TAX AUDIT REPORT

U-s.44AB

OF

M/s. SHREE INFRA

A.Y. 2013- 2014

SNK & Co.
CHARTERED ACCOUNTANTS
'SNK House' 31-A, Adarsh Society,
Opp. Seventh Day Adventist High School,
Athwalines, Surat - 395 001. Gujarat, India.
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FORM NO. 3CB

[See rule 6G(1)(b)]

Audit report under section 44AB of the Income-tax Act, 1961, in the case of a person referred to in clause (b) of sub-rule (1) of rule 6G

1. We have examined the balance sheet and profit & loss account as at 31st March, 2013 attached herewith, of **M/s. Shree Infra,** Mota Varachha, Nr. Valkeshwar Society, Padder Road, Surat. (P.A.N. ABIFS 0698 F)
2. We certify that the balance sheet and profit & loss account is in agreement with the books of account maintained at the office at the above mentioned address.
3. We have not noticed or observed any significant or material discrepancies/ inconsistencies during the course of audit requiring specific comments and accordingly we report that:

   (A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit.

   (B) In our opinion, proper books of account have been kept by the office of the assessee so far as it appears from our examination of the books.

   (C) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, if any, give true and fair view:- -

   (i) in the case of the balance sheet, of the state of the affairs of the assessee as at March 31, 2013 and

   (ii) in the case of the profit and loss account of the profit of the assessee for the year ended on that date.
4. The statement of particulars required to be furnished under section 44AB is annexed herewith in Form No. 3CD. In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said Form No.3CD and the Annexures thereto are true and correct.

For SNK & Co.
Chartered Accountants,
Firm Reg. No.:109176W

Shehzad Karanjia
Partner.
Membership No. 103560
Place : Surat
Date : July 05.2013

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FORM NO. 3 CD

Statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961

PART - A

1. Name of the assessee	:	M/s. Shree Infra
2. Address	:	Mota Varachha, Nr. Valkeshwar Society, Padder Road, Surat.
3. Permanent Account Number	:	ABIFS0698F
4. Status	:	Partnership Firm
5. Previous year ended	:	March 31, 2013
6. Assessment year	:	2013-2014

PART – B

7. (a)If firm or Association of Persons, indicate names of partners-members and their profit sharing ratios.	As Per Annexure-I
(b)If there is any change in the partners or members or in their profit sharing ratio since the last date of the preceding year, the particulars of such change	There is no change in partners and their profit-sharing ratios.
8. (a) Nature of business or profession. (if more than one business or profession is carried on during the previous year, nature of every business or profession)	Developing and building residential housing projects.
(b)If there is any change in the nature of business or profession, the particulars of such change.	Not Applicable
9. (a) Whether books of account are prescribed under section 44AA, if yes, list of books so prescribed.	No
(b) Books of account maintained. (In case books of account are maintained in a computer system, mention the books of account generated by such computer system).	1) Purchase Book 2)Cash Book 3)Bank Book 4) Journal Book 5)Ledger
(c) List of books of account examined.	Same as Para 9(b) above
10.Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section).	No
11.(a)Method of accounting employed in the previous year.	Mercantile

(b) Whether there has been any change in the method of accounting employed *vis-à-vis* the method employed in the immediately preceding previous year.	No Change
(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the Profit or loss.	Not Applicable
(d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed under section 145 and the effect thereof on the profit or loss.	There is no deviation in the method of accounting employed in the previous year from accounting standards prescribed under section 145
12. (a) Method of valuation of closing stock employed in the previous year.	N.A. since the assessee is a builder and follows Project Completion Method for accounting purpose. Assessee has adopted Project Completion Method for accounting purpose. In respect of the of the stock whose work is fully complete is shown as finished stock which is valued at cost comprising of direct and indirect expenses. And the stock whose work is incomplete is shown as work in progress comprising of direct expense like cost of land proportionate to the incomplete work and other proportionate direct and indirect expenses. The valuation of Finished stock unsold and Work in Progress as on 31-3-2013 is as per the certificate provided by the partners of the firm since the firm has not been able to provide any technical valuation report or certificate from an architect or a civil engineer.
(b) Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss.	Not Applicable
12A Give the following particulars of the capital asset converted into stock-in-trade: - (a) Description of capital asset, (b) Date of acquisition; (c) Cost of acquisition; (d) Amount at which the asset is converted into stock-in-trade.	Nil

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13. Amounts not credited to the profit and loss account, being.-

(a) the items falling with the scope of section 28;	Nil
(b) the proforma credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax where such credits, drawbacks or refunds are admitted as due by the authorities concerned;	Nil
(c) escalation claims accepted during the previous years;	Nil
(d) any other item of income;	Nil
(e) capital receipt, if any.	Nil

14. Particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form:-

(a) Description of asset-block of assets.

(b) Rate of depreciation.

(c) Actual cost or written down value, as the case may be.

(d) Additions-deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of -

(i) Modified Value Added Tax credit claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1st March, 1994,

(ii) change in rate of exchange of currency, and

(iii) subsidy or grant or reimbursement, by whatever name called.

(e) Depreciation allowable.

(f) Written down value at the end of the year.

As per Annexure - 2

15. Amounts admissible under sections 33AB, 33ABA, 33AC (wherever applicable), 35, 35ABB, 35AC, 35CCA, 35CCB, 35D, 35DD, 35DDA, 35E :-

(a) Debited to the profit and loss account (showing the amount debited and deduction allowable under each section separately);	Nil
(b) not debited to the profit and loss account.	Nil

16. (a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profit or dividend. [Section 36(1)(ii)].	Nil
(b) Any sum received from employees towards contributions to any provident fund or super annuation fund or any other fund mentioned in section 2(24)(x); and due date for payment and the actual date of payment to the concerned authorities under section 36(1)(va).	Nil
17. Amounts debited to the profit and loss account, being :-	
(a) expenditure of capital nature;	Nil
(b) expenditure of personal nature;	Nil
(c) expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party;	Nil
(d) expenditure incurred at clubs, -	
(i) as entrance fees and subscriptions;	Nil
(ii) as cost for club services and facilities used;	Nil
(e) (i) expenditure by way of penalty or find for violation of any law for the time being in force;	Nil
(ii) any other penalty or fine;	Nil
(iii) expenditure incurred for any purpose which is and offence or which is prohibited by law;	Nil
(f) amounts inadmissible under section 40(a);	Interest on TDS ₹ 21,898 /-
(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)-40(ba) and computation thereof;	During the year salary to partners have been paid of ₹ 21,00,000/- and the same is admissible since the permissible salary is Rs 47,434,801/- Computed as per Annexure-3 and thus the salary deductible is to the extent of salary actually paid i.e. ₹ 21,00,000/-
(h) (A) Whether a certificate has been obtained from the assessee regarding payments relating to any expenditure covered under section 40A(3) that the payments were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be. [Yes-No]	Yes

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(B) Amount inadmissible under section 40A(3), read with rule 6DD {with break-up of inadmissible amounts]	Amount paid to DGVCL of Rs. 455,758/-
(j) provision for payment of gratuity not allowable under section 40A(7);	Nil
(k) any sum paid by the assessee as an employer not allowable under section 40A(9);	Nil
(l) particulars of any liability of a contingent nature.	Nil
(m) amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income.	Nil
(n) amount inadmissible under the proviso to section 36(1)(iii)	Nil
17A. Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil
18. Particulars of payments made to persons specified under section 40A(2)(b).	As per Annexure – 4
19. Amounts deemed to be profits and gain under section 33AB or 33ABA or 33AC.	Not Applicable
20. Any amount of profit chargeable to tax under section 41 and computation thereof.	Nil
21. (i) In respect of any sum referred to in clause (a), (b), (c), (d), (e) or (f) of section 43B, the liability for which, -	
(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was	Nil
(a) paid during the previous year.	Nil
(b) not paid during the previous year.	Nil
(B) Was incurred in the previous year and was	
(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);	Out of ₹ 14,77,033/- Service tax payable, ₹ 140,730/- has been paid on 02-05-2013 and the balance of Rs. 13,36,303/- is outstanding till the signing of the audit report.
(b) not paid on or before the aforesaid date.	Nil

* State whether sales, tax, customs duty, excise duty or any other indirect tax, levy, cess, impost, etc. is passed through the profit and loss account.	Yes, such taxes, duties, levies etc. wherever applicable, are passed through the profit and loss account, if revenue in nature and borne by the assessee.
22.(a) Amount of Modified Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Modified Value Added Tax credits in the accounts.	Nil
(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account.	Nil
23. Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque. [Section 69D].	Nil
24.(a) Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:-	
(i) name, address and permanent account number (if available with the assessee) of the lender or depositor; (ii) amount of loan or deposit taken or accepted; (iii) whether the loan or deposit was squared up during the previous year; (iv) maximum amount outstanding in the account at any time during the previous year; (v) whether the loan or deposit was taken or accepted otherwise than by an account payee cheque or an account payee bank draft.	Nil
(These particulars needs not be given in the case of a Government company, a banking company or a corporation established by a Central, State or Provincial Act.)	
(b) Particulars of each repayment of loan or deposit in an amount exceeding the limit specified in section 269T made during the previous year :-	
(i) name, address and permanent account number (if available with the assessee) of the	Nil

payee;	
(ii) amount of the repayment;	Nil
(iii) maximum amount outstanding in the account at any time during the previous year;	Nil
(iv) whether the repayment was made otherwise than by account payee cheque or account payee bank draft.	Nil
(c) Whether a certificate has been obtained from the assessee regarding taking or accepting loan or deposit, or repayment of the same through an account payee cheque or an account payee bank draft. [Yes-No]	Not Applicable
The particulars (i) to (iv) at (b) and the Certificate at (c) above need not be given in the case of a repayment of any loan or deposit taken or accepted from Government, Government company, banking company or a corporation established by a Central, State or Provincial Act	
25.(a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available :	Nil

NIL

(b) Whether a change in shareholding of the company has taken place in the previous year due to which the losses incurred prior to the previous year cannot be allowed to be carried forward in terms of section 79.	Not Applicable
26. Section-wise details of deductions, if any, admissible under Chapter VI-A.	Nil
27.(a) Whether the assessee has complied with the provisions of Chapter XVII-B regarding deduction of tax at source and regarding the payment thereof to the credit of the Central Government. [Yes-No]	We have verified the compliance with the provisions of Chapter XVII-B regarding the deduction of tax at source and regarding the payment thereof to the credit of the Central Government in accordance with the Auditing Standards generally accepted in India which include test checks and the concept of materiality. The non-compliance as revealed during such audit procedures are as mentioned in clause (b) hereunder
(b) If the provisions of Chapter XVII-B have not been complied with, please give the following details, namely:-	

(i)	Tax deductible and not deducted at all*	Ni!
(ii)	shortfall on account of lesser deduction than required to be deducted	Nil
(iii)	tax deducted late	Nil
(iv)	tax deducted but not paid to the credit of the Central Government	Nil

"Please give the details of cases covered in (i) to (iv) above."

28.(a) In the case of a trading concern, give quantitative details of principal items of goods traded ;

(i) Opening Stock;
(ii) Purchases during the previous year;
(iii) Sales less returns during the previous year;
(iv) Closing stock;
(v) Shortage-excess, if any.

Not Applicable

(b) In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products :

A. Raw Materials :

(i) Opening Stock;
(ii) Purchases during the previous year;
(iii) Consumption during the previous year;
(iv) Sales during the previous year;s
(v) Closing stock;
(vi) yield of finished products ;
(vii) Percentage of yield;
(viii) shortage - excess, if any.

Not Applicable

B. Finished products - By-products:

(i) opening stock;
(ii) purchases during the previous year;
(iii) quantity manufactured during the previous year;
(iv) sales during the previous year;
(v) closing stock;
(vi) shortage - excess, if any.

Not Applicable

* Information may be given to the extent available.

29. In the case of a domestic company, details of tax on distributed profits under section 115-O in the following form :-

(a) total amount of distributed profits;	--
(b) total tax paid thereon;	--
(c) dates of payment with amounts.	--

30. Whether any cost audit was carried out, if yes, enclose a copy of the report of such audit [See section 139(9)]. — No

31. Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit. — No

32. Accounting ratios with calculations as follows :-

(a) Gross profit - Turnover;	As per Annexure- 5
(b) Net profit - Turnover;	
(c) Stock-in-trade - Turnover;	
(d) Material consumed - Finished goods produced.	

For SNK & Co.
Chartered Accountants.
Firm Reg. No.:109176W

Shehzad Karanjia
Partner.
Membership No. 103560

Place : Surat.
Date : July 05, 2013

For M/s. Shree Infra

Partner

Annexure - I

PART A

1.	Name of the assessee	:	**M/s. SHREE INFRA**
2.	Address	:	Mota Varachha ,Nr Valkeshwar Socie Padder Road ,Surat.
3.	Permanent Account Number	:	ABIFS0698F
4.	Status	:	Firm
5.	Previous Year Ended	:	March 31, 2013
6.	Assessment Year	:	2013-2014

PART B

Nature of Business	:	Developing and Building Housing Projects
Code	:	**0401**

Sr. No.	Parameters	Current Year	Preceding Year
1.	Partner's Capital	245,299,594	179,457,912
3.	Reserves and Surplus	-	-
4.	Secured loans	-	-
5.	Unsecured loans	-	-
6.	Current liabilities and provisions	45,863,624	35,966,434
7.	Total of Balance Sheet	245,299,594	179,457,912
8.	Gross turnover/ Receipts	-	-
9.	Gross profit	-	-
10.	Commission received	-	-
11.	Commission paid	-	-
12.	Interest received	25,837	-
13.	Interest paid	20,345,083	15,346,217
14.	Depreciation as per books of account	167,516	172,716
15.	Net Profit (or loss) before tax	77,123,501	22,424,071
16.	Taxes on income paid/provided for in the books	-	-

For & on Behalf of
SNK & Co.
Chartered Accountants
Firm Reg. No.:109176W

Shehzad Karanjia
Partner.
Membership No. 103560

For M/s Shree Infra

Partner

Place : Surat
Date : July 05, 2013

M/s. SHREE INFRA

Annexure-1

Clause 7(a) to Form no. 3CD
Details of Partners and their profit sharing ratio

Sr No	Name of The Partner	Share in Profit (%) in the year
1.	Lavjibhai Dungarbhai Daliya	25%
2.	Anilbhai Vashrambhai Mangukiya	10%
3.	Vashrambhai Narshibhai Mangukiya	10%
4.	Jayantibhai Veerjibhai Babariya	20%
5.	Pallaviben Anilbhai Mangukiya	5%
6.	Haribhai Devrajbhai Babriya	5%
7.	Hareshbhai Jashmantbhai Moradiya	8%
8.	Kalubhai Ramjibhai Moradiya	9%
9.	Kamleshbhai vittalbhai Moradiya	8%
	TOTAL	100.00%

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M/s. SHREE INFRA

Annexure-2

Clause 14 of Form No. 3CD

Depreciation allowable as per I.T. Act, 1961

Sr. No.	Name of the block	Rate %	W.D.V as on 01/04/2012	Additions upto 30/09/2012	Additions after 30/09/2012	Total	Depreciation	W.D.V as on 31/03/2013
1	**Block I - 10%**							
	Furniture and fixtures	10.00%	251,959	-	4,650	256,609	25,428	231,181
		5.00%	-	-	-	-	-	-
			251,959	-	4,650	256,609	25,428	231,181
	TV Set	10.00%	114,818	-	-	114,818	11,482	103,336
		5.00%	-	-	-	-	-	-
			114,818	-	-	114,818	11,482	103,336
	Sub-Total		366,777	-	4,650	371,427	36,910	334,517
2	**Block II - 60%**							
	Computer	60.00%	1,107	26,800	-	27,907	16,744	11,163
		30.00%	-	-	-	-	-	-
			1,107	26,800	-	27,907	16,744	11,163
3	**Block III - 15%**							
	Counting Machine	15.00%	18,271	-	-	18,271	2,741	15,530
		7.50%	-	-	-	-	-	-
			18,271	-	-	18,271	2,741	15,530
	Electrical Pump	15.00%	35,832	-	-	35,832	5,375	30,457
		7.50%	-	-	-	-	-	-
			35,832	-	-	35,832	5,375	30,457
	Generator Set	15.00%	592,845	-	-	592,845	88,927	503,918
		7.50%	-	-	-	-	-	-
			592,845	-	-	592,845	88,927	503,918
	Inverter	15.00%	32,625	-	-	32,625	4,894	27,731
		7.50%	-	-	-	-	-	-
			32,625	-	-	32,625	4,894	27,731
	Air Conditioner	15.00%	58,812	-	-	58,812	8,822	49,990
		7.50%	-	-	-	-	-	-
			58,812	-	-	58,812	8,822	49,990
	Cleaning Machine	15.00%	-	20,700	-	20,700	3,105	17,595
		7.50%	-	-	-	-	-	-
			-	20,700	-	20,700	3,105	17,595
	Sub-Total		738,384	20,700	-	759,084	113,863	645,221
	Total		**1,106,267**	**47,500**	**4,650**	**1,158,417**	**167,517**	**990,901**

S N K & Co. Chartered Accountants

M/s. SHREE INFRA

Annexure-3

Clause 17(g) of Form 3CD

Computation for Permissible Salary allowable under Sec.40(b)

Computation of Income	₹	₹	₹
Business Income :			
Profit as per profit and loss account		77,123,501	
Add: Disallowables			
Depreciation as per books	167,516		
Interest on TDS	21,898		
Partners Salary	2,100,000	2,289,414	
		79,412,916	
Less :			
Income considered Separately :			
Interest on Fixed Deposits	25,837		
Rental Income	12,000		
Dividend from shares	299,560	337,397	
		79,075,519	
Less :			
Depreciation allowable as per I.T. Act, 1961.		167,517	78,908,002
Less: Partners salary allowable u/s. 40(b)			
On first Rs. 3 lacs of book profit 90%		270,000	
On the balance of the book profit 60%		47,164,801	
Permissible salary		**47,434,801**	
Less: Restricted to the amount actually paid			2,100,000

M/s. SHREE INFRA

Annexure-4

Clause 18 of Form 3CD

Payment made to persons specified u-s 40A(2)(b)

Sr No	Partner	Nature of Transaction	Amount (In ₹)
1.	Lavjibhai Dungarbhai Daliya	Interest on Partner's capital	47,93,884
		Partners salary	15,00,000
2.	Anilbhai Mangukiya	Interest on Partner's capital	21,62,387
3.	Vashrambhai Mangukiya	Interest on Partner's capital	22,01,737
		Partners salary	6,00,000
4.	Jayantibhai Babariya	Interest on Partner's capital	43,55,107
5.	Pallaviben Mangukiya	Interest on Partner's capital	9,42,354
6.	Haribhai Babriya	Interest on Partner's capital	6,15,331
7.	Hareshbhai moradiya	Interest on Partner's capital	16,67,981
8.	Kalubhai R. Moradiya	Interest on Partner's capital	19,59,916
9.	Kamleshbhai Moradiya	Interest on Partner's capital	16,03,834

M/S. SHREE INFRA

Clause 32 of Form No. 3CD

Annexure -5

Accounting ratios:

(a)	**Gross Profit / Turnover:**	N. A.
	(the said ratio is not applicable because the assessee is not engaged in the business of manufacturing / trading)	
(b)	**Net Profit / Turnover:**	
	Net Profit before Tax (Excluding Disclosure Amt. and other Income)	15,086,104
	Sales/ Turnover (Excluding Amount of Disclosure, Inventory and other income)	103,978,050
	Net Profit / Turnover (in %)	**14.51%**
(c)	**Stock in trade / Turnover:**	
	Stock of finished goods	208,482,445
	Sales/ Turnover (Excluding Amount of Disclosure, Inventory and other income)	103,978,050
	Stock in trade / Turnover	**2.01 times**
(d)	**Material consumed / Finished goods produced:**	N. A.
	(the said ratio is not applicable because the assessee is not engaged in the business of manufacturing)	