GM VALIDATION FOR IB
28th Mar 2023

SCOPE DOCUMENT

PREPARED BY

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PROJECT OBJECTIVE:

GM validation is the process of obtaining the gross margin and validating it for PC and FBT in an international business before each sales order.

PROJECT DESCRIPTION:

The Sales team will create a sales order with respect to nature of export as either merchandise or Direct and they must decide upon place they want to procure the items such as depot or plant. Based on which they can possible get the Sales price and FOC price for the order placed which that has to be converted into USD. The Logistics team must provide the freight details. The Gross margin has to be Calculated and validated by the Business finance team before every sales order.

PROJECT SCOPE:

PC & FBT Divisions:

S.No	Menu	Description
1	**Sales Team**	– The sales team must provide manual inputs for export information as **Order date**, **Country**, **Buyer name**, **Nature of Export** (Direct , Merchandise as drop down), **Order qty**, **Material codes, Material Description, Plant**, **Place of procurement**(Depot, Plant as drop down option), **SKU, Case configuration**. – Along with **Sales Price, FOC Qty, FOR price INR, FOC billed Qty** must be entered as manual inputs. – All the inputs provided must be visible to Sales Team and Business Finance Team
2.	**Logistics Team**	– **Freight** charges will be a manual input field based on SKU wise weight details. The SKU wise weight details should be fetched from the SAP T-code of ZCKSYS12. – All the inputs provided must be visible to Sales Team and Business Finance Team
3.	**Sales Team and Business Finance [GM Validation / Dashboard] – For PC**	– The dashboard must show the respective GM validation of the Orders. – This must be displayed in the below format as, • **Order no** – There must be unique Order number auto generated for every orders. • **Order date** – Has to be fetched from sales

| | | | team.
- **Country**– Has to be fetched from sales team.
- **Buyer name** – Has to be fetched from sales team.
- **Buyer type** – Has to be fetched from nature of export of sales team.
- **Material Code** – Has to be fetched from sales team.
- **Material Description**– Has to be fetched from sales team.
- **Plant** – Has to be fetched from sales team.
- **SKU** - Has to be fetched from sales team.
- **Case Configuration** - Has to be fetched from sales team.
- **COGS** – Should be fetched from the SAP T-codes. It picked based on the latest costing date.
- For Direct Export (ZCKPP01): If **Plant**, then COGS value must be taken from **standard price**. If **Depot**, then COGS value must be taken from **variable price**.
- For Merchandise Export (ZPPCR): Batch wise production order must be taken.
- **FOB price in INR** - Has to be fetched from sales team.
- **GM** - Gross Margin for each order will be calculated based on below formula,
  GM = FOB price INR - COGS
- **GM%** - Gross Margin for each order will be calculated based on below formula,
  GM % = GM / FOB price INR
- **USD** - Input pending from our end.
- **FOC Qty** – Input has to be fetched from sales team.
- **FOC Billed Qty** – Input has to be fetched from sales team.
- **Qty** will be calculated based on the below formula,
  FOC Billed Qty = FOC Qty – FOC Billed Qt
- In **Sale Price** Input has to be fetched from sales team.
- **Sales** will be calculated based on the below |

		formula, Sales = Billed Qty * USD * Sales Price • **COGS(in USD)** will be calculated based on the below formula, Sales = COGS * Billed Qty • **GM(in USD)** will be calculated based on the below formula, GM = Sales -COGS • **GM%(in USD)** will be calculated based on the below formula, GM % = GM/ Sales • **FOC** will be calculated based on the below formula, FOC = COGS * FOC Qty • The overall **total values** has to be displayed by summing up all the **COGS, FOB price INR, GM, GM%, Sales, COGS (in USD), GM** and **FOC**. • **Net margin** has to be displayed with respect to the below calculation, Net Margin = Gross Margin – FOC – Freight. • **NM %** margin has to be displayed with respect to the below calculation, NM % = Net margin / Sales Price.
4.	**Sales Team and Business Finance [GM Validation / Dashboard] – For FBT**	− The dashboard must show the respective GM validation of the Orders. − This must be displayed in the below format as, • **Order no** – There must be unique Order number auto generated for every orders. • **Order date** – Has to be fetched from sales team. • **Country**– Has to be fetched from sales team. • **Buyer name** – Has to be fetched from sales team. • **Buyer type** – Has to be fetched from nature of export of sales team. • **Material Code** – Has to be fetched from sales team. • **Material Description**– Has to be fetched from sales team. • **Plant** – Has to be fetched from sales team. • **SKU** - Has to be fetched from sales team.

- **Case Configuration** - Has to be fetched from sales team.
- **COGS** – Should be fetched from the SAP T-codes.
- The COGS value must be calculated for Liters. It can be done be taking average of latest two orders. And if no recent production, the same costing can be applied based on current RM rate, PM rate and CC rates.
- For Direct Export (ZCKPP01): If **Plant**, then COGS value must be taken from **standard price**. If **Depot**, then COGS value must be taken from **variable price**.
- For Merchandise Export (ZPPCR): Batch wise production order must be taken.
- **FOB price in INR** - Has to be fetched from sales team.
- **GM** - Gross Margin for each order will be calculated based on below formula,
  GM = FOB price INR - COGS
- **GM%** - Gross Margin for each order will be calculated based on below formula,
  GM % = GM / FOB price INR
- **USD** - Input pending from our end.
- **FOC Qty** – Input has to be fetched from sales team.
- **FOC Billed Qty** – Input has to be fetched from sales team.
- **Qty** will be calculated based on the below formula,
  FOC Billed Qty = FOC Qty – FOC Billed Qt
- In **Sale Price** Input has to be fetched from sales team.
- **Sales** will be calculated based on the below formula,
  Sales = Billed Qty * USD * Sales Price
- **COGS(in USD)** will be calculated based on the below formula,
  Sales = COGS * Billed Qty
- **GM(in USD)** will be calculated based on the below formula,
  GM = Sales -COGS

		GM%(in USD) will be calculated based on the below formula, GM % = GM/ Sales **FOC** will be calculated based on the below formula, FOC = COGS * FOC Qty - The overall **total values** has to be displayed by summing up all the **COGS, FOB price INR, GM, GM%, Sales, COGS (in USD), GM** and **FOC**. **Net margin** has to be displayed with respect to the below calculation, Net Margin = Gross Margin – FOC – Freight. **NM %** margin has to be displayed with respect to the below calculation, NM % = Net margin / Sales Price.