

Minutes of the Meeting of Inter-Ministerial Approval Committee (IMAC) constituted under Scheme for Cold Chain, Value Addition and Preservation Infrastructure held on 09.04 2015.

A meeting of the Inter-Ministerial Approval Committee under the Chairpersonship of Hon'ble Minister, FPI was held on 09.04.2015 to consider the following agenda:-

- (i) To determine eligibility/ineligibility, approval of scoring and grant component in respect of three cold chain proposals based on the recommendations of Technical Committee where M/s PWC has been nominated as Project Management Agency and,
- (ii) Review of evaluation and award of scores in respect of three cases viz. (a) Shree Uttam Foods India Pvt. Ltd. (A-8), (b) Fidelo Farms Pvt. Ltd. (B-19) and (c) Western Super Fresh (B-25).

2. The list of participants is at **Annexure-I**.

3. Smt. Anuradha Prasad, Joint Secretary & Convener of IMAC welcomed the Hon'ble Minister and other Members of the Committee.

4. The agenda item no. 2 was discussed at the outset. The IMAC decided as under:-

The IMAC noted that these three proposals were placed before IMAC in its meeting held on 24.03.2015 for eligibility and scoring. It was noted that in the said meeting IMAC had endorsed the scores awarded to these projects by the TC. However, the PMA on further review opined that the scores in these three cases needed to be revised in order to maintain consistency in scoring across all the eligible proposals. The IMAC reviewed the scores and revised the same as per following:-

(A) Shree Uttam Food Products (India) Pvt. Ltd.

- a. **1.a.iii.(Status of project land):** IMAC noted that the land proposed for one of the 5 MPCs is in the same area where the Distribution Hub is proposed. Thus, it decided that the MPC does not have a separate identity. For the remaining four MPCs, there is no land acquired. Accordingly, IMAC revised the marks from 3.5 to 3.
- b. **2(ii) Economic Viability of Project Based on Bank Appraisal (Key financial parameters viz. IRR, DSCR etc.):** IMAC noted that the IRR has not been furnished in the bank appraisal note. IMAC also noted that in the absence of cash flow details, the PMA could not ascertain the IRR. IMAC however, opined that as the project has been appraised by the Bank and found to be economically viable, 3 marks may be awarded to the applicant for IRR. Following this the total marks against this criterion is revised from 5 to 4.

The IMAC thus approved the total marks secured by the applicant as **61** without any change in the project cost and eligible grant.

(B) Fidelo Farms Pvt. Ltd.

- a. **1.a.iii.(Status of project land):** IMAC noted that it is not clear whether the CLU for the land proposed for Distribution Hub is available or not. It further noted that applicant has not furnished any detail regarding the land proposed for the MPCs. Following this, the IMAC revised the marks from 3 to 2.
- b. **1.b.ii.-Experience in food processing (existing Food Processing operations):** IMAC noted that current proposal is for establishment of milk processing facility integrated with cold chain infrastructure. It further noted that the applicant has experience in dairy farming from 2012 but not in milk processing. IMAC therefore, revised the marks from 5 to 3.

IMAC thus approved the total marks secured by the applicant as **74.5** without any change in the project cost and eligible grant.

(C) Western Superfresh Corporation

- a. **1.b.i-(Initiatives already taken for Backward & Forward Linkage (as illustrated in DPR):** IMAC noted that the applicant has not submitted details regarding the backward linkages. For forward linkage, LoIs from M/s Western Super Fresh Stores Pvt. Ltd. and M/s Al-Shirin Export on their letter heads have been furnished. Following this, IMAC revised the marks from 2 to 3.
- b. **6a.Extent of Coverage of Cold Chain Components-CA/MA, IQF, Packaging, Ripening Chambers etc. (Scores given as per the evaluation criteria.):** IMAC noted that applicant has been awarded one mark for proposed facility of Blast Freezer. IMAC noted that as per the scoring guidelines no additional mark can be allocated for installing the facility of Blast Freezer. IMAC therefore revised the marks from 6 to 5.

IMAC thus approved the total marks secured by the applicant as **64.5** without any change in the project cost and eligible grant.

Details of revised scores of aforementioned three proposals are at **Annexure-II.**

- 5. Reverting to Agenda Item no. 1** IMAC considered the eligibility/ in-eligibility and subsequent appraisal/ scoring in respect of three proposals viz., (i) M/s Gonglu Agro Pvt. Ltd., Maharashtra, (ii) M/s VIR Foods Ltd., Punjab and (iii) M/s SCASA Foods, Punjab where M/s PWC has been nominated as Project Management Agency as M/s Grant Thornton India LLP Pvt. Ltd. is the consultant from applicant's side. PMA (M/s PWC) made a presentation and explained the criteria and methodology adopted for ascertaining the eligibility or otherwise of the above said proposals and subsequent evaluation/ scoring of the proposals found prima facie eligible.

IMAC reviewed the compliance status of each of the three proposals scrutinized/ appraised by the Technical Committee. Proposal wise observations/ decisions of IMAC are as follows:-

- (a) **M/s Gonglu Agro Pvt. Ltd., Nashik, Maharashtra (A-40)**

IMAC noted that the proposal was considered eligible in TC meeting held on 01.04.2015. TC had recommended that the proposal be placed before IMAC for approval with score of 86 and eligible grant amount of Rs. 1000 lakh.

IMAC approved the recommendations of the TC with regard to eligibility and grant component. However, as regard evaluation/scoring, IMAC revised the score from 86 to 87. One mark was increased against evaluation criterion in Section 2(i) [Proposed Investment in Core Processing Facilities/Distribution Hub/Value Added Centre/Multi-Chamber and Multi-Product Cold Storage Facilities]. Details of the proposal is at **Annexure - III.**

(b) M/s SCASA Foods, Ludhiana, Punjab, (D-24)

The proposal of M/s SCASA Foods was recommended by the TC for rejection in its meeting held on 01.04.2015 on account of not meeting the networth eligibility criteria as the applicant did not submit requisite self certification duly supported by valuation reports as per circle rates and proof of investment worth Rs. 5.86 crores in M/s SCASA Agro Industries. It was also decided in the Technical Committee that value of land cannot be considered more than the value mentioned in the Valuation Report and Chartered Accountant certificate and it is not in the domain of the TC to value any assets suo moto and revise the networth upwards. IMAC noted that subsequent to Technical Committee meeting, the applicant has submitted additional supporting documents for the networth shown in CA certificate submitted with the application. IMAC allowed the subsequent submission of the said documents for ascertaining the networth eligibility of the proposal as has been followed in other cases. Based on submitted documents, the PMA informed the IMAC that the applicant fulfils the networth eligibility criteria.

IMAC reviewed the compliance status of the proposal ascertained by the PMA against each of the eligibility criteria and evaluated it for scoring. IMAC awarded 86 marks to the proposal with the eligible grant amount of Rs. 10 crore. Details of the proposal are at **Annexure-IV.**

(c) VIR Foods Ltd., Ludhiana, Punjab (C-22)

IMAC noted that the proposal was considered by the Technical Committee in its meeting held on 01.04.2015. The TC observed that as per the Public Notice from National Spot Exchange Ltd. (NSEL), published on 22.07.2014 in "Punjab Kesri" a daily Punjabi newspaper, the directors of the company, Mr. Kamal Dewan and Mr. Mohit Dewan have defaulted in paying their outstanding obligation (Rs. 84.82 crore) to NSEL. Accordingly, NSEL has declared them defaulters. EOW, Crime Branch, CID, Mumbai Police has secured the properties of M/s VIR Foods Ltd. for attachment. TC observed that in view of above, the proposal may not be considered eligible for grant.

IMAC noted the observations of Technical Committee and rejected the proposal.

Other decisions of IMAC

6. IMAC noted that applicants are still submitting documents in support of networth. It was brought to the notice of IMAC that the applicants were given reasonable time to submit their self-certification and supporting documents for networth. In view of this, IMAC decided that any clarifications/additional documents received only upto the IMAC meeting in which such proposal was considered may be accepted for determining the eligibility. Any submission subsequent to IMAC meeting will not be considered.
7. It was brought to the notice of IMAC that in its meetings held on 24/25.03.2015 it had been decided to carry out further verification of documents to ascertain the eligibility in respect of five proposals. IMAC reconsidered these proposals and decided that it may not be appropriate to seek further clarification from these applicants as reasonable and sufficient time had already been given to all the applicants. After detailed deliberations IMAC also decided that mutation certificate in support of immovable assets may be considered as valid ownership documents as they reflect the status of ownership and encumbrance details. Selected applicants will be asked to submit encumbrance certificate from state government revenue department before release of grant. Accordingly, IMAC proceeded to decide the eligibility of each of these five cases based on available documents on merits, as follows:-
 - (a). As regards proposal of M/s Balmer & Lawrie and M/s FHEL, IMAC noted that although the lending banks in these cases had confirmed that due diligence had been exercised in giving 'in-principle' approval for term loan for the project, however, these proposals were not accompanied by Bank Appraisal Note which was a mandatory requirement as per scheme guidelines. After detailed deliberations IMAC was of the view that writing to the banks in these two cases only for detailed appraisal note will not be equitable to other applicants who have been rejected on similar grounds. Therefore, IMAC decided to reject the above said proposals as ineligible.
 - (b). In respect of proposal of M/s H.T. Group, the applicant being a proprietorship firm was asked to furnish ownership documents of immovable assets alongwith valuation report at circle rates notified by the State Revenue Department, in support of networth mentioned in the CA certificate. The applicant however chose not to furnish the requisite documents. Therefore, IMAC decided to reject the proposal of M/s H.T. Group as ineligible.
 - (c). In case of proposals of M/s Maple Destination and Dreambuild and M/s Safe n Fresh, IMAC noted that the applicants have submitted the requisite documents towards the verification of networth. The PMA had reviewed these documents and reassessed the eligibility of these proposals. IMAC was apprised that these proposals are "Eligible". IMAC reconsidered the proposals and approved them to be eligible and also decided to evaluate these proposals for scoring and grant calculation. The scores secured by M/s Maple Destination and Dreambuild and M/s Safe n Fresh are 55 & 78 respectively. Details of scoring and grant calculation of these proposals are at **Annexure-V**.

8. IMAC noted that in case of three proposals [(i) M/s Vanita Infrastructure, (ii) M/s Kushal International and (iii) M/s Pink Tree], clarifications were received by the Ministry prior to IMAC meetings held on 24/25.03.2015 but these could not be placed before the Committee during the meetings. The Ministry had reviewed these documents and reassessed the eligibility of such proposals in consultation with the PMA. It was informed to the IMAC that of the three proposals, in case of proposal of M/s Kushal International Pvt. Ltd., the eligibility status needed to be revised from “Ineligible” to “Eligible” on the basis of said scrutiny. IMAC reconsidered the proposal and approved it to be eligible. IMAC further decided to evaluate the proposal for scoring and grant calculation. The score secured by the proposal is **40.5**. IMAC observed that the project cost in the DPR and the Bank Appraisal Note with reference to the Civil & Mechanical costs are inconsistent with the costs furnished in the CE (Civil & Mechanical) certificate and therefore, eligible grant could not be calculated. Details of scoring of M/s Kushal International is at **Annexure-VI**.
9. IMAC directed that based on the decisions taken, list of eligible proposals should be prepared in order of merit and details of eligible and ineligible cases along with reasons of ineligibility may be posted on the website simultaneously. In compliance of directions of IMAC, the list of eligible proposals approved by the IMAC in order of merit is placed at **Annexure - VII**. IMAC also decided that all the successful proposals will be required to submit encumbrance certificate from concerned Department/authority of respective State Govt. for immovable assets forming part of the net worth assessed of the applicant. Such submission shall be required to be given by the applicant within one month of the issue of approval letter.
10. The meeting ended with the vote of thanks to Chair.