

DELEGATION OF POWERS

FOR

SHIVA CEMENT LTD

Date of Issue:

Location: Odisha and Mumbai

Enclosed is an authority structure for *Shiva Cement Ltd* consisting of Capital/Projects and Revenue expenses, Material Management, Logistics, Administrative expenses.

This Delegation of Powers (DOP hereinafter) should be strictly complied with. We have attempted to make DOP comprehensive and at the same time to keep it simple to follow.

The best practices of “Maker & checker” concept have been introduced in our DOP. The satisfactory implementation of the DOP, with appropriate checks and balances, will help us in further delegating powers.

The progress and implementation of this DOP would be monitored very closely. Any changes to DOP should be routed through Head-Internal Audit.

Approved By

Narinder Singh
Director

Distribution List:

To: All Departmental Heads of Shiva Cement Ltd at Odisha and Mumbai and all the branches

CC:

1. Mr. Parth Jindal
2. Mr. Manoj Rastogi
3. Mr. Nilesh Narwekar
4. Mr. Narinder Singh
5. Mr. Haresh Dua

INDEX

Sr. No	Content	Page No.
A.	Business Plan	4
B.	Material Management – Purchase	
1.	Raising of Purchase Requisitions/ Indents Against Approved Budgets by User department	
2.	Proposal For Capex & Revenue (Including Rate Contract)	
3.	Signing of Purchase/ Work Order (revenue & Capex)	
4.	Debit Note raised by the company for returned goods	
5.	Debit Note raised by supplier	
6.	Disposal of Scarp	
7.	CSR Activities (Within Budget)	
8.	Land Acquisition	
9.	Disposal of Capital Assets	
10.	Transfer of Capital Assets	
11.	Insurance	
12.	IT Procurement	
13.	Logistics	
14.	Administrative Expenses	
C.	Petty Cash and Advance	
D..	Exercise of Authorities	

Abbreviations used:

WTD : Whole Time Director of Shiva Cement

Director: Director of Shiva Cement

CFO : Chief Financial Officer of Shiva Cement

HOP : Head of plant (Unit Head)

GM (Commercial- Mumbai) : General Manager commercial at Mumbai office

Head (Logistics - Plant): Head Logistics for Shiva Cement at Plant

Head (F&A-Plant): Head Finance and Accounts at respective plant not below rank of AGM

Head (Commercial – Plant): Head Commercial at respective plant not below the rank of Sr. Manager

A. **Business Plan:**

Annual Business Plan and Project proposal would be approved by the Board. Any increase in the approved Capital / Revenue budget will require Board's approval.

Monitoring:

Capital and Revenue Budget will be monitored by HOP and Head (F&A - Plant). The same to be reported to Whole Time Director (WTD), Director, and CFO on monthly basis.

B. **Material Management - Purchase**

1. Raising of Purchase Requisitions/ Indents Against Approved Budgets by User department:

Purchase Requisitions / Indents to be raised by user department and to be approved by HOP.

2. Proposal/PO/NFA/Contract for Capex & Revenue (Including Rate Contract):

Authority	Approval For Capex (Per proposal)	Approval For Revenue Items (Per proposal)
	Supply / Store Stock Items & Pure service contract	Supply / Store Items & Pure service contract
HOP, Head (Commercial-Plant) and Head (F&A -Plant)	NIL	Upto Rs. 50,000/-
GM (Commercial – Mumbai) and CFO	Upto Rs. 50,000/-	Upto Rs. 2 Lakhs
WTD and Director	Full Power	Full Power

Approval limits given above are after negotiation price. All Raw Materials – Slag, Clinker, Gypsum, Limestone, Lignite etc. to be finalized at Mumbai office with approval of WTD and Director

Note:

- For the purposes of the above limits, the value of imported / indigenous capital items shall be the basic price excluding duties and taxes.
- Minimum 3 quotations will be required for procurement. Cases where enquiries sent to multiple vendors but responded by only one vendor also will be considered as Single tender / Propriety Item and will require approval of higher authorities.
- If the present proposal is more than 10% p.a of the price considered in the previous order and /or the budget, the same should be recorded in the proposal with justification and approval should be sought from next higher level under authority structure.

- d. For proprietary items, the indents should clearly state that the items” indented are proprietary of M/s -----” in the justification column of respective indents. This will be treated as Proprietary Article Certificate. Such requisitions in any case should be approved by authority
- e. No PO should be issued without release of approved indent from the system after allocating cost code & earmarking the budget. Any deviations will require prior approval of CFO/Director.
- f. Splitting of PO not allowed.
- g. Only in case of emergency Post facto PO / WO (for material / services committed or received) should be approved by authorities higher than the original authorities.
- h. In case of any changes in Taxes/ Statutory levies, PO amendment can be directly approved by Head (Commercial) at Plant irrespective of any value. This is applicable only when there is no delay in delivery from the supplier’s side. If there is delay, PO amendment to be routed through original approvers.
- i. Allotment of material or work of already issued order to other vendors shall be done on the basis of NFA prepared for closure of the existing order. This NFA shall be approved by Director, GM (Commercial-Mum) and CFO.
- j. All Commercial Contracts related to HR and Admin like Vehicle Hiring, Canteen facility, House -Keeping contracts, etc to be negotiated with help of Procurement department. All such POs to be placed by Commercial department.

3. Approval of Purchase/ Work Order in ERP (Revenue & Capex after approval of proposal):

Authority	Limit per order (For Routine Operations)	Limit Per order (For Capex)
Head (Commercial-Plant) / HOP	Upto Rs. 5 Lacs	Upto Rs. 5 Lacs
CFO / GM (Commercial – Mum)	Full Power	Full Power

Note:

- Amendment to purchase order to be released only after approval by respective authorities identified for signing of proposals. Amendment to PO to be treated as a fresh order including the old PO.
- Additional approval to be obtained from Location Head-HR for all contracts related to Contract Labour for the purpose of statutory compliance.

4. Debit Note raised by the company for material / equipment returned:

To be approved by the concerned head user department. The same to be approved by HOP and Head (F&A-Plant)

5. Debit Note raised by supplier:

All debit notes raised by supplier to be approved by Director and CFO.

6. Disposal of Scarp:

Authority	Approving Limits (Per Proposal)
HOP, Head (Commercial –Plant) and Head (F&A-Plant)	Upto Rs. 50,000/-
WTD, Director and CFO	Full Power

7. CSR Activities (Within Budget):

All CSR payments within budget to be approved by WTD, Director and HOP. CSR Payments above budget will required board approval.

8. Land/ Immovable Property Acquisition (Within Budget):

Approval of payments relating to land acquisition to be done by WTD, Director and CFO.

9. Disposal/ Write off / Discard of Capital Assets:

Authority	Approving Limit (Per asset) (Higher of WDV / Market Value)
WTD, Director and CFO	Upto Rs. 10 Lac
Board	Full Power

All the disposals to be placed to the board for approval.

10. Transfer of Capital Assets:

Any transfer of capital asset from one location to other shall require CEO and CFO approval.

11. Insurance Claim and Withdrawal of Claim:

All major insurance policies shall be finalized and negotiated by Central Insurance Cell (CIC), HOP and Head (F&A-Plant). The same to be approved by Director and CFO.

12. Procurement of items related to IT (Within Budget):

Procurement of items related to IT will be done by GM (IT-Mumbai) and CFO.

13. Logistics (Inward/Outward Freight contract (Rail, Road and Ocean):

Inward and outward Contracts to be negotiated by committee consisting of HOP, Head (Logistics-Plant), Head (Commercial – Plant), GM (Logistics - Mumbai), and Head (F&A –Plant).

Contracts to be approved by: Head (Logistics-Plant) and Head (F&A-Plant)

14. Administrative Expenses (Within Budget):

All administrative expenses like rent, telephone, electricity, printing & stationery, courier charges, vehicle hire, local conveyance/travel, books & periodicals related expenses etc. will be approved as per following authority matrix;

Authority	Approving Limit (Per Bill)
HOP and Head (F&A –Plant)	Upto Rs. 50,000/-
CFO	Full Power

Administrative Expenses not within budget will require approval from WTD and Director.

C. Petty Cash / Cash Advance Authority Limits for Approval of administrative expenses/advances (Other than purchases which covered separately):

Sr. No.	Designation	Limit (Rs.)
1.	HOP	Upto 10,000
2.	AGM/Sr. Manager	Upto 5,000

1. As far as possible all the payments should be made by cheque.
2. All the employees will get reimbursement of expenses in their ERA account only.
3. In case of exigency to make the payment in cash following process will be followed;
 - i. Routine expenses like, conveyance, traveling, staff welfare, books and periodicals, postage/stamp expenses etc. can be paid in cash. In case it is exceeding Rs. 10,000/- then it shall be paid through bank.
 - ii. Voucher should go to accounts department to check the account head, nature of expenditure and compliance of laws.
 - iii. At the time of approving cash expenses authorized person should check for the reasonableness of the expenditure and whether it is as per the Company's rules and regulations.
 - iv. Cash advances given should be cleared as per the rules maximum within 7 days from the date of advance. All cash advances will be accounted and checked by accounts to ensure that no further advance is given if earlier advance is not settled.

D. Exercise of Authorities:

It needs to be recognized that the authority levels referred to in the authority structure can be exercised concurrently by the designated level *or* levels higher to the designated level.