

**Standard Operating Procedures**

**Cane Management Process**

**Sub Process: Accounts & Payment**

Date of preparation of this policy	27.4.2022
Effective date	
Prepared by	K. RAJU
Date of approval of policy	01.05.2022
Approved by	S. PANDA

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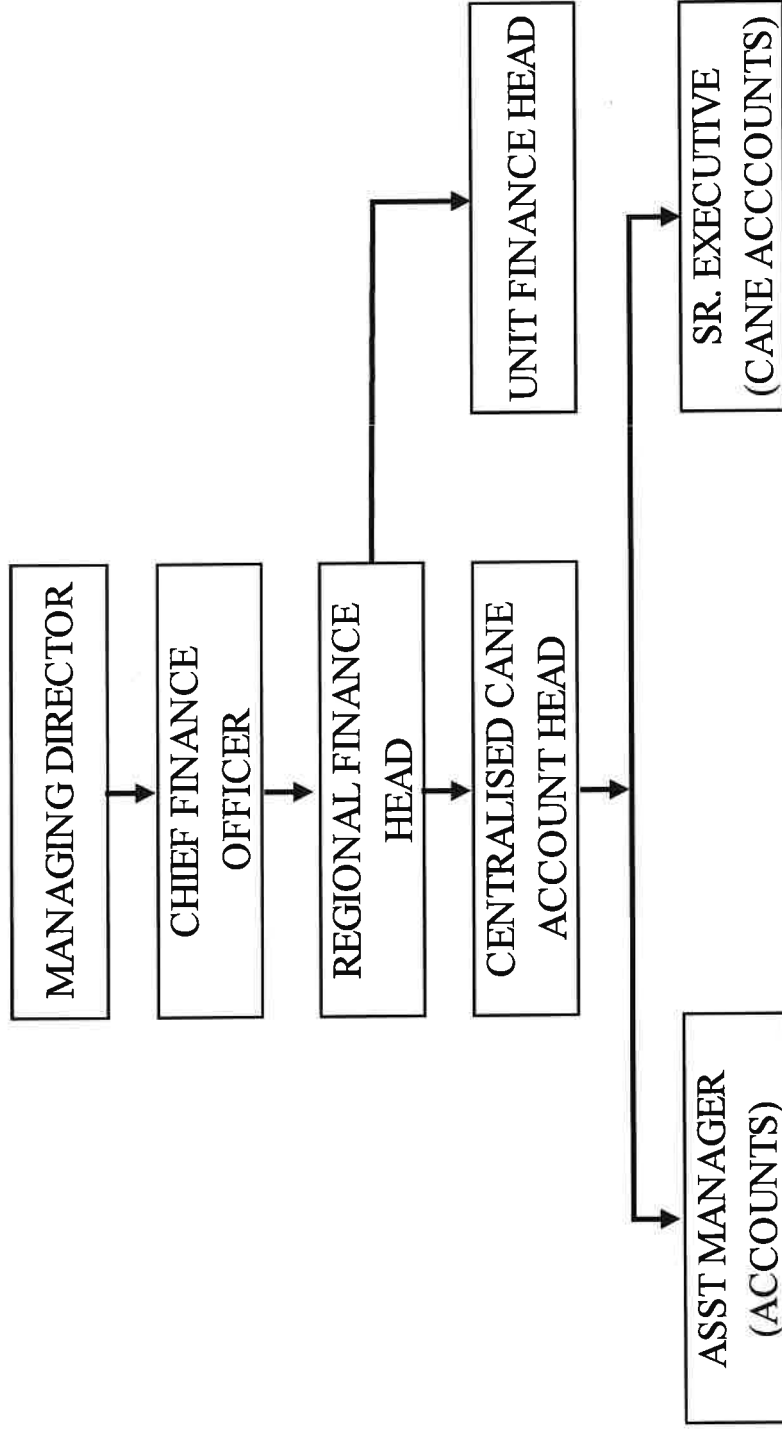
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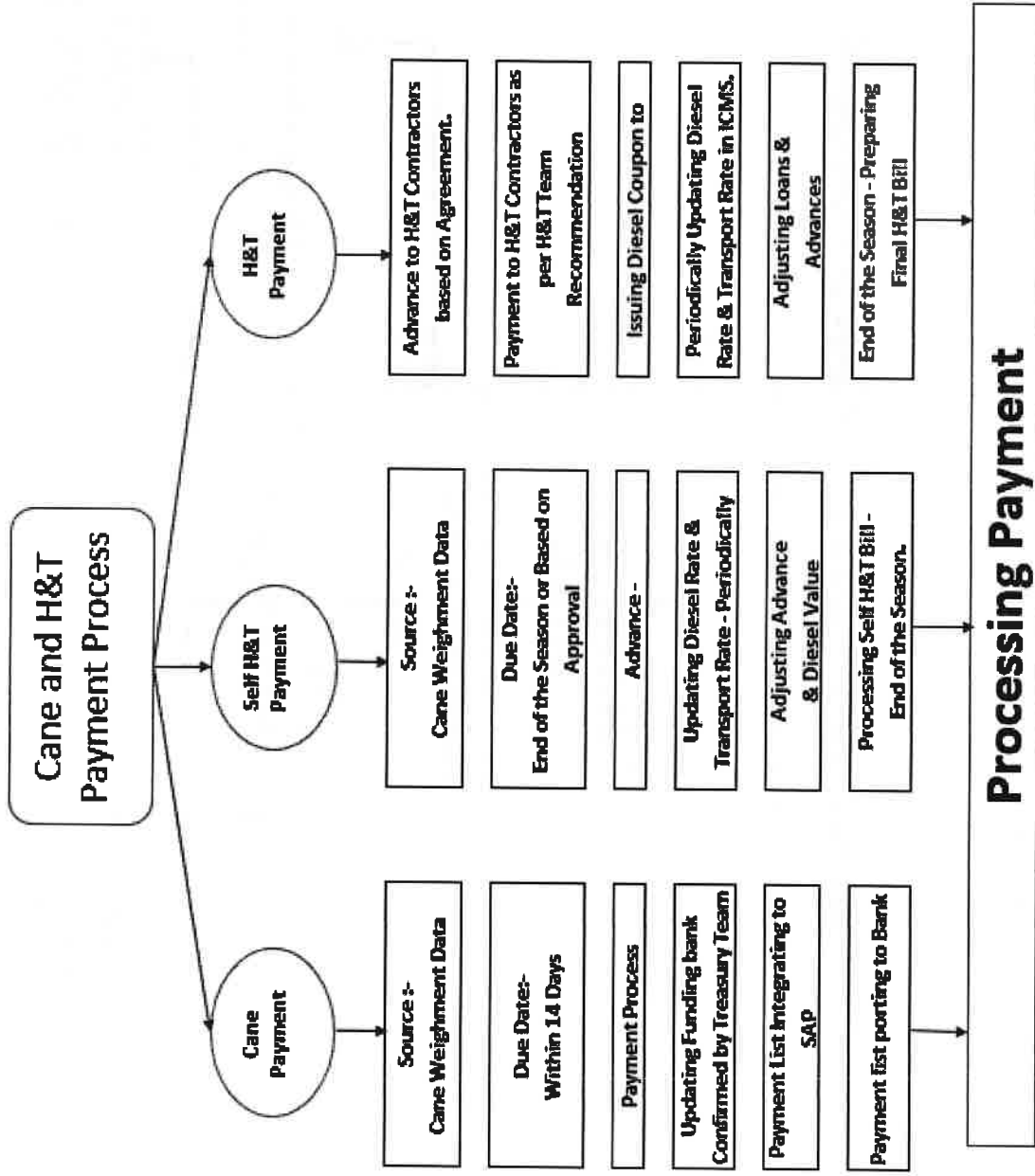
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CMS-A&P > 1. Organization Chart

**CENTRALISED CANE ACCOUNTS ORGANISATION CHART**



CMS-A&P > 2. Overall process



CMS-A&P > 3. Cane Accounting – Loan Recovery Preferences

Process Detail																
Process Step	Process Description	Performed By	Location	SAP TCode / ICMS Menu	IFC Control Reference	Accounting Entries / Output Documents Generated / RACI										
Loan Recovery preferences for Ryot & HT Bills.	<p>a. Before running any of the payment processes, the loan recovery preferences need to be set in iCMS.</p> <p>b. The payment processes will pick up the loan preferences mentioned in the order of priority, deduct and adjust the payments to those loans and also book the same to the concerned, finally the payable amount will be arrived at.</p> <p>c. The recovery option window gives all the loans type available. The loans that need to be recovered from the payment process to be run are marked and saved. When the payment process is run, these marked ones will be considered for recovery.</p>	Cane Accounts	Plant	<p>ICMS →</p> <p>Masters →</p> <p>A/c Related Masters →</p> <p>Loan →</p> <p>Loan Recovery Preference</p>	<p><b>(#115)</b></p> <p>At the beginning of the season, loan preferences are set in the system by the accounts team. Validation and control provided in the Payment Verification time. The system shows the loan recovery preference not marked and marked list. If necessary, User has verify not marked list and set the loan recovery preference for the not marked list of loan.</p> <p><b>P2P-H-42 (#124)</b></p> <p>At the end of the season, notices are sent to all the ryots by accounts team who are pending loan by the company</p>	--	--	<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td></td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A		C		I	
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CMS-A&P > 4. Cane Accounting – Cane Payment

Process Detail																								
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Cane Price	<ul style="list-style-type: none"> <li>Updating Division wise Cane Price for Both Registered &amp; UR Cane. Maker &amp; Checker mechanism is in place.</li> </ul>	Cane Accounts	Plant	ICMS- >Masters- >Account Related Masters- >Cane Price		<table border="1"> <tr><td>R</td><td>Cane (Accts)</td></tr> <tr><td>A</td><td>HOD (F)</td></tr> <tr><td>C</td><td></td></tr> <tr><td>I</td><td></td></tr> </table>	R	Cane (Accts)	A	HOD (F)	C		I											
R	Cane (Accts)																							
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Own/OCD Cane Payment	<ul style="list-style-type: none"> <li>Releasing the cane payment periodically as per the statutory Norms.</li> <li>Burnt cane value is deducting from ryot as per the statutory norms.</li> <li>Generating combined Bill Periodically for Own &amp; OCD Cane Supply.</li> <li>Net weight will</li> </ul>	Cane Accounts	Plant	ICMS → Payments → Payments → Cane Payment	<table border="1"> <tr><td>Dr</td><td>261111</td></tr> <tr><td>Cr</td><td>Loans &amp; Adv</td></tr> <tr><td>Cr</td><td>261122</td></tr> </table> <table border="1"> <tr><td>Dr</td><td>261122</td></tr> <tr><td>Cr</td><td>Bank</td></tr> </table>	Dr	261111	Cr	Loans & Adv	Cr	261122	Dr	261122	Cr	Bank	<p>--</p> <table border="1"> <tr><td>R</td><td>Cane (Accts)</td></tr> <tr><td>A</td><td>CCA Head</td></tr> <tr><td>C</td><td></td></tr> <tr><td>I</td><td></td></tr> </table>	R	Cane (Accts)	A	CCA Head	C		I	
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	<p>be considered as Cane Billing Qty, based on Weighment tare date for the billing period.</p> <ul style="list-style-type: none"> <li>• Payable will be arrived as below.</li> <li>• Payable = (NetWeight/10 00) * Cane Price fixed in ICMS</li> <li>• Run time loans i.e. burnt Cane, Surety Retention are taken for the ryots cane supplied for the selected period.</li> <li>• Surety Loans are taken for the selected ryots based on loan recovery preferences.</li> <li>• For the loans that are selected for deduction,</li> </ul>					<p>between CMS and SAP and sent to Corporate</p> <p><b><u>P2P-H-38 (#118)</u></b>                      Based on Section in charge inputs, accounts does a loan transfer debit to the surety account in iCMS. On making the recovery from the surety, a credit is passed in iCMS to the ryot account as a cash receipt entry. For Loan Transfer in SAP, there is no entry passed as in SAP only consolidated values is posted. Loan status is reconciled on a monthly basis between CMS and SAP and sent to Corporate.</p> <p><b><u>(# 119)</u></b>                      Loan transfers are done by the accounts with Maker/ Checker based on inputs from the Section In Charge. During payment processing, loans are automatically deducted from the transferees account</p> <p><b><u>P2P-H-39 (#120)</u></b></p>		



Process Step	Process Description	Performed By	Location	SAP TCode / ICIMS Menu	IFC Control Reference	Accounting Entries	Output / Documents Generated	RACI
	<p>interest amount is calculated (if interest rate is available) based on the last Loan transaction date (Deducted date/Loan booked date) and loan code.</p> <ul style="list-style-type: none"> <li>The loans (balance, interest balance, interest amount) are deducted partially or fully based on the weightment proceeds and the net payable to the ryot is arrived at along with the necessary coin adjustment.</li> </ul>					<p>Recoveries can be done from accounts other than surety accounts based on Section in Charge inputs. However no documentation is taken from the ryot from whom the recoveries are done that he is informed that the recovery has been done from his account.</p> <p><b>P2P-H-40 (#121)</b> Automated through cane payment. During the cane payment process time ,the system to recovery the surety loan when the surety ryot supply cane in first and hold the amount. Subsequent payment , the original loan ryot supply cane then the loan amount recovered from the ryot and the system release hold surety loan amount. The payment released through credit payment.</p> <p><b>(# 122)</b> The statement sent to the bank for payments are prepared based on ICMS. Bank accounts are from the ICMS ryot master.</p>		

Process Step	Process Description	Performed By	Location	SAP TCode / ICMS Menu	IFC Control Reference	Accounting Entries	Output / Documents Generated	RACI																		
Self H&T Payment to Ryot	<ul style="list-style-type: none"> <li>Some farmers are supplying cane through Self harvesting and self-transport.</li> <li>For those farmer's harvesting and transport charges are paid through Self H&amp;T Billing.</li> <li>Diesel cost will be booked as Run time Loan as per Bunk wise market price fixed in</li> </ul>				<p>These are checked by the authorized signatory for banking transactions. CDA' s verify the details of bank accounts prior to payment release based on ICMS payment processing</p> <p><b>P2P-H-41 (# 123)</b>  <b>Payments are done to the farmers every 14 days</b></p>	<table border="1"> <tr> <td>Dr</td> <td>262021</td> </tr> <tr> <td>Cr</td> <td>Loans &amp; Adv</td> </tr> <tr> <td>Cr</td> <td>261122</td> </tr> </table> <table border="1"> <tr> <td>Dr</td> <td>261122</td> </tr> <tr> <td>Cr</td> <td>Bank</td> </tr> </table>	Dr	262021	Cr	Loans & Adv	Cr	261122	Dr	261122	Cr	Bank		<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>CCA Head</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A	CCA Head	C		I	
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	<p>ICMS.</p> <ul style="list-style-type: none"> <li>Recovering loans as per Loan recovery preference set in ICMS.</li> <li>If Farmers are arranging Both Harvesting &amp; Transport then H&amp;T Rate will be FRP-Cane Price. Rates are fixed in ICMS parameter</li> <li>If Farmer are arranging Harvesting alone, GL Rate as per H&amp;T Rate Approval.</li> <li>If Farmers are arrange Transport alone, Transport Rate as per H&amp;T Rate approval Slab.</li> </ul>																	
Ryot Credit Payment	<ul style="list-style-type: none"> <li>Some Farmers giving surety to other farmers loans.</li> </ul>			ICMS:- >Payments- >Farmer		<table border="1"> <tr> <td>Dr</td> <td>261180</td> </tr> <tr> <td>Cr</td> <td>261122</td> </tr> </table>	Dr	261180	Cr	261122		<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>CCA Head</td> </tr> <tr> <td>C</td> <td></td> </tr> </table>	R	Cane (Accts)	A	CCA Head	C	
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	<ul style="list-style-type: none"> <li>If loan farmer not supplied cane, the loan amount will be retained from the Surety farmer at the time of cane bill process.</li> <li>Once the loan farmer cleared that particular loan, the surety retained amount will be released through Ryot Credit payment.</li> <li>Recovering loans if any as per Loan recovery preference set in ICMS</li> </ul>			Related- >Ryot Credit Payment	<table border="1"> <tr> <td>Dr</td> <td>261122</td> </tr> <tr> <td>Cr</td> <td>Bank</td> </tr> </table>	Dr	261122	Cr	Bank		I							
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Cane Payment interface -	<ul style="list-style-type: none"> <li>After generating Ryot Bills, updating ryot wise funding</li> </ul>	Maker : Account Executive (Cane)		ICMS->Cane Accounts->Funding Bank-	<table border="1"> <tr> <td>Dr</td> <td>261122</td> </tr> <tr> <td>Cr</td> <td>Bank</td> </tr> </table>	Dr	261122	Cr	Bank	<table border="1"> <tr> <td>R</td> <td>Cane (Accctis)</td> </tr> <tr> <td>A</td> <td>SSC Team</td> </tr> <tr> <td>C</td> <td>Treasury</td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accctis)	A	SSC Team	C	Treasury	I	
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ICMS to SAP and payment Automation	<p>bank based on fund confirmation given by treasury team.</p> <ul style="list-style-type: none"> <li>• Cane payment list will be generated by Cane Team with maker/checker in ICMS and transferred automatically to SAP.</li> <li>• In SAP Cane payment will be checked and confirmed by Cane Accounts Head (SAP Level 1).</li> <li>• Further approved by SSC Team (SAP Level 2) and Treasury Team (SAP Level 3)</li> <li>• Payment will be uploaded to Bank Portal through payment gate way.</li> </ul>	<p>Accounts)  <b>Checker :</b>                      Centralised Cane Accounts Head</p>		>Centralised Payment.			

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	<ul style="list-style-type: none"> <li>UTR Nos will be updated automatically in ICMS for further reference and reconciliation.</li> <li>Payment list will be automatically uploaded in ICMS as actual payment made.</li> </ul>							
Monitoring of Ryot Advances	<ul style="list-style-type: none"> <li>Monitoring the Ryot advances on periodically and intimating to cane team to explore the possibility of recovery of Loan dues.</li> </ul>							

Process Detail

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H&T Advance	<ul style="list-style-type: none"> <li>As per North KN Sugar Mill practice, Advances are issuing to the H&amp;T Contractors before Starting of the Season based on Approved H&amp;T Budget.</li> <li>In case release Advance amount beyond H&amp;T Budget, specific approval needs to be obtained from CFO.</li> <li>Advances are to be released after successful verification of H&amp;T Agreement and booked as a loan in ICMS.</li> <li>In rare/emergency cases advance to H&amp;T can be released with any deviation in documentation with specific approval from CFO.</li> <li>Loan booking in ICMS with Maker-Cane Accounts Team / Checker - Unit Finance Head.</li> </ul>	H&T Team & Cane Account Team.	Plant	Cane Accounts->Loans->Loan Transaction.  Cane Accounts->Bulk Loan Booking	<p><u>P2P-H-19 (#54)</u> While releasing the advances, limits are checked with the budgets. In case of deviation special approvals are obtained</p> <p><u>P2P-H-20 (#58)</u> The accounts keeps a list of documents including the agreement collected and it is tracked. This is shared with H and T team to collect pending documents. Advances are not disbursed without collection of all documents. In case advance needs to be disbursed without collection of all documents, exception approval from CFO is obtained.</p>	<table border="1"> <tr> <td>Dr</td> <td>172240</td> </tr> <tr> <td>Cr</td> <td>Bank</td> </tr> </table>	Dr	172240	Cr	Bank		<table border="1"> <tr> <td>R</td> <td>Cane (A&amp;T)</td> </tr> <tr> <td>A</td> <td>HOD(F)</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (A&T)	A	HOD(F)	C		I	
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						<p><b><u>P2P-H-25 (#69)</u></b>                      Loan cap is fixed on Individual loan code basis. Contracts are signed by Senior Manager- Cane  <b><u>P2P-H-28(#73)</u></b>                      Manager Finance passes entry for Harvesting advance in SAP. Monthly reconciliation is performed between iCMS and SAP by Senior Executive-Finance and reviewed by Senior Manager Finance.</p>		
						<p><b><u>P2P-H-24 (#68)</u></b>                      Previous loan outstanding is shown while booking any loan. Further, Loan cap is fixed on Individual loan code basis.</p>		



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					<b>P2P-H-27 (#72)</b>															
					There is maker & checker mechanism in place, where Finance manager is the approver. CMS advance entry is done as loan transaction in the GL account by the Cane accounts Executive Finance based on the advance given															
H&T Material	<ul style="list-style-type: none"> <li>Issuing Material i.e. Harvesting Knives, Slings, Tarpaulin Tent, Bamboo, Wire Rope on Loan Basis.</li> <li>Based on H&amp;T Contractor's requirement Cane MIS team will issue indent to H&amp;T Contractors through ICMS.</li> </ul>			ICMS -> FPC->Store Material Indent ICMS -> FPC->Store Material Issues	<b>(#78)</b> The rates in CMS for the stores material approved by the Regional finance head and fed by the Cane Accounts in the system <b>(#79)</b> The Cane MIS prepares the indent	<table border="1"> <tr><td>Dr</td><td>172519</td></tr> <tr><td>Cr</td><td>Customer</td></tr> </table>	Dr	172519	Cr	Customer		<table border="1"> <tr><td>R</td><td>Stores dept</td></tr> <tr><td>A</td><td></td></tr> <tr><td>C</td><td></td></tr> <tr><td>I</td><td></td></tr> </table>	R	Stores dept	A		C		I	
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	<ul style="list-style-type: none"> <li>Based on indent, Store dept. will issue material to H&amp;T Contractors and book the loan in ICMS automatically.</li> </ul>					<p>in iCMS for the items required i.e. Knives , Tent, Slings and gives it to store. Stores passes a consumption entry for the materials and issues the materials with a gate pass based on the indent which is sealed by the security. Security keeps one copy. another is available with stores.</p> <p><b>(#81)</b> The AM-Accounts passes the entry in Advances-Slings account in SAP after iCMS entry . Monthly reconciliation between SAP and iCMS is performed of all advances by AM-Accounts and sent to Corporate Finance <b>(#82)</b> Security checks the</p>		

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Manual Diesel	<ul style="list-style-type: none"> <li>Manual Diesel indent issuing to H&amp;T Contractors by H&amp;T team based on requirement.</li> <li>Based on indent Diesel bunk owners are issuing diesel to Contractors and periodically submitting bills to Accounts Department.</li> <li>Accounts team verifying the diesel indent and book the loan in ICMS as per Actual diesel bunk rate and pass consolidated entry in SAP.</li> </ul>				ICMS->Cane Accounts->Loans->Bulk Loan Booking	material issued physically and signs the gate pass	<table border="1"> <tr> <td>Dr</td> <td>172518</td> </tr> <tr> <td></td> <td>Diesel</td> </tr> <tr> <td>Cr</td> <td>Vendor</td> </tr> </table> <table border="1"> <tr> <td>Dr</td> <td>Diesel Vendor</td> </tr> <tr> <td>Cr</td> <td>CCMS Account</td> </tr> </table> <table border="1"> <tr> <td>Dr</td> <td>CCMS A/c</td> </tr> <tr> <td>Cr</td> <td>Bank</td> </tr> </table>	Dr	172518		Diesel	Cr	Vendor	Dr	Diesel Vendor	Cr	CCMS Account	Dr	CCMS A/c	Cr	Bank		<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>HOD(F)</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A	HOD(F)	C		I	
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CMS-A&P > 6. Cane Accounting – Transport & GL Rate updation

Process Detail

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Transport & GL Rate Updation	<ul style="list-style-type: none"> <li>When the cane is transported to the factory by the transporters,                             <ul style="list-style-type: none"> <li>the transport rate,</li> <li>transport charges,</li> <li>diesel rate,</li> <li>diesel charges qty,</li> <li>Diesel Value</li> </ul> </li> <li>calculation must be updated based on the Distance Rate slab, Diesel slab etc</li> <li>( Distance rate slab :- Plot Type (Reg./Un-Reg.) wise Carrier Type wise and Group wise rate slab</li> <li>Harvesting rates are updating on Subgroup wise in iCMS as per the H&amp;T rate approval.</li> <li>This process is done through Transport Charge Update Process.</li> <li>This process is done periodically and has to be done before H&amp;T Payment.</li> <li>Weightment for which Tare is done between the given periods</li> </ul>	Cane Accounts	Plant	ICMS → Payments → Pre Process → Transport Charge Update	<b>(#127)</b> Village master access is with the IT team. Entries in the master are based on approvals from Regional Cane Head. Village master edit access is only with the IT team. Any changes made are in accordance with approval from the Regional Cane Head for a limited period. Changes are made in case of alternate distance due to some diversions that have occurred			<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>HOD(F)</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A	HOD(F)	C		I	
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	<p>is taken.</p> <ul style="list-style-type: none"> <li>• For the weightment selected above, the Distance Rate from village to weightment location, Distance Slab, Diesel rate details are taken.</li> <li>• Transport Charge is calculated as,</li> <li>• Transport Charge = Transport Weight * Transport Rate</li> <li>• Where Transport Weight = (Gross – Tare)/1000</li> <li>• Diesel Charges is calculated as,</li> <li>✓ Eligible Diesel Qty 1 Ltr per 3 KM @ Rate of Contract price fixed in ICMS as per H&amp;T Rate Approval</li> <li>✓ More than Eligible Qty Diesel Rate charged as per Diesel bunk Rate on that date and recovered from transporter.</li> <li>• The various charges calculated above are updated into the corresponding Weightment details.</li> </ul>							

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Diverted (OCD) Transport Charge Update	<p>This is updated when the cane is diverted from one EID Factory to some other EID factory.</p> <ul style="list-style-type: none"> <li>• Diverted Weighments, for which Tare is done within the process period (process start date – process end date) is taken.</li> <li>• Diverted Distance Rate details are taken for the weighment season, diverted from factory and carrier type.</li> <li>• For the Diverted Distance Rate chart selected, the Diverted Distance slab is taken based on the Distance travelled from source (Supply Factory) village.</li> <li>• Diesel Rate details are taken for the Diesel Supplier selected in the weighment.</li> <li>• Diverted Weighment details for which tare weighment completed are taken from Crushed factory.</li> <li>• Diesel Rate chart for which the Weighment Tare date falls within the From Date and To Date is selected.</li> </ul>	Cane Accounts	Plant	ICMS → Payments → Pre Process → Div. Transport Charge Update				<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>HOD(F)</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A	HOD(F)	C		I	
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Process Detail

Process Step	Process Description	Performed By	Location	SAP TCode	IFC Reference	Control	Accounting Entries	Output / Documents Generated	RACI													
H&T Payment	<ul style="list-style-type: none"> <li>Harvesting and Transport is done by the same contractor.</li> <li>Harvesting Billing Qty &amp; Transport Qty will be considered as per H&amp;T Rate Approval.</li> <li>One contractor will have multiple GL and vehicles.</li> <li>Advances and payment are given to the contractor.</li> <li>GL and Transport charges are recovered from the advance given to the contractor.</li> <li>Contractor commission is calculated based on rate and percentage basis at the end of the season as per H&amp;T Rate Approval.</li> <li>Diesel issued at weighbridge, cost will be booked as Run time loan in ICMS while H&amp;T Billing.</li> <li>The advance adjustment and balance amount will be paid to H&amp;T Contractor at the end of the season.</li> <li>Below mentioned other payables if any to be booked as negative loans in ICMS to consider these payables for final H&amp;T Billing.                             <ul style="list-style-type: none"> <li>Mobilisation Charges.</li> </ul> </li> </ul>	Cane Accounts	Plant	ICMS Payments → Payments → HT Payment →  ICMS -> Cane Accounts-> Loans-> Bulk Loan Booking.	P2P-H-44 After booking the commission in iCMS, entry is uploaded in SAP via iCMS. <u>P2P-H-45(#140)</u>  Monthly reconciliation between iCMS and SAP of all loans is prepared by the accounts personnel and sent to the corporate finance <u>P2P-H-103</u> Commission slabs/percentages, which are approved by MD is uploading into iCMS and computing through the system. <u>P2P-H-105</u>	<table border="1"> <tr> <td>Dr</td> <td>H&amp;T Provision GL</td> </tr> <tr> <td>Cr</td> <td>Loans &amp; Adv Payable</td> </tr> <tr> <td>Cr</td> <td></td> </tr> </table>	Dr	H&T Provision GL	Cr	Loans & Adv Payable	Cr		--	<table border="1"> <tr> <td>R</td> <td>Cane (Accts)</td> </tr> <tr> <td>A</td> <td>CCA Head</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Cane (Accts)	A	CCA Head	C		I	
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	<ul style="list-style-type: none"> <li>○ Mechanical Harvester Incentives.</li> <li>○ Gang Shifting Charges.</li> <li>○ Toll Charges.</li> <li>○ Group Commission.</li> <li>○ Idle Charges &amp; etc.</li> </ul>				<p>Commissions are computed by the accounts personnel based on approvals from the MD on the commission percentage</p> <p><b><u>P2P-H-106 &amp; P2P-H-29</u></b></p> <p>Computation of mobilization charge is done by the SM-H and T and approved by the Cane Head/Unit Head.</p> <p><b><u>P2P-H-108</u></b></p> <p>Payments to the H and T contractor were processed at the end of the season (May) by generating invoice in iCMS. The system deducts the advance amount paid to the H and T contractor while</p>			



Process Step	Process Description	Performed By	Location	SAP TCode	IFC Reference	Control Accounting Entries	Output Documents Generated	RACI
Monitoring of H&T Advances	<ul style="list-style-type: none"> <li>All the H&amp;T advances are monitored on Group wise and H&amp;T owner wise on weekly basis</li> <li>In case of any non reporting of H&amp;T gangs, it is intimated to the Cane Heads for necessary action for recovery.</li> </ul>				generating the invoice. P2P-H-30(#75) Mobilization charge is accounted as a loan in CMS and SAP by AM/ Manager- Accounts. The SAP and CMS is reconciled on a monthly basis.			

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