Timely Bill Processing Incentivization Policy

Vendors (Contractors & Suppliers) are an integral part of the value chain of the company. If vendors perform well, overall project progress is faster and leads to enhancement in company's reputation and cash flows. For Vendors, their own payment cycle is a matter of significant concern and they tend to value timely payment as a very important factor. If a company has a reputation for timely payment, vendors give a substantial discount at time of bidding because of the fact that their cost of capital tends to be quite high and also tend to work better for such companies and put their best resources on such projects.

As per the Billing policy, CM/MM has a maximum of 7 days to certify (fully/partially or reject it) the bill after submission by vendor. However, it is seen that projects do not take this issue seriously and bills are taking anywhere from 21-45 days to be certified and reach Accounts.

In view thereof, following policies shall prevail from 1.4.13 onwards:

Average Billing Cycle for contractor bills (from submission of bill by Contractor to reaching Accounts) (ABCC) for quarter#	**Multiple of STPI Payable to Project's Top 3* (by level and grade**, who are eligible for STPI) full-time CM associates (of what would otherwise have been payable)**
<=9 days (with no bill taking > 30 days)	110%
10-18 days	100%
19-27 days	80%
> 27 days	60%

Average Billing cycle for Supplier bills (from submission of bill by Supplier to reaching Accounts) (ABCS) for quarter#	**Multiple of STPI Payable to Project's Top 3 (by level and grade**, who are eligible for STPI) full-time MM associates (of what would otherwise have been payable)**
<=5 days (with no bill taking > 30 days)	110%
6-9 days	100%
10-13 days	80%
> 13 days	60%

* For contractor bills Top 5 CM associates for VL projects
** If multiple associates of the same level & grade, they will all be covered
# All the timelines shall be extended by 3 days for project locations outside Mumbai Metropolitan Region (MMR)

In order to ensure due diligence in submission of bill to accounts, if > 20% of number of bills (separately tracked for materials and services) are returned back by accounts during a quarter, then the multiple of STPI payable shall be capped at maximum value of 80%

The timely processing of bills shall be an important metric considered at the time of the annual reviews (PMS).

a) If the ABCC for the entire year (FY) for a project is > 18 days, the PMS rating of the CM Head (highest level working full time on the project) shall be reduced by one rating from what it would otherwise have been.
b) If the ABCS for the FY for a project is > 9 days, the PMS rating of the MM Head of that zone shall be reduced by one rating from what it would otherwise have been.

Other notes:

1. Bills should be accepted at project on daily basis (except Sundays & Company Holidays), though timing can be fixed (minimum acceptance window of 2 hours everyday).
2. ABCS and ABCC for each project shall be reported on quarterly basis by Accounts team to COO, HOC-Planning and Level 0/1 of CM and MM.
3. When vendor brings bill for submission and same is found to be deficient in any manner, the deficiencies should be immediately informed in writing/using checklist to the person submitting the bill.
4. If any instance of deliberate non-acceptance/delayed acceptance of bill is found, same shall be considered to be an offense under the Transparency & Ethics Policy.
5. Project shall be as defined in CMD's 'Plant-Definition' policy.
6. Administration of this policy shall be done by Planning team.