

Companies Act, 2013,

Schedule - Schedule II

SCHEDULE II

(See section 123)

Useful lives to compute depreciation

PART 'A'

1. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity.

2. For the purpose of this Schedule, the term depreciation includes amortisation.

3. Without prejudice to the foregoing provisions of paragraph 1,--

(i) In case of such class of companies, as may be prescribed and whose financial statements comply with the accounting standards prescribed for such class of companies under section 133 the useful life of an asset shall not normally be different from the useful life and the residual value shall not be different from that as indicated in Part C, provided that if such a company uses a useful life or residual value which is different from the useful life or residual value indicated therein, it shall disclose the justification for the same.

(ii) In respect of other companies the useful life of an asset shall not be longer than the useful life and the residual value shall not be higher than that prescribed in Part C.

(iii) For intangible assets, the provisions of the Accounting Standards mentioned under sub-para (i) or (ii), as applicable, shall apply.

PART 'B'

4. The useful life or residual value of any specific asset, as notified for accounting purposes by a Regulatory Authority constituted under an Act of Parliament or by the Central Government shall be applied in calculating the depreciation to be provided for such asset irrespective of the requirements of this Schedule.

PART 'C'

5. Subject to Parts A and B above, the following are the useful lives of various tangible assets:

Nature of assets

Useful Life

I. Buildings [NESD]

(a) Buildings (other than factory buildings) RCC Frame Structure

60 Years

(b) Buildings (other than factory buildings) other than RCC Frame Structure

30 Years

(c) Factory buildings

-do-

(d) Fences, wells, tube wells

5 Years

(e) Others (including temporary structure, etc.)

3 Years

II. Bridges, culverts, bunders, etc. [NESD]

30 Years

III. Roads [NESD]

(a) Carpeted roads

(i) Carpeted Roads-RCC

10 Years

(ii) Carpeted Roads-other than RCC

5 Years

(b) Non-carpeted roads

3 Years

IV. Plant and Machinery

(i) General rate applicable to plant and machinery not covered under special plant and machinery

(a) Plant and Machinery other than continuous process plant not covered under specific industries

15 Years

(b) continuous process plant for which no special rate has been prescribed under (ii) below [NESD]

8 Years

(ii) Special Plant and Machinery

(a) Plant and Machinery related to production and exhibition of Motion Picture Films

1. Cinematograph films--Machinery used in the production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing machines, synchronizers and studio lights except bulbs

13 Years

2. Projecting equipment for exhibition of films

-do-

(b) Plant and Machinery used in glass manufacturing

1. Plant and Machinery except direct fire glass melting furnaces -- Recuperative and regenerative glass melting furnaces

13 Years

2. Plant and Machinery except direct fire glass melting furnaces -- Moulds [NESD]

8 Years

3. Float Glass Melting Furnaces [NESD]

10 Years

(c) Plant and Machinery used in mines and quarries--Portable underground machinery and earth moving machinery used in open cast mining [NESD]

8 Years

(d) Plant and Machinery used in Telecommunications [NESD]

1. Towers

18 Years

2. Telecom transceivers, switching centres, transmission and other network equipment

13 Years

3. Telecom--Ducts, Cables and optical fibre

18 Years

4. Satellites

-do-

(e) Plant and Machinery used in exploration, production and refining oil and gas [NESD]

1. Refineries

25 Years

2. Oil and gas assets (including wells), processing plant and facilities

-do-

3. Petrochemical Plant

-do-

4. Storage tanks and related equipment

-do-

5. Pipelines

30 Years

6. Drilling Rig

-do-

7. Field operations (above ground) Portable boilers, drilling tools, well-head tanks, etc.

8 Years

8. Loggers

-do-

(f) Plant and Machinery used in generation, transmission and distribution of power [NESD]

1. Thermal/Gas/Combined Cycle Power Generation Plant

40 Years

2. Hydro Power Generation Plant

-do-

3. Nuclear Power Generation Plant

-do-

4. Transmission lines, cables and other network assets

-do-

5. Wind Power Generation Plant

22 Years

6. Electric Distribution Plant

35 Years

7. Gas Storage and Distribution Plant

30 Years

8. Water Distribution Plant including pipelines

-do-

(g) Plant and Machinery used in manufacture of steel

1. Sinter Plant

20 Years

2. Blast Furnace

-do-

3. Coke ovens

-do-

4. Rolling mill in steel plant

-do-

5. Basic oxygen Furnace Converter

25 Years

(h) Plant and Machinery used in manufacture of non-ferrous metals

1. Metal pot line [NESD]

40 Years

2. Bauxite crushing and grinding section [NESD]

-do-

3. Digester Section [NESD]

-do-

4. Turbine [NESD]

-do-

5. Equipments for Calcination [NESD]

-do-

6. Copper Smelter [NESD]

-do-

7. Roll Grinder

40 Years

8. Soaking Pit

30 Years

9. Annealing Furnace

-do-

10. Rolling Mills

-do-

11. Equipments for Scalping, Slitting, etc. [NESD]

-do-

12. Surface Miner, Ripper Dozer, etc., used in mines

25 Years

13. Copper refining plant [NESD]

-do-

(i) Plant and Machinery used in medical and surgical operations [NESD]

1. Electrical Machinery, X-ray and electrotherapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-scan, Ultrasound Machines, ECG Monitors, etc.

13 Years

2. Other Equipments.

15 Years

(j) Plant and Machinery used in manufacture of pharmaceuticals and chemicals [NESD]

1. Reactors

20 Years

2. Distillation Columns

-do-

3. Drying equipments/Centrifuges and Decanters

-do-

4. Vessel/storage tanks

-do-

(k) Plant and Machinery used in civil construction

1. Concreting, Crushing, Piling Equipments and Road Making Equipments

12 Years

2. Heavy Lift Equipments--

Cranes with capacity of more than 100 tons

20 Years

Cranes with capacity of less than 100 tons

15 Years

3. Transmission line, Tunneling Equipments [NESD]

10 Years

4. Earth-moving equipments

9 Years

5. Others including Material Handling/Pipeline/Welding Equipments [NESD]

12 Years

(l) Plant and Machinery used in salt works [NESD]

15 Years

V. Furniture and fittings [NESD]

(i) General furniture and fittings

10 Years

(ii) Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other educational institutions, libraries; welfare centres; meeting halls, cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions.

8 Years

VI. Motor Vehicles [NESD]

1. Motor cycles, scooters and other mopeds

10 Years

2. Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire

6 Years

3. Motor buses, motor lorries and motor cars other than those used in a business of running them on hire

8 Years

4. Motor tractors, harvesting combines and heavy vehicles

-do-

5. Electrically operated vehicles including battery powered or fuel cell powered vehicles

8 Years

VII. Ships [NESD]

1. Ocean-going ships

(i) Bulk Carriers and liner vessels

25 Years

(ii) Crude tankers, product carriers and easy chemical carriers with or without conventional tank coatings.

20 Years

(iii) Chemicals and Acid Carriers:

(a) With Stainless steel tanks

25 Years

(b) With other tanks

20 Years

(iv) Liquefied gas carriers

30 Years

(v) Conventional large passenger vessels which are used for cruise purpose also

-do-

(vi) Coastal service ships of all categories

-do-

(vii) Offshore supply and support vessels

20 Years

(viii) Catamarans and other high speed passenger for ships or boats

-do-

(ix) Drill ships

25 Years

(x) Hovercrafts

15 Years

(xi) Fishing vessels with wooden hull

10 Years

(xii) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes

14 Years

2. Vessels ordinarily operating on inland waters--

(i) Speed boats

13 Years

(ii) Other vessels

28 Years

VIII. Aircrafts or Helicopters [NESD]

20 Years

IX. Railways sidings, locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns [NESD]

15 Years

X. Ropeway structures [NESD]

15 Years

XI. Office equipment [NESD]

5 Years

XII. Computers and data processing units [NESD]

(i) Servers and networks

6 Years

(ii) End user devices, such as, desktops, laptops, etc.

3 Years

XIII. Laboratory equipment [NESD]

(i) General laboratory equipment

10 Years

(ii) Laboratory equipments used in educational institutions

5 Years

XIV. Electrical Installations and Equipment [NESD]

10 years

XV. Hydraulic works, pipelines and sluices [NESD]

15 Years

Notes.--

1. "Factory buildings" does not include offices, godowns, staff quarters.
2. Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets shall be calculated on a pro rata basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.
3. The following information shall also be disclosed in the accounts, namely:--
 - (i) depreciation methods used; and
 - (ii) the useful lives of the assets for computing depreciation, if they are different from the life specified in the Schedule.
4. Useful life specified in Part C of the Schedule is for whole of the asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.
5. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Ordinarily, the residual value of an asset is often insignificant but it should generally be not more than 5% of the original cost of the asset.
6. The useful lives of assets working on shift basis have been specified in the Schedule based on their single shift working. Except for assets in respect of which no extra shift depreciation is permitted (indicated by NESD in Part C above), if an asset is used for any time during the year for double shift, the depreciation will increase by 50% for that period and in case of the triple shift the depreciation

shall be calculated on the basis of 100% for that period.

7. From the date this Schedule comes into effect, the carrying amount of the asset as on that date--

(a) shall be depreciated over the remaining useful life of the asset as per this Schedule;

(b) after retaining the residual value, shall be recognised in the opening balance of retained earnings where the remaining useful life of an asset is nil.

8. "Continuous process plant" means a plant which is required and designed to operate for twenty-four hours a day.

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