

No.11-1/2022-SDF

भारत सरकार

Government of India

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण विभाग
Ministry of Consumer Affairs, Food & Public Distribution

खाद्य एवं सार्वजनिक वितरण विभाग
Department of Food & Public Distribution

कृषि भवन, नई दिल्ली

दिनांक #ApprovedDate#

05th Sept., 2022

कार्यालय ज्ञापन

विषय: Meeting of the Committee for Rehabilitation (CFR) for Restructuring of SDF Loans under Rule 26 held on 31st August 2022 at 4.30 P.M. in Krishi Bhavan, New Delhi – Regarding.

In continuation of this Ministry's O.M. of even number dated 26.08.2022 and e-mails dated 29.08.2022, and 30.08.2022 on the subject mentioned above, a copy of the minutes of the meeting of the Committee for Rehabilitation (CFR) for Restructuring of SDF Loans under Rule 26 held on 31st August 2022 is enclosed for kind information and necessary action.



(संगीत)

निदेशक (एस. डी. एफ.)

सदस्य सचिव

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Joint Secretary (Banking), Department of Financial Services (DFS), Jeevandeep Building, New Delhi.

Director (S&VO), DFPD.

Director, National Sugar Institute (NSI), Kanpur.

Director (Finance), DFPD.

Special Invitees:

Representative from NCDC.

Representative from IFCI.



(संगीत)

निदेशक (एस. डी. एफ.)

सदस्य सचिव

Copy for information to: PPS to JS (Sugar & Admn.)/ PS to Director (SDF)/ PS to Director (PFC-I), Department of Expenditure.

Minutes of the meeting of the Committee for Rehabilitation (CFR) under the Sugar Development Fund (SDF) held on 31.08.2022

A meeting of CFR for consideration of the applications for Restructuring of SDF loans under Operational Guidelines issued under Rule 26 of Sugar Development Fund Rules, 1983 was held under the Chairmanship of Joint Secretary (Sugar) on 31st August 2022 at 4.30 P.M. in Room No.167, Krishi Bhawan, New Delhi. A list of participants, including those who participated through V.C., is at **Annexure-I**.

At the outset, the Chairman welcomed all the members of CFR. The Committee was informed that GoI has issued the 'Operational Guidelines for the Restructuring of SDF loans' to facilitate Restructuring of SDF loans of potentially viable sick sugar units. Salient provisions of the 'Operational Guidelines for the Restructuring of SDF loans' were also noted. As per the Operational Guidelines, waiver of additional interest in full will be given to the eligible sugar factories. Proposal of the sugar factories for complete payment of principal and interest upfront will also be considered.

The restructuring of loans will promote ease of doing business, assist sugar mills in cleaning up their balance sheets and improving their financial viability. At the same time, it will also reduce the overall default of SDF loans. 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 revived sugar mills will have a higher potential to repay the SDF loans, which improves the chances of SDF recoveries. These guidelines may prove a win-win for the Sugar Industry and GoI in reducing the NPAs.

After that, the Committee took up the agenda items for discussion with the permission of the Chair. The observations/ recommendations are as follows:

Agenda No. 1:

M/s. Jai Bhavani Sahakari Sakhar Karkhana Ltd, Dist. Beed, Maharashtra.

The Committee considered the application of M/s Jai Bhavani Sahakari Sakhar Karkhana Ltd. for restructuring of modernisation loan of Rs. 459.00 lakhs under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online through the SDF portal.
3. The Detailed Project Report has been prepared by the lead bank, The Beed District Central Co-op Bank Ltd., Beed and they have opined that the restructuring of SDF loan is technically feasible and financially viable.
4. Owing to the default by the company, IFCI has filed a case in DRT, Pune vide OA NO 517/2022 LA No. 413/2020. In the event of re-structuring, the same shall be withdrawn/ kept in abeyance.
5. NOC(s) have been submitted by the company in respect of other lenders namely, (i) The Beed District Central Co-op Bank Ltd, Beed, (ii) Shivsharda Multi State Co-operative Credit Society Limited, and (iii) Buldana Urban Co-op Credit Society Ltd.
6. As per the balance sheet and other financial details submitted by the sugar factory, the sugar factory's net worth is negative for the last three financial years.
7. The FACR on the basis of audited annual accounts for the year 2020-21 works out to be 3.96 which is above the benchmark.
8. The sugar factory shall open escrow account along with other lenders for the receivables.
9. As per the defaulter list as on 31.05.2022 of O/o CCA, the SDF dues position of the company is as under:

Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total defaults
Modernisation	J-74	4,59,00,000	3,36,21,883	2,38,82,768	3,16,19,206	8,91,23,857
	Total	4,59,00,000	3,36,21,883	2,38,82,768	3,16,19,206	8,91,23,857

10. The Sugar Unit is eligible for the waiver of additional interest of Rs. 3,16,19,206/- (as on 31.05.2022). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.

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 of Operational Guidelines dated 03.01.2022.

13. After due deliberations, the Committee recommended the restructuring of the SDF loan of the sugar factory, as per the Operational Guidelines for the Restructuring of SDF loans, for the consideration of Standing Committee on SDF subject to the following conditions:

- i. Fulfillment of security requirement by the company at the time of charge creation.
- ii. Conversion of 2nd charge into 1st pari-passu charge.
- iii. Opening of Escrow Account along with other lenders for the receivables.

Agenda No. 2:

M/s Indian Sugar Manufacturing Company Ltd (ISML), Havinal, Dist. Bijapur, Karnataka.

1. M/s Indian Sugar Manufacturing Company Ltd (ISML) has submitted an application for restructuring of ethanol loan of ₹1986.12 lakh under operational guidelines issued under Rule 26 of SDF Rules, 1983 with proposal of making upfront payment towards principal & interest.
2. The application was received online through the SDF portal.
3. As per the balance sheet and other financial details submitted by the sugar factory, the Company's net worth is negative for the last three financial years.
4. As per the SDF defaulter list as on 31.05.2022 of O/o CCA, the SDF dues position of the company is as under:

Loan Type	Unit Name	GOI Ledger No.	Gross Sanction (In Lakh)	Principal Amount (In Rs.)	Interest (In Rs.)	Penal Interest Default (In Rs.)	Total Outstanding (In Rs.)
ETH	HAVINAL	X-17	1986.12	19,86,12,800	12,27,56,082	5,31,01,633	37,44,70,516

5. The Sugar Unit is eligible for the waiver of additional interest of ₹5,31,01,633 (as on 30.05.2022). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.

6. The SDF loan availed by said sugar mill is against First Pari-Passu charge of movable & immovable properties situated at Havinal unit, Taluk Brijapur, District- Bijapur, Karnataka.

7. IFCI has filed case with DRT, Bangalore on 26.07.2019 (OA No., 1352/2019). In the event of re-structuring, the same shall be withdrawn/ kept in abeyance.

8. The application of ISML was deliberated in detail vis-à-vis operational guidelines dated 03.01.2022 on restructuring of SDF loans. The said sugar mill has proposed to make upfront payment towards Principal and Interest after waiver of additional (penal) interest. The

Committee observed that the application meets the eligibility criteria as per the Guidelines issued vide letter dated 03.01.2022 and emphasised that it is a *win-win* situation for the SDF as the whole amount towards principal and interest will be immediately recovered and it will ultimately help in reducing overall SDF default.

9. The Committee also observed that the Detailed Project Report indicating future technical and financial viability of revival has not been submitted by the company. However, considering the proposal of the sugar company for making complete upfront payment of principal and interest, the Committee recommended that the requirement of DPR in this case may be dispensed with.
10. After due deliberations, the Committee recommended the restructuring of the SDF loan as per the Operational Guidelines for the Restructuring of SDF loans, for the consideration of the Standing Committee on SDF, subject to the condition that the company will be making upfront payment of principal and interest within 3 months of the final order (i.e. Administrative Approval) of restructuring of the SDF loan.

Additional Agenda No. 1:

M/s. NSL Sugars Limited, Bengaluru, Karnataka

The Committee considered the application for restructuring of M/s. NSL Sugars Limited of Modernisation Loan (Jay Mahesh Unit) of ₹ 27,62,51,343/-, Modernisation Loan (Aland Unit) of ₹ 18,30,00,000/-, Ethanol Loan (Jay Mahesh Unit) of ₹ 5,58,10,016/-, Cogeneration Loan (Jay Mahesh Unit) of ₹ 25,86,91,182/- and Cogeneration Loan (Aland Unit) of ₹ 26,00,74,000/- under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online through the SDF portal.
3. The Detailed Project Report has been prepared by IFCI Limited, as per which M/s. NSL Sugars Limited is Technically feasible and economically viable.
4. As per information furnished by IFCI, the sugar factory's net worth is negative for the year 2018-19, 2019-20 and 2020-21.
5. While examining the case for restructuring, the Committee observed that during restructuring in 2019, the Consortium lenders (led by Canara Bank) had sanctioned a loan for an amount of Rs. 560 Cr and created security on the assets of the Company without obtaining consent of the SDF, GOI.
6. The Committee further observed that the company has sold properties of Rs 31.2 lacs pertaining to Jay Mahesh Unit (Pawarwadi) during 2020-21 & Rs.215.54 lac in 2019-20 & Rs. 439.03 lacs in 2018-19 without obtaining consent from SDF, GOI.
7. The Committee observed that in case of restructuring of SDF loan of M/s. NSL Sugars Limited, as per SDF Guidelines for processing of applications for restructuring of loans set by 144th Standing Committee on SDF, FACR benchmark of 1.33 will be followed for deciding the security (i.e. BG or 1st pari passu charge) of the restructured loan. Thus, the security of the restructured loan will be worked afresh as per FACR calculation including all the secured loans as per guidelines.
8. FACR of the company as a whole is 1.01, which is on lower side as compared to benchmark.
9. Legal Case Status update- IFCI has filed the case with DRT, Bangalore on 29/01/2020 (OA No. 269/2020). In the event of restructuring, legal case shall be withdrawn/kept in abeyance.
10. The Committee observed that NOC is awaited from all other lenders regarding restructuring of SDF Loan. In this regard the Committee recommended that the NOC may be provided by the company before the meeting of the Standing Committee on SDF.
11. Trust and Retention Account (TRA) - Payment Schedule to SDF/GOI (Post Restructuring): NSL has a TRA with Canara bank as lead lender as part of debt resolution plan approved and implemented by consortium lenders. As per Committee's recommendation, NSL has to include SDF/GOI in TRA a/c. in case of approval of re-structuring proposal.

12. As per the defaulter list as on 31.05.2022 provided by the O/o. CCA, SDF dues position of the company is as under :

(in Rs.)

Loan Type	Ledger No	Loan Disbursed	Amount in default			
			Principal Amount	Interest	Additional Interest	Total defaults
Modernisation	Z-12	13,14,11,000	10,51,29,074	4,44,40,575	50,06,250	15,45,75,900
	Z-13	14,48,40,000	12,22,91,215	1,47,87,497	31,93,947	14,02,72,659
Ethanol	X-01	5,58,00,000	1,42,66,055	4,84,265	2,76,722	1,50,27,042
Cogeneration	VIII-73	12,59,13,000	4,93,56,754	27,87,956	16,52,122	5,37,96,832
	VIII-74	13,27,79,000	9,29,45,051	1,32,86,982	14,22,364	10,76,54,397
	IX-91	26,00,74,000	7,45,97,307	5,90,647	5,55,903	7,57,43,857
Modernisation	DD-17	5,65,07,000	-	-	-	-
	DD-18	12,64,93,000	-	-	-	-
	Total	1,03,38,17,000	45,85,85,456	7,63,77,922	1,21,07,308	54,70,70,687

Note: All the above loans including the loans where payment is not due will be restructured. In case of loan accounts DD 17 and DD 18 above, the interest accrued thereon during moratorium period will be capitalised and restructured.

13. The Sugar Factory is eligible for the waiver of additional interest of ₹ 1,21,07,308.00 (as on 31.05.2022). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.

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

15. 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.

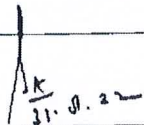
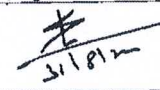
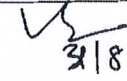
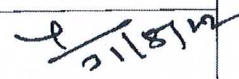
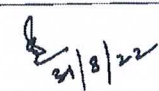
16. After due deliberations, the Committee recommended the Restructuring of the SDF loans subject to the following stipulations, as per the Operational Guidelines for the Restructuring of SDF loans, for the consideration of Standing Committee on SDF :

- Fulfilment of security requirement at the time of charge creation as per the extant Rules/Guidelines.
- NOC from other lenders for restructuring before consideration of the case in meeting of Standing Committee on SDF.
- Conversion of 2nd charge into 1st pari-passu charge.
- Inclusion of SDF/GOI in TRA Account.

The meeting ended with a vote of thanks to the Chair.

13629/2022/No(SDF) of Committee for Rehabilitation (CFR) held on 31.08.2022 at 04:30 PM in Room No. 167, Krishi Bhawan, New Delhi.

Attendance Sheet

Sl. No.	Name/ Designation	Signature
1	Joint Secretary (Sugar & Admin.)	 31.8.22
2	Director (SDF) & Director (DSVO)	 31/8/22
3	Director BS (Finance)	 31/8
4	US (SDF)	 31/8/22
5	DD (Cost)	 31/8/22
6	Dir. (NSTI, Kanpur)	} through VC.
7	Chandragupta, US (DFS) Sourya	
8	NCDC (Sh. Giniyaj, Sh. Faizal)	
9	IFCI (Sh. Basoon, Jagdish Garwal, R. Ransh Jain)	
10		
11		
12		
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14		
15		