

Minutes of the meeting of Inter-Ministerial Approval Committee (IMAC) constituted under the Scheme for Cold Chain, Value Addition and Preservation Infrastructure held on 12.02.2015

The meeting of the Inter Ministerial Approval Committee (IMAC) constituted under Scheme of Cold Chain, Value Addition and Preservation Infrastructure was held on 12.02.2015, under the Chairpersonship of Hon'ble Minister, FPI. The detail of participants is at Annexure.

At the outset, the Chairperson welcomed the members of Inter Ministerial Approval Committee (IMAC). The IMAC discussed and deliberated upon the agenda items for the meeting as given below:

Agenda Item 1: Soliciting decision of IMAC for the Methodology to be adopted for determining the eligibility of proposals received against EOI issued on 02.12.2013 under the aforementioned Scheme.

The Agenda pertains to soliciting approval of Inter-Ministerial Approval Committee (IMAC) for the methodology to be adopted for determining the prima facie eligibility of proposals received against the EOI dated 02.12.2013 for setting up integrated cold chain projects as per revised operational guidelines of the Cold Chain scheme issued on 20.11.2013 against tentatively 15 available slots. Total 153 proposals were received against the aforementioned EOI.

2. JS(AP) explained that as per past practice the networth eligibility of cold chain proposals was ascertained on the basis of CA certificate provided by the applicants. Market value of the assets & revaluation reserves were also considered for assessing networth in case of proprietorship/ partnership firms and corporate entities, respectively.

JS (AP) further explained that the applicants have submitted their balance sheet as on 31.03.2013. Since the last date for submission of applications against the EOI was 31.01.2014, many applicants submitted CA certificates with regard to change in value of assets and networth from 31.03.2013 to January 2014.

3. These proposals were earlier scrutinized by the PMA (M/s IL&FS), and evaluated by Technical Committee. The recommendations of TC were approved by Inter Ministerial Approval Committee (IMAC) in the meeting(s) held on 19.08.2014, 20.08.2014 and 10.09.2014. The decisions taken by IMAC were put up for approval of Hon'ble Minister (FPI). Hon'ble Minister had ordered re-appraisal of all the 153 proposals by new PMA.

4. The new PMA (M/s Grant Thornton India LLP) was requested to carry out the re-scrutiny/ appraisal of all 153 proposals to ascertain prima facie eligibility based on the following criteria as per scheme guidelines:-

- i. The net worth of the applicant should be at least 1.5 times of the grant applied for.
 - ii. Term loan should be availed from the bank/ financial institution for an amount not less than 10% of the project cost.
 - iii. Appraisal of the project by bank/ financial institution.
 - iv. Minimum two components [from (a), (b) and (c) mentioned in para 3 of revised guidelines of scheme]
 - v. Irradiation facility can be treated as a stand-alone project for the purpose of availing grant.
 - vi. No second proposal from the same applicant / company.
 - vii. Date of commercial production should not be prior to the date of submission of application.
5. (i) It was observed from the report of the preliminary scrutiny submitted by M/s Grant Thornton India LLP that while recommending prima facie eligibility of the proposals, M/s Grant Thornton - for ascertaining networth of the proposals/ applicants - had considered book value of assets (excluding revaluation reserves) in case of companies, whereas in case of other entities viz., proprietorship/partnership firms etc., the market values of assets had been considered as per CA certificate supported by valuation certificates, wherever available.
- (ii) This methodology was not according level playing field to all types of applicants. Excluding revaluation reserves while determining the networth of companies and considering the CA certificates along with valuation report (assessed at market value) in respect of partnership/proprietorship firm etc., was inequitable as this would place companies at disadvantageous position.
- (iii) In order to arrive at a rational methodology which can be applied across the board uniformly to all types of applicants for determining networth eligibility, a meeting was convened under the Chairmanship of Joint Secretary (AP). This was attended by Acting Secretary and Technical Director, Institute of Chartered Accountants of India, Representatives of M/s Grant Thornton India LLP and M/s IL&FS apart from Ministry officials.
- (iv) Following broad principles were agreed upon during the above mentioned meeting with regard to computation of networth:-
- a. To achieve the objective of the scheme and to ensure consistency in the evaluation, the networth of the proposals may be determined by considering fair (market) value of assets for all types of applicants with the condition that assets should be free from any encumbrances and are not mortgaged as security with banks/ financial institutions.
 - b. In case of Corporate Entities the net worth shall include the revaluation reserve only if it is recognized in the provisional balance sheets & incorporated in the forward going audited balance sheets of the corporate entity.

- c. A self-certification from the applicants may be sought to the effect that the assets reflected in the CA certificates/audited balance sheets are free from any encumbrances and in case the assets are encumbered the quantum of encumbrance(s) should be clearly mentioned.

6. Hon'ble Minister, FPI desired to know as to whether the proposals which have not yet started the implementation of the project and are awaiting the assistance from the Ministry should be given preference over those proposals which have gone ahead with the implementation of the project by infusing their own equity and bank loan in anticipation of financial assistance from the Ministry. Secretary, FPI explained that the selection of proposals received against the EOI is a competitive process and only those projects which are technically and financially robust and are able to secure enough marks to find a place in the merit list, are considered for grant of financial assistance. JS (AP) further elaborated that one of the eligibility criteria as per scheme guidelines is that the date of commercial production should not be prior to the date of submission of applications. There may be many proposals which although not started commercial operations at the time of submission of application but may have gone ahead with the implementation of the project thereafter. Since time has been taken by the Ministry in deciding on proposals therefore, such proposals that have gone ahead with the implementation of the project by infusing their own equity/ term loan in anticipation of their receipt of grant from the Ministry should not be penalized and their case may be considered on merits. On the other hand it shows that these are robust projects which can sustain themselves in case there is delay in disbursement of grant.

M/s Grant Thornton India LLP raised the issue as to whether the total value of encumbrances of an asset or only the outstanding liability may be factored into while computing the networth of the entity. It was agreed by the IMAC that the value of encumbered assets would be taken into account for calculation of networth after deducting only the outstanding liabilities there from.

7. Based on the above, following methodology was approved by IMAC to be adopted for ascertaining networth eligibility of all the proposals received against the EOI dated 02.12.2013:-

7.1 Computation of networth in case of partnership/ proprietorship firms.

7.1.1 Net-worth would be assessed based on the CA certificate submitted by the applicant(s). The CA certificate will be verified with reference to the supporting documents viz. valuation reports from Government approved valuers and other documents as detailed in para 5 (c) below. The applicants shall be given an opportunity to submit valuation reports from Government approved valuers.

7.1.2 Net-worth would be sum of the Net-worth of the Individual partners and the Partnership Firm (avoiding duplication of the investment in the Partners

Capital Account of the Firm & the Investments of the each Individual Partner towards the Partnership Firm).

7.1.3 Values of Jewellery, Vehicles, Swords, Guns, etc. as mentioned in the CA certificate will not be considered for calculation of networth towards the eligibility under the Scheme.

7.1.4 The Misc. Assets should be clearly specified and basis of calculation of their value, duly certified by the concerned Govt. approved valuer may be furnished.

8. Computation of networth in case of corporate entities.

8.1 The networth would be assessed on the bases of balance sheet as on 31.03.2013. For subsequent period the networth would be assessed based on the CA certificate submitted by the applicant(s). The CA certificate will be verified with reference to the provisional balance sheet. The provisional balance sheet should be before or of the same date as that of the CA certificate. The provisional balance sheet should be signed by the statutory auditor. The applicant shall be given an opportunity to submit provisional balance sheet to support the CA certificate already submitted with the proposal.

8.2 In case of difference in the value of Net-worth as per the CA certificate submitted with the proposal & the provisional balance sheet, the Net-worth would be calculated as per the provisional balance sheet.

8.3 The amount for revaluation reserve would be considered for calculation of networth only if revaluation is recorded in the provisional balance sheet and the audited balance sheet of FY 2013-14 as well. The applicants shall be given an opportunity to submit their audited balance sheet for FY 2013-14.

9. The following checks would be considered both in case of partnership/ proprietorship firms and corporate entities for calculation of networth:-

9.1 Value of encumbered assets upto outstanding liabilities would be excluded from the calculation of the total Net-worth as mentioned in the CA certificate/ provisionally audited balance sheet. A self-certificate would be obtained from all applicants in this regard.

9.2 In case of land forming a part of the Net-worth, the ownership documents, duly authenticated by the concerned District Collector will need to be furnished by the applicants. The valuation of the immovable assets on the basis of the circle rate declared by the concerned State Govt. should be duly certified by the concerned District Collector/ Revenue Department.

9.3 In case of investments in Shares of the Listed Companies, proof of market value of the share at the time of calculation of the value of the investment may be furnished.

9.4 In case of investment in unlisted Companies, the latest audited balance sheet duly certified by the Statutory Auditors may be furnished to calculate the value of shares in that Company.

10 As regards term loan sanction letter and appraisal of the project by the bank/ financial institution

10.1 If the applicants have not been able to submit the final term loan sanction letter, in-principle term loan sanction letters issued by the bank and submitted with the applications, may be accepted. This is consistent with the provisions in the Scheme guidelines and the decision taken by the IMAC in its meeting held on 09.05.2014. The above IMAC also noted that wherever the appraisal has been done by the same bank which has sanctioned the term loan, brief appraisal by the bank/ financial institution may be accepted.

10.2 However, before issue of approval letter, the final term loan sanction letter shall be obtained from the applicants.

10.3 Where final term loan sanction had been submitted but the appraisal notes from bank/ financial institution have not been submitted, in such cases, the IMAC dated 09.05.2014 decided that the applicants may be asked to submit the bank appraisal note issued by the bank/ financial institution before the last date of submission of proposals i.e., 31.01.2014 and if such appraisal note by the bank/ financial institution was issued before the last date of submission of the applications, the proposals was to be accepted. The present IMAC may endorse this methodology for approval.

11 No second proposal from the same applicant

11.1 If the promoters are linked either to the applicants applied against the same EOI or to the beneficiaries who have already received financial assistance from the Ministry for setting up cold chain projects, such cases may be rejected.

11.2 **Date of Start of Commercial Operations** - The date of Commercial Operation as per the Bank Appraisal note would be verified to the facts present as per the Implementation Schedule in order to verify the status of the Commercial Operations of the Project.

12. It was noted by the IMAC that during the course of earlier preliminary scrutiny in some cases bank has issued a letter stating it has agreed "in-principle" to extend the term loan to the proposal for the purpose of setting up of cold chain project. Such "in-principle" approvals of the term loan by the bank were considered by the Ministry for determining the eligibility of the proposals.

13. In some cases in-principle approval of term loan was not accompanied by any detailed appraisal note of the bank and only a very brief/ one page appraisal note was found to be enclosed with the proposal. In such cases it was difficult to ascertain as to whether due diligence had been exercised by the banks/ financial institutions before issuing in-principle approval of term loan to the project. Therefore, lending banks/ financial institutions of all the proposals found prima facie eligible were requested to confirm that the term loan has

been approved/ in-principle approved after carrying out due diligence and appraisal of the project. Only those proposals where the bank has conveyed confirmation to this effect were considered for further appraisal. IMAC decided that such cases where Ministry has received above confirmation from the banks/ financial institutions may be considered eligible as regards approval of term loan/ in-principle term loan and submission of bank appraisal is concerned.

14. However, the IMAC decided not to consider to those cases which may be found in-eligible on account of non submission of “in-principle” term loan sanction letter and bank appraisal note at the time of submitting their proposal on or before 31.01.2014 which was the last date of EOI. Similarly, IMAC decided that the eligibility of the proposals on other counts viz., networth, no second proposal from the same applicant/ company etc. may only be tested with reference to documents submitted by the applicants and no fresh documents may be sought other than clarifications/ supporting documents with respect to earlier submitted documents.
15. After detailed deliberations on each issue of eligibility determination, IMAC approved the methodology for determining the eligibility of cold chain proposals as detailed in preceding paras and also directed that after appraisal by PMA the proposals may be placed before Technical Committee for determining eligibility/ ineligibility of the proposals and for technical evaluation of the eligible proposals. The following aspects of eligible proposals shall be scrutinized as part of the detailed assessment:-
 - i. Component-wise eligible and ineligible project cost, means of finance of the project, suitability of the project location, viability of the project in terms of availability of raw materials, experience of the promoters, financial capabilities of the promoters, percentage of total investment in creation of backward & forward linkages, creation of modern state-of-the art cold chain by adopting latest technologies, etc. Each of these criteria marks will be assigned to each project.
 - ii. Business model of the cold chain and conformity of the components to the scheme guidelines,
 - iii. Eligible grant in aid.

Based on the appraisal on above parameters, marks may be awarded to each project by Technical Committee which will be the basis for preparing merit list for approval of the projects against the vacant slots by the IMAC.

16. Details of proposals found prima facie ineligible by IMAC may be uploaded on the website of the Ministry along with the reasons of ineligibility. They may also be given an opportunity to represent their case, if any. Such representations duly examined may be placed before IMAC for consideration/ decision.

Agenda Item No.2: Request from M/s Zoram Fish Seeds Production Centre, Mizoram for modification in capacities of refrigerated vehicles and condoning the delay in submission of documents for release of 3rd installment of grant – reg.

The IMAC noted that the proposal of M/s Zoram Fish Seed Production Centre was approved for grant-in-aid of Rs. 974.337 lakh for setting up of integrated cold chain project at Sairang, Aizawl, Mizoram for fish products with following facilities:

- Cleaning, sorting, grading and packing facilities (packing capacity of 24 MT/Day)
- Cold storage (280 MT capacity)
- Blast Freezer (6 MT capacity)
- Refrigerated vans (19 Nos. of Model no. 207)
- Refrigerated trucks (10 Nos. of Model no. 407)
- Refrigerated trucks (6 Nos. of Model no. 709)

2. The IMAC was informed that 1st and 2nd installments of grant (amount to Rs. 730.75 lakh) have already been released to the project. The project has been granted timeline for implementation of project till 29.07.2014. Earlier, the applicant vide letter dated 17.06.2014 had mentioned that it has almost completed the project components such as Cleaning, sorting, Grading, Packing Facility, Cold Storage and Blast Freezer. It had mentioned that all approved 19 refrigerated vans (Boloros), have been purchased. Two small trucks (out of the 10 approved 407 model trucks) have also been purchased. It was also mentioned that refrigerated containers for all the purchased vehicles are under fabrication and are likely to be received at site by 15.06.2014. The applicant had requested the Ministry to approve changes in the number and capacity of reefer vehicles proposed to be purchased earlier.

3. Earlier 10 nos. of smaller trucks (2.7 MT of carrying capacity in hills) and 6 nos. of medium trucks (with carrying capacity of 6 MT in hills) were proposed to aggregate the fish brought in smaller vans for further inter-state movement of fish and also for importing fish from neighbouring states during lean season.

4. The IMAC noted that the applicant had decided to take the bigger capacity reefer trucks and reduce the no. of trucks earlier proposed due to improvement in road infrastructure. However, the overall capacity of the reefer vans/ trucks has been increased by 0.5 metric tonnes. The applicant had requested approval for substituting 5 nos. of smaller trucks (407 model) and 6 nos. of medium trucks (709 model) with 5 nos. of higher carrying capacity trucks (four wheel drive with double axel) of 10 MT each (total carrying capacity for five trucks would be 50 MT) for better logistic efficiency and economies of scale. A comparison between presently approved number & capacities of reefer vehicles and revised proposal is given below:

S.No.	Components	Approved Numbers	Approved Fish Carrying Capacity each (MT)	Proposed Numbers	Proposed Fish Carrying Capacity (MT)	Remark
1	Reefer Vans	19	1.2	19	1.2	No change
2	Reefer Trucks	10	2.7	5	2.7	No. of vehicles reduced by 5 with reduction in capacity by 13.5 MT
3	Reefer Trucks (709)	6	6	5	10	No. of vehicle reduced by 1 but total carrying capacity increased by 14 MT
		Total Capacity	85.8		86.3	Total increase in capacity by 0.5 MT.

5. The IMAC also noted that the applicant had mentioned that total approved cost of refrigerated vehicles was Rs. 582.41 lakh which would increase by about Rs. 15 lakh to Rs. 597 lakh after purchase of larger size trucks. The applicant had also mentioned that it has already intimated the lending bank (State Bank of India, Aizwal) about the changes in the number and size of vehicles and small increase in cost of project. The applicant had submitted a letter dated 17.06.2014 from State Bank of India which mentions confirms the same. The letter from bank also mentioned that the promoter has confirmed to meet the increased cost of project from own sources. It is also mentioned in the bank letter that the increase in cost is only about 1% of total project cost which will not have any impact on viability of the project and the bank does not have any objection to the changes suggested by the promoter.

6. The IMAC noted that the request of applicant was forwarded to PMA for comments. The PMA vide letter dated 04.07.2014 mentioned that considering reasons given by the applicant for changes in number and capacities of reefer vehicles and after taking into consideration that overall capacity of the vehicles would have a marginal increase, with only a small increase in project cost, the Ministry may permit proposed changes in the number and capacity of reefer vehicles. More so, as the lending bank SBI has already endorsed such changes and it would not have any impact on eligibility of grant. It was also noted that the Ministry has earlier approved changes in capacities of refrigerated vehicles for some other projects and therefore the said request of applicant for approval of changes in types of vehicles was accepted.

7. The IMAC was informed that the applicant has purchased the vehicles (as per the revised configuration) and submitted the request for release of 3rd installment of grant on 27.10.2014 and confirmed that the project has been completed.

8. The IMAC noted that the applicant has submitted the documents for release of 3rd installment of grant on 27.10.2014 (i.e. after about 3 months from the extended time period). It was also noted that in some other cases such as M/s Saastha Warehousing Ltd., M/s Impartial Agrotech, M/s Cold Star Logistics and M/s Shimla Horticulture, etc. also, the applicants had submitted the request for release of 3rd installment of grant after about 2-4 months from the last date of submission of documents. The matter of late submission of documents by these applicant was placed before IMAC in the meetings held on 27.09.2013 and 25.07.2014 and the IMAC decided to condone the delay in submission of documents for release of 3rd installment of grant and decided to release the grant after due procedure of scrutiny of documents and joint inspection.

9. The IMAC noted that based on the submitted documents by the applicant, the delay has been caused due to non-availability of CE (Civil) and CE (Mechanical) in the state which are normally called for inspection of project from Silcher and Imphal. The applicant had mentioned that this issue had already been brought to the notice of Ministry in various review meetings.

10. Considering the above, the request of applicant, M/s Zoram Fish Seeds Production Centre was approved by IMAC for condoning the delay in submission of documents for release of 3rd installment of grant and for post facto approval of purchase of following refrigerated vehicles without any increase in the grant already approved:

- i.** Reefer Trucks (5 Nos. x 2.7 MT) instead of 10 Nos. x 2.7 MT
- ii.** Reefer Trucks (5 Nos. x 10 MT) instead of 6 Nos. x 6 MT

Agenda Item No. 3: Request of M/s Sarawagie Fresh, for withdrawal of their cold chain proposal and refund of EMD.

The IMAC noted that the proposal of M/s Sarawagie Fresh, for setting-up of integrated cold chain facilities such as Milk Collection Centres (100 No), Collection Centres of F&V (125 no.s), Milk processing Plant (60 KLPD) at Bindayaka, Jaipur, Milk Processing Plant at Kaladera, Refeer trucks and Milk Tankers at RIICO Industrial Area, Kaladera, Jaipur (Rajasthan) for grant-in-aid of **Rs. 674.183 lakh**. The approval letter was issued on 24.12.2013. The applicant was required to submit duly accepted duplicate copy of the approval letter to the Ministry within a period of one month in token of having accepted terms & conditions of the approval letter. However, the applicant did not submit the acceptance despite repeated reminders.

2. Subsequently, the applicant vide letter dated 23.08.2014 has expressed inability to commence the project work assigning the reasons such as delay in communicating approval which resulted in considerable price hike of proposed plant & machinery which affected viability of project and also increase in promoters contribution due to amount of grant being lower than proposed by the promoter. The promoter has now requested for cancellation of project and refund of EMD.

3. The IMAC also noted that in case of proposals which were withdrawn by promoters before issue of approval letters, their EMDs of Rs. 1.00 lakh was refunded to them. However, in cancelled projects EMD is forfeited. In the instant case the approval has already been granted which is to be cancelled because the promoter has failed to implement the project. Hence, EMD is not required to be refunded.

4. Considering the above, the IMAC cancelled the approval granted to M/s Sarawagie Fresh and decided that the EMD of Rs. 1.00 lakh submitted along with proposal by the applicant shall be forfeited.

Agenda Item No. 4: Representation of M/s Prima Foodtech Private Limited, Andhra Pradesh for revocation of cancellation of their Cold Chain project.

The IMAC noted that the proposal of **M/s Prima Foodtech Pvt. Ltd.**, was approved by IMAC on 23.08.2013 for grant-in-aid of Rs. 700 Lakhs for setting up of integrated cold chain facilities such as Normal Cold Storage (5000 MT), Frozen Cold Storage (2000 MT), Reefer Truck (4 no.), IQF and Blast Freezing Facility(2 MT/hr), Ripening Chambers (4 no.) (20 MT each) at MuppireddypallyVill, ToopranMandal, MedakDistt (AP) and Collection Centre (2 nos.) at Shadnagar and Sangareddy. The approval letter was issued on 20.09.2013. As per the conditions prescribed in the approval letter the documents for release of 1st instalment of grant-in-aid were to be submitted by 19.06.2014 after utilizing at least 25% of promoter's share and 25% of term loan towards implementation of the project.

2. The IMAC was informed that the promoter had failed to meet the timeline for submission of documents for release of 1st instalment. The applicant was issued show cause notice regarding cancellation of approval letter on 24.07.2014. In response, the applicant vide letter dated 07.08.2014 had informed that he is proposing change in the scope of the project which has been necessitated to ensure the overall technical and financial feasibility of the project and to ensure the mutual benefit of all the stakeholders. The applicant had also informed that he had infused equity contribution of Rs. 346 lakhs and spent Rs. 293 lakhs towards the cost of project. The applicant had further informed that he had re-submitted the change in the component capacity of facilities of the project. The lending bank i.e., ICICI Bank had re-appraised the project subject to the condition that the applicant should seek the prior approval of the Ministry for making changes in the capacity of facilities, component and means of finance. Hence the applicant had sought approval for the modification in the project. He had also enclosed the revised approval copy and sanction letter issued by the ICICI Bank. In view of above, the applicant has requested to condone the delay and grant an extension of 45 days for submission of documents for release of 1st instalment. However, the promoter had not informed about the changes he wish to carry out in the capacity, component etc.

3. The IMAC noted that before issue of approval letter, the Ministry vide letter dated 26.08.2013 had requested the promoter to submit the status of project and sanction of term loan. In response, the promoter vide letter dated 06.09.2013 had informed that the project has been appraised by ICICI Bank Limited for part funding of the project by way of term loan of Rs. 700 lakhs. They had also submitted a letter dated 06.09.2013 from ICICI bank in this regard. However, even after a lapse of more than a year the bank has not disbursed the term loan.

4. The IMAC in the meeting held on 20.08.2014 cancelled the project on the grounds that the applicant had changed the scope of the project and approached the Ministry to approve the same after 8 months of issue of approval letter. Even after the lapse of more than 10 months, the construction of the project has not been properly started. The delay caused in this case cannot be stated to be beyond the

control of the promoter. The decision of IMAC was conveyed to the applicant on 05.12.2014.

5. The IMAC noted that in response, the applicant vide letter dated 19.12.2014 has mentioned that implementation of cold chain project was impaired due to substantial efflux of time in processing of the various approvals/licences due to Telangana bifurcation, which were beyond their control. The promoter has further mentioned that they have strategically reviewed the long term viability of the project and had re-appraised the project from the bank. The sanction of term loan of Rs. 700.00 lakh by ICICI bank is subject to the condition that they shall disburse the first tranche of term loan on receipt of the confirmation from MoFPI in respect of grant-in-aid of Rs. 700 lakhs. The promoter has also mentioned that they have enclosed a copy of Chartered Accountant (CA) and Chartered Engineer Certificate. However, only CA Certificate is attached with the representation. As per CA certificate dated 16.06.2014 expenditure of Rs. 346.82 lakhs has been incurred. With the above submission promoter has mentioned that they shall draw the first tranche of grant within 30 days of receipt of Ministry's approval. The applicant has requested for extension of one month time for submission of application for release of 1st instalment of grant. However, the promoter has still not mentioned about the changes they wish to carry out in the project. It is also seen from the expenditure statement given by CA that progress at site is limited. The expenditure has been made on land development, some material has been purchased for civil construction and some advances have been made to the suppliers. Thus, it appears that the physical progress at site is at nascent stage.

6. In view of the above, the IMAC decided that the applicant may be advised to submit the request for release of 1st installment of grant within one month, failing with the project may stand cancelled.

Agenda Item No 5: Cancellation of approval granted to the proposal of M/s C. S. Buildwell Pvt. Ltd.

The IMAC noted that the proposal of M/s C. S. Buildwell Pvt. Ltd was approved by IMAC in its meeting held on 23.08.2013 for setting-up of integrated cold chain facilities such as Multipurpose Cold Store (3000 MT), Deep Freezer Store (1000 MT), IQF (1 MT/hr), Refrigerated Trucks (4 no. x 5 MT) at Ghatti, Industrial Estate, District Kathua (J&K) along with Collection Centre-shed (55 sqm) and Weighbridge (20 MT) each at four locations i.e. Jammu, Srinagar, Pathankot&Kullu. As per the approval letter dated 20.09.2013 the approved grant to the project is Rs 1000.00 lakhs. Based on the request of the applicant for change in location, IMAC in the meeting held on 25.07.2014, approved the change in location to SIDCO Industrial Growth Center, Phase-II, Samba (J&K) and also granted extension till 30.09.2014 for submission of documents for release of instalment of grant-in-aid.

2. The IMAC also noted that the applicant vide their letter dated 30.09.2014 had submitted request for release of 1st installment. Along with other documents the applicant had submitted a letter dated 06.09.2014 from Union Bank of India (Borivali, Mumbai Branch) which indicates that the bank returned the proposal of the applicant seeking credit facilities and requested the applicant to approach the bank branches (Jammu or Pathankot) near to the project site. This indicates that the final term loan sanction letter has not yet been issued to the applicant by the bank.

3. The IMAC was informed that the applicant had also submitted an in-principle sanction letter date 29.09.2014 for a term loan of Rs. 700.00 lakhs from Union Bank of India. However, in-principle sanction letter issued by the Bank is not in proper format as the name of branch and address has not been mentioned on the letter head of the Union Bank of India.

4. Further, the applicant vide letter dated 30.09.2014 had mentioned that the disbursement of term loan could not take place due to floods in J&K in September 2014 which disrupted the entire bank operations. The applicant has mentioned that the bank has now assured to disburse the requisite (25% of sanctioned amount) term loan on or before 31.10.2014. Another undated letter from Union Bank of India (signed by Mr. K.B. Chandra, Chief Manager, the branch name of the bank has not been mentioned) was also submitted by the promoter which provided revised project cost & revised means of finance. The submitted documents indicate that the applicant has purchased land measuring 57 kanals situated at SIDCO, Industrial Growth Centre, Samba (Jammu & Kashmir) in the name of applicant for a period of 81 years, 7 months. However, the entire expenditure incurred on civil work and P&M is as advance payment and physical progress at site is limited. Moreover, the term loan to the project has also not yet been released.

5. It was also noted by IMAC that the project was approved the extension of timeline to submit the request for release of 1st installment of grant till 30.09.2014. However, the applicant is still not eligible for release of 1st installment of grant as

there is no progress at site, 25% of term loan has not yet been disbursed to the applicant and in-principle term loan sanction letter issued by Union Bank of India is not in proper format. Further, the applicant vide letter dated 30.09.2014 has mentioned that 1st tranche of 25% term loan could not be disbursed, however, they have contributed equivalent amount from their own sources and assured to comply necessary term loan expenditure before filing of next claim. Hence instant proposal does not meet eligibility conditions for release of 1st installment. Based on the submitted documents, it seems that there is no progress at site even after about 14 months of approval of project.

6. The IMAC also noted that the Ministry has granted time extension to some of the projects (such as M/s Shimla Horticulture, M/s United Fruits, M/s Global Welfare Cold Chain) which were delayed due to non-disbursal of term loan but had shown progress towards implementation of project. In this case, there is no physical progress in project implementation even after approval of additional time of about 3 months which was more than the time sought (1 month) by the applicant. In view of this, the IMAC cancelled the approval granted to proposal of M/s C. S. Buildwell Pvt. Ltd.

Agenda Item No. 6: Request of M/s Omni Fresh Agro, Maharashtra for revocation of cancellation order, change of location, bank and revision in project cost & means of finance.

The IMAC noted that the proposal of M/s Omni Fresh Agro for grant-in-aid of Rs. 571.44 lakh for setting up of integrated cold chain project at Village Chinchkhed, Tal: Dindori, Distt. Nashik for fruits & vegetables with following facilities:

- Refrigerated Vans (2 nos. x 7 MT)
- Mobile Pre-coolers (4 x 5 MT)
- Multi Commodity Store (3500 MT) which will include:
 - Onion Storage (2000 MT)
 - Multi Product Store (1000 MT)
 - CA store (500 MT)
 - Sorting, grading, weighing & packing facilities

2. The IMAC was informed that the applicant submitted the request for release of 1st installment of grant on 16.06.2014 (i.e. within the stipulated timeline of 9 months from the date of issuance of approval letter). Along with the request for release of 1st installment of grant, the applicant also requested for change of location of project and lending bank. The IMAC in the meeting held on 19.08.2014 observed that the approval letter to the project was issued on 20.09.2013. The applicant has submitted request for release of 1st instalment of grant on 19.06.2014 (i.e. within the stipulated timeline of 9 months from the date of issuance of approval letter). The IMAC in the meeting held on 19.08.2014 cancelled the approval of the project considering negligible physical progress at site. The decision of IMAC was communicated to applicant by Ministry vide letter dated 30.10.2014.

3. The IMAC noted that in response, the applicant vide letter dated 17.11.2014 has submitted their representation. The applicant in the representation mentioned that in the review meeting held on 20.05.2014, the Ministry was informed about the change in location and status of project implementation at the new site. As per the advice of Ministry, the requisite documents such as justification for change in location and revised appraisal note from bank were submitted along with request for approval of change in location and release of 1st installment of grant on 16.06.2014. The applicant has also mentioned that there was no mention of actual progress/limitation or restriction on advance payments in the scheme guidelines/approval letter. The applicant has stated that it has made significant investment in the project, PEB structure is almost complete, order for implementation of project on turnkey basis had already been given and project would be completed by March, 2015. The applicant has further stated that the roofing work is in progress and all the necessary material for PEB structure is stored at site, majority of P&M is ready for dispatch from factory, PUF panels are in transit and shall be fixed shortly. The applicant has also submitted a copy of CA certificate from M/s R.S. Baste (dated 28.10.2014) indicating the expenditure on project implementation as on 27.10.2014. As per the submitted certificate, an expenditure of Rs. 805.69 lakh (about 41% of revised appraised cost of Rs. 1962.82 lakh) has been incurred towards

implementation of the project. As per the CA certificate, the project had made significant physical and financial progress towards implementation of the project.

4. The IMAC also noted that the project progress has been physically verified by a joint inspection committee comprising the representatives of Ministry and PMA (IL&FS CDI) on 17.01.2015. As per joint inspection report, the applicant has made significant progress towards implementation of the project. The implementation of major approved components such as Onion Store, Multi Commodity Cold Store, CA store and Pack-house was in advanced stage of implementation. The installation of PEB structure was completed, the final flooring work was yet to be done. The progress at site was more than reported by applicant in the submitted CE (civil) and (mechanical) certificates. The promoter mentioned that all the components of P&M (sorting grading line, refrigeration system and equipments, weigh bridge, DG set, forklifts, etc.) have been ordered and majority of P&M were received at site and were under installation. It further mentioned that all the components of the project would be fully operational by end of March, 2015 to utilize the facility to catch the coming grape and onion season which normally starts from March/April. The applicant has also submitted a copy of CA certificate (dated 16.01.2015) from M/s R. S. Baste with updated status of expenditure incurred on the project indicating an expenditure of Rs. 1181.65 lakh on the project (against the revised appraised cost of Rs. 1962.82 lakh). The expenditure has been funded through promoter's contribution of Rs. 461.65 lakh (94% of revised promoter's contribution of Rs. 491.08 lakh) and term loan of Rs. 720.00 lakh (80% of sanctioned term loan of Rs. 900 lakh). As per the progress witnessed at site, the project meets the condition for release of 1st installment of grant.

5. IMAC noted that earlier (in the meeting held on 11.02.2014), the cancellation of cold chain project of M/s Dodla Dairy Ltd. was revoked considering that the applicant had utilized about 51% of the term loan and more than 100% of the equity contribution towards implementation of the project and had almost completed implementation at two locations (out of the approved 10 locations). It was also noted that the project of M/s Dodla Dairy Ltd. was cancelled due to non submission of request for release of 1st installment of grant within the stipulated timeline of 9 months. However, in the instant case, the applicant had submitted (on 16.06.2014) the request for release of 1st installment of grant before the last date (19.06.2014) by spending about 40% of promoter's contribution and about 30% of sanctioned term loan as advances to suppliers/contractors. Now, the applicant has utilized 59.19% of revised appraised equity contribution (Rs 290.69 lakhs out of Rs. 491.08 lakhs) and about 57.22% of revised appraised term loan (Rs 515.00 lakhs out of Rs 900.00 lakhs). The submitted documents indicate that there is significant progress at site. The PMA (M/s IL&FS CDI) has recommended for revocation of cancellation of cold chain project of M/s Omni Fresh Agro.

6. The IMAC observed that the applicant had also mentioned that the change in location also forced to change the bank (Bank of Maharashtra) as the new location was outside the jurisdiction of the earlier bank (Axis Bank). The applicant has also submitted sanction letter (dated 12.06.2014) for term loan of Rs. 900.00 lakh along with appraisal

note for new location from Bank of Maharashtra. The letter dated 16.06.2014 from Bank of Maharashtra mentions that the project is financially viable. Based on revised appraisal note from Bank of Maharashtra, it was observed that there is an increase in cost of project by about Rs. 303 lakh. The increase in project cost is mainly due to increase in cost of P&M. As per appraisal note (from Bank of Maharashtra), there is no change in components of project. Thus, there may not be any impact on eligible grant for the project.

7. Shri TarunThakkar on behalf of the promoter JS(AP) on 12.02.2015 before start of IMAC meeting and apprised about the progress made towards implementation of the project by producing latest photographs, loan disbursement certificate of Bank of Maharashtra and CA certificate of 16.01.2015. It was noted that the bank has already disbursed an amount of Rs. 720.00 lakhs against total term loan of Rs. 900.00 lakhs which is about 80% of the sanctioned term loan. As per the CA certificate dated 16.01.2015 an expenditure of Rs. 1181.65 lakhs has been incurred on the project. The photographs of the site and the loan disbursement certificate were also produced before IMAC who expressed their satisfaction about the progress of the project.

8. Revised Project Cost and Means of Finance of the project are as follows:-

S. no.	Head of the project cost	Cost appraised by previous bank i.e., AxisBank (Rs. Lakhs)	Cost re-appraised by present Bank i.e., Bank of Maharashtra (Rs. Lakhs)
1	Land (including PPCs and CCs)	147.76	59.25
2	Cost of Building	422.19	410.90
3	Plant & Machinery including Utilities & DG sets	960.19	1297.17
4	Reefer Vans (2 no.s) and Mobile Pre-coolers	94.00	94.00
5	Furniture	0.00	5.00
6	Pre-operative expenses	30.52	79.50
7	Others/MMWC	4.76	0.00
8	MSEB deposits	0.00	2.00
9	Provision for contingencies	0.00	15.00
	Total	1659.42	1962.82
Means of Finance			
1	Promoter's contribution	421.23	491.08
2	MoFPI Subsidy	738.19	571.74
3	Term loan	500.00	900.00
	Total	1659.42	1962.82

9. In view of the above, the IMAC approved the following regarding the project of M/s Omni Fresh Agro:

- i) Revocation of cancellation order issued on 30.10.2014.
- ii) Change of location from Village Chinchkhed, Tal: Dindori, Distt. Nashik to Village Sakore, TalukaNiphad, District Nashik
- iii) Change of bank from Axis Bank to Bank of Maharashtra
- iv) Approval of Revised project cost and means of finance as given in table above.

Agenda Item No. 7: Request of M/s Dodla Dairy Ltd. for approval of revised locations and extension of timeline for setting up of cold chain project.

The IMAC noted that the proposal of M/s Dodla Dairy Ltd, was approved for grant-in-aid of Rs. 600.00 lakh for setting up of 2 milk packaging stations, 4 chilling centers and 4 bulk milk coolers (BMCs) at Chowderpally (R.R. District, Andhra Pradesh), Gangavati (Koppala District, Karnataka), Sidhanur (Raichur District, Karnataka), Kustagi&Bagalkote/ Itigi (Hospet, Karnataka), Kariyamangalam (Dharmapuri&Indur, Tamil Nadu), Bhattiprolu (Guntur, AP), Jaggampeta& RC Puram (East Godavari, AP) and Nandikotkur (Kurnool district, AP) respectively. The approval letter was issued to the applicant on 13.07.2012.

2. The IMAC noted that the approval was cancelled by AC in its meeting held on 14.06.2013 for failure of the promoter to implement the project as per prescribed timeline. The decision of AC regarding cancellation of the project was communicated to the applicant vide Ministry's letter dated 25.06.2013. The applicant vide letter dated 05.08.2013 had represented against the decision of Approval Committee and requested for condonation of delay and re-consideration of the proposal. The representation was considered by AC in its meeting held on 11.02.2014. In view of the site inspection conducted by PMA and its recommendations regarding satisfactory progress made by the project, the AC decided to revoke its decision taken earlier to cancel the financial assistance. The decision of AC was conveyed to the promoter vide letter dated 18.02.2014. The applicant had submitted documents for release of 1st instalment vide letter dated 07.03.2014. After a series of communications with the applicant, the PMA vide their letter dated 26.09.2014 had furnished its recommendations for release of 1st installment on the proposal. The PMA also mentioned that the applicant has changed all the 10 locations of the project.

3. The IMAC also noted that PMA inter alia, mentioned that "in case of projects envisaging changes in project locations, the Ministry has been seeking justifications for those changes and also confirmation from the lending bank that it has no objection to these changes and further that after these changes, the project is still financially viable. However, considering that in this case the bank has already released term loan of Rs. 814.00 lakhs (50.87% of the total term loan of Rs. 1600.00 lakhs) and project has made good progress, the confirmation from the bank may not be required. Also, the applicant may be advised to submit further clarifications regarding final project locations with the confirmation from the bank before release of 2nd installment of grant. With regard to CLU, as per PMA, the applicant has submitted a duly notarized English version of Land Conversion Order (dated 29.06.2013) from Office of Deputy Commissioner, Koppal for a land area of about 21 acres land located at Vill. Indragi, Taluka& District Koppal (Karnataka). The applicant, in its letter dated 02.07.2014, has mentioned that CLUs for Konampatti&Pungampatti Chilling Centres are pending with Govt. of Tamil Nadu and will be submitted to Ministry as and when received. Thus, out of 10 locations, the applicant has submitted land documents for 6 locations, though CLU has been submitted only for

one major location. The submissions may be accepted as per the prevalent norms of the Ministry for release of first instalment in other cases, too.

4. The IMAC noted that the PMA vide letter dated 26.09.2014 has also mentioned that as per directions of AC, a physical verification of the project's progress was undertaken on 25th and 26th December 2013 and it was observed that the project had made substantial physical progress at the site. It was further noted that in case of the main processing facility at Koppal location, the completion of civil work was around 90% of the envisaged civil work and the installation of P&M had started. In majority of the components the progress was more than the details mentioned in the CE certificates as the CE certificates had been submitted in the month of August 2013. Apart from this the chilling unit at Dharampuri location was complete and operational and the average milk arrival at this chilling unit was around 28,000 Litres per day.

5. In Review Meeting held on 02.12.2014 under the Chairmanship of Additional Secretary, the promoter had been advised to submit the formal request for change of locations along with justification and confirmation from bank that it does not have any objection to change of locations and the project is still viable. In response, the applicant has submitted a copy of letter from Standard Chartered Bank dated 23.12.2014 which mentioned the original and revised locations along with the reasons for change in locations for the project. The bank letter also mentions/ confirms that the bank has no objection to the change in locations for implementation of project and that the project is still viable.

6. The details of changed locations and reasons for change are as follows:

S. no.	Description	Previous Location	Revised Location	Reason for Change
1.	Packing station	Vill. Chowderpally, Dist. Rangareddy (AP)	Vill. Gundrampally, Mandal Choutuppal, Dist. Rangareddy (Telangana)	Land size is too small and could not pool up the land as per requirements
2.		Village Gangavati, Dist. Koppal (Karnataka)	Vill Indragi, Dist. Koppal (Karnataka)	
3.	Chilling centre	Sindhanoor (Karnataka)	Dist. Ananthapur (Andhra Pradesh)	Milk availability has been reduced/ shared by competitor
4.		Kustagi & Bagalkote, Karnataka	District Chintamani (Karnataka)	
5.		Kariyamangalam (Tamil Naidu)	Vill Konampatti, Dist. Dharmapuri (T.N.)	
6.		Indur, Tamil Naidu	Vill Pungampatti, Krishnagiri (T.N.)	
7.	Bulk Milk Cooler	Bhattiprolu, Dist. Guntur, A.P.	Munugodu, Dist. Nalgonda (Telangana)	To cater the Hyderabad packing section, BMCs are being
8.		Jaggampeta, District E.G., A.P.	Mothkur, District Nalgonda (Telangana)	

				set up in Telangana state
9.		RC Puram, Dist. E.G., A.P.	GajendraGada, District Gadag, Karnataka	To cater the Indragi packing station, BMCs are being set up near said packing station
10.		Nandikotkur, Dist. Kurnool (A.P.)	Itigatti, District Dharwad (Karnataka)	

The bank letter also mentions/ confirms that the bank has no objection to the change in locations for implementation of project and that the project is still viable.

7. The IMAC noted that the applicant vide email dated 22.08.2014 had sought the extension of timeline for project implementation by one year. The applicant had mentioned that due to bifurcation of the state into Andhra Pradesh & Telangana, the administration is not working effectively and the project is facing delays and that due to these reasons the project has not been implemented as per decided timelines. The applicant had further requested the Ministry to provide time of nine months to one year for executing the project without any further deviation.

8. The representative of M/s Dodla Dairy, Shri Madhusudan Reddy called on JS (AP) in her Chamber on 12.02.2015 before the start of IMAC and apprised about the progress of the project. It was noted that as per the information given by the promoter's representative, out of the two main locations, one located in Karnataka has become operational and the work on the other location is negligible but the construction work has started. Shri Reddy also informed that because of the bifurcation of Andhra Pradesh the project has faced delays in getting requisite approvals. The representative submitted a CA certificate dated 31.12.2014 which showed that an expenditure of Rs. 40.64 crores has been incurred on the project. Original bank appraised cost of the project was Rs. 32.00 crore. He explained that cost has gone up because of induction of modern technology plant & machinery and time over runs because of bifurcation of the State etc.

9. In view of the submissions made by the promoter and considering the problems faced by the promoter in obtaining various approvals due to bifurcation of Andhra Pradesh the IMAC approved the revised locations (as mentioned in table above) and also granted extension of timeline for implementation of project till 12.07.2015.

List of Participants of the Inter-Ministerial Approval Committee meeting held on 12.02.2015

1. Hon'ble Minister, FPI – in Chair
2. Shri Siraj Hussain, Secretary, FPI
3. Shri P.K. Pujari, Special Secretary & FA, MoFPI
4. Smt. Anuradha Prasad, Joint Secretary, MoFPI
5. Shri Samir Sahai, Additional Resident Commissioner, Maharashtra State, New Delhi
6. Shri Prabhat Saxena, Chief Consultant, MIDH, Department of Agriculture & Cooperation, Ministry of Agriculture, New Delhi
7. Dr. Ghu Ratna Babu, Deputy General Manager, NABARD, Head Office, Mumbai
8. Shri Sunil M. Patil, Joint Mission Director, M.A.I.D.C., Mumbai
9. Smt. Sunaina Bhat, General Manager, J&K, SIDC, (Delhi Branch)
10. Shri Anand Jha, Assistant Director, M/s Grant Thornton
11. Shri Akshay Sahrawat, Consultant, M/s Grant Thornton
12. Shri P.C. Chattopadhyay, Senior Manager, M/s IL&FS Clusters
13. Shri Vikram Singh, Manager, M/s IL&FS Clusters