

No.7-11/2006-SDF
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Krishi Bhavan, New Delhi,
Dated the 22nd September, 2006

To
M/s Kothari Sugars and Chemicals Ltd.,
Kattur, Lalgudi- Taluk,
Trichy District,
Tamil Nadu

Subject :Application for sanction of financial assistance from SDF for bagasse based co-generation power project - reg.

Sir,

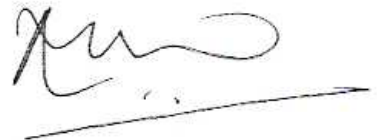
I am to refer to your loan application received vide letter dated 15th March, 2006, and to convey the approval of the Central Government under sub-rule (10) of Rule 23 of the Sugar Development Fund Rules, 1983, to the grant of loan of **Rs.33,60,00,000/- (Rs Thirty three crore & sixty lakh only)** from the Sugar Development Fund to **M/s Kothari Sugars and Chemicals Ltd., Kattur, Lalgudi- Taluk, Trichy District, Tamil Nadu** for Setting up 24 MW bagasse based co generation power project at village Kattur, Lalgudi- Taluk, Trichy District, Tamil Nadu.

2. The loan sanctioned to **M/s Kothari Sugars and Chemicals Ltd.**, is subject to the following conditions :

(i) The essential details of the loan shall be those as specified in the Annexure to this letter;

(ii) The sugar undertaking shall utilize the amount of loan to meet liability on account of shortfall of promoter's contribution in the total project cost;

(iii) The sugar undertaking shall execute an agreement as required under the provision of sub-rule (15) of rule 23 of the Sugar Development Fund Rules, 1983, before disbursement of the loan;



25 SEP 2006

General Manager			
DGM-P	DGM-E	DGM-D	DGM-C
AGM-C	M-P&A	M-Engg.	M. Util.
M. Dist.	DM Pro.	DM-QC	DM-Inst
AM-A/c.	AM-Cane	AM-Engg.	AM-Matl.

(iv) The sugar undertaking shall, after execution of the agreement referred in clause (iii) above, and before the disbursement of the loan, furnish security for the loan and interest thereon to the satisfaction of the Central Government in accordance with the provision of sub rule (16) of Rule 23 of the Sugar Development Fund Rules, 1983. The security shall cover the amount of loan and interest thereon for the full period of repayment and will be in the form of either Bank Guarantee from a scheduled bank or a mortgage on all immoveable and moveable properties of the sugar factory on pari passu first charge failing which on the basis of an exclusive second charge;

(v) The sugar undertaking will have to repay fully all the sums, which have become due in respect of the Sugar Development Fund and the Levy Sugar Price Equalization Fund;

(vi) **The sugar undertaking will avail the first instalment of the sanctioned amount within a period of one year from the date of issue of this sanction, failing which the approval will automatically lapse;**

(vii) **The sugar factory should submit their request for disbursement of first instalment of loan to the Monitoring Agency within eight months from date of issue of Administrative Approval;**

(viii) The actual disbursement of loan will be made subject to the availability of funds in budget of the Sugar Development Fund, **and subject to production of "No Objection Certificate" from the Pollution Control Board**

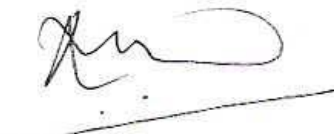
(ix) The sugar undertaking should maintain the accounts separately and all payments therefrom should be met only through cheque to ensure proper utilization of the fund released for the purpose for which sum has been sanctioned

3. The second instalment, if paid in two instalments, will be disbursed only after the utilisation of the full amount of the first instalment of the loan. Request for disbursement of 2nd instalment may be submitted within a period of 6 months from disbursement of first instalment, duly recommended and certified by the Monitoring Agency specified by the Central Government in regard to implementation of the scheme and utilisation of amount of loan disbursed and also achievement of targets

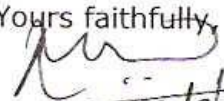
4. It is certified that: -

(i) The amount sanctioned as loan is admissible under the provision of sub-rule (10) of Rule 23 of Sugar Development Fund Rules, 1983 and,

(ii) The condition laid down in sub-rules (1) to (9) of Rule 23 of the Sugar Development Fund Rules, 1983 have been observed.



5. The expenditure involved is debitale to sanctioned budget grant of the Ministry of Consumer Affairs, Food & Public Distribution under the relevant Demand.

Yours faithfully,

(Abinash Verma) 22/8/06
Director (SDF)
Tele.23389625

Copy to :-

1. The Chief Controller of Accounts
Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution,
1688, Kasturba Gandhi Marg, New Delhi - 1.
2. The Accountant General
Commerce, Works & Miscellaneous,
Indraprastha Estate, New Delhi.
3. IFCI Ltd., IFCI-Tower,
61, Nehru Place,
New Delhi-110 019. **The Monitoring Agency, would be required to process and forward the requests for disbursement of installments to SDF Division within a period of forty five days from receipt of such requests for first instalment and one month in case of 2nd instalment.**
4. Indian Bank,
21, North mada Stret,
Mylapore, Chennai 600 004
5. Budget Section
6. Finance Desk - II
7. Guard File
8. Sanctioned Folder
9. Deputy Director A/cs (SDF)
10. The Principal Director of Audit
Economic & Service Ministries,
Indraprastha Estate, New Delhi.
11. Principal Accounts Office, Ministry of
Consumer Affairs, Food & Public Distribution, Department of Food and Public
Distribution, 1688, Kasturba Gandhi Marg, New Delhi-110 001.

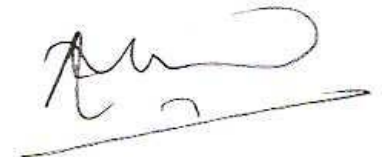

(Abinash Verma)
Director (SDF)

ANNEXURE TO MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

LETTER No.7-11/2006 -SDF

DATED September, 2006

1	Name of the borrower	M/s Kothari Sugars and Chemicals Ltd., Kattur, Lalgudi- Taluk, Trichy District, Tamil Nadu
2	Amount Sanctioned	Rs.33,60,00,000/- (Rs. Thirty three Crore & sixty lakh only)
3	Sanction valid upto	The sugar undertaking shall avail the Ist instalment of the sanctioned amount within a period of one year from the date of issue of sanction, failing which the approval will automatically lapse.
4	Purpose of loan	To meet the shortfall in the promoter's contribution required for implementing the project of bagasse based co-generation of power at the borrower sugar factory at Lalgudi-Taluk, Trichy District, Tamil Nadu
5	Payable in cash or by adjustment.	Payable by cheque in the name of IFCI Ltd, New Delhi
6	Plan/Non-plan	Non-plan.
7	Grant & Sub-Head under which amount sanctioned is debitale	Demand No. 18 - Department. of Food & Public Distribution - 6860 - Loans for Consumer Industries (Major Head) 04 - Sugar (Sub Major Head) 04.190 - Loans to Public Sector and other Undertakings (Minor Head) 06 - Sugar Factories for bagasse based cogeneration power project 06.00.55 - Loans and Advances (Non Plan) and recoverable from Major Head 8229 Development and Welfare Funds - 105 Sugar Development.
8	Progressive amount of loan sanctioned to the borrower to date in the financial year.	Rs. Nil
9	Period of Loan	Maximum of Seven and a half years (Inclusive of the period of moratorium as indicated in column 11)
10	Moratorium towards repayment of loan, if any.	As explained against column 11 below.
11	Date & year from which repayment commence.	Repayment of the loan shall commence after the expiry of 3(three) years reckoned from the date of each disbursement of the loan and shall be repaid in half yearly instalments not exceeding 10 (ten) in number. The interest on the said loan shall be paid annually for the first three years from the date of



		<p>disbursement of the loan after which it shall be paid half yearly along with the instalment of the repayment of the principal.</p> <p>In case of two consecutive defaults in repayment of loan or instalment thereof, the Central Government shall realize the entire amount of loan along with the interest and additional interest thereon from the security furnished for the loan or any claim of the sugar factory against the Central Government.</p>
12	<p>Interest:</p> <p>(a) Normal Rate</p> <p>(b) Penal rate of interest in event of default in repayment/ of instalment/interest.</p>	<p>Each instalment of the loan advanced shall carry a simple interest of 2% below the bank rate prevailing on the date of disbursement of the instalment of the loan"</p> <p><i>"Bank rate means the standard rate as made public by the Reserve Bank of India under section 49 of the Reserve Bank of India Act, 1934 (2 of 1934) and prevailing on the date of disbursement of the instalment of the loan by the Government".</i></p> <p>Date of disbursement shall mean the date of Cheque/Draft.</p> <p>Additional @ 2½ percent per annum over and above normal rate as mentioned above.</p>
13	Mode of repayment of Loan/payment of interest.	By means of a demand draft, drawn on the Reserve Bank of India, or State Bank of India, New Delhi in favour of the Chief Controller of Accounts, Department of Food and Public Distribution Government of India, New Delhi and shall be sent to him along with Form-I duly filled in. A copy of Form-I shall also be sent to the Director (SDF), Department of Food & Public Distribution, New Delhi. by such institution, sugar undertaking, person or authority.


 22/9/06
 (Abinash Verma)
 Director (SDF)