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F. No. 11-1/2022-SDF  
भारत सरकार  
Government of India  
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण विभाग  
Ministry of Consumer Affairs, Food & Public Distribution  
खाद्य एवं सार्वजनिक वितरण विभाग  
Department of Food & Public Distribution

कृषि भवन, नई दिल्ली  
दिनांक 06.04.2022

**कार्यालय ज्ञापन**

**विषय: Meeting of the Committee for Rehabilitation (CFR) for Restructuring of SDF Loans under Rule 26 held on 28<sup>th</sup> March 2022 at 5.00 P.M. in Krishi Bhavan, New Delhi - Regarding.**

In continuation of this Ministry's O.M. of even numbers dated 24.03.2022, 25.03.2022 and email dated 28.03.2022 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 28<sup>th</sup> March 2022 is enclosed for kind information and necessary action.



(संगीत)  
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**DISTRIBUTION:**

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

**Special Invitees:**

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



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**Copy for information to:** PPS to JS (Sugar & Admn.)/ PS to Director (SDF)/ US (SDF)/ DD(Cost)/ PPS to JS (PFC-I), Department of Expenditure.

**Minutes of the meeting of the Committee for Rehabilitation (CFR) under the Sugar Development Fund (SDF) held on 28.03.2022**

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 (S&A) on 28.03.2022 at 05:00 PM in Committee Room No.41, Krishi Bhawan, New Delhi. A list of participants, including those who participated through V.C., is at Annexure-I.

At the outset, the Chairman welcomed all the Members of CFR. The Committee was informed that Gol has issued the 'Operational Guidelines for the Restructuring of SDF loans' to facilitate Restructuring of SDF loans of potentially viable sick sugar units. Salient provisions of the 'Operational Guidelines for the Restructuring of SDF loans' were also briefed. As per the Operational Guidelines, a waiver of additional interest in full will be given to the eligible sugar factories.

The restructuring of loans will promote ease of doing business, and it will assist sugar mills in cleaning up their balance sheets and improving its financial viability. At the same time, it will 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 DRT. The revived sugar mills will have a higher potential to repay the SDF loans, which improves the chances of SDF recoveries. These guidelines may prove a win-win for the Sugar Industry and Gol in reducing the NPAs.

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 Rajshree Sugars & Chemicals Ltd. (RSCL), Tamil Nadu.**

The Committee considered the application for restructuring of Ethanol loan of Rs.32.45 crore and Co-generation loan of Rs.21.10 crore under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online on 03.03.2022 through the SDF portal.
3. ITCOT Limited has prepared the Detailed Project report. Technical Evaluation (TEV) was conducted and submitted to SBI (lead lender). TEV report has stated that considering the projected performance and effective implementation, the company's proposed business plan continues to be considered techno economically viable.
4. Lead Bank SBI confirmed on behalf of other lenders that there is no Legal/adverse action against the company by the consortium Lenders, and no litigation exists between the consortium of lenders and the company.
5. Lead bank SBI has given NOC on behalf of consortium lenders regarding willingness to permit the Restructuring of SDF loans.
6. An OA No. 424/2019 is pending under DRT Chennai. DRT is likely to pass an order on I.A. on maintainability of O.A. IFCI has filed a counter statement. Main OA is posted for written statements of defendants. It was informed to the Committee that, as per the Guidelines, the restructuring may be considered even after the borrower/sugar

  
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mill is referred for litigation by the SDF nodal agencies, on behalf of SDF, at the Debt Recovery Tribunal (DRT) for recovery of dues.

7. As per the balance sheet and other financial details submitted by the sugar factory, the company incurred cash losses for the last three financial years. While the Annual reports for F.Y. 2018-19 & 2019-20 reflect this cash loss, the Annual report for F.Y. 2020-21 shows a cash profit due to concession in interest rates approved by the various lenders (SBI ICICI, Axis Bank, BOI, UCO). IFCI has stated that this is a notional entry under Indian Accounting standards. The finance cost without giving effect to the concessional rate of interest granted in approved debt restructuring has been a cash loss of ₹ 6016 lakh.

8. RSCL has a TRA (Trust & Retention Account) with SBI as the lead lender as part of a debt resolution plan approved and implemented by consortium lenders. IFCI had insisted on being part of TRA to ensure a smooth recovery. However, it was not acceptable to RSCL. Subsequently, RSCL agreed to open an Escrow A/c as a part of Restructuring, but that does not serve the purpose of loan repayment in line with the repayment schedule (which would form post-restructuring). Hence, it was proposed that to mitigate the risk of default, TRA should be in sync with the IFCI account, and there should be a provision for the transfer of funds into the IFCI account as per the repayment schedule as approved by SDF, GOI.

9. As per the defaulter list as on 28.02.2022, the SDF dues position of the company is as under:

Loan Type	Ledger No	Loan Disbursed (₹)	Principal Amount (₹)	Interest (₹)	Additional Interest (₹)	Total defaults (₹)
Ethanol	X-6	32,45,08,000	27,97,74,362	11,48,86,286	13,31,436	39,59,92,084
Co-Gen	VII-41	21,10,00,000	7,58,35,622	1,48,24,359	1,15,08,070	10,21,68,051
	Total	53,55,08,000	35,56,09,984	12,97,10,645	1,28,39,506	49,81,60,135

10. The Sugar Unit made a payment of ₹8.5 crores in the F.Y. 2021-22, which was adjusted against the additional interest. Therefore, the total eligible additional interest for waiver is less. They are also in the process of setting up an ethanol plant, which will improve the viability of the Unit.

11. The Sugar Unit is eligible for the waiver of additional interest of ₹1,28,39,506.00 (as on 28.02.2022).

12. The security requirement for the restructured loan will be decided at the time of Charge creation as per the extant Rules/Guidelines.

13. The application was discussed in detail, and the Committee observed that the application meets the eligibility criteria as per the Guidelines issued vide letter dated 03.01.2022.

14. After due deliberations, the Committee recommended the restructuring of the SDF loans, subject to the conditions mentioned in point 8 & 12 above, as per the Operational Guidelines for the Restructuring of SDF loans, for the consideration of Standing Committee on SDF.

#### **Agenda No. 2:**

#### **M/s Gayatri Sugars Limited. (GSL), Telangana.**

The Committee considered the application for restructuring of modernisation loan of ₹1991.60 lakh under operational guidelines issued under Rule 26 of SDF Rules, 1983.

2. The application was received online on 03.03.2022 through the SDF portal.

  
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3. The 'Technical Evaluation (TEV)' was done by SJA Industrial Consultants Pvt. Ltd appointed by lead bank Union Bank of India. TEV report has stated that the proposed Restructuring of the SDF loan is technically, economically, and financially viable.

4. UBI, BOB, SBI and PNB has confirmed that no adverse/ legal action has been taken against the company.

5. With regard to willingness to permit the Restructuring of SDF loans in the light of projected cash flows, consortium member banks have issued NOC based on reciprocity, and as such, it shall become valid and effective only after SDF, GOI cedes pari-passu second charge to consortium lenders led by UBI.

6. From the balance sheet and other financial details submitted by the sugar factory, it was observed that the company has incurred cash losses for the last three financial years, and the company's net worth is also negative.

7. GSL had filed a petition in DRT challenging the maintainability of the O.A. filed by IFCI. IFCI had filed an application to lead secondary evidence. GSL has filed the withdrawal application before the Hon'ble Debts Recovery Tribunal-I at Hyderabad. It was informed to the Committee that, as per the Guidelines, the restructuring may be considered even after the borrower/sugar mill is referred for litigation by the SDF nodal agencies, on behalf of SDF, at the Debt Recovery Tribunal (DRT) for recovery of dues. The restructuring shall be subject to an unconditional withdrawal of the petition by the sugar factory.

8. Escrow account to be opened for the receivables by the company.

9. As per the defaulter list as on 28.02.2022, the SDF dues position of the company is as under:

Loan Type	Ledger No.	Amount Disbursed	Principal	Interest	Additional Interest	Total Default
Mod	W-91	9,95,80,000	9,95,80,000	8,46,03,409	5,04,77,499	23,46,60,908
Mod	W-90	9,95,80,000	9,95,80,000	7,69,22,675	3,94,56,921	21,59,59,595
	Total	19,91,60,000	19,91,60,000	16,15,26,084	8,99,34,419	45,06,20,503

10. The Sugar Unit is eligible for the waiver of additional interest of ₹8,99,34,419.00 (as on 28.02.2022).

11. The security requirement for the restructured loan will be decided at the time of Charge creation as per the extant Rules/Guidelines.

12. The application was discussed in detail, and the Committee observed that the application meets the eligibility criteria as per the Guidelines issued vide letter dated 03.01.2022.

13. After due deliberations, the Committee recommended the Restructuring of the SDF loans, subject to the conditions mentioned at point 7, 8 & 11, as per the Operational Guidelines for the Restructuring of SDF loans, for the consideration of Standing Committee on SDF.

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

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