

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

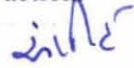
कृषि भवन, नई दिल्ली

दिनांक: 18.09.2023

कार्यालय ज्ञापन

विषय : Minutes of Meeting of the Committee for Rehabilitation (CFR) for Restructuring of SDF Loans under Rule 26 held on 11th September, 2023 at 02.30 P.M. in Krishi Bhavan, New Delhi – Regarding.

In continuation of this Ministry's O.M. of even number dated 20.07.2023, 28.07.2023 and 01.09.2023 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 11th September, 2023 at 02.30 P.M. 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), Jeewandee 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)/ 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 11.09.2023

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 11th September, 2023 at 02.30 P.M. in Committee Room No.41, Krishi Bhawan, New Delhi. A list of participants 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 factory/undertakings. 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 eligible sugar factories for complete payment of principal and interest upfront will also be considered. An amendment made vide letter dated 04.10.2022 in the operational guidelines dated 03.01.2022 was also brought to the notice of the Committee.

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 such coercive mechanism. The restructured sugar mills will have a higher potential to repay the SDF loans, which improves the chances of SDF recoveries. Thus, the restructuring may generate a win-win situation for the Sugar Industry on one hand and for the GoI on the other hand in reducing the NPAs of SDF.

The committee also directed the nodal agencies (IFCI/NCDC) to evaluate the technical feasibility and economic viability in the Detailed Project Report (DPR) for restructuring cases as per the standard criteria/norms/parameters for all future cases of restructuring. These parameters may inter-alia include feasible/ideal No. of days of operation vis-à-vis actual No. of days of operation, availability of sugarcane, survival only on production of sugar in the absence of ethanol/cogen production in the sugar mill (i.e. absence of diversification), role of B-heavy molasses and the like.

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. The Saswad Mali Sugar Factory Limited, Post-Malinagar, Tal-Malshiras, Dist.-Solapur, Maharashtra.

The Committee considered the application of M/s. The Saswad Mali Sugar Factory Limited for restructuring of SDF loans 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. The report concludes that the re-structuring proposal of SDF loans to M/s. The Saswad Mali Sugar Factory Limited is technically feasible and economically viable.
4. The sugar factory is presently not under litigation by any lender.
5. NOCs for restructuring of SDF loan have been received from other lenders who have charge on the assets of the sugar factory.
6. As per the balance sheet and other financial details submitted by the sugar factory, the net worth of the sugar factory is negative for the F.Y. 2021-22.
7. The security cover (i.e. FACR) on the basis of audited annual accounts for the year 2021-22 works out to be 1.63 which is above the benchmark of 1.33.
8. As per the defaulter list as on 31.07.2023, 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 dues in default
Cogeneration	IX-28	19,69,08,000	18,18,64,419	4,38,82,368	1,17,44,749	23,74,91,536
Modernisation	AA-56	3,07,19,960	2,15,03,972	1,13,06,921	20,42,574	3,48,53,467
	Total	22,76,27,960	20,33,68,391	5,51,89,289	1,37,87,323	27,23,45,003

9. The Sugar Unit will be eligible for the waiver of additional interest of **Rs.1,37,87,323/-** (as on 31.07.2023). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.
10. The Committee observed that the sugar factory has taken soft loan of Rs.10.08 crores from Central Bank of India for which the consent/ NOC from SDF, GoI was not taken.
11. The application was discussed in detail, and the Committee observed that the application meets the basic eligibility criteria of Operational Guidelines for restructuring of SDF loans.
12. 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. Fulfilment of security requirement by the company at the time of charge creation as per extant rules and guidelines.
 - ii. Obtain the written consent of Board (duly confirmed by Lead Banker) of the Company to open Escrow Account/TRA for the receivables of the sugar mill, in case of approval of re-structuring proposal for payment of SDF dues regularly post re-structuring.

Agenda Item No. 2 :

M/s. Sakthi Sugars Limited, Sakthi Nagar, Bhavani Taluk, Erode District, Tamil Nadu.

1. The Committee considered the application for restructuring of M/s. Sakthi Sugars Limited of SDF loans 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 was prepared by IFCI Limited. The report concludes that the re-structuring proposal of SDF loans to M/s. Sakthi Sugars Limited is technically feasible and economically viable.
4. As per the balance sheet and other financial details submitted by the sugar factory, the sugar factory has been incurring cash losses continuously for the F.Y. 2019-20, 2020-21 and 2021-22 and the net worth of the society is negative for the F.Y. 2021-22.
5. The Committee observed that NOC for restructuring of SDF loan is awaited from other lenders i.e. i.e. Phoenix ARC Pvt. Ltd., ARCIL, Centurion Bank of Punjab Limited and State Bank of India.
6. The Committee further observed that FACR of the company on the basis of audited annual accounts for the year 2021-22 works out to 3.06 times which is above the bench mark of 1.33.
8. IFCI had filed OA No. 9/2018 (TA No. 811/2023) in DRT, Chennai on 17/11/2017.
9. As per the defaulter list as on 31.07.2023 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 dues in default
			Principal Amount	Interest	Additional Interest	
Cogeneration	VII-67	36,14,55,800	36,14,55,800	29,19,90,762	25,46,94,567	90,81,41,129
	VIII-14	8,01,85,628	8,01,85,628	5,43,36,827	2,77,08,672	16,22,31,128
	Total	44,16,41,428	44,16,41,428	34,63,27,589	28,24,03,239	1,07,03,72,257

10. The Sugar Factory will be eligible for the waiver of additional interest of ₹28,24,03,239/- (as on 31.07.2023). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.
11. The application was discussed in detail, and the Committee observed that the Nodal Agency, IFCI, has recommended the proposal for restructuring of SDF loans subject to following stipulations :
 - i. Opening of Escrow Account(s) for cogen receivables of both the units.
 - ii. Upgradation of existing charge from exclusive 2nd charge to 1st pari-passu charge.
 - iii. Obtaining NOC from other lenders for ceding of 1st pari-passu charge on entire movable & immovable properties of sugar & Cogen plant at both the units.
 - iv. The company will service the unsecured loans on its books subject to no default in the service of SDF's facilities.
12. After due deliberations, the Committee was of the opinion that if the company fulfils the following conditions within 15 days of the issuance of this minutes then the case may be placed before the Standing Committee on SDF for consideration, otherwise the case may again be placed before the CFR meeting for reconsideration:-
 - i. Obtaining NOC from all the lenders for Upgradation of existing charge of SDF from exclusive 2nd charge to 1st pari-passu charge.

- ii. Obtaining NOC from other lenders for ceding of 1st pari-passu charge on entire movable & immovable properties of sugar & Cogen plant at both the units.
- iii. Obtaining the written consent of Board (duly confirmed by Lead Banker) of the Company to open Escrow Account/TRA for the receivables of the sugar mill, in case of approval of re-structuring proposal for payment of SDF dues regularly post re-structuring.

Agenda No. 3:

M/s. Sarjoo Sahakari Chini Mills Ltd., Belrayan, Lakhimpur-Kheri, Uttar Pradesh.

1. The Committee considered the application for restructuring of SDF loan of M/s. Sarjoo Sahakari Chini Mills Ltd. under operational guidelines issued under Rule 26 of SDF Rules, 1983.
2. The application was received online through SDF portal.
3. As per the balance sheet and other financial details submitted by the sugar factory, the sugar factory has been incurring cash losses continuously for the F.Y. 2019-20, 2020-21 and 2021-22 and the net worth of the society is negative for the F.Y. 2021-22.
4. The Detailed Project Report has been prepared by National Federation of Cooperative Sugar Factories Limited. The report concludes that proposal of the sugar factory meets all the criteria of the guidelines for restructuring of SDF loans and so can be considered for restructuring the SDF loan.
5. There is no secured lender to the society except SDF, GoI.
6. As per the SDF defaulter list as on 31.07.2023, the 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 dues in default
Modernisation	T-04	9,75,00,000	9,68,94,856	17,29,87,773	10,96,28,980	37,95,11,609
	T-05	9,75,00,000	9,75,00,000	23,29,54,293	20,53,31,006	53,57,85,299
Total			19,43,94,856	40,59,42,066	31,49,59,986	91,52,96,908

7. The Sugar Unit will be eligible for the waiver of additional interest of ₹31,49,59,986/- (as on 31.07.2023). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.
8. The security cover (i.e. FACR) on the basis of audited annual accounts for the year 2021-22 works out to be 0.18 which is much below the benchmark of 1.33. As such, as recommended by NCDC, the society is required to furnish Bank Guarantee as security of the restructured loan after signing of TPA. However, the security requirement for the restructured loan will be decided at the time of charge creation as per extant SDF Rules/guidelines.
9. As informed by NCDC, an O. A. No. 183/2017 is pending with DRT, Delhi against M/s. Sarjoo Sahakari Chini Mills Ltd. for recovery of SDF loans.
10. The nodal agency NCDC has recommended the restructuring proposal of the sugar factory subject to the condition that the Government of Uttar Pradesh shall either waive

their overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.

11. The application of M/s. Sarjoo Sahakari Chini Mills Ltd. was deliberated in detail in light of the operational guidelines for restructuring of SDF loan and after due deliberations, the Committee directed the society to fulfil the following conditions and then the case may again be placed before CFR meeting for reconsideration:-
 - i. An undertaking of the Board of the society to submit Bank Guarantee after approval of restructuring for FACR insufficiency.
 - ii. Obtaining the written consent of Board (duly confirmed by Lead Banker) of the Company to open Escrow Account/TRA for the receivables of the sugar mill, in case of approval of re-structuring proposal for payment of SDF dues regularly post re-structuring.
 - iii. Obtaining the written permission from Government of Uttar Pradesh to either waive the sugar factory's overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.

Agenda No. 4:

M/s Kisan Sahkari Chini Mills Ltd., Sampurna Nagar, District Lakhimpur Kheri, Uttar Pradesh.

1. The Committee considered the application for restructuring of SDF loan of M/s Kisan Sahkari Chini Mills Ltd., Sampurna Nagar under operational guidelines issued under Rule 26 of SDF Rules, 1983.
2. The application was received online through SDF portal.
3. As per the balance sheet and other financial details submitted by the sugar factory, the sugar factory has been incurring cash losses continuously for the F.Y. 2019-20, 2020-21 and 2021-22 and the net worth of the society is negative for the F.Y. 2021-22.
4. The Detailed Project Report has been prepared by National Federation of Cooperative Sugar Factories Limited (NFCFSF), New Delhi. The report concludes that proposal of the sugar factory meets all the criteria of the guidelines for restructuring of SDF loans and so can be considered for restructuring the SDF loan.
5. There is no secured lender to the society except SDF, Government of India.
6. As per the SDF defaulter list as on 31.07.2023, the 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 dues in default
Modernisation	J-11	8,60,62,500	0	0	0	0
	J-12	8,60,62,500	5,11,53,665	8,92,60,340	6,80,66,365	20,84,80,370
Total			5,11,53,665	8,92,60,340	6,80,66,365	20,84,80,370

7. The Sugar Unit will be eligible for the waiver of additional interest of ₹6,80,66,365/- (as on 31.07.2023). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.
8. The security cover (i.e. FACR) on the basis of audited annual accounts for the year 2021-22 works out to be 1.49 which is above the benchmark of 1.33. However, the security requirement for the restructured loan will be decided at the time of charge creation as per extant SDF Rules/guidelines.
9. The sugar factory is not under litigation by any lender except SDF, GOI.
10. The nodal agency NCDC has recommended the restructuring proposal of the sugar factory subject to the condition that the Government of Uttar Pradesh shall either waive their overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.
11. The applications of M/s Kisan Sahkari Chini Mills Ltd., Sampurna Nagar was deliberated in detail in light of the operational guidelines for restructuring of SDF loan and after due deliberations, the Committee directed the society to fulfil the following conditions and then the case may again be placed before CFR meeting for reconsideration:-
 - i. Obtaining the written consent of Board (duly confirmed by Lead Banker) of the Company to open Escrow Account/TRA for the receivables of the sugar mill, in case of approval of re-structuring proposal for payment of SDF dues regularly post re-structuring.
 - ii. Obtaining the written permission from Government of Uttar Pradesh to either waive the sugar factory's overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.

Agenda No. 5:

M/s Kisan Sahkari Chini Mills Ltd., Nanauta, District Saharanpur, Uttar Pradesh.

1. The Committee considered the application for restructuring of SDF loan of M/s Kisan Sahkari Chini Mills Ltd., Nanauta under operational guidelines issued under Rule 26 of SDF Rules, 1983.
2. The application was received online through SDF portal.
3. As per the balance sheet and other financial details submitted by the sugar factory, the sugar factory has been incurring cash losses continuously for the F.Y. 2019-20, 2020-21 and 2021-22 and the net worth of the society is negative for the F.Y. 2021-22.
4. The Detailed Project Report has been prepared by National Federation of Cooperative Sugar Factories Limited (NFCFSF), New Delhi. The report concludes that the sugar factory meets all the criteria of the guidelines for restructuring of SDF loans and so can be considered for restructuring of SDF loan.
5. There is no secured lender to the society except SDF, Government of India.
6. As per the SDF defaulter list as on 31.07.2023, the SDF dues position of the company is as under:

(in Rs.)

Loan Type	Ledger No	Loan Disbursed	Amount in Default			Total dues in default
			Principal Amount	Interest	Additional Interest	

Moder nisation	P-88	9,75,00,000	9,75,00,000	15,88,41,272	1,60,30,076	27,23,71,348
	P-89	9,75,00,000	9,75,00,000	24,02,84,711	21,16,15,075	54,93,99,786
Total		19,50,00,000	39,91,25,983	22,76,45,151	22,76,45,151	82,17,71,134

7. The Sugar Unit will be eligible for the waiver of additional interest of ₹22,76,45,151/- (as on 31.07.2023). Actual amount of additional interest for waiver may vary as on the date of Administrative Approval.
8. The security cover (i.e. FACR) on the basis of audited annual accounts for the year 2021-22, as per NCDC, works out to 0.07 times which is much below the bench mark of 1.33 times. As such, the society is required to furnish Bank Guarantee after signing of TPA. However, the security requirement of the restructured loan will be decided at the time of charge creation.
9. The sugar factory is not under litigation by any lender except SDF, GOI.
10. The nodal agency NCDC has recommended the restructuring proposal of the sugar factory subject to the condition that the Government of Uttar Pradesh shall either waive their overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.
11. The applications of M/s Kisan Sahkari Chini Mills Ltd. Nanauta, District-Saharanpur, Uttar Pradesh, was deliberated in detail in light of the operational guidelines for restructuring of SDF loan and after due deliberations, the Committee directed the society to fulfill the following conditions and then the case may again be placed before CFR meeting for reconsideration:-
 - i. An undertaking of the Board of the society to submit Bank Guarantee after approval of restructuring for FACR insufficiency.
 - ii. Obtaining the written consent of Board (duly confirmed by Lead Banker) of the Company to open Escrow Account/TRA for the receivables of the sugar mill, in case of approval of re-structuring proposal for payment of SDF dues regularly post re-structuring.
 - iii. Obtaining the written permission from Government of Uttar Pradesh to either waive the sugar factory's overdue/ outstanding loans or convert them into equity or give moratorium period in the repayment of its loan for a period of 7 years or till repayment of SDF loans.

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