

As an initiative towards company's drive towards better working capital, monitoring of inventory levels on Business Unit level needs to be conducted on a periodic basis to keep it at an optimized level. Two SAP reports have been developed for inventory aging i.e. "ZRMAGEING" for raw materials and "ZRMAGE" for other materials and made operational after satisfactory testing results. Following protocol has been devised for monitoring of inventory:

1. Business Controllers from each Business Unit shall be responsible to monitor stocks for their respective business units. This review activity is to be conducted at business unit level for raw materials, semi-finished and finished goods on monthly basis. While, for spares, operating supplies and miscellaneous stocks, the review should be conducted on quarterly basis.
2. In the basis of review, long outstanding and redundant materials shall be highlighted for timely decision making and action by Business Unit Managers and Business Heads. This would help the business units to rationalize slow moving and near expiry inventories.
3. Based on the aging results, the business controllers are required to implement following action plan for stocks aged above 1 year or nearing expiry:

Age of Inventory	Monitoring Control	Authorization to hold inventory
Above 1 year to 2 years	Report to Business Unit Managers for appropriate action/ decision at their end keeping in view the shelf life.	Concerned Business Unit Managers
Above 2 years to 3 years	Report to Business Heads in MOR for timely decision and action plan on its utilization.	Concerned Business Heads
Above 3 years	To be discussed in MOR for decision on write-off/ write down of materials along with reasons.	Concerned Business Heads
Stocks with shelf life	Report to Business Unit Managers for decision making at least 1 to 2 months before the expiry of materials along with action plan. Near expiry – to be reported in MOR & POR for decision by Business Heads.	Concerned Business Unit Managers

INVENTORY MONITORING PROCEDURE

4. For finished goods inventory monitoring, SAP Report "ZINDEX" should be used and the following protocol should be followed:

A. Industrial Products

All finished goods would be dispatched to customers within a maximum of 1 month from the committed delivery date.

B. Consumer Products

All standard consumer products stock will be dispatched within 3 months from the date of conversion. All non standard product stocks (customized orders) would be dispatched within 1 year of conversion.

Any finished goods stocks above the defined period would be reported to Business Heads for approval along with reasoning to hold the goods for a specified period for arranging dispatch/ alternate orders as per following matrix:

Business Sector	Aging of Stocks	Authorization to hold inventory
Industrial Products	Above 1 month from committed date of delivery/ production date	Head of Packaging
Consumer Products	Standard goods – above 3 months from conversion date Non-standard goods – above 1 Year from conversion date	Business Unit Manager – Consumer Products

Compliance to the above protocol should be ensured by all Business Units.



Head of Packaging



Business Unit Manager
CP



Head of Engineering



Chief Financial Officer



Head of Internal Audit

Date of approval:

August 10th, 2016