

**E-MAIL/SPEED POST/BY HAND**

**No.1-1/2022-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.581, Krishi Bhawan,  
New Delhi, the 29<sup>th</sup> April, 2022

**OFFICE MEMORANDUM**

**Subject: 144<sup>th</sup> meeting of the Standing Committee on SDF to be chaired by Secretary (F&PD) on Friday, the 22<sup>nd</sup> April, 2022 at 03:30 PM –regarding.**

In continuation to this Department's O. M. of even number dated 11.04.2022 & 20.04.2022 on the subject mentioned above, a copy of the minutes of 144<sup>th</sup> meeting of Standing Committee held on 22.04.2022 under the Chairmanship of Secretary (F&PD) in enclosed herewith for kind information and necessary action.



(Sangeet)

Director (SDF)

**Member Secretary**

Tel.No.23383760

To

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 (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



(Sangeet)

Director (SDF)

**Member Secretary**

Tel.No.23383760

**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) PSO to Secretary, Department of Food & Public Distribution
- (iv) Chief Controller of Accounts, Department of Food & Public Distribution

**Minutes of the 144<sup>th</sup> Meeting of the Standing Committee of Sugar Development Fund held on 22<sup>nd</sup> April, 2022 in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi.**

The 144<sup>th</sup> Meeting of the Standing Committee of the Sugar Development Fund (SDF) was held on 22<sup>nd</sup> April, 2022 at 03:30 PM under the Chairmanship of Secretary (F&PD). A list of participants is at **Annexure-I**.

Discussions held and recommendations made against each agenda item are as under:

**Agenda No. 144.1: Action Taken Report on 143<sup>rd</sup> Meeting of the Standing Committee.**

The Action Taken Report on the decisions taken in the 143<sup>rd</sup> Meeting of the Standing Committee held on 07<sup>th</sup> July, 2021 was considered case by case. Updated position was brought to the notice of the Committee.

**Agenda No.144.2: Closure of loan Schemes under the Sugar Development Fund (SDF).**

In view of the OMs dated 06.07.2021 and 31.08.2021 of Department of Expenditure (DoE) and with the approval of Competent Authority, financial assistance as loans to sugar mills under the Sugar Development Fund Act, 1982 have been closed forthwith vide Order dated 21.09.2021.

2. As per the order dated 21.09.2021, no fresh application (including the applications for which Administrative Approval have not been issued) for SDF loan under the schemes of SDF is being considered since then.

3. The Committee noted the same.

**Agenda No. 144.3: Operational Guidelines for Restructuring of SDF loans under SDF Rule 26.**

Exercising the powers conferred by Section 4 read with Section 9 of the Sugar Development Fund Act, 1982, the SDF Rule 26 was amended vide GSR 201(E) Notification dated 24.03.2021 to facilitate the restructuring of SDF loans of potentially viable sick sugar undertakings.

2. Accordingly, operational guidelines for restructuring of SDF Loans under SDF Rule 26 of SDF Rules, 1983 have been issued by this Department vide letter dated 03.01.2022 after concurrence of Department of Expenditure, Ministry of Finance.

3. The Committee noted the same.

**Agenda No.144.4: Guidelines for processing of applications for Restructuring of loans under Rule 26 and Rule 26 A.**

Considering the provisions of SDF Rules 26 and 26A and the Operational Guidelines issued vide letter dated 03.01.2022 for the restructuring of SDF loans, the Committee

  
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recommended the following guidelines for processing of applications for Restructuring of SDF loans under Rule 26 and Rule 26 A:

a. To secure new SDF loans, only two types of Security are taken based on FACR of the factory and the company, viz. (a) charge on the movable and immovable properties of the sugar factory on pari-passu first charge basis for FACR 1.33 or above; & (b) Bank Guarantee for FACR below 1.33. Regarding the Security for the Restructured loans, the following may be followed:

i. FACR shall be calculated using the figure of secured loans after proposed restructuring of SDF loans.

ii. The same FACR benchmark (post-restructuring) of 1.33 for deciding the charge for the restructured loan shall be applied.

iii. If the FACR is less than 1.33, a Sugar factory shall furnish Bank Guarantee as a Security. The existing Security on the assets of the company may be vacated.

iv. If the FACR is more than or equal to 1.33, a Sugar factory shall furnish Security in the form of a first pari-passu charge on all movable and immovable assets of the Sugar factory.

v. If the FACR is more than 1.33 and the existing charge of SDF loan is less than the first pari-passu charge, the charge will be upgraded to the first pari-passu charge.

b. The validity of Administrative Approval (AA) will be 6 months.

c. There will be no extension of AA.

d. A sugar factory shall sign a Tripartite Agreement (TPA) within three months from the date of issue of AA. The agreement will be signed between, GoI, the Sugar Undertaking and the Nodal Agency (IFCI or NCDC). If there are any reliefs and concessions required from the State Government, the State Government will also become a party to the Agreement.

e. The sugar factory shall comply with all the terms and conditions of AA necessary for the restructuring of SDF loans and instructions issued by the Standing Committee, if any, within the validity of AA.

f. The date of AA will be considered the date from which the restructuring scheme will come into effect. However, the scheme shall become operative only after the completion of formalities necessary for Restructuring and complies with the terms and conditions of AA and other extant instructions issued by the Central Government in this regard. It will be communicated in a separate communication, upon the recommendation from the Nodal Agency.

g. The SDF loan accounts will become regular only after a sugar undertaking complies with all the terms and conditions of restructuring.

  
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- h. The sugar undertaking will become eligible for any benefits under any other schemes of the Central Government, which are contingent upon having a regular SDF loan account, only after the fulfilment of all the terms and conditions of Restructuring.
- i. No adverse legal action will be initiated against the sugar undertaking during the validity of AA. Further, no coercive measures will be taken to recover SDF dues during the validity of AA.
- j. The date of AA will be considered the final date for calculating the eligibility for a waiver of additional interest.
- k. The monitoring agency shall review the operation and financial performance, including its cash flow, and the progress of the sugar undertaking regarding the implementation of the rehabilitation scheme and furnish a report every six months.
- l. In case of more than two consecutive defaults in repayment of the loan or instalment thereof, the Monitoring Agency shall initiate the steps to realise the entire loan, interest along with additional interest thereon as per SDF Rules (as amended).

**Agenda No.144.5: Proposal of M/s Rajshree Sugars & Chemicals Ltd., Tamil Nadu for Restructuring of SDF loan.**

The Committee considered the application for restructuring of Ethanol loan of ₹32.45 crore and Co-generation loan of ₹21.10 crore under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online on 03.03.2022 through the SDF portal.
3. ITCOT Limited has prepared the Detailed Project report. Technical Evaluation (TEV) was conducted and submitted to SBI (lead lender). TEV report has stated that considering the projected performance and effective implementation, the company's proposed business plan continues to be considered techno economically viable.
4. Lead Bank SBI confirmed on behalf of other lenders that there is no Legal/adverse action against the company by the consortium Lenders, and no litigation exists between the consortium of lenders and the company.
5. Lead bank SBI has given NOC on behalf of consortium lenders regarding willingness to permit the Restructuring of SDF loans.
6. An OA No. 424/2019 is pending under DRT Chennai: DRT is likely to pass an order on I.A. on maintainability of O.A. IFCI has filed a counter statement. Main OA is posted for written statements of defendants. It was informed to the Committee that, as per the Guidelines, the restructuring may be considered even after the borrower/sugar mill is referred for litigation by the SDF nodal agencies, on behalf of SDF, at the Debt Recovery Tribunal (DRT) for recovery of dues.

  
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7. As per the balance sheet and other financial details submitted by the sugar factory, the company incurred cash losses for the last three financial years. While the Annual reports for F.Y. 2018-19 & 2019-20 reflect this cash loss, the Annual report for F.Y. 2020-21 shows a cash profit due to concession in interest rates approved by the various lenders (SBI ICICI, Axis Bank, BOI, UCO). IFCI has stated that this is a notional entry under Indian Accounting standards with no actual cash accrual. The finance cost without giving effect to concessional rate of interest granted in approved debt restructure has been 6016 lakhs which results in the cash loss.

8. RSCL has a TRA (Trust & Retention Account) with SBI as the lead lender as part of a debt resolution plan approved and implemented by consortium lenders. IFCI had insisted on being part of TRA to ensure a smooth recovery. However, it was not acceptable to RSCL. Subsequently, RSCL agreed to open an Escrow A/c as a part of Restructuring, but that does not serve the purpose of loan repayment in line with the repayment schedule (which would form post-restructuring). Hence, it was proposed that to mitigate the risk of default, TRA should be in sync with the IFCI account, and there should be a provision for the transfer of funds into the IFCI account as per the repayment schedule as approved by SDF, GOI. No Objection letter from SBI on the subject of transferring the amount from TRA account towards repayment of dues of SDF post approval of restructuring has been received.

9. As per the defaulter list as on 28.02.2022, the SDF dues position of the company is as under:

Loan Type	Ledger No.	Loan Disbursed (₹)	Principal Amount (₹)	Interest (₹)	Additional Interest (₹)	Total defaults (₹)
Ethanol	X-6	32,45,08,000	27,97,74,362	11,48,86,286	13,31,436	39,59,92,084
Co-Gen	VII-41	21,10,00,000	7,58,35,622	1,48,24,359	1,15,08,070	10,21,68,051
	<b>Total</b>	<b>53,55,08,000</b>	<b>35,56,09,984</b>	<b>12,97,10,645</b>	<b>1,28,39,506</b>	<b>49,81,60,135</b>

10. The Sugar Unit made a payment of ₹8.5 crores in the F.Y. 2021-22, which was adjusted against the additional interest. Therefore, the total eligible additional interest for waiver is less. They are also in the process of setting up an ethanol plant, which will improve the viability of the Unit.

11. The Sugar Unit is eligible for the waiver of additional interest of ₹1,28,39,506.00 (as on 28.02.2022).

12. The security requirement for the restructured loan will be decided at the time of charge creation as per the extant Rules/Guidelines.

13. The application was discussed in detail, and the Committee observed that the application meets the eligibility criteria as per the Guidelines issued vide letter dated 03.01.2022.

14. After due deliberations, the Committee recommended the Restructuring of the SDF loans and waiver of additional interest in full in respect of the SDF loans, subject to the conditions mentioned in point 12 above for the following reasons:

  
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- a. It provides succour to the ailing sugar unit and improves its financial viability. The sugar factory will be able to come out of losses, which will be in the interest of all the stakeholders including the cane farmers.
- b. It will increase the chances of repayment of the SDF loans.
- c. It will reduce the SDF Default and the account will become regular.
- d. The legal route for recovery of SDF dues through DRT is time consuming and till date no major SDF recovery has been made through DRT. The restructuring of SDF loan will improve the chances of recovery in future.

**Agenda No.144.6:Proposal of M/s Gayatri Sugars Limited, Telengana for Restructuring of SDF loan.**

The Committee considered the application for restructuring of modernisation loan of ₹1991.60 lakh under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online on 03.03.2022 through the SDF portal.
3. The 'Technical Evaluation (TEV)' was done by SJA Industrial Consultants Pvt. Ltd appointed by lead bank Union Bank of India. TEV report has stated that the proposed Restructuring of the SDF loan is technically, economically, and financially viable.
4. UBI, BOB, SBI and PNB has confirmed that no adverse/ legal action has been taken against the company.
5. With regard to willingness to permit the Restructuring of SDF loans in the light of projected cash flows, consortium member banks have issued NOC based on reciprocity, and as such, it shall become valid and effective only after SDF, GOI cedes pari-passu second charge to consortium lenders led by UBI.
6. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the company has incurred cash losses for the last three financial years, and the company's net worth is also negative.
7. GSL had filed a petition in DRT challenging the maintainability of the O.A. filed by IFCI. IFCI had filed an application to lead secondary evidence. GSL has filed the withdrawal application before the Hon'ble Debts Recovery Tribunal-I at Hyderabad. It was informed to the Committee that, as per the Guidelines, the restructuring may be considered even after the borrower/sugar mill is referred for litigation by the SDF nodal agencies, on behalf of SDF, at the Debt Recovery Tribunal (DRT) for recovery of dues. The restructuring shall be subject to an unconditional withdrawal of the petition filed by the sugar factory. In this regard, IFCI informed during the meeting that the company has withdrawn the said case.
8. Escrow account to be opened for the receivables by the company. Sugar factory has communicated that they shall be opening an escrow account from 15 days of approval of SDF restructuring.
9. As per the defaulter list as on 28.02.2022, the SDF dues position of the company is as under:

  
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Loan Type	Ledger No.	Amount Disbursed	Principal	Interest	Additional Interest	Total Default
Mod	W-91	9,95,80,000	9,95,80,000	8,46,03,409	5,04,77,499	23,46,60,908
Mod	W-90	9,95,80,000	9,95,80,000	7,69,22,675	3,94,56,921	21,59,59,595
	<b>Total</b>	<b>19,91,60,000</b>	<b>19,91,60,000</b>	<b>16,15,26,084</b>	<b>8,99,34,419</b>	<b>45,06,20,503</b>

10. The Sugar Unit is eligible for the waiver of additional interest of ₹8,99,34,419.00 (as on 28.02.2022).

11. The security requirement for the restructured loan will be decided at the time of Charge creation as per the extant Rules/Guidelines.

12. The application was discussed in detail, and the Committee observed that the application meets the eligibility criteria as per the Guidelines issued vide letter dated 03.01.2022.

13. After due deliberations, the Committee recommended the Restructuring of the SDF loan and waiver of additional interest in full in respect of the SDF loan, subject to the conditions mentioned in point 7, 8 & 11 above for the following reasons:

- It provides succour to the ailing sugar unit and improves its financial viability. The sugar factory will be able to come out of losses, which will be in the interest of all the stakeholders including the cane farmers.
- It will increase the chances of repayment of the SDF loans.
- It will reduce the SDF Default and the account will become regular.
- The legal route for recovery of SDF dues through DRT is time consuming and till date no major SDF recovery has been made through DRT. The restructuring of SDF loan will improve the chances of recovery in future.

**Agenda No.144.7: Proposal of extension given in the validity of AA in respect of M/s Karmyogi Ankushrao Tope Samarth SSK, Dist. Jalna, Maharashtra.**

After due deliberations, the Standing Committee ratified the decision to condone the delay of 6 days in submission of request for extension of validity of AA and extend the validity of AA for a period of six months i.e. up to 10.06.2022.

**Agenda No.144.8: Closure of cases of the various sugar factories.**

The following applications were closed due to non-fulfilment of conditions for the disbursement of SDF loan:

- M/s Shri Sai Priya Sugar Ltd., Vishal Nagar, Hipparagi- Albal Road, Tq: Jamkhandi. Dist.: Bagalkot, Karnataka (Cane Development).
- M/s Chadha Sugars & Industries Pvt. Ltd. Vill-Kiri Afgana, Teh. Batala, Gurdaspur, Punjab (Ethanol).
- M/s Prasad Sugar and Allied Agro Products Ltd., Vambori, Taluka- Rahuri, Distt. - Ahmednagar, Maharashtra (Ethanol).

  
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d. M/s Yedeshwari Agro Products Ltd., Pavansoot Nagar, At. Anandgaon (Sarni), Post: Javalban, Tal. – Kaij, Distt. – Beed, Maharashtra (Ethanol).

e. M/s Bhalkeshwar Sugars Ltd., Basaveshwar Chowk, near I.B. Bhalki, Tq. Bhalki, Dist. Bidar, Karnataka (Modernization) (For balance payment of ₹209.17 lakh).

2. The Committee noted the same.

**Agenda No.144.9: Review of Recoveries of SDF loans**

The Committee appreciated the progress made on recovery of SDF dues during FY 2021-22 (i.e. ₹ 569.98 crore), which is highest in the past 4 years.

2. The Committee directed to further review the default and recovery status in detail in the recovery meeting with the nodal agencies being held regularly and take necessary steps to further improve the recovery position.

The meeting ended with vote of thanks to the Chair.

  
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