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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 24th July, 2017

Office Memorandum

Subject: Minutes of 134th meeting of the Standing Committee on Sugar Development Fund (SDF) presided over by Secretary (F&PD) as Chairperson on Tuesday, the 4th July, 2017-reg.

In continuation of this Ministry's O.M. of even number dated 05.6.2017,19.06.2017 and 03.7.2017 on the subject, a copy of the minutes of the 134th meeting of the Standing Committee held on 04.7.2017 under the Chairpersonship of Secretary, (F&PD) is enclosed for kind information and necessary action.

(N.K. Kashmira)
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Distribution:-

1. Finance Secretary, Ministry of Finance, North Block, New Delhi (Member).
2. Secretary, Department of Agriculture & Farmers Welfare, Krishi Bhavan, New Delhi (Member).
3. Financial Adviser, Department of Food & Public Distribution, Krishi Bhavan, New Delhi (as nominee of Secretary, Department of Expenditure)-(Member).
4. Joint Secretary, Ministry of Finance (Department of Financial Services), Jeewan Deep Building, New Delhi (Member).
5. Joint Secretary (Sugar & Admn.), Department of Food & Public Distribution, (Member).
6. Chief Director (S&VO), Directorate of Sugar, Department of Food & Public Distribution, (Member)] :[represented by Director (S&VO)]
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.
(iii) Chief Controller of Accounts, Department of Food & Public Distribution
(iv) NIC, DFPD for uploading the minutes on the website of the Department.

Minutes of the 134th meeting of the Standing Committee held on 4th July,2017.

The 134th meeting of the Standing Committee of the Sugar Development Fund (SDF) under the Chairpersonship of the Secretary (F&PD) was held on 4th July 2017. A list of Member participants is annexed. At the outset, the Member Secretary, welcomed all the Members and invitees.

Following decisions were taken:

I. ACTION TAKEN REPORT OF 133rd MEETING OF THE STANDING COMMITTEE (AGENDA ITEM NO. 1).

The Action Taken Report on the decisions taken in the 133rd meeting of the Standing Committee held on 21st February, 2017 was considered and accepted.

II. LOAN FOR SUGARCANE DEVELOPMENT

M/s Vikasratna Vilasrao Deshmukh Manjara Shetkari Sahakari Sakhar Karkhana Ltd., Vilasnagar, Chincholoirao Wadi TQ., Latur District, Maharashtra. (Agenda item No. 2)

1. The Standing Committee considered the loan application of M/s Vikasratna Vilasrao Deshmukh Manjara Shetkari Sahakari Sakhar Karkhana Ltd., Vilasnagar, Chincholoirao Wadi TQ., Latur District, Maharashtra for its cane development schemes namely, Drip Irrigation, involving SDF assistance of Rs. 540.00 lakhs.

2. Dues position:-
   - (i) SDF dues: - No dues as per CCA's letter dated 03.07.2017.
   - (ii) LSPEF Dues: - No dues as per SPF Section's letter dated 12.06.2017
   - (iii) Levy Default: - Levy obligation of 631 MT against 2009-10 and 6 MT against 2011-12.

3. Director (S&VO), Directorate of Sugar, intimated during the meeting that the sugar factory has levy obligation of 631 MT against 2009-10 and 6 MT against their 2011-12. The sugar factory will obtain No Dues Certificate in respect of levy dues from Directorate of Sugar and furnish the same before signing of the TPA and within the period of six month from the date of issuance of Administrative Approval of the SDF loan.

4. The average DSCR of the sugar factory and the society as a whole is 3.96. FACR of the sugar factory and society as a whole is 0.72 however the sugar factory will provide the FACR calculation on the basis of audited balance sheet of 2016-17 and the issue of FACR which is below the bench mark i.e. 1.33 would be resolved accordingly with the consultation of IFCI. IRR of the project is 24.26%.

5. *After detailed deliberation and on the basis of Screening Committee recommendations, the Standing Committee, subject to the above condition recommended SDF loan of Rs.540-00 lakh to the sugar factory to be disbursed in two installments as under:*

Year	*Amount (Rs. in lakhs)*
First Year	*324.00*
Second Year	*216.00*
Total	*540.00*

6. The sugar factory will give first pari passu charge on its assets or a higher security for SDF loan on the date of creation of charge.

III. BAGASSE BASED CO-GENERATION POWER PROJECT

(i) Proposal of M/s Kukadi Sahakari Sakhar Karkhana Ltd. at Pimpalgaon Pisa, Tal-Shrigonda, Dist. Ahmednagar, Maharashtra-413703 for setting up of 15 MW (expansion from 12 MW to 27 MW bagasse based co-generation power project. (Agenda item No. 3)

1. The Standing Committee considered the loan application for setting up of 15 MW (expansion from 12 MW to 27 MW) bagasse based co-generation power project at a cost Rs.7176 lakh including SDF assistance of Rs. 2178.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole was noted as 1.98. FACR of the sugar factory and society as a whole was 1.76 as on 31.03.2016. IRR of the project was 17.62%.

3. Dues position:-

(i) SDF dues: - O/o CCA vide its letter dated 03.07.2017 has intimated that as per their record no loan has been disbursed to sugar mill.

(iv) LSPEF Dues: - No dues as per SPF Section's letter dated 01.02.17 and the SF is an individual unit.

(v) Levy Default: - No Levy dues as per Dte. of Sugar's letter dated 08.12.2016.

4. The project has been appraised by the Union Bank of India and technically evaluated by Vasantdada sugar Institute , Pune. The project was found to be financially viable and technically feasible by the Committee.

5. The Sub-Committee had earlier observed that though the bagasse availability was adequate but the availability of sugarcane was in doubt. As per the information furnished by the sugar factory, the projected cane crushing of 8.25 LMT is quite high compared to 4-6 LMT for the last 4-5 years. The sugar factory needed to clarify how they would be increasing the

cane availability. The second issue was that the steam consumption was 44% which is very high and unacceptable. NFCSF representative also endorsed the view and expressed that it was necessary to reduce the steam consumption to acceptable levels to ensure efficiency. The sugar factory representative had, before the Sub-Committee, also committed that they would be achieving 39% steam consumption in future. As regards, the cane availability, drip irrigation was being encouraged by the mill and that they were having sufficient cane area.

6. It has been submitted by the sugar factory that the Taluka Agricultural Officer, Shrigonda, Distt. Ahmednagar has confirmed the Sugar cane availability of 10.00 LMT in the jurisdiction area of the sugar factory. The sugar factory has also informed that reduction of steam consumption from 42-43% to 39% is being implemented. The reply of the sugar factory has been considered by the Committee. In this regard NSI Kanpur will inspect the plant and submit a report.

7. *On the basis of available records and recommendations of the Sub-Committee and subject to the above, the Standing Committee recommended SDF loan of Rs.1991.41 lakh for setting up of 15 MW (expansion from 12 MW to 27 MW) bagasse based co-generation power project.*

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.

(ii) Proposal of M/s Shri Bhimashankar Sahakari Sakkare Karkhane, Niyamit, Marguar-589204, TQ-Indi, Distt-Vijaypur, Karnataka for setting up of 14 MW (Green Field project) bagasse based co-generation power project (Agenda item No. 4).

1. The Standing Committee considered the loan application for setting up of 14 MW bagasse based co-generation power project (Green Field Project) at a cost of Rs.8240.00 lakh including SDF assistance of Rs. 1648.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole was noted as 2.59. FACR of the sugar factory and society as a whole was 2.03 as on 31.03.2016. IRR of the project was 24.72%.

3. No LSPEF/SDF/Levy dues against the sugar factory as the proposed project is Greenfield.

4. The project has been appraised by the Karnataka State Co-operative Apex Bank Ltd., Bengaluru and technically evaluated by TESCOL Engineering Pvt. Ltd., Bangalore. The project was found to be financially viable and technically feasible by the Committee

5. The sugar factory will submit Plant Code within the validity of Administrative Approval for disbursal of loan.

6. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee, subject to the above recommended SDF loan of Rs.893.51 lakh for setting up of 14 MW bagasse based co-generation power project.*

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.

(iii) Proposal of M/s The Seksaria Biswan Sugar Factory Ltd., P.O. Biswan Distt.-Sitapur, U.P.-261201for setting up of 32 MW bagasse based co-generation power project (Agenda item No. 5).

1. The Standing Committee considered the loan application for setting up of 32 MW bagasse based co-generation power project at a cost of Rs.18800.00 lakh including SDF assistance of Rs. 5800.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the company as a whole was noted as 1.76. The sugar factory informed that the FACR of the sugar factory and the company as a whole as on 31.03.2016 was 1.51. However, it was observed in SDF Division that the FACR of the sugar factory and company as a whole was only 1.03 because the sugar factory considered the revaluation of land (certificate issued on 30.03.2017) while calculation of FACR. After deliberations, the Committee directed to obtain the FACR calculation on the basis of audited balance sheet of 2016-17 which will be examined by IFCI before furnishing to the SDF Division. IRR of the project is 17.50%.

3. Dues Position:-

(i) SDF dues – No dues as per CCA's letter dated 03.07.2017.

(i) LSPEF dues – No dues as per the SPF Section's O.M. dated 12.06.2017.

(ii) Levy Default:- Levy obligation of 0.04 MT. Directorate of Sugar has been asked to furnish the No dues Certificate as discussed during the Sub-Committee meeting held on 11.05.2017.

4. The project has been appraised by the State Bank of India and technically evaluated Avant Grade Engineers and Consultants (P) Ltd. The project was found to be financially viable and technically feasible by the Committee.

5. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.5422.24 lakh for setting up of 32 MW bagasse based co-generation power project.*

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.

(iv) Proposal of M/s Harsha Sugars Ltd. at Village-Savadatti, Savadatti Taluk, Belgaum District, Karnataka for setting up of 30 MW (Green Field project) bagasse based co-generation power project (Agenda item No. 6).

1. The Standing Committee considered the loan application for setting up of 30 MW bagasse based co-generation power project (Green Field Project) at a cost of Rs.14975.00 lakh including SDF assistance of Rs.1500.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the company as a whole was noted as 1.82. FACR of the sugar factory and company as a whole was 1.39 as on 31.03.2016. IRR of the project was 27.90%.

3. No LSPEF/SDF/Levy dues against the sugar factory as the proposed project is Greenfield.

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

5. The sugar factory will provide the proof of sugar production within the validity of Administrative Approval for disbursal of loan.

6. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1383.77 lakh for setting up of 30 MW Greenfield bagasse based co-generation power project.*

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.

(v) Proposal of M/s MRN Cane Power (India) Ltd. at Kallapur (SK) Khanpur-587155 Tq- Badami, Dis-Bagalkot, Karnataka for setting up of 30 MW (Green Field project) bagasse based co-generation power project (Agenda item No. 7).

1. The Standing Committee considered the loan application for setting up of 30 MW bagasse based co-generation power project (Green Field) at a cost of Rs.16722.00 lakh including SDF assistance of Rs.2357.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the company as a whole was noted as 1.58. IRR of the project was 30.90%. As regard of FACR, IFCI informed the Committee that since they have not availed any secured loan upto 31.03.2016, the FACR of the sugar factory is an invalid value. However, IFCI will furnish FACR based on the audited balance sheet for FY 2016-17.

3. The project has been appraised by IFCI Ltd. and technically evaluated by KSM Engineering Ltd., Bangalore. The project was found to be financially viable and technically feasible by the Committee.

4. The Committee was apprised of the fact that in the meantime an amount of Rs.8,18,22,765/- is outstanding as SDF dues against group company M/s Nirani Sugars Ltd. as on 30.06.2017.

5. The Committee observed from the records placed before it, that the expected date of commencement of sugar production of the sugar factory is November, 2018 and also that the sugar factory has not availed loan from other term lenders. Also the Power Purchase Agreement (PPA) has not been signed yet for which the Karnataka Electricity Regulatory Commission (KERC) clearance has also not been obtained. *After detailed deliberations, the Committee observed that it will be premature to consider the loan application at the moment and decided to defer the case and directed SDF Division to issue a letter to the sugar factory and advise them to submit the progress report of the implementation of the project and the case may be placed before the Standing Committee for consideration accordingly.*

(vi) Proposal of M/s Mylar Sugars Ltd., Beerabbi Village, Hoovina Hadagali Taluka, Distt.-Bellary, Karnataka for setting up of 18 MW (Greenfield project) bagasse based co-generation power project (Agenda item No. 8).

1. The Standing Committee considered the loan application for setting up of 18 MW bagasse based co-generation power project (Green Field) at an estimated cost of Rs.9237.00 lakh including SDF assistance of Rs.1090.00 lakh requested by the Sugar Factory. The actual cost of the project was 11357.00 lakh.

2. The average DSCR of the sugar factory and the company as a whole was noted as1.95 and FACR of the sugar factory and company as a whole was 1.37 as on 31.03.2017. IRR of the project was 22.63%.

3. No LSPEF/SDF/Levy dues against the sugar factory as the proposed project is Greenfield

4. The project has been appraised by The Karnataka State Co-operative Apex Bank Ltd., Bangalore and technically evaluated by ECHO-Biotech Financial Consultants Pvt. Ltd., Bangalore. The project was found to be financially viable and technically feasible by the Committee.

5. It was brought to the notice of the Committee that the Karnataka State Pollution Control Board (KSPCB)has issued the NOC for consent to operate for 14MW cogeneration power project whereas the sugar factory implemented 18MW project. The sugar factory has

clarified in the matter that they have already applied for 60 MW EIA clearance and after receipt of the same, they would obtain the valid consent to operate from KSPCB and furnish the same to SDF Division. The Committee directed to obtain the same before disbursal of SDF loan.

6. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee, recommended SDF loan of Rs.711.17 lakh for setting up of 18 MW bagasse based co-generation power project subject to furnishing consent to operate for 18MW before disbursal of SDF loan.*

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.

(vii) Proposal of M/s Coromandel Sugar Ltd., Survey No. 141, Makkavalli-571426, District- Mandya, Karnataka for setting up of 30 MW bagasse based co-generation power project (Agenda item No.9).

1. The Standing Committee considered the loan application for setting up of 30 MW bagasse based co-generation power project at a cost of Rs.15696.00 lakh including SDF assistance of Rs. 3414.96 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the company as a whole was noted as 1.66. FACR of the sugar factory and company as a whole was 1.95 as on 31.03.2016. IRR of the project was 15%.

3. Dues Position:-

(ii) SDF dues:- O/o CCA vide its letter dated 03.07.2017 has intimated that as per their record no loan has been disbursed to sugar mill.

(iii) LSPEF Dues:- No dues as per the SPF Section's O.M. dated 22.06.2016.

(iv) Levy Default:- No dues as intimated by Dte. of sugar vide letter dated 04.08.2016.

4. The project has been appraised by IFCI Ltd. and technically evaluated by PAVO power Engineering Pvt. Ltd.. The project was found to be financially viable and technically feasible by the Committee.

5. During the deliberation the issue of whether it is a case of "refinancing" was also discussed as per the facts brought out by the SDF Division in the Agenda Note. After discussion the Committee observed that the sanction letter for bridge loan against the SDF loan was issued by IFCI Ltd. before submission of application to the Standing Committee but the said bridge loan was disbursed to the sugar factory after applying for SDF loan. Hence, no refinancing is involved in this case.

6. The Committee also observed that the consent to establish issued by Karnataka State Pollution Control Board (KSPCB) was challenged by two villagers at National Green Tribunal (NGT). The NGT vide their judgment dated 13.02.2017 dismissed the appeal unconditionally and accordingly, KSPCB has reinstated the consent to establish.

7. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1614.21 lakh for setting up of 30 MW bagasse based co-generation power project.*

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.

IV. ANHYDROUS ALCOHOL OR ETHANOL PLANT FROM MOLASSES

(i) Proposal of M/s Shri Sai Priya Limited, Hippargi - Mygur, Vishal Nagar, Hipparagi-Alabal Road, Tq-Jamkhandi, Dist - Bagalkot-587311, Karnataka for setting up of 120 KLPD anhydrous alcohol or ethanol plant from molasses (Agenda item No. 10).

1. The Standing Committee considered the loan application for setting up of 120 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of Rs.16180.00 lakh including SDF assistance of Rs.6471.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the company as a whole was noted as 1.51. FACR of the sugar factory and company as a whole was 1.47 as on 31.03.2016. IRR of the project was 28.55%.

3. Dues position:-

(i) SDF dues- O/o CCA vide its letter dated 13.06.2017 has intimated that as per record of this office no loan has been disbursed to sugar mill. However, the Committee was apprised of the fact that an amount of Rs.8,18,22,765/- is outstanding as SDF dues against group company M/s Nirani Sugars Ltd. as on 30.06.2017.

(ii) LSPEF dues- No dues, informed by SPF Section vide its letter dated 22.06.2016.

(iii) Levy dues: No dues as intimated by Directorate of Sugar vide its letter dated 08.11.2016.

4. The project has been appraised by IFCI Ltd. and technically evaluated by MITCON Consultancy & Engineering Services Ltd. The project was found to be financially viable and technically feasible by the Committee.

5. The Sub-Committee had earlier observed that there was a shortfall in availability of molasses and decided that the sugar factory would submit an agreement for supply of the molasses by M/s MRN Cane Power Ltd for next 10 years, to meet the shortfall of molasses. Accordingly the Sugar factory furnished an agreement between M/s Shri Sai Priya Sugars Ltd. and M/s MRN Cane Power (India) Ltd. for supply of molasses for a continuous term of 10 years commencing from 01.10.2018, at a maximum volume up to 31,000 MT of molasses per annum.

6. The Standing Committee observed that although the sugar factory has submitted an undertaking of M/s MRN Cane Power India Ltd. to supply the molasses to cope-up the shortage of raw material, the project of M/s MRN Cane Power India Ltd. is expected to be implemented by November, 2018. Hence, M/s Shri Sai Priya Sugars Ltd. would be short of molasses for the next crushing season (i.e. Oct.-2017 to March-2018). *The Committee, therefore, directed to first seek a clarification from the sugar factory regarding availability of molasses and clearance of outstanding SDF dues against M/s. Nirani Sugars Ltd. The case was therefore deferred by the Committee.*

(ii) Proposal of M/s Bhairavnath Sugar Works Ltd., Sonari, Tal. Paranda, Dist. Osmanabad, Maharashtra for setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses (Agenda item No. 11).

1. The Standing Committee considered the loan application for setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of Rs.5529.00 lakh including SDF assistance of Rs.2211.60 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory was noted as1.54 and the company as a whole was 2.79 . FACR of the sugar factory was 1.84 and company as a whole was 2.62 as on 31.03.2016. IRR of the project was 16.31%.

3. Dues position:-
   (i) SDF dues- No dues as per CCA's letter dated 03.07.2017
   (ii) LSPEF dues- No dues as informed by SPF Section' letter dated 25.01.2016 and 27.12.2016.
   (iii) Levy dues: No dues as intimated by Directorate of Sugar vide its letter dated 08.5.2017.

4. The project has been appraised by IDBI Bank and technically evaluated by P.H. Baldota & Co. The project was found to be financially viable and technically feasible by the Committee.

5. The Committee observed that the consent to operate issued by Maharashtra Pollution Control Board (MPCB) is valid upto 31.08.2017 and the EIA clearance is valid upto 04.10.2017. Therefore the sugar factory is required to renew the validity of the said EIA/PCB clearances and furnish the same to SDF Division before disbursement of the loan.

6. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1901.12 lakh for setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses subject to furnishing of valid EIA/PCB clearances before disbursal of SDF loan.*

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.

V. MISCELLANEOUS CASES

(i) Extension of Administrative Approval (AA) in respect of SDF loan of Rs.595.01 lakh sanctioned to M/s Utech Sugar Limited, Gat No.15, Mouje Kavathe Malkapur, Taluka Sangamner, Distt-Ahmednagar, Maharashtra for setting up 14.9MW Greenfield bagasse based cogeneration power project (Agenda item No. 12).

1. The Standing Committee considered the request of M/s Utech Sugar Limited, Gat No.15, Mouje Kavathe Malkapur, Taluka Sangamner, Distt. Ahmednagar, Maharashtra for revalidation of Administrative Approval (AA) due to expiry of validity in respect of SDF loan of Rs.595.01 lakh for setting up 14.9 MW Greenfield bagasse based cogeneration power project.

2. The Sugar factory in their representation for seeking extension have stated that their project implementation activities were stopped for about 15 months due to stay granted by National Green Tribunal (NGT) but the work has been restarted after vacating the stay by NGT vide orders dated 13.04.2015 and the time granted for availment of SDF loan lapsed on 26.09.2015. The promoters of the company have already invested more than Rs.50.00 crores by way of equity and unsecured loans. The cogen project is now expected to be completed by Sept., 2017. Now the NGT has reinstated the consent to establish and has vacated the stay for commercial operation of the project.

3. *The Committee considered the circumstances for expiry of the Administrative Approval which were beyond the control of the sugar factory. Taking a lenient view the Committee recommended the extension of validity period of Administrative Approval upto 31.12.2017 as a one time measure, not to be reckoned as a precedent. The sugar factory is required to complete the documentation in a time bound manner with in the aforesaid time limit.*

(ii) Issuance of NOC for ceding charge for security of the term loans of Rs.2899.12 crore sanctioned by the term lenders (JLF) to M/s Shree Renuka Sugars Ltd. (SRSL) under Corrective Action Plan (CAP) to be secured by 1st pari-passu charge on the entire fixed assets of the company, both present and future (Agenda item No.13).

1. The Standing Committee considered the request of M/s Shree Renuka Sugars Ltd. (SRSL) for issuance of NOC for ceding charge for security of the term loans of Rs.2899.12 lakh under Corrective Action Plan (CAP) to be secured by 1st pari-passu charge on the entire fixed assets of the company, both present and future.

2. The Committee was apprised that the company acquired two Brazilian subsidiaries by investing Rs.2381 crore which had not yielded desired results and making losses. The company is facing liquidity crunch and therefore is in need of additional support from the lenders. The Joint Lender's Forum (JLF) have sanctioned the term loan of Rs.2899.12 crore to M/s Shree Renuka Sugars Ltd. (SRSL) under Corrective Action Plan (CAP) to be secured by 1st pari-passu charge on the entire fixed assets of the company, both present and future.

3. As per the decision of 112th Standing Committee, the ceding of charge equal to or higher than the SDF charge can be done if the sugar factory/company meets the FACR benchmark for charge held by SDF even after taking into account the proposed loan for which the charge is proposed to be ceded. In the instant case, the SDF loans are secured by way of 2nd exclusive and some by 1st pari-passu charge and company have proposed to cede 1st pari-passu charge which is higher and equal charge as held by SDF.

4. The Committee observed that the FACR of the sugar factory is 1.14 as on 31.03.2016 which is below the benchmark of 1.33 for ceding 1st pari-passu charge. The Committee also observed that the SDF loan of Rs.66.80 crore is secured by way of 2nd exclusive charge and Rs.31.30 crore is secured by way of 1st pari-passu charge. NCDC and IFCI Ltd. informed that the chances of recovery of SDF loans in 2nd exclusive charges are always difficult.

5. The Committee was informed by IFCI Ltd. that the sugar factory has agreed to upgrade the 2nd exclusive charge to 1st pari-passu charge i.e. at par with the other lenders and is also ready to furnish the Bank Guarantee to make-up the gap in the FACR of the company and prescribed benchmark of FACR i.e. 1.33. The company is also in default of repayment of SDF dues amounting to Rs.10.43 crore.

6. *In view of the above deliberations, the Committee recommended to consider grant of NOC for ceding of charge subject to upgradation of 2nd exclusive charge on SDF loans to 1st pari-passu charge, furnishing of Bank Guarantee to make-up the gap in the FACR of the company and prescribed benchmark of FACR i.e. 1.33 and clearing of the defaulted SDF dues amount immediately.*

(iii) Extension of validity of Administrative Approval (AA) for disbursement of SDF for cane Development of Rs.198.00 lakh to M/s Prabhulingeshwar Sugars & Chemicals Ltd., Siddapur, Tq.-Jamkhandi, Distt.- Bagalkot, Karnataka (Agenda item No.14).

1. The Standing Committee considered the request of M/s Prabhulingeshwar Sugars & Chemicals Ltd., Siddapur, Tq.-Jamkhandi, Distt.- Bagalkot, Karnataka for extension of validity of AA for disbursement of SDF for cane Development of Rs.198.00 lakh.

2. The Committee was informed that the validity of AA issued on 24.11.2015 expired on 24.11.2016 and the sugar factory had not submitted their request for extension of validity within the validity period in accordance with the decision of 127th Standing Committee.

3. The Committee was also apprised that the state Government of Karnataka has now recommended the release of 1st installment to the sugar factory and the sugar factory has completed all the necessary formalities for disbursal of 1st installment.

4. *In view of the above deliberations, the Committee took a lenient view and in relaxation of its earlier decision of 127th meeting, recommended the extension of validity period of Administrative Approval (AA) upto 31.08.2017 for disbursement of 1st installment of loan to the sugar factory as a special case, not to be quoted as a precedent.*

(iv) Making Zero Liquid Discharge and Drip Irrigation mandatory in the projects funded under SDF and delinking recommendation of the State Government from the proposals for loan under the Cane Development Scheme (Agenda item No.15).

1. The Standing Committee considered the proposal for making Zero Liquid Discharge (ZLD) and Drip Irrigation mandatory in the projects funded under Sugar Development Fund and delinking recommendation of the State Government from the proposals for loan under the Cane Development Scheme

2. In the 133rd meeting of the Standing Committee AS & FA opined that Zero Liquid Discharge and Drip Irrigation system may be made essential for all projects funded under SDF loan schemes and Borewell under Cane Development scheme may be discouraged to promote water conservation and detailed guidelines may be formulated in consultation with NSI, Kanpur in view of the Central Pollution Commission guidelines. The Committee directed to form a Sub-Committee to examine the proposal and formulate the guidelines, if any. Accordingly, a Sub-Committee was constituted under the Chairmanship of AS & FA and Director (NSIK) and Director (SDF) as Member of the Committee . The Committee in its first meeting held on 19.04.2017 made recommendations on the subject. After consideration of these recommendation, the Standing Committee accepted the same. The recommendations are as under:

(i) The sugar factories and molasses based distilleries should be motivated to adopt means of water conservation so as to reduce fresh water consumption and generation of waste water discharge.

(ii) The Guidelines for waste water discharge in terms of quality and quantity have been issued by the CPCB in January, 2016. SDF may seek an undertaking from the sugar factory applying for SDF loan regarding strict compliance of CPCB guidelines.

(iii) The proposal for modernization and expansion of sugar factories should also be tagged with drip irrigation. The sugar factory will use drip irrigation whether on its own or apply for SDF loan for the same. The monitoring agencies will give a report on this before the SDF loan application is considered. The system may be adopted initially for sugar producing states of Maharashtra and Karnataka, two major sugar producing states, having paucity of water due to draught conditions.

(iv) The Committee also decided to explore the possibility of delinking the need of recommendation of the State Government from the proposals for loan under the Cane Development Scheme.

3. *The Committee also directed NSI, Kanpur to devise a format of declaration in this regard which will be furnished by the sugar factory at the time of applying loan application under SDF.*

(v) Monitoring of Cane Development Loans Granted from Sugar Development Fund (Agenda item No.16).

1. Presently the work of monitoring of cane development loans granted from sugar development fund is assigned to the following three institution:-

(i) Sugarcane Breeding Institute, Tamil Nadu
(ii) National Sugar Institute, Kanpur
(iii) Vasantdada Sugar Institute, Pune

The above mentioned three institutes were finalized based on their technical expertise and capability to undertake monitoring work and the States were assigned to these agencies based on their geographical location. A proposal was placed before the Standing Committee to modify the aforesaid decision so that Govt. of India may authorize the work of monitoring of Cane Development loans granted from SDF to the above mentioned institutions by the SDF Division on case to case basis.

2. During discussion representatives from M/o Agriculture and Farmers Welfare and ICAR informed that Indian Institute of Sugarcane Research (IISR), Lucknow is also having an expertise in Sugarcane and IISR may be assigned the work of monitoring of Cane Development Scheme as per the extant eligibility criteria. The Committee decided that IISR , Lucknow may apply afresh and

SDF Division may consider the application of the Institute on the basis of their technical expertise and capability to undertake monitoring work, accordingly.

3. *After detailed deliberations, the Committee accepted the proposal of the SDF Division.*

(vi) Linking of release of various financial assistance under SDF Rules-1983(as amended) to the sugar factories with the clearance of over dues of SDF and LSPEF for the effective recovery of the SDF loan over dues / default (Agenda item No.17).

1. The Standing Committee considered the proposal for linking of release of various financial assistance under SDF Rules-1983(as amended) to the sugar factories with the clearance of over dues of SDF and LSPEF for the effective recovery of the SDF loan over dues / default.

2. The Committee observed that the increasing amount of default in SDF loans is an issue which needs to be addressed. Therefore, it is also expected that all the important stakeholders also play their part in better recovery of SDF loan and reduce default.

3. *After detailed deliberations, the Committee recommended the following:-*

"Before providing any incentives/ financial assistance/ clearances from the Department to various sugar factories, SDF loan default position may be verified by Directorate of Sugar etc. and no incentive / clearance may be given to the concerned sugar factory in case there is an SDF loan default against sugar factory and its other units, unless and until there are specific provisions preventing such action. The position regarding the SDF default is available at Department's website i.e. www.dfpd.nic.in. A 'No Dues Certificate' may be obtained from the SDF Division of the Department before providing such assistance/incentive/clearance."

(vii) Extension of validity period of Administrative Approval in respect of Sanction of SDF loan to M/s Bannari Amman Sugars Limited (BASL), Kunthur Village, Kollegal Taluk, Chamrajnagar District, Karnataka–571440 for setting up of 20 MW bagasse based co-generation power project (Agenda item No.18).

1. The Standing Committee considered the proposal for extension of validity period of Administrative Approval (AA) for SDF loan of Rs. 2107.73 lakh in respect of to M/s Bannari Amman Sugars Limited (BASL), Kunthur Village, Kollegal Taluk, Chamrajnagar District, Karnataka–571440 for setting up of 20 MW bagasse based co-generation power project.

2. The Committee was apprised that the AA was issued on 01.04.2016 and the same was expired on 31.03.2017 but the SDF loan could not be disbursed to the sugar factory due to non availability of the budget provisions during FY 2016-17.

3. *In view of the above deliberations, the Committee recommended the extension of validity period of Administrative Approval upto 30.09.2017to enable the sugar factory to avail the SDF loan.*

(viii) Extension of validity of Administrative Approval (AA) for the loan disbursed for Cane Development to two units of M/s EID Parry (India) Ltd.namely Sankili, and Hullati,and Modernisation cum Expansion loan to Nellikuppam Unit (Agenda item No.19).

The Standing Committee considered the proposal for extension of validity of Administrative Approval (AA) for the loan disbursed for Cane Development to two units of M/s EID Parry (India) Ltd. namely Sankili, and Hullati, and Modernisation cum Expansion loan to Nellikuppam Unit.

1. The 133rd Standing Committee had decided that the U.C. may be accepted as submitted by State Govt. while condoning the delay same being technical. It was also decided to issue a show cause notice to the sugar factory in the light of lacunae pointed out in the monitoring/impact report submitted by VSI, Pune. The reply of the sugar factory along with comments of V.S.I., Pune after examining it, may be submitted before the next Standing Committee for consideration for release of 2nd installment of SDF loan. The Committee had extended the validity of Administrative Approvals up to 30.06.2017.

2. The Committee was informed that replies from both the VSI, Pune and sugar factory have been received recently and the Monitoring Report, Impact Assessment Report and UC for the 1st instalment of Cane Development loan, for both Sankili and Hullati Units, are yet to be examined and accepted by the Department. Since AA has already expired on 30.06.2017, further extension is necessary to enable the sugar factory to avail the loan.

3. *In view of the above deliberations, the Committee recommended the extension of validity period of Administrative Approval upto 30.09.2017.*

VI. MODERNISATION CUM EXPANSION OF SUGAR PLANTS:-

(i) Proposal of M/s Athani Sugars Limited, Vishnuanna Nagar, A/P: Navalihal Tq: Athani, Belgaum District, Karanataka-5912340 (Formerly known as Athani Farmers Sugar Factory Ltd.) modernisation cum expansion of sugar unit from 4500 TCD to 10500 TCD (Agenda item No. 20).

1. The Standing Committee considered the loan application for modernization cum expansion of sugar unit from 4500 TCD to 10500 TCD at a cost of Rs.18761.00 lakh including SDF assistance of Rs.5628.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory and the society as a whole was noted as 1.45 . FACR of the sugar factory and company as a whole was 1.54 as on 31.03.2016. IRR of the project was 25.96%.

3. Dues position:-
   (i) SDF dues-As per CCA's letter dated 03.07.2017, an amount of Rs.3,95,21,906/- is outstanding as SDF dues

   (ii) LSPEF dues- No dues as informed by SPF Section vide its letter dated 13.10.2016

   (iii) Levy Dues- Balance Levy after Dispatch (Reported by Mill): - 0.0 M.T. Balance Levy after (Lifting + Gate sale) (Reported by State Government): - 282.340 M.T. as informed by Dt. of Sugar letter dated 08.12.2016

4. The project has been appraised by Syndicate Bank and technically evaluated by J.P.Mukherji & Associates Pvt. Ltd., Pune. The project was found to be financially viable and technically feasible by the Committee.

5. The Committee observed that 282.34 MT of levy sugar is pending against the sugar factory. Director (S&VO) informed that the sugar factory has dispatched the entire quantity of levy sugar but the updation of pending levy is awaited from the concerned state and the same should be reconciled after receipt of the same.

6. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.2443.20 lakh for modernization cum expansion of sugar unit from 4500 TCD to 10500 TCD, subject to clearance of Levy dues and SDF dues before signing of Tripartite Agreement (TPA).*

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.

VII. ADDITIONAL AGENDA:-

(i) Proposal of M/s DSM Sugar Rajpura (a unit of Dhampur Sugar Mills Ltd.) Distt. Bheem Nagar, Uttar Pradesh for grant of SDF loan for Modernisation cum expansion of sugar plant from 7500 TCD to 10000 TCD (Additional Agenda item No. 1).

1. The Standing Committee considered the loan application for modernisation cum expansion of sugar unit from 7500 TCD to 10000 TCD at a cost of Rs.9312.00 lakh including SDF assistance of Rs.3725.00 lakh requested by the Sugar Factory.

2. The average DSCR of the sugar factory was noted as 2.42 and the company as a whole was 3.39. FACR of the sugar factory was 2.51 and company as a whole was 3.48 as on 31.03.2016. IRR of the project was 19%.

3. Dues position:-

   (i) SDF dues-No dues as per CCA's letter dated 03.07.2017.

   (ii) LSPEF dues- No dues as informed by SPF section vide its letter dated 06.03.2017

   (iii) Levy Dues- No dues as intimated by Directorate of Sugar vide its letter dated 28.09.2016

4. The project has been appraised by IFCI Ltd. and technically evaluated by A. Parida & Associates. The project was found to be financially viable and technically feasible by the Committee.

5. The Committee observed that the sugar factory incurred the net losses for past 3 years i.e. 2013-14, 2014-15, 2015-16 and the company as a whole incurred Net Loss for the year 2013-14 and 2014-15. Also the average DCSR of past 5 years, i.e. from 2012-13 to 2016-17, is only 0.72.

6. Therefore, in view of the weak financials the sugar factory may be asked to furnish additional securities at the time of charge creation in accordance with their financials.

7. *On the basis of available records and recommendations of the Sub-Committee, the Standing Committee recommended SDF loan of Rs.1489.05 lakh for modernization cum expansion of sugar unit from 4500 TCD to 10500 TCD.*

8. The security, either first charge pari passu and/or bank guarantee and prescribed additional securities for the loan shall be decided at the time of charge creation.

(ii) Closure of SDF loan application for conversion of existing ethanol plant into Zero Liquid Discharge (ZLD) project of M/s Balrampur Chini Mills Ltd. Unit-Balrampur, UP (Additional Agenda item No.2).

The 129th Standing Committee recommended SDF loan f Rs. 2101.00 lakh. The sugar factory has informed that they had completed project and commenced operation by meeting the expenses through internal accruals. The sugar factory requested not to process their case, accordingly the case was closed. *The request of sugar factory for withdrawal of SDF loan application has been accepted by the Committee.*

VIII. OTHER DIRECTIONS OF THE COMMITTEE

(1) The Committee was informed that the SDF loan exposure to some of the sugar factories as well as their sister concern units is quite high and there is a need to formulate a cap/limit towards the SDF exposure to a sugar factory or a company. The Committee discussed the issue and opined that this requires to be discussed with the other stakeholders i.e. ISMA, NFCSF and also with other members of the Sub-Committee on SDF loan. A policy may be formulated and accordingly be placed before the Standing Committee, if necessary.

(2) The Committee considered that the availability of raw material to operate Cogeneration project and Ethanol project calculated for 160 days for its financial viability may be continued however as per the appraisal of the project if the sugar factory proposes the operation of their plant more than 160 days they must furnish details of the source of availability of raw material to run the project, to assess the financial and technical viability of project.

(3) The sugar factory should also furnish the CA certified copy of DSCR calculation on the basis of audited balance sheet for preceding five years along with their loan proposal.

(4) The present practice with regard to calculation of FACR was considered by the Committee, the present formula for FACR calculation is as follows:

$$\frac{\text{Net value of Fixed Assets + Work in progress}}{\text{All secured loans, including the proposed one}}$$

As there are number loans availed by the sugar mills which are secured on different type of assets (Fixed & Current Assets), a need was felt by the committee to specify the value of secured loans to be considered for FACR Calculation.

The Committee directed to obtain the opinion of monitoring agencies i.e. IFCI & NCDC in this regard and directed the SDF Division to formulate the principles of calculation of FACR.

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Annexure-I

ATTENDANCE SHEET OF PARTICIPANTS OF 134th MEETING OF STANDING COMMITTEE OF SDF TO BE HELD ON 04th JULY 2017 AT 11:30 A.M.

Sl. No.	Name, Designation & Organization		Name of Department/Organization
1.	Ms. Preeti Sudan, Secretary - Chairperson		Department of Food and Public Distribution
2.	Shri. Nikhilesh Jha, - Member Additional Secretary and Financial Advisor		Department of Food and Public Distribution
3.	Shri Subhasish Panda, - Member Joint Secretary (Sugar & Admin)		Department of Food and Public Distribution
4.	Dr. B. Rajender Joint Secretary		Ministry of Agriculture Co-operative & Farmer Welfare
5.	Shri G.S. Sahu, - Member Director (Sugar Policy) Directorate of Sugar		Department of Food and Public Distribution
6.	Shri Narendra Mohan, - Member Director, NSI Kanpur		National Sugar Institute, Kanpur
7.	Director, DFS		Ministry of Finance
8.	Shri N. K. Kashmira, Director (SDF) Member Secretary		Department of Food and Public Distribution
9.	Dr. R. K. Singh ADG (CC)		Indian Council of Agricultural Research
10.	Shri S.S. Meena AAO, PAO (FOOD)		Department of Food and Public Distribution
11.	Shri R.K. Pandey, Director (Finance)		Department of Food and Public Distribution
12.	Shri Sudesh Kumar Under Secretary (SPF)		Department of Food and Public Distribution
13.	Shri Manmohan Kumar, Section Officer (SDF)		Department of Food and Public Distribution
14.	Shri R.C. Meena, Section Officer (SDF A/cs)		Department of Food and Public Distribution
	SPECIAL INVITEES		
15.	1	Shri Alok Sabbarwal, General Manager	IFCI Limited, New Delhi
	2	Shri S. Chandrasekaran, Asst. General Manager	
16.	1	Shri R.K. Mangla, Dy. Director (Sugar)	NCDC, New Delhi
	2	Shri Gijraj Aghnihotri, Dy. Director (Sugar)	