plant, Ethanol) anhydrous alcohol or Ethanol Project from molasses at a cost Rs.4000.00 lakh including SDF assistance of Rs. 1600.00 lakh requested by the Sugar Factory.



2. The average DSCR of the sugar factory and the society as a whole is 1.88. FACR of the sugar factory is 2.66 as on 31.03.2016. IRR of the project is 21.87%.
3. The project has been appraised by NCDC and technically evaluated by VSI, Pune. The project was found financially viable and technically feasible by the Committee.
4. The committee was informed that an amount of Rs. 1,31,397/- were outstanding as SDF dues as per list of CCA presently available on the website as on 30.09.2016. However, NCDC, vide its letter dated 20.10.2016 has intimated that sugar factory have cleared SDF dues. However, confirmation of CCA office is awaited.
5. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1290.78 lakh for setting up 30 KLPD distillery (27 KLPD absolute alcohol plant, Ethanol) anhydrous alcohol or Ethanol Project subject to confirmation from CCA office regarding clearance of SDF dues.**
6. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.

(ii) Proposal of M/s Gem Sugars Limited, Kundaragi Village, Biligi Taluk, Bagalkot Dist-587204, Karnataka for Setting up plant for production of 60 KLPD anhydrous alcohol or Ethanol from molasses. (Additional Agenda item No.2)

1. The Standing Committee considered the loan application **for Setting up plant for production of 60 KLPD anhydrous alcohol or Ethanol from molasses** at a cost Rs.7000.00 lakh including SDF assistance of Rs. 2500.00 lakh requested by the Sugar Factory.
2. The average DSCR of the sugar factory and the society as a whole is 2.51. FACR of the sugar factory is 1.98 based on tentative balance sheet of 2015-16. IRR of the project is 15.41%.
3. The project has been appraised by IFCI and technically evaluated in house by Gem Sugars Ltd. The project is financially viable and technically feasible.



4. IFCI mentioned that the financials of the company were sound as the company was consistently making profit and the debt is less. Director, NSI, Kanpur also mentioned that the quantity of in-house availability of molasses shall be adequate to operate 60 KLPD distillery on its own for 160 days. The project cost appears to be reasonable, keeping in view fermentation, distillation and Zero Liquid Discharge techniques. The project was found financially viable and technically feasible by the Committee.
5. Director (Sugar Policy) intimated vide their letter dated 09.09.2016 that the sugar factory has completed their entire levy obligation of 8752.1 MT. However, a quantity of 4.03 MT is to be updated on the levy module online by the State Government of Karnataka. Further, as per the Department's website, the balance levy reported by State Government is 5.530 MT. The Committee observed that the communication from Directorate of Sugar regarding levy dues status was not clear.
6. **Standing Committee directed that the Directorate of Sugar while conveying levy sugar dues status to SDF should clearly mention whether the dues were pending or not for the purpose of consideration of the SDF loan applications.**
7. **On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1680.84lakh setting up plant for production of 60 KLPD anhydrous alcohol or Ethanol from molasses subject to furnishing of no levy dues certificate by the Directorate of Sugar before charge creation by the sugar factory.**
8. The security, either first charge pari passu or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation based on the FACR at that time.



**ATTENDANCE SHEET OF PARTICIPANTS OF 132nd MEETING OF
STANDING COMMITTEE OF SDF HELD ON 27th October, 2016 AT 3:00 P.M.**

Sl. No.	Name, Designation & Organization	Name of Department/Organization
1.	Ms. Vrinda Sarup, Secretary & Chairperson	Department of Food and Public Distribution
2.	Shri. Nikhilesh Jha, Additional Secretary and Financial Advisor	Department of Food and Public Distribution
3.	Shri Subhasish Panda, Joint Secretary (Sugar & Admin)	Department of Food and Public Distribution
4.	Shri G.S. Sahu, Director (Sugar Policy) Directorate of Sugar	Department of Food and Public Distribution
5.	Shri N.K.Kashmira, Director (SDF) & Member Secretary	Department of Food and Public Distribution
6.	Shri Narendra Mohan, Director	NSI, Kanpur
7.	Dr. AP. Singh Additional Commissioner	Ministry of Agriculture Co-operative & Farmer Welfare
8.	Shri R.K. Pandey, Director (Finance)	Department of Food and Public Distribution
9.	Shri A.K. Das Under Secretary (AC)	Department of Financial Services
10.	Shri Sunil Chauhan Under Secretary (SDF)	Department of Food and Public Distribution
11.	Shri Manmohan Kumar, Section Officer (SDF)	Department of Food and Public Distribution
12.	Shri R.C. Meena, Section Officer (SDF A/cs)	Department of Food and Public Distribution
SPECIAL INVITEES		
13.	1 Shri M.P. Sethi, General Manager	IFCI Limited, New Delhi
	2 Shri S. Chandrasekaran, Asst. General Manager	
	3 Ms. Anju Dosija, Manager	
14.	1 Shri A.K. Singh, Chief Director (Sugar)	NCDC, New Delhi
	2 Shri R.K. Mangla, Dy. Director (Sugar)	

