

**BEFORE EXCISE & TAXATION COMMISSIONER-CUM-REVISIONAL  
AUTHORITY HIMACHAL PRADESH SHIMLA-09**

**Revision No 45/2014-15**

Date of Institution : 29<sup>th</sup> December, 2015  
Order reserved Date : 03<sup>rd</sup> October, 2020  
Date of Order : 26<sup>th</sup> October 2020

**In the matter of:**

**M/s Budget Signs  
Sector 76, Thana,  
Baddi, District Solan, H.P**

**Present:**

1. Shri D.K Gupta, Advocate, for M/s Budget Signs
2. Shri Rakesh Rana, Sr. Law Officer, for the Department

**ORDER**

**Brief History of the case: -**

The case begins with the assessment order passed by Assessing Authority at Baddi-II Circle on 7<sup>th</sup> March 2009 in which an additional tax liability for M/s Budget Signs was worked out at Rs 1,85,67,480 only. This was worked on the basis that the M/s Budget Signs (hereinafter referred to as the dealer) had availed concessional tax rate of 1% whereas they should have paid tax at the prevailing tax rate of 12.50%. The dealer went in appeal to the first appellate authority, the Zonal Collector. Here the dealer brought the claim that the transactions in question should be viewed as a contract and not as a sale, which has been done by the assessing authority in the original order dated 7<sup>th</sup> March 2009. The departmental representative said that only a partial scrutiny of the case had been carried out and admitted that there was labour involved in the execution of work contract. It was also stated by the department representative that the department had no objection to relook into the case. Based largely on this admission, the appellate authority remanded the case back to the assessing authority for re-examination on 27<sup>th</sup> of February, 2010. The assessing authority passed the assessment order on the 18<sup>th</sup> of March, 2010. The main features of this order, distinguished from the earlier order of the assessing authority dated 7<sup>th</sup> March 2009 are as follows:

- i. It treated the entire transaction as work contract and not as sale
- ii. It gave a standard labour deduction ranging from 22% to 23% of total turnover for the four years from 2005-06 to 2008-09
- iii. It used the books of accounts for calculating the taxable turnover and not the returns
- iv. It allowed deductions against C forms which were not considered in the earlier assessment order
- v. Also, the taxable turnover (arrived upon by reducing labour and installation charges from the Gross turnover), was taxed at the rate of the inputs. Most of the inputs were in the 4% slab, with a few in the 12.5%. In the earlier assessment order, it was taxed at 12.5% because that was the rate for the specific goods since it was treated as a sale.
- vi. In addition, keeping the earlier point (iv) in view, it gave the benefit of 1% tax rate for which C forms were available.

*Rebut*



Based on the above, a demand of Rs 1,70,51,790 was ascertained. The split between the Part A liability (Intra-state sale) and Part B (Inter-state sale) is given below.

|         | Part A | Part B      |
|---------|--------|-------------|
| 2005-06 | 500    | 4301171     |
| 2006-07 | 0      | 4031455     |
| 2007-08 | 0      | 5565890     |
| 2008-09 | 0      | 3152774     |
| Total   | 500    | 1,70,51,290 |

In this order we will henceforth limit ourselves to Part B of this assessment.

The Excise and Taxation Commissioner used the revisional powers under 46(1) of the HP VAT Act, 2005 to re-adjudicate upon the case. The revision order was announced on the 15<sup>th</sup> of March, 2011. The main features of this order were as follows:

- i. Assessment order dated 18<sup>th</sup> March 2010 was set aside and case was remanded back to the AETC Baddi to re-assess. Consequently, the Assessing authority passed the assessment order on 10<sup>th</sup> January, 2012.
- ii. The order declared that since the dominant component of the transaction was the sale of signboard, using the dominant nature test given by the three-Judges bench of the Hon'ble Supreme Court in the matter of **State of Andhra Pradesh Vs Kone Elevators case (2005)**, the entire transaction was to be treated as a sale. It also quoted the State of Andhra Pradesh Vs Hindustan Shipyard Case (2000) to support its contention. Thus, it stated that the entire output was taxable at 12.5% (and not at the rate of the inputs which had been done by the AA) with no labour deductions.
- iii. It did not allow the availing of the C forms worth Rs 2,57,61,703 which had been allowed by the Assessing authority. This was disallowed on the grounds of these not being genuine. It also stated that no cross verification had been done of the C forms.

Based on the above, it was worked out that loss was caused to the exchequer by this faulty assessment in the following ways:

- i. Wrong deductions of labour reduced tax liability by Rs 1.69 crores
- ii. Wrong application of tax rate reduced tax liability by 3.71 crores.
- iii. Furthermore, allowing C forms wrongly reduced the tax liability by about Rs. 29.62 lakhs, however, same is not mentioned in the order *ibid* (calculated in Page 9 of this order).

This order was challenged by the dealer in the court of the HP Appellate Tax Tribunal in the form of a Revision Petition. The Hon'ble Tribunal announced its order on 29<sup>th</sup> August, 2013. The main features of this order were as follows:

- i. The Hon'ble Tribunal set aside the assessment order dated 10<sup>th</sup> January 2012 passed by the AA – which was based on the order of the Commissioner dated 15<sup>th</sup> March 2011. The Hon'ble Tribunal remanded the case back to the Commissioner.
- ii. The Hon'ble Tribunal directed to constitute a committee at the departmental level to look into that issue of how to distinguish between sale and work contract. The committee submitted its report on 4<sup>th</sup> September 2015. It concluded the report stating clearly that there is no standard formula which can distinguish contract for sale from a work contract.

- iii. Hon'ble Tribunal did not comment on the correctness of the assessment order of 18<sup>th</sup> March 2010, since it was not part of the record.
- iv. Para 18 of the Hon'ble Tribunal order summarized the gist of its order with clear directions on how to treat labour deductions, interstate sales, intra state transactions, use of C forms, the relevant tax rates and the relevance of article 286 on clarifying whether tax could be levied on contracts executed outside the state of tax. It is reproduced below :-

*"18 In view of the above said position, the following facts emerge: --*

- (a) The appellant being a dealer registered under the HP VAT Act 2005, is authorized to undertake sales which include work contract. Such sales can be inter-state sales;*
- (b) In view of Article 286 of the Constitution of India and the specific agreement between the appellant and the customers based outside the state. State of H.P cannot levy tax on work contract executed outside the state and on material/ labour procured and hired outside State of H.P;*
- (c) all expenditure of labour, installation, inspection, freight, staff etc., deployed in the execution of works contract outside the state etc. are perforce to be deducted from taxable turnover;*
- (d) works contract executed within H.P. will be taxed as such;*
- (e) Being a registered dealer, appellant is authorized to use 'C' Form and 'F' Form etc. Benefit of Notification No. EXN-F (5)2/2005 dt. 30-06-2005, has been correctly disallowed;*
- (f) The manufactured or semi finished goods transported outside H.P are to be assessed to tax either at the rate applicable to inter-state sales, by way of furnishing 'C' Forms or if no 'C' Form furnished, the local rate of 4% or 12.5% would be applicable depending upon goods."*

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I have gone through record at hand and personally heard parties on 3<sup>rd</sup> October 2020. Arguments put forward by both the parties are the same as put forward to the then Revisional Authority, Hon'ble Tax Tribunal and my predecessors at different stages of the long history of this case. Based on the above long history of the case, the main questions to be taken up in this order are as follows:

- i. For the purposes of taxation, is the nature of the work done by the dealer to be treated as a work for sale or a work for contract? This order will examine the varying viewpoints and the prevailing case law on the same. Based on the conclusion, how is the taxation to be done for this transaction?
- ii. Treatment of Labour deduction
- iii. Treatment of C forms
- iv. Tax rate to be applied

### Work Contract Vs Sale

The question is moot to this case. The decision on this question has a ripple effect on the subsidiary questions of treatment of labour deductions as well as which tax rate is to be applied. The opinion on this has oscillated with every judgement. The first order of AA on 7<sup>th</sup> March 2009 treated it as a sale. The second order of AA on 18<sup>th</sup> March 2010 treated it as a work for contract. The Revision order of 15<sup>th</sup>

March 2011 treated it as a sale. The Hon'ble Tribunal gave certain thumb rules for deciding upon on the same, as clearly quoted in Para 10 and Para 11 of the order, as under:

"10. Hon'ble Supreme Court has laid down various tests, by which a transaction can be judged in deciding whether a particular contract is a "work contract" or "contract of sale". The test indicated in several judgements are not exhaustive and do not lay down any rigid or inflexible rule applicable alike to all the transactions. The determination of the question depends upon the main object of the parties gathered from the terms and conditions of the contract, the circumstances of the transactions the customers of the trade and the intention of the parties at the time of entering into the contract. In the contract of sale, the main object of the parties is the transfer of the property for a price and delivery of the possession of the chattel as a chattel to the buyer: while in the work contract there is a transfer of a chattel qua a chattel. For judging the nature of the transaction, the court has to find out what was object of the transaction, the intention of the parties while entering into the transaction and the attending circumstances.

11. The method of computing taxable and gross turnover in the case of works contract is that tax is leviable not on the gross amount at a flat rate but only on the value of goods used in transfer to the contractee at the rates applicable to such goods. Therefore, I am not in agreement that the entire turnover should be taxed at a flat rate of 12.5%. the notional loss of 5.41 crore, as per revisional authority notice, is to be seen in the terms of authorised deductions of the appellant, whether the same have been allowed or not? Whether correct rate of tax levied and whether tax levied in accordance with law."

From here we need to clearly determine what is the key object of the parties and the nature of transaction between them. This key object has to be determined through documentation and not through verbal admissions or claims. It is precisely for this reason that sampling exercise was carried out to see the nature of invoicing done by the dealer, which reflects the agreement between the parties. (As shown in Annexure A) This would not only show what was the nature of the transaction but also the component wise break-up of the composite contract. Also, we need to determine the legal position on whether a composite contract can be broken up into composite parts? In this context it is important to cite the Hon'ble Supreme Court's 5 Judge bench judgement in the case titled **Kone Elevators Ltd Vs State of Tamil Nadu** dated 6<sup>th</sup> May 2014.

"58. To understand the reasons ascribed in the said decision, it is requisite to appreciate the principle relating to the overwhelming component test or major component test. We have already referred to the decision in *Bharat Sanchar (supra)* wherein it has been clearly stated that the dominant nature test has no application. The said principle has been reiterated in *Larsen and Toubro (supra)* by stating thus: -

"87. It seems to us (and that is the view taken in some of the decisions) that a contract may involve both a contract of work and labour and a contract of sale of goods. In our opinion, the distinction between contract for sale of goods and contract for work (or service) has almost diminished in the matters of composite contract involving both a contract of work/labour and a contract for sale for the purposes of Article 366(29A)(b). Now by legal fiction under Article 366(29A)(b), it is permissible to make such contract divisible by separating the transfer of property in goods as goods or in some other form from the contract of work and labour. A transfer of property in goods under clause (29A)(b) of Article 366 is deemed to be a sale of goods involved in the execution of a works contract by the person making the transfer and the purchase of those goods by the person to whom such transfer is made. For this reason, the traditional decisions which hold that the substance of the contract must be seen have

lost their significance. What was viewed traditionally has to be now understood in light of the philosophy of Article 366(29A).”

xxx

xxx

xxx

“97.5 A contract may involve both a contract of work and labour and a contract for sale. In such composite contract, the distinction between contract for sale of goods and contract for work (or service) is virtually diminished.

97.6 The dominant nature test has no application and the traditional decisions which have held that the substance of the contract must be seen have lost their significance where transactions are of the nature contemplated in Article 366(29A). Even if the dominant intention of the contract is not to transfer the property in goods and rather it is rendering of service or the ultimate transaction is transfer of immovable property, then also it is open to the States to levy sales tax on the materials used in such contract if such contract otherwise has elements of works contract. The enforceability test is also not determinative.”

62. It has been further observed therein as follows: -

“36. If the legal fiction introduced by Article 366(29A)(b) is carried to its logical end it follows that even in a single and indivisible works contract there is a deemed sale of the goods which are involved in the execution of a works contract. Such a deemed sale has all the incidents of a sale of goods involved in the execution of a works contract where the contract is divisible into one for sale of goods and the other for supply of labour and services.”

63. Considered on the touchstone of the aforesaid two Constitution Bench decisions, we are of the convinced opinion that the principles stated in *Larsen and Toubro (supra)* as reproduced by us hereinabove, do correctly enunciate the legal position. Therefore, “the dominant nature test” or “overwhelming component test” or “the degree of labour and service test” are really not applicable. If the contract is a composite one which falls under the definition of works contracts as engrafted under clause (29A)(b) of Article 366 of the Constitution, the incidental part as regards labour and service pales into total insignificance for the purpose of determining the nature of the contract.”

From this it is very clear that a composite contract can be legally divided into one for sale of goods and the other for supply of labour and services. Also, this contention is clearly supported by Para 18 of the judgement of the Honourable Tax Tribunal. As much as it states in para 18 (b) that the work contract executed outside the state is not exigible to tax in Himachal Pradesh, it clearly states in 18(f) that goods transported outside the state are to be taxed at the inter-sales tax rate or at rate of 1% if there are valid C forms. This is a de facto splitting of a composite contract into one for sale of goods and the other for supply of labour and services. As much as work contract portion is not exigible to be taxed in Himachal Pradesh, it clearly states that sale portion is to be taxed as per prevailing tax rate. As much as the Hon'ble Tribunal clearly states that entire output cannot be taxed at 12.5% (by treating the whole transaction as an outright sale), it also clearly implies that entire output is not to be taxed as a works contract at the lower 4% rate. Hence, to arrive at what the taxable turnover and tax liability should be, we need to know the 'nature' of the transaction, for which documents need to be studied.

Thus, this point is concluded by saying that this transaction has elements of both, sale of goods and the other for supply of labour and services. This point is further explained in the following paragraphs where the details of the invoices are discussed. To know the extent of each we need to go through invoices/ bills



and claims made by the dealer and findings in various judgements delivered during the pendency of this case.

### Treatment of Labour Deductions

To corroborate this finding, we need to know the 'nature' of the transaction. For this samples of purchase orders, work orders, invoices, is analysed.

A sample snapshot of bills/invoices and purchase order/ work order shows, they can be categorised in two types:

- i. Where the components of sale, transportation and installation are very clearly differentiated.
- ii. Where there is one single figure given for the entire transaction involving elements of sale, transportation and installation.

With reference to both 1 and 2 above, the sale/ supply of goods has to be considered the sale portion and the transportation and installation part is to be considered the supply of labour and services portion for purposes of interstate transactions. A sample snapshot of ten such bills/invoices with a clear value split between sale portion and supply of labour and services is given in Annexure-A. The labour and services varies from 2% to 16% of the total value of the composite transaction. The average division of value is roughly in the ratio 7:1 (87.5% to 12.5%) between the value of sale and value of supply of labour and services. To cross check the veracity of the samples we must compare the value of turnover from interstate transactions with expenditure on supply of labour and services portion as claimed by the dealer himself. As shown below it ranges from 10% to 15%.

| Expenses | Total turnover | Percentage |
|----------|----------------|------------|
| 0        | 100356245      | 0%         |
| 17600000 | 168830364      | 10%        |
| 27200000 | 203298043      | 13%        |
| 19000000 | 126901915      | 15%        |

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The expenses have been quoted from the para 6 of the judgement of the Hon'ble Tribunal. The above table mirrors the findings from the study of invoices given in Annexure A. Thus, it can clearly be said that for the purposes of estimating the taxable turnover, the labour deductions are to be given in the following manner:

- i. Where the bills/invoices or purchase order/ work order very clearly represent the split between the supply/sale on one hand and the transportation and installation on the other, the labour deduction is only to be given on the portion billed under transportation and installation (which will range from 0-15% on an average).
- ii. Where a single figure is given and the split is not given, the ideal deduction should be in the range of 10%-15%, depending on what evidence the dealer is able to supply for any transaction. In case he does not supply any supporting documents, a deduction rate at a flat 12.5% can be levied by the AA on a case to case basis.

However, the overall deduction allowed should be capped year wise by the claim made of 1.76 crores for 2006-07, 2.72 crores for 2007-08 and 1.90 crores for 2008-09 (Para 6 of Hon'ble Tribunal's order). Thus the deduction should be assessed transaction wise but, should not exceed these ceiling amounts. For the year 2005-06 total deduction should be capped at a maximum 12.5% of turnover. However, for the sake

of emphasis it is clarified that the AA should go through all vouchers/ invoices and apply flat rate only as a last resort when there is no other option left.

As of now the labour deductions in the AA order dated 18<sup>th</sup> March 2010 are in the range of 22%-23% which is unjustified on the basis of not only the nature of invoices but also the claims made by the dealer himself before the Hon'ble Tribunal. The impact of this higher deduction is given in the table below.

| Year    | Total turnover               | Labour Deduction given by AO at average of 22.5% | Labour deduction given at average of 12.5% |
|---------|------------------------------|--|--|
| 2005-06 | 10,03,56,245                 | 2,25,80,155                                      | 1,25,44,531                                |
| 2006-07 | 16,88,30,364                 | 3,91,57,537                                      | 2,11,03,796                                |
| 2007-08 | 20,32,98,043                 | 4,57,44,388                                      | 2,54,12,255                                |
| 2008-09 | 12,69,01,915                 | 2,82,62,865                                      | 1,58,62,739                                |
|         |                              | 13,57,44,945                                     | 7,49,23,321                                |
|         | Tax impact                   | 1,69,68,118                                      | 93,65,415                                  |
|         | Extra Tax relief given by AO | 76,02,703  |  |

Thus, keeping the spirit of the **Kone Elevators** judgment and the Hon'ble Tribunal's verdict, and the invoices on record it is clear that Taxable revenue of the government was reduced by more than Rs. 76 lakhs (approximate since we have taken 12.5% effective tax rate) on account of giving a higher labour deduction than what was due.

### Treatment of 'C' Forms

The Hon'ble Tribunal as per para 18 (e) and (f) has made its position very clear on C forms. It has not commented on the judgment of the Revisional Authority on this aspect. However, the validity of C forms has a clear implication on the tax liability and hence we need to track the findings on this issue on each stage of the case. In the first AA order dated 7<sup>th</sup> March 2009, it was clearly stated the dealer is not eligible for C Forms since the Consignees were not entitled to C forms. In the second, AA's order (the order under revision currently) the benefit of C forms was allowed to the value of 2.57 crores spread over 4 years. The Revisional Authority raised pertinent questions on genuineness like no details of items sold, absence of dates and bills numbers, contradictory entries of parties submitting forms and name of party as per statement of C form. The name of the dealers is also missing from the C Form related record of the dealer company, as stated by Revisional Authority. In his assessment order of 18<sup>th</sup> March 2010 the AA, has summarily gone on to give the benefit by stating "*After Examination the C Form are allowed*".

The Learned Tribunal has not commented or negated this aspect of propriety of C forms raised by the Revisional Authority and hence I would agree with the Revisional Authority on this issue. If such glaring shortcomings are found in the C forms on record, they have to be disallowed. If the assessing authority finds that there are strong reasons to allow the same he/she must explicitly justify the allowing of C forms and comment specifically on these shortcomings. The financial implication on tax liability due to C forms is given in the table below.



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|  | Value of C Forms |
|--|------------------|
| 2005-06                                    | 76,23,448        |
| 2006-07                                    | 64,71,657        |
| 2007-08                                    | 80,23,141        |
| 2008-09                                    | 36,43,457        |
|  | 2,57,61,703      |
| Actual tax rate                            | 12.50%           |
| Concessional rate                          | 1.00%            |
| Differential rate                          | 11.50%           |
| Extra tax liability                        | 29,62,596        |
| ( Approximate Extra relief, if disallowed) |                  |

### Tax Rate to be Applied

On analysing the work orders/purchase orders it was observed that contracts involve supply, fabrication and installation of sign boards (i.e. supply of labour and services). Therefore, composite contracts involve contract of sale of sign boards and installation of sign boards (i.e. supply of labour and services). Moreover, sign boards are being manufactured in Baddi (Himachal Pradesh) and are further transported to other states for installation. Once the issue of nature of work has been decided with the transactions having an element of sale and supply of labour and services, the applicable tax rates become abundantly clear. As shown in point 2 of Treatment of labour deductions, it is clear that labour and services portion of the transaction is to be deducted from taxable turnover. The remaining portion will be treated as interstate sale of Signboards and be taxed at the applicable 12.5% rate. However, the AA has taxed at the rate of inputs and most inputs were taxed in the 4% slab. Hence, not only has the Taxable turnover increased but also the rate to be applied on it. This is in complete consonance with the Hon'ble Tribunal order given in para 18(f). The calculation on Taxable turnover increase has been covered in the aforesaid point on labour deductions. The calculation in table below shows revenue due/foregone due to lower tax rate application.

|         | Turnover     | 4%          | 12.50%      | Difference  |
|---------|--------------|-------------|-------------|-------------|
| 2005-06 | 6,95,69,321  | 27,82,773   | 86,96,165   | 59,13,392   |
| 2006-07 | 12,25,44,505 | 49,01,780   | 1,53,18,063 | 1,04,16,283 |
| 2007-08 | 14,83,51,111 | 59,34,044   | 1,85,43,889 | 1,26,09,844 |
| 2008-09 | 9,45,88,455  | 37,83,538   | 1,18,23,557 | 80,40,019   |
|         | 43,50,53,392 | 1,74,02,136 | 5,43,81,674 | 3,69,79,538 |

Therefore, treating the portion of the transaction as an Interstate sale for which no C forms are claimed, the tax rate of 12.5% is applicable creating an additional tax liability of 3.69 crores approximately.

Thus to summarize, the approximate additional tax liability is shown in Table below:

| Reason                   | Additional Tax liability |
|--------------------------|--------------------------|
| Excess labour deductions | 76,02,703                |
| Wrong Tax Rate           | 3,69,79,538              |
| C Form if disallowed     | 29,62,596                |
|                          |                          |
| Total                    | 4,75,44,837              |



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It is estimated the dealer owes the state an additional tax revenue of approximately 4.75 crores if C forms are disallowed. If C forms are allowed, even then an approximate liability of 4.45 crores of the Dealer is clearly established.

**To sum up the main conclusions of this order are as follows:**


- i. The Nature of transaction based on invoices and bills very clear shows that the transaction has elements of sale and supply of labour and services. Approximate ratio of sale and supply of labour and services is roughly 7:1 (87.50 :12.50).
- ii. The portion of supply of labour and services will not be part of taxable turnover.
- iii. The remaining portion will be treated as interstate sale to be taxed at 12.5%.
- iv. C Forms to be allowed only on due verification and due checking. If C forms allowed or disallowed, it should be accompanied by detailed reasons for the decision taken.

Moreover, Interest and Penalties are to be levied as per law.

### **Final Order**

In view of above it is amply clear that the order of the AA dated 18<sup>th</sup> March 2010 is not legal and proper. Therefore, I hereby order the case to be remanded back to the ACSTE-cum-Assessing Authority of Baddi-II Circle to reassess the tax liability as per the conclusions, procedures and thumb rules arrived upon above, within a period of one month from today. All the parties be informed accordingly. Files after due completion be consigned to record.

*Announced.*


  
**Excise & Taxation Commissioner-  
cum-Revisional Authority,  
Himachal Pradesh**

Dated 26-10-2020

Endst. No. EXN/RA/2020-21/ 27131-27136

Copy to:

1. The Chairman H.P. Tax Tribunal, Dharamshala
2. M/s Budget Signs, Sector 76, Thana, Baddi
3. The Dy. Commissioner (State Taxes & Excise), BBN
4. Assessing Authority-cum-Assistant Commissioner (ST&E), Baddi-II Circle
5. Shri D. K. Gupta Advocate, Saproon Solan
6. Legal Cell

  
**Reader  
Excise & Taxation Commissioner-  
cum-Revisional Authority, HP**

Annexure A - Sample snapshot of ten bills/invoices or purchase order/work order with a clear value split between sale portion and supply of labour and services

Invoices/ Purchase orders from File No 1

| Particulars        | Page no 20                          |     | Page no 107                     |     | Page no 108          |     | Page no 120           |     |
|--------------------|-------------------------------------|-----|---------------------------------|-----|----------------------|-----|-----------------------|-----|
|                    | 2007-08 : RDB Car Pvt Ltd - Jodhpur | %   | 2006-07 : GREDHAR AUTO - GURJAT | %   | HPCL- PURCHASE ORDER | %   | HPCL - Purchase Order | %   |
| Sign Boards        | 9,43,661                            | 91% | 1,55,721                        | 98% | 33,273               | 88% | 3,71,250              | 85% |
| Installation       | 73,464                              | 7%  | 621                             | 0%  | 2,910                | 8%  | 21,471                | 5%  |
| Transport & Others | 20,500                              | 2%  | 3,000                           | 2%  | 1,662                | 4%  | 44,895                | 10% |
| <b>Total</b>       | <b>10,37,625</b>                    |     | <b>1,58,721</b>                 |     | <b>37,845</b>        |     | <b>4,37,616</b>       |     |

Invoices/ Purchase orders from File No.2

| Particulars        | Page no 1                     |     | Page no 2                        |     | Page no 31           |     | Page no 63                  |      | Page no 65                  |      |
|--------------------|-------------------------------|-----|----------------------------------|-----|----------------------|-----|-----------------------------|------|-----------------------------|------|
|                    | 2007-08 : Honda ltd - Jodhpur | %   | 2008-09 : Inspire Honda - Mysore | %   | HPCL- PURCHASE ORDER | %   | IOCL - Bombay (IGATPURI)    | %    | BPCL - Pathankot (Pb)       | %    |
| Sign Boards        | 8,59,727                      | 89% | 7,81,066                         | 91% | 3,71,250             | 85% | 4,80,081                    | 100% | 10,86,000                   | 100% |
| Installation       | 72,477                        | 8%  | 68,587                           | 8%  | 21,471               | 5%  | NIL                         | 0%   | NIL                         | 0%   |
| Transport & Others | 30,250                        | 3%  | 8,000                            | 1%  | 44,895               | 10% | NIL                         | 0%   | NIL                         | 0%   |
| <b>Total</b>       | <b>9,62,454</b>               |     | <b>8,57,653</b>                  |     | <b>4,37,616</b>      |     | <b>(Inclusive of taxes)</b> |      | <b>(Inclusive of taxes)</b> |      |

Note: Based on the above bills and Purchase Order Ranges of Installation, Transportation and other charges is calculated as 2% - 16%

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