

E-MAIL/SPEED POST/BY HAND

No.1-3/2020-SDF

Government of India

Ministry of Consumer Affairs, Food & Public Distribution

Department of Food & Public Distribution

www.dfpd.nic.in


Room No.280-A, Krishi Bhawan,

New Delhi, the **27th July, 2020**

OFFICE MEMORANDUM

Subject: Minutes of 140th meeting of Standing Committee on SDF presided over by Secretary (F&PD) as Chairman on Wednesday, the 8th July 2020 at 11:00 AM – regarding

In continuation of this Ministry's O.M. of even number dated 23.06.2020, 02.07.2020 and 07.07.2020 on the subject mentioned above, a copy of minutes of 140th meeting of Standing Committee held on 8th July 2020 under the Chairmanship of Secretary (F&PD) is enclosed herewith 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. Chief Director (Sugar) [to be represented by Director (S&VO)], Directorate of Sugar, Department of Food & Public Distribution.
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) PS to Secretary, Department of Food & Public Distribution
- (iv) Chief Controller of Accounts, Department of Food & Public Distribution.

Minutes of the 140th Meeting of the Standing Committee of Sugar Development Fund held on 8th July, 2020 in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi.

The 140th Meeting of the Standing Committee of the Sugar Development Fund (SDF) was held on 8th July, 2020 at 11.00 AM under the Chairmanship of Secretary (F&PD). A list of participants is at **Annexure-I**.

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

Agenda No. 140.0: Action Taken Report on 139th Meeting of the Standing Committee

The Action Taken Report on the decisions taken in the 139th Meeting of the Standing Committee held on 08.11.2019 was considered case by case. Updated position was brought to the notice of the Committee. The Committee noted the same.

Agenda No.140.1 : Proposal in respect of M/s DSCL Sugar Hariawan, Distt.- Hardoi, U.P. for setting up of 30 MW (expansion from 24 MW to 54 MW) bagasse based co-generation power project.

The Standing Committee considered the above loan application of the sugar factory for setting up of 30 MW (expansion from 24 MW to 54 MW) bagasse-based co-generation power project. The estimated project cost is Rs.11060.00 lakh and the sugar factory has requested for SDF assistance for Rs.4350.00 lakh.

Brief facts of the case

2. The project has been appraised by HDFC Bank and Detailed Project Report prepared by sugar factory (in-house). Technical feasibility report prepared by NSI, Kanpur mentioning that project is technically viable. On the basis of technical, financial and other data placed before it, the Committee was convinced that 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. Consent to establish issued by Uttar Pradesh Pollution Control Board has been received. EIA clearance has also been received.
4. There are no outstanding SDF dues, LSPEF dues and levy dues pending against the sugar factory and its group/sister unit.
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 is 4.46 and 10.53 respectively; average DSCR of the sugar factory and Company as a whole for past five years basis is 4.70 and 3.94 respectively. FACR of the sugar factory and Company as a whole is 2.71 and 2.84 respectively. IRR of the project is 18.30%. It was also observed that the sugar factory has incurred loss for the financial year 2017-18.
6. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional



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

7. As per the decision taken in the 129th meeting, the promoter's contribution increased by 0.04 %. Hence the SDF component should be 39.96 % {40%-0.04%=39.96%} of the total eligible project cost. Thus, 39.96% of the eligible project cost will be Rs.3882.11 lakh.
8. **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.3882.11 lakh for setting up of 30 MW (expansion from 24 MW to 54 MW) bagasse based co-generation power project for consideration of the Standing Committee. The sugar factory will also provide details of means of financing the shortfall.
9. It was observed by the Committee that the sugar factory has furnished an undertaking regarding means of financing the shortfall of Rs.467.89 lakh.
10. **Recommendations of the Standing Committee-**

On the basis of available records, recommendations of the Sub-Committee and after due deliberations, the Committee recommended SDF loan of Rs.3882.11 lakh for setting up of 30 MW (expansion from 24 MW to 54 MW) bagasse based co-generation power project. The sugar factory is required to furnish Bank Guarantee or create first pari passu charge as security for SDF loan along with 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. 140.2: Proposal in respect of M/s Khatav Man Taluka Agro Processing Ltd., Padal, Tal. Khatav, Dist. Satara, Maharashtra for setting up of 12 MW Greenfield bagasse based co-generation power project.

The Standing Committee considered the above loan application of the sugar factory for setting up of 12 MW Greenfield bagasse based co-generation power project. The estimated project cost is Rs.4890.00 lakh. The sugar factory has requested for SDF assistance of Rs.500.50 lakh.

Brief facts of the case

2. The project has been appraised by The Karad Urban Co-operative Bank Ltd. and Detailed Project Report prepared by VSI, Pune along with Technical feasibility report mentioning that project is technically viable. On the basis of technical, financial and other data placed before it, the Committee was convinced that 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. Consent to establish issued by Maharashtra Pollution Control Board has been received. EIA clearance is not required.
4. There are no outstanding SDF dues, LSPEF dues and levy dues pending against the sugar factory as project is Greenfield.
5. From the balance sheet and other financial details of the sugar factory, it was observed that DSCR of last 5 years cannot be calculated as commercial production of sugar mill is started from November, 2019. Proposed average DSCR of the cogen unit



and company as a whole is 2.88 and 2.46 respectively. FACR of the sugar factory is 1.23 and FACR of the factory including proposed assets and proposed loans is 1.38. IRR of the project is 23.50%. It was also observed that the sugar factory has incurred loss during past 3 years.

6. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional securities, will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.
7. As per the decision taken in the 129th meeting, the promoter's contribution increased by 01.57%. Hence the SDF component should be 18.43% $\{20\% - 1.57\% = 18.43\%$ of the total eligible project cost. 18.43% of the eligible project cost will be Rs.731.30 lakh. However, SDF component on pro-rata adjustment of CENVAT credit from SDF loan applied works out of Rs.428.91 lakh. Hence, the sugar factory is eligible for the least amount of Rs.428.91 lakh.
8. **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.428.91 lakh for setting up of 12 MW greenfield bagasse based co-generation power project for consideration of the Standing Committee. The sugar factory will also provide details of means of financing the shortfall.
9. It was observed by the Committee that the sugar factory has furnished an undertaking regarding means of financing the shortfall of Rs.71.59 lakh.
10. **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.428.91 lakh for setting up of 12 MW Greenfield bagasse-based co-generation power project. The sugar factory is 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.140.3: Proposal of ratification of extension given in the validity of AA in respect of M/s Shri Bhimashankar SSK Niyamit, Marguar-589204, TQ-Indi, Distt-Vijaypur, Karnataka for setting up of 14 MW Greenfield bagasse-based co-generation power project.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA up to 26.04.2020.

Agenda No.140.4: Proposal of ratification of extension given in the validity of AA in respect of M/s The Bhogpur Co-op. Sugar Mills Ltd., Bhogpur, Distt.- Jalandhar, Punjab (Cogeneration and Modernisation).

It was observed that State Government Guarantee has been furnished in these two cases as additional security for SDF Loans. After due deliberations, the Standing Committee ratified the decision to extend the validity of AA up to 13.06.2020.



Agenda No.140.5: Proposal of Ratification of extension given in the validity of AA in respect of M/s Harsha Sugar Ltd. at Village-Savadatti, Taluk- Savadatti, Distt- Belgum, Karnataka for setting up 30 MW Greenfield baggase based Cogeneration power project.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA up to 26.07.2020.

Agenda No.140.6: Proposal of ratification of extension given in the validity of AA in respect of M/s Mylar Sugars Ltd. (MSL), Beerabbi Village, HoovinaHadagali taluka, Sitt. Ballary, Karnataka for setting up of 18 MW Greenfield bagasse base co-generation power project.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA up to 26.07.2020.

Agenda No.140.7: Proposal of ratification of extension given in validity of Administrative Approval (AA) in respect of M/s Shri Sai Priya Sugars Limited, Hippargi-Mygur, Vishal Nagar, Hipparagi-Alabal Road, Tq.-Jamkhandi, Dist. Bagalkot for setting up of 120 KLPD anhydrous alcohol or ethanol Project.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA up to 14.03.2020.

Agenda No. 140.8 : M/s Chadha Sugars & Industries Pvt. Ltd. , Gurudaspur, Punjab for sanction of financial assistance from SDF for modernization, technology upgradation & steam balancing of sugar plant at present installed capacity of 335 TCH (7500 TCD) with cogeneration installed capacity of 23 MW and production of Refined sugar.

The loan application of M/s Chadha Sugars & Industries Pvt. Ltd. , Gurudaspur, Punjab for sanction of financial assistance from SDF for modernization, technology upgradation & steam balancing of sugar plant at present installed capacity of 335 TCH (7500 TCD) with cogeneration installed capacity of 23 MW and production of Refined sugar was considered in 137th Standing Committee meeting held on 21.12.2018. The Standing Committee recommended SDF loan of Rs. 909.67 lakh to the sugar factory, subject to furnishing of, inter-alia, "EIA clearance and NOC from PCB for 7500 TCD crushing capacity" by the Sugar Factory before issuing of Administrative Approval (AA).

2. The Committee noticed that more than 17 months have passed since the issuance of minutes of 137th Standing Committee on 07.02.2019, but the sugar factory has still not furnished the EIA clearance and NOC from PCB for 7500 TCD crushing capacity.

3. The Committee was informed that the 139th Standing Committee has directed to place those cases before Standing Committee where the sugar factory fails to submit the requisite documents (required for issuing of AA as per minutes) within 6 months from issuing of minutes of Standing Committee.

4. The case was deliberated upon in detail during the meeting. Taking into consideration the fact that considerable time has passed since the case was recommended, the Standing



Committee directed that a fresh evaluation may be undertaken by the IFCI and after receipt of fresh evaluation report from IFCI as well as submission of all necessary documents including EIA clearance and NOC of Pollution Control Board by the sugar factory, the case may be placed before the Sub-Committee for its consideration.

Agenda No. 140.9 :- Ratification of extension given in the validity of AA in respect of M/s Dhampur Sugar Mills Limited, Unit-Dhampur, Moradabad Road, Distt. Bijnor, Uttar Pradesh-246761 for conversion of existing 200 KLPD ethanol plant into Zero Liquid Discharge plant.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA upto 17.03.2020.

Agenda No. 140.10 :- M/s Venkateshwara Power Project Ltd., Belgaum, Karnataka for seeking SDF assistance towards setting up 90 KLPD anhydrous alcohol or ethanol project from molasses at Bedikal village, Tal. Chikodi, Dist. Belgaum, Karnataka.

The loan application of M/s Venkateshwara Power Project Ltd., Distt. Belgaum, Karnataka for sanction of financial assistance from SDF for setting up 90 KLPD anhydrous alcohol or ethanol plant from molasses was placed before the 137th Standing Committee held on 21.12.2018. The committee had recommended a loan of Rs.1563.076 lakh subject to furnishing of, inter-alia, No levy dues certificate (NDC) from Directorate of Sugar before issuing of AA.

2. The Committee noticed that more than 17 months have passed since the issuance of minutes of 137th Standing Committee on 07.02.2019, but the sugar factory has still not furnished the No levy dues certificate (NDC) from Directorate of Sugar.

3. The Committee was informed that the 139th Standing Committee has directed to place those cases before Standing Committee where the sugar factory fails to submit the requisite documents (required for issuing of AA as per minutes) within 6 months from issuing of minutes of Standing Committee.

4. The case was deliberated upon in detail during the meeting. Taking into consideration the fact that considerable time has passed since the case was recommended, the Standing Committee directed that a fresh evaluation may be undertaken by the IFCI and after receipt of fresh evaluation report from IFCI as well as submission of all necessary documents including NDC in respect of levy dues by the sugar factory, the case may be placed before the Sub-Committee for its consideration.

Agenda Item Number: 140.11 - M/s Shri Datta Sakhar Karkhana, Asurle-Porle, A unit of Dalmia Bharat Sugar & Ind. Ltd., Tal – Panhala, Dis – Kolhapur, Maharashtra.

Cane Development loan of ₹536.40 lakh was sanctioned to M/s Shri Datta Sakhar Karkhana, Kolhapur, Maharashtra vide this Department's letter of even number dated 19.09.2018. The validity of AA was expired on 19.09.2019.

2. It was brought to the notice of the Committee that the loan application has been closed and the same has been informed to the Sugar Factory vide letter dated 19.02.2020.



3. The Committee noted the same.

Agenda Item Number: 140.12 - Cane Development loan – M/s Vishwasrao Naik Sahakari Sakhar Karkhana Ltd., Yashwantnagar, Post- Chikhali, Tal. Shirala, Dist.- Sangli, Maharashtra – Extension of Administrative Approval (AA)

Cane Development loan of ₹270.00 lakh was sanctioned to M/s Vishwasrao Naik Sahakari Sakhar Karkhana Ltd., Yashwantnagar, Post- Chikhali, Tal. Shirala, Dist.- Sangli, Maharashtra vide Administrative Approval (AA) dated 15.02.2019.

2. It was brought to the notice of the Committee that the sugar factory has requested for extension of validity period for the next one year, i.e. upto 14.02.2021, vide letter dated 03.03.2020 and the NCDC vide their letter dated 11.03.2020 has requested to consider the request of the sugar factory for extension of AA along with condonation of delay in submitting the request for extension of validity of AA, as the issue of creation of charge is under examination by the GoI.

3. The agenda was discussed in detail in the meeting. After due deliberations, the Committee agreed to the proposal as mentioned below:

- a) Condonation of delay of eighteen days in the submission of the request for extension of validity of AA
- b) Extension of validity of AA for six months, i.e. up to 14.08.2020.

Agenda 140.13 – Operational Guidelines for implementation of Rule 26A for Restructuring of SDF Loans.

The Committee considered the draft Operational Guidelines for implementation of Rule 26A for Restructuring of SDF Loans affected by natural calamities.

2. Representative from Department of Financial Services (DFS), suggested that the draft Operational Guidelines for Restructuring of SDF Loans may be vetted by DFS/Reserve bank of India (RBI) so as to ensure that they are in conformity to the norms and guidelines issued by RBI for Restructuring of Loans. The Representative from DFS further submitted the members of the Empowered Committee proposed in the draft Operational Guidelines may be Joint Secretary or his representative.

3. The Committee accepted the same and accordingly directed to submit the draft Operational Guidelines for implementation of Rule 26A for Restructuring of SDF Loans to Department of Financial Services for vetting.

Agenda 140.14 – Review of Recoveries of SDF loans.

The Committee noted the progress made on recovery of SDF dues in respect of five defaulting sugar factories each being monitored by IFCI & NCDC.

2. The Committee directed to further review the default status in detail in the recovery meeting with the nodal agencies may be held regularly.



Additional Agenda Item Number: 140.1 – Review of policy regarding the issue of NOC for creating first pari passu charge in favour of other lenders – information to the Standing Committee.

The Committee noted the revised guidelines.

Additional Agenda Item Number: 140.2 – Fixing of FD amount in case where “Assignment of FD of holding/Borrowing Company” is obtained as additional security.

The Committee accepted the proposal to obtain FD @3.73% of the loan amount wherein, “Assignment of Fixed Deposits of Holding/Borrower Company” is offered as one of the additional security by sugar factories having weak financials in all future cases.

Additional Agenda No. 140.3: - Proposal of Revival/Extension of Administrative Approval (AA) in respect of M/s Sovereign Industries Limited., Bagalkot District, Karnataka for setting up 20 MW Greenfield baggase based Cogeneration power project.

Brief of the case: SDF loan of Rs. 829.33 lakh was sanctioned to sugar factory for setting up of 20 MW Greenfield cogeneration power project, vide AA dated 09.12.2016. TPA was signed on 06.03.2017. Extension in the validity of AA had been granted upto 31.12.2018 by 136th Standing Committee meeting. NOC for creation of charge was issued on 03.10.2018. Thereafter, validity of AA was again extended upto 08.06.2019 with the approval of Secretary, F&PD. Validity of AA was further extended upto 31.12.2019 by 138th Standing Committee. AA got expired on 31.12.2019.

2. It was brought to the notice of the Committee that after about 6 months of expiry of AA, the sugar factory vide its letter 29.06.2020 has requested to extend the validity of AA. IFCI vide its letter dated 02.07.2020 had stated that due to heavy flood around sugar mill its operations were affected and somehow they started the plant. But due to Covid-19 pandemic, situation has further deteriorated. Further, IFCI informed that getting NOCs from other lenders will take minimum six months. Therefore, IFCI has recommended that validity of AA may be extended by six month from the dated of approval subject to submission of (i) account status with 7 banks, (ii) status of receipt of NOC from banks.

3. It was observed that the request for extension has been received after about six months from the expiry of AA. It was further brought to the notice of the Committee that the requisite documents as pointed out by IFCI have not been furnished by the sugar factory.

4. After due deliberation, the Committee decided not to give any further extension and accordingly directed to close the case.

Additional Agenda No. 140.4 : Discontinuation of SDF loans for the purpose of expansion of capacity under Rule 16 of SDF Rules, 1983.

After due deliberation, the Committee recommended the proposal to continue the arrangement to discontinue the financing of expansion projects through the SDF for a period till 31.03.2021 and this arrangement may be reviewed on assessing the situation of sugar sector at appropriate time.

Additional Agenda No. 140.5 : Proposal to amend relevant SDF Rules for reducing the moratorium period under Modernisation Loan Scheme from 5 years to 3 years.


The proposal was deliberated upon in detail during the Standing-Committee Meeting. The Standing Committee recommended the proposal to amend relevant SDF Rules for reducing the moratorium period under Modernization loan scheme from existing 5 years to 3 years. This will be applicable from the date of notification of amendment to SDF Rules.

The meeting ended with vote of thanks to the Chair.

A handwritten signature in black ink, appearing to be 'S. S. S.', is located below the text 'The meeting ended with vote of thanks to the Chair.'

**346674/2020/SO(SDF) ATTENDANCE SHEET OF PARTICIPANTS OF 140th MEETING OF
STANDING COMMITTEE OF SDF HELD ON 08th July 2020 AT 11:00 A.M.**

Sl. No.	Name, Designation & Organization	Signature
1.	Secretary, DFPD & Chairperson	In the Chair
2.	Additional Secretary and Financial Advisor (Member)	Present
3.	Representative of Finance Secretary, Ministry of Finance(Member)	Sh. AK DAS DS, DFS- Through VC
4.	Representative of Secretary, Ministry of Agriculture Co-operative & Farmer Welfare (Member)	Sh. S.K. Malhotra, Agriculture Commissioner - Through VC
5.	Shri Subodh Kumar Singh Joint Secretary (Sugar & Admin) (Member)	Present
6.	Joint Secretary, Ministry of Finance, Deptt. of Financial Services, (Member)	Sh. AK DAS DS, DFS- Through VC
7.	Director (S & VO), Directorate of Sugar, DFPD(Member)	Through VC
8.	Director NSI, Kanpur (Member)	Through VC
9.	Director General, Indian Council of Agricultural Research, Krishi Bhawan(Member)	Sh. RK Singh, ADG, ICAR – Through VC
10.	Shri L. P. Sharma, DS (SDF) & Member Secretary	Present
11.	Representative of Chief Controller of Accounts, Dept. of Food & PD	Sh. V.K. Arora, Sr. AO-Through VC Sh. Vinod Singh Pangty, Sr. Accountant-Through VC
12.	Sh Dilip K. Jha, Under Secretary (SDF)	Present
13.	Shri Kanav Dua, Asst. Director (Cost)	Present
14.	Shri Jaivir Singh, Section Officer (SDF)	Present
	SPECIAL INVITEES	
15.	IFCI	Sh. Prasoon, CGM Sh. J. Garwal, DGM - Through VC Sh. Ram Sharan, AGM Sh. A, Gupta
16.	NCDC	Sh. Krishan Kumar, ED Sh. G. Agnihotri, DD : Through VC Mr. Faizal


9/7/2020