



Accounts Payable Policy
Effective Date: 25th October 2013
Version 2



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Version 2
Sep'2013



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Introduction

The following policy is a subsection of the Group wide “Purchase-to-Pay” strategy and it covers the recommended practice to be observed with regard to the payment of suppliers in order that DP DHL maximizes its cash resources.

The overriding principle is that supplier payment terms should be negotiated for the maximum term and the agreed terms should be observed in the businesses payment processes.

DHL Express India reserves the right to amend / change any part of the policy from time to time depending upon the business requirement.

This policy is not applicable to the following spends :

- Staff expense claims
- Tax, pension and other regulatory payments payable on published dates and/or on demand
- DP DHL Intercompany Payouts

1. General Guidelines

All purchasing activities whether carried out by the procurement team or individual user department must take into account the payment terms and other conditions as mentioned in the policy. These factors are key levers for working capital management (WCM).

1.1 Standard Payment Terms

With respect to WCM, the key goal within purchasing is to extend payment terms as far as possible (whilst also considering other purchasing dimensions such as price, quality and business reputation).

DP DHL’s current standard payment terms are 60 days for almost all the cases and must be applied for all new contracts and in the renegotiation of existing contracts. Payment terms should be optimized wherever possible.



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Standard Payment Terms based on DP DHL Policy

Minimum Vendor Credit Period for major expenses as below. The list is not inclusive

Catagoary	Minimum Credit period
Lease (L & B, Machinery, Fleet, IT e.t.c)	
L & B	30
Fleet	30
IT - Data	30
IT - Telephone	7
Transportation (Lease / Other cost)	30
Audit	60
Legal Fees	15
Consultancy Fee	60
Retainership Fee	60
MKT Cost other than Agency	30
MKT (Agency Cost)	15
Staff Welfare (Canteen, tea , coffee e.t.c.)	30
Pakageing Material	60
Travel Agencies (like C&K, Orix)	30
Training /Relocation	30
Printing , Stationery, office supplies	30
Rest	to be decided by Procurment /Admin/User

Exluding : Linehual/Capex/IC/Insurance

Exceptions & Guideline:

- a. Above list excludes linehaul, Insurance, Intercompany & Capex cost
- b. Credit terms below 10 days should be supported by minimum 1% Discount
- c. Credit terms below 15 days should be supported by discount/rebate.
- d. In any other case, it must be approved by country procurement and Finance Manager/Country CFO.
- e. Any spend which are not managed by procurement must to be approved by functional SMT and Finance Manager/Country CFO.
- f. No agreements/PO are to be made with any suppliers stating that payments are "immediately due"



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1.2 Payment Methods

All Payment will be processed online via ECS other than Customer Claims and Refunds. For vendors not accepting ECS or Cheques then payment can be made via Nationalized Bank Demand Draft.

No Manual Cheque will be issued for any payment. For exception, it should be approved by Accounts Payable Manager / Country Finance Manager.

1.3 Standard Payment cycle/Frequency/Cutoff.

As per Corporate PTP Policy, payment frequency would ideally be three times in a month. However, considering the vast spread in India, centralized finance setup, quantum of invoice and local circumstances, payment would be processed 4 times in a month.

- First Payment Run on 5th Working Day*
- Second Payment Run on 10th of Every month
- Third Payment Run on 20th of Every month
- Last payment Run on 25th of every month

Considering month end - closing activity

Payment will be released as per due dates and in line with payment cycle. For example if invoice is due date on 15th October and next payment cycle is scheduled on 20th October then payment will get processed on 20th October.

Any exception to the payment cycle will be approved by Country Finance manager based on justification & business criticality.



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Exceptions & Guideline:

- Linehaul, Intercompany ,Customer Rebate/Refund, Utilities & Government related payment.
- Properly authorised PV along with all required supporting will be processed.
- In case of holiday, payment will be released on next working day.(i. e. for 10th ,20th & 25th)
- All the exception are required to be duly authorized by Finance Manager.
- Authorized PV must be submitted based on **below Cut off Guideline.**

Expense wise	Guideline for Invoice submission
PDA	3 days before the date of payment
LNHL	3 Days before the date of payment
Rent payments	5 Days before the date of payment
Refund and Rebate cases	3 day before the date of payment
General/Fleet/CHA/Commission/cleaning/security	7 days before the date of payment
Electricity/Telephone/Govt.	3 day before the date of payment
PO	15 days from GRN date/Invoice
Rest including MKT	7 day before the date of payment

1.4 Procure to Pay (NON_PRPO) Compliance

Asia Pacific PROCUREMENT POLICY states that it is the responsibility of functional managers to ensure that their staff are aware of and comply with this policy. Any willful or negligent **non-adherence to this policy by any manager or employee is a serious disciplinary matter**

Any user not adhering to the “Procure to Pay” guidelines needs to justify the reason of non-compliance. Such cases identified as NON-Compliance **must be signed by respective functional SMT and Finance Manager/Country CFO.**



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2. Vendor Master Creation

All vendors must be registered in DHL Vendor master file (VMF) in SAP. The following documents are required for any VFM -

1. Vendor Registration forms **duly filled and signed** by vendor & respective function manger.
2. PAN copy of vendor
3. Service Tax Registration number
4. Cancelled cheque copy for ECS
5. Correct Contact details with E-mail ID & Expense Category
6. SME (Small and medium Enterprises) Certificate as per SME ACT.(Only for SME vendors)

3. Purchase Voucher Guidelines

All the authorized purchase voucher must be submitted as per below guideline.

3.1 Vendor Payments – General Rules

- i) All authorized PV must be submitted along with tax Invoice & proper supporting. It should be in line with DOAG matrix. Unauthorized & incomplete PV will not get processed.
- ii) Purchase voucher should be properly filled in with all required details, including authorized person's name, bill details, BCA no. if any e.t.c.
- iii) If approved purchase voucher doesn't fits in the DOAG limit of the approver then the functional coordinator of department will coordinate for next level manager approval.
- iv) It will be user's responsibility to forward the cheque to vendor once the payment is done. The cheque can be collected from location or from treasury in BOM CO.
- v) Users will directly coordinate with the vendors for any invoice submission or payment process queries. Accounts Payable team will help vendors to reconcile statement & provide required invoice and payment details.
- vi) Any manual correction on vendor invoices will not be accepted. Credit Note / Debit Note should be arranged for any addition/deduction to be done in invoice amount or fresh invoice to be arranged for the same.
- vii) Accounts Payable team will dispatch the TDS certificates to vendor after 45 days from return filling.



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- viii) Determination of invoice due date will be based on Invoice date. The count-down will begin from date of invoice.
- ix) All the payment related to stationary and grocery (tea /coffee), challan copy is mandatory as an evidence of receipt of material.
- x) Approver can also approve PV through DHL official email ID and showing the snapshot / details of amount approved.
- xi) Advance will be processed excluding taxes, if applicable. In case of advances to be processed for 100% of invoice value, Finance Manager's approval on PV is required.
- xii) Advance (other than Capex) will be processed based on PO/Agreement. All Advances should be closed within 30 days. Exception to be approved by Finance manager.
- xiii) Any amendment in PO must be approved by country procurement head and CFO.

3.2 Vendor Payments - Linehaul & Clearance Bills

- All Authorized PV must be submitted along with Original Tax Invoice showing clear stamp and signature. All linehaul PV should have MAWB & CALMS report as supporting.
- Revision in rates should be informed to Finance in advance & before submission of invoices.
- Any exceptional (one time) rates should be approved by Network Planning Manager.
- For Clearance Bills, there should be valid Agreement in place. PV without contract to be approved as per NON PRPO guidelines

3.3 Vendor Payments – Pre-Deposit Accounts Duty & Warehouse (PDA)

- All Authorized PV should have proper usage statement matching with Opening/Closing balance.
- PDA Summary/Statement to be signed by Location SCM.

3.4 Vendor Payments – Commission & Offnet

- Sales Team should provide the revenue details for calculating commission before 10th of every month.
- All vendors should have a valid contract. Bank guarantee is must for every franchisee as per agreed contract.
- Franchisee will send debit notes for processing payments.
- All Offnet PVs should have Revenue/margin calculation statement & Revenue billing date or details are must on voucher or with separate statement.



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3.5 Vendor Payments – Rent

Fleet

- All Authorized PV should have proper supporting as mentioned below
 - Proper **tax invoice** showing correct details such as Bill. No., Name ,Tax Details & should be authorized by Vendor
 - Complete Log Sheet authorized by Location manager/Supervisor, Log sheet must be in line with Authorized invoice.
 - PV without contract will be approved as per Non-contracted DOAG.

Lease - Land and building

- All Rental vendors must have valid agreement & with correct details such as period, advance, deposits, escalation & recovery of advance rent. BCA number is must for each agreement and it must be aligned with BCA.
- Authorized rent batch/PV should be submitted on 4th working days of every month and it will get process by 10th working days.
- All other Authorized PV related to service tax and rent will get processed as per payment cycle.

3.6 Vendor Payments – Security/Cleaning/Manpower

- All vendors must have valid agreement & with Proper supporting. PF/ESIC/ Attendance sheet is mandatory.
- Attendance sheet to be authorized by local Manager/Supervisor.
- All other Authorized PV related to service tax and rent will get processed as per payment cycle



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3.7 Vendor Payments – Capex

- Please refer Local BCA policy for clarification on Capex item
- Below documents are must for Capex Items apart from authorized PV
 - BCA No.
 - Purchase order & GRN in System
 - CGRN & Tax Invoice with other supporting
- Payment (advance) will be released based on PO terms & conditions & BCA is must.
- All the authorized vouchers\invoices related to Capex item can be processed once it is checked and approved by GL team.

3.8 Vendor Payments – Foreign payments

- Vendor registration to be completed with additional details as below
 - Permanent establishment certificate (Yearly basis)
 - Tax residency certificate & form 10F
 - Bank details for foreign remittance i.e. Swift Code details and address.
- Local Agreements/PO (if there is no local agreement then please provide Global Contract)
- In case of non-availability of Agreement/PO then function SMT and finance manager approval is required.
- All the authorized vouchers\invoices will get processed within 10-15 days depending on document availability and CA certifications.

4. Overdue invoices

- Invoice overdue more than 90 days need proper justification for delay submission.
- Invoice overdue more than 180 days need proper justification with Function SMT and finance manager approval for payment.
- Invoice overdue more than 360 days need proper justification with Function SMT, finance manager & Country CFO approval for payment.



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5. Query Handling


Turnaround time will be 3 Working days for all Queries. If not resolved as per TAT then escalation can happen as below

- 1st level Escalation – Accounts Payable Supervisor (after 3 working day)
- 2nd Level Escalation – AP & payroll manager (after 3 working day)
- 3rd Level Escalation – Finance manager (after 3 working day)

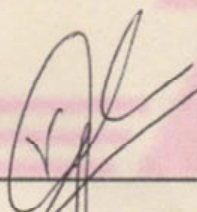
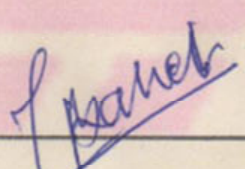
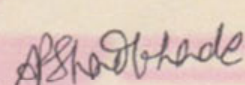
6. Exceptions

Any other Exception to the policy will be approved by

- Below 5 Lacs – Functional SMT and Finance Manager
- Above 5 Lacs - Functional SMT, Finance Manager & CFO



The image shows three handwritten signatures in blue ink over a light yellow background with a faint DHL logo. Below each signature is a horizontal line, and under each line is the name and title of the signatory.

		
AP & Payroll Manager	Finance Manager	Country CFO
Girish Vishwakarma	Jayesh Baheti	Anjali Bhadbhade