

F. No.1-9/2016-SDF
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Room No. 260, Krishi Bhawan,
New Delhi, the 7th September, 2016

OFFICE MEMORANDUM

Subject: Minutes of the Sub Committee of Sugar Development Fund for considering loan applications of sugar factories for f Modernization, Cogeneration and Ethanol /ZLD projects held on 22nd August, 11.00AM -regarding.

In continuation of this Ministry's OM if even number dated 2.8.2016 and 12.8.2016 on the subject, a copy of the minutes of the meeting of Sub-Committee held on 22nd August, 2016 at 11:00 A.M., under the Chairmanship of Joint Secretary (S&SA) is enclosed for your kind information and necessary action.



(N.K. Kashmira)
Director (SDF)
Member Secretary
Tel.No.23382338

DISTRIBUTION:

1. Director (Sugar Policy), Directorate of Sugar, D/o Food & P.D.
2. Director (Finance), D/o Food & P.D.
3. Director, National Sugar Institute, Kanpur, Uttar Pradesh

Special Invitees

4. The President/Vice President/Director General, ISMA, New Delhi
5. The President/Vice President/Managing Director, NFCSF Ltd., New Delhi
6. The President, Sugar Technologist's Association of India, New Delhi
7. NCDC, New Delhi
8. IFCI Ltd., New Delhi



(N.K. Kashmira)
Director (SDF)
Member Secretary

Copy for information to:

PS to JS (Policy FCI & CVO)/PS to JS (Sugar & Admn.)/
PS to Director(SDF)

Minutes of the meeting of the Sub-Committee, Sugar Development (SDF) held on 22.08.2016

A meeting of the Sub-Committee for consideration of the loan applications for setting up of projects for Bagasse based cogeneration of power project, production of ethanol from molasses, modernization/expansion and Zero Liquid Discharge (ZLD) under Sugar Development Fund (SDF) was held under the Chairmanship of Joint Secretary (S&SA) on **22.08.2016** at 11.00 AM in Room No., 41, Ground Floor, Krishi Bhawan, New Delhi. List of participants is at **Annex-I**.

2. At the outset, the Chairman welcomed all the participants. Thereafter, agenda items were taken up for discussion. Case wise observations/ decisions are as follows:

Bagasse Based Cogeneration of Power project

Agenda Item No.1

M/s Superior Food Grains (P) Ltd., Village-Shamla Shamli, Block Unn, District-Shamli, Uttar Pradesh.

The Sub-committee considered the loan application of **M/s Superior Food Grains (P) Ltd., Village-Shamla Shamli, Block Unn, District- Shamli, Uttar Pradesh** for sanction of financial assistance from Sugar Development Fund for setting up 33 MW bagasse based co-generation power project **at a cost of Rs. 16727.00 lakh. SDF assistance of Rs. 6690.80 lakh has** been requested. The proposal was earlier considered by the Sub-Committee in its meeting held on 24.06.2016. The proposal was deferred by the Sub-Committee for clarification on the issue of allotting of short name and plant code to the sugar factory by the Directorate of Sugar. During the meeting, Director (SP), accordingly, confirmed that name of the sugar factory has been changed and the letter had been issued by the Directorate of Sugar in this regard.

The project has been appraised by Indian Renewable Energy Development Agency Ltd (IREDA). Technical evaluation has been done by NSI, Kanpur. NOC (Consent to Establish) from the State Pollution Control Board has been received. Sugar Factory has applied for EIA clearance and the acknowledgement of the application by the concerned authority has been received. The financial ratios have been arrived at after considering all outstanding loans taken by sugar factory and the proposal complies with the provisions of the SDF rules and extant guidelines. No old plant and machinery has been considered in the project. On the basis of technical, financial and other data placed before it, the Sub-committee concluded that the project is technically & financially viable.



2. Dues position:
 - (i) SDF dues : As per CCA, as on 30.06.2016 is Nil.
 - (ii) LSPEF dues : No LSPEF dues against the sugar factory.
 - (iii) Levy sugar dues: Nil
3. IREDA informed that as on 31.03.2015, the DSCR of the sugar factory and the company as a whole is 1.64, FACR is 1.58 and IRR for the project is 32.39%.
4. Director, NSI, Kanpur, informed that the project was technically feasible. IFCI clarified that the net profit of the sugar factory for the 3rd year i.e. 2014-15 was Rs. 6.35 lakh and not Rs. 0.06 lakh which had been mistakenly mentioned in the information furnished by the sugar factory.
5. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs. 5363.38 lakh for consideration of the Standing Committee. The sugar factory will give means of financing the shortfall.**
6. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.

Anhydrous Alcohol or Ethanol from Molasses Projects

Agenda Item No.2

M/s Krantiagrani Dr. G.D. Bapu Lad SSK Ltd., Kundal, Taluka-Palus, Distt. Sangli, Maharashtra.

1. The Sub-Committee considered the loan application of **M/s Krantiagrani Dr. G.D. Bapu Lad SSK Ltd., Kundal, Taluka-Palus, Distt. Sangli, Maharashtra**, for sanction of financial assistance from SDF for setting up of 60 KLPD distillery (54 KLPD absolute alcohol plant) Ethanol Project at a cost of Rs. 7443.00 lakh. SDF assistance of Rs. 2977.20 lakh has been requested. The project has been appraised by NCDC and technically evaluated by VSI, Pune. NOC (Consent to Establish) from Pollution Control Board has been received. As regards EIA clearance, the Society has applied to MoEF for EIA and ToR has been finalized. This was accepted by the Sub Committee as the acknowledgement by the concerned authority of having applied for the EIA clearance. The financial ratios have been arrived at after considering all outstanding loans taken by sugar factory and the proposal complies with the provisions of the SDF rules and extant guidelines. No old plant and machinery has been considered in the project. On the basis

of technical, financial and other data placed before it, the Sub-committee concluded that the project is technically & financially viable.

The Committee observed the shortfall in availability of molasses. NDCDC informed that the shortfall would be met from the nearby sugar mills and the sugar factory has submitted letters from such mills namely, M/s Yashwant Sugar & power Ltd. and M/s Mohanrao Shinde SSK Ltd. for supply of molasses for the next ten years to meet the shortfall.

However, the Committee decided that the Sugar factory would submit an agreement for supply of the molasses by M/s Yashwant Sugar & power Ltd. and M/s Mohanrao Shinde SSK Ltd. for at least 10 years, to meet the shortfall of molasses.

2. Dues position:
 - (i) SDF dues : As per CCA, as on 30.06.2016 is Nil.
 - (ii) LSPEF dues : No LSPEF dues against the sugar factory.
 - (iii) Levy sugar dues: **10.7 MT** (balance after lifting +gate sale) against the sugar factory as per the Directorate of Sugar.
3. As on 31.03.2015, the average DSCR and the FACR of the sugar factory and the company as a whole is 1.85 and 1.86 respectively. The IRR is 19.09%.
4. Subject to the above, the Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs. 2403.55 lakh for consideration of the Standing Committee. The sugar factory will give means of financing the shortfall.
5. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.

Agenda Item No.3

M/s DCM Shriram industries Ltd., Unit-Daurala sugar works, Daurala, Distt.- Meerut, Uttar Pradesh.

1. The Sub-Committee considered the loan application of **M/s DCM Shriram industries Ltd., Unit-Daurala sugar works, Daurala, Distt.- Meerut, Uttar Pradesh**, for sanction of financial assistance from SDF for conversion of existing Ethanol plant into

Zero Liquid Discharge (ZLD) plant at a cost of Rs. 750.82 lakh. SDF assistance of Rs. 300.33 lakh has been requested. The project has been appraised by Oriental Bank of Commerce. Technical evaluation has been done by Surender Pal, BE, (Hons) Civil, MIE (India) FIV, Chartered Engineer. **The copy of the NOC from the State PCB has been received.** Copy of acknowledgement for EIA clearance is yet to be submitted by the sugar factory. In this regard, Sugar factory has stated EIA clearance is not required as it is an old distiller and Multi Effect Evaporator (MEE) is being installed as per the directions of UPPCB to ensure ZLD. The financial ratios have been arrived at after considering all outstanding loans taken by sugar factory and the proposal complies with the provisions of the SDF rules and extant guidelines. No old plant and machinery has been considered in the project. On the basis of technical, financial and other data placed before it, the Sub-committee concluded that the project is technically & financially viable.

2. **In the instant case, shortfall in availability of molasses has been noted. However, Director, NSI, Kanpur mentioned that the proposal for conversion of an existing ethanol plant into a ZLD plant may not be linked to availability / shortfalls of molasses. Further, in the instant case the factory was not a new factory. Accepting the suggestion made by Director, NSI Kanpur, the Sub-Committee recommended for following this practice in all ZLD cases in future also.**

3. Dues position:

(i) SDF dues : As per CCA, as on 30.06.2016 is Nil.

(ii) **LSPEF dues : Daurala sugar Works is not in default of the LSPEF dues but some amount is pending with FCI and Registrar General, Allahabad High Court regarding which the sugar factory will comply with the decision taken by this Department before disbursement.**

(iii) Levy sugar dues: Nil as per the Directorate of Sugar.

4. As on 31.03.2015, the DSCR of the sugar factory and the company as a whole is 2.05, FACR is 2.88 and IRR for the project is 290.00%. **Since the IRR is very high, sugar factory will submit a clarification on the same.**

5. **Subject to the above, the Sub-committee, on the basis of technical and financial details, eligible project cost and the loan applied for, recommended a loan of Rs. 227.54 lakh for consideration of the Standing Committee. The sugar factory will give means of financing the shortfall.**

6. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.

Agenda Item No.4

M/s Balrampur Chini Mills Ltd., Unit- Mankapur, P.O.-Datauli, Dist.-Gonda, Uttar Pradesh

1. Sugar factory's letter No. sales/8/1611 dated 19.08.2016 seeking withdrawal of their SDF loan application for conversion of existing Ethanol plant into ZLD plant was placed before the Sub-Committee. The reasons given by the sugar factory for withdrawal was that the project had to be completed for complying with the PCB guidelines. The project was completed and commenced operations from 01.06.2016 and the balance fund requirements were met through internal accruals. As the entire capital expenditure on the said project has been met through term loan from PNB and the balance from the internal accruals, the sugar factory decided to withdraw their SDF loan application.
2. **The Sub-Committee accepted the request of the sugar factory for withdrawal of its SDF loan application.**

Modernization cum expansion

Agenda Item No.5

M/s Shri Sai Priya Sugars Ltd., Veerbhadreshwar Nilaya, Siddarameshwar Colony, Kudachi Road, at Post & Tal Jamkhandi, Dist. Bagalkot, Karnataka.

1. The Sub-Committee considered the loan application of M/s Shri Sai Priya Sugars Ltd., Veerbhadreshwar Nilaya, Siddarameshwar Colony, Kudachi Road, at Post & Tal Jamkhandi, Dist. Bagalkot, Karnataka for sanction of financial assistance from SDF for Modernization cum expansion of sugar unit from 2500 TCD to 10000 TCD at a cost of Rs. 28665.00 lakh. SDF assistance of Rs. 8241.00 lakh has been requested. The project has been appraised by the IFCI Ltd. and technically appraised by M/s KSM Engineering, Bangalore. On being referred by IFCI to NSI, Kanpur, the project was vetted by NSI, Kanpur concluding that the project is technically feasible. The financial ratios have been arrived at after considering all outstanding loans taken by sugar factory and that the proposal complies with the provisions of the SDF rules and extant guidelines. the Sub-committee concluded that the project is technically & financially viable.
2. The Committee was informed that the Sugar factory has submitted NOC from PCB for modernization cum expansion from 5000 TCD to 10000 TCD whereas the sugar factory has applied SDF loan for modernization cum expansion from 2500 TCD to 10000 TCD. **The IFCI Ltd. and Sugar Factory representative mentioned that after the decision to acquire the 2500 TCD plant of M/s SPR Sugars Pvt. Ltd. had been taken the sugar factory had planned to expand the capacity up to 5000 TCD and accordingly obtained EIA and PCB certificates for 5000 TCD plant. However,**



considering the cane availability in the area, the sugar factory decided to go for expansion up to 10000 TCD from 2500 TCD and the management obtained EIA and PCB certificates for 10000 TCD plant. Hence, the sugar factory has submitted EIA/PCB clearances for 10000 TCD.

The Sub-committee accepted the reasons given by the sugar factory and agreed to take the above EIA/PCB clearances for expansion up to 10000 TCD for considering the proposal further.

3. Dues position:

- (i) SDF dues : As per CCA, as on 30.06.2016 is Nil.
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per the Directorate of Sugar: Balance levy after Dispatch (reported by mill): **383.7 M.T.** Balance Levy after (Lifting+Gate sale) (reported by State Government): **383.7 M.T.**

4. As on 31.03.2015, the average DSCR and the FACR of the sugar factory and the company as a whole is 2.53 and 1.43 respectively. The IRR is 24.91%.

5. Subject to the above, the Sub-Committee, on the basis of technical and financial details, eligible project cost and the loan applied for, recommended a loan of Rs. 3203.64 lakh for consideration of the Standing Committee. The sugar factory will give means of financing the shortfall.

6. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.

Agenda Item No.6

M/s Siddhi Sugar and Allied Industries Ltd., Ujana, Tal.Ahmedpur, Dist. Latur, Maharashtra.

1. The Sub-Committee considered the loan application of **M/s Siddhi Sugar and Allied Industries Ltd., Ujana, Tal.Ahmedpur, Dist. Latur, Maharashtra**, for sanction of financial assistance from SDF for Modernization cum expansion of sugar unit from 2500 TCD to 4000 TCD at a cost of 4504.80 lakh. SDF assistance of 1802.00 lakh has been requested. The project has been appraised by MSC Bank and technically evaluated by VSI, Pune. No refinancing of project is involved. No old plant and machinery has been



considered in the project. Acknowledgement of application for NOC from Pollution Control Board received, and EIA clearance is not required.

2. The sugar factory has submitted revised means of finance through its appraising bank. The Committee decided that IFCI's comments on the revised financial appraisal submitted by the Sugar Factory/Maharashtra Co-operative Bank Ltd. may be obtained.

3. Comments of the IFCI Ltd. have been obtained. It has been stated by the IFCI that the project is under implementation and revised means of finance was routed and recommended through the appraising Bank, hence, we may consider this case for sanction of SDF loan as per revised means of finance. Accordingly loan amount has been calculated as per revised means of finance. The Sugar factory will submit a CA certificate towards actual expenditure viz a viz revised means of finance.

4. Dues position:

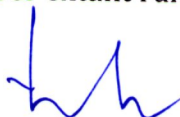
- (i) SDF dues : As per CCA, as on 30.06.2016 is Nil.
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per the Directorate of Sugar : Balance levy after Dispatch (reported by mill): **2.1 M.T.** Balance Levy after (Lifting+Gate sale) (reported by State Government): **2.0 M.T**

5. As on 31.03.2015, the averaged DSCR of the sugar factory is 1.79 and the company as a whole is 1.77. FACR of the sugar factory is 2.52 and company as a whole is 1.50. The IRR is 16.94 %.

6. Director, NSI, Kanpur, referring to the information furnished by the sugar factory, mentioned the absence of incremental benefits/expected improvements, after the proposed modernization cum expansion of the sugar plant, such as sugar production, mill extraction, steam & power consumption etc. After hearing the views of the sugar factory representative in the matter, the Sub-Committee directed that the sugar factory shall furnish all the necessary information/clarifications on the project to the SDF Division with a copy to NSI, Kanpur. After making the assessment, NSI, Kanpur, shall submit a report in the matter for further consideration by the Sub-Committee. NSI, Kanpur has submitted its report in the matter on 29.8.2016 and has concluded that the project is technically viable.

7. The Sub Committee recommended a loan amount of Rs. 1543.54 lakhs for the consideration of the Standing Committee.

8. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.



Agenda Item No.7

M/s Athani Sugars Limited, Vishnuanna Nagar, A/P: Navalihal Tq: Athani, Belgaum District, Karanataka-591234.

1. The Sub-committee considered the loan application of **M/s Athani Sugars Limited, Vishnuanna Nagar, A/P: Navalihal Tq: Athani, Belgaum District, Karanataka-591234** for sanction of financial assistance from SDF for Modernization cum expansion of sugar unit from 4500 TCD to 10500 TCD **at a cost of Rs. 18761.00 lakh. SDF assistance of Rs.5628.00 lakh** has been requested. The project has been financially appraised by Syndicate Bank and technically appraised by J.P. Mukherji & Associates Pvt. Ltd., Pune. Copy of acknowledgment of application for NOC (Consent to Establish) from the State Pollution Control Board as well for EIA clearance for 4500TCD to 12500TCD from the respective authorities have been received. The financial ratios have been arrived at after considering all outstanding loans taken by sugar factory and the proposal complies with the provisions of the SDF rules and extant guidelines. No old plant and machinery has been considered in the project. On the basis of technical, financial and other data placed before it, the Sub-committee concluded that the project is technically & financially viable.

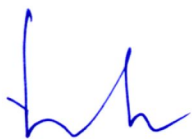
2. Dues position:

- (i) SDF dues : As per CCA, as on 30.06.2016, Rs.4.15cr. is outstanding however the IFCI and Sugar factory has confirmed that the dues have already been cleared.
- (ii) LSPEF dues: No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar, balance Levy after (Lifting + Gate sale) (Reported by State Government): - **282.340 M.T.**

3. As on 31.03.2015, the DSCR of the sugar factory and the company as a whole is 1.45, FACR is 2.30 and IRR for the project is 25.96%.

4. **Subject to the above, the Sub-committee, on the basis of technical and financial details, eligible project cost and the loan applied for, recommended a loan of Rs. 2443.20 lakh for consideration of the Standing Committee. The sugar factory will give means of financing the shortfall.**

5. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan alongwith the additional security, if any, required as per the prevailing guidelines. However, security requirement will be decided at the time of charge creation as per extant rules/guidelines.



Annexure - I

List of Participants of Sub-Committee Meeting held on 22.08.2016		
S. No.	Name of Members	Office Address
1	Shri Prashant Trivedi Joint Secretary (S&SA)	In Chair
2	Shri Narendra Mohan Director, National Sugar Institute, Kanpur	Member
3	Shri G.S.Sahoo Director (Sugar Policy) Directorate of Sugar	Member
4	Shri R.K.Pandey Director (Finance)	Member
5	Shri N.K. Kashmira Director (SDF)	Member Secretary
	Special Invitees	
6	Absent	Director General, Indian Sugar Mills Association
7	Shri M.G. Joshi	Managing Director, National Federation of Co-operative Sugar Factories Ltd.
8	Dr. Sanjay Awasthi	President, Sugar Technologist Association of India
9	Shri A.K. Singh, Chief Director (NCDC)	Representative from NCDC
10	Shri M.P. Sethi, General Manager (IFCI)	Representative from IFCI
	Others	
11	Shri Sudesh Kumar	Under Secretary (SPF)
12	Shri Sunil Chauhan	Under Secretary (SDF)
13	Shri Manmohan Kumar	Section Officer (SDF)

