

email / speed post

No. 1-7/2017-SDF(335336)  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution  
Krishi Bhavan, New Delhi,  
Dated the 19 December, 2017

To

The General Manager  
IFCI Ltd., IFCI Tower,  
61 Nehru Place, New Delhi

The Chief Director (Sugar)  
National Cooperative Development Corporation  
4-Siri Fort Institutional Area,  
Hauz Khas, New Delhi-110016

Subject: Additional Securities to be obtained from Sugar Factories for which average DSCR for past five years is less than one – reg.

Sir,

I am directed to say that on the recommendations of the 135<sup>th</sup> Standing Committee, Govt has decided to treat the Sugar Companies whose average DSCR (anyone of sugar factory or company as a whole) for past five years is less than one, as financially weak. Therefore, following additional securities (as also decided for financially weak companies by the 130<sup>th</sup> Standing Committee) are required to be obtained for considering the requests of charge creation for security of SDF loans:

(i) Post-dated cheques (PDCs) for repayment of Principal and Interest of Borrower Company shall be obtained invariably in all cases. Besides PDCs, any or all of the following securities shall be obtained:

- a. Personal Guarantee of Promoters.
- b. Corporate Guarantee of Holding Company.
- c. Pledge of company's listed shares of Holding Company/Borrower.
- d. Assignment of Fixed Deposits of Holding /Borrower Company.
- e. Mortgage of third party assets viz. personal properties of borrower or Holding/Subsidiary Company.

(ii) These conditions shall apply at the time of creation of charge, henceforth. In cases where it is decided to obtain bank guarantee as per the FACR criteria, the above additional securities shall not be obtained.

P. F. O.

(iii) In case of the Cooperatives, since it would not be feasible to obtain other securities mentioned above, only PDCs shall be obtained as additional security.

2. It is requested to ensure strict compliance of above guidelines.

Yours faithfully,



(Dilip Kumar Jha)

Under Secretary to the Govt. of India

Tel:011-23385726

e-mail; dk.jha@nic.in

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NIC, DFPD for uploading the same at the website of the Department.