

Through Email

No.1-3/2022-SDF

भारत सरकार

Government of India

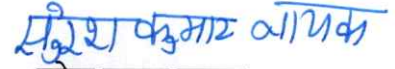
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्रालय
Ministry of Consumer Affairs, Food & Public Distribution
खाद्य और सार्वजनिक वितरण विभाग
Department of Food & Public Distribution
www.dfpd.nic.in

कृषि भवन, नई दिल्ली
दिनांक : 13.01.2025

कार्यालय ज्ञापन

विषय : Minutes of the Meeting of 149th Meeting of the Standing Committee of Sugar Development Fund chaired by Secretary(F&PD), held on 26.12.2024 at 11.30 a.m. - Regarding

In continuation of this Department's O.M. of even number dated 17.12.2024 on the subject mentioned above, a copy of the minutes of the 149th meeting of Standing Committee on SDF held on 26th December, 2024 under the Chairmanship of Secretary (Food & PD) is enclosed, for kind information and necessary action.



(सुरेश कुमार नायक)

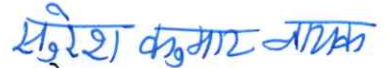
उपसचिव (SDF)

सदस्य सचिव

ईमेल : ds-sugar@gov.in

Tel No. 23380266

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), Department of Food & Public Distribution, (Member).
6. Director (S&VO), Directorate of Sugar, Department of Food & Public Distribution.
7. Director General, Indian Council of Agricultural Research, Krishi Bhawan, New Delhi (Nominated Additional Member as expert under First Proviso to Rule 6).
8. Director, National Sugar Institute, Kanpur (Nominated Additional Member as expert under First Proviso to Rule 6).
9. Representative from IFCI Limited (as special invitee from financial institution under Second Proviso to Rule 6)
10. Representative from NCDC (as special invitee from financial institution under Second Proviso to Rule 6)



(सुरेश कुमार नायक)

उपसचिव (SDF)

सदस्य सचिव

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

Minutes of the 149th Meeting of the Standing Committee of Sugar Development Fund held on 26.12.2024 at 11.30 a.m. in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi

The 149th meeting of the Standing Committee of Sugar Development Fund (SDF) was held on 26.12.2024 under the Chairmanship of Secretary (F&PD). A list of participants is at **Annexure**.

At the outset, the Chairman welcomed all the members of the Standing Committee. The Committee was informed that with the approval of Ministry of Finance, Department of Expenditure vide O.M. dated 12.02.2024, SDF, GoI has issued Revised Operational Guidelines for Restructuring of SDF loans under Rule 26 of SDF on 28.02.2024. Salient provisions of the 'Revised Operational Guidelines for restructuring of SDF loans' were also noted highlighting the Scheme of 'One Time Settlement (OTS)' giving option to the sugar factories/undertakings for complete payment of Principal and Interest (with waiver of additional interest) for settlement of SDF loan accounts.

After that, each Agenda Item was deliberated upon. The brief of deliberations and recommendations of Standing Committee are as under:

Agenda No. 149.1: Action Taken Report (ATR) on the decisions/directions of the 148th Standing Committee meeting held on 06.09.2024

The Action Taken Report (ATR) on the decisions/directions taken in the 148th Standing Committee meeting held on 06.09.2024 was considered case by case. Updated position was brought to the notice of the Committee.

Agenda No. 149.2: M/s. NSL Sugars Ltd. for One Time Settlement (OTS) of SDF loans

The Committee considered the applications of M/s NSL Sugars Limited for One Time Settlement (OTS) of the following disbursed SDF Loans under Revised Operational Guidelines dated 28.02.2024 issued under Rule 26 of SDF Rules, 1983 :

Loan Type	Ledger No.	Loan Disbursed (Rs.)
Modernisation (Jay Mahesh Unit)	Z-12	13,14,11,343
	Z-13	14,48,40,000
Ethanol (Jay Mahesh Unit)	X-01	5,58,10,016
Cogeneration (Jay Mahesh Unit)	VIII-73	12,59,12,538
	VIII-74	13,27,78,644
Cogeneration (Aland Unit)	IX-91	26,00,74,000
Modernisation (Aland Unit)	DD-17	5,65,07,206
	DD-18	12,64,92,794
	Total	1,03,38,26,541

Contd.....2/-

2. The applications were received online through the SDF portal. The Nodal Agency, IFCI has also recommended the case of the sugar factory for OTS of SDF loans.

3. It was noted that the case was considered and recommended by the Committee for Rehabilitation (CFR) meeting held on 08.11.2024 for OTS of SDF loans of the sugar mills.

4. As per the O/o. the Chief Controller of Accounts, SDF dues position of the company as on 22.11.2024 is as under:

(in Rs.)

Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total defaults
Modernisation for Jay Mahesh Unit	Z-12	13,14,11,343	13,14,11,343	7,37,89,797	2,48,88,096	23,00,89,236
	Z-13	14,48,40,000	14,48,40,000	5,04,32,177	2,19,84,584	21,72,56,761
Ethanol for Jay Mahesh Unit	X-01	5,58,10,016	1,39,52,504	36,34,017	18,97,409	1,94,83,930
Cogeneration for Jay Mahesh Unit	VIII-73	12,59,12,538	4,93,56,754	1,25,47,152	74,35,350	6,93,39,256
	VIII-74	13,27,78,644	9,29,45,051	3,73,46,955	1,30,87,806	14,33,79,812
Cogeneration for Aland Unit	IX-91	26,00,74,000	20,31,58,048	2,39,98,621	1,19,41,716	23,90,98,385
Modernisation for Aland Unit	DD-17	5,65,07,206	5,08,56,485	1,61,02,639	18,49,606	6,88,08,730
	DD-18	12,64,92,794	11,45,51,364	3,52,87,672	41,95,520	15,40,34,556
	Total	1,03,38,26,541	80,10,71,549	25,31,39,030	8,72,80,087	1,14,14,90,666

5. The application, along with CFR recommendations, was discussed in detail and the Committee observed that the company meets the eligibility criteria for OTS of the Revised Operational Guidelines dated 28.02.2024. The Committee further observed that if the proposal is accepted, this may result in recovery of Principal and Interest dues from defaulter sugar mills and may lead to closure of default accounts of both the sugar mills. The Committee was also of the view that as per the guidelines, maximum six months' time may be granted for making full payment under OTS to the sugar factory.

6. After due deliberations, the Committee recommended the OTS of the aforementioned SDF loans to the sugar factory, as per Revised Operational Guidelines dated 28.02.2024. The Committee also directed the nodal agency, IFCI Ltd., to continue the process of filing insolvency proceedings under IBC, 2016 against the company and Mandava Holding Pvt. Ltd. (the corporate guarantor) and the same will be withdrawn only after complete payment of OTS amount by the company. The details of loan-wise amount expected to be recovered from the company and additional interest to be waived-off are as under :

Contd.....3/-

Loan Type	Additional Interest to be waived of (as on 22.11.2024) (₹)	OTS amount expected to be recovered from the company including Principal & Interest due as on 22.11.2024 (₹)
Modernisation (Jay Mahesh Unit)	4,68,72,680/-	40,04,73,317/-
Ethanol (Jay Mahesh Unit)	18,97,409/-	1,75,86,521/-
Cogeneration (Jay Mahesh Unit)	2,05,23,156/-	19,21,95,912/-
Cogeneration (Aland Unit)	1,19,41,716/-	22,71,56,669/-
Modernisation (Aland Unit)	60,45,126/-	21,67,98,160/-
Total	8,72,80,087/-	105,42,10,579/-

However, the actual amount of outstanding principal & interest to be paid by the sugar factory along with waiver of additional interest in full may vary as per the date of Administrative Approval for OTS. Further, normal interest at prevailing bank rate shall accrue and be charged till the date of complete payment of said principal and interest.

Agenda No. 149.3: M/s. Vaidyanath Sahakari Sakhar Karkhana Ltd., Pangri, Dist. Beed, Maharashtra for One Time Settlement (OTS) of SDF loans

The Committee considered the application of M/s. Vaidyanath Sahakari Sakhar Karkhana Ltd., Dist. Beed, Maharashtra for One Time Settlement (OTS) of SDF Cogeneration Loan of ₹26,94,40,000/- under Revised Operational Guidelines dated 28.02.2024 for Restructuring of loans under Rule 26 of SDF.

- The application was received online through the SDF portal. The Nodal Agency, NCDC has also recommended the case of the sugar factory for OTS of SDF loan.
- The case was considered and recommended by Committee for Rehabilitation (CFR) meeting held on 08.11.2024 for OTS of SDF loan of the sugar factory.
- It was brought to the notice of the Committee that the sugar mill is closed since the FY 2022-23.
- As per the defaulters list as on 30.11.2024 provided by the O/o. CCA, SDF dues position of the sugar mill is as under :

Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total default
Cogeneration	VIII-79	26,94,40,000	26,94,40,000	28,46,80,641	14,95,57,390	70,36,78,031

6. The application, along with CFR recommendations, was discussed in detail and it was observed that if the proposal is accepted, this may result in recovery of Principal and Interest dues from a defaulter sugar mill and may lead to closure of default account of the sugar mill. The Committee was also of the view that as per the guidelines, maximum six months' time may be granted for making full payment under the OTS to the sugar mill.

7. After due deliberations, the Committee recommended the OTS of the aforementioned SDF loan to the sugar factory, as per Revised Operational Guidelines dated 28.02.2024, as per details given below :

Contd.....4/-

Loan Type	Additional Interest to be waived of (as on 30.11.2024) (₹)	OTS amount expected to be recovered from the company including Principal & Interest due as on 30.11.2024 (₹)
Cogeneration	14,95,57,390/-	55,41,20,641/-

However, the actual amount of outstanding principal & interest to be paid by the sugar factory along with waiver of additional interest in full may vary as per the date of Administrative Approval for OTS. Further, normal interest at prevailing bank rate shall accrue and be charged till the date of complete payment of said principal and interest.

Agenda No. 149.4: M/s. Lokmangal Sugar Ethanol & Cogeneration Industries Ltd., Dist. Solapur, Maharashtra for One Time Settlement (OTS) of SDF loans

The Committee considered the application of M/s. Lokmangal Sugar Ethanol & Cogeneration Industries Limited, Dist. Solapur, Maharashtra for One Time Settlement (OTS) of SDF Cogeneration Loan of ₹5,86,00,000/- under Revised Operational Guidelines dated 28.02.2024 for restructuring of loans under Rule 26 of SDF.

2. The application was received online through the SDF portal. The Nodal Agency, IFCI has also recommended the case of the sugar factory for OTS of SDF loans.

3. The case was considered and recommended by Committee for Rehabilitation (CFR) meeting held on 12.12.2024 for OTS of SDF loan of the sugar factory.

4. The Committee was informed that the company has submitted an Undertaking dated 29.11.2024 regarding complete payment of outstanding SDF dues for OTS within a period of 02 months from the date of issuance of AA and no further extension of time will be sought by the Company in any circumstances.

5. The Committee further noted that the company has also furnished an FDR for an amount of Rs.1.00 crore with ICICI Bank with lien marked in favour of IFCI, (on behalf of SDF, GoI) as surety for compliance of its OTS proposal.

6. As per O/o. CCA letter dated 02.12.2024, the SDF dues position of the company as on 02.12.2024 is as under :

(inRs.)						
Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total default
Cogeneration	IX-24	5,86,00,000	4,68,80,000	3,09,69,000	1,49,85,000	9,28,34,000

7. The application, along with CFR recommendations, was discussed in detail and the Committee observed that the company meets the eligibility criteria for OTS of the Revised Operational Guidelines dated 28.02.2024. The Committee further observed that if the proposal is accepted, this may result in recovery of Principal and Interest dues from a defaulter sugar mill and may lead to closure of default account of the sugar factory. Further, the Committee noted that the company is ready to pay the complete OTS payment of principal amount and normal interest thereon within a period of two months of issuance of AA to settle its SDF loan account.



8. The Committee was of the view that the OTS as entered into and concluded between the SDF, GoI and the Company would be subject to the final approval of Hon'ble NCLAT/NCLT, in so far as the Corporate Insolvency Resolution Process (CIRP) for the Company/proceedings in the ongoing Appeal are concerned. The Committee was also of the view that withdrawal of CIRP, if at all, may be considered only after payment of the complete OTS amount by the sugar factory.

9. After due deliberations, the Committee recommended the OTS of the aforementioned SDF loan to the sugar factory, as per Revised Operational Guidelines dated 28.02.2024, as per details given below :

Loan Type	Additional Interest to be waived of (as on 02.12.2024) (₹)	OTS amount expected to be recovered from the company including Principal & Interest due as on 02.12.2024 (₹)
Cogeneration	1,49,85,000/-	7,78,49,000/-

However, the actual amount of outstanding principal & interest to be paid by the sugar factory along with waiver of additional interest in full may vary as per the date of Administrative Approval for OTS. Further, normal interest at prevailing bank rate shall accrue and be charged till the date of complete payment of said principal and interest.

Agenda No. 149.5: M/s. Shri Shankar Sahakari Sakhar Karkhana Ltd., Sadashivnagar, District : Solapur, Maharashtra for Restructuring of SDF loans

The Committee considered application of M/s. Shri Shankar Sahakari Sakhar Karkhana Ltd., Dist. Solapur, Maharashtra for restructuring of SDF Cogeneration and Modernisation Loans of ₹27,45,26,015/- and ₹5,96,88,600/- respectively under Revised Operational Guidelines dated 28.02.2024 for restructuring of loans under Rule 26 of SDF.

2. The application was received online through the SDF portal. The Nodal Agency, IFCI has also recommended the case of the sugar factory for restructuring of SDF loans.

3. The TEV Report has been prepared by National Federation of Cooperative Sugar Factories Ltd. and they have concluded that the society meets all the eligibility criteria of guidelines for restructuring of SDF loans and is eligible for restructuring of SDF loans.

4. The sugar factory's net worth is negative for the financial years 2020-21, 2021-22 & 2022-23.

5. NOCs for restructuring of SDF loans have been received from other lenders i.e. Maharashtra State Co-op. Bank Ltd. and The Solapur Dist. CCB Ltd.

6. FACR of the sugar factory on the basis of audited annual accounts for the year 2022-23 works out to 2.36, which is above the bench mark of 1.33. However, security, if any, of the restructured loan will be decided at the time of creation of charge as per extant SDF rules/guidelines.

Contd....6/-

7. The Committee observed that presently the sugar factory is not under litigation by any other lender except SDF. NCDC on behalf of SDF, GoI has filed a case in DRT, Delhi (Appeal No.334 of 2019). The next date of hearing in the matter is 31.01.2025. The committee observed that as per the guidelines, restructuring may be considered even after the borrower / sugar mill is referred for litigation by SDF nodal agencies, on behalf of SDF at DRT, for recovery of SDF dues.

8. As per the defaulters list as on 30.11.2024 provided by the O/o.CCA, SDF dues position of the society is as under:

(in ₹)

Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total defaults
Cogeneration	VIII-4	13,14,77,857	13,14,77,857	10,30,92,291	9,44,46,604	32,90,16,752
	VIII-5	14,30,48,158	14,30,48,158	11,21,25,900	9,81,06,023	35,32,80,081
Modernisation	Z-36	3,07,58,400	3,07,58,400	2,00,43,595	80,94,561	5,88,96,556
	Z-37	2,89,30,200	2,89,30,200	1,70,08,608	55,31,875	5,14,70,683
Total		33,42,14,615	33,42,14,615	25,22,70,394	20,61,79,063	79,26,64,072

9. The sugar factory is eligible for the waiver of additional interest of ₹20,61,79,063/- (as on 30.11.2024). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.

10. The application, along with CFR recommendations in its meeting held on 08.11.2024, was discussed in detail and the Committee observed that the company meets the eligibility criteria for restructuring of the Revised Operational Guidelines dated 28.02.2024.

11. After due deliberations, the Committee recommended the Restructuring of SDF Loans and waiver of additional/penal interest in full in respect of the SDF Loans, subject to the following conditions:

- i. Fulfilment of security requirement by the society as per extant SDF Rules/guidelines.
- ii. Conversion of 2nd charge into 1st pari-passu charge on the assets of the society.
- iii. Opening of Escrow Account/Trust and Retention Account (TRA) for regular payment of SDF dues post restructuring.

Agenda No. 149.6: Proposal for fixation of time line of One Time Settlement (OTS) Scheme for SDF Loans

Rule 26 of the Sugar Development Fund (SDF) Rules, 1983, was amended with the approval of the Integrated Finance Division (IFD) and in consultation with the Ministry of Law and Justice, as per GSR 201(E) Notification dated March 24, 2021. This amendment facilitates the restructuring of SDF loans for potentially viable sick sugar undertakings.



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2. Operational Guidelines for Restructuring of SDF loans under Rule 26 were issued vide letter No. 12-2/2021-SDF A/cs/169 on 03.01.2022, and subsequently amended on 04.10.2022, with the approval of IFD and the Ministry of Finance (Department of Expenditure). Additionally, with the approval of Department of Expenditure, this Department has further issued Revised Operational Guidelines for Restructuring of SDF loans on 28.02.2024 replacing the earlier Guidelines, which also has the provision for One Time Settlement (OTS) of SDF loans.
3. To promote awareness of these OTS provisions, the Committee noted that several efforts have been made to encourage the sugar factories to come forward and apply under the SDF Scheme to settle their SDF loan accounts, which also includes requesting the Indian Sugar Mills Association and NFCSF to ensure widespread publicity of the revised guidelines among sugar sector.
4. Despite these concerted efforts, only nine (09) OTS proposals out of 87 defaulting sugar mills have been approved by this Department till date.
5. The Committee further observed that out of 57 and 30 defaulting companies/societies which are being monitored by IFCI Ltd. and NCDC, respectively, only 12 companies/societies have applied under the OTS scheme, indicating that merely 14.8% of defaulting sugar mills/societies has come forward for settling their SDF loans under OTS.
6. Given the default status, slow progress and the amount recovered under the OTS of SDF loans, after due deliberations, the Committee recommended a **timeline upto 30.06.2025** to apply for OTS scheme under Revised Operational Guidelines dated 28.02.2024 to motivate more sugar mills to take benefit of the OTS Scheme as soon as possible. After 30.06.2025, no fresh application for OTS under this Scheme will be accepted.

Agenda No. 149.7: Review of Recoveries of SDF Loans/Dues

The Committee reviewed the progress made on recovery of SDF dues during FY 2024-25 (up to 30.11.2024) and directed to take necessary steps to expedite the recovery for the current Financial Year.

Recoveries as per O/o CCA		
Sl. No.	Financial Year	Recovered Amount (Rs. in Crore)
1	2021-22	571.21
2	2022-23	418.78
3	2023-24	403.39
4	2024-25 as on 30.11.2024 (08 months)	312.46

2. It was noted that the One Time Settlement (OTS) of SDF loans may result in increase in recovery of SDF loans for the current Financial Year.

Additional Agenda No. 149.8: Withdrawal of Guidelines for granting No Objection Certificate (NOC) for appointment of Security Trustee

Security Trustee is the entity that acts on behalf of Lenders for holding the security and enforcing the same for and on behalf of the lenders. Security Trusteeship is a contractual arrangement amongst Borrower, Lenders (who are NBFCs, Banks & Financial Institutions)



Contd....8/-

and the Security Trustee. This arrangement is established by executing a document called Security Trustee Agreement (STA). Pursuant to the execution of STA, the Borrower is required to create all securities in favour of the Security Trustee including mortgage of immovable properties. Security Trustee holds a charge on the Borrower's assets including interest in underlying security on behalf of the multiple lenders. The lenders are represented through Security Trustee as their sole representative.

2. On receipt of few proposals from sugar mills for seeking No Objection Certificate (NOC) for appointment of Security Trustee, after deliberations the 146th Standing Committee meeting on SDF held on 02.02.2024 recommended the proposal of granting NOC for appointment of security trustee and subsequently guideline dated 14.02.2024 was issued, subject to the following conditions:

- i. Approval of all other lenders (charge holders);
- ii. Borrower (sugar mill/ sugar undertaking or company) has to bear the fees to Security Trustee and related expenses for this service on behalf of SDF;
- iii. Security Trustee shall not dilute any charge of SDF without written consent of SDF. In this regard, the Security Trustee will submit a written affidavit to ensure compliance to this point.

3. The Committee noted some breaches on the part of sugar mill/banks wherein the stakes of GoI have been ignored. The Committee also noted that so far GoI has not issued any NOC for appointment of Security Trustee and taking into consideration the following observations, the Committee felt to revisit and review its decision to allow issuance of NOC to the sugar mills for appointment of Security Trustee:

- a. With the appointment of Security Trustee, the SDF, GoI will have to vacate all the charges and the same will be handed over to the Security Trustee.
- b. By appointing a Security Trustee, the lenders or stakeholders effectively give up direct control over the enforcement of the collateral. This could be problematic if different parties want to take different actions or if urgent decisions need to be made.
- c. There could be conflicts between the interests of different creditors or parties, which might lead to delays in enforcement of security interest or failure to prioritize certain claims properly.
- d. In the event of a breach of any condition of the Security Trustee Agreement (STA) by the Security Trustee, the GoI would be required to initiate additional legal proceedings against both the Security Trustee and the sugar factory.
- e. Appointing a Security Trustee involves relying on a third party and may create hindrance in taking independent action by SDF, GoI.

4. The Committee was further of the view that since no new loans are now being disbursed and the main focus of the Govt. is recovery of outstanding SDF dues from sugar mills and closure of SDF loan accounts, the involvement of a Security Trustee at this stage will not serve any meaningful purpose in the interest of SDF loans and will only add complexity to the existing system of SDF loan recovery.

5. Keeping in view the above facts, Standing Committee recommended withdrawal of Guidelines dated 14.02.2024 for granting No Objection Certificate (NOC) for appointment of Security Trustee in case of SDF loan(s).

6. The Committee further directed the nodal agencies (IFCI Ltd./NCDC) to take preventive measures not to allow the Banks/other financial institutions/sugar factories to breach the agreements executed with the GoI related to SDF loans. The Committee further directed to present the data related to breaches that have already been occurred on case to case basis in respect of SDF loans with the GoI, as per details given below:

- i. When the breach has actually occurred?
- ii. When the same has come to the notice of the nodal agencies and what action was taken, if any?
- iii. What preventive measures are being taken by the nodal agencies to minimise such breach in future?

The Committee also directed Joint Secretary(Sugar) to hold a review meeting for monitoring the status of recovery from the defaulter sugar mills for which OTS/restructuring of SDF loans has already been approved.

The meeting ended with Vote of Thanks to the Chair.

