

Through Email

No.11-1/2022-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 : 11.11.2024

कार्यालय ज्ञापन

विषय : Minutes of Meeting of the Committee for Rehabilitation (CFR) for Restructuring including One Time Settlement (OTS) of SDF Loans under Rule 26 held on 8th November, 2024 - Regarding

In continuation of this Ministry's O.M. of even number dated 4th November, 2024 on the subject mentioned above, a copy of the minutes of the meeting of the Committee for Rehabilitation (CFR) for restructuring including One Time Settlement (OTS) of SDF loans, under Revised Operational Guidelines held on 8th November, 2024 under the chairmanship of Joint Secretary(Sugar) is enclosed, for kind information and necessary action.

सुरेश कुमार नायक

(सुरेश कुमार नायक)

उपसचिव (SDF)

सदस्य सचिव

ईमेल : ds-sugar@gov.in

DISTRIBUTION :

1. Joint Secretary (Banking), Department of Financial Services (DFS), Jeewanadeep Building, New Delhi.
2. Joint Secretary (DSVO)
3. Director, National Sugar Institute (NSI), Kanpur
4. Deputy Secretary (Finance), DFPD

Special Invitees :

1. Representative from NCDC
2. Representative from IFCI Ltd.

सुरेश कुमार नायक

(सुरेश कुमार नायक)

उपसचिव (SDF)

सदस्य सचिव

Copy for information to :

1. PPS to JS (Sugar)
2. PA to Dir(SDF)
3. PS to Dir(PFC-I), Dept. of Expenditure, North Block, New Delhi.

Minutes of the meeting of the Committee for Rehabilitation (CFR) for Sugar Development Fund held on 08.11.2024 at 12.00 Noon in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi

A meeting of the CFR for consideration of the applications for Restructuring and One Time Settlement (OTS) of SDF loans under Revised Operational Guidelines dated 28.02.2024 issued under Rule 26 of Sugar Development Fund Rules, 1983 was held on 24.10.2024 under the chairmanship of Joint Secretary (Sugar). A list of participants is at **Annexure**. The representatives of all the three sugar undertakings/factories viz. M/s. NSL Sugars Ltd., M/s. Vaidyanath Sahakari Sakhar Karkhana Ltd. and M/s. Shri Shankar Sahakari Sakhar Karkhana Ltd. also attended the CFR meeting through VC.

At the outset, the Chairman welcomed all the members of CFR. The Committee was informed that GoI has issued Revised Operational Guidelines for Restructuring of 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. It was also observed that the OTS Scheme under restructuring of SDF loans will reduce the overall default of SDF loans and improve recovery.

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

Agenda No. 1:

M/s NSL Sugars Limited, 60/1, 2nd Cross Residency Road, Bangalore, Karnataka for OTS of SDF Loans

The Committee considered the applications of M/s NSL Sugars Limited for OTS of the following disbursed SDF Loans under Revised Operational Guidelines dated 28.02.204 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	5,58,00,016
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	1,03,38,16,541

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2. The applications meet the eligibility criteria for OTS of SDF loans as per Revised Operational Guidelines dated 28.02.2024. The Nodal Agency, IFCI Ltd., has also recommended the proposal of the company for OTS.

3. As per the defaulters list as on 30.09.2024 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 (Jay Mahesh Unit)	Z-12	13,14,11,343	13,14,11,343	7,24,90,689	2,35,88,988	22,74,91,020
	Z-13	14,48,40,000	14,48,40,000	4,92,42,908	2,07,95,314	21,48,78,222
Ethanol (Jay Mahesh Unit)	X-01	5,58,00,016	1,39,52,504	34,41,034	17,87,133	1,91,80,671
Cogeneration (Jay Mahesh Unit)	VIII-73	12,59,12,538	4,93,56,754	1,18,88,859	70,45,251	6,82,90,864
	VIII-74	13,27,78,644	9,29,45,051	3,57,78,331	1,23,27,261	14,10,50,643
Cogeneration (Aland Unit)	IX-91	26,00,74,000	17,71,50,648	2,24,77,043	1,07,26,253	21,03,53,944
Modernisation (Aland Unit)	DD-17	5,65,07,206	2,82,53,603	1,13,34,840	16,10,368	4,11,98,811
	DD-18	12,64,92,794	6,39,54,244	2,39,95,981	39,57,782	9,19,08,007
	Total	1,03,38,16,541	70,18,64,147	23,06,49,685	8,18,38,350	1,01,43,52,182

4. Representative of IFCI informed that a total outstanding principal and interest against M/s. NSL Sugars Ltd., as on 20.10.2024 (in consultation with O/o.CCA) is Rs.80.12 crore and Rs.24.84 crore respectively and the company has given their acceptance on the respective ledgers of the SDF loans.

5. The Committee noticed that there is a variation in outstanding amount of principal and interest due as per IFCI and defaulters list as on 30.09.2024 provided by O/o.CCA. DS(SDF) informed that the total repayment period for two loans against Ledger No.DD-17, DD-18 & IX-91 has not been completed and the outstanding amount as per CCA's defaulter list does not include the upcoming due instalments and the Committee accepted that the amount furnished by IFCI is correct. The Committee instructed that for OTS the entire loans whether defaulted or due or not due shall be considered.

6. The Committee observed that as on 20.10.2024, the sugar factory is eligible for waiver of additional interest and if the proposal is approved by the competent authority, the details of loan-wise amount expected to be recovered from the company and additional interest to be waived-of are as under :

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Loan Type	Additional Interest to be waived of (as on 20.10.2024) (Rs.)	*OTS amount expected to be recovered from the company including Principal & Interest due (Rs.)
Modernisation (Jay Mahesh Unit)	4,53,14,000/-	39,89,14,638/-
Ethanol (Jay Mahesh Unit)	18,28,747/-	1,74,66,362/-
Cogeneration (Jay Mahesh Unit)	1,98,06,717/-	19,08,09,342/-
Cogeneration (Aland Unit)	1,11,84,919/-	22,62,52,638/-
Modernisation (Aland Unit)	55,61,227/-	21,60,02,752/-

* The actual amount of outstanding principal & interest to be paid by the company along with waiver of additional interest in full may vary as on the date of Administrative Approval for OTS.

5. The applications were discussed in detail and it was 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 the sugar factories. 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 company.

6. The representative of M/s. NSL Sugars Ltd. sugar factory confirmed that they are willing to repay the restructured OTS amount (Outstanding Principal and Interest) within the stipulated period of six months.

7. In view of the OTS applications received from the company and being considered, the Committee is of the view to keep the initiation of insolvency proceedings under IBC 2016 against NSL (the company) and Mandava Holdings Pvt. Ltd. (The Corporate Guarantor), on hold.

8. After due deliberations, the Committee recommended the OTS of the said SDF loans alongwith holding of insolvency proceedings under IBC, 2016 against M/s. NSL Sugars Ltd. and Mandava Holdings Pvt. Ltd. for consideration of the Standing Committee on SDF.

Agenda No. 2 :

M/s Vaidyanath Sahakari Sakhar Karkhana Ltd., Pangri, District – Beed, Maharashtra for OTS of SDF Loan

The Committee considered the application of M/s Vaidyanath Sahakari Sakhar Karkhana Ltd. for OTS of disbursed SDF Cogeneration Loan of Rs. 26,94,40,000/- under Revised Operational Guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online through the SDF portal.

3. The Committee noted that although the society is closed since the FY 2022-23, it has come forward for OTS of its SDF loan. Further, the Committee observed that since the society is closed since 2022-23, it is willing to pay the OTS amount.

4. The Committee further considered the fact that the society will be submitting the Board Resolutions authorising OTS in due course of time.

5. The Nodal Agency, NCDC, has also recommended the proposal of the society.

6. As per the defaulters list, as on 30.09.2024, provided by the O/o CCA, SDF dues position of the company is as under :

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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	27,69,60,844	14,49,82,695	69,13,83,539

7. The Committee observed that, as on 30.09.2024, the sugar factory is eligible for waiver of additional interest for an amount of **Rs. 14,49,82,695/-**. **Further, an amount of Rs. 54,64,00,844/- (as total of Principal and Interest due)** is expected to be recovered from the society, if the proposal is approved by the competent authority. However, the actual amount of outstanding principal & interest to be paid by the society along with waiver of additional interest in full may vary as per the date of Administrative Approval for OTS.

8. The representative of the Society confirmed that they are willing to repay the restructured OTS amount (Outstanding Principal and Interest) within the stipulated period of six months.

9. The application 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 which is not operative and may lead to closure of default account of the sugar factory. 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 factory.

10. After due deliberations, the Committee recommended the OTS of the said SDF loan of M/s Vaidyanath Sahakari Sakhar Karkhana Ltd., Pangri, District – Beed, Maharashtra for consideration of the Standing Committee on SDF.

Agenda No. 3 :

M/s Shri Shankar Sahakari Sakhar Karkhana Ltd., Sadashivnagar, Taluka Malshiras, District – Solapur, Maharashtra for Restructuring of SDF Loans

The Committee considered the application of M/s Shri Shankar Sahakari Sakhar Karkhana Ltd. for restructuring of SDF Cogeneration Loan of Rs. 29,04,00,000/- (disbursed loan amount of Rs.27,45,26,015/-) and Modernization Loan of Rs. 6,42,80,000/- (disbursed loan amount of Rs.5,96,88,600/-) under Revised Operational Guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online through the SDF portal.

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. which have charge on the assets of the sugar factory.

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.

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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 committee observed that as per 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. The Committee further observed that the SDF has 2nd exclusive charge on the assets of the sugar factory.

9. As per the defaulters list as on 30.09.2024 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			Total defaults
			Principal Amount	Interest	Additional Interest	
Cogeneration	VIII-4	13,14,77,857	13,14,77,857	10,09,58,316	9,23,12,630	32,47,48,803
	VIII-5	14,30,48,158	14,30,48,158	10,98,54,841	9,58,34,963	34,87,37,962
Modernisation	Z-36	3,07,58,400	3,07,58,400	1,96,75,605	77,26,571	5,81,60,576
	Z-37	2,89,30,200	2,89,30,200	1,66,90,018	52,13,285	5,08,33,503
Total		33,42,14,615	33,42,14,615	24,71,78,780	20,10,87,449	78,24,80,844

11. The sugar factory will be eligible for the waiver of additional interest of Rs.20,10,87,449/- (as on 30.09.2024). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.


12. The application was discussed in detail and the Committee observed that the application meets the eligibility criteria of Revised Operational Guidelines dated 28.02.2024.

13. While considering the restructuring proposal, the Committee also considered the following points :

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

14. After due deliberations, the Committee recommended the Restructuring of said SDF loans and waiver of additional/penal interest in full in respect of M/s Shri Shankar Sahakari Sakhar Karkhana Ltd., Sadashivnagar, Taluka Malshiras, District – Solapur, Maharashtra subject to the following conditions, for consideration of the Standing Committee :

- (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.

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- (iii) Opening of Escrow Account/Trust and Retention Account (TRA) for regular payment of SDF dues post restructuring.

After discussions on agendas, the Committee enquired about the number of OTS proposals in pipeline with the nodal agencies. Both the nodal agencies informed that there is no proposal pending with them. Accordingly, the Committee observed that the scheme of OTS may not be kept open ended and there is need to fix a timeline for submission of OTS cases by the sugar factories. The Committee directed to explore possibilities to enhance maximum recovery. The Committee further directed to review the default status on case-to-case basis and to explore maximum possible efforts to enhance recovery of SDF dues.

With a view to enhance maximum recovery from the default sugar mills and encouraging them to come forward to avail the benefit of OTS, the Committee repeatedly focussed on the efforts to be made to pursue cases for OTS by conducting field visits and holding joint meetings with the nodal agencies and the sugar factories. In this regard, the Committee directed JD(Cost) to hold a VC meeting within a fortnight with each defaulting sugar mill and pursue them to clear the default at the earliest and make them aware about the restructuring guidelines dated 28.02.2024 in consultation with nodal agencies.

The meeting ended with Vote of Thanks to the Chair.

