

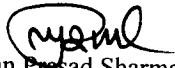
No.1-2/2019-SDF  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution  
[www.dfpd.nic.in](http://www.dfpd.nic.in)

Room No.280-A, Krishi Bhawan,  
New Delhi, the 14th August 2019

**OFFICE MEMORANDUM**

**Subject: Minutes of 138<sup>th</sup> meeting of the Standing Committee on SDF presided over by Secretary (F&PD) as Chairman on Tuesday, the 9th July 2019- regarding**

In continuation of this Ministry's O.M. of even number dated 21.06.2019 and 03.07.2019 on the above subject, a copy of minutes of 138<sup>th</sup> meeting of the Standing Committee held on 09.07.2019 under the Chairmanship of Secretary(F&PD) is enclosed for kind information and necessary action.

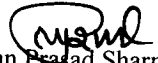
  
(Lalan Prasad Sharma)  
Deputy Secretary (SDF) &  
**Member Secretary**  
Tel.No.23073478

**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. Additional Secretary & 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. Director (S&VO), Directorate of Sugar, Department of Food & Public Distribution, [representing Chief Director (S&VO) (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

  
(Lalan Prasad Sharma)  
Deputy Secretary (SDF) &  
**Member Secretary**

**Copy for information to:**

- (i) PS to Hon'ble Minister of Consumer Affairs, Food & Public Distribution
- (ii) PS to Hon'ble Minister of State of Consumer Affairs, Food & Public Distribution
- (iii) Sr. PPS to Secretary, Department of Food & Public Distribution
- (iv) Chief Controller of Accounts, Department of Food & Public Distribution
- (v) US(SPF)/AD(Cost)

**Minutes of the 138<sup>th</sup> meeting of the Standing Committee of Sugar Development Fund held on 9<sup>th</sup> July, 2019, in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi.**

The 138<sup>th</sup> meeting of the Standing Committee of the Sugar Development Fund (SDF) was held on 9<sup>th</sup> July, 2019 at 03.30 PM under the Chairmanship of Secretary (F&PD). List of participants is at Annexure.

2. Discussions held and decisions taken against each agenda item are as under:-

**Agenda No. 138.1: Action Taken Report on 137<sup>th</sup> Meeting of the Standing Committee**

The Action Taken Report on the decisions taken in the 137<sup>th</sup> meeting of the Standing Committee held on 21.12.2018 was perused by the Committee. In cases at SI No. 1 and at SI No. 5, the Committee observed that there was delay in issuing of AA due to non submission of requisite documents by the sugar factories. The Committee directed that for all cases, some time limit should be enforced so as to compress the total time taken in issuing of AA after issue of the minutes.

**MODERNIZATION/EXPANSION**

**Agenda No.138.2: Proposal of M/s Prasad Sugar and Allied Agro Products Ltd., Vambori, Taluka-Rahuri, District-Ahmednagar, Maharashtra for modernization cum expansion of sugar plant from 2500 TCD to 4000 TCD**

The Standing Committee considered the above loan application of the sugar factory for modernization cum expansion of sugar plant from 2500 TCD to 4000 TCD. The estimated project cost is Rs. 5990.66 lakh and the sugar factory has requested for SDF assistance for Rs. 1691.59 lakh.

**Brief facts of the case**

2. The project has been appraised by Maharashtra State Co-operative Bank Ltd., Mumbai and technically evaluated by VSI, Pune. The project is technically feasible & financially viable.
3. No old plant and machinery has been considered in the project. Consent to establishment dated 14.03.2018 for 1500 TCD from Maharashtra Pollution Control Board and acknowledgement for renewal of consent to operate for 2500 TCD is received. EIA clearance is not applicable as expansion is upto 4000 TCD only.
4. There are no outstanding SDF dues, LSPEF dues or levy dues against the sugar factory.
5. From the balance sheet and other financial details of the sugar factory, it was observed that the average DSCR of the sugar factory and Company as a whole on projection basis is 2.57 and average DSCR of the Sugar Factory and Company as a whole for past five years is 1.26. FACR of the sugar factory and Company as a whole is 3.44 as on 31.03.2018. IRR of the project is 25.17 %. The reserve and surplus balance (Retained earnings) as per balance sheet as on 31.03.2018 is **negative**.
6. After deducting an amount of Rs.1229.17 lakh for ineligible items from the estimated project cost of Rs.5990.66 lakh, the eligible project cost works out to Rs.4761.49 lakh and SDF



funding @ 40% of the eligible cost works out to Rs.1904.59 lakh. However, the Sugar factory has applied for SDF loan of Rs. 1691.59 lakh only. Hence, the Sugar Factory is eligible for the SDF loan of Rs. 1691.59 lakh only.

7. Recommendations of Sub-Committee :- The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs.1691.59 lakh for consideration of Standing Committee subject to following conditions: (i) Additional securities to the satisfaction of GOI is required from the sugar factory in view of the negative reserve and surplus balance (Retained earnings) as per balance sheet as on 31.03.2018. (ii) A clarification regarding Target of Reduced Mill Extraction [RME] Deerr is required from the sugar factory. (iii) A communication from the lead bank (i.e. Maharashtra State Cooperative Bank Ltd) may be obtained and made available by the Sugar Factory regarding revised sanctioned letter stating the revised project cost, if any, and revised means of finance, if any, alongwith the reasons for delay in commissioning of the project. Also, a certificate from lead bank is required to the effect that the account of the sugar factory is regular with the bank. (iv) The case to be examined with reference to "Re-financing" under SDF Rules in consultation with IFCI/appraising bank.

8. The information furnished by the sugar factory in respect of para 7 were placed before the Standing Committee.

**9. Recommendations of the Standing Committee-**

*On the basis of available records, recommendations of the Sub-Committee and after due deliberations, the Committee directed as follows:*

*(i) Diversion of working capital towards expenditure for the project may be re-examined in consultation with IFCI.*

*(ii) Reasonability of projections like selling price of bagasse and other assumptions should be examined with reference to actual price in the market in consultation with IFCI.*

*The case may be re-examined by the Sub Committee and thereafter be placed before the Standing Committee.*

**ANHYDROUS ALCOHOL OR ETHANOL FROM MOLASSES**

**Agenda No. 138.3: Proposal of M/s Prasad Sugar and Allied Agro Products Ltd., Vambori, Taluka - Rahuri, District - Ahmednagar, Maharashtra for setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Standing Committee considered the above loan application of the sugar factory for setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses. The estimated project cost is Rs.6044.59 lakh. The sugar factory has requested for SDF assistance of Rs.1909.85 lakh.

**Brief facts of the case**

2. The project has been appraised by The Maharashtra State Co-operative Bank Ltd. and technically evaluated by VSI, Pune. The project is technically feasible & financially viable.



3. No refinancing of project is involved. No old plant and machinery has been considered in the project. Copy of online application to Maharashtra Pollution Control Board for Consent to establish and payment receipt have been received. Copy of online application to Environment Ministry for Environment Clearance and acknowledgement slip for TOR, are also received.
4. There are no outstanding SDF dues, LSPEF dues and levy dues pending against the sugar factory.
5. From the balance sheet and other financial details of the sugar factory, it was observed that the average DSCR of the sugar factory and Company as a whole on projection basis is 2.20 and average DSCR of the sugar factory and Company as a whole for past five years basis is 1.26. FACR of the sugar factory and Company as a whole is 3.44 as on 31.03.2018. IRR of the project is 17.31 %. The reserve and surplus balance (Retained earnings) as per balance sheet as on 31.03.2018 is **negative**.
6. Eligible project cost after deducting ineligible item amounting to Rs. 1253.01 lakh was found to be Rs. 4791.58 lakh. Therefore, eligible SDF loan amount has been calculated as Rs. 1916.632 lakh (i.e. 40% of Rs. 4791.58 lakh). However, as per application form and appraisal report, financial institute has sanctioned the term loan of Rs. 3961.68 lakh. Accordingly, SDF portion comes out to Rs. 1478.45 Lakh (Rs. 6044.59 lakh [project cost]-Rs.3961.68 lakh [Term loan]-Rs.604.46 lakh [Promoter contribution]). Therefore, Sugar Factory is eligible for SDF loan amounting to Rs. 1478.45 lakh.
7. Recommendations of Sub-Committee- The Sub-committee, on the basis of technical and financial details, eligible project cost and the loan amount applied for has recommended SDF loan of Rs. 1478.45 lakh for setting up of a 30 KLPD anhydrous alcohol or ethanol plant from molasses for consideration of Standing Committee subject to furnishing of additional securities in view of the negative reserve and surplus balance (Retained earnings) as per balance sheet as on 31.03.2018.

#### 8. Recommendations of the Standing Committee-

*On the basis of available records, recommendations of the Sub-Committee and after due deliberations, the Standing Committee recommended a loan of Rs 1478.45 lakh for setting up of a 30 KLPD anhydrous alcohol or ethanol plant from molasses subject to the condition that the sugar factory would be required to furnish Bank Guarantee or create first pari passu charge as security for SDF loan alongwith additional securities as per extant guidelines. However, security requirement will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.*

**Agenda No.138.4: Proposal of M/s Dwarkadhish Sakhar Karkhana Ltd., At Sheware, Tal.-Satana, Dist.- Nashik, Maharashtra for Setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Standing Committee considered the above loan application of the sugar factory for Setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses. The estimated project cost is Rs.5593 lakh. The sugar factory has requested for SDF assistance of Rs.2089.00 lakh.

*Yamul*

**Brief facts of the case**

2. The project has been appraised by State Bank of India and technically evaluated by VSI, Pune. The project is technically feasible & financially viable.

3. No refinancing of project is involved. No old plant and machinery has been considered in the project. Copy of Consent to establish from Maharashtra Pollution Control Board is received. EIA clearance is also received.

4. There are no outstanding SDF dues or LSPEF dues against the sugar factory. Regarding Levy Dues, it has been informed by Dte of Sugar that sugar factory has submitted a Demand Draft No.376349 dated 18.01.2019 of Rs. 23,00,000/- in lieu of their pending levy obligation of 157.4 MT in favour of Chief Controller of Accounts, Department of Food & Public Distribution. On the basis of above, sugar factory has been conveyed no levy default status on provisional basis only for the purpose of consideration of their proposal, if any, under ethanol scheme and SDF.

5. From the balance sheet and other financial details of the sugar factory, it was observed that the average DSCR of the Sugar Factory and Company as a whole for past five years is 1.598 and average DSCR of the Sugar Factory and Company as a whole based on projections is 1.65. FACR of the Sugar Factory and Company as a whole is 1.35. IRR of the project is 20.25 %.

6. Since the promoter's contribution has increased from 10% to 15.97% (i.e. by 5.97%), the SDF component will be 34.03 % {40.00% - 5.97% = 34.03%} of the total eligible project cost. After deducting ineligible items amounting to Rs. 1357.00 lakh from the estimated project cost, the eligible project cost was found to be 4237.00 lakh. Therefore, eligible SDF loan amount was calculated as Rs. 1441.85 lakh (i.e. 34.03 % of Rs. 4237.00 lakh).

7. Recommendations of Sub-Committee- The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, has recommended SDF loan of Rs. 1441.85 Lakh subject to (i) furnishing the DSCR of the Sugar Factory and Company as a whole (projection basis), (ii) average DSCR of the Sugar Factory for past five years and FACR of the Sugar Factory and Company as a whole through appraising bank duly certified by the CA; (iii) The sugar factory shall also provide details of means of financing the shortfall.

8. It was noted by the Committee that as per information furnished by sugar factory/appraising bank, average DSCR of the Sugar Factory and Company as a whole (projection basis) is 1.65, average DSCR of the Sugar Factory and Company as a whole for past five years is 1.598. Further, FACR of the Sugar Factory and Company as a whole is 1.35. It was also informed to the committee that undertaking regarding details of means of financing the shortfall has been provided by sugar factory. The Committee noted the same.

**9. Recommendations of the Standing Committee-**

*On the basis of available records, recommendations of the Sub-Committee and after due deliberations, the Standing Committee recommended a loan of Rs 1441.85 lakh for Setting up of 30 KLPD anhydrous alcohol or ethanol plant from molasses subject to the condition that the sugar factory would be required to furnish Bank Guarantee or create first pari passu charge as security for SDF loan alongwith additional securities as per extant guidelines.*



However, security requirement will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.

**Agenda No. 138.5: Proposal of M/s Shree Narmada Khand Udyog Sahakari Mandli ltd.,Dharikheda, P.O. timbi, Ta. Rajpipla(Nandod), Dist. – Narmada, Gujarat, 393140 for Setting up of 45 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Standing Committee considered the above loan application of the sugar factory for setting up of 45 KLPD anhydrous alcohol or ethanol plant from molasses. The estimated project cost is Rs.4860.02 lakh. The sugar factory has requested for SDF assistance of Rs.1944.01 lakh.

**Brief facts of the case**

2. The project has been appraised by NCDC and technically evaluated by Asian Agri Food Consultancy Services. The project is technically feasible & financially viable.
3. No refinancing of project is involved. No old plant and machinery has been considered in the project. Copy of Consent to establish from Gujarat Pollution Control Board is received. Minutes of meeting dated 29-31 October 2018 of expert appraisal committee regarding EIA clearance are also received.
4. There are no outstanding SDF dues, LSPEF dues or levy dues against the sugar factory.
5. From the balance sheet and other financial details of the sugar factory, it was observed that the average DSCR of the sugar factory and Company as a whole on projection basis is 1.66 and average DSCR of the Sugar Factory and Company as a whole for past five years is less than one i.e. **0.39**. FACR of the sugar factory and Company as a whole is 1.53 as on 31.03.2018. IRR of the project is 21.52 %.
6. After deducting ineligible items amounting to Rs. 884.80 lakh from estimated project cost, the eligible project cost was found to be 3975.22 lakh. Therefore, eligible SDF loan amount was calculated as Rs. 1590.088 lakh (i.e. 40 % of Rs. 3975.22 lakh).
7. Recommendations of Sub-Committee - The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs. 1590.088 lakh for setting up of a 45 KLPD anhydrous alcohol or ethanol plant from molasses for consideration of Standing Committee subject to furnishing of following documents:-(i) Additional securities is required from the sugar factory in view of the average DSCR for last five years being less than bench mark of one and also balance of retained earnings being negative as on 31.03.2017 & 31.03.2018. (ii) Average DSCR of the Sugar Factory for past five years is required to be furnished by the Sugar Factory duly certified by Chartered Accountant (CA). (iii) A Clarification in respect of figures of annual availability and requirement of molasses. (iv) The sugar factory shall also provide details of means of financing the shortfall.
8. It was noted by the Committee that as per latest information furnished by sugar factory, Average DSCR of the Sugar Factory for past five years is 1.01. NCDC also clarified that the correct Average DSCR for past five years is 1.01. Clarification in respect of figures of annual availability and requirement of molasses as well as details of means of financing the shortfall, provided by sugar factory were noted.



9. **Recommendations of the Standing Committee-**

*On the basis of available records, recommendations of the Sub-Committee and after due deliberations, the Standing Committee recommended a loan of Rs.1590.08 lakh for setting up of a 45 KLPD anhydrous alcohol or ethanol plant from molasses* subject to the condition that the sugar factory would be required to furnish Bank Guarantee or create first pari passu charge as security for SDF loan alongwith additional securities as per extant guidelines. However, security requirement will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.

**SUGAR CANE DEVELOPMENT**

**Agenda No. 138.6: Proposal of M/s Shri Sai Priya Sugar Ltd., Vishal Nagar, Hipparagi-Albal Road, Tq: Jamkhandi. Dist.: Bagalkot, Karnataka for Cane development involving SDF assistance.**

The Standing Committee considered the above loan application of the sugar factory for SDF loan for Cane development involving SDF assistance of Rs.540.00 lakh. The application has been recommended and forwarded by the State Government of Karnataka. The estimated project cost is Rs.600 lakh. The sugar factory has requested for SDF assistance of Rs.540 lakh in two installments.

**Brief facts of the case**

2. The Sugar Factory has submitted the loan proposal with a unit cost of ₹60,000.00 per hectare for Drip Irrigation system. The Committee observed that the least amount quoted for Drip Irrigation system as per the quotations submitted by the Sugar Factory was Rs. 42,449.94 per hectare. Accordingly, the eligible loan has been revised to Rs. 445.23 lakhs, considering the least quotation value.

3. From the balance sheet and other financial details of the sugar factory, it was observed that, the DSCR of the sugar factory and company as whole as on 31.03.2018 is 1.05, FACR of the sugar factory and company as a whole is 1.408 as on 31.03.2018, and IRR for the project is 27.68%.

4 Recommendation of Screening Committee - The Screening committee, on the basis of the recommendation of State Government, technical and financial details and eligible project cost, recommended SDF loan of Rs. 173.07 lakh for 1<sup>st</sup> year and Rs. 272.16 lakh for 2<sup>nd</sup> year for consideration of Standing Committee subject to furnishing of Recovery% and Pol% data of the last five years and expected benefit of Pol% Cane.

5. Information in respect of Recovery% and Pol% data of the last five years and expected benefit of Pol% Cane, provided by sugar factory were noted by the Committee. However, the sugar factory is required to provide details of variety of seeds proposed to be cultivated under the cane development project.

6. *On the basis of available records, recommendations of the Screening Committee and after due deliberations, the Standing Committee recommended SDF loan of Rs. 445.23 Lakhs i.e. Rs. 173.07 lakh for 1<sup>st</sup> year and Rs. 272.16 lakh for 2<sup>nd</sup> year for Sugar Cane Development* subject to the condition that the sugar factory would be required to furnish Bank Guarantee or create first pari passu charge as security for SDF loan alongwith additional securities as per



extant guidelines. However, security requirement will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.

### MISCELANEOUS

#### **Agenda No. 138.7: Extension/Revival of Administrative Approval in case of SDF loan granted to M/s Shri Balaji Sugar and Chemicals Pvt. Ltd., Yaragal Vijapur Karnataka.**

The case was earlier considered by 137<sup>th</sup> Standing Committee and Committee directed *that "the issue may be re-examined with specific reference to provisions of "Re-financing" under SDF Rules/Guidelines as well as funding pattern and repayment position in respect of other loans taken for the project, in consultation with IFCI".*

2. On the directions of 137<sup>th</sup> Standing Committee, the Sub-Committee in its meeting held on 06.06.2019 considered the proposal for revival/ extension of Administrative Approval to M/s Shri Balaji Sugar and Chemicals Pvt. Ltd., Yaragal Vijapur Karnataka and observed that the date of application is 17.07.2013 and the date of sanction of bridge loan is 28.03.2017. The date of bridge loan disbursed is 31.03.2017 and amount of bridge loan is Rs. 6.86 crores. Since the bridge loan is availed after application to the SDF, the sugar factory may not be ineligible under Rule 23(4) (b) of the SDF Rules, 1983. After due deliberations, the Sub-Committee recommended for Extension/revival of AA for consideration of the Standing Committee subject to furnishing of Bank Guarantee for security of SDF loan.

4. During the meeting, IFCI intimated that as the Bridge loan in this case was availed in March 2017 and SDF loan was sanctioned in 2014. Hence, this case may not be treated as refinance as the company availed the bridge loan after approval of SDF loan by Govt. of India.

5. It was also observed by the Committee that sugar factory vide their letter dated 9<sup>th</sup> January, 2018, 14<sup>th</sup> December 2018 and 19<sup>th</sup> May 2019 has confirmed that they will furnish Bank Guarantee as security for SDF loan.

6. *On the basis of available records, justifications furnished by the sugar factory, comments of IFCI, recommendations of the Sub-Committee and after due deliberations, the Standing Committee recommended for revival of Administrative Approval and extension of validity of Administrative Approval from 25.06.2015 upto 31.12.2019 subject to furnishing of Bank Guarantees as security of SDF loan.*

#### **Agenda No. 138-8:- Extension of Administrative Approval in case of SDF loan granted to M/s Sovereign Industries Limited., Bagalkot District, Karnataka**

**Brief facts of the Case :** SDF loan of Rs. 829.33 lakh was sanctioned to M/s Sovereign Industries Limited., Bagalkot District, Karnataka for setting up of 20 MW **Greenfield** cogeneration power project, vide Administrative Approval dated 09.12.2016. Tripartite Agreement in respect of above loan was signed on 06.03.2017. Administrative Approval had expired on 08.06.2018.

On the request of the sugar factory vide its letter dated 29.05.2018, extension in the validity of AA was granted upto **31.12.2018** by 136<sup>th</sup> Standing Committee meeting held on 07.08.2018. In this regard, NOC for creation of charge has been issued on 03.10.2018. After that, on the request of the sugar factory vide its letter dated 11.12.2018, extension in the validity of AA was again granted upto **08.06.2019** with the approval of Competent Authority.





2. Committee observed that the sugar factory vide its letter dated 07.06.2019 has informed that they have prepared all the requisite documents required for the disbursement. Now, they are in process of taking NOCs from the 6 banks for which they requested to extend the validity of AA by 4-5 months. IFCI vide its letter dated 10.06.2019 also recommended to extend the validity of AA upto 08.11.2019.

**Recommendations of the Standing Committee-**

3. The Committee noted that the last extension allowed has expired on 08.06.2019. Further, extension of 5 months i.e. upto 08.11.2019 as sought by the sugar factory may not be adequate to complete the required formalities as more than one month has passed since expiry of validity of AA and that it will take some more time to get the approval of the Competent Authority on this recommendation of the Committee. Accordingly, after considering the justifications furnished by the sugar factory and IFCI, **the Committee after due deliberations, recommended to extend the validity of Administrative Approval from 08.06.2019 upto 31.12.2019.**

**Agenda No. 138.9:- Revised policy with regard to additional security against SDF loan by taking into consideration profitability, net worth etc.**

During 137th Standing Committee Meeting, the issues of profitability, net worth etc. were raised and it was suggested that these components shall also be factored in while deciding the additional security in respect of SDF loans. Accordingly, the 137th Standing Committee directed that Sub-Committee may examine the issue and formulate a revised policy with regard to additional security against SDF loan by taking into consideration profitability, net worth as well.

2. Accordingly, after examination, the proposal was placed before the Sub Committee meeting held on 06.06.2019 and the Sub Committee recommended the proposal for the consideration of the Standing Committee.

3. The Sub Committee has recommended for obtaining the Bank Guarantee as additional security of SDF loan in case (i) Profit after Tax (PAT)/Net Profit is negative in any year during the preceding 3 years for the sugar factory or company as a whole or (ii) Average DSCR for past five years of the sugar factory or Company as a whole is less than one or both the condition (i) and (ii). This recommendation was deliberated upon by the Standing Committee. Keeping in view of the stressed financial condition of sugar factories/sugar industry, it was felt that many sugar factories may not be able to furnish Bank Guarantee as proposed. **Accordingly, after due deliberations, the Standing Committee recommended the revised policy with regard to additional security for SDF loan which is as under:**

**A. Criteria based on which the sugar factory/society to be declared financially weak:**

- I. Profit after Tax (PAT)/Net Profit is negative in any year during the preceding 3 years for the sugar factory or company as a whole.
- II. Net Worth is negative in any year during the preceding 3 years for the sugar factory or company as a whole.
- III. Retained earnings are negative at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.



IV. Average DSCR for past five years of the sugar factory or Company as a whole is less than one.

**B. Additional securities to be obtained if the sugar factory/ society falls in any category mentioned in "A" above (except where bank guarantee is obtained):**

(1) Post dated cheques (PDCs) for repayment of Principal and Interest of Borrower Company shall be obtained invariably in all cases.

(2) Besides PDCs, at least two of the following securities shall be obtained from the Sugar Factory:

(I) Personal Guarantee of Promoters in respect of private sugar factories and Personal Guarantee of the Chairman in respect of Co-operative Sugar Factory.

(II) Corporate Guarantee of Holding Company.

(III) Pledge of company's listed shares of Holding Company/Borrower

(IV) Assignment of Fixed Deposits of Holding/Borrower Company

(V) Mortgage of third party assets viz. personal properties of borrower or holding/ Subsidiary company.

C. In case of the Co-operatives, since it would not be feasible to obtain other securities mentioned above, only PDCs and Personal Guarantee of the Chairman may be obtained as additional securities.

D. These conditions shall apply at the time of creation of charge, henceforth. In cases where it is decided to obtain bank guarantee, the above additional securities shall not be obtained.

E. Besides above additional securities, in case of Ethanol and Cogeneration projects, ESCROW Account Agreement shall be executed amongst Sugar Factories/Societies, SDF/NCDC/IFCI and the Bank in which sale proceeds of Cogeneration/Ethanol projects are deposited for repayment of principal and interest of the SDF loan.

F. IFCI/NCDC, the nodal agencies will ensure compliance of these guidelines.

**Agenda No. 138.10:- Closure of the case of SDF loan granted to M/s Utech Sugar Limited, Gat No.15, Mouje Kavathe Malkapur, Taluka Sangamner, Distt-Ahmednagar, Maharashtra**

**Brief facts of the case:** - SDF loan amounting to Rs. 595.01 lakh was sanctioned to above sugar mill vide Administrative Approval dated 26.09.2014. The validity of AA expired on 25.09.2015. The case was closed on 19.05.2016. However, a representation dated 28<sup>th</sup> January, 2017 was received from the sugar factory to revalidate the Administrative Approval. The sugar factory stated that SDF loan was sanctioned vide sanction letter dated 26.9.2014 but SDF loan could not be sanctioned within the validity period as their opponents created problems at MPCB and NGT. The permission for consent to establish was withdrawn by MPCB. Similarly the project implementation activities were stopped for about 15 months due to stay granted by NGT.

2. The request of factory was considered and the Administrative Approval (AA) was extended upto 31.12.2017 by 134<sup>th</sup> standing committee. This case was further considered in



137<sup>th</sup> Standing Committee in its meeting held on 21.12.2018 and the Committee **recommended extending the validity of Administrative Approval from 31.12.2017 upto 30.06.2019 subject to furnishing of Bank Guarantee as security of SDF loan by the sugar factory.**

3. The sugar factory vide its letter dated 23.05.2019 intimated that they are unable to furnish bank guarantee and requested to approve the condition of creation of securities in the form of mortgage on the fixed assets of the company and allow the disbursement of loan.

4. The request of the Sugar Factory was considered and not found satisfactory in view of direction of 137<sup>th</sup> Standing Committee. Accordingly, the case was closed vide this Department's letter No. 7-1/2014-SDF dated 03.07.2019.

5. It was brought to the notice of the Committee that the sugar factory has submitted their representation vide letter dated 08.07.2019 regarding disposing of one of the Writ Petitions filed against the sugar factory and request for extension of validity AA. IFCI suggested that there may be difficulty in enforcement of security, if required, and accordingly insisted that Bank Guarantee may be obtained as security of SDF loan in this case.

6. After due deliberations, *the Committee recommended that the representation of the sugar factory may be examined by the Sub Committee in consultation with IFCI and after this matter may be brought for consideration by this Committee.*

**Agenda No. 138.11:- Ratification of Condonation of delay in submission of request for extension of validity of AA in respect of M/s The Bhogpur Co-op. Sugar Mills Ltd**

Brief of the case: An amount of Rs.1028.92 lakh (For Cogeneration Scheme) and Rs.1762.43 lakh (For Modernization Scheme) were sanctioned to M/s The Bhogpur Co-op. Sugar Mills Ltd., Bhogpur-144201, Distt.- Jalandhar, Punjab (Plant Code 00501) with the one year validity of AA. Validity of AA has expired on 13.12.2018 in both cases. Request for extension from sugar mill was received on 27.12.2018 vide its letter dated 08.12.2018 which was not within validity period of AA.

2. Committee was informed that based on the justifications furnished by the sugar factory and other facts, the case was placed before Secretary (Food and PD) with the following proposal and the same was approved subject to ratification by Standing Committee:

(i) Condonation of delay of 14 days in submission of request for extension of validity of AA in both cases may be considered.

(ii) Thereafter, the extension of validity of AA may kindly be granted for a period of six months up to 13.06.2019 in the instant both cases.

The sugar mill vide this Department's letter dated 15.02.2019 was informed about extension in validity period of AA upto 13.06.2019 in both cases (i.e. Cogeneration case as well as Modernization case).

3. Accordingly, the following proposal was placed before the Standing Committee:



(i) Ex-post-facto approval/ ratification by the Standing Committee in respect of M/s The Bhogpur Co-op. Sugar Mills Ltd., Bhogpur-144201, Distt.- Jalandhar, Punjab (Plant Code 00501) is solicited for condonation of delay of 14 days in submission of request for extension of validity of AA alongwith ratification of extension of validity of AA granted with the approval of Secretary(Food & PD) for a period of six months up to 13.06.2019.

(ii) The proposal for further extension, if required, would be examined and extension may be granted by JS(S&A)/Secretary/Standing Committee, in terms of extant Guidelines.

*After due deliberations, the Committee accepted the proposal at para 3 above in respect of both cases (i.e. Cogeneration case as well as Modernization case).*

**Agenda No. 138.12:- Ratification of Condonation of delay in submission of request for extension of validity of AA in respect of M/s Shri Sai Priya Sugars Limited**

Brief of the case: An amount of Rs.5358.91 lakh was sanctioned to M/s Shri Sai Priya Sugars Limited, Hippargi-Mygur, Vishal Nagar, Hipparagi-Alabal Road, Tq.-Jamkhandi, Dist. Bagalkot, Karnataka (Plant Code 59901) on 15.12.2017 with one year validity of Administrative Approval (AA). Validity of AA had expired on 14.12.2018. Request for extension from sugar mill was received on 20.12.2018 vide its letter dated 13.12.2018 which was not within validity period of AA.

2. Committee was informed that based on the justifications furnished by the sugar factory and other facts, the case was placed before Secretary (Food and PD) with the following proposal and the same was approved subject to ratification by Standing Committee:

- (i) Condonation of delay of seven days in submission of request for extension of validity of AA.
- (ii) Extension of validity of AA was granted for a period of six months in the instant case.

The sugar mill vide this Department's letter dated 15.02.2019 was informed about extension in validity period of AA upto 14.06.2019.

3. Accordingly, the following proposal was placed before the Standing Committee:

(i) Ex-post-facto approval/ ratification by the Standing Committee in respect of M/s Shri Sai Priya Sugars Limited, Hippargi-Mygur, Vishal Nagar, Hipparagi-Alabal Road, Tq.-Jamkhandi, Dist. Bagalkot, Karnataka-587311 (Plant Code 59901) is solicited for condonation of delay of 7 days in submission of request for extension of validity of AA alongwith ratification of extension of validity of AA granted with the approval of Secretary(Food & PD) for a period of six months up to 14.06.2019.

(ii) The proposal for further extension, if required, would be examined and extension may be granted by JS(S&A)/Secretary/Standing Committee, in terms of extant Guidelines.

*After due deliberation, the Committee accepted the proposal at para 3 above.*



**Agenda No. 138.13:- Matter regarding Extension/Revival of Administrative Approval in case of SDF loan granted to M/s Raosahebdada Pawar Ghodganga SSK Ltd.**

The Committee was informed that the matter regarding extension in the validity of AA in respect of above sugar factory was considered by 137<sup>th</sup> Standing Committee as an agenda item no. 10. The Committee had directed that the issue may be re-examined with specific reference to provisions of "Re-financing" under SDF Rules/Guidelines as well as funding pattern and repayment position in respect of other loans taken for the project, in consultation with NCDC. Thereafter, the matter was placed before the Hon'ble Minister CA, F&PD for approval of the minutes of the 137<sup>th</sup> Standing Committee. While approving the recommendations/ minutes of 137<sup>th</sup> Standing Committee meeting, the Hon'ble Minister of CA, FPD vide its minutes dated 24.01.2019 had *inter-alia* minuted as under:

*"..... Therefore, subject to the clearance of any dues, the case listed at Agenda Item No.10 is approved for revival and extension of AA till 31st March, 2019. Rest is approved as proposed. Accordingly amended minutes be issued."*

The Committee was further informed that as per above directions of Hon'ble Minister of CA, F&PD, the administrative approval (AA) had been revived/extended upto 31.03.2019 subject to clearance of any dues. Accordingly, extension letter dated 12.02.2019 extending the validity of AA upto 31.03.2019 was issued with additional terms and conditions as per extant norms/guidelines. Thereafter, SDF loan amounting to Rs. 2400.42 lakh has been disbursed to above sugar factory in two parts i.e. first part amounting to Rs. 14,41,20,792/- on 29.03.2019 and second part amounting to Rs. 9,59,21,208/- on 24.04.2019.

*The Committee noted the same.*

**Agenda No. 138.14:- Regularisation of Extended Utilisation Period of 2nd instalment of Cane Development loan (for the Standing Committee Meeting)**

The Committee was informed that as per the guidelines/disbursement letter, the Sugar Factory had to utilise an amount of ₹306.94 lakh within 12 months, i.e. before 17.01.2019 and submit the Utilisation Certificate (UC) duly certified by the State Government.

2. The Sugar Factory had submitted that the implementation of the schemes was delayed as the sugar cane area was severely affected by the two cyclones Titili and Phethai. Consequently, the rivers flowing through their command area were flooded and caused severe soil erosion. They had furnished the UC duly certified by the State Government to this Department vide letter dated 15.04.2019. In this instant case, the period of utilisation by the Sugar Factory has exceeded the time limit of 12 months.

3. As there are no specific guidelines available in respect of the extension of the period for the utilisation of the loan, a decision has been taken by this Department to recall the amount remain unutilised from the Sugar Factory. Later, after duly considering the reasons for the delay in the utilisation of the loan, the UC has been considered and accepted by this Department.



4. *After due deliberations, The Committee granted post-facto approval* to the extension of about two months time to M/s EID Parry (India) Ltd. (formerly known as M/s Parry Sugar Industries Ltd.), Sugar unit at Sankili, R.A. Valasa Mandal, Dist.-Srikakulam, Andhra Pradesh for implementation of the Cane Development Scheme in this case.

5. However, it was noted that the impact assessment report for 2nd installment in this case, is yet to be submitted by the monitoring agency. It was also observed that there is no existing timeline for submission of impact assessment report by the monitoring agency.

6. *The Committee directed that a timeline may be fixed for submission of impact assessment report by the monitoring agency in all cases of Cane Development Scheme. It was also directed to obtain the comments of respective State Govt. on the monitoring report and impact assessment report submitted by the monitoring agency in all cases of Cane Development Scheme. Accordingly, Administrative Approval and Tripartite Agreement may henceforth be amended.*

**Agenda No. 138.15:- Review of recoveries of SDF Loans**

NCDC and IFCI apprised the Committee about progress made on recovery in respect of five defaulting sugar factories being monitored by each of them.

2. The Committee observed that there is a requirement of forming broad guidelines for various stages for recovery of SDF loans like issuing of recall notice, initiation of legal action etc. Accordingly, the Committee directed to frame broad guidelines indicating timeline for various actions for recovery of SDF loans.

**ADDITIONAL :**

**Agenda No. 138.16:- General observations of the Standing Committee**

- i. The Committee observed that the present rate of additional/penal interest provided in the SDF Rules is 6 percent. As a result, a considerable proportion of the SDF default amount is attributable to the penal interest. It was observed that this could be one of the reasons causing difficulty in repayment of SDF loan after default. The Committee expressed its concern over increasing amount of default and directed to examine the background for increase in the rate of penal interest and the need for revision, if any.
- ii. While considering the issue of settlement raised by nodal agencies, the Committee observed that there is no provision in the SDF Rules for One time Settlement (OTS) with the defaulting sugar mills. It was directed to examine the feasibility for making such provision in SDF Rules.
- iii. Linkage of recovery of SDF dues with other schemes of DFPD – It was also directed to examine the feasibility of linkage of recovery of SDF dues with various types of assistance from DFPD to Sugar factories/undertakings so as to realize the SDF dues from other claims of the sugar factory/undertaking.

The meeting ended with vote of thanks to the chair.



278371/2019/SO(SDF) **ATTENDANCE SHEET OF PARTICIPANTS OF 138<sup>th</sup> MEETING OF  
STANDING COMMITTEE OF SDF TO BE HELD ON 09<sup>th</sup> JULY 2019 AT 03:30 P.M.**

Sl. No.	Name, Designation & Organization	Signature
1.	Shri. Ravi Kant, Secretary & Chairperson	
2.	Shri Dharmendra, Additional Secretary and Financial Advisor (Member)	
3.	Representative of Finance Secretary, Ministry of Finance(Member)	
4.	Representative of Secretary, Ministry of Agriculture Co-operative & Farmer Welfare (Member)	Bipul Kumar Srivastava Joint Director Mob-9958229951 srivastava.bipul@gov.in
5.	Shri Suresh Kumar Vashishth Joint Secretary (Sugar & Admin) (Member)	
6.	Joint Secretary, Ministry of Finance, Deptt. of Financial Services, (Member)	
7.	Director (S & VO), Directorate of Sugar, DFPD(Member)	
8.	Director NSI, Kanpur (Member)	
9.	Director General, Indian Council of Agricultural Research, Krishi Bhawan(Member)	
10.	Shri L. P. Sharma, DS (SDF) & Member Secretary	
11.	Representative of Chief Controller of Accounts, Dept. of Food & PD	
12.	Sh Dilip K Jha, Under Secretary (SDF)	
13.	Shri Kanav Dua, Asst. Director (Cost)	
14.	Shri Jitendra Kumar Agrawal, Section Officer (SDF)	
15.	Representative from SPF	
SPECIAL INVITEES		
16.	IFCI: -	
	1 Prasen	
	2 Jagdish Garwal	
	3. AMBRISH GUPTA	
17.	NCDC:-	
	1 GIRRAJ AGNIHOTRI	
	2 MD. FAISAL	
Office of CFA-UR S. Chahal Sr. AO		

(2) Vinod Singh Pangley  
(3) Ravi Kumar