

Annexure A: Fixed Assets - Policy and Procedures

A. Fixed Assets Tagging Policy

1. Tagging of Office Equipments:

- 1.1. User department when requires IT Equipments which includes Laptops, PCs, Printers and Scanners etc., raise Capital Expenditure Form.
- 1.2. Capital Expenditure Form includes all the details relevant to assets, which is approved by relevant authorized personnel's.
- 1.3. CEP's are routed through Internal Audit Department to update the CAPEX and then to Inventory Accounts.
- 1.4. Inventory Accounts write a system generated number (Interim Assets Number) on CEP and sends it to ERP department.
- 1.5. User department create a request of IT equipment to be purchased on Intranet.
- 1.6. All Purchase Requisitions should be generated in SAP by ERP department, which is approved by ERP Manager.
- 1.7. Supply Management creates Purchase Order against purchase requisition and carries out their usual purchasing procedure.
- 1.8. When Assets are received by Central Store department, GRN is prepared in SAP.
- 1.9. After GRN is made in SAP, central store needs to communicate to user department along with IT department at Ext.301/446. So that IT equipments are tagged in central store before issuance to user department.
- 1.10. Authorized person from ERP department should tag the assets with interim asset number (which starts with 900) using permanent marker.
- 1.11. Office Equipments are periodically verified at a regular frequency set by the management and records should be updated to reflect only those assets which are physically present at respective locations.

2. Tagging of Plant and Machinery:

- 2.1. This policy refers to the process of tagging of plant and machinery which is necessary for physical identification of items of property, plant and equipment.
- 2.2. Plant and machinery usually comprises of different components, each component has an independent useful life which is determined by engineers or personnel of relevant Business Unit/Departments.
- 2.3. At the time of installation, information relating to useful life of components should be communicated to Inventory Accounts department so that all components are allotted independent asset number for ready identification.
- 2.4. However, while generating the asset number, proper description of parts should be mentioned against the relevant asset.
- 2.5. While tagging the asset, separate tagging stickers should be established to cater different parts of machinery. When a component completes its useful life and it is derecognized or written off, replacement component should be recognized with new asset number and tags on machinery

will be updated with co-ordination between Industrial Performance (IP) department and Business Units.

Responsibility Matrix

Activity	Responsibility
Determination of useful life of component	Relevant Business Unit
Generation of asset number	Inventory Accounts Section
Tagging of machinery along with components	Relevant Business Unit

B. Replacement Policy of Office Equipments

- 1.1. For replacement of IT equipments, it is ensured that equipments are under warranty or not. If office equipments breakdown within the warranty period, it is claimed. However, if equipment breaks down after exceeding the warranty period, then the reason of breakdown is obtained and that part is replaced.
- 1.2. For the procurement of new part of equipment, user department create a request on intranet.
- 1.3. ERP department creates purchase requisition and sends it to Supply Management, which then performs the procurement function.
- 1.4. Incase if the whole equipment is accidentally damaged either through fire, explosion, natural disaster and vandalism, then insurance is claimed against the respective assets.

C. Assets Transfer Procedure

- 1.1. When there is a need to transfer an asset from one location to another, assets releasing department will fill the "Asset transfer form" available on Packages intranet portal at <http://172.16.1.44/intranet/index.html> > Forms sections.
- 1.2. After approval from releasing department asset transfer form is approved by head of receiving department
- 1.3. After approvals from receiving department and releasing department, two (2) or in case of IT equipment three (3) copies of approved forms are created.
- 1.4. Original form is sent to financial account department and one copy to IT department, in case of IT equipment only.
- 1.5. One copy is kept by releasing department and one for the receiving department for record purpose.
- 1.6. Once the approved asset transfer form is received by accounts department, the inventory accounts section transfers the asset from one cost centre to another in SAP
- 1.7. No transfer is made without the approved asset transfer form.