



POLICY FOR PHYSICAL VERIFICATION OF PROPERTY PLANT AND EQUIPMENT

Adopted by the Board of Directors in their Meeting held on April 21st, 2023

I. DOCUMENT TITLE:

This policy document is titled Policy for physical verification of Property Plant and Equipments.

II. DATE OF COMING INTO FORCE OF THE POLICY:

This policy shall come into force on and from 1st April 2023, being duly approved and adopted by the Board of Directors in their Meeting held on April 21st, 2023.

III. APPLICABILITY:

The Policy applies to all categories of Property Plant and Equipments of the Company.

IV. INTRODUCTION:

It is mandatory for organizations to conduct a physical count of all the Property Plant and Equipments in a block of 3 years, starting from 2023-24 and end of block period will be 2025-26 to check for their identification, condition, location, depreciation, resale value proper bifurcation, & reconciliation of physical vs virtual assets differences, verifying the accuracy as there would be continuous addition and disposal of items regularly. Estimating the remaining utilization factor is equally important to evaluate the life cycle of the particular product/ resource.

This policy is formulated with a view to exercising better and effective checks and control upon the Property Plant and Equipments. With this policy the Company has developed a sense of responsibility as well as means and methods adopted for physical verification of assets periodically with the clear-cut intention to identify its existence as well as conditions at any point of time and to submit a periodical report to the Board of Directors through audit committee so that, the Company could chalk out suitable policy for its replacement as well as to keep the same in good condition.

Companies must maintain proper fixed asset records and conduct periodic physical verification of Property, Plant, and Equipment (PPE) at reasonable intervals. Material discrepancies found during checks must be properly dealt with and adjusted in the books of account.

Legal Framework and Requirements

Statutory Provisions (Companies Act, 2013)

- Section 128: Mandates keeping proper books of account, including particulars of all assets and liabilities.
- Section 134: Places responsibility on the Board of Directors to safeguard company assets and maintain internal financial controls.
- Section 143: Requires the statutory auditor to report if the company's financial records and asset tracking are in order.

Reporting Mandate (CARO 2020)

Under Clause 3(i)(b) of the Companies (Auditor's Report) Order, 2020, the statutory auditor must explicitly report on:

- Whether physical verification of PPE was conducted by management at reasonable intervals.
- Whether any material discrepancies were found during the physical verification.
- Whether those discrepancies were properly recorded and adjusted in the books of account.

v. OBJECTIVE:

Our organization prepares financial information using the India Accounting Standard (IND-AS). Government regulations require us to track an asset's cost, depreciation, and disposal of the asset.

- ❖ The objective of this Property Plant and Equipment Verification Policy is to ensure the accuracy and reliability of the Property Plant and Equipment records of the company through a systematic and periodic physical verification process.
- ❖ Depreciated Assets should have been categorized and assigned a depreciation life.
- ❖ We also require asset records for insurance purposes. In the event of a loss it is necessary to have an accurate record of the asset to ensure adequate insurance coverage, of the item lost.
- ❖ The most important reason is accountability. Assets are purchased using shareholders' funds. It is important to have a process in place to account for the use of shareholders' funding.
- ❖ This policy aims to comply with the requirements of Indian Accounting Standards (Ind AS), the Companies Act, 2013, and any other laws and regulations, if any.

VI. CATEGORY OF PROPERTY PLANT AND EQUIPMENTS:

The Property Plant and Equipments would be categorized along with its allocation and existence as under:

- i) Corporate Office
- ii) Ajeetgarh Plant.



AGRIBIOTECH™
INDUSTRIES LTD.

The company owns movable/immovable Property Plant and Equipments under the following broad heads:

- i) Land
- ii) Building
- iii) Plant & Machinery
- iv) Office Equipment
- v) Vehicles
- vi) Furniture & Fixtures
- vii) Computers
- viii) Capital Work in Process
- ix) Intangible Assets

The scope of this policy applies to all Property Plant and Equipment owned or controlled by the company, including but not limited to land, buildings, plant and machinery, vehicles, furniture and fixtures, and any other significant assets used for the production of goods.

VII. MOVEMENT OF PROPERTY PLANT AND EQUIPMENTS:

The movement of every Property Plant and Equipments would be recorded in the register in the prescribed manner with proper authentication along with their unique identification so that the existence of the Property Plant and Equipments could be identified at any point of time.

VIII. RECONCILIATION OF PROPERTY PLANT AND EQUIPMENTS:

The company must reconcile physical and virtual property, plant, and equipment. Physical verification must be carried by management or outside professional agency as decided by MD/CFO.

Category of PPE to cover in block of 3 Years: -

Category-1:- Plant and Machinery

Category-2:- Office Equipment & Furniture & Fixture

Category-3:- Vehicles and Computers

IX. VERIFICATION REPORT:

The Company has delegated proper sense of responsibility to the officers for the physical verification of Property Plant and Equipments periodically and reports with comprehensive remarks w.r.t. its existence and identification should be reported in the prescribed manner. Physical verification of Property Plant and Equipments shall be carried out at their respective places as per annexure.

X. FINANCIAL RECORDS:

The Finance department is required to make proper entries in the books of account on purchase of

Property Plant and Equipments after proper verification and authentication of documents as well as to update the fixed asset register so maintained. Likewise in case the Property Plant and Equipments is sold out or become obsolete the same should also be recorded in a prescribed manner.

XI. DOCUMENTATION:

All relevant documents related to the verification process, including the physical verification reports, adjustments made, and any supporting evidence, will be appropriately documented and retained for audit purposes.

XII. COMPLIANCE:

This policy will be reviewed periodically to ensure its effectiveness and compliance with any changes in Indian Accounting Standards; Companies Act 2013 and/ or regulatory requirements.

XIII. APPROVAL:

This Property Plant and Equipments Verification Policy is approved by the Board of Directors and will be periodically reviewed and updated as necessary.

Date of Approval: April 21st, 2023

ANNEXURE:

PHYSICAL VERIFICATION OF PROPERTY PLANT AND EQUIPMENTS

1. The physical verification report shall consist of excess / short age of Property Plant and Equipments as compared with book records of the Property Plant and Equipments and working condition status of the Property Plant and Equipments physically verified.
2. The verification policy for Property Plant and Equipments will be communicated to the team, and training will be provided to those involved.
3. The Respective Plant head/ Finance Department will prepare a schedule of Property Plant and Equipments to be verified, including details such as asset description, location, and book value.
4. A team comprising members from the Finance Department and operational departments will be formed to physically verify the assets.
5. The verification team will physically inspect each fixed asset, update asset details, and note any discrepancies.
6. Discrepancies, if any, will be reported to the Finance Department immediately for further investigation and corrective action.
7. The Finance Department will update the Property Plant and Equipments register based on the findings of the verification process.
