

Email/SPEED POST

No.1-3/2021-SDF 176

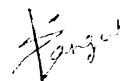
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
www.dfpd.nic.in

Krishi Bhawan, New Delhi
Dated the 17th June, 2021

OFFICE MEMORANDUM

Subject: Meeting of Sub-Committee of SDF for considering loan applications of Sugar Factories for Modernization-Rehabilitation, Cogeneration and Ethanol /ZLD projects- regarding

In continuation of this Ministry's OMs of even number dated 08.06.2021 and 11.06.2021 on the subject mentioned above, a copy of minutes of the meeting of Sub Committee held on 15.06.2021 at 03:30 PM under the Chairmanship of Joint Secretary (Sugar & Admn.) is enclosed for your kind information and necessary action.



(Sangeet)

Director (SDF)

Member Secretary

Tel.No.23384653

DISTRIBUTION:

1. Director (S&VO)], Directorate of Sugar, DFPD
2. Deputy Secretary (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 : 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 (STAI): Technical Expert
7. Representative of Horticulture Division, Department of Agriculture Cooperation and Farmers welfare, Ministry of Agriculture and Farmers Welfare, Krishi Bhawan, New Delhi
8. Representative from NCDC : Banking Expert
9. Representative from IFCI : Banking Expert



(Sangeet)

Director (SDF)

Member Secretary

Copy for information to: PPS to JS (Sugar & Admn.)/ PS to Director (SDF)/ US (SDF)/AD(Cost)

Minutes of the meeting of the Sub-Committee under Sugar Development Fund (SDF) held on 15.06.2021

A meeting of the Sub-Committee for consideration of the loan applications under Sugar Development Fund (SDF) was held under the Chairmanship of Joint Secretary (S&A) on 15.06.2021 at 03.30 PM in Committee Room No. 167, Krishi Bhawan, New Delhi. A list of participants including those who participated through VC is at **Annexure-I**.

At the outset, the Chairman welcomed all the Members of the Sub-Committee. After that, the agenda items were taken up for discussion with the permission of the Chair. The observations/recommendations are as follows:

Agenda No. 1:

M/s Swami Samarth Sugar and Agro Industries Ltd., Gat No.18, Malewadi-Dumala, Tq. Newasa, Ahmednagar, Maharashtra for setting up of 12 MW Greenfield bagasse based co-generation power project.

The Sub Committee considered the loan application for setting up of 12 MW Greenfield bagasse based co-generation power project at a cost of Rs.5055.03 lakh including SDF assistance of Rs.654.00 lakh requested by the Sugar Factory.

2. The SDF loan application was received online on 24.05.2021 through SDF portal.
3. The project has been appraised by The Maharashtra State Co-Operative Bank Ltd. and Detailed Project Report prepared by VSI, Pune along with Technical feasibility report mentioning that project is technically viable.
4. No refinancing of project is involved. No old plant and machinery has been considered in the project. Consent to establish issued by Maharashtra State Pollution Control Board has been received. EIA clearance is not required.
5. There are no outstanding SDF dues, LSPEF dues and levy dues pending against the sugar factory as project is Greenfield.
6. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the proposed average DSCR of the cogen unit and company as a whole is 1.99 & 2.18 respectively. As on 31.03.2020, FACR of the factory/company as a whole including proposed assets and proposed loans is 1.63. IRR of the project is 14.13%.
7. It was observed that the retained earnings balance as on 31.03.2019 is negative. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional securities, will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.
8. **The Committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs.567.70 lakh for setting up of 12 MW Greenfield bagasse based co-generation power project for consideration of the Standing Committee. The sugar factory will also provide details of means of financing the shortfall.**


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Agenda No. 2:

M/s Shri Kranti Sugar and Power Ltd., Devi Bhoysare, tal: Parner, Distt. Ahmednagar, Maharashtra for setting up of 12.5 MW bagasse based co-generation power project.

The Sub Committee considered the loan application for setting up of 12.5 MW bagasse based co-generation power project at a cost of Rs.5738.29 lakh including SDF assistance of Rs.2295.00 lakh requested by the Sugar Factory.

2. The SDF loan application was received online on 02.04.2021 through SDF portal.
3. Sugar factory, at present, has installed capacity of 1250 TCD. As per SDF Rules, 1983, sugar factory having present installed capacity of 2500 TCD or above can apply for loan under cogeneration scheme. However, the said Rules has been amended vide Notification dated 07.08.2020 and 24.03.2021.
4. The project has been appraised by The Maharashtra State Co-Operative Bank Ltd. and Detailed Project Report prepared by VSI, Pune along with Technical feasibility report mentioning that project is technically viable.
5. No refinancing of project is involved. No old plant and machinery has been considered in the project. Consent to establish issued by Maharashtra State Pollution Control Board has been received. EIA clearance is not required.
6. There are no outstanding SDF dues, LSPEF and levy dues pending against the sugar factory.
7. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the proposed average DSCR of the cogen unit and Company as a whole is 1.95 and 2.44 respectively. Average DSCR for the last 5 years company as a whole is not applicable as there is no debt serviced. As on 31.03.2020, FACR of the sugar factory and company as a whole including proposed assets and proposed loans is 1.56. IRR of the project is 31.34%.
8. It was observed that the sugar factory has incurred loss during 2019-20. Also, the retained earnings are negative as on 31.03.2020. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional securities, will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.
9. It was further observed that there are discrepancies in captive power consumption to the power plant and to the sugar plant, during & after the season. Also, there are discrepancies in cane availability. Therefore, the committee directed to obtain following documents from the sugar factory:
 - (i) Justification of captive power consumption to the power plant and to the sugar plant, during & after the season.
 - (ii) Certificate of cane availability from the Office of District Agriculture Officer.
 - (iii) Copy of the Power Purchase Agreement (PPA)


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10. The Committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs.1692.13 lakh for setting up of 12.5 MW bagasse based co-generation power project for consideration of the Standing Committee subject to the furnishing of the clarification/documents mentioned at para 9 above. The sugar factory will also provide details of means of financing the shortfall.

Agenda No. 3:

M/s Shree Kranti Sugar and Power Limited, Maharashtra for modernization cum expansion of sugar plant from 1250 TCD to 3750 TCD.

The Sub-Committee considered the loan application for modernization cum expansion of sugar plant from 1250 TCD to 3750 TCD at a cost of Rs.7178.02 lakh including SDF assistance of Rs.2871.00 lakh requested by the Sugar Factory.

2. The SDF loan application was received online on 02.04.2021 through SDF portal.
3. Sugar factory, at present, has installed capacity of 1250 TCD. As per SDF Rules, 1983, sugar factory having present installed capacity of 2500 TCD or above can apply for loan under cogeneration scheme. However, the said Rule has been amended vide Notification dated 07.08.2020 and 24.03.2021.
4. The project has been appraised by The Maharashtra State Co-Operative Bank Ltd. and Detailed Project Report prepared by VSI, Pune along with Technical feasibility report mentioning that project is technically viable.
5. No refinancing of project is involved. No old plant and machinery has been considered in the project. Consent to establish dated 26.02.2020 for 2950 TCD from Maharashtra Pollution Control Board and acknowledgement of application for PCB clearance by Maharashtra Pollution Control Board for 4200 TCD is received. EIA clearance is not applicable as expansion is upto 3750 TCD only.
6. There are no outstanding SDF dues, LSPEF and levy dues pending against the sugar factory.
7. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the proposed average DSCR of the sugar unit and Company as a whole is 2.84 and 2.44 respectively. Average DSCR for the last 5 years company as a whole is not applicable as there is no debt serviced. As on 31.03.2020, FACR of the sugar factory and company as a whole including proposed loans is 1.56. IRR of the project is 31.24%.
8. It was observed that the sugar factory has incurred loss during 2019-20. Also, the retained earnings are negative as on 31.03.2020. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional securities, will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.


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9. It was further observed that incremental benefit of the modernization cum expansion of sugar plant needs to be spelt out. Therefore, the committee directed to obtain the same from the sugar factory.

10. The Committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs.2288.02 lakh for modernization cum expansion of sugar plant from 1250 TCD to 3750 TCD for consideration of the Standing Committee subject to furnishing of clarification/documents at para 9 above. The sugar factory will also provide details of means of financing the shortfall.

Agenda No. 4

M/s Sangamath Sugars Ltd., Village Yeragal (BK), Taluka Sindagi, Distt. Vijayapura, Karnataka for setting up of 20 MW Greenfield bagasse based co-generation power project.

The Sub Committee considered the loan application for setting up of 20 MW Greenfield bagasse based co-generation power project at a cost of Rs.1435.00 lakh including SDF assistance of Rs.1494.00 lakh requested by the Sugar Factory.

2. The SDF loan application was received on 29.09.2020. The same was also received online on SDF portal. After preliminary examination, additional information/documents were obtained from sugar factory/appraising bank.

3. The project has been appraised by The Karnataka State Cooperative Apex Bank Ltd. and Detailed Project Report prepared by Manalee Engineering, Pune along with Technical feasibility report mentioning that project is technically viable.

4. No refinancing of project is involved. No old plant and machinery has been considered in the project. Consent to establish issued by Karnataka State Pollution Control Board has been received. EIA clearance has also been received.

5. There are no outstanding SDF dues, LSPEF dues and levy dues pending against the sugar factory as project is Greenfield.

6. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the proposed average DSCR of the sugar factory/Company as a whole is 0.98. As on 31.03.2019, F.A.C.R. of the factory/company as a whole including proposed assets & proposed loans is 1.29. IRR of the project is projected at 12%.

7. It was observed that the sugar factory has incurred loss during 2019-20. Also, the retained earnings are negative as on 31.03.2020. The sugar factory is required to offer either Bank Guarantee or first pari passu charge as security for SDF loan. However, security requirement, along with additional securities, will be decided at the time of charge creation or at any other point of time as per extant rules/guidelines/requirement.

8. It was further observed that there are discrepancies in the use of water & bagasse availability. Therefore, the committee directed to obtain following clarification/documents from the sugar factory:

(i) Revised estimates for usage of water.


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- (ii) HMB Diagram.
- (iii) Certificate regarding baggasse availability.

9. **The Committee, on the basis of technical and financial details, eligible project cost, and the loan amount applied for, recommended SDF loan of Rs.1343.57 lakh for setting up of 20 MW Greenfield bagasse based co-generation power project for consideration of the Standing Committee subject to furnishing of clarification/documents as per para 8 above. The sugar factory will also provide details of means of financing the shortfall.**

Agenda No. 5:

Revival & Extension of Administrative Approval (AA) of SDF loan granted to M/s Utech Sugar Limited, Gat No.15, MoujeKava the Malkapur, Taluka Sangamner, Distt-Ahmednagar, Maharashtra.

The Sub Committee considered the proposal for Revival & Extension of Administrative Approval (AA) of SDF loan granted to M/s Utech Sugar Limited.

2. The committee noted that in the last Sub Committee meeting held on 03.11.2020, IFCI was requested to compile all relevant documents and furnish their considered opinion after its examination.

3. The committee noted that IFCI vide its letter dated 26.11.2020 has stated as under:

(i) Legal Department of IFCI has again examined the matter and found that the Civil Suit filed in 2013 was disposed of favourably in 2017. Subsequently, an appeal was filed challenging the dismissal which is still pending and is yet to be admitted. The appeal is pending at a pre-admission stage before the Aurangabad Bench of the High court of Bombay.

(ii) The Central Bank and The Maharashtra State Cooperative Bank had created their charge on the property on 05.01.2017 and 14.09.2016 respectively i.e during the pendency of the Civil Suit. It implies that the said banks have taken a calculated risk considering that the property charged to them was under litigation.

(iii) IFCI again reiterated that there is no bar in creation of mortgage over the property, however, enforceability may be difficult in the event the appeal is entertained and found to be meritorious. Further, in IFCI, there is no practice to accept mortgage under litigation.

(iv) SDF may consider to impress upon the company to furnish BG as security so as to avoid any future complication or may except the security in line with banks.

4. During the meeting, representative of IFCI Ltd re-iterated the same and submitted that BG may be obtained as security of SDF loan. The committee agreed with the same. Also, the committee noted that since the project has been commissioned long back, the need for SDF loan may not arise at present.

5. The committee also noted that the 137th Standing Committee recommended extending the validity of Administrative Approval from 31.12.2017 upto 30.06.2019 **subject to furnishing of Bank Guarantee as security of SDF loan by the sugar factory.** Therefore, the committee directed that the sugar factory may be asked to convey their willingness for furnishing the Bank

Guarantee and accordingly the matter may be placed before the Standing Committee for its consideration. In case, the sugar factory is not willing to submit BG as security of SDF loan, the case may be recommended for closure.

Additional Agenda No.1 (Misc):
List of returned and pending applications

The Sub Committee noted the same.

The meeting ended with vote of thanks to the Chair.


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