PAYMENT HANDLING PROCESS

Payment Handling Process – 2.2

Document Sign-Off List

This document has been issued to the following people for Sign-Off (S), Review (R) or Information (I).

	Name	Designation	Signature
Approved by	Abhinandan Lodha	Deputy Managing Director	
Reviewed by	Ankur Kapoor	EVP –Customer Care	
Informed	Maninder Chhabra	VP –Customer Care	
Informed	Surendran Nair	VP –Customer Care	
Reviewed by	Richard Saldanha	GM –Customer Care	

Version History

Date Of Issue	Author	Designation	Version No.	Reason for change	Next Proposed Review Date
11 Feb 2014	Abhishek B Shreya M Joyce CF	Manager –CC AGM –CC DGM CC	1.0	Initial Document	30th May 2014

Distribution List:

CRM Team
Accounts

Glossary

Term used	Definition
SFDC	Sales Force Dot Com

CC	Customer Care
NEFT	National Electronic Funds Transfer
RTGS	Real time Gross Settlement
DD	Demand Draft
SDR	Stamp Duty Registration
DEO	Data Entry Operator
FRC	Foreign Remittance Certificate
CV	Consideration Value
BDF	Booking Details Form
SM	Sales Manager
UTR	Unique Taxpayer Reference
SPOC	Single Point Of Contact
TPU	Transaction Processing Unit
RM	Relationship Manager
HOD	Head Of Department
HOC	Head Of Cell
FOS	Feet On Street

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2.2.1 Purpose:

The main objective of this document is to detail the Payment handling process of the Central Operations team –Transaction Processing Unit (TPU)

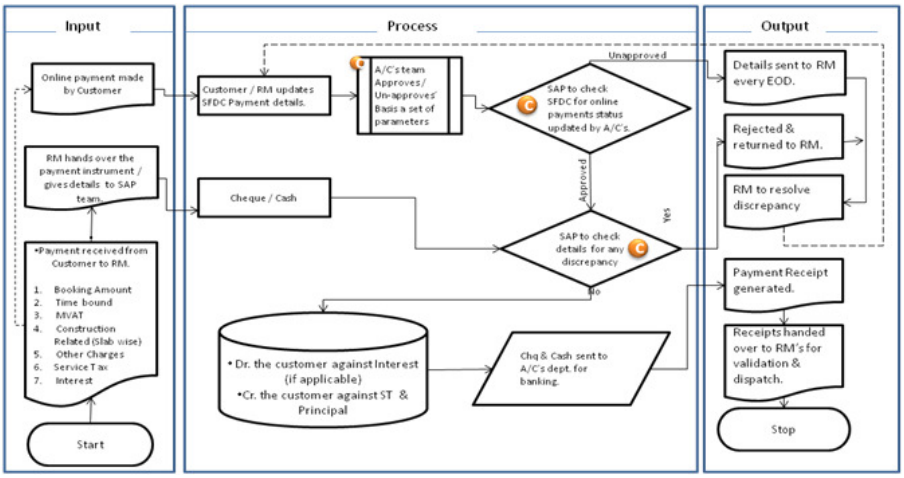
2.2.2. Scope:

In-scope: All customer payments received via various modes –cheque, cash, and online transfer etc.

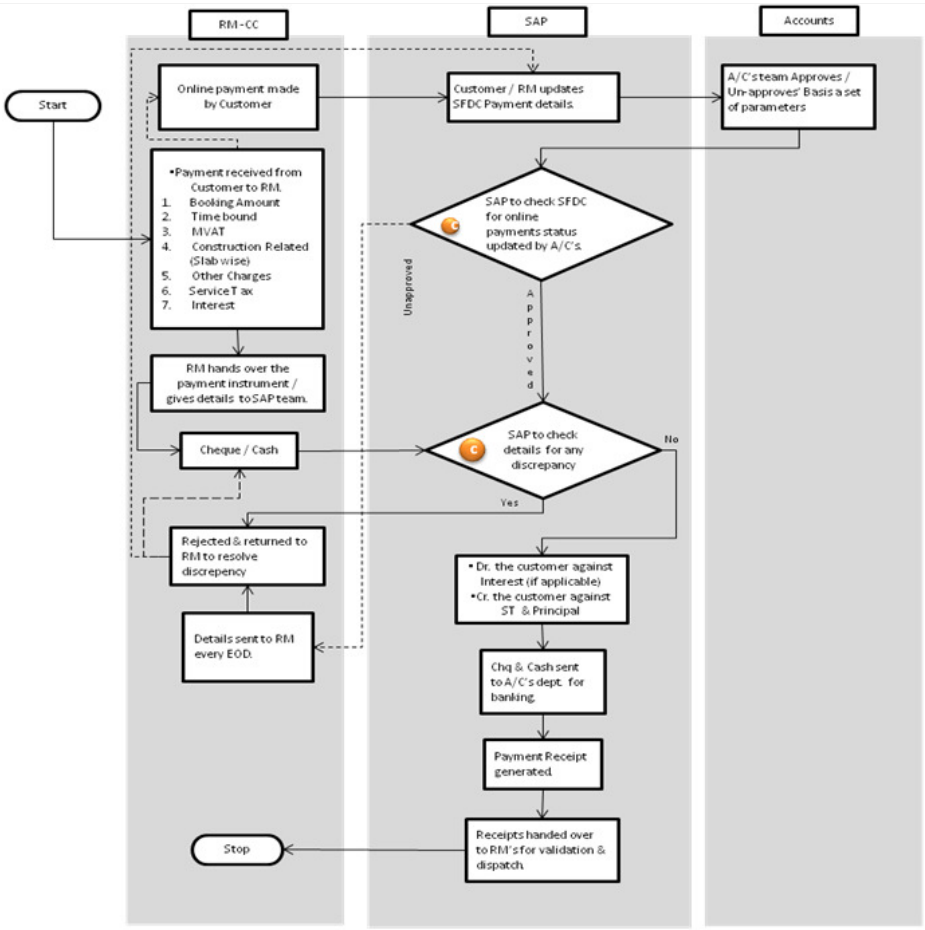
Out-scope – Any other Accounting processes.

2.2.3. Process Flows

2.2.3a Payment Handling Process Flow



2.2.3.b Generic Cross functional Payment Process Flow



2.2.4. Payment Handling Process:

During the purchase of a flat/unit the customer is required to make payments under various heads:

2.2.4a) **Booking Amount Payment**: The booking amount / earnest money given by the customer is captured in the system and the customers SAP account is credited. If the customer is making a payment via cheque, the cheque date has to be the same as application date.

Only in pre-launch scenarios a pre-dated cheque may be accepted (for date prior to launch) since this would not have any pricing impact. (eg: The pre-launch date for a project is 10th Jan and customer booking on the 11th wishes to give a cheque dated 6th Jan, we would accept the cheque; provided no pricing impact) . The pre-dated cheque should be within the 5 day window of cheque received from the customer.

2.2.4b) **Time Bound Payments**: There are also time bound payments to be collected from the customer along with service tax. These time bound payments are collected within specific no. of days from the application date. (Time bound payment days are project specific).

2.2.4c) **SDR Payments**: Post completion of 19.9% payment, the customer is required to pay the stamp duty and registration amounts along with the MVAT / APVAT (as applicable).

2.2.4d) **Construction based payments**: Once the registration is done, construction related payments plus the service tax i.e. Slab wise payments is received from the customer as per the demand raised. Construction related payments (Payment Schedule) are project specific.

2.2.4e) **Possession Payments**: At the time of possession the customer is required to pay Other Charges which include Society Maintenance, Water & Electricity connection charges, Club membership fees, Share money, Legal Charges, Power and infrastructure charges including service tax. Post completion of these payments the final possession process is initiated (refer to Possession Process).

2.2.4f) **1% TDS Payment-** In scenarios where the customers CV is > 47.5 lacs the customer would need to pay 1% TDS on every payment made.(Please refer to the TDS payment process)

If the customer defaults on any payment or has made a late payment interest charges are applicable @ 18% per annum. The interest is deducted from the customer's next instalment via IISP model in the following order:

i. Interest on Service Tax

ii. Interest on Principle

iii. Service Tax

iv. Principal

The processing of all the above payments is done by the Accounts team and uploaded in SAP.

Note: In certain scenarios a few customers who are bank funded where a partial payment is received for the amount demanded OR where the interest amount is outstanding however the principal payment has been closed. The payments for these customers are updated in the SAP system via non IISP model.

2.2.4.1 Modes of payment:

The customer can chose to make the payments via:

2.2.4.1a) Cheque / DD/Direct Deposit/PO

2.2.4.1b) Online payment

2.2.4.1c) Cash

2.2.4.1d) Direct Couriers

Payment handling through each of these modes is explained in detail through the document:

2.2.4.1.1). Cheque /DD/PO / Direct Deposit Banking process:

2.2.4.1.1a) Cheque pick up from drop box /Kiosk at Site (where operational)

· Customers hand over the cheques to the reception at Site/HO for entry in the register before dropping it in the drop box/ Kiosk

· Pickups to happen every evening between 5 pm to 6 pm from Monday to Saturday (working Saturdays) from Thane & Dombivali and brought to HO the next morning including Monday morning being done as well. All cheques to be handed over to respective project team for entry and subsequent handover to the TPU.

· All cheques received by the project teams need to be handed over to the TPU before 5 pm for entry on the same day. The TPU to ensure all cheques handed over are entered in the system on the same day.

· All cheques entered by 6 pm to be handed over to accounts by 6.30 pm. Balance cheques entered to be handed over by 9.30 am the next working day morning.

2.2.4.1.1b) Direct Deposit: If the customer deposits the cheque directly into the bank, the payment received date is updated as:

- the date of cheque deposit if the deposit receipt is provided by the customer

- In-case no deposit proof (bank deposit slip) is available then the payment received date is updated as the date on which the transaction is processed by the bank.

2.2.4.1.1c) Cheque pick up from Kiosk at HO:

- Customers would come over to the HO and deposit their payment cheques via the kiosk system installed.

- The customer receives an immediate acknowledgement once the cheque is deposited

- All cheques are then handed over to the respective project team for entry and subsequent handover to the TPU by the DEO daily by 5pm.

2.2.4.1.1d) Direct Couriers:

- All cheques received by 4 pm to be handed over to the TPU for entry by 5 pm. Cheques received from despatch team at 6 pm to be handed over the next day by 10 am latest.

- Project teams to ensure the details of the customer like customer id/name of the customer/project/Cheque received date is mentioned behind the cheque and handed to the TPU for entry.

- All cheques received by 5 pm by the TPU to be entered on the same day.

- All cheques entered by 6 pm to be handed over to accounts by 6.30 pm. Balance cheques entered to be handed over by 9.30 am the next morning.

TAT for Pick up of Cheque :

Normal Working Days

Particulars	TAT	Exception
Cheque received from customer	Day 0	
TAT of Pick up from site to HO	Day 1	
TAT of entry by project teams	Day 1	
TAT of entry by the TPU	Day 1/2	Day 3
Banking by accounts	Day 2/3	Day 4
Week Ends (Saturday, Sunday Holiday)		
Particulars	Acceptable TAT	Exception
Cheque received from customer	Day 0	
Pick up from site to HO	Day 2	
Entry by project teams	Day 2/3	
Entry by the TPU	Day 2/3	Day 4
Banking by accounts	Day 3/4	Day 5

TAT of Courier receipt of Cheques :

Activity	TAT	Exception
Courier Receipt at HO	Day 0	
Handover TAT from Logistic team to Project team	Day 0/1	
Entry By Project Teams	Day 0/1	
Entry By the TPU	Day 1/2	Day 3
Banking By accounts	Day 2/3	Day 4
Week Ends (Saturday, Sunday Holiday)		

Particulars	Acceptable TAT	Exception
Cheque received from customer	Day 0	
Handover TAT from Central Dispatch team to Project team	Day 3	
Entry by project teams	Day 3	
Entry by the TPU	Day 3	Day 4
Banking by accounts	Day 4	Day 5

The above TATs may be revised for specific scenarios however this would be determined on a case to case basis with required approval.

2.2.4.1.2)The process post cheque receipt is as follows

RM to check the following before handing over the cheque to the TPU:

- Date accurately mentioned

- Amount written is clear and accurate (words and figures mentioned on the cheque should match)

- Customer's Signature on the Cheque

- Ensure cheque given is applicants and not from third party.

- In-case of missing details /discrepancy observed reject and action as follows

In case of no name mentioned on cheque RM to check on back side of the cheque for details. If name matches with applicant/co applicant then cheque is to be accepted.§ Name on Cheque different from applicant/co applicant this is clearly a third party cheque and irrespective of customer writing his name on the back of the cheque this is to be rejected.

- RM to send cheque back to customer where its established as third party and send a mail to the customer on the same.

-The cheque is sent to the TPU for entry if details on cheque are correct and its established that cheque belongs to applicant/co applicant

- TPU to run a quick re-validation on the above mentioned check points post receipt of cheque.

- Update cheque details in the SAP system if all details are correct.

- Accounts team to do the final validation on the above points for cheque payments and reject in-case of any discrepancy.

Responsibility and accountabilities:

Sr No	Activity	Responsibility
1	1. Ensure Daily picks ups and handover of cheques to DEO who will update the tracker and handover the cheques to the respective project teams. 2. Ensure Cheques are handed over to the TPU by 5 pm.	1.FOS Team 2.Project Team Leads
2	Handover of cheque couriers within timelines	Central Dispatch team
2	Same day SAP Entry of Cheques handed over	SAP team Lead
3		SAP team Lead

	Handover to accounts within TAT i.e. same day 6pm or next day 930am	

2.2.4.1.2). In-case of an Online payment : NEFT /RTGS /Credit card payment:

The customer may choose any of the following modes to make a booking amount payment:

- Online payment
    - RTGS /NEFT payment
    - Wire Transfer/Bank to Bank transfers
    - Credit Card

Validation before RTGS / NEFT entry is done in SAP system

- Customer/RM To enter RTGS/NEFT details in SFDC portal
- Accounts to Check the following with Bank Statement/FRC
    - UTR Code
    - Transaction Date
    - Amount
    - RTGS / NEFT established to applicant/co applicant
- Approve / Reject basis the above conditions
- The TPU to check SFDC portal for payments approved by accounts.
- The TPU to credit the customer's account in SAP system as per the customer details mentioned on the SFDC portal.
- Accounts to ensure amount is refunded where third party amount where established.

Wire Transfer/Bank to Bank transfers where UTR code not provided in transactions

- RM to send mail to accounts on Wire/Bank to Bank transfers, UTR code not provided transactions
    - Accounts to Check the following with Bank Statement/FRC
    - Transaction Date
    - Amount
    - Transaction established that it belongs applicant/co applicant
- Approve / Reject basis the above conditions
- TPU to check SFDC portal for payments approved by accounts.
- TPU to credit the customer's account in SAP system as per the customer details mentioned on the SFDC portal.
- Accounts to ensure amount is refunded where third party amount where established.
- For NEFT/ RTGS /Direct deposits payment (applicable for booking amount payment) an email from the accounts team confirming payments received is to be attached along with the BDF.

Credit Card Payments:

- For Credit card payment (applicable only for booking amount payment) the SM needs to ensure that a copy of the credit card receipt is attached along with the booking form.

2.2.4.1.3) Cash Handling:

Amount <= INR 5000:

- For cash payment lesser than INR 5000, the RM would directly collect the cash from the customer and hand it over to the TPU.
- TPU to update the payment details in SAP system and hand over the cash to the accounts team.

Amount >INR 5000:

- In scenarios where the customer is making the payment in cash (amount > INR 5000), the RM would inform the TPU. The payment would then be taken in the presence of the TPU SPOC and the account SPOC. For amounts >50k a copy of the customers PAN card needs to be submitted.

- The cash is then carefully counted in the presence of the customer (in-case any fake notes are identified the same would immediately be returned to the customer). Any notes prior to 2005 would not be accepted after March 31st 2014 as per the RBI advisory.

- The TPU would update the payment details in SAP system and a payment receipt is generated.

- The original receipt would be handed over to the RM who would sign it and hand it over to the customer; a copy of the receipt is also sent to the accounts team. No duplicate receipts are issued for cash payments.

2.2.4.2 Special Booking Type Payment adjustments:

For special booking types a payment adjustment would need to be done as follows:

Booking Type	Customer Type	Payment
JODI	Bookings where customers wish to purchase combination flats	Borne by purchaser
LCUBE	Bookings for customers whom Lodha Group has corporate tie-ups with	Borne by purchaser
VEST /Club	Bookings for customers eligible for Vest benefits per the Chairman's Club & Directors Club policy for LODHA employees at Level 0-1	1. As per the Chairman's /Directors Club policy SDR, taxes, deposits, other duties and EMI (if any) borne by purchaser. 2. CV is adjusted against the vest amount & the EMI .The taxes are to be borne by the purchaser.
Land Against Property	Bookings where units would be adjusted in lieu of a land deal	CV & Maintenance charges are adjusted in lieu of land deal.
Ad-agreement /Barter transactions	Bookings between Lodha group and other business houses where the nature of transactions would be through an exchange of products /services mutually agreed upon by both parties	All cost adjusted as per the payment agreement between both parties
Internal payment adjustments	1. Customer cancelled booking in project A and wishes to adjust refund amount towards payment for his other booking in project B. 2. Transfer of payment for other booking in the same	Amount would be transferred internally from Project A to project B with HOD approval

	project /building upon cancellation of current unit	

2.2.4.2 Receipt Generation:

Post payments reflecting on SAP system a payment receipt would be generated for each payment. Receipts are sent to the customer via two modes:

§ Physical receipt – These are signed by the RM (where the Mudrank is not present) and sent to all customers. For receipts where the Mudrank is present the RM signature is not required.

§ E-receipts: - The payment receipts are emailed to the customer to his registered email id (where available) and the CSS portal along with a Mudrank (digital stamp). These are sent only for customers whose payments are processes via IISP logic

2.2.5) Payment Refund:

Payments would need to be refunded to the customer in two scenarios:

2.2.5a) Excess Amount Refund

2.2.5b) Third party payment refund (RTGS/NEFT)

2.2.5a) Excess Amount Refund:

In case of scenarios where a customer would pay an amount in excess of 19.9% prior to registration, this amount would need to be refunded back to the customer at the earliest. This amount would be updated in SAP system and the amount refunded via cheque payment. This cheque would be handed over by Accounts directly to the RM within 10 working days.

2.2.5b) Third party payment Refund Process:

Cheque payment Refund:

Applicable only to new customers:

- If the amount has been paid to us and the customer has sent us a communication, then a communication should be sent to the customer that we do not accept third party payments as a policy and request the customer to pay the amount within the due date. In such a scenario, the communication to the customer must be prompt from the date of the third party payment to avoid a dispute with the customer with regard to interest that he/she is being informed after the due date.

- Amount received and receipt also issued to customer. If we have already accepted the payment and issued receipt to the customer, the amount should now not be refunded. But a communication can be sent to the customer that the we have accepted the same in good faith and are not liable for any claims. Further, any future payments by third parties shall not be accepted.

- Amount received but receipt not yet issued & Customer opting cancellation prior to sales login. In such a case, the amount to be refunded to the customer since third party cheques are not being accepted as a policy.

- Amount received and receipt also issued Customer opting cancellation prior to sales login. If we have already accepted the payment, then the policy for cancellation/forfeiture is to be followed.

The above scenarios would not be applicable to existing customers since No third Party cheques are being accepted and customers have already been informed regarding the same.

RTGS/NEFT payment refund

New Customer:

If the amount has been paid without any customer details, then the amount should be refunded back to the originating account along with a message that we do not recognise the payment. This refund would be initiated by the accounts team.
If the amount has been paid along with customer details then a communication should be sent to the customer that we do not accept third party payments as a policy and request the customer to pay the amount within the due date.
The above communication to the customer should be done within 2 days of transaction date by the RM.

Existing Customer:

Accounts to send all cases rejected to the TPU.

TPU to share the data with the respective PI/RM on weekly basis (every Monday) where cases are rejected by accounts on account of 3rd party transaction

RM/PI to revert to the TPU within **72** (working) **hour's** post checking with the customer and informing him of the transaction being 3rd party.

RM/PI to confirm to the TPU of the customer being informed by mail of the 3rd party transaction so that the refund can be processed.

TPU to share the list of such refunds to be processed by keeping the PI/HOD in loop

RM to escalate the case to the Accounts team, in case the refund processing is delayed beyond 15 days.

2.2.6 Exceptions & Deviations:

1. In-case a customer hands over a single cheque for multiple bookings the cheque is accepted only in the following instances:

a) Payment for JODI booking units.

b) Payment for two units in the same building

c)Payment for two units in different Projects with the same Company code (e.g. Lodha Dwellers) will be accepted post HOC approval.

d) Payment for two units in the same Project with the same Company code (e.g. Lodha Dwellers, Lodha developers) will be accepted post HOC approval.

2. While entering the cheque received date should not be more than system date (– 5) days. Any cheque entered where the received date is > 5 days, approval would be needed from customer care HOD with proper reasoning for the delay in handover of the cheque.

3. Any high value cheques that may need to be entered post 5 pm will need to be approved by the HOD via email.

4. At the time of pre-launch / launch if a (booking amount) payment is received via online payment prior to SO creation, the PI /RM would need to attach the payment details to the application docket and submit the same to the TPU. This will ensure that all payments received are updated in the customer's account and thus not result in interest being charged incorrectly and reflecting on the demand letter. For cheque payments received the Xerox copy of the cheque would need to be attached to the application docket.

5.In a pre-launch / launch scenario where the time bound payment is due and received from the customer (via cheque /online payment), however the SO is not yet created the PI /RM would need to attach the payment details to the application docket and submit the same to the TPU. This will ensure that all payments received are updated in the customer's account and thus not result in interest being charged incorrectly and reflecting on the demand letter.

2.2.7 Payment Handling TAT:

Cell	Unit	Process	TAT (only working days)
Transaction Processing Unit	Cheque Updation	Cheque to be handed over to the TPU from RM	same day by 5pm
		Cheque to be updated in SAP system post receipt from RM	Same Day
	Online Payment	Online payment updation into SAP system post Accounts approval	Same Day
	Receipt Generation	Physical/E-receipt sent to customer	24 hours from payment updation

2.2.8. Control /Audit Mechanism:

Various check –points have been introduced at various stages in the payment handling process right from Customer Master creation up to payment receipts dispatched and delivered to the customer.

Process	Sub-process to be audited	Metric	Frequency	Sample Size	Maker /Checker
Payment Handling	Online Payment verification	Payments received verified with Bank	Real Time	100%	Accounts
Payment Handling	Interest waiver	All scenarios where customers Interest have been waived should have valid approvals and supporting documentation (where required) .These approval emails would also be stored in the SAP system.	Real Time	100%	TPU

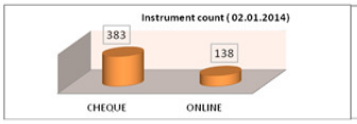
2.2.9. MIS Reporting: (sample template)

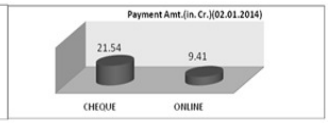
Data Source: SAP system

Frequency: Daily

2.2.9.1 Payment Received Report:

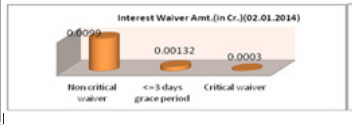
Payment		
Mode of Payment	02.01.2014	
	Instruments	Amt.(in Cr.)
CHEQUE	383	21.54
ONLINE	138	9.41
Total	521	30.95

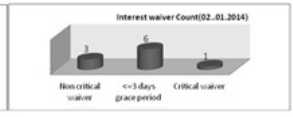




2.2.9.2 Interest Waiver Report:

Interest Waiver(02.01.2014)		
Reason	Cust. Count	Amt.(in Cr.)
Non critical waiver	3	0.00992
<=3 days grace period	6	0.00132
Critical waiver	1	0.00031
Total	10	0.01155





2.2.10 Recon Reporting Formats:

2.2.10.1. Interest Indicator Maintained Yes/No

]Interest Indicator Maintained Yes/No				
		Interest Indicator Maintained		
Date	# of Customer	Yes	No	Reconcile
07.01.2014	8	8	-	8

2.2.10.2.Customer vs PAN no details:

Customer Vs Pan card No.				
Date	Cust created	Pan card Cou	Pending	Reconcile
07.01.2014	8	8	-	8

2.2.10.4.Sales order created in SAP system Vs SFDC

Sales order created in SAP Vs SFDC				
Date	# of SO in SAP	# of SO in SFDC	Reconcile	Remark
07.01.2014	8	8	8	Considerati on value match in both system for all customers

Frequently Accessed Links

Cancellation & Retention Policy Possession process Registration Process Name Change Policy Demand Generation process Transfer Policy
Payment Handling Process Customer Interaction Management Policy Customer Interaction Tagging - L1, L2 & L3 Customer DNC Process