

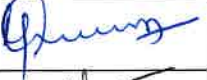



Scrap Sales

(Assets discarded / other packing material scrap generated etc.,)

Standard Operating Procedures



Description	Name of Persons	Signature
Prepared By	Mr.L. Jayaprakash	
Internal Financial Control (IFC)	Mr. K.V. Ganesh	
Recommended By	Y. Venkateshwarlu	
Approved	A.Sridhar	
Date of Approval		17.11.2022

Process Details

Process Step	Process Description	Performed By	Location	SAP TCode	Output Documents Generated	Accounting Entries	IFC Reference	Control	RACI								
Scrap Identification	<p>Scrap will be generated in the following circumstances.</p> <ol style="list-style-type: none"> Any asset is discarded as per Asset Retirement policy (Ref Point No.5of Policy) Unusable/ damaged parts during general plant maintenance and expansion of plant and machinery Damaged Finished goods Packing materials like PP Bags, Laminates etc. Used PP Bags generated while converting the sugar from 50 Kg to 	<p>Respective functional user along with their departmental head will identify the scraps and prepare the list of the same.</p> <p>Unit Head will consolidate the send to HO for approval.</p>					NA		<table border="1"> <tr> <td>R</td> <td>Head of Department (Electrical / Mechanical etc.)</td> </tr> <tr> <td>A</td> <td>Plant Head</td> </tr> <tr> <td>C</td> <td>Plant Finance Head / Regional Finance</td> </tr> <tr> <td>I</td> <td>CFO</td> </tr> </table>	R	Head of Department (Electrical / Mechanical etc.)	A	Plant Head	C	Plant Finance Head / Regional Finance	I	CFO
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	<p>Retail SKUs</p> <ol style="list-style-type: none"> 5. Scrap generated in workshop. 6. Packing material of Chemicals, Lubricants, Lime, Sulphur etc. 7. Scrap generated during construction/ erection of new project/ new Asset. 8. Used Oils and lubricants. 9. Electrical scraps like fuse lighting materials/ contractors kit etc. 10. Discarded E Scrap 11. Obsolete stores and spares <p>End users segregate the material into scrap as and when generated and using material return note, return the material to stores. Head of Department has to approve the scrapping of material.</p>							

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	<p>Stores accumulates all such material in the scrap yard and segregates the same based on material scrap type.</p> <p>All the scraps are to be segregated based on Hazardous/ Nonhazardous scrap.</p> <p>Bulk items like damaged PP Bags, Heavy items which is difficult to move to scrap yard, can be accumulated at a designated place.</p> <p>Value to be written off: Where an asset has to be retired from the asset register, the process mentioned in the Asset retirement policy to be followed.</p> <p>For Obsolete stores and spares - Value of such spare should be made as Rs.1.00 and kept separately in stores. It should not be mixed with normal stores and</p>							

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	spares.																				
Scrap Auction process	<p>List of accumulated scrap should be placed to the purchase committee on a quarterly basis.</p> <p>Ideally, Scrap should be accumulated and sold once it reaches a sizable lot (to fetch better price).</p> <p>However, Purchase committee can decide to offer for sale of scrap basing on the need.</p> <p>Preferably, the scrap should be sold through an auction house.</p> <p>In case of small quantity or nature of scrap like PP bag scrap which needs to be sold as and when accumulates to free the space,</p>	Plant stores Department	Plant			N/A	Communication in the form of e-mail, letter and Advertisement etc.,		<table border="1"> <tr> <td>R</td> <td>Plant Department charge</td> <td>Stores in</td> </tr> <tr> <td>A</td> <td>Plant purchaser Committee</td> <td></td> </tr> <tr> <td>C</td> <td>NA</td> <td></td> </tr> <tr> <td>I</td> <td>NA</td> <td></td> </tr> </table>	R	Plant Department charge	Stores in	A	Plant purchaser Committee		C	NA		I	NA	
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	Purchase committee can get quotes locally and sale as per committee recommendations.																
Fixing Base Price by Purchase Committee	The Purchase Committee inspects the stock of scrap and fixes a base price for the items to be auctioned	Purchase Committee	Plant			NA	NA		<table border="1"> <tr><td>R</td><td>Plant purchase Committee</td></tr> <tr><td>A</td><td>Plant-Head</td></tr> <tr><td>C</td><td></td></tr> <tr><td>I</td><td></td></tr> </table>	R	Plant purchase Committee	A	Plant-Head	C		I	
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Auction Process and Bids	The Auction house conducts the auction process and receives bids for the items identified. These are then submitted to the purchase committee	Plant purchase committee	Plant			NA	NA		<table border="1"> <tr><td>R</td><td>Purchase Committee</td></tr> <tr><td>A</td><td>Plant Head</td></tr> <tr><td>C</td><td>NA</td></tr> <tr><td>I</td><td>NA</td></tr> </table>	R	Purchase Committee	A	Plant Head	C	NA	I	NA
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Acceptance of Bids	Where the auction bids are within 5% of the reserve price fixed by Purchase Committee, these are generally accepted. Other bids are intimated to the purchase committee who may approve or	Stores Department	Plant			NA	NA		<table border="1"> <tr><td>R</td><td>Stores</td></tr> <tr><td>A</td><td>Purchase Committee</td></tr> <tr><td>C</td><td>Plant Finance Head</td></tr> <tr><td>I</td><td></td></tr> </table>	R	Stores	A	Purchase Committee	C	Plant Finance Head	I	
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	reject the same. In any case all bids received have to be put up to the purchase committee who will approve the same Hazardous scrap to be sold to authorised scrap handlers (as per PCB norms) only.																
Creation of Sale Order	Based on the purchase committee decision and recommendation of Auction house, sale order is raised in SAP. All the condition of sales are to be mentioned in the sale order. Customers deposit the amount in Virtual bank account as intimated by Unit. Upon receipt of the amount at corporate office, Receipt entry in SAP is posted by SSC.	Warehouse executive of plant will create sale order. <u>The said sale order will be released by – Plant Head</u>							<table border="1"> <tr> <td>R</td> <td>Warehouse Executive</td> </tr> <tr> <td>A</td> <td>Purchase Committee</td> </tr> <tr> <td>C</td> <td>Head - Commercial</td> </tr> <tr> <td>I</td> <td>NA</td> </tr> </table>	R	Warehouse Executive	A	Purchase Committee	C	Head - Commercial	I	NA
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	On confirmation of receipt of payment/ as per credit limit approved for the customer as per credit policy, Plant can proceed with delivery.																
Receipt of Payment	<p>All scrap sales will be against receipt of advance.</p> <p>Purchase committee can extend the credit up to 1 lac without any further approval , and any excess of credit period will be only upon approval of SBU-Finance head and CFO.</p> <p>Customers deposit the amount in Virtual bank account as intimated by Unit. Upon receipt of the amount at corporate office, Receipt entry in SAP is posted by SSC.</p> <p>On confirmation of receipt of payment/ as</p>	Team SSC & Plant Stores function	Plant						<table border="1"> <tr> <td>R</td> <td>Stores Department</td> </tr> <tr> <td>A</td> <td>Unit Head</td> </tr> <tr> <td>C</td> <td>Unit Finance Head</td> </tr> <tr> <td>I</td> <td>NA</td> </tr> </table>	R	Stores Department	A	Unit Head	C	Unit Finance Head	I	NA
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	per credit limit approved for the customer as per credit policy, Plant can proceed with delivery.																					
Invoicing	Based on the agreed pricing, invoice is generated in SAP				<table border="1"> <tr> <td>Dr</td> <td>Customer</td> </tr> <tr> <td>Cr</td> <td>514000</td> </tr> <tr> <td>Cr</td> <td>GST Payable</td> </tr> </table>	Dr	Customer	Cr	514000	Cr	GST Payable			<table border="1"> <tr> <td>R</td> <td>Warehouse Executive</td> </tr> <tr> <td>A</td> <td>Stores incharge</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td></td> </tr> </table>	R	Warehouse Executive	A	Stores incharge	C		I	
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Delivery	<p>Once Corporate confirms the receipt of payment, stores department takes steps to deliver the goods. The buyer is intimated to take possession of the goods.</p> <p>Buyer comes with his vehicle and gets security clearance. Under the supervision of the stores department, the scrap items are loaded and</p>	SSC & Plant Stroes	Plant					<table border="1"> <tr> <td>R</td> <td>Warehouse Executive</td> </tr> <tr> <td>A</td> <td>Stores In charge</td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>I</td> <td>Purchase committee</td> </tr> </table>	R	Warehouse Executive	A	Stores In charge	C		I	Purchase committee						
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	despatched with the invoice and E Way Bill																
Auction House Commission	On completion of the auction process, the auction house sends an invoice for the commission which is processed as a direct FI Invoice Payment	SSC							<table border="1"> <tr> <td>R</td> <td>Stores In charge</td> </tr> <tr> <td>A</td> <td>Team SSC</td> </tr> <tr> <td>C</td> <td>Plant Finance Head</td> </tr> <tr> <td>I</td> <td>Purchase Committee</td> </tr> </table>	R	Stores In charge	A	Team SSC	C	Plant Finance Head	I	Purchase Committee
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DELIGATION OF AUTHORITY MATRIX:

R: RESPONSIBLE

A: APPROVAL

C; CONSULTATION WITH

▶ **I: INFORMED TO**

