

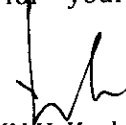
**F. No.1-4/2018-SDF**  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution  
-----

Room No. 260, Krishi Bhawan,  
New Delhi, the 15<sup>th</sup> June, 2018

**OFFICE MEMORANDUM**

Subject: Minutes of **Sub Committee** of Sugar Development Fund for considering loan applications of sugar factories for **Modernization, Modernization-cum-expansion, Cogeneration, Ethanol /ZLD projects and other related issues** held on Wednesday, the 30<sup>th</sup> May, 2018 at 11:00AM –regarding.

In continuation of this Ministry's OM of even number dated 11.05.2018 on the subject, a copy of the minutes of the meeting of Sub-Committee held on 30<sup>th</sup> May, 2018 at 11:00AM, under the **Chairmanship of Joint Secretary (Sugar & Admn.)** is enclosed for your kind information and necessary action.

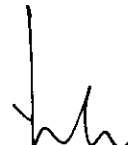
  
(N.K. Kashmira)  
Director (SDF)  
**Member Secretary**  
Tel.No.23382338

**DISTRIBUTION:**

1. Chief Director (Sugar), [represented by Director (S & VO)], Directorate of Sugar, DFPD
2. Director (Finance), D/o Food & P.D.
3. Director, National Sugar Institute, Kanpur, Kalyanpur, Uttar Pradesh

**Special Invitees**

4. The President/Vice President/Director General, ISMA, New Delhi:  
Representative from sugar industry
5. The President/Vice President/Managing Director, NFCSF Ltd., New Delhi:  
Representative from sugar industry
6. Representative of Sugar Technologist's Association of India: Technical Expert
7. Representative from NCDC: Banking Expert
8. Representative from IFCI: Banking Expert

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

**Copy for information to:** (i) PS to JS (S & A)/ PS to Director (SDF)/US (SPF)/AD (Cost)/SO (SDF-A/c)/NIC for uploading on website of the Department.

**Minutes of the meeting of the Sub- Committee under Sugar Development Fund (SDF) held on 30.05.2018.**

A meeting of the Sub-Committee for consideration of the loan applications for setting up of projects for Bagasse Based Cogeneration of Power project, modernization-expansion, modernization, production of ethanol from molasses and other related issue regarding eligibility of sugar factory for applying SDF loan applications under Sugar Development Fund (SDF) was held under the Chairmanship of Joint Secretary (S & A) on 30.5.2018.

List of participants is at **Annex-I.**

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

**I. Modernization**

**Agenda No. 1**

**M/s Chadha Sugars & Industries Pvt. Ltd., Village- Kiri Afgana, Tehsil- Batala, Distt.- Gurudaspur,Punjab, SDF loan application dated 24.10.2018 for Modernization, technology upgradation & steam balancing of sugar plant at present installed capacity of 335 TCH (7500 TCD) with cogeneration installed capacity of 23 MW and production of Refined sugar.**

2. The Sub-Committee considered the **eligibility** of loan application of the Sugar Factory submitted for above scheme. Sugar factory applied for SDF loan vide their application dated 10.08.2017. However, vide Department's letter dated 08.09.2017, sugar factory's loan application dated 10.08.2017 was returned in original due to lack of complete basic documents (Financial Appraisal Report). Consequently, sugar factory submitted fresh loan application, along with complete basic documents on 24.10.2017, submitting therewith financial appraisal report of PNB dated 03.10.2017. However, the sugar factory has already availed bridge loan against SDF assistance from PNB on 18.10.2017. This becomes the case of re-financing of the project as the date of availing bridge loan against SDF assistance by PNB (i.e. 18.10.2017) is prior to the date of submitting fresh loan application (i.e. 24.10.2017) to the Department.

3 . The Sub-committee considered the information submitted by the Sugar factory, Appraising Bank (PNB) and IFCI Ltd. in respect of refinancing of the project. **The IFCI vide their letter dated 24.05.2018 has informed that the Bridge loan availed against SDF assistance by the sugar factory from Punjab National Bank before submitting the complete application comes under "Refinancing" as per SDF Rules. The representative of sugar factory had also been given opportunity to submit their clarification during the meeting. In view of the facts the Sub Committee found the loan application of sugar factory "ineligible for SDF loan" in term of refinancing of the project as per SDF Rule.**

**Agenda No. 2**

**M/s DCM Shriram Industries Ltd., Daurala Distt.- Meerut, Uttar Pradesh- 250221. for Modernization project involving installation of a new high pressure 90 TPH**



**Boiler & Bagasse Drier with Pollution Control Device.**

The Sub-Committee considered the loan application dated 15.01.2018 of M/s **DCM Shriram Industries Ltd., Daurala Distt.- Meerut, Uttar Pradesh- 250221 for Modernization project involving installation of a new high pressure 90 TPH Boiler & Bagasse Drier with Pollution Control Device** for its 12500 TCD plant at a cost of Rs. 1700.00 lakh. SDF assistance of Rs. 566.00 lakh has been requested. **The project has been appraised by Oriental Bank of Commerce** and the detailed Project Report has been prepared and technically evaluated by SURENDER PAL BE., (Hons) Civil, MIE(India) FIV Chartered Engineer. NOC (Consent to Establish) from Pollution Control Board, Uttar Pradesh has been received.

2. 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 was convinced that the project is technically & financially viable.

3. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar's letter dated 15.02.2017, NO LEVY DUES against the sugar factory.

4. The financial ratios submitted by the Sugar factory and considered by the Sub-Committee are as follows:

(i) **DSCR :**

- (1) Average DSCR based on projections:
  - (a) Company as whole : 5.42 (b) Sugar Factory : 4.53
- (2) Average DSCR for last five years:
  - (a) Company as whole : 1.55 (b) Sugar Factory : 1.48

(ii) **FACR**

- (1) F.A.C.R. of the Factory (sugar+power+ethanol) based on 31.03.2017: 9.75
- (2) F.A.C.R. of the Company/Society as a whole based on 31.03.2017: 10.54

(iii) **I.R.R.** for the project : 33%

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. 494.5 lakh for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.**

6. The sugar factory is required to offer Bank Guarantec 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.

## **II. Bagasse Based Cogeneration of Power project**

### **Agenda Item No.3**

**M/s Nandi Sahakari Sakkare Karkhana Niyamit, Krishnanagar, Post Hosur, Teh. & Distt. Nijapur, Karnataka for setting up of 37 MW (expansion from 18.14 MW to 55.14 MW) bagasse based co-generation power project**

The Sub-Committee considered the loan application dated 05.02.2018 of **M/s Nandi Sahakari Sakkare Karkhana Niyamit, Krishnanagar, Post Hosur, Teh. & Distt. Nijapur, Karnataka for setting up of 37 MW (expansion from 18.14 MW to 55.14 MW) bagasse based co-generation power project** at a cost of Rs. 18374 lakh. SDF assistance of Rs. 7349.60 lakh has been requested. The detailed **Project Report** has been prepared by **NCDC** and technically evaluated by **NFCSF and VSI Pune**. **NOC** (Consent for Expansion) from Pollution Control Board, Karnataka has been received. **EIA**: Ministry of Environment, Forest and climate change had granted Environment Clearance for the proposed project.

2. During the meeting it was also discussed whether, "plant lighting" is eligible for SDF loan, for which, Rs. 45.00 lakh has been shown as estimated cost. The **NSI, Kanpur and STAI, New Delhi** were of the opinion that since lighting is in operational area of the plant it may be considered as eligible item and may be allowed. The Sub Committee accepted the same.

3. 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 convinced that the project is technically & financially viable.

#### **4. Dues position:**

- (i) SDF dues : As per CCA, as on 21.05.2018 is Nil
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar NO LEVY DUES against the sugar factory.

5. The financial ratios submitted by the Sugar factory and considered by the Sub-Committee are as follows :

#### **(i) DSCR**

- (1) Average DSCR based on projections:
  - (a) Sugar Factory and Company as whole : 1.55
- (2) Average DSCR for last five years:
  - (a) Factory and Company and as whole : 1.56

#### **(ii) FACR**

- (1) F.A.C.R. of the factory and Company (with proposed assets) based on 31.03.2017: 1.51



(2) F.A.C.R. of the factory and Company (with out proposed assets) based on 31.03.2017: 0.52

(iii) I.R.R. for the project : 19.93%

6. The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs. 5568.65 lakh for setting up of 37 MW (expansion from 18.14 MW to 55.14 MW) bagasse based Co-generation power project for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.

7. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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.

### III. PRODUCTION OF ANHYDROUS ALCOHOL OR ETHANOL

#### Agenda Item No.4

M/s Sadashivrao Mandlik Kagal Taluka Sahakari Sakhar Karkhana Ltd., Sadashivnagar, Hamidwada Kaulage, Taluka Kagal, Dist. Kolhapur, Maharashtra for setting up of 30 KLPD anhydrous alcohol or ethanol Plant.

The Sub-Committee considered the loan application dated 29.11.2017 M/s Sadashivrao Mandlik Kagal Taluka Sahakari Sakhar Karkhana Ltd., Sadashivnagar, Hamidwada Kaulage, Taluka Kagal, Dist. Kolhapur, Maharashtra Setting up of 30 KLPD anhydrous alcohol or ethanol Plant at a cost of Rs. 5401.28 lakh. SDF assistance of Rs. 2160.51 lakh has been requested. The detailed **Project Report** has been prepared and technically evaluated by VSI Pune. The project has been appraised by NCDC. EIA received, the NOC (Consent to Operate) from Pollution Control Board, Maharashtra will get after completion of the project.

2. The Director NSI, Kanpur had some observation on Zero Liquid Discharge and asked to give water mass balances and fuel steam balance to confirm Zero Liquid Discharge from the representative of sugar factory. The NCDC and Sugar Factory will submit their clarification in the matter within 15 days, **after issue of the Minutes of the meeting, which will be examined by SDF in consultation with Director, NSI, Kanpur.**

3. 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 was convinced that the project is technically & financially viable.

4. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar NO LEVY DUES against the sugar factory.

5. The financial ratios submitted by the Sugar factory and considered by the Sub-



Committee are as follows :

(i) DSCR

- (1) Average DSCR based on projections:
  - (a) Sugar factory & Company as whole : 1.49
- (2) Average DSCR for last five years:
  - (a) Sugar factory & Company as whole : 1.13

(ii) FACR

- (1) F.A.C.R. of the factory and Company (with proposed assets) based on 31.03.2017: 1.58
- (2) F.A.C.R. of the factory and Company (with out proposed assets) based on 31.03.2017: 0.997

(iii) I.R.R. for the project : 17.41%

6. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs.1800.596 lakh for Setting up of 30 KLPD anhydrous alcohol or ethanol Plant subject to the clarification as mentioned in para 2 above for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.**

7. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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. 5**

**M/s Bhaurao Chavan SSK Ltd., Laxminagar, Taluka – Ardhapur, District Nanded, Maharashtra for Expansion of 30 KLPD to 60 KLPD along with Spent wash concentration & incineration system for 60 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Sub-Committee considered the loan application dated 23.12.2017 M/s Bhaurao Chavan SSK Ltd., Laxminagar, Taluka – Ardhapur, District Nanded, Maharashtra for Expansion of 30 KLPD to 60 KLPD along with Spent wash concentration & incineration system for 60 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of Rs. 5843.50 lakh. SDF assistance of Rs. 2337.40 lakh has been requested. The detailed **Project Report** has been prepared and technically evaluated by **VSI Pune**. The project has been appraised by NCDC. EIA received, the NOC (Consent to Operate) from Pollution Control Board, Maharashtra will get after completion of the project.

2. The Director NSI, Kanpur had some observation on Zero Liquid Discharge and asked to give water mass balances and fuel steam balance to confirm ZLD from the representative of sugar factory within 15 days, **after issue of the minutes of the meeting. The Committee directed to obtain from sugar factory an agreement with its sister units regarding adequate supply of molasses. The same will be examined by SDF in consultation with Director, NSI, Kanpur.**

3. 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.

4. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil.
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar's levy default list as on 31.03.2018 available on DFPD's website: (all four units) Balance levy after dispatch: 5.6 MT Balance levy after lifting+gatesale: 55.2 MT.

**The Committee directed the Directorate of Sugar to quantify the levy amount within one month and accordingly SF may be asked to clear the dues immediately. Sugar factory will have to obtain an NDC from Directorate of Sugar prior to consideration of their case by the Standing Committee.**

5. The financial ratios submitted by the Sugar factory and considered by the Sub-Committee are as follows :

(i) **DSCR**

- (1) Average DSCR based on projections:
  - (a) Company as whole : 1.45
  - (b) Sugar factory (sugar + power + distillery): 1.42 (for 8 years)
- (2) Average DSCR for last five years:
  - (a) Company as whole : 0.63
  - (b) Sugar factory (sugar + power + distillery): 1.66

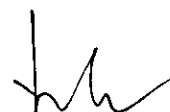
(ii) **FACR**

- (1) F.A.C.R. of the factory (sugar + power + ethanol) as on 31.3.2017 (with proposed assets) : 1.37
- (2) F.A.C.R. of the factory (sugar + power + ethanol) as on 31.3.2017 (without proposed assets): 0.79
- (3) F.A.C.R. for company as a whole as on 31.3.2017 (with proposed assets); 1.82
- (4) F.A.C.R. for company as a whole as on 31.3.2017 (without proposed assets): 1.53

(iii) **I.R.R.** for the project : 24.50%

6. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs.1908.40 lakh for Expansion of 30 KLPD to 60 KLPD along with Spent wash concentration & incineration system for 60 KLPD anhydrous alcohol or ethanol plant from molasses subject to the clarification as mentioned in para 2 and 4 above for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall. The sugar factory will have to obtain NDC from Directorate of Sugar prior to consideration of their case by the Standing Committee.**

7. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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 DCM Shriram Ltd., DSCL Sugr- Hariawan, Vill.- Hariawan, Hardoi, Uttar Pradesh-261505 for setting up of 150 KLPD anhydrous alcohol or ethanol plant from molasses .**

The Sub-Committee considered the loan application dated 15.9.2017 M/s DCM Shriram Ltd., DSCL Sugr- Hariawan, Vill.- Hariawan, Hardoi, Uttar Pradesh-261505 for setting up of 150 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of **Rs. 19000.00** lakh, Plant has started commercial production with effect from 27.01.2018. Total actual project cost is Rs. 19578.00 lakh, which is higher than estimated cost of Rs. 19000.00 lakh. SDF assistance of Rs. 5900.00 lakh has been requested. The detailed **Project Report** has been prepared **in-house** and technical evaluation has been done by **NSI Kanpur**. Project has been **appraised by IFCI Ltd.** EIA has been received, Acknowledgement copy of application for NOC (Consent to Establishment) is received.

2 . To ensure the adequate supply of molasses, the Sugar company has given an under taking that the other two units of M/s DCM Shriram Group i.e. Loni & Rupapur shall not install any distillery in next 10 years. **Sugar factory will furnish an agreement with its sister units regarding adequate supply of molasses.**

3. 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.

4. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy sugar dues: As per Directorate of Sugar levy default list dated 30.6.2017 available on DFPD's website: No levy default against the sugar factory and its sister concern units.

5. The financial ratios submitted by the Sugar factory and considered by the Sub-Committee are as follows :

(i) **DSCR**

- (1) Average DSCR based on projections:
  - (a) Company as whole : 13.16
  - (b) Sugar factory (sugar + power + ethanol): 4.85
- (2) Average DSCR for last five years:
  - (a) Company as whole : 2.70
  - (b) Sugar factory (sugar + power + ethanol): 2.94

(ii) **FACR**

- (1) F.A.C.R. of the factory as on 31.3.2017 : 2.69
- (2) F.A.C.R. for company as a whole as on 31.3.2017 : 2.71

(v) **I.R.R.** for the project 24.980%

6. The representation dated 21.05.2018 of sugar factory regarding financing pattern of the project and eligible/ineligible amount of SDF loan was discussed during the meeting. The

7.





representative of sugar factory submitted that the internal accruals of Rs.1500.00 lakhs may be considered instead of Rs. 3800.00 lakhs while evaluating their loan amount. The project was appraised for a cost of 19000.00 lakhs including cost of Rs.4245.00 lakhs for the ineligible items. The ineligible items were supposed to be funded from Bank loan and internal accruals of the company. The Sugar factory has brought in promoters contribution to the extent of 20% (Rs. 3800.00 lakhs) of the project cost Rs.19000.00 lakh i.e. in excess of 10%. Therefore, the SDF component is decreased to that extent. **The Committee was apprised that as per 129<sup>th</sup> Standing Committee, the norms are observed for the funding pattern while calculating the SDF loan and accordingly methodology for loan calculation submitted by the sugar factory was not acceptable. However, the Committee observed that since the issue involves interpretation of observation of 129<sup>th</sup> Standing Committee, the aforesaid representation of the Sugar Factory may be put up for consideration in the meeting of the Standing Committee for a decision, after a detailed examination by SDF in consultation with IFCI.**

7. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs.4315.25 lakh for setting up of 150 KLPD anhydrous alcohol or ethanol from molasses subject to the condition as mentioned in para 2 for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.**

8. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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.

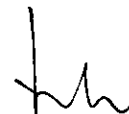
**Agenda Item No. 7**

**M/s Venkateshwara Power Project Ltd., A/p-Bedkihal, Tal. Chikodi, Distt. Belgaum, Karnataka-591214 for setting up 90 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Sub-Committee considered the loan application dated 21.09.2017 of M/s Venkateshwara Power Project Ltd., A/p-Bedkihal, Tal. Chikodi, Distt. Belgaum, Karnataka-591214 for setting up 90 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of Rs.9693.00 lakh. SDF assistance of Rs. 3412.00 lakh has been requested. The detailed **Project Report** prepared and technically evaluated by **Business Brains**. Project has been **appraised by IFCI Ltd.** Terms of Reference (ToR) regarding EIA received, acknowledgement of NOC from Pollution Control Board, Karnataka for the project has been furnished by the sugar factory.

2. **Director NSI, Kanpur** had some observation on Zero Liquid Discharge (ZLD) and asked to give water mass balances and fuel steam balance to confirm ZLD from the representative of sugar factory within 15 days, after issue of the minutes of the meeting. The same will be examined by SDF in consultation with Director, NSI, Kanpur to reach a conclusion regarding viability of the project.

3. 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.

4. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil.
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) The Directorate of Sugar informed that there are levy dues against the sugar factory.

**The Committee directed the Directorate of Sugar to quantify the levy amount and ask the Sugar Factory to clear the dues immediately. The sugar factory will have to obtain a NDC from the Directorate of Sugar before the case is placed in the meeting of the Standing Committee.**

5. The financial ratios submitted by the Sugar factory and considered by the Sub-Committee are as follows :

(i) **DSCR**

- (1) Average DSCR based on projections:
  - (a) Company as whole : 4.87
  - (b) Sugar factory : 7.52
- (2) Average DSCR for last five years:
  - (a) Company as whole : 1.29
  - (b) Sugar Factory : 1.43

(ii) **FACR**

- (1) F.A.C.R. of the factory as per audited balance sheet as on 31.3.2017: **1.72**
- (2) F.A.C.R. of the factory as per audited balance sheet as on 31.3.2017 (without proposed assets): **0.91**
- (3) F.A.C.R. company as a whole as per audited balance sheet as on 31.3.2017: **1.80**
- (4) F.A.C.R. company as a whole as per audited balance sheet as on 31.3.2017 (without proposed assets): 1.00

(iii) **L.R.R.** for the project : 21.17%

6. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs.1563.076 lakh for setting up 90 KLPD anhydrous alcohol or ethanol plant from molasses subject to the conditions as mentioned in para 2 and 4 above for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.**

7. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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. 8**

**M/s Chadha Sugars & Industries Pvt. Ltd. village –Kiri Afgana, Tehsil-**

9.



**Batala, Dist. Gurudaspur, Punjab for Setting up of a 50 KLPD ethanol plant with modification of existing 30 KLPD ENA distillery.**

It was brought to the notice of Sub Committee through news reports that the said sugar plant has been sealed and a fine of Rs.5.0 cr. imposed on the company on account of molasses getting leaked into the Beas River causing massive damage to aquatic life. This has done as per the order of the Punjab Pollution Control Board (PPCB).It has also been reported that the mill would remained sealed unless all the pollution measures are taken. It was further reported that a Committee to oversee the revival of the flora and fauna of the Beas River has been formed.

2. It was informed by the Director, NSI Kanpur that Director, NSI Kanpur has been assigned by the sugar factory to find out the causes behind the leakage of molasses into the Beas River.

3. It was suggested by IFCI, the nodal agency for SDF that the detail action plan for re opening of the company and meeting the conditions of the PPCB may be obtained and further improvement in the matter may be followed. Till that time, the present proposal may be put on hold.

4. It was also reported by Directorate of Sugar that there is a levy default of 939.73 MT pending on the basis of dispatches of levy sugar reported on line by Kiri sugar factory and a quantity of 1156.73 MT pending on the basis of the lifting of levy sugar updated by the concerned State Government against M/s Chadha Sugars & Industries Pvt. Ltd. village –Kiri Afgana, Tehsil-Batala, Dist. Gurudaspur, Punjab. The Directorate of Sugar has extended validity period of delivery for balance levy up to 30.6.2018. Directorate of Sugar were directed to ask the Sugar Factory to clear the dues by the stipulated time.

5. The Sub-Committee did not consider the other aspects of the loan application dated 25.10.2018 of sugar factory for setting up of a 50 KLPD ethanol plant with modification of existing 30 KLPD ENA distillery. In view of the above, keeping in view of environmental issues against the Sugar Factory, the Committee decided to *defer* the case. The NSI Kanpur and IFCI Ltd. will submit detail report to SDF Division for further examination of the issue.

**Agenda Item No. 9**

**M/s Athani Sugars Ltd., Shahuwadi Unit (lessee of Udaysingrao Gaikwad SSK Ltd.) Sonawade-Bambawade, Tal. Shahuwadi, Dist. Kolhapur, Maharashtra-416213 for setting up of 90 KLPD anhydrous alcohol or ethanol plant from molasses.**

The Sub-Committee considered the loan application dated 16.06.2017 of M/s Athani Sugars Ltd., Shahuwadi Unit (lessee of Udaysingrao Gaikwad SSK Ltd.) Sonawade-Bambawade, Tal. Shahuwadi, Dist. Kolhapur, Maharashtra-416213 for setting up of 90 KLPD anhydrous alcohol or ethanol plant from molasses at a cost of Rs.11427.24 lakh. SDF assistance of Rs. 4500.00 lakh has been requested. The detailed **Project Report** has been prepared and technically evaluated by **VSI Pune**. Project has been **appraised** by Kolhapur District Central Co-op. Bank Ltd. **EIA has been received**. Acknowledgement of **NOC** from Pollution Control Board, Maharashtra for the project has been furnished by the sugar factory.

2. **Director NSI, Kanpur** had some observation on Zero Liquid Discharge and asked



to give water mass balances and fuel steam balance to confirm ZLD from the representative of sugar factory within 15 days, after issue of the minutes of the meeting. **Further, IFCI Ltd. will submit the FACR calculation sheet of the leased unit along with Balance Sheet and P&L Accounts of the Sugar Factory. The Committee directed to obtain from sugar factory an agreement with its sister units regarding adequate supply of molasses. The response of the Sugar mill will be examined by SDF in consultation with Director, NSI, Kanpur.**

3. 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.

4. **Dues position:**

- (i) SDF dues : As per CCA, as on 31.03.2018 is Nil.
- (ii) LSPEF dues : No LSPEF dues against the sugar factory.
- (iii) Levy Sugar The Directorate of Sugar : NIL

5. The **financial ratios** submitted by the Sugar factory and considered by the Sub-Committee are as follows :

(i) **DSCR**

- (1) Average DSCR based on projections:
  - (a) Company as whole : 1.56
  - (b) Sugar factory : 2.04
- (2) Average DSCR of past year
  - (a) Company as whole : 1.38 (for last five years)
  - (b) Sugar Factory : 1.83 (last three years)

(ii) **FACR**

- (1) F.A.C.R. of the factory as on 31.3.2017: NA

(IFCI Ltd. may submit the FACR calculation sheet of the leased unit and modification in nature of charge creation)

- (2) F.A.C.R. company as a whole as on 31.3.2017: **3.68**

(iii) **I.R.R.** for the project : 23.19%

6. **The Sub-committee, on the basis of technical and financial details, eligible project cost, and the loan applied for, recommended a loan of Rs.3782.08 lakh for for setting up 90 KLPD anhydrous alcohol or ethanol plant from molasses subject to the condition as mentioned in para 2 above for consideration of the Standing Committee. The sugar factory will provide details of means of financing the shortfall.**

7. The sugar factory is required to offer Bank Guarantee or first pari passu charge as security for SDF loan along with 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.

**Additional Agenda No. 1**

Following cases for extension of validity of Administrative Approval were put up before the Sub Committee and keeping in view of the facts and circumstances of the cases, the Committee recommended as under :

**1. Shri Balaji Sugar and Chemicals Pvt. Ltd., Yaragal Vijapur  
Karnataka (Cogen)**

**Background of the Case:** The above sugar factory was sanctioned SDF loan of Rs.808.11 lakh vide this Ministry's letter dated 26.06.2014 for setting up 18 MW Greenfield bagasse based co-generation power project with the condition to offer Bank Guarantee as security for SDF loan.

**Reason for delay/Justification furnished by sugar factory for extension of AA:** The sugar factory vide its letter dated 23.07.2015 also intimated that IFCI insisted for Bank Guarantee as decided by 123rd Standing Committee but the same was not possible for the sugar factory. Therefore, the case was closed vide letter dated 30.09.2016.

**SDF examination/views:** Sugar factory vide its letter dated 09.1.2018 has confirmed that company is now ready to furnish Bank guarantee for security of SDF loan. Therefore, it has now been decided to place the matter before the Standing committee in the next meeting.

**Decision of the Sub-Committee:** Validity extension of the Administrative Approval up to 31.10.2018 is recommended for consideration of Standing Committee.

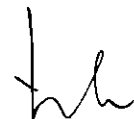
**2. M/s Sahakar Maharshee Shivajirao Narayanrao Nagawade  
Sahakari Sakhar Karkhana Limited (Formerly known as The  
Shrigonda Sahakari Sakhar Karkhana Ltd.), At Shrigonda  
Factory, Post Shrigonda Sakhar Karkhana, Taluka Shrigonda,  
District Ahmednagar, Maharashtra (Cogen)**

**Background of the case:** The above sugar factory was sanctioned SDF loan of Rs.3427.96 lakh vide this Ministry's letter dated 12.11.2015 for setting up 26 MW bagasse based co-generation power project.

**Reason for delay/Justification furnished by sugar factory for extension of AA:** The disbursement has not been made to the sugar mill mainly due to non execution of Power Purchase Agreement. The validity of Administrative Approval was extended upto 11.11.2017 on request of the sugar factory in two spells each of three months first from JS (Sugar) level and second from Secretary (F&PD) level as per guidelines. Furthermore, another extension of AA upto 31.03.2018 was granted to the above sugar mill as per recommendations of 135th standing committee.

**SDF examination/views:** The Sugar factory vide its letter dated 6.03.2018 has requested for further extension of validity of AA for six months keeping in view of pending execution of PPA with State Government. Comments from NCDC on whether the PPA can only be executed with MSEB were sought. After receipt of the comments from NCDC, it has also been decided to place the matter before the Standing committee in the next meeting.

**Decision of the Sub-Committee:** Validity extension of the Administrative Approval up to 31.10.2018 is recommended for consideration of Standing Committee



**3. M/s Utech Sugar Limited, Gat No.15, Mouje Kavathe Malkapur, Taluka Sangamner, Distt-Ahmednagar, Maharashtra (Cogen)**

**Background of the case:** SDF loan amounting to Rs. 595.01 lakh was sanctioned to above sugar mill vide Administrative Approval dated 26 Sep 2014. The Administrative Approval (AA) was further extended upto 31.12.2017 by 134th standing committee. **There is no provision for extension of validity of AA, as per existing guidelines.**

**Reason for delay/Justification furnished by sugar factory for extension of AA:** The proposal/recommendations of IFCI to accord approval to FACR to enable sugar mill to proceed for creation of first pari passu charge in favour of SDF, GOI for the proposed loan, was received on 07.09.2017. However, the request has not yet been agreed to because of pendency of litigation matters involving land.

The sugar mill vide this Department's letter dated 21.02.2018 was conveyed that this Department is unable to accept the land for mortgage in their case as the same may not be free from encumbrance due to pendency of litigation cases. It was also conveyed that this Department is unable to proceed in the matter without Bank Guarantee or till the matter involving land, is finally settled in the court of law.

The sugar mill vide its communication dated 23.02.2018 again requested to consider their case for creation of security and has also offered additional security in the form of personal guarantee of chief promoter as well as security cheque. Comments of IFCI were therefore sought on the letter of the sugar mill. IFCI vide its letter dated 23.04.2018 has recommended for extension of validity of AA upto 31.08.2018 and also for FACR approval for creation of 1st pari passu charge on fixed assets of company and acceptance of additional securities.

**SDF examination/views:** The case may be placed before forthcoming Sub Committee for its decision on extension of validity of AA.

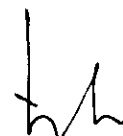
**Decision of the Sub-Committee:** Validity extension of the Administrative Approval up to 31.10.2018 is recommended for consideration of Standing Committee

**4. M/s Bilagi Sugar Mills Ltd., Badagandi village- Bilagi- Taluka, Bagaikot District, Karnataka (Modernization)/(Cogen)**

**Background of the Case:** An amount of Rs.3004.38 lakh (For Cogeneration Scheme) and Rs.2268.85 lakh(For Modernization Scheme) were sanctioned to above sugar mill with the one year validity of AA.Validity of AA has expired on 12.12.2017 and 13.12.2017 respectively. There is no provision for extension of validity of AA, as per existing guidelines.

**Reason for delay/Justification furnished by sugar factory for extension of AA:** Sugar factory vide its letter dated 06.12.2017 (within the validity period of AA) intimated that they had submitted the documents required for disbursal (most of them) to IFCI, Bangalore for release of SDF loan. Sugar mill has also intimated that Deed of Hypothecation and Memorandum of Entry for having created Pari-Passu 1st Charge on the Assets of sugar mill is also filed with ROC. Cersai Registration and ESCROW agreement will be signed and submitted shortly. Further, sugar factory requested to extend the validity of AA up to 31.01.2018 for disbursement of SDF loan.

**SDF examination/views:** In view of above justification, sugar factory was advised vide this Department's letter dated 15.01.2018 to complete all formalities for disbursement of SDF loan as soon as possible and then approach SDF for extension. It was also conveyed that the request of sugar factory for extension of validity of AA will be examined on its merit, for relaxation of the existing instructions, if possible. Now, IFCI vide its letter dated 06.03.2018



has forwarded disbursal request of the sugar factory alongwith disbursal documents. IFCI has also recommended for extension of administrative approval. However, There is no provision for extension of validity of AA, as per existing guidelines.

**Decision of the Sub-Committee:** Validity extension of the Administrative Approval up to 31.10.2018 is recommended for consideration of Standing Committee

**5. M/s Shri Ambalika Sugar Pvt. Ltd., Ambikanagar, A/p- Jagdamba Factory, Tal- Karjat, Dist- Ahmednagar, Maharashtra for sanction of financial assistance from SDF for setting up of 56.4/60 KLPD anhydrous alcohol or ethanol from molasses. (ETHANOL)**

**Background of the Case:** An amount of Rs.1274.15 lakh was sanctioned to above sugar mill with the one year validity of AA. Validity of AA has expired on 22.03.2018. There is no provision for extension of validity of AA, as per existing guidelines.

**Reason for delay/Justification furnished by sugar factory for extension of AA:** Sugar factory has not provided any justification in this regard. IFCI has also not given any justification for extension of validity of AA. As per existing instructions, the sugar factory should have applied for extension before the expiry of AA which was not done by the Sugar Factory.

**SDF examination/views:** After expiry of AA, IFCI vide its letter dated 04.05.2018 has forwarded disbursal request of the sugar factory subject to CERSAI registration along with disbursal documents and request letter for extension of AA up to 31.10.2018. IFCI has also recommended for extension of administrative approval.


**Decision of the Sub-Committee:** The Sub-Committee did not recommend the case for extension for consideration of Standing Committee.

**6. M/s Siddhi Sugar and Allied Industries Ltd. Maheshnagar, Ujana, Tq.-Ahmedpur, Dist.-Latur, Maharashtra for setting up 30 KLPD anhydrous alcohol or ethanol plant from molasses. (Ethanol)**

**Background of the case:** An amount of Rs.1035.60 lakh was sanctioned to above sugar mill with the one year validity of AA. Validity of AA has expired on 12.12.2017. There is no provision for extension of validity of AA, as per existing guidelines.

**Reason for delay/Justification furnished by sugar factory for extension of AA:** Sugar factory vide its letter dated 13.10.2017 has intimated that there was severe drought situation in the Marathawada region cane availability was a serious problem. AS well as their some documents were delayed, which were essential for actual distillery erection work. However, in 2016-17, rainy season & now in 2017-18 rainy season is comparatively much better, so they have speeded up the activities for distillery erection. Further, it has been also intimated that they have received almost all documents related to distillery. Further, sugar factory vide its letter dated 20.11.2017 has intimated that they are mobilizing the implementation of ethanol project by December, 2017 and will approach their fund for disbursement.

**SDF examination/views:** In view of above justification, sugar factory was advised vide this Department's letter dated 15.01.2018 to complete all formalities for disbursement of SDF loan as soon as possible and then approach SDF for extension. It was also conveyed that the request of sugar factory for extension of validity of AA will be examined on its merit, for relaxation of the existing instructions, if possible.



**Decision of the Sub-Committee:** Validity extension of the Administrative Approval up to 31.10.2018 is recommended for consideration of Standing Committee

## Annexure-I



| List of participants of Sub-Committee meeting held on 30.05.2018 |  |   |
|--|--|---|
| Sl. No.  | Name of Members  | Department  |
| 1  | Shri Suresh Kumar Vashishth<br>Joint Secretary (S & A)   | Chairman  |
| 2  | Shri G.S.Sahoo<br>Director (Sugar Policy) Directorate<br>of Sugar Represented by Shri B.K. Yadav | Member  |
| 3  | Shri R.K.Pandey<br>Director (Finance)  | Member  |
| 4  | Shri Narendra Mohan<br>Kanpur Director, NSI,   | Member  |
| 5  | Shri N.K. Kashmira<br>Director (SDF)   | Member Secretary  |
| <b>SPECIAL INVITEES</b>  |  |   |
| 6  | Shri G.K. Thakur<br>(Policy) Director  | ISMA  |
| 7  | Dr. J.P. Singh<br>(CCA)  | National Federation of Co-operative Sugar<br>Factories (NFCFSF) |
|  | Shri S.K. Seth<br>(Consultant)   |   |
| 8  | Shri Sanjay Awasthi<br>President   | STAI  |
| 9  | Shri K.K. Chaudhary<br>Executive Director  | NCDC  |
|  | Shri Girraj Agnihotri<br>Deputy Directory  |   |
| 10   | Shri Prasoon<br>Manager Chief General  | IFCI  |
|  | Shri V. Subrananian<br>Manager General   |   |
|  | Shri Manoranjan Sharma<br>Manager  |   |
|  | Shri Jagdish Garwal<br>Manager Deputy General  |   |
| <b>Others</b>  |  |   |
| 11   | Shri Dilip K. Jha  | Under Secretary (SDF)   |
| 12   | Shri Kanav Dua   | Asst. Director (Cost)   |
| 13   | Shri Manmohan Kumar  | Section Officer (SDF)   |
| 14   | Shri Sushil Kumar  | Section officer (SDF A/c)                                       |
| 15   | Shri Nitesh Bhasin   | Section Officer (SPF)   |

