CHAPTER IV
PROFILE OF THE COMPANY

4.1 INTRODUCTION

Sugar consumption rate is the highest in India as shown in the statistics received from USDA Foreign Agricultural Service. However, as far as production is concerned, India has notched up the 2\textsuperscript{nd} position following Brazil, the largest sugar producer in the world.

The Indian sugar industry uses sugarcane in the production of sugar and hence, maximum number of companies are likely to be found in the sugarcane growing states of India including Uttar Pradesh, Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Andhra Pradesh. Uttar Pradesh alone accounts for 24\% of the overall sugar production in the nation and Maharashtra's contribution was 20\% of the total.

There are 453 sugar mills in India. The co-operative sector has 252 mills and the private sector has 134 mills. The public sector boasts of around 67 mills.

Sugar Industry in India

Indian sugar industry is the 2\textsuperscript{nd} largest agro-industry with approximately 50 million sugarcane farmers and a large number of agricultural laborers (7.5\% of the rural population) involved in sugarcane cultivation and ancillary activities.
TABLE 4.1

STATEMENT SHOWING COMPARATIVE SUPPLY AND DEMAND POSITION OF SUGAR FOR THE SEASON 2000-01 TO 2009-10 & ESTIMATE FOR 2010-11

(Figures in lakh tonnes)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Stock as on 1st Oct.</td>
<td>40</td>
<td>43.00*</td>
<td>110.33</td>
<td>105</td>
<td>43.64</td>
<td>49.80$</td>
</tr>
<tr>
<td>Production during the Season</td>
<td>192.67</td>
<td>283.61</td>
<td>263.56</td>
<td>145.38</td>
<td>189.12</td>
<td>243.65</td>
</tr>
<tr>
<td>Imports</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24.03**</td>
<td>40.80*</td>
<td></td>
</tr>
<tr>
<td>Total Availability</td>
<td>232.67</td>
<td>326.61</td>
<td>373.89</td>
<td>274.41</td>
<td>273.56</td>
<td>293.45</td>
</tr>
<tr>
<td>Off-take</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I) Internal Consumption</td>
<td>185</td>
<td>199</td>
<td>219</td>
<td>229.12</td>
<td>213.28#</td>
<td>207.69</td>
</tr>
<tr>
<td>i) Exports</td>
<td>11.07</td>
<td>17.28</td>
<td>49.56</td>
<td>1.65</td>
<td>2.35</td>
<td>26</td>
</tr>
<tr>
<td>Total offtake</td>
<td>196.07</td>
<td>216.28</td>
<td>268.56</td>
<td>230.77</td>
<td>215.63</td>
<td>233.69</td>
</tr>
<tr>
<td>Closing Stock as on 30th Sept.</td>
<td>36.6</td>
<td>110.33</td>
<td>105.33</td>
<td>43.64</td>
<td>57.93</td>
<td>59.76</td>
</tr>
<tr>
<td>Stock as % of Offtake</td>
<td>19.8</td>
<td>55.3</td>
<td>47.9</td>
<td>19</td>
<td>27.2</td>
<td>28.8</td>
</tr>
</tbody>
</table>

Source : ISMA upto 2009-10 and company Records

(*) Adjustments made as per Central Excise Certificate

(**) Total imports of Raw & White sugar amount to 43 lakh tonne which is equivalent to 40 lakh tonne of white sugar.

(#) based on net release after adjusting unsold stock plus 3 lakh imports by bulk consumers

($) as per Government Data

Per Capita Consumption of Sugar in India : 22.2 Kg.
TABLE 4.2
MAJOR SUGAR PRODUCING STATES

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>No. of Sugar Mills in operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maharashtra</td>
<td>147</td>
</tr>
<tr>
<td>2</td>
<td>Uttar Pradesh</td>
<td>132</td>
</tr>
<tr>
<td>3</td>
<td>Tamil Nadu</td>
<td>52*</td>
</tr>
</tbody>
</table>

* Private Mills : 37
Co-op Sector Mills : 15
RAW MATERIAL

❖ Sugarcane is a 12 month commercial crop.
❖ It gives good revenue to the farmers.
❖ Lot of cane varieties are available
❖ Factory and Farmers enter into an agreement with regard to sugarcane supply for crushing/nursery.
❖ Sugarcane is transported from field to factory through lorries, tractor drawn trailers and Animal Drawn Vehicles (Bullock carts).

CANE PRICE

❖ The Fair and Remunerative Price (FRP), i.e., basic price for sugarcane is fixed by the Central Government for every crushing season. The FRP fixed for the current 2010-11 crushing season is Rs.1391.20 per Tonne linked to a basic recovery of 9.5%. The slab price will vary according to the Average Sugar Recovery% achieved by the mill during the previous crushing season.
❖ Besides this, the State Government has the privilege to fix State Advised Price (SAP). SAP announced for the current 2010-11 season is Rs.1900.00 per Tonne linked to basic recovery of 9.5%.
❖ In respect of Sakthi Sugars Ltd., Sakthinagar Unit, FRP works out to Rs.1391.20 per Tonne and SAP comes to Rs.1900.00 per Tonne. However, the Company is paying Rs.1985.00 per Tonne.
BY PRODUCTS

Bagasse, Molasses and Pressmud are three important by-products of a Sugar Mill.

**Bagasse**

- Generally, it is used as boiler fuel for steam generation. The steam is utilised for Turbine operation so as to meet the power requirement of the sugar mill. Excess power available is exported to EB Grid.

  In Sakthi Sugars Ltd., Sakthinagar, bagasse pith is used as boiler fuel and the fibre is supplied to Tamil Nadu Newsprint and Papers Ltd (TNPL) for paper production.

**Molasses**

- It is mainly used as raw material in Distilleries for alcohol production.
- In Sakthi Sugars Ltd., Sakthinagar an integrated Distillery Plant is available. We are manufacturing (a) Rectified Spirit, (b) Neutral Spirit and (c) Ethanol utilising molasses as raw material.
- We are supplying Rectified Spirit to Chemical Industries, Neutral Spirit to IMFL Units and Ethanol to Oil Companies to blend with petrol.

**Pressmud**

- For every 100 tonnes of cane crush we get 3 tonnes of Pressmud. This solid waste contains valuable plant nutrients.
Distillery liquid waste/effluent is now known as Organic Liquid Manure.

Pressmud from Sugar Mill and liquid waste from Distillery are utilised as raw materials for production of nutrient enriched Bio-compost.

We supply Bio-compost to our farmers for land application. By this way, input cost of our farmers get reduced.

**SUGAR MARKETING**

90% of the sugar produced is sold in open market through dealers based on the allotment orders of the Chief Director of Sugar, New Delhi. The ruling price of white crystal sugar is Rs.3000- per bag of 100 kg.

Remaining 10% of the sugar produced is supplied as Levy Sugar under Public Distribution System. The current levy price is Rs.1785- per bag of 100 kg.

**SUGAR IMPORT/EXPORT**

Open General Licence (OGL) for Export only

Advance Licence Scheme:

Under this scheme a mill can import sugar/raw sugar and must export equal quantum of sugar.
TAMIL NADU SUGAR INDUSTRY

The agro based sugar mills play an important role in the economic growth of rural areas with the sole aim to generate large scale direct employment. Apart from that, a lot of indirect employment to rural population is also provided. Tamil Nadu sugar industry is responsible for about 10% of the total sugar production in India. Majority of the sugar units in Tamil Nadu lies with the cooperative sector, with some private player’s also gathering momentum.

At present, the sugar industry in Tamil Nadu stands in a total mess similar to that of the other rural industries. The sugar industry had faced a boom in the 1980s but the crisis era started from 1990, all after the economic liberalization. With the surge in the procurement price of sugarcane, surplus production and reduction in the open market sugar price, directed the industry and the sugar factories, thereafter to have a glut of stocks.

At present, the Tamil Nadu sugar industry comprises of 41 sugar mills in Tamil Nadu, with 16 of them in the co-operative sector, 3 sugar mills in the public sector and 22 sugar mills in the private sector. At present, around 38 sugar mills are operational, while 3 mills viz. Madurantakam Co-operative Sugar Mill (from 2001-02 season) Madura Sugars (from 2002-03 season) and Arunachalam Sugar Mills (from 2003-04 season) have stopped functioning.
### TABLE 4.3
**SUGAR PRODUCTION IN TAMIL NADU**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total cane area registered by sugar mills (in Lakh hectares)</th>
<th>Total cane crushed by the sugar mills (in Lakh Metric Tonnes)</th>
<th>Capacity utilization % for 172 days of crushing</th>
<th>Recovery %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>2.51</td>
<td>231.56</td>
<td>125</td>
<td>9.24</td>
</tr>
<tr>
<td>2006-2007</td>
<td>2.97</td>
<td>274.49</td>
<td>144</td>
<td>9.25</td>
</tr>
<tr>
<td>2007-2008</td>
<td>2.72</td>
<td>229.68</td>
<td>115</td>
<td>9.32</td>
</tr>
<tr>
<td>2008-2009</td>
<td>2.26</td>
<td>165.72</td>
<td>73</td>
<td>9.62</td>
</tr>
<tr>
<td>2009-2010</td>
<td>2</td>
<td>142.99</td>
<td>63</td>
<td>8.88</td>
</tr>
<tr>
<td>2010-2011</td>
<td>2.17 (Est. as on 04.03.11)</td>
<td>178.59</td>
<td>70</td>
<td>9.18</td>
</tr>
</tbody>
</table>

Source: www.tncsf.net.in/sugar-perform

### TABLE 4.4
**NINE NEW INTEGRATED SUGAR COMPLEXES IN TAMIL NADU**

<table>
<thead>
<tr>
<th>Name of Mills</th>
<th>Taluk</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kothari-Sathamangalam</td>
<td>Ariyalur</td>
<td>Ariyalur</td>
</tr>
<tr>
<td>Rajshree- Semmedu</td>
<td>Gingee</td>
<td>Villupuram</td>
</tr>
<tr>
<td>Sakthi-Modakurichhi</td>
<td>Erode</td>
<td>Erode</td>
</tr>
<tr>
<td>Dharani- Kalaianallur</td>
<td>Sankarapuram</td>
<td>Villupuram</td>
</tr>
<tr>
<td>Empee Sugars-Idaikal</td>
<td>Ambasamudram</td>
<td>Tirunelveli</td>
</tr>
<tr>
<td>Shree Ambika-Manjini</td>
<td>Attur</td>
<td>Salem</td>
</tr>
<tr>
<td>Dhanalakshmi Srinivasan-Udumbiyam</td>
<td>Veppanthattai</td>
<td>Perambalur</td>
</tr>
<tr>
<td>Bannariamman- Kolunthampattu</td>
<td>Thandarampattu</td>
<td>Tiruvannamalai</td>
</tr>
<tr>
<td>Madras Cements Vengur</td>
<td>Tirukoilur</td>
<td>Villupuram</td>
</tr>
</tbody>
</table>
SETTING UP NEW INTEGRATED SUGAR COMPLEXES IN TAMIL NADU

The sugar industry in Tamil Nadu has come out as a tool for economic translation and the government had, therefore decided to set up nine new sugar mills in the state. The new mills have been set up following the guidelines and they will function as integrated sugar complexes. Till now, three projects viz. Sakthi Sugar Mills, Erode, Kothari Sugar Mills, Ariyalur and Rajshree Sugars and Chemicals Ltd., Gingee have been commissioned and it is estimated that the rest of the mills will start their crushing operations soon. The state government delimited the cane areas for establishment of nine new integrated sugar complexes with different options of co-generation, distillery and ethanol production, tissue culture lab, soil testing lab and bio-composting.
4.2 PROFILE OF THE COMPANY

4.2.1 BANNARI AMMAN SUGARS LIMITED

Plant Locations

Sugar Unit I - Co-Generation & Granite Processing
Alathukombai Village, Erode District, Tamilnadu

Sugar Unit II & Co-Generation
Alaganchi Village, Mysore District, Karnataka

Sugar Unit III
Kunthur Village, Chamarajanagar District, Karnataka

Sugar Unit IV & Co-Generation
Kolundampattu Village, Thiruvannamalai District, Tamilnadu

Distillery
I Sinnapuliyur Village, Erode District, Tamilnadu
II Alaganchi Village, Mysore District, Karnataka

Bio-Compost
I Modur Village, Erode District, Tamilnadu
II Alaganchi Village, Mysore District, Karnataka
Wind Mills

Radhapuram, Irukkandurai and Karunkulam Villages, Thirunelveli District, Tamilnadu. These Wind Turbines have generated **143.8** Lakh Units in the year 2011-12.

Bannari Amman Sugars Limited is located near Sathyamangalam in the state of Tamilnadu. It was started with an installed capacity of 1250 TCD in the year 1986 and expanded to 4000 TCD in the year 2003. The aggregate cane crushed since commencement of production to 31.3.2005 was 1.99 lakhs tonnes and the aggregate sugar production was 6.85 lakhs quintals during the same period. A striking feature of sugar division of Tamilnadu factories was the capacity utilization of over 100 per cent. It was accredited with ISO 9002 for its outstanding performance.

The distillery division has an installed capacity of 16.33 million liters’ of industrial alcohol per annum. It is engaged in the production of rectified spirit, extra-neutral spirit, denatured spirit, special denatural spirit, methylated spirit, etc. A 20 MW co-generation has been commenced. A bio-compost unit is also located in Tamilnadu. Further Bannari Amman Sugar Ltd has a sugar unit II division in Karnataka state.

a) **SUGAR DIVISION**

Started with an installed capacity of 1250 TCD in the year 1986 which was expanded to 2500 TCD in the year 1997 and in the year 2003, it was further upgraded to 4000 TCD.
The aggregate cane crushed since commencement of production to 31st March 2005 was 1.99 lakhs tonnes. Similarly the aggregate sugar production since commencement of production to 31st March 2005 is 6.85 lakhs quintals. Over 93 per cent cane growers have taken up cultivation of high yield and high recovery sugar cane viz. Co86032. The capacity utilization since inception is almost 100 per cent. The mill is enjoying the status of ISO 9002 accreditation. The Total Cane Crushed in the Financial Year 2011 - 12 in all the four sugar units is 34.61 Lakh Tonnes.

b) DISTILLERY DIVISION

The installed capacity of distillery division was 16.33 million litres of industrial alcohol per annum and which is one of the most modern distillery units in the continuous fermentation techniques. The study unit is engaging in the production of rectified spirit, extra-neutral spirit, denatured spirit, special denatured spirit, methylated spirit etc. It has installed two bio-gas plants for effectively treating the spent-wash let-out and for harnessing the valuable bio-gas generated in the anaerobic treatment process for final use as fuel in the boilers. It has also developed a green-belt by planting a large number of trees all-around the distillery. During the year the distillery units had produced 25.95 million BLtrs of Alcohol as against 26.80 million BLtrs in the previous year.

The Distillery Division at Bhavani, Erode District, Tamilnadu produces over 60,000 litres of Industrial Alcohol and Extra Neutral Spirit per day from sugarcane molasses.
c) GRANITE DIVISION

The major works entertained by the granite division are production of slabs, tiles and monuments. The aggregate production of granite slabs, tiles and monuments since commencement of production to 31.3.2005 was 5,83,062 Sq.mts. The aggregate export of granite slabs, tiles and monuments since commencement of exports to 31.3.2005 was 6,39,782 Sq.mts. Now, the Division has produced 1,36 Lakh Sq.Mtrs of Polished Slabs and Tiles and 5361 Cub.Mtrs of Granite Blocks in the year 2011-12.

d) BIO-COMPOST

In Bio-compost division, the press-mud waste is converted into useful form of bio-compost manure by using the oregano mineral rich spent wash generated from the distillery, during alcohol production. It followed the principle of “RECYCLE-REUSE-REDUCE” concept leading to “waste into wealth”. It established a fully fledged bio-compost monitoring laboratory to analyse the input materials used for composting, finished product and soil samples. The market for compost manure is steadily on the increase as more and more farmers are on the lookout for compost organic manure.

LISTING OF SHARE

The company’s equity shares are listed in Coimbatore, Chennai, Mumbai, Delhi and National Stock Exchanges.
SHARE HOLDING PATTERN AS ON 31.03.2011

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Category</th>
<th>No. of Shares held</th>
<th>% of Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promoters</td>
<td>6260276</td>
<td>54.72</td>
</tr>
<tr>
<td>2</td>
<td>UTI &amp; Mutual Funds</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Banks, Financial Institutions &amp; Insurance Companies</td>
<td>264</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Foreign Institutional Investors</td>
<td>23154</td>
<td>0.20</td>
</tr>
<tr>
<td>5</td>
<td>Private Corporate Bodies</td>
<td>1235278</td>
<td>10.80</td>
</tr>
<tr>
<td>6</td>
<td>Indian Public</td>
<td>3613905</td>
<td>31.60</td>
</tr>
<tr>
<td>7</td>
<td>NRI/OCB's</td>
<td>301340</td>
<td>2.63</td>
</tr>
<tr>
<td>8</td>
<td>Clearing Members</td>
<td>5383</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>11439700</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>


ADMINISTRATION AND MANAGEMENT

It is governed by the board of directors, and at present Mr. S.V. Balasubramaniam is the Chairman and Sri B. Saravanan is the Managing Director of Bannari Amman Sugars Ltd.

A) BOARD OF DIRECTORS

The following directors retired by rotations at the ensuing Annual General Meeting and are eligible for re-appointment.

1. Sri P.L. Sivanappan and
2. Sri A.K. Perumalsamy
B) RE-APPOINTMENT OF VICE CHAIRMAN

The Board of Directors has re-appointed Sri. V. Venkata Reddy as Vice Chairman of the company for a period of five years with effect from 6\textsuperscript{th} November 2002.

C) AUDIT COMMITTEE

The audit committee comprises of Sri. V. Venkata Reddy, Sri. S.V.Arumugam and Sri E. P. Muthukumar are independent directors.

D) AUDITORS

M/s P. N. Raghavendra Rao & Co., the present auditors of the company, retires at the ensuing Annual General Meeting and are eligible for reappointment.

E) COST AUDIT

Sri M. Nagarajan, Cost Accountant, Coimbatore has been appointed as cost auditor to conduct cost audit of the sugar units for the financial year 2005-06- to 2010-11 with the approval of the central government.
### TABLE 4.5
PROFIT PERFORMANCE DURING THE STUDY PERIOD
(2005-06 to 2010-2011)
(Rs. In lakhs)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Net profit (Rs. in lakhs)</th>
<th>Dividend on Equity Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>9571.66</td>
<td>70</td>
</tr>
<tr>
<td>2006-2007</td>
<td>10835.36</td>
<td>70</td>
</tr>
<tr>
<td>2007-2008</td>
<td>3916.06</td>
<td>70</td>
</tr>
<tr>
<td>2008-2009</td>
<td>13189.51</td>
<td>100</td>
</tr>
<tr>
<td>2009-2010</td>
<td>19973.77</td>
<td>100</td>
</tr>
<tr>
<td>2010-2011</td>
<td>5609.17</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Bannari Amman Sugars Ltd., Annual Reports.

### CHART 4.1
FINANCIAL YEAR-WISE CANE CRUSHED – BANNARI AMMAN SUGARS LIMITED
WELFARE MEASURES OF THE STUDY UNIT

The following welfare facilities are provided by the study unit.

- Canteen facility
- Rest shed and safety locker facility
- First aid facility
- Uniform and shoes facility
- Education facility
- Housing facility
- Electricity facility
- Recreation club facility
- Transport facility
- Co-operative stores facility
- Loan facility
- Janatha personal accident policy
- Medical allowance
- Bonus
- Computerisation
- Attendance recording
- Pay roll preparation and personnel records

1) CANTEEN FACILITY

Canteen facilities are provided to the employees of sugar and granite section. The canteen is functioning on contract basis and the contract period is for one year i.e., from 1\textsuperscript{st} July to 30\textsuperscript{th} June every year. Rent free, well furnished, separate building, cooking equipment, water and electricity facilities are provided by the company to the canteen contractor.
The canteen is functioning for 24 hours and provides various items at subsidized rate. Tea and meals are provided at the workplace. The token system of payment is followed and the bunch of token is sold to the employees.

2) **REST SHED AND SAFETY LOCKER FACILITY**

Rest shed facility is provided for the employees. During tea and lunch time the employees can use the rest shed. The company also provides safety locker facility to the workers and there are 400 lockers maintained for the workers. This facility is only for permanent employees, which is very near the rest shed.

3) **FIRST AID FACILITY**

First aid classes are frequently conducted by the company to create awareness among the employees. During the working hours, if any serious accidents happen in the premises, the company provides ambulance facility to reach the hospital.

4) **UNIFORM AND SHOES FACILITY**

For the workers uniforms are provided once in a year. One pair of shoes and socks are also provided to the employees once every two years, for the employees who need shoes essentially.
5) **EDUCATION FACILITY**

Education facilities for the children of the employees are provided by Sri Bannari Amman Vidya Nikethan Higher Secondary School which is run by the study unit. It provides education in Tamil as well as English medium. The school is located inside the factory campus with extensive playgrounds. The company management is also running Bannari Amman Institute of Technology at Sathyamangalam.

6) **HOUSING FACILITY**

The employees have residential quarters of various types and dimensions. The area of the colony is 52.07 hectares. The allotment of the quarters to the employees is done on the following basis.

<table>
<thead>
<tr>
<th>Type of house</th>
<th>Person (Category)</th>
<th>No. of houses available</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Executive</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>Officers and managers</td>
<td>36</td>
</tr>
<tr>
<td>C</td>
<td>Supervisory and clerical nature</td>
<td>48</td>
</tr>
<tr>
<td>D (i)</td>
<td>Workman</td>
<td>64</td>
</tr>
<tr>
<td>D (ii)</td>
<td>Workman</td>
<td>48</td>
</tr>
</tbody>
</table>

7) **ELECTRICITY FACILITY**

Free electricity facility are provided on the following basis.

<table>
<thead>
<tr>
<th>Type of house</th>
<th>Free Limit (Units) per house</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>150</td>
</tr>
<tr>
<td>B</td>
<td>100</td>
</tr>
<tr>
<td>C</td>
<td>70</td>
</tr>
<tr>
<td>D (i)</td>
<td>40</td>
</tr>
<tr>
<td>D (ii)</td>
<td>40</td>
</tr>
</tbody>
</table>
8) **RECREATION CLUB FACILITY**

A recreation club is also provided for the employees which is having indoor and outdoor games as well as play ground for cricket, hockey, and football. Cable television network facility is also provided to the employee’s quarters at a concessional rate of Rs.50 per month.

9) **TRANSPORT FACILITY**

The factory owns buses for the transportation of employees and their family for going to shopping and for the employee’s children transport facility is offered for commuting to school. The transport facilities are provided free of cost to the employees.

10) **CO-OPERATIVE STORE FACILITY**

Employee’s co-operative store was established by the study unit and is functioning very well. In this store, all the necessary items are available at a fair price. The store is located near the employees quarters and credit facilities are also allowed.

11) **LOAN FACILITY**

Employee’s co-operative thrift and credit society is established and through the society loans are given to the employees. Loans are given for the purpose of medical expenses, marriage expenses and construction of houses only.
TABLE 4.6
LOAN FACILITY

<table>
<thead>
<tr>
<th>Basic Salary (Rs)</th>
<th>Loan Amount Maximum (Rs)</th>
<th>Repayment period (Months)</th>
<th>Repayment amount per month (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-3000</td>
<td>30000</td>
<td>60</td>
<td>3000</td>
</tr>
<tr>
<td>3000-4000</td>
<td>40000</td>
<td>65</td>
<td>4000</td>
</tr>
<tr>
<td>4001-5000</td>
<td>56000</td>
<td>70</td>
<td>5000</td>
</tr>
<tr>
<td>5001-5500</td>
<td>75000</td>
<td>85</td>
<td>7500</td>
</tr>
<tr>
<td>5500-6500</td>
<td>100000</td>
<td>85</td>
<td>10000</td>
</tr>
<tr>
<td>6501-7500</td>
<td>125000</td>
<td>85</td>
<td>12500</td>
</tr>
<tr>
<td>Above 7500</td>
<td>150000</td>
<td>85</td>
<td>15000</td>
</tr>
</tbody>
</table>

(For all type of loans the interest rate is 9 per cent)

12) JANATHA PERSONAL ACCIDENT POLICY

Under this policy, every employee must pay a premium of Rs.15 per year; out of this 50 per cent premium amount is given by the company. In case of accident, the employee can claim a maximum amount of Rs.35000/-.  

13) MEDICAL ALLOWANCE

A monthly medical allowance of Rs. 150 is given to the employees.

14) BONUS

Bonus is given during pongal festival and 20 per cent of the salary has been given as bonus amount during the last year.
15) COMPUTERISATION

In the following area, computers are being utilized.

Attendance recording

The reports facilitated by the attendance recording system are as follows.

- Daily Attendance report,
- Daily Absenteeism report,
- Daily late in / early out report and
- Exceptional report.

Pay Roll Preparation and Personnel Records

The reports facilitated by the pay roll accounting system are as follows.

- Monthly pay – slip,
- Bank wise salary payable statement,
- Earning & Deduction Statements,
- PF Annual Returns and
- Leave position reports.
CHART 4.2
FINANCIAL YEAR WISE TURNOVER - BANNARI AMMAN SUGARS LIMITED

CHART 4.3
SUGAR PRODUCTION - BANNARI AMMAN SUGARS LIMITED
4.2.2 SAKTHI SUGARS LIMITED

Sakthi Sugars Limited is one of the biggest concerns among the Sakthi group companies. It is the seventh sugar factory started in Tamilnadu, which was incorporated on 12th May 1961 at Pollachi, Tamilnadu.

The unit went into production on 10th December 1964. Sakthi Sugars Limited is situated on the banks of the river Bhavani. It is located on the Bhavani to Sathyamangalam road at a distance of 50 kilometers from Bhavani. It comes under Bhavani Taluk, Erode District.

The Head office of the Sakthi sugars limited is in Coimbatore. In the year 1981-1982, the registered office was shifted from Coimbatore to Sakthi Nagar where the factory is situated.

AREA OF OPERATION

The area of operation is the entire Taluk of Bhavani, Gobi, Sathy and Erode in Erode district and part of Coimbatore and Salem district.

ADMINISTRATION OF SAKTHI SUGARS LIMITED

The factory has been in the first position among the southern states because of timely decision, well planned activities and proper functions of the management. The present Chairman, Dr.N.Mahalingam, has been responsible for the growth of the company from its inception.
MANAGEMENT

Subject to supervision, direction and control of the Board of Directors, the company is managed. The directors are subject to retirement by rotation and are eligible for re-appointment.

Dr. N. Mahalingam is the present Chairman of the company and Sri. M. Manickam is the Vice Chairman and Managing Director of Sakthi Sugars Ltd.,

AUDITORS

The present auditor of the company is M/s. P.N. Rahavendra Rao & Co., in Coimbatore.

BANKERS

Canara Bank, Punjab National Bank, IOB, The Karur Vysya Bank Ltd., City Union Bank, State Bank of Travancore, The Lakshmi Villas Bank Ltd., The South Indian Bank, SBI, The Orissa State Co-operative Bank Ltd., State Bank of Mauritius Ltd., are the bankers providing finance and services to the company.

BUSINESS OVERVIEW

- 4 Sugar Mills – Total crushing capacity: 19000 TCD
  - (3 Units in Tamilnadu and 1 Unit in Orissa)
2 Distillery Plants (one in Tamilnadu & the other one in Orissa) Total production capacity: 150 KLPD

3 Co-generation Plants in Tamilnadu
  o Total power generation capacity: 117MW

A Soya Processing Unit in Tamilnadu
  o Capacity: 90,000 MT per annum

Auto Component Unit – Major manufacturer of critical components for Auto Industry

BUSINESS HIGHLIGHTS

4th largest Organization in the country in Sugar Production
Largest Exporter of Sugar – Bagged the National Award for Exemplary Export Performance.
Achieved National Efficiency Awards
Having the largest Alcohol Production Plant in Tamil Nadu
One among the fully integrated sugar complexes in the country
First in re-processing of imported raw sugar in our country
Made a record by establishing low cost power projects
Soya unit – First in production of edible protein in the State
Auto component unit, sole supplier to Indian Auto Industry
CHART 4.4
FINANCIAL YEAR-WISE CANE CRUSH – SAKTHI SUGARS LIMITED

CHART 4.5
SEGMENT-WISE TURNOVER – SAKTHI SUGARS LIMITED
(Rs.in Crores)
SHARE CAPITAL

The company was started with an authorized share capital of rupees one crore divided into 75000-equity shares of Rs.100 each and 25,000 redeemable cumulative preference shares of Rs.100 each. But now the authorized share capital is Rs.100 crores divided into 5,00,00,000 equity shares of Rs.10 each and 50,00,000 redeemable cumulative preference shares of Rs.100 each.

TABLE 4.7
SHAREHOLDING PATTERN

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>No. of shareholders</th>
<th>% of shareholders</th>
<th>Number of shares</th>
<th>% of shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>500</td>
<td>38122</td>
<td>4330243</td>
<td>12.43</td>
</tr>
<tr>
<td>501</td>
<td>1000</td>
<td>2078</td>
<td>1680929</td>
<td>4.83</td>
</tr>
<tr>
<td>1001</td>
<td>2000</td>
<td>939</td>
<td>1433299</td>
<td>4.11</td>
</tr>
<tr>
<td>2001</td>
<td>3000</td>
<td>363</td>
<td>928311</td>
<td>2.66</td>
</tr>
<tr>
<td>3001</td>
<td>4000</td>
<td>164</td>
<td>592875</td>
<td>1.70</td>
</tr>
<tr>
<td>4001</td>
<td>5000</td>
<td>141</td>
<td>659364</td>
<td>1.89</td>
</tr>
<tr>
<td>5001</td>
<td>10000</td>
<td>240</td>
<td>1770188</td>
<td>5.09</td>
</tr>
<tr>
<td>10001 &amp; above</td>
<td>176</td>
<td>0.42</td>
<td>23438426</td>
<td>67.29</td>
</tr>
<tr>
<td>Total</td>
<td>42223</td>
<td>100.00</td>
<td>34833635</td>
<td>100.00</td>
</tr>
</tbody>
</table>
SUGAR DIVISION

Crushing of sugarcane at various units of the company for the year 2010-2011 is as under:

<table>
<thead>
<tr>
<th>Name of the units</th>
<th>Cane crushed (in tones)</th>
<th>Raw sugar processed (in tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sakthi Nagar Unit</td>
<td>1549498</td>
<td>77126</td>
</tr>
<tr>
<td>Sivaganga Unit</td>
<td>491845</td>
<td>22088</td>
</tr>
<tr>
<td>Modakkurichi</td>
<td>-</td>
<td>181712</td>
</tr>
<tr>
<td>Dhenkanal Unit</td>
<td>314960</td>
<td>55612</td>
</tr>
</tbody>
</table>

Due to shortage of cane, Modakurichi Unit did not take up the crushing operation during the year under review. Sugar cane crushed in Sakthinagar Unit includes sugar cane drawn from areas of Modakurichi Unit. Out of the total sugar of 5.37 lakhs MT produced by the Company during the year under review, 3.14 lakhs MT of sugar was produced by processing of Raw sugar.

DISTILLERY DIVISION

During the year 2011, 490.77 lakh litres of industrial alcohol was produced at Sakthinagar Distillery Unit and 86.06 lakh litres at Dhenkanal Distillery Unit. The Company has not produced ethanol as the ethanol blending programme has not been implemented in the State of Tamilnadu.
POLLUTION CONTROL DIVISION

The overseas contracts for setting up of an effluent treatment plant in Thailand had been successfully completed and commissioned during the year 2009-2010.

FOUNDRY DIVISION

The division had been hived off into a wholly owned subsidiary company by name Sakthi Auto Component limited with effect from 1st April, 2000. However, the company carried on the operation till 30-06-2000. There was a steady growth in the sales turnover of the foundry unit in 2009-2010.

SOYA DIVISION

27995 tonnes of soya bean has been crushed in the Soya plant during the year 2010-11. This division has exported products worth Rs.2336.54 lakhs to various countries.

CO-GENERATION PROJECT

The Co-Generation Plant for generating 20 MW power at the Sugar Unit-I exports the surplus power to the Tamilnadu State Electricity Board. The Plant has generated 913.53 Lakh Units of power in the year 2011-12. The Two Co-Generation Plants at the Sugar Unit II with Turbo Alternators of capacities 16 and 20 MW, export the surplus power to the Karnataka State
Electricity Board's Grid. These two plants have generated 1682.60 Lakh Units of power in the year 2011-12.

The Co-Generation Plant of 28.8MW capacity at our Sugar Unit-IV has generated 1601.88 Lakh Units in the year 2011-12. The Total Power Generation capacity of the four plants is now 84.8MW. The Four Co-Generation Plants have generated 4198.01 Lakh Units of power and exported 2920.80 Lakh Units in the year 2011-12.

MADRAS SUGARS LTD

The Sugar Unit is a new addition into the Bannari Group. It is a new Integrated Sugar Complex comprising of 3600 TCD Sugar and 25MW Co-generation Plants. The new 25MW Co-generation power plant has been synchronized with Tamilnadu Electricity Board Grid. The Unit has crushed 6.93 Lakhs Tonnes of Cane during the Financial Year 2011-12. The Co-Generation plant has produced 1006.75 Lakhs Units of power and exported 734.59 Lakhs Units to the state Grid.

BEVERAGE DIVISION

The implementation of beverage project under arrangements with Hindustan Coca-Cola Beverages Private Limited is complete and the plant is ready for operation. Necessary permission from the state government is expected to commence commercial production.
SUGAR MANUFACTURING PROCESS

Cane is collected from cane areas and is transported by lorry and tire cart to the sugar factory. The cane in lorry is weighed and unloaded into cane carriers and cane in tire cart is unloaded directly into the cane carriers by tipping.

The cane unloaded into the cane carrier is moved and prepared for crushing with the help of “Cane Cutters” and “Cane Levelers”. Both the cane cutters and cane levelers have a number of cane cutting knives, which will be rotating.

MILLING

The pieces of cane will be in the form of powder with fibers opened for crushing. Rollers crush the cane cut. The crushing is called “Milling”. There are two Mill Tandemns consisting of 6 mills and 3 rollers and in total 18 rollers for each tandem.

CLARIFICATION

Weighted juice is sent for primary heating to juice heaters. Then it is mixed with slacked lime and \( \text{SO}_2 \) gas. Again this juice is secondarily heated in juice heaters. This juice is sent to the tank where it is allowed for settling. Top juice is called as clear juice and in bottom mud will be with juice. This is sent to vaccum filters where the mud and juice are separated. This separated mud is used as manure.
GRADING

The separated sugar is to be dried with hot air. Dried sugar is sent to grinders where it is poured and sieved to get graded sugar. Sugar grade is standardized by the central government. The required grade sugar is packed into 100 Kgs gunny bags. These sugar bags are sent to godown for stocking and distribution.

Sakthi Sugars Limited manufactures sugar in the grade of S.30 – 35% and M.30 – 25%.

PRODUCTS

The main output, white crystal sugar, is used for domestic purpose, confectionery and in pharmaceuticals. The by-products are molasses, bagasse and press mud. Molasses is used for manufacture of alcohol and citric acid. Bagasse is used as raw material for the paper industry and also as fuel for generation of steam and power.

MOLASSES

Molasses, a residue, subsequent to extraction of sugar from juice, is a storehouse of organic chemicals. A sugar factory with a capacity of 2500 TCD operating for a period of 160 days would produce around 18,000 tonnes of molasses, which is sufficient for a distillery with a capacity of 8 Million liters of alcohol per annum. Most of the distilleries are situated in West Bengal, Rajasthan, Himachal Pradesh and Kerala.
BAGASSE

Bagasse, the residue after the extraction of juice from the cane, is rich in cellulose fiber, which is a major source of energy, and it is being the major substitute raw material for wood and bamboo used in the paper and pulp units.

PRESS MUD

Press Mud is used as fertilizer in fields, which helps in increasing the cane production.

MARKETING ARRANGEMENT

The sugar produced in Sakthi Sugars Limited is marketed under the trade name of “Sakthi Sugars” in Tamilnadu, Karnataka, Kerala, Andhra Pradesh, Maharashtra, Orissa, West Bengal, Punjab, Haryana and Union Territories of Delhi and Pondicherry. Sakthi sugar is supplied at two prices, they are heavy price and free market price.

Under the dual pricing policy for sugar, 40% of the production of sugar is to be sold at the free market price. Sometimes the free market price goes up to three times the levy price.

CHART 4.6
ACADEMIC YEAR WISE TURNOVER - SAKTHI SUGARS LIMITED

CHART 4.7
ACADEMIC WISE SUGAR PRODUCTION – SAKTHI SUGARS LIMITED
CANE PRICE FIXATION

Sugar cane price is fixed every year by the central government on the basis of sugar recovery percentages, throughout India. The standard recovery percentage for price fixation throughout India is 85%. For every 1-% increase of recovery, the government fixes additional prices.

FIG: 4.3 SUGAR CYCLE
WELFARE FACILITIES TO THE SUGARCANE GROWERS

The company renders certain important facilities to sugarcane growers like

- Supplying seeds to sugarcane growers on credit
- Supplying fertilizers through distribution counters
- Providing a cash advance of nearly Rs.600 per acre of land to the registered cane growers.
- Extending credit facilities for purchasing oil engines, pump sets and electric motors.
- Bearing a portion of transport costs paid by the ryots from distant places.
- Installing soil analysis laboratory for analyzing samples etc.,

INDUSTRIAL RELATIONS

The success of the firm depends upon the co-ordination of the employees who are the functioning forces of the factory. Employees must be given all facilities and incentives so as to improve the productivity. In Sakthi Sugars, generally, no strike has taken place so far. Every problem is settled across the table. So the relationship between the management and labour continues to be quite cordial.
RESEARCH AND DEVELOPMENT (R & D)

- Pheromones, a new technology in the control of bores, has been successfully tested for internote management in sugar cane.
  - For better variety evaluation, varietal screening is done in stages.
  - Modified cane planting methods like paired row planting is being tried for using irrigation system effectively.
- Inter note bores are controlled to manageable extent and
  - Improvement in yield is achieved.
  - Better varieties of cane have been identified suitable for cultivation.
- Drip installation is more efficient.
- Future Plan of action
  - Increase in cane area under micro irrigation system to face drought in future and optimizing planting geometry by introduction of paired row system in planting of cane.
  - Organic farming in sugar cultivation and taking effective steps to evolve a farmer friendly technology for dash compostiny.
  - Pilot project on sweet sorghum for alternate feed stock for alcohol production.
Expenditure on Research and Development

(Rs. in lakhs)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Capital</td>
<td>-</td>
</tr>
<tr>
<td>b) Recurring</td>
<td>2.57</td>
</tr>
<tr>
<td>c) Total</td>
<td>2.57</td>
</tr>
<tr>
<td>d) Total R &amp; D Expenditure @ 9% of total turnover</td>
<td>0.01</td>
</tr>
</tbody>
</table>

DEPOSITS

At the end of the financial year, 1287 deposits amounting to Rs.286.48 lakhs due for repayment remained unclaimed on their due dates. Of these, 1083 deposits totaling Rs.269.16 lakhs have since been paid or renewed at the option of the depositors.

RURAL DEVELOPMENT

Sugar factories being agro based and invariably located in rural areas have intimate symbolic relationship with the rural production in their respective areas. Sakthi Sugars Limited, from its very inception was involved in rural development.

Cane development around the factory area for meeting the requirements of raw material interalia implies rural development or community development. Under rural development programme, they have also constructed roads, schools, and hospitals and are contributing liberally to various other programmes such as family planning, tree planting etc.,
Sakthinagar Sugar Unit

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar Mill</td>
<td>9000 TCD</td>
</tr>
<tr>
<td>Distillery</td>
<td>120 KLPD</td>
</tr>
<tr>
<td>Ethanol Plant</td>
<td>50 KLPD</td>
</tr>
<tr>
<td>Cogen Plant</td>
<td>57 MW</td>
</tr>
</tbody>
</table>

**Expansion of Sakthinagar Sugar Unit**

- 1964 – 65 : 1250 TCD
- 1973 – 74 : 3250 TCD
- 1981 – 82 : 4000 TCD
- 1998 – 99 : 6000 TCD
- 2005 – 06 : 7500 TCD
- 2007 – 08 : 9000 TCD

**SAKTHINAGAR SUGAR UNIT**

- Cane Crushing Capacity: 9,000 Tonnes of Cane Per Day
- Situated in most favourable climatic zone in the country with more 65,000 acres of sugarcane available in the command area supported by River & Canal Irrigation
- Highest quantum of sugarcane crushing in a single unit in the country. Crushed 22.35 lakh MT.
First Sugar Mill in the country in re-processing of imported Raw Sugar

- Achieved longer duration of crushing consecutively for three crushing seasons.
- Pioneer in introduction of Mechanical Cane Harvester in the country
- Achieved National Efficiency Award for many years
- Exported about 13.5 Lakh Qtls. of Sugar during 2009-10 and bagged the National Award for Exemplary Export Performance

Manpower Employed at Sakthinagar, Sugar Unit

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial</td>
<td>64 Nos.</td>
</tr>
<tr>
<td>Staff</td>
<td>174 Nos.</td>
</tr>
<tr>
<td>Worker</td>
<td>256 Nos.</td>
</tr>
<tr>
<td>Total</td>
<td>494</td>
</tr>
</tbody>
</table>

DISTILLERY UNIT

- Commissioned in the year 1972
- Stages of Expansion:
  - 1975 : 30000 KLD
  - 1992 : 90000 KLD
  - 2007 : 120000 KLD
- Operates throughout the year.
- Manufactures various types of spirits like Rectified Spirit, Neutral Alcohol & Ethanol
- Capable of producing 50,000 litres of Ethanol per day
Caters to 20% of Tamilnadu’s alcohol requirement Anhydrous Alcohol (Ethanol) Plant of 50 KLPD capacity was established. They are supplying Ethanol to Oil Companies for mixing with petrol. The company are adopting innovative advance technologies for treatment and disposal of distillery effluent.

**SAKTHI ENRICHED BIOCOMPOST**

<table>
<thead>
<tr>
<th>Nutrients</th>
<th>Bio compost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen -N</td>
<td>2.0-2.5 %</td>
</tr>
<tr>
<td>Phosphorus –P</td>
<td>1.8-2.2 %</td>
</tr>
<tr>
<td>Potassium –K</td>
<td>3.0-4.0 %</td>
</tr>
</tbody>
</table>

**Social Welfare Activities**

To cater the educational needs of children of employees, cane growers and local population, the management has sponsored the following educational institutions under the control of Sakthi Foundation:

- Sakthi Montisori School
- Sakthi Elementary School
- Sakthi Higher Secondary School
- Sakthi Polytechnic College

**4.3 CONCLUSION**

Sugar industries occupies a predominate roll in generating an attractive income. A substantial portion of income helps to develop Indian economy. The select sugar industries in Erode district viz., Sakthi Sugars Limited and Bannari Amman Sugars Limited provides ample opportunity of
the rural people living in Erode District through suitable employments in various departments. While comparing overall progress of these two industries, Sakthi Sugars Limited showed a better performance in all aspects than Bannari Amman Sugars Limited. Both the companies offering good salary and attractive fringe benefits and other welfare measures such as free education of the children’s of the employees.