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PROFILE OF THE SAKTHI SUGARS LIMITED
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2.1 INTRODUCTION

The company is situated on the banks of the Bhavani and Cauvery Rivers at Sakthi Nagar, Bhavani Taluk, Erode District in Tamil Nadu. The factory commenced its production in the year 1964. Its initial crushing capacity was 1250 TCD.

TCD – (Tonnes Crushing per day). Now 6000 TCD.

2.2 SAKTHI SUGARS LIMITED

Sakthi Sugars Limited is a part of the Sakthi Group of Industries under the Chairmanship of Arulselver Dr.N.Mahalingam. The company has been flourishing like a banyan tree by adopting multi product and multi locational diversification policy under the dynamic leadership of Mr.M.Manickam, Vice-chairman and Managing Director.

2.3 PLANT SUPPLIER

Walchand Nagar Industries Limited, Walchand Nagar, Pune.

2.4 STATUS OF THE COMPANY

i) Private Sector undertaking

ii) Manufacturing of high quality of white crystal sugar

iii) The company employs 650 Employees directly and 5000 indirectly.
2.5 CANE DEPARTMENT

i) Introduction of new cane varieties

ii) Increase of yield per acre

iii) Pest/Diease/Fertilizer application management

iv) Mechanization of cane planting/harvesting

2.6 PRODUCTION

i) Technology updation – Energy saving

ii) Introduction of automation – manpower reduction

iii) Installation of equipment – minimize wasteage


v) This unit technical team-maintain quality in international standard.

vi) This factory awarded – National awards of technical

vii) Efficiently and quality maintenance

2.7 HEAD OFFICE

Head Office situated in Coimbatore. Main structure of the Management – Board of Directors, Chairman, Vice-chairman-cum-Managing Director and Senior General Managers and varies Departments, such as Secretarial, Sales, Purchase, Finance and Accounts and EDP (Computer) are functions.
2.8 FINANCE DEPARTMENT – HEAD OFFICE

This section deals arrangements funds from various financial institutional and banks for working capital requirements and various project of the company.

This work includes preparation of the project reports, quarterly, half yearly and yearly information to Banks and Financial Institutions etc. It also deals with Income Tax, General Accounts of the Company and other various statutory functions.

Financial Calendar period – Every year July to next year June end.

2.9 ACCOUNTS DEPARTMENT – SAKTHI NAGAR

This section received funds from Head Office and Fixed Deposits etc. and distributed towards cane payments transport charges for sugar cane. Sugar cane harvesting charges, cane development activities, salary payments, Electricity Water Charges payments, store materials purchase (local purchase) and administrative expenses. This section deals with day receipts and payments of cash and bank transactions.

All the receipts/payments and purchases are derived from

1) Cash Book all Cash Vouchers transactions

2) Bank Journal – all bank voucher transactions

3) Purchase Journal – all service bill transaction
4) Store purchase journal – all credit bill transaction

5) General Journal all provision/adjustment entries.

Those subsidiary books transactions may be processed and obtained General Ledger.

The General Ledger consists of all the receipts and payments transactions. From this General Ledger, we get Tribal Balance. Trial Balance consists of Account head-wise all receipts and payments extract. The Trial Balance has to be sent to head office for preparation of Company’s profit and loss account and Balance Sheet.

2.10 PURCHASE DEPARTMENT

Received the materials requisitionship from the various department and sent the same to the purchase department.

Purchase department prepared purchase order after calling for quotation etc. In stores departments received materials, they will given Min. No.(Material requisition slip) and then material has been issued. Finally consumption and stock value may generated in the statement form.

2.11 SALES DEPARTMENT

Sugar sales are made based on the government restriction. The Government is procuring sugar from the factory of 10% as levy sugar of the
total production and balance 90% of free sugar is being sold in the open market. This free market also control by Government by issue of their release order.

2.12 CRUSHING CAPACITIES AND ACHIEVEMENTS

Capacity in 1964 – 1250 TCD
Capacity in 1967 – 1600 TCD
Capacity in 1971 – 2200 TCD
Capacity in 1974 – 4000 TCD
Capacity in 1998 – 6000 TCD
Capacity in 1999 – 6750 TCD

Achievements: Asia’s largest sugar producing industry
2.13 DISTILLERY DIVISION

i) Sakthi Nagar – 638 315, Erode District, Tamil Nadu

ii) Haripur Village, Korian Post – 759 013, Dhenkanal District, Orissa

2.14 SOYA DIVISION

Marchinaickenpalayam,

Ambarampalayam Post – 642 103

Coimbatore District, Tamil Nadu.

2.15 MEANS OF COMMUNICATION

The quarterly/half yearly/annual financial results of the company are announced within the stipulated time and are normally published in English and Tamil Newspapers.

2.16 INTERNAL CONTROL SYSTEM

The Company has an in-house internal audit function to ensure that all activities are monitored and controlled. Adequate internal checks are built in to cover all monetary transactions. These checks and controls are reviewed for improvement periodically.

2.17 VALUATION OF CLOSING STOCK

a) Finished goods are valued at cost or the net realizable value, whichever is lower.
b) Process stock is valued at estimated cost.

c) Raw material of soya unit is valued at cost on “First in First out” basis and of all other units at average cost.

d) Bagasse, molasses and soya by-products are valued at market price.

e) New sprint, fertilizer and chemicals are valued at cost.

f) Stores and Spares are valued at monthly weighted average basis.

2.18 WORKING CAPITAL LOANS

Working Capital facilities (including working capital term loans (WCTL) availed for the Sugar Units at Sakthi Nagar, Sivaganga, Dhenkanal, Distillery Units at Sakthi Nagar and Dhenkanal and soya unit of the company are secured by first charge by way of hypothecation of finished goods, raw materials, stock in process, stores and spares, Book Debts of the company’s units except the sugar unit at Badamba, in favour of the Canara Bank the leader of consortium of banks, acting for itself and other members of consortium ranking pari passu inter-se. These are also guaranteed by the Chairman and the Vice-chairman and Managing Director in their personal capacities.
These loans are further secured by second/residual charge created/to be created on the immovable and movable assets of the said units in favour of the consortium of banks ranking pari passu inter-se. The working capital term loans extended to the company are further secured by second charge on the company’s land and building at Corporate Office, Race Course Road, Coimbatore.

2.19 DISCLOSURES

The details of related party transactions are given in the notes on accounts. These transactions are not in conflict with the interest of the company.

There are no instances of non-compliances relating to capital markets during the last three years.

2.20 OPPORTUNITIES AND THREATS

While the policy of the Government with respect to mixing of ethanol with petrol and creation of buffer stock upto 20 lakh tonnes will be encouraging factors to the industry. Over production of sugar and resultant glut in the market pose threat to the industry. The action of the Government with respect to implementation of release mechanism of sugar stock may help in firming up of sugar price. The drought situation in Tamil Nadu will
adversely affect the availability of sugar cane and thereby the level of crushing during the ensuring season would likely to come down.

All new projects viz. co-generation plant, ethanol plant and bottling plant will commence their operations shortly and generate sizable revenue to the company.

2.21 LISTING

The company’s equity shares are listed on the following Stock Exchanges.

<table>
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<tr>
<th>Stock Exchange Name</th>
<th>Stock Code</th>
</tr>
</thead>
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<tr>
<td>Coimbatore Stock Exchange Limited, Coimbatore Stock Exchange Building, 683-686, Trichy Road, Coimbatore – 641 005.</td>
<td>21009</td>
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<td>Madras Stock Exchange Limited, Exchange Building, 11,Second Line Beach, P.B.No.183, Chennai – 600 001.</td>
<td>SSR</td>
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<td>The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbari – 400 001</td>
<td>507315</td>
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<tr>
<td>Bangalore Stock Exchange Limited, Stock Exchange Towers,</td>
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</tbody>
</table>
2.22 SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act 1956, the Audited Statement of Accounts for the year end 30.6.2003 of Sakthi Auto Components Limited, the wholly owned subsidiary, together with the Reports of the Directors and Auditors and also the statement under the said section are annexed.

2.23 CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement, a report on Corporate Governance along with auditors certificates of its compliance is included as part of the Annual Report.

The Company’s Philosophy on Corporate Governance endeavours attainment of the highest levels of transparency, accountability and equity in
all facts of its operations and in all the interactions with its shareholders, including shareholders, employees, cane growers, lenders and the Government.

2.24 FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The gross income for the year 2001-2002 under review is Rs.41850.47 lakhs. The year (2001-2002) has ended with a gross profit of Rs.8122.21 lakhs (previous year (2000-2001) Rs.8329.71 Lakhs). After providing for Rs.1309.48 lakhs for depreciation, the net profit for the year is Rs.482.51 lakhs. No provision has been made for income tax.

The gross income for the year 2002-2003 under review is Rs.27958.58 lakhs. The year (2002-2003) has ended with a gross profit of Rs.1002.76 lakhs. After providing Rs.1347.49 lakhs for depreciation, the net loss for the year is Rs.5315.77 lakhs. No provision has been made for income tax.
SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

Segment-wise results are given in the accounts for the every year ended 30th June. Product-wise performance is furnished in the Directors Report.

MAIN BANKERS

The Sakthi Sugars Limited connected with the following banks and financial institutions:

1) Canara Bank
2) Punjab National Bank
3) Indian Overseas Bank
4) The Karur Vysya Bank Ltd.
5) The Lakshmi Vilas Bank Ltd.
6) The South Indian Bank Ltd.
7) State Bank of Travancore
8) Citibank N.A.
9) State Bank of Mauritius Limited
10) State Bank of India
11) The Orissa State Co-operative Bank Limited.
12) ICICI Bank Limited
13) IDBI
14) IFCI
15) Industrial Investment Bank of India Limited
16) HDFC
2.25 SOCIAL ACTIVITIES

Voluntary Health Service (V.M.K.Hospital) runs its own 100 bedded hospital for the needs of Employees and their families, farmers and other local peoples.

Leprosy Project Treated at free of cost, free medicines, free food and also given imparted training in Sericulture, Handloom and Farming etc.

2.26 HOSPITAL SERVICES

Sakthi Groups is a well known in Tamil Nadu and have several companies doing multi various jobs. The company runs a number of special welfare organizations such as hospital a leprosy center and a polytechnique institute.

The Sakthi Sugars Hospital has four types of ward sections like Special, General, IC and Labour. An outpatient department and the other various departments in the hospital are:

1. General Surgery
2. Paediatrics
3. Obstetrics
4. Ophthalmology
5. Dental Surgery
6. Eye
7. Cardiology
2.27 NEED FOR COMPUTERIZATION

Computerization of any system is advisable for better accuracy, reliability and speed. This reduces the manual work involved to a great extent.

- To avoid redundant work
- To avoid maintenance of paper documents
- To reduce the searching time to get a required document
- Updation process is also difficult because lot of manual works are involved.
- Reports generated manually do not provide sufficient information
- Manual calculations may contain errors.

2.28 HOSPITAL INFORMATION PACKAGE

Hospital management is one of the most common packages developed by thousand of programmers using different programming languages and GUI Packages including access. This package is a GUI based hospital information package using access as a backend and visual basic as a front-end tool.
Now-a-day data regarding the patient has gained more importance not only for diagnosis and treatment but also for further reference both in the same hospital and also for the other hospitals the patients admits himself in future.

Hospital information package does the following jobs:

1) Stores the history of the patient regarding the diagnosis, the data of treatment, the medicine prescribed and or administrated and detailed of doctor / doctors attended the patient.

2) Provides availability or otherwise the rooms for the patients.

3) Supplies the name of doctors on roll on a particular day categorywise and also.

4) Provides bill for the cost of treatment.

The facilities include well-stocked pharmacy, fully automated medical laboratory. Two major and minor operation theatres are available for all types of surgery. Consultants in the fields of general medicine, general surgery, cardiology, orthopedic surgery, ENT is working here. They are also available on call for emergency cases during the night.

Although the hospital has achieved a lot in a short while of ten years, we do not plan to rest upon our laurels and hope to reach new heights in the future. This we plan to do expansion of the hospital bed strength, acquiring
new and latest equipment and starting new specialities such as gastroscopy and laproscopic surgery etc.

As soon as the patient contacts the receptionist a patient number is given to him/her.

The availability of the doctors in the particular department is asserted through the computer. Then he/she is sent to the concerned consulting room.

When he/she returns, his/her details regarding the disease, treatment medicine etc., are fed to the computer in his/her allotted patient number. If he/she is to be admitted as an inpatient, room availability is checked in the computer according to the category required and he/she is admitted in case of accommodation is available.

Further details are continuously recorded in the computer till his/her discharge. On the day of discharge a bill for his/her room rent and other charges are given to him/her. In case of requirement by the patient, the history details of his/her treatment is also given to him/her.