

Incomplete – however, to be immediately implemented.

Internal Memo No. 904/38/a– Accounts Division

Dt. 19.11.2018

Subject: Summit Sales LLP (SSLLP) – common expenses – standard operating procedure.

1. In order to rationalize common expenditure between all the associated companies of Modi Properties, all common expenses shall be routed through SSLLP over a period of time. Accordingly, the following accounts have been created:
 - a. SSLLP is the main a/c. managed by Keerthi – used for purchase of goods and services. Deposits have been collected from several projects to finance material purchase. Salaries/Admin expenses of purchase division to be paid from this account, however, to be billed to respective projects.
 - b. SSLLP Logistics a/c. – This is used for purchasing cars and vans, payment of salary of drivers, payment of fuel and maintenance cost, etc. A/c. is managed by N. Raj Kumar. Cost of vehicle purchase, depreciation, fuel cost, maintenance cost, drivers salary, toll, road tax, drivers miscellaneous expense, etc., has been calculated by admin (Jai Kumar) and cost of vehicle/staff is being collected from respective projects. The calculation should be reviewed on a quarterly basis. However, it may be changed in the middle of any quarter, if required. Deposits have been collected from several projects to finance vehicle purchase. Salaries/Admin expenses of QC, CR and promotions to be paid from this account, however, to be billed to respective projects from 1.7.18.
 - c. SSLLP Common Expenses a/c. – This is being used for paying common expenses that cannot be directly apportioned to each project. These common expenses are being divided as per circular no. 901/32 which is to be revised on a quarterly basis.
 - d. SSLLP Investments a/c. – SSLLP is a partner in Vista Homes. A/c. to be only used for investments and withdrawals from Vista Homes or any other such new project.
2. Common expenses are being paid from MPPL & MHPL. Use SSLLP common expenses a/c. from immediate effect. Stop using MPPL & MHPL Axis bank a/c.
3. Bills of common expenditure
 - a. Bills of SSLLP (goods & services) to be raised on a daily basis and paid off once a week.
 - b. Bills of common expenditure to be raised once a month. However, bills can be raised ASAP in case of expenditure exceeding Rs. 1 lakh. Charge processing fees of 3% on actual expenses to cover overhead cost.
 - c. Expenses of Happay card and petro card to be paid from common expenditure a/c. Charge processing fees @ 1% to cover overhead cost at the end of each month. A/c. to be squared off every Friday.
 - d. QC charges – collect QC charge of Rs. 500/- per QC report generated from all the projects. Bill at the end of the month. However, incentives to be paid from each project directly.
 - e. SSLLP purchase division processing charges – collect charge of 1% o total bills where POs, WOs were issued by purchase division to third parties. Bill at end of each month based on credit to suppliers in books of accounts.

- f. CR & promotions – overhead costs like salaries, conveyance, etc., to be paid from SSSLP Logistics and billed to respective projects @ 0.5% of net sale consideration. This amount to be collected in 2 parts – 0.25% on signing AOS and 0.25% at time of possession/receiving entire sale consideration (before taxes). This shall be applicable from 1.7.18. CR to raise periodic bills/ request for bills. However, incentives to be paid from each project directly.
- 4. Modi Properties common expenses.
 - a. Expenses related to Greens Group towards maintenance to be paid from MPPL and billed to them at cost.
 - b. From 1.10.18 all new projects to be billed @ Rs. 10/- per sft of saleable area towards liaisoning and management charges. Amount to be paid in 8 quarterly installments starting from date of sanction. It shall apply to all projects where sanction is received after 11.06.18. This is to offset the overhead cost of salaries of managers, rent, office expenditure, etc.
- 5. In each case above bills must be raised periodically and GST must be charged extra. TDS to be deducted. Separate bank accounts and tally accounts to be made for SSSLP. On later date the same can be done for MPPL.
- 6. In some cases charges levied to other projects (like Matrix Recon) for QC, Cr, Promotions, Sales, Admin Expense, etc. may be at different rates than specified above. Accountants to make note of the same.
- 7. Soham Modi HUF – exclusively use for payment of registration charges. Collect deposit of Rs. 50,000/- from all active projects. Prabhakar Reddy to be handed over this a/c. Accountants to issue YES bank cheques for registration charges after approval of authorization form by MD. Prabhakar Reddy to transfer the amount as and when required. That way a/c. does not have to be squared off. SM Modi HUF to charge Rs. 500/- + GST as service charges for every registration from respective projects.
- 8. ESI, PF, TDS, IT, GST, etc., is being paid from the a/c. of MPPL and MHPL at SBI. These payments must be made directly to the YES bank a/c. of respective projects. Accountants to coordinate with YES bank for enabling the same. MPPL & MHPL a/c. at SBI to be closed by 15.7.18.
- 9. In case of ESI & PF, payment has to be made from the same day of generating challan. If payment is not made on the same day challan expires resulting in payment of penalty & interest. Hereafter, SBI account of Summit Builders, a Partnership firm with no business activity shall be handed over to Jai Kumar including authorization for payments. All projects should transfer PF & ESI payments to this account. Summit Builders to charge Rs. 500/- per project, per month for providing these services.

Soham Modi.