Capital Assets of Company:

Any item purchased by the company:

a. having individual item value (in smallest quantity that the item is purchase eg. 1 unit, 1 box) > INR 5,000 at time of procurement; and
b. Is moveable when desired without significant effort.
c. not meant to be left behind in the company's delivered products viz. for sale/lease buildings; and
d. Is not a consumable in the opinion of Procurement (A consumable is an item which is unlikely to be traceable after a period of 12 months eg. brochures, erasers, fuel – All expenses in relation to consumables shall be suitably classified under the broad head of 'Operational Expenses').

Shall be classified as a **Capital Asset of the Company**.

Note: Items which are leased/rented by company and owned by 3rd parties will not be counted as company's capital assets.

Guidelines in relation to Capital Assets:

1. All capital assets shall be classified into one of the following 6 Level 1 categories:
    i. Construction Plant & Machinery
    ii. Vehicles
    iii. Furniture & Fixtures
    iv. IT Equipment
    v. Office Equipments (non-IT)
    vi. Non-physical Assets (eg: SAP Licenses)
2. Further, each item shall be classified into a Level 2 category as per the list annexed hereto as
   Annexure A. Any additions to this list shall solely be made by the 'Non-Construction' Procurement Package Team.
3. The level 1 and level 2 categorization shall be done by Procurement at the time of placing of Purchase Order (PO). (However, please note that in case of category i. Construction Plant & Machinery, the PO shall be prepared using the material master codes and upon delivery at site (GRN), MM shall convert these materials to assets. This is to be done once every month).
4. Each user department (viz. the one which requisitions the items or for whose primary purpose the item is meant to be used) shall be responsible for:
    a. Tagging <u>each</u> capital item at time of receipt.
    b. Within 30 days of completion of works in any office location, to check the same for any items which are assets but have not been tagged as assets, coordinate

with Procurement to create asset identification in SAP and tag for the same physically.

c. Having internal system to track items if they are broken/stolen/destroyed/rendered unworkable and updating the same.

d. Keeping track of location of in-use items.

e. Annual physical inventory of the items which is to be submitted to Accounts by 30th April of each FY, along with request to Accounts for write-off of items which falls under c.

f. Disposal of items under c. which continue to be physically present, through Procurement (viz. not stolen/destroyed).

5. The responsibility for the aforesaid steps shall be as follows:

User Department of Capital Asset	**Responsible Department**
Construction Management	Stores
Information Technology	IT
HR	HRMS
Sales office and sample flat	HRMS
Any other	HRMS

6. Process of PR, PO and GRN to be followed by all departments. Any material bill for a capital asset which is not accompanied by a system-generated GRN shall not be paid by Accounts.
7. Movement of all capital assets from one company location* to another should be accompanied by an 'Asset Relocation' Memo (equivalent to Gate Pass). This is to be a system generated memo which will enable tracking of the item's location and will require the Responsible Department at the Recipient location to acknowledge receipt within 7 days of movement out of the present location. Security team is required to be vigilant about this at the exiting location. (not applicable to items which are generally known to move from location to location viz. vehicles, laptops, mobile phones).
8. *Company Location / Location shall be defined as any geographically contiguous land on which a construction project is being executed (even if under different marketing names) + each corporate/regional/satellite/BD/Marketing/Site office of the company located in different buildings or different floors of the same building (provided there is no internal staircase between the different floors). All sample flats shall be deemed to be part of the sales office from which they are controlled.

Next Steps

1. Annexure A viz. level 2 grouping of assets to be completed by Procurement (Non-Construction package team) on/before 22nd June 2012, in discussion with AML.
2. IT to ensure following functionality in system by 30th June 2012:
    a. System is able to auto-generate codes for existing and new capital assets, based on level 1 and level 2 categorization done at time of PO.
    b. System is able to record location of the capital asset.
    c. Update status of each asset from amongst following categories:
        - In Use
        - Under Repair
        - Obsolete
        - Broken / Destroyed / Non-workable
        - Stolen
        - Sold
    d. GRN entry leads to auto-creation of item bar code and a call for the same to be printed. Necessary printing functionality/hardware linked to the same.
    e. Ability to create Asset Relocation Memo, with authorization of level 2 or higher of the Responsible Department.
    f. Ability to track assets using handheld scanners.
3. As a one-time effort, external Agency services to be hired by Procurement team for physical counting
    a. Scope of work to include the following:
        - Identification of assets
        - Physical counting of assets
        - Listing all assets category wise in prescribed format
        - Classification of all assets
        - Bar code tagging of assets (all categories except non-physical assets)
        - Reconciliation of asset list with Accounting records.

    Each responsible department, as per table above, shall be responsible for ensuring that this task is completed on/before 15th July 2012. Procurement to ensure that this agency starts work no lated than 22nd June 2012.
4. Post physical verification, the **Accounts team** will match the asset value to be captured in "Asset Master" with WDV in books of account.
5. Any asset / value which need to be written off during the said process will be decided by Core Committee (Proposed Team – Accounts, Audit, Procurement & User Department) and then final approval of the Directors taken **under the aegis of Accounts team.**
6. All capital assets procured viz. PO raised after 30th June 2012 will compulsorily follow this system, else payment shall not be processed by Accounts as per point 6. under Guidelines.

Annexure 3

Categorization for Capital Assets:

1. Construction Plant & Machinery
    a. Cranes
    b. Hoist
    c. DG Set
    d. Pumps
    e. Electrical machinery & equipment
    f. Plumbing machinery & equipment
    g. QC equipment
    h. Scaffolding set
    i. Shuttering material set (other than conventional shuttering)
    j. Other Construction Plant & Machinery
2. Vehicles
    a. 2 wheeler
    b. 4 wheeler
    c. Vehicle spares
3. IT equipment
    a. Laptop
    b. Desktop
    c. Printer
    d. Plotter
    e. Server
    f. Scanner
    g. UPS
    h. Networking Devices
    i. Storage Devices
    j. Miscellaneous IT equipment
4. Furniture & Fixtures
    a. Chair (non – adjustable)
    b. Chair (adjustable)
    c. Bed
    d. Sofa
    e. Office Table
    f. Side Table

g. Dining Table
h. Safe
i. Compactor
j. Storage / Cupboard
k. Lamps
l. Painting
m. Sculpture
n. Showpieces
o. Building / unit Models
p. Display Signage / material
q. Bathroom fittings
r. Bathroom accessories
s. Fitness Equipment
t. Miscellaneous Furniture & Fixture

5. Non-IT Office equipment
   a. Phone
   b. Fax
   c. Projector
   d. Projector Screen
   e. TV
   f. AV Systems (including music systems)
   g. Refrigerator
   h. Dishwasher
   i. Microwave
   j. Oven
   k. Bin Marie
   l. Other kitchen equipment
   m. Other telecom equipment
   n. Other equipment
6. Non-Physical Assets
   a. SFDC Licenses
   b. MS Office Licenses
   c. SAP Licenses
   d. Other Software Licenses
   e. Other Non-physical assets

Notes:

If any item starts appearing frequently in the 'Miscellaneous / Other' bucket, a separate Level 2 category for the same should be considered. Further, any item which forms > 10% of value within a given category should be a separate level 2 category.

a. A new level 1 category can be created only by Accounts (can be requested by other teams). All changes are to be recorded in track mode in this document.

A new level 2 category can be created only by Procurement (Non-Construction) (can be requested by other teams). All changes are to be recorded in track mode in this document.