For comments & suggestions – however, to be implemented immediately. Annexures shall be provided shortly.

Circular no. 139 – Admin Date: 29-10-2019

Subject: Rationalization of common expenditure.

To make projects financially more efficient common expenditure like salaries, admin expenses, logistics, etc., are now being paid from MPPL & SSLLP. Inturn MPPL and SSLLP will bill projects periodically (mostly monthly). Accordingly, projects will bear common expenses only during the development phase of the project and in proportion to the project size (super built-up area).

Expenditure is being classified into 2 categories. Variable expenditure that shall vary based on periodic cost and usage. This may be revised atleast once every quarter and if required even sooner. Admin shall update annexures to this circular every quarter, wherever required. Fixed expenditure which shall be fixed at start of project, however, this cost may be revised for new projects on a later date.

This circular shall be effective from 01.10.2019, wherever it is not in force and dates are not specified.
List of expenditures and amounts to be charged to project is as follows:

1. Purchase division – variable expenditure - SSLLP.
   a. The details of approximate expenditure of purchase division, staff strength, etc., is given in Anx – A – revise annually.
   b. Purchase of items required in all projects shall be centralized through the purchase division. Purchase shall prepare PO/WOs, negotiate rates, clear bills for payment, etc., for all purchases made on behalf of projects. For this projects shall pay purchase division 1% of gross value of the PO/WOs + GST. Billing shall be monthly. Exclude purchases made from SSLLP.
   c. SSLLP is making centralized purchase and stocking at its stores. Such material shall be sold to sites with a markup of 4% or 5% for items supplied with or without transportation service. Certain items like granite, etc., have a higher margin and some items like cement and steel have a lower margin of 1%. – such details are given in Anx – I. Policy on hamali charges is given in Anx – I – revise quarterly.

2. Common expenditure – miscellaneous items – SSLLP – variable expenditure.
   a. The details of approximate common expenditure, types of expenditure are given in Anx – B – revise annually.
   b. Expenditure to be divided between projects based on the size of the project, quantum of construction, no. of employees, etc. Admin to divide the expenditure on an adhoc basis between all the projects. The details of division of expenditure is given in anx – II - must revise quarterly. Common expenses not to be loaded on to projects with very little activity (yet to start or nearing completion).

3. Logistics – delivery vans & cars – SSLLP – variable expenditure.
   a. The details of no. of vehicles and deposits collected for each vehicle from projects is given in Anx – C – revise annually. Depreciation should be claimed on each vehicle and billed to projects is also given in Anx – III – revise annually.

   b. The total expenditure incurred towards fuel, repairs, maintenance, insurance, etc., for each quarter is given in Anx –IV– revise quarterly. This expenditure to be apportioned to projects based on expenditure incurred for previous quarter.
   c. The details of expenditure for drivers and their allowances for each quarter is given in Anx – V – revise quarterly. This expenditure to be apportioned to projects based on expenditure incurred for previous quarter.
   d. The assignment of cars, vans and drivers to projects /HO and details of responsibility of managing drivers, maintenance of vehicles is given in Anx- D – revise quarterly.

4. Customer relations – SSLLP – variable expenditure.
   a. The details of approximate expenditure of CR division, staff strength, etc., is given in Anx – E – revise annually.
   b. SSLLP to bill 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). Hereafter, pay incentives to CR from SSLLP.
   c. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - VI – revise annually.

5. QC charges – SSLLP – variable expenditure.
   a. The details of approximate expenditure of QC division, staff strength, etc., is given in Anx – F – revise annually.
   b. 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.

6. IT – system administration – MPPL – fixed expenditure.
   a. The details of approximate expenditure of IT division, staff strength, etc., is given in Anx – G – revise annually.
   b. Hereafter pay salaries from MPPL. Cost of software development and maintenance to be paid from MPPL.
   c. Rs. 1/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - VII – revise annually.

7. Admin – Audit – SSLLP – fixed expenditure.
   a. The details of approximate expenditure of Admin audit, staff strength, etc., is given in Anx – H – revise annually.
   b. Admin Audit to be slowly expanded to include admin officers at site. Lady engineers/ junior engineers at site to manage registers, data entry, stocks and other admin activities at sites. Admin officers to report to Manager Admin-Audit (Praveen) and they shall be assigned for training, implementation of SOP, safety, security, etc.
   c. Rs. 1/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - VIII – revise annually.

8. Engineering & design team – MPPL – fixed expenditure.
   a. The details of approximate expenditure of Engineering & design team, staff strength, etc., is given in Anx – I – revise annually.
   b. Rs. 2/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - IX – revise annually.

9. Promotions – SSLLP – fixed expenditure.
    a. The details of approximate expenditure of Engineering & design team, staff strength, etc., is given in Anx – J – revise annually.
    b. Rs. 2/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - X – revise annually. However, this shall not be applicable to commercial projects like Innopolis and Colabs.

10. Accounts – MPPL – Fixed expenditure.
    a. The details of approximate expenditure related accounts managers and some support staff is given in Anx – K – revise annually.
    b. Rs. 4/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - XI – revise annually. However, for commercial projects like Innopolis and Colabs the fees shall be reduced by 50% i.e., Rs. 2/- per sft. Similarly, projects with only sales and CR activities, like ESR, and without any construction activity the fee shall be reduced to Rs. 2/- per sft.

11. Administration and liaisoning charges – MPPL – Fixed expenditure.
    a. The details of approximate expenditure related admin and liaison managers is given in Anx – L – revise annually.
    b. Rs. 8/- per sft of SUBA to be charged from each project over the duration of the project. Details of projects and approximate revenue receivable from current projects and proposed projects with timelines is given in Anx - XII – revise annually. However, for commercial projects like Innopolis and Colabs the fees shall be reduced by 25% i.e., Rs. 6/- per sft. Similarly, projects with only sales and CR activities, like ESR, and without any construction activity the fee shall be reduced by 75% i.e., Rs. 2/- per sft.

12. The details of the projects, SUBA, duration of the project and charging of fees is given in anx - M – revise annually.

Soham Modi.