

Extract of Accounts minutes - Note on standard operating procedure

From: aruna@modiproperties.com <aruna@modiproperties.com>

To: 'Soham Modi' <sohammodi@modiproperties.com>

1. Note on standard operating procedure:

- 1.1. Machinery for housekeeping to be purchased by service provider. Service provider to be given 100% loan to buy the machinery. Loan to be recovered over a period of about 3 years. Association to pay the service provider for about 5 years. Intl memo to be prepared.
- 1.2. Villas owned by AGH, MMRHPL, MPPL group to pay monthly maintenance charges to the association from 1st April 2023. Owners to pay MMC from their share of villas from 1st April 2023. Another account to be open for corpus fund. Developer, MPPL Group and Owners to pay corpus fund to separate account of the association in 10 monthly installments i.e. June 23 to March 24.
- 1.3. Corpus fund to be deposited in separate account for all association.
- 1.4. All monthly maintenance expenditure for Serene Farms to be made from association from 1st April 2023. Earlier arrears to be paid from MFHLLP and SCRLLP - arrears of MMC also to be collected in this account. MMC from 1st April 2023. Until the bank account is open create a ledger for association in MFHLLP and collect / make all payments from it.
- 1.5. SOP - At the moment we have about 75 IT files wherein about 35 registered for GST. Standardize mobile nos & email Ids are required for these individual/companies/firms. Create series of email ids for IT purpose as it_a@modiproperties.in, it_b@modiproperties.in..... These to be redirected to accounts@modiproperties.com and sambasivarao@modiproperties.com. All GST registration should be on gst@modiproperties.com or .in- redirect to Jaya Prakash & accounts@modiproperties.com. Jai Kumar to provide list of Ids for PF, ESI, permits, etc. These too be redirected to admin_back@modiproperties.com. Consider buying sim cards in series @ 199/- + GST per month and use it for statutory purposes like IT, GST, PF, ESI, permits, etc.
- 1.6. SOP Serene farms – All payments related to common are maintenance to be made from Serene Farms Welfare Association. Eg.: Security, housekeeping, gardening, utility bills, repair and maintenance. Repair and maintenance, customer complaints within villas to be made from SCRLLP. The accounts of MFHLLP and SCRLLP to be kept dormant. However, collections from customers relating to periods prior to 1st April, 2023 to be deposited in respective accounts. Shortfall in Association a/c. to be met by way of loan from MFHLLP. Jai Prakash to review accounts till date.
- 1.7. SOP – Kusum will be working upto 30-11-23. Therefore work is being reassigned as follows:
 - 1.7.1. Jaiprakash to take care of opening/closing of accounts, KYC, operation of portal, day to day banking transactions like deposit of cheques/cash, making /breaking FDs/pay orders. He shall be assisted by Vinay Chary and Gopi. Jayaprakash to send email to Shiv Kumar/Naveen for any assistance required.

- 1.7.2. Shiv kumar & Naveen shall be responsible for all liaisoning works with banks except task assigned to Jai Prakash which includes overdraft facility, negotiation of bank charges, BGs, loans, servicing of loans, loan closure, loan approval, documentation related to the same, fire fighting wrt day to day issues with bank like blocked accounts, issue of cheques and any other issues which requires substantial liaisoning with bankers.
- 1.7.3. Ramya to be accounts coordinator between Soham, Finance team, Jayaprakash, Sambasiva Rao and rest of the accountants. She shall maintain a list of all accounts. Vinay chary to upload all documents related to loans on M-codex and then handover the same to Ramya. Ramya to thereafter maintain updated files on behalf of the finance team.
- 1.8. SOP – GST to be paid on weekly basis on bills raised for apartment projects. For villa projects ITC is largely available. Credit in ledgers for GST paid can be taken at the time of GST returns. For that accountants to raise bills every Thursday or Friday based on milestone report sent by site on Thursday. Pay GST @ 1 lakh per week in MPL & GHT. Rs. 2 lakhs per week in GMR. BRGV & SOV – estimate and pay. Swathi to estimate last 6 months GST payment and divided by 26 to arrive at approximate weekly payment.
- 1.9. SOP – division of work – accounts team managers.
 - 1.9.1. Rupal and Nirisha shall be in one team for acquisition and sale of companies, review of financial reports, documentation related to ROC, RBI, FEMA & IT department (limited), liaisoning with consultants and RX Propalent for the same, training and advice to other accountants.
 - 1.9.2. Kusum & Naveen shall form a second team for approval of loans, maintenance of loans, documentation related to loans, review / preparation of financial reports and periodic summaries of all projects, liaisoning with banks for opening /closing and day to day operation of accounts, day to day operations of cash card/petro card.
 - 1.9.3. Sambasiva Rao shall be overall incharge of maintenance of accounts and filing of IT returns.
 - 1.9.4. Jaya Prakash role shall be limited to handling litigations/notices/ audit related to VAT, CST, GST & ST, review of GST returns, financial statements related to RERA.
 - 1.9.5. Swathi shall monitor filing of GST returns and liaison with GST consultants.
- 1.10. SOP – TDS to be paid on a weekly basis for all projects/firms. Sambasiva Rao to guide accountant in this matter. Avoid payment of TDS on large payments above Rs. 25 lakhs without review of accounts manager.
- 1.11. SOP – Payments to architects, structural engineers, etc., to be made only on receipt of invoice. Exception – advance 10% towards retainer fee. This is to be strictly followed.
- 1.12. Nirisha – CA to join accounts team. Responsibilities: Sale of companies (GVDC, GV 1), acquisition of companies (Celestial), review and monitoring of litigation related to ST, CST, IT, VAT & GST. Advisory services to accounts team. Financial DD related to lab space projects. Preparation and review of statements of loans. Monitoring inward and outward remittances related to FEMA. Rupal and Nirisha to form a team.
- 1.13. All liaiosinong with banks related to loans, opening accounts, closing accounts, day to day liaisoning to be assigned to Kusum/Naveen.
- 1.14. Jaya Prakash to focus on litigation related to ST, CST, VAT & GST. Additional responsibility review and monitoring GST filings/queries/opinions. Monitoring of day to day bank operations, open card, petro card, etc.
2. SOP – tax litigation related to GST, CST, VAT & ST. limits:

- 2.1. For any demand from department (excluding future interest & penalty charges) less than Rs. 5 lakhs to be exclusively handled by Jaya Prakash.
- 2.2. Any demand between Rs. 5 lakhs & Rs. 50 lakhs to be reviewed by Nirisha. Her approval is required in writing for any filings/correspondence with department.
- 2.3. Any demand above Rs. 50 lakhs – Nirisha & Jaya Prakash to jointly coordinate with consultant before making any filings/correspondence.
- 2.4. In all cases filing/correspondence to be reviewed by Soham along with the brief note before filing.
- 2.5. Gurang has been authorised to certify copies of documents related to GVSH, MPL, MHPL. Hereafter he must authorize these copies. MD will only sign pre-printed forms for purposes of bank and other such requirements. Similar authorization letters/resolutions are being passed for all companies /LLPs /firms. Except GVRC, GVDC, SRPL & JRPL Gaurang will be the authority for issuing certified copies of documents.
- 2.6. Modi Realty Muraharipally LLP (new name – Modi Constructions & Realtors LLP – had an old registration with GST no. 36ABJFM5257F1Z3. The same was cancelled and a new registration no. i.e., 36ABJFM5257F2Z2 was obtained on 10.7.2021. This is to be correction in all bills, Pos, etc. Suneel to make correction on database. Accounts to check input credit for material purchases. In purchase database erroneously a company with name Modi Constructions & Realty LLP has been created with old GST no. Do not use this company.
- 2.7. Accountants are responsible for their individual accounts relating to KYC, netbanking, enet, opening of a/c., closing of a/c.
- 2.8. All fixed deposits must be made for period of 3 months with auto-renewal unless otherwise specified. Any default will result in fine of Rs. 500/- per fixed deposit.
- 2.9. In the circular no. 228(a) for bonus & penalty following amendment to be made –
 - 2.9.1. ETDS return due date shall be 7th of May in place of 30th of April only for that quarter.
 - 2.9.2. Prepare P&L & balance sheet for IT returns – date extended upto 31.5.18 only for FY 17-18.
- 2.10. Covering letter for submitting documents to the bank must be signed by respective accountant. Mention list of documents being submitted. Take signature of bank employee as acknowledgment of receipt. Covering letter must accompany all forms sent to MDs desk for signature. Fine for default Rs. 500/-
- 2.11. In advice for payment vouchers that are being sent to HO by site every week the following to be strictly followed:
 - 2.11.1. If advance payment is being issued at the time of starting work – voucher must mention approx. value of work and advance being paid.
 - 2.11.2. If payment is being made against credit balance – voucher must mention approx. credit balance against which paying is being released.
 - 2.11.3. If payment is being released as part payment in lumpsum against work orders which has not been billed – voucher must mention approx. value of total work, value of work done, value of payments released till date and advice for further payment.
- 2.12. All bills from contractors related to turnkey contract, job work, on a/c. payments, etc., must mentioned project name, block no./flat no./villa no. and type of work. hereafter return bills for correction if these details are not mentioned.
- 2.13. All small sites must have rubber stamp with site address and office address for stamping on vouchers. Rs. 500/- penalty will be levied per voucher from 15.3.19. all staff members making

vouchers without the correct stamps. Example of sites that require stamp – RM Mansion – Syed Mehdi, RM Village, Syed Mehdi, Bloomdale Residency – Modi Realty Muraharipally, Innopolis – GVRC, Colabs – GVDC, etc. All major sites must be pre-printed vouchers.

- 2.14. Happay cards are being replaced by expense cards of YES Bank. Expenditure from the expenditure cards can only be put in the respective account. Expense in SSLLP related to other projects should be booked in SSLLP and billed with GST to other projects.
- 2.15. Documentation charges paid by Prabhakar Reddy to be debited as documentation charges paid by cash. Bill the same amount to customer with 18% GST. Project to pay to SSLLP the same amount on behalf of customer and debit to customer.
- 2.16. Stamp paper expenditure paid through SSLLP – debit to respective account /customer and collect the same without billing & GST.
- 2.17. Milestones to be sensibly corrected in database for milestones not yet reached. Where milestone are reached the database must be corrected to that date.
- 2.18. Expense cards from YES bank – amounts can be transferred from other accounts, only in exceptional cases, with MDs permission. However, in case of Prabhakar – Purchase Manager card amounts to be transferred from SSLLP main a/c. instead of SSLLP logistics a/c.
- 2.19. Delay in payment of TDS, IT or GST for default on part of the accountant may result in payment of penalty and interest. Such penalty & interest shall be recovered from the salary of the respective accountant.
- 2.20. Accountants to not accept bills from Purchase division or any other person that does not have the HSN code. Purchase to ensure that HSN code is mentioned in all invoices.
- 2.21. Project with RERA registration. Monthly statement of receipt Vs expenses to be made.
 - 2.21.1. Sub-total A: Total receipts from customers towards sale consideration x 70%. Deduct GST, registration charges, etc., from receipts.
 - 2.21.2. Sub-total B: Outstanding loans.
 - 2.21.3. Sub-total C: Expenditure towards land acquisition, building permits, deposits for JDA, BGs, other security deposits, registration charges, JDA/Sale deeds, etc.,
 - 2.21.4. Sub-total D: Finance charges. Include interest and processing fees.
 - 2.21.5. Sub-total E: Admin expenses of all types including consultant fees, advertisement, salaries, etc.
 - 2.21.6. Sub-total F: WIP. Include all construction related expenditure.
 - 2.21.7. For purpose of RERA- $(C + D + E + F) > (A + B)$.
 - 2.21.8. This must be estimated every month (approx.)
 - 2.21.9. Applicable to AGH, SOV, GHT, MGA, MPL, GMR and other new projects.
- 2.22. Statement for the purposes of RERA - Accountants shall prepare a statement as given under once a month from Nov, 19 to March, 2020. Thereafter, once a quarter, within 15 days of end of quarter. The 6 parts of the statement are:
 - 2.22.1. Subtotal A - 70% of total receipts after deducting payments towards GST, registration charges, etc. Generate statement through database.
 - 2.22.2. Subtotal B – outstanding loans – print ledgers/trial balance from tally.
 - 2.22.3. Subtotal C – Cost of land acquisition, registration charges, brokerage paid, security deposits, permit cost, etc. this is a onetime exercise before the project starts. Carefully calculate this amount. (these are expenses before obtaining RERA).

- 2.22.4. Subtotal D – Finance charges, interest, etc. Print ledgers/trial balance from tally.
- 2.22.5. Subtotal E – Administrative expenses including salaries, advertisements, etc. Print P&L from tally.
- 2.22.6. Subtotal F – work in progress – includes all construction expenses and other expenditure not covered under subtotal C, D & E.
- 2.22.7. The above format to be strictly followed. The same format to be used for banker/finance companies. All consultants must certify these statements as per standard format.’
- 2.22.8. As per RERA rules A +B should be less than total of C to F
- 2.23. GMR/MPL – on monthly basis keep track of total withdrawals from project Vs amount spent towards construction that is required for RERA. Compare receipts Vs WIP. On a weekly basis calculate total amount repayable to Tata Capital against loan @ 10% of receipts, however, deduction must be made for receipts towards GST, registration charges, etc.
- 2.24. Silveroak Villas has several different entities developing the project. The details are:
- 2.24.1. Plot nos. 96, 97 & 99 (Apartment complex) belonging to Tejal Modi is being constructed by Serene Constructions LLP and Surasani Constructions. However, equipment like lifts, electricity meters, etc., to be directly paid from Tejal Modi.
- 2.24.2. Villa nos. 1 to 95 are being developed by Silveroak Villas. Entire construction activity including development of clubhouse, layout and construction of villas to be accounted in the books of Silveroak Villas LLP. 3 contractors i.e., Surasani, Rohan & KSR had been given construction contracts. Finishing work is taken up SOVLLP.
- 2.24.3. Villa nos. 101 to 214 (except 20 villas sold to Mehtas) to be developed jointly by Modi Housing Pvt. Ltd., & SOVLLP. Work of common amenities like roads, utilities, parks, water, electricity, to be accounted in the books of MHPL. Villas are being constructed by SOVLLP through contractors like Surasani, Rohan & others – however, finishing work to be taken up by SOVLLP. AOS clearly specifies a split of payment in the ratio of 60:40 in favour of MHPL & SOVLLP (do not split each payment – follow payment terms in AOS). MHPL to raise exempt GST bills for its revenue and SOVLLP to raise GST bills at 18% for its revenue. Customer to only pay GST on value of AOC.
- 2.24.4. However, for convenience all layout development work in favour of SOVLLP till 31-03-2020 and in MHPL thereafter.
- 2.24.5. Customer pays GST + registration charges totalling to 11%. SOVLLP enjoys the benefit of ITC.
- 2.25. Accountants not to make any payments to SSSLP logistics or SSSLP common expenses without receipt of bill. They are to be treated on par with every other supplier wrt to SOP. Summit sales – purchase division to be treated exactly on par with rest of the suppliers and funds shall be allocated by MD every Friday.
- 2.26. Hereafter no bonus to be declared in all companies. Bonus shall be paid at the time of Diwali based on gross salary, typically varying from 50% to 100% of monthly gross salary. This amount to be paid as incentive to each employee instead of bonus. This will simplify accounting procedures.
- 2.27. As far as possible send all replies to tax departments like IT, GST, ST, Commercial tax, PF, ESI, etc., by way of email or through departments portal. Documents to be scanned and sent to concerned officers by email or through departments portal. Same set of documents along with formal covering

letter to be sent by registered post. Avoid sending documents or letters to inward of respective department or directly to concerned officer.

- 2.28. MDs discount should not be considered for managers incentive for discount saved.
 - 2.29. All resolutions and extracts of resolutions – 3 copies to be sent to MDs desk for signatures – 2 originals for bank/ROC and one copy for filing. 3rd copy draft for monitoring filing of original copies.
 - 2.30. In general make Tejal Modi as representative for MHPL, SM for MPPL, GVSH and other firms, Ashish Modi for MMRHPL. In agreements with vendors/purchasers or Lessors/Lessees are the like opposite parties must be represented by different individuals. Eg.: Vendor no. 1, Vendor no. 2 & Vendor no. 3 can be represented by SM but purchaser cannot be represented by SM. Gaurang Mody / Rama Rao/Sita Ram/Kanaka Rao can represent where additional individual names are not available.
 - 2.31. SOP – Sales between sites – accountants to ensure that copy of invoice is shared between selling and receiving site for purchase to generate 2 invoices (purchasers copy/office copy).
-