

# **11<sup>th</sup> Annual Report 2010-2011**



ODISHA STATE BEVERAGES CORPORATION LIMITED

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**BOARD OF DIRECTORS  
AS ON 31.03.2011**

1.	Shri R.K.Sharma, IAS	Chairman
2.	Shri Saurabh Garg, IAS	Director
3.	Shri N.B.Dhal, IAS	Director
4.	Shri Sudarsan Nayak, IAS	Director
5.	Shri K.C.Mishra, IAS	Director.
6.	Shri Rabi Ranjan Mallicik, IAS	Managing Director

**PRESENT BOARD OF DIRECTORS AS ON 27.12.2013**

1.	Shri S.P.Thakur, IAS	Chairman
2.	Shri Manoj Ahuja, IAS	Director
3.	Shri Aswini Kumar Mishra, IA & AS	Director
4.	Shri Ashok Kumar Tarenia, IAS	Director
5.	Shri Akshaya Kumar Parida, OAS(S)	Director
6.	Shri Dwijaraj Kar, OAS(SAG).	Managing Director

**STATUTORY AUDITORS:**

M/s. ABP & Associates  
Chartered Accountants  
Plot No.11/A, 2<sup>nd</sup> Floor, Bapuji Nagar,  
Behind SBI, Bhubaneswar, Odisha-751019.

**BANKERS:**

Union Bank of India  
State Bank of India.  
IDBI Bank Limited

**REGISTERED OFFICE:**

9th Floor, IDCO Tower,  
Janpath, Bhubaneswar-751002, Odisha



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 11<sup>th</sup> Annual Report of the Corporation together with Audited Statements of Accounts and Auditors' Report thereon for the financial year 2010-11.

### FINANCIAL HIGHLIGHTS:

The financial results of the Company for the year ended 31<sup>st</sup> March 2010 vis-a-vis 31<sup>st</sup> March 2011 are:

PARTICULARS	For the Financial Year ended on 31.03.2011 (Amount in Rs.)	For the Financial Year ended on 31.03.2010 (Amount in Rs.)
<b>Total Income</b>	<b>118,23,34,848.44</b>	<b>85,46,84,126.46</b>
Total Expenditure	45,83,12,008.50	44,13,97,270.01
Profit before Tax & Depreciation	72,40,22,839.94	41,43,15,886.60
Less: Depreciation	7,84,089.00	10,29,030.21
Profit After Depreciation	72,32,38,750.94	41,32,86,856.45
Add/Less: Prior Period Profit/Loss	-	1,39,33,460.00
Add/Less: Net Prior Period Income/Expenditure	-	(8,51,957.00)
Profit Before tax	72,32,38,750.94	40,02,05,353.45
Tax Expenses Current Tax Deferred Tax	24,59,46,157.00	13,75,66,560.00
Profit After tax	<b>47,72,92,593.94</b>	<b>26,26,38,793.45</b>
<b>Appropriation:</b>		
General Reserve	<b>47,729,259.00</b>	-
Dividend	<b>14,31,87,778.00</b>	-
Dividend Tax	<b>2,43,34,763.00</b>	-

### DIVIDEND AND APPROPRIATIONS:

The Board of Directors of your company have recommended a Dividend on 30% of the net profit amounting to Rs.14,31,87,778.00 and the corporation will pay dividend distribution tax amounting to Rs.2,43,34,763.00 as per Income Tax, Act.

**OPERATIONS:**

The Odisha State Beverages Corporation Limited was incorporated under the Companies Act, 1956 on 6<sup>th</sup> November 2000 with the Registrar of Companies, Odisha, Cuttack.

The Corporation is vested with the exclusive right and privilege of importing, exporting and carrying on the wholesale trade and distribution of foreign liquor in the State on behalf of the State Government for the whole of the state of Odisha.

During the year, the total income of your Corporation was Rs.1629,77,98,948.15 and the total expenditure was Rs.15574560197.21. The net profit for the year is Rs. 47,72,92,593.94/-

The Corporation has seven depots at Khurda, Balasore, Sambalpur, Rayagada and Berhampur, Cuttack and Angul to keep stock of IMFL/ Beer manufactured by various manufacturing units.

**RESOURCES:**

The Authorised Share Capital and paid-up equity capital of your Corporation remained at Rs. 5.00 Crores and Rs. 1.00 Crore respectively. Government of Odisha and its nominees hold the entire equity share capital of the Corporation.

**MANAGEMENT:**

During the year Sri P.C.Nayak, IAS continued as Managing Director of the Corporation till 30<sup>th</sup> June 2010 and after his superannuation Sri S.Srinivasan, IAS Chairman of the Corporation has joined as Chairman-cum-Managing Director and continued up to 01.10.2010. Sri Raj Kumar Sharma, IAS has joined as new Chairman on 01.10.10 in place of Sri S.Srinivasan, IAS, ex-Chairman and Managing Director of the Corporation and Sri Rabi Ranjan Mallick, IAS, has joined as new Managing Director of the Corporation on 06.10.2010. Sri Sudarsan Nayak, IAS, Sri N.K.Dhal, IAS, Sri Saurabh Grag, IAS and Sri K.C.Mishra, IAS are continuing as Directors of the Corporation during the financial year.

**EMPLOYEES:**

As required by the provisions at Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, none of the Employees are in receipt of Rs.2,400,000/- per annum or more than Rs. 2,00,000/- per month during the financial year ending on 31st day of March 2011.

**AUDITORS:**

M/s. ABP & Associates, Chartered Accountants, Bhubaneswar has been appointed by C&AG as statutory auditors for the year 2010-11.

**COMMENTS ON AUDITORS' REPORT:**

The replies of your Management on the comments made by the Statutory Auditor and the C&AG of India on the Accounts of the Corporation for the financial year 2010-2011 are enclosed with this report in Annexure-I & II respectively.

**SECRETARIAL COMPLIANCE CERTIFICATE:**

As per proviso to sub-section (1) of Section 383A of the Companies Act, 1956, we are hereby enclosing a Secretarial Compliance Certificate for the year ended on 31<sup>st</sup> March 2011 with this report in Annexure-III.

**MEASURES TAKEN FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**

Considering the nature of business of the Odisha State Beverages Corporation Limited, information relating to the provisions of section 217(1)(e) of the Companies Act, 1956 and the rules made thereunder in respect of the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is NIL.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under sub-section (2AA) of Section 217 of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the Annual Accounts, for the year ended on 31<sup>st</sup> March 2011 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under report.
3. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGEMENT:**

The Board of Directors place on record their appreciation of full co-operation and continuing support received by the Corporation from various departments of the State Government and various nationalized banks. The Board expresses its sincere appreciation of the services rendered by the officers and staff of the Corporation during the year. The Board expresses its sincere thanks to all the suppliers, who have rendered all possible co-operations for growth of turnover and profitability of the Corporation.

**For and on behalf of the Board of Directors**

**Place: Bhubaneswar**

**Date: 01.01.2014**

**(Sri S.P.THAKUR, IAS)  
CHAIRMAN**

**ANNEXURE - 1**

**REPLIES OF MANAGEMENT ON OBSERVATION OF THE STATUTORY AUDITOR ON THE ANNUAL ACCOUNTS OF ODISHA STATE BEVERAGES CORPORATION LIMITED FOR THE FINANCIAL YEAR 2010-11.**

Sl.No.	Observations	Replies of Management
1.1	Fixed Deposits closing balance is understated by Rs.13,88,46,488.12 (Rs.167,13,51,338.12 as either confirmed by banks or documentary evidence available less Rs.153,25,04,850.00 as shown in the balance sheet)(Refer Annexure-2).The impact of the same in Liability/Income is not ascertainable.	The same amount is appearing in the Bank balance of the Corporation and necessary accounting treatment has been made in financial year 2011-12
1.2	Non Capitalization of fixed assets of Rs.97,500/- (Computer printer purchased on 05/-1/2011) purchased during the year and under charge of depreciation of Rs.9,082/- there on, consequential understatement of Fixed Assets –Net Block by Rs. 88,418/-current liability of Rs.97,500/- and overstatement of profit by Rs.9,082/-.	Complied in the Financial Year 2011-12
1.3	Depreciation on assets is understated by Rs.2,626/- (Short Charge on Printer Rs.2,798/-, Excess Charge on Office Equipment Rs.172/-)(Refer Annexure-2) and accordingly Fixed Assets net block & profit is overstated to that extent.	Complied in the Financial Year 2011-12
1.4	Expenses amounting to Rs.25,64,295/- not accounted in the current financial statement and there by profit is over stated and Current Liabilities are understated to that extent. (Refer Annexure-2)	Complied in the Financial Year 2011-12 Except Godown rent (Nirgundi,Rayagada)& Sambalpur as the same is not required.
1.5	Income amounting to Rs.2,87,390/- not accounted in the current financial statement and there by profit is understated and Current Asset are understated to that extent. (Refer Annexure-2)	Complied in Financial Year 2011-12
1.6	Interest income on Term Deposits amounting to Rs.45,06,045.67 is understated in the current financial statement and there by profit and Current Assets are understated to that extent. (Refer Annexure-2)	Complied in the Financial Year 2011-12
1.7	The prior period expenses of Rs.17,15,563/- and income of Rs.8,19,571/-Debited/Credited through Profit & Loss Account for Prior Period nature of such expenditure/ incomes. The profit for the year is understated by Rs 8,95,992/-.	Noted



1.8	Excess provision of Rs.1,17,150/- made on account of Office Rent and there by profit is understated and Current Liabilities are overstated to that extent.	Complied in the Financial Year 2011-12
1.9	Miscellaneous income overstated by Rs.5,44,584/- towards bidding amount (non refundable) there by profit is overstated and Current Liabilities are understated to that extent.	Complied in The Financial Year 2011-12
2.	The impact of the following having effect on the accounts is not ascertainable in the current financial statements	
2.1	Cash at Bank includes balance of Rs.42,42,41,769.20 (Net of Payment Rs.15,48,78,326.00 and Receipt Rs.57,91,20,095.20 stands in banks reconciliation statement) out of which Payment of Rs.9,20,10,509.00 and receipt of Rs.55,08,02,022.20 stands in bank reconciliation neither subsequent realisation confirmations nor other documentary evidence such as instrument wise or party wise details of such payment & receipts of the same balance with bank was made available for audit verification. (Refer Annexure-2)	Accounts with UBI and IDBI has been reconciled upto 31st march 2012.However in BRS of SBI an amount of Rs 574915307.34 is appearing under debtors control account. Instrumentwise details is not available, we are following up with the bank to resolve the issue .Adjustments (if necessitated ) shall be given in the succeeding year .
2.2	Cash at Bank includes balances of Rs.1,50,000.49 for which neither balance confirmations nor other documentary evidence of such balance with bank was made available for audit verification. (Refer Annexure-2)	Balance confirmation has been obtained for the year ended on 31st March 2012
2.3	Depot & Imprest advances of Rs.3,72,204.65 (Depot advances Rs.1,20,000.00 and Imprest advances Rs.2,52,204.65) for which neither balance confirmations nor other documentary evidence of such balance was made available for audit verification. (Refer Annexure-2)	Noted
2.4	Advance from Customers Rs.6,45,21,992.77 age wise, party wise breakup of balances and balance confirmations of the same not made available for our verification. (Refer Annexure-2)	We are in the process of reconciliation, the matter will be resolved in succeeding years.



	The above Advance from Customers Rs.6,45,21,992.77, wrongly disclosed as Advance to employee under other current liability (Schedule-9).Further, the amount is shown as net balance where as the gross values should have been disclosed separately in the Balance sheet as Advance from customers and sundry debtors respectively.	There is need to provided for provision in respect of advances made to excise dept.
2.5	Loan & Advance includes Advance to Excise Department of Rs.35,30,756/- , Legal Expenses paid in advance of Rs.34,625/- and Professional Charges paid in advance Rs.57,696/- were pending since long without making any provision against them.	Legal expenses adjusted in F.Y.2012-13, Professional charges in F.Y. 2011-12
2.6	Age-wise breakup of up and classification of loan and advances amounting Rs.122,62,18,912.96 whether recoverable or not were not available.	Details are in schedule 6 (loans and advance)forming part of financial year ended 2010-11 .
2.7	Sundry Debtors amounting to Rs.4,50,83,367.11, neither any reconciliation nor any Balance Confirmation Certificates have been obtained.	We are in the process of reconciliation ,the matter will be resolved in succeeding years.
	The above Sundry Debtors includes outstanding for more than 6 months amounting to Rs.18,01,314.25,neither any reconciliation nor any Balance Confirmation Certificates have been obtained, further no provision against the same was made in accounts.	We are in the process of reconciliation ,the matter will be resolved in succeeding years.
2.8	Old Excise payment of Rs.25,33,267.00 shown as advance to others against which no provision was made in accounts.	Adjusted in the F.Y.2011-12
2.9	Current Liability includes Rs.36,16,712.00 (Additional Security) towards Excise payment pending since long without adjustment of the same.	This amount doesnot pertains towards excise payment but has been deducted from suppliers account and kept separately. Necessary effect if required will be given in succeeding year.
2.10	Franchise fees payable OB of Rs.12,27,57,096.80 under liabilities is still laying without any adjustment.	Transferred to State exchequer account in the year 2012-13



2.11	Advance Salary & payroll deduction Rs.11,28,327.96 age wise, employee wise breakup of balances of such balance was not made available for audit verification.	Reconciliation is in progress.
2.12	Non recovery of pass fee Rs.8,91,000/- from various suppliers account.	RECTIFIED IN F.Y.2011-12
2.13	Sundry creditors Rs.123,23,88,104.26cr(Net) includes Rs 32,21,52,647.43Cr and Rs 16,98,639.14Dr for which balance confirmations/reconciliations were not made available for our verification. (Refer Annexure-2)	We are in the process of reconciliation ,the matter will be resolved in succeeding years.
3	Attention is invited to the following items regarding noncompliance of Accounting Standards issued by ICAI.	
3.1	Cash flow Statement annexed to annual account has not been prepared in accordance with Accounting Standard -3 on "Cash Flow Statement "Issued by the Institute of Chartered Accountants of India which results in violation of Section 211 of India Companies Act, 1956.	Noted and same will be prepared as per provisions during the F.Y. 2011-12.
3.2	The adjustment in financial statements in respect of deferred tax assets/liability as on 31/03/2011 as required by Accounting Standard - 22 has not been complied with.	Complied in the F.Y. 2011-12
3.3	The prior period expenses of Rs.17,15,563/- and income of Rs.8,19,571 Debited/Credited through Profit & Loss Account for Prior Period nature of such expenditure/ incomes were not disclosed in the Notes to Account as per AS -5 issued by ICAI.	Complied in the F.Y. 2011-12
3.4	Disclosure on Basic and diluted EPS regarding (i) amount available for equity shareholders, (ii) weighted average number of shares, (iii) basic and diluted EPS, (iv) Face value per share has not been disclosed in Notes to accounts as per AS -20 issued by ICAI.	Complied in the F.Y. 2011-12

**ANNEXURE - II**

**REPLIES OF MANAGEMENT ON THE COMMENTS of C & AG OF INDIA ON THE  
ACCOUNTS OF THE CORPORATION FOR THE YEAR 2010-2011.**

Sl. No.	Para No.	Observation of C & AG	Replies of Management
A	1.	<p><b>Comments on financial position</b>  <b>Balance Sheet</b>  <b>Sources of Funds</b>  <b>Current Liabilities &amp; Provisions</b>  <b>Current Liabilities (Schedule-8)</b>  <b>Sundry Creditors: Rs.123.24 crore.</b></p> <p>The above has been arrived at after netting off Rs.2.25 crore (Dr balance ) receivable from different parties. This has resulted in understatement of sundry creditor as well as sundry debtors (current assets) by Rs 2.25 crores each.</p>	Effect given in the F.Y. 2011-12.
	2.	<p><b>Superintendent of Excise: Rs.5.38 crore</b></p> <p>The above dose not include Rs.2.13 crore being the differential excise duty payable for the year 2010-11 against the sale of IMFL and Beer which is to be recovered from the suppliers. This has resulted in understatement of current liabilities as well as current assets by Rs.2.13 crore each.</p>	Effect given in the F.Y. 2011-12.
	3.	<p><b>Application of Funds</b>  <b>Current Assets, Loans &amp; Advances</b>  <b>Cash &amp; Bank Balances (Schedule-5)</b>  <b>Cash at Bank (Scheduled Bank)</b>  <b>Bank Balance in Current Accounts: Rs. 51.80 crore</b></p> <p>This has been understated by Rs. 2.02 crore due to netting off of credit balance appearing in the bank books in respect of two bank accounts maintained with IDBI, Janapath Branch and SBI, IDCO Tower Branch. This has resulted in understatement of Current Liabilities to the same extent.</p>	Effect given in the F.Y. 2011-12.
	4.	<p>The above is overstated by Rs.3.08 crore due to no accounting of payments made to suppliers on 30.03.2011 through RTGS transfer. This has resulted in overstatement of "Sundry Creditors" by the same amount, a reference is also invited to Para 5.1 of statutory Auditors Report .</p>	Effect given in the F.Y. 2011-12.



<b>B.</b>	<b>5.</b>	<p><b>Comments on Disclosure Notes forming part of the Accounts (Schedule-15)</b></p> <p>The company has not prepared and disclosed the balance sheet abstract and company's general business profile as under part –IV of schedule-VI of the companies Act 1956.</p> <p>The fact that, the company has filed writ petition in High Court of Odisha against the recovery of Rs. 43.80 Lakhs by RPF Commissioner, Bhubaneswar through attachment (Sept, 2011) of its bank account towards the arrear PF dues for the period January 2007 to Dec, 2010) of the employees of M/s Panther Security services deployed by the company should have been disclosed.</p>	Effect given in the F.Y. 2011-12.
	<b>6.</b>	<p><b>Contingent Liabilities:</b></p> <p>The following has not been disclosed under current liabilities. The demand of Rs. 22.11 crore made (December, 2012) by the Commissioner of Central Excise, Customs, Service Tax towards service tax &amp; penalty thereon for the year 2010-11 against which the company filed appeal (March, 2013) before the Appellate Tribunal.</p>	Effect given in the F.Y. 2011-12.
	<b>7.</b>	<p>Additional Tax Liability of Rs. 15.23 Crore for the F.Y.2002-03 to 2004-05,2006 -07 &amp; 2008-09 as assessed by IT authorities but disputed by the company.</p>	Effect given in the F.Y. 2011-12.
<b>C.</b>	<b>8.</b>	<p><b>Other Comments :</b></p> <p>The company accepted cheques in place of drafts/ pay orders in violation of rule 75 (2) of Board's Excise Rules 1965. This lead to financial irregularities such as dishonour of cheques etc. Further, no entries in bank books were made for dishonoured cheques/ drafts &amp; the fresh cheques/drafts received there against. In the absence of maintenance of proper records their impact on profitability as well as bank balances could not be verified.</p>	Effect given in the F.Y. 2011-12.



**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL  
(ECONOMIC REVENUE SECTOR AUDIT)  
ORISSA: BHUBANESWAR**

No. E.S-I/Accts/OSBC/10-11/17/13-14/417

Date : 20.11.2013

To

**The Managing Director,  
Orissa State Beverages Corporation Limited,  
9<sup>th</sup> Floor, IDCO Towers, Sahid Nagar,  
Bhubaneswar- 751007**

***Sub : Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Orissa State Beverages Corporation Limited for the year 2010-11.***

Sir,

I forward herewith the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Orissa State Beverages Corporation Limited for the year 2010-11.

Three copies of the Annual Reports placed before the Annual General Meeting of the Company may please be furnished to this office indicating the date of the meeting.

Encl : As above.

**Yours faithfully,**

**Sd/-  
PRINCIPAL ACCOUNTANT GENERAL**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH 2011.**

The preparation of financial statements of the Orissa State Beverages Corporation Limited for the year ended 31<sup>st</sup> March 2011 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10<sup>th</sup> September, 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of the Orissa State Beverages Corporation Limited for the year ended 31<sup>st</sup> March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report :

**A. COMMENTS ON FINANCIAL POSITION**  
**BALANCE SHEET**  
**SOURCES OF FUNDS**  
**CURRENT LIABILITIES & PROVISIONS**  
**CURRENT LIABILITIES (SCHEDULE-8)**  
**SUNDRY CREDITORS : ₹ 123.24 Crore**

- 1) The above has been arrived at after netting off ₹ 2.25 Crore (debit balance) receivable from different parties. This has resulted in understatement of Sundry Creditors as well as Sundry Debtors (Current Assets) by ₹ 2.25 crore each.

**Superintendent of Excise A/c. : ₹ 5.38 Crore**

2. The above does not include ₹ 2.13 crore being the differential Excise Duty (ED) payable for the year 2010-11 against the sale of IMFL and Beer which is to be recovered from the suppliers. This has resulted in understatement of Current Liabilities as well as Current Assets by ₹ 2.13 Crore each.

**Application of Funds****Current Assets, Loans & Advances****Cash & Bank Balances (Schedule-5)****Cash at Bank (Schedule Bank)****Bank Balance in Current Accounts : ₹ 51.80 Crore.**

3. This has been understated by ₹ 2.02 Crore due to netting off of credit balance appearing in the Bank Books in respect of two bank accounts maintained with IDBI, Janapath Branch and SBI, IDCO Tower Branch. This has also resulted in understatement of Current Liabilities to the same extent.

4. The above is overstated by ₹ 3.08 crore due to non-accounting of payments made to suppliers on 30th March, 2011 through Real Time Gross Settlement (RTGS) transfer. This has also resulted in overstatement of Sundry Creditors by the same amount, a reference is also invited to Para 5.1 of Statutory Auditors Report.

**B. COMMENTS ON DISCLOSURE****NOTES FORMING PART OF THE ACCOUNTS (SCHEDULE-15)**

5. The Company has not prepared and disclosed the Balance Sheet Abstract and Company's General Business Profile as required under Part-IV of Schedule - VI of the Companies Act, 1956.

6. The fact that, the company has filed writ petition in High Court of Odisha against the recovery of ₹ 43.80 lakh by RPF Commissioner, Bhubaneswar through attachment (September 2011) of its bank account towards the arrear of PF dues (For the period January 2007 to December, 2010) of the employees of M/s. Panther Security Services deployed by the Company should have been disclosed.

**Contingent Liabilities :**

The following have not been disclosed under Contingent Liabilities.

7. The demand of ₹ 22.11 crore made (December 2012) by the Commissioner of Central Excise Customs & Service Tax towards Service Tax and penalty thereon for the year 2010-11 against which the Company filed Appeal (March, 2013) before the Appellate Tribunal.
8. Additional Income Tax Liability of ₹ 15.23 Crore for the FY 2002-03 to 2004-05, 2006-07, 2007-08 and 2009-10 as assessed by the IT authorities but disputed by the Company.

**C. OTHER COMMENTS**

9. The company accepted cheques in place of drafts / pay orders in violation of Rule 75(2) of Board's Excise Rules, 1965. This led to financial irregularities such as dishonour of cheques etc. Further, no entries in Bank books were made for dishonored cheques / drafts and the fresh cheques / drafts received there against. In the absence of maintenance of proper records, their impact on profitability as well as on bank balances could not be verified.

**For and on behalf of  
the Comptroller and Auditor General of India**

Place : Bhubaneswar  
Dt : 20.11.2013

**Sd/-  
(S. S. DADHE)  
PRINCIPAL ACCOUNTANT GENERAL**

**SAROJ RAY & ASSOCIATES****COMPANY SECRETARIES**

**ANNEXURE-III**  
Plot No. N-6/215, IRC Village, Jaydev Vihar,  
Bhubaneswar - 751 015, Orissa  
Ph.:( 0674)2360840, 2360841, 2360842  
Fax : (0674)2360845  
E-mail: info@sracs.com, sraconsultants@gmail.com  
Visit us : www.sracs.com

**COMPLIANCE CERTIFICATE**

Regd. No. of the Company: 15-006372

Nominal Capital: Rs.500, 00,000/-

**To**  
**The Members,**  
**M/s. Orissa State Beverages Corporation Limited.**  
**9<sup>th</sup> Floor, IDCO Tower,**  
**Bhubaneswar-751022.**

We have examined the registers, records, books and papers of **M/s. Orissa State Beverages Corporation Limited.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ending on 31<sup>st</sup> March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in *Annexure-'A'* to this certificate as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in *Annexure-'B'* to this certificate with the Registrar of Companies, Orissa within the time prescribed under the Act and the rules made thereunder.
3. The Company being Private Limited Company has the minimum prescribed paid-up capital and its maximum number of members during the financial year was 8 (Eight) excluding its present and past employees and the company during the year under scrutiny:



- i. has not invited public to subscribe for its shares or debentures; and
  - ii. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 4 (four) times on 03.06.2010, 29.09.2010, 24.12.2010 & 24.03.2011 being the dates in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company is not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March 2010 was held on 29<sup>th</sup> September 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year ended 31<sup>st</sup> March 2011.
8. The Company being a private company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial Year under scrutiny.
13. The Company has:
  - (i) issued share certificates on transfer of shares during the year under scrutiny.
  - (ii) not deposited any amount in separate Bank Account, as no dividend was declared during the financial year.
  - (iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) duly complied with requirement of section 217 of the Act.



14. The Board of Directors of the company duly constituted. During the year Sri R.K.Sharma, IAS appointed as new Chairman in place Sri S.Srinivasan, IAS, ex-chairman of the corporation during the financial year under scrutiny.
15. During the financial year Sri S.Srinivasan, IAS, appointed as new Managing Director of the Corporation in place of ex-Managing Director, Sri P.C.Nayak, IAS, and subsequently on 30.06.2010 cessation of Sri P.C.Nayak, IAS, Sri S.Srinivasan, IAS continued as Chairman-cum-Managing Director of the Corporation. Further on 06.10.2010 SriR.R.Mallick, IAS appointed as new Managing Director and Sri S.Srinivasan, IAS ceased from CMD on 01.10.2010 during the financial year under scrutiny.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the central govt. company law board, Regional Director, Registrar and such Authorities prescribed under the various Provisions of the Act during the financial year.
18. Being the company is a Private limited company the disclosure regarding interest in other concerns are not required.
19. The company has not issued any securities during the financial year under scrutiny.
20. The company has not bought back any shares during the financial year under scrutiny.
21. Since there are no preference shares or debentures, the question of redemption does not arise.
22. There were no restrictions necessitating the company to keep abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The company has not invited, accepted, any deposits falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended on 31<sup>st</sup> March 2011.
25. The company has not made any loans or advances or given guarantees or provided securities to other body corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provision of the Memorandum with respect to situation of the companies registered office from one state to another during the year under scrutiny.



27. The company has not altered the provision of the Memorandum with respect to the object of the company during the year under scrutiny.
28. The company has not altered the provision of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provision of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the year under scrutiny.
31. There were no prosecutions initiated against or so cause notices received by the company and no fines or penalty or any other punishment was imposed on the company during the financial year for offenses under the Act.
32. The company has not received any security from its employees during the financial year.
33. The Company has deposited the amount with appropriate authority as per the Provident Fund Act.

**For Saroj Ray & Associates  
(Company Secretaries)**

**Place: Bhubaneswar.  
Date: 01.09.2011**

**CS Saroj Kumar Ray  
(Partner)  
C.P.No.3770**

**Annexure – A**

**REGISTERS AS MAINTAINED BY THE COMPANY.**

**Statutory Registers:**

1. Register of members under section 150 of the Act.
2. Minutes Book of meetings under section 193 of the Act.
3. Register of Director, Managing Director, Manager & Secretary under section 303.
4. Register of Director share holdings under section 307.

**Other Registers:**

1. Director Attendance Register.
2. Members Attendance Register.

**Annexure - B**

**FORMS & RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF  
COMPANIES DURING THE FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2011.**

Sl. No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / NA
1.	20B	159 (1)	Annual Return 29.09.2010	30.09.2010	Yes	NA
2.	66	383A	Compliance Certificate 31.03.2010	04.10.2010	Yes	Yes
3.	23AC/ 23ACA	220	Annual Accounts for the year 2007-2008.	01.06.2010	No	Yes
4.	23AC/ 23ACA	220	Annual Accounts for the year 2008-2009.	27.01.2011	No	Yes
5.	32	303(2)	Appointment of Sri S. Srinivasan as CMD and cessation of Sri P.C. Nayak, IAS as Managing Director of the Corporation on 14.07.2010	16.07.2010	Yes	NA
6.	32	303(2)	Cessation of Sri S. Srinivasan from CMD and appointment of Sri R. K. Sharma, IAS as Chairman on 01.10.2010	27.10.2010	Yes	NA
7.	32	303(2)	Appointment of Sri R. R. Mallick as Managing Director on 06.10.2010.	22.10.2010	Yes	NA



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**ABP & Associates**  
Chartered Accountants

## AUDITOR'S REPORT

To the members of

**ODISHA STATE BEVERAGES CORPORATION LIMITED.**

1. We have audited the attached Balance Sheet of ODISHA STATE BEVERAGES CORPORATION LIMITED, as at 31st March, 2011 and the related Profit & Loss Account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure-1 statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. **Attention is invited to the following paragraphs having effect on the current financial statements.**
  - 4.1 **Fixed Deposits closing balance is understated by Rs.13,88,46,488.12 (Rs.167,13,51,338.12 as either confirmed by banks or documentary evidence available less Rs.153,25,04,850.00 as shown in the balance sheet)(Refer Annexure-2).The impact of the same in Liability/Income is not ascertainable.**
  - 4.2 *Non Capitalization of fixed assets of Rs.97,500/- (Computer printer purchased on 05/-1/2011) purchased during the year and under charge of depreciation of Rs.9,082/- thereon, consequential understatement of Fixed Assets –Net Block by Rs. 88,418/- current liability of Rs.97,500/- and overstatement of profit by Rs.9,082/-.*
  - 4.3 *Depreciation on assets is understated by Rs.2,626/- (Short Charge on Printer Rs.2,798/-, Excess Charge on Office Equipment Rs.172/-)(Refer Annexure-2) and accordingly Fixed Assets net block & profit is overstated to that extent.*



- 4.4 Expenses amounting to Rs.25,64,295/- not accounted in the current financial statement and there by profit is over stated and Current Liabilities are understated to that extent. (Refer Annexure-2)
- 4.5 Income amounting to Rs.2,87,390/- not accounted in the current financial statement and there by profit is understated and Current Asset are understated to that extent. (Refer Annexure-2)
- 4.6 Interest income on Term Deposits amounting to Rs.45,06,045.67 is understated in the current financial statement and thereby profit and Current Assets are understated to that extent. (Refer Annexure-2)
- 4.7 The prior period expenses of Rs.17,15,563/- and income of Rs.8,19,571/-Debited/ Credited through Profit & Loss Account for Prior Period nature of such expenditure/ incomes. The profit for the year is understated by Rs 8,95,992/-.
- 4.8 Excess provision of Rs.1,17,150/- made on account of Office Rent and thereby profit is understated and Current Liabilities are overstated to that extent.
- 4.9 Miscellaneous income overstated by Rs.5,44,584/- towards bidding amount (non refundable) thereby profit is overstated and Current Liabilities are understated to that extent.
- 5. The impact of the following having effect on the accounts is not ascertainable in the current financial statements**
- 5.1 **Cash at Bank includes balance of Rs.42,42,41,769.20 (Net of Payment Rs.15,48,78,326.00 and Receipt Rs.57,91,20,095.20 stands in banks reconciliation statement) out of which Payment of Rs.9,20,10,509.00 and receipt of Rs.55,08,02,022.20 stands in bank reconciliation neither subsequent realisation confirmations nor other documentary evidence such as instrument wise or party wise details of such payment & receipts of the same balance with bank was made available for audit verification. (Refer Annexure-2)**
- 5.2 Cash at Bank includes balances of Rs.1,50,000.49 for which neither balance confirmations nor other documentary evidence of such balance with bank was made available for audit verification. (Refer Annexure-2)
- 5.3 Depot & Imprest advances of Rs.3,72,204.65 (Depot advances Rs.1,20,000.00 and Imprest advances Rs.2,52,204.65) for which neither balance confirmations nor other documentary evidence of such balance was made available for audit verification. (Refer Annexure-2)
- 5.4 Advance from Customers Rs.6,45,21,992.77 age wise, party wise breakup of balances and balance confirmations of the same not made available for our verification. (Refer Annexure-2)



*The above Advance from Customers Rs.6,45,21,992.77, wrongly disclosed as Advance to employee under other current liability (Schedule-9). Further, the amount is shown as net balance where as the gross values should have been disclosed separately in the Balance sheet as Advance from customers and sundry debtors respectively.*

- 5.5 *Loan & Advance includes Advance to Excise Department of Rs.35,30,756/- , Legal Expenses paid in advance of Rs.34,625/- and Professional Charges paid in advance Rs.57,696/- were pending since long without making any provision against them.*
- 5.6 *Age-wise breakup of up and classification of loan and advances amounting Rs.122,62,18,912.96 whether recoverable or not were not available.*
- 5.7 *Sundry Debtors amounting to Rs.4,50,83,367.11, neither any reconciliation nor any Balance Confirmation Certificates have been obtained.*

*The above Sundry Debtors includes outstanding for more than 6 months amounting to Rs.18,01,314.25, neither any reconciliation nor any Balance Confirmation Certificates have been obtained, further no provision against the same was made in accounts.*

- 5.8 *Old Excise payment of Rs.25,33,267.00 shown as advance to others against which no provision was made in accounts.*
- 5.9 *Current Liability includes Rs.36,16,712.00 (Additional Security) towards Excise payment pending since long without adjustment of the same.*
- 5.10 *Franchise fees payable OB of Rs.12,27,57,096.80 under liabilities is still laying without any adjustment.*
- 5.11 *Advance Salary & payroll deduction Rs.11,28,327.96 age wise, employee wise breakup of balances of such balance was not made available for audit verification.*
- 5.12 *Non recovery of pass fee Rs.8,91,000/- from various suppliers account.*
- 5.13 *Sundry creditors Rs.123,23,88,104.26cr(Net) includes Rs 32,21,52,647.43Cr and Rs 16,98,639.14Dr for which balance confirmations/reconciliations were not made available for our verification. (Refer Annexure-2)*

**6. Attention is invited to the following items regarding noncompliance of Accounting Standards issued by ICAI.**

- 6.1 ***Cash flow Statement annexed to annual account has not been prepared in accordance with Accounting Standard -3 on "Cash Flow Statement" Issued by the Institute of Chartered Accountants of India which results in violation of Section 211 of India Companies Act, 1956.***
- 6.2 *The adjustment in financial statements in respect of deferred tax assets/liability as on 31/03/2011 as required by Accounting Standard - 22 has not been complied with.*



6.3 The prior period expenses of Rs.17,15,563/- and income of Rs.8,19,571 Debited/ Credited through Profit & Loss Account for Prior Period nature of such expenditure/ incomes were not disclosed in the Notes to Account as per AS -5 issued by ICAI.

6.4 Disclosure on Basic and diluted EPS regarding (i) amount available for equity shareholders, (ii) weighted average number of shares, (iii) basic and diluted EPS, (iv) Face value per share has not been disclosed in Notes to accounts as per AS -20 issued by ICAI.

### 7. Summary of observation with financial impact

Particulars	Para No	Increase / (Decrease) Amount in Rs.			
		Liability	Asset	Income	Expenses
Fixed Deposit	4.1		13,88,46,488.12		
Fixed Assets & Depreciation	4.2	97,500.00	88,418.00		9,082.00
Depreciation on Assets	4.3		(2,626.00)		2,626.00
Expenses Not Accounted	4.4	25,64,295.00			25,64,295.00
Income Not Accounted	4.5		2,87,390.00	2,87,390.00	
Interest on term Deposit	4.6		45,06,045.67	45,06,045.67	
Prior Period	4.7			(8,19,571.00)	(17,15,563.00)
Office Rent	4.8	(1,17,150.00)			(1,17,150.00)
Misc Income	4.9	5,44,584.00		(5,44,584.00)	
		<b>30,89,229.00</b>	<b>1437,25,715.79</b>	<b>34,29,280.67</b>	<b>7,43,290.00</b>

### Summary of Impact

	Amount in Rs.
Liability Understated	30,89,229.00
Assets Understated	14,37,25,715.79
Current Year Profit Understated	26,85,990.67
Reserve & Surplus Understated	17,89,998.67



8. Subject to the **paragraph no 3 to 6 above, the net effect of the same enumerated in Para 7 above** and on the basis of audit indicated in paragraph no. 2 above we further report that :

8.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit except as stated in paragraph 3 to 6 above;

8.2 In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns, adequate for the purposes of our audit have been received from the branches not visited by us subject to the matter stated in paragraph 3 to 6 above;

8.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account subject to the matter stated in paragraph 3 to 6 above ;

8.4 In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except as referred in para 6 above and the **cash flow statement is not drawn as per AS-3** which results in violation of Section 211 of India Companies Act, 1956;

8.5 Being a Government company, pursuant to the Notification no. GSR 829(E) dated 17.7.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;

8.6 In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matters discussed in the preceding paragraphs 3 to 6 above and subject to the net effect enumerated in Para 7 above, the said accounts give the information required by The Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India except the Cash flow statement:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and

b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **ABP & Associates.**  
**Chartered Accountants**  
FRN No.315104E

Place: Bhubaneswar  
Date: 10<sup>th</sup> September 2013

CA. Lalit K. Patangia  
Partner  
ICAI M. No. 053971



## Annexure-1

**ANNEXURE TO THE AUDITORS' REPORT**

Statement referred to in paragraph (3) of our report of even date to the members of **M/s ODISHA STATE BEVERAGES CORPORATION LIMITED** on the accounts for the year ended on 31st March, 2011.

- i.
  - (a) *The Company has maintained proper records showing full particulars including quantitative details.*
  - (b) *As explained to us the fixed assets have not been physically verified by the management.*
  - (c) *In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed of by the Company during the year thereby not affecting the going concern.*
- ii.
  - (a) *As explained to us the company does not have any inventory. However, there is a system of physical verification of inventory held at different godowns on behalf of suppliers.*
  - (b) *In our opinion, the procedures of physical verification of inventory followed by the management are not reasonable and adequate in relation to the size of the company and the nature of its business.*
  - (c) *Since the inventories are held on behalf of suppliers the discrepancies if any noticed in the physical verification of inventories for the year, have no effect on the accounts.*
- iii. *According to information and explanations given to us:*
  - a) *The Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (b), (c) & (d) are not applicable.*
  - b) *The Company has not taken any loans secured or un-secured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) & (g) are not applicable.*
- iv.
  - a) *Based on the information and explanations given to us, on an overall basis, we are of the opinion that the **internal control system needs to be strengthened** to make it commensurate with the size of the Company and nature of its business.*
  - b) *We suggest to improve the internal control system on the Bank reconciliation, Bank Term Deposits, Sundry Creditors and Sundry Debtors reconciliation and confirmation.*
- v.
  - (a) *According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.*
  - (b) *In view of clause (v) (a) above, the clause (v) (b) is not applicable.*



- vi. The Company has not accepted any public deposit as on the balance sheet date. Accordingly, paragraph 4(vi) of the **Order is not applicable.**
- vii. The Company has a system of internal audit conducted by outside Chartered Accountancy firm. The follow up action on various observation made by the internal audit teams need to be implemented.
- viii. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company.
- ix. (a) According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, VAT, Wealth Tax, Custom Duty, Excise Duty and other Statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, dues of Income tax/ Sales tax /Wealth tax/ Service tax/ Custom duty/ Excise duty/ cess have not been deposited on account of dispute pending before appropriate authorities as at 31st March, 2011,

NAME OF THE STATUTE	NAME OF THE FORUM WHERE DISPUTE IS PENDING	TOTAL AMOUNT DEMANDED (Rs. in Lakhs)	PERIOD
Service Tax	CECST	7046.91	2002-03 to 2010-11
Orissa Sales Tax	Addl. Commissioner of commercial tax & High Court	572.66	2001-02 to 2003-04
Income Tax	CIT(A) & ITAT	1183.00	2005-06 & 2008-09

- x. As per books of accounts of the company, the company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank during the year. Accordingly, paragraph 4(xi) of the **Order is not applicable.**
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the **Order is not applicable.**
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, paragraph 4(xiii) of the **Order is not applicable.**



- xiv. *In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the **Order is not applicable.***
- xv. *In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, paragraph 4(xv) of the **Order is not applicable.***
- xvi. *According to the records of the Company examined by us and the information and explanations given to us, the Company has obtained short term loans from bank during the period under audit & repaid by end of the year.*
- xvii. *On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis. Accordingly, paragraph 4(xvii) of the **Order is not applicable.***
- xviii. *The Company has not made any preferential allotment of shares to parties and **companies** covered in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(xviii) of the **Order is not applicable.***
- xix. *The Company has not issued any debenture during the year and no amount is outstanding in respect of debenture as on the balance sheet date. Accordingly, paragraph 4(xix) of the **Order is not applicable.***
- xx. *The Company has not raised/issued any public issues as on the balance sheet date. Accordingly, paragraph 4(xx) of the **Order is not applicable.***
- xxi. *We have not been able to obtain sufficient appropriate audit evidence particularly relating to Bank reconciliations, Term Deposits and reconciliation of sundry debtors to provide an opinion on whether any fraud on or by the company has been noticed or reported during the year.*

For **ABP & Associates.**

**Chartered Accountants**

FRN No.315104E

Place: Bhubaneswar

Date: 10<sup>th</sup> September 2013

CA. Lalit K. Patangia

Partner

ICAI M. No. 053971



## Annexure-2

**ANNEXURE TO THE AUDITORS' REPORT**

Refer Para 4.1 of Auditors Report

**DETAILS OF FIXED DEPOSITS**

Sl. No.	Name of Bank	FDR NO.	DATE OF DEPOSIT	DATE OF MATURITY	Principal Amount Deposit	Remarks
1	Dena Bank	2411376/075966024779	30.10.2010	30.10.2011	14,26,73,173.00	As per Bank Confirmation
2	Dena Bank	2411377/075966024780	01.11.2010	02.11.2011	30,87,70,300.00	
3	Dena Bank	2411377/075966024781	01.11.2010	02.11.2011	5,07,01,199.00	
4	Dena Bank	2411380/075966024783	02.11.2010	03.11.2011	12,24,39,017.00	
5	Dena Bank	2411385/075966024787	04.11.2010	04.11.2011	8,04,14,543.00	
6	Central Bank	101060/3092012870	16.11.2010	16.11.2011	5,11,03,371.00	
7	Central Bank	101058/3091045535	09.11.2010	09.11.2011	20,53,34,884.00	
8	Central Bank	101059/3091044606	09.11.2010	09.11.2011	10,00,00,000.00	
9	Central Bank	101057/3092009844	16.11.2010	16.11.2011	20,00,00,000.00	
10	PNB BANK	29770035000014	09.12.2010	09.12.2011	10,13,46,302.00	
11	PNB BANK	2977/00350000023	11.12.2010	11.12.2011	20,00,00,000.00	
12	United Bank	055440/0242100109642	09.10.2010	14.04.2011	10,85,68,549.12	
<b>GROSS TOTAL</b>					<b>1,67,13,51,338.12</b>	
<b>BALANCE AS PER ACCOUNTS</b>					<b>1,53,25,04,850.00</b>	
<b>DIFFERENCE</b>					<b>13,88,46,488.12</b>	



### Refer Para 4.3 of Auditors Report

#### SHORT CHARGE OF DEPRECIATION

1. Earlier year Depreciation calculated as per WDV method of Companies Act but addition during the year has been taken as less than 180 days and more than 180 days without taking proportionate to date of purchase, contravenes Notes to Accounts of the Last year and not as per Schedule-XIV.
2. Depreciation on asset purchased during the year was not calculated as per the Companies Act 1956. Details as per below.

#### **Printer:**

Amount :Rs. 13,450/-Date of purchase- 30.06.2010.

Depreciation calculated only for 91 days instead of 274 days.

Deprn Calculated : Rs.1341/-Should be :Rs.4039/- Less Charged Rs.2798/-

#### **Office Equipment:**

Amount :Rs. 28,350/-Date of purchase- 16.04.2010.

Depreciation calculated 365 days instead of 349 days.

Depr Calculated: Rs.3943/- Should be:Rs.3771/- Excess Charged Rs .172/-

### Refer Para 4.4 of Auditors Report

#### EXPENSES NOT ACCOUNTED

SL No.	PARTICULARS	PERIOD	AMOUNT	AMOUNT	AMOUNT
1	Godown rent	Balasore	Feb'11 & Mar'11	1,95,612.00	
		Nirgundi	Diff between bill & tally	12,16,000.00	
		Rayagada	3 months	1,20,183.00	
		Khurda	Mar'11	88,832.00	
		Sambalpur	Oct'10 to Dec'10	3,57,900.00	19,78,527.00
2	Audit Fees & Expenses				
		Tripathy & Co	April'10 to June'10	33,000.00	
		Santosh Ku Agrawal	Feb'11	52,944.00	
					85,944.00
3	Hire Charges of Vehicle		Mar'11		17,328.00
4	Telephone Charges	HO	Mar'11	8,013.00	
		Aradhana Das		500.00	8,513.00



5	POL		Mar'11		4,666.00
6	Depo Expenses				
		Balasore	Feb'11 to Mar'11	29,176.00	
		Cuttack	Dec'10 to Feb'11	45,952.00	
		Khurda	Dec'10 to Mar'11	55,649.00	
					1,30,777.00
7	Printing & Stationary				
		Ganesh Stationary	March'11	13,199.00	
		Bhanjaprava	March'11	2,716.00	
					15,915.00
8	Municipal Holding Tax		2010-11		1,89,588.00
9	Salary & Allowances				
		B R Mohapatra,	March'11	15,726.00	
		D Parida & S Mallick			
		S C Panigrahi	Oct'10 to Mar'11	87,058.00	
		EPF of OFDC	March'11	11,610.00	
		deputed Staff			
		EPF of OSBC	March'11	6,487.00	
		deputed staff			
		EPF of Oil Orissa	March'11	7,406.00	
		deputed staff			
					1,28,287.00
10	Legal Fees & Expenses				
		Retainer fees	March'11		4,750.00
		to Sandeep Jena			
					<b>25,64,295.00</b>

#### Refer Para 4.5 of Auditors Report

#### DETAILS OF INCOME NOT ACCOUNTED

##### 1. Stock Holding Receipts :

Khurda Depot (Allied Blenders & Distillers)-Oct'10 to Mar'11 1,47,850.00

##### 2. Bidding Amount(Non Refundable):

Rayagada Depot for the month of Mar'11 1,39,540.00



**Refer Para 4.6 of Auditors Report**  
**INTEREST INCOME UNDERSTATED**

Sl. No.	Name of Bank	FDR No.	Date of Deposit	Date of Matured Year	Rate of Interest (%)	Principal Amount of E.D.	Interest on ED Against Matured Accrued
1	O.S.C.B	191405/71024	25.03.2010	08.04.2010	3.00%	10,54,13,999.00	1,21,298.00
2	Allahabad Bank	50012092522/9					
		1233/90909/90					
		579	08.04.2009	08.04.2010	8.00%	2,00,00,000.00	16,48,644.00
3	Allahabad Bank	DDP 1515 to1528	02.05.2009	01.05.2010	8.00%	13,00,00,000.00	1,07,16,187.00
4	Allahabad Bank	864417 to 864431	02.05.2009	02.05.2010	8.00%	14,00,00,000.00	1,15,40,509.00
5	Allahabad Bank	864441 to 864449	05.05.2009	05.05.2010	8.00%	7,29,25,414.00	60,11,396.00
6	Union Bank,	303/26418	08.04.2009	08.04.2010	8.00%	8,00,00,000.00	68,08,115.00
	C.Spur	to 26426					
7	UcoBank,	25352 to 25499	01.05.2009	01.05.2010	8.00%	13,00,00,000.00	1,40,50,802.22
	A Nagar						
8	UcoBank	25598 to 25673	04.05.2009	03.08.2010		7,28,58,398.00	78,74,761.11
	A Nagar						
1	O.S.C.B	191405/71024	08.04.2010	06.10.2010	6.50%	10,55,07,811.00	34,00,820.00
2	Vijaya Bank	056800/748103	01.10.2010	16.11.2010	6.50%	5,07,29,363.00	4,15,564.00
3	Union Bank	842186/450/339	31.07.2010	30.10.2010	6.25%	14,07,00,000.00	21,92,414.00
4	Union Bank	842187/450/340	02.08.2010	01.11.2010	6.25%	30,45,00,000.00	47,44,777.00
5	Union Bank	842188/450/341	03.08.2010	02.11.2010	6.25%	12,07,45,683.00	18,81,482.00
6	Union Bank	842191/450/342	05.08.2010	04.11.2010	6.25%	7,93,02,408.00	12,35,705.00
7	Union Bank	975429/523/166	02.08.2010	01.11.2010	6.25%	5,00,00,000.00	7,79,110.00
8	Oriental Bank	849023/26155839	10.08.2010	09.11.2010	6.31%	20,24,68,217.00	31,85,226.00
9	P.N.B	297700LS0000017	09.09.2010	09.12.2010	6.92%	10,00,00,001.00	16,82,877.00
10	UcoBank,Sect.	28183	03.05.2010	02.08.2010	5.50%	14,05,81,494.00	19,27,698.00
11	UcoBank,Sect.	28182	03.05.2010	02.08.2010	5.50%	15,03,86,438.00	20,62,146.00
12	UcoBank,Sect.	28184	05.05.2010	04.08.2010	5.50%	7,83,35,662.00	10,74,163.00
13	Ucobank,Sect.	028188/189	11.05.2010	10.08.2010	5.50%	20,00,00,000.00	27,42,463.00
<b>TOTAL INTEREST RECEIVED DURING THE YEAR(A)</b>							<b>8,60,96,157.33</b>



1	Dena Bank	2411376/07596 6024779	30.10.2010	30.10.2011	8.46%	14,26,73,173.00	51,38,042.00
2	Dena Bank	2411377/07596 6024780	01.11.2010	02.11.2011	8.55%	30,87,70,300.00	1,10,93,991.00
3	Dena Bank	2411377/07596 6024781	01.11.2010	02.11.2011	8.55%	5,07,01,199.00	18,21,673.00
4	Dena Bank	2411380/07596 6024783	02.11.2010	03.11.2011	8.55%	12,24,39,017.00	43,70,441.00
5	Dena Bank	2411385/07596 6024787	04.11.2010	04.11.2011	8.55%	8,04,14,543.00	28,32,630.00
6	Central Bank	101060/309201 2870	16.11.2010	16.11.2011	8.62%	5,11,03,371.00	16,57,465.00
7	Central Bank	101058/309104 5535	09.11.2010	09.11.2011	8.57%	20,53,34,884.00	69,74,260.00
8	Central Bank	101059/309104 4606	09.11.2010	09.11.2011	8.57%	10,00,00,000.00	33,96,530.00
9	Central Bank	101057/309200 9844	16.11.2010	16.11.2011	8.62%	20,00,00,000.00	64,86,705.00
10	PNB BANK	29770035000014	09.12.2010	09.12.2011	9.17%	10,13,46,302.00	23,66,723.09
11	PNB BANK	2977/00350000 023	11.12.2010	11.12.2011		20,00,00,000.00	47,27,034.12
12	United Bank	055440/024210 0109642	09.10.2010	14.04.2011	7.86%	10,85,68,549.12	40,75,880.40
<b>TOTAL INTEREST ACCURED AS ON 31/03/2011(B)</b>						<b>1,67,13,51,338.12</b>	<b>5,49,41,374.61</b>
TOTAL INTEREST (A+B)							14,10,37,531.94
LESS : ACCURED INTEREST AS ON 01/04/2010							4,70,51,447.15
TOTAL INTEREST FOR THE YEAR							<b>9,39,86,084.79</b>
INTEREST INCOME AS PER ACCOUNTS							8,94,80,039.12
<b>INTEREST INCOME UNDERSTATED</b>							<b>45,06,045.67</b>

**Refer Para 5.1 of Auditors Report****DETAILS OF BANK RECONCILIATION STATEMENT**

	UNION BANK -24026	SBI-305103	IDBI-20819		Total	Details not available
<b>Balance as per Bank Book</b>	<b>53,80,91,230.28</b>	<b>(24,23,431.99)</b>	<b>(1,77,80,160.76)</b>			
Add : Cheque issued but not presented for payment	23,42,950.00	80,31,832.00	9,20,64,620.00	10,24,39,402.00		
Add : Cheque deposited but not entered in Bank Book		20,05,042.00	5,04,33,882.00	5,24,38,924.00	<b>15,48,78,326.00</b>	<b>9,20,10,509.00</b>
Less : Cheque deposited but not credited by bank	49,95,63,098.20	11,48,366.00		50,07,11,464.20		
Less : RTGS/Cheque issued but not entered in Bank book	37,00,000.00	7,91,483.00	3,08,00,000.00	3,52,91,483.00		
Less : Sweep Transfer			4,31,17,148.00	4,31,17,148.00	<b>57,91,20,095.20</b>	<b>55,08,02,022.20</b>
<b>Balance as per Bank statement</b>	<b>3,71,71,082.08</b>	<b>56,73,593.01</b>	<b>5,08,01,193.24</b>			
					<b>42,42,41,769.20</b>	<b>45,87,91,513.20</b>

**Refer Para 5.2 of Auditors Report****DETAILS OF BANK BALANCE CONFIRMATION NOT RECEIVED**

Particulars	Closing Balance As per Books
SBI(Balasore)305250	(0.30)
SBI(Berhampur)305249	0.05
SBI(CS)305238	(0.26)
SBI(Jagatpur)	0.27
SBI(MancheswarIndl Br)	30,000.00
SBI(Manguli)305205	0.30
SBI(Rayagada)	10,000.00
SBI(Rayagada)305227	0.10
SBI(Sambalpur)	10,000.00
SBI(Sambalpur)305216	0.33
Union Bank-35265	1,00,000.00
<b>Total</b>	<b>1,50,000.49</b>



### Refer Para 5.3 of Auditors Report

#### DETAILS OF DEPOT & IMPREST ADVANCES

Name of Depot	Deposit Advance	Imprest Advance	Total
Balasore	20,000.00	50,000.00	70,000.00
Berhampur.	20,000.00	48,004.75	68,004.75
Cuttack	20,000.00	23,627.30	43,627.30
Khurda	20,000.00	4,048.00	24,048.00
Rayagada	20,000.00	51,127.60	71,127.60
Sambalpur	20,000.00	75,397.00	95,397.00
	<b>1,20,000.00</b>	<b>2,52,204.65</b>	<b>3,72,204.65</b>

### Refer Para 5.13 of Auditors Report

Reconciliations/Confirmations have not been done in Sundry creditors accounts as on 31.03.2011.

#### Creditors showing credit balance (Reconciliation not done)

Particulars	Closing Balance
Allied Blenders & Distillers Sale A/c	31179960.05 Cr
Aska Co-Op Sugar Industries Sale A/c	51549935.89 Cr
Bacchus Bottling Sale A/c	448165.79 Cr
Beam Global Spirits & Wine(I) Pvt.Ltd. Sale A/c	3473249.00 Cr
Cobra Indian Beer Sale A/c	2392889.48 Cr
Devans Breweries Sale A/c	7191042.30 Cr
Diageo India Pvt Ltd. Sale A/c	3302022.03 Cr
Foster India Pvt Ltd. Sale A/c	3866091.52 Cr
Hi-Tech Bottling Pvt Ltd(Sale A/c)	186061.49 Cr
Jeypore Sugar Company Sale A/c	871278.24 Cr
Oriental Bottling(MM) Sale A/c	5890693.75 Cr



Oriental Bottling Sale A/c	60234.12	Cr
Red Apple Wine Sale A/c	327950.70	Cr
Santan Trading Co Ltd.Sale A/c	333764.23	Cr
Sentini Bio Products(P) Ltd. Sale A/c	641517.17	Cr
SKOL Brew.(Sale A/c)	206712529.28	Cr
Umeri Distl. Pvt Ltd. Sale A/c	3725262.39	Cr
<b>Grand Total</b>	<b>3221,52,647.43</b>	<b>Cr</b>

**Creditors showing debit balance (Reconciliation not done)**

Particulars	Closing Balance	
Jagatjit Industries Ltd.	500.00	Dr
Champagne Indage Ltd. Sale A/c	40248.68	Dr
Devans Breweries(Denzong) Sale A/c	528290.07	Dr
Masons & Summers Ltd. Sale A/c	71684.84	Dr
Pine Cask Bottling(P) Ltd. Sale A/c	1057915.55	Dr
<b>Grand Total</b>	<b>16,98,639.14</b>	<b>Dr</b>

For **ABP & Associates.**  
**Chartered Accountants**  
*FRN No.315104E*

Place: Bhubaneswar  
 Date: 10<sup>th</sup> September 2013

CA. Lalit K. Patangia  
 Partner  
 ICAI M. No. 053971

**Annexure - I**

**REPORT PURSUANT TO DIRECTIONS UNDER SECTION 619 (3) (a) OF  
THE COMPANIES ACT, 1956**

<b>COMPANY</b>		<b>ODISHA STATE BEVERAGES CORPORATION LIMITED.IDCO TOWER, BHUBANESWAR-751022</b>
<b>FINANCIAL YEAR</b>		<b>2010-2011</b>
<b>I.</b>	<b>Corporate Governance and Audit Committee</b>	
1	Whether the Company has been listed on the stock exchange? If yes, the names of the stock exchanges may please be indicated? If so, whether the provisions of listing agreement of SEBI are being followed by the Company?	Since the Company is not listed this clause is Not Applicable.
2	Whether the Company has 50% independent directors on their Board as required under SEBI guidelines?	Not Applicable.
3	Indicate whether the Company has formed an Audit Committee in compliance with Section 292A of the Companies Act, 1956. If not then indicate the extent of non-compliance.	No such Audit Committee formed during the FY 2010-11. Audit committee was formed subsequently.
4	Whether Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit paras of Government Audit and has given recommendations for taking appropriate corrective action in the next year's accounts.	Not Applicable.
5	Whether the Audit Committee has examined the replies to paragraphs, mini reviews, sectoral reviews, comprehensive appraisals, etc included in various Audit reports of the C & AG before their submission to Government Audit/Committee on Public Undertakings.	Not Applicable.
6	Whether the Audit Committee has reviewed and discussed with the Management, and the internal and external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's financial and risk management policies?	Not Applicable.



7	Whether the Board of Directors has Reported in the Director's Report to the shareholders compliance to their responsibility statement under section 217 (2AA) of the Companies Act, 1956.	Yes, the BOD has reported in the Director's Report to the Shareholders compliance to the responsibility statement under section 217(2AA) of the Companies Act, 1956 for the year 2009-10 on 30/09/2011.
8	Whether CEO/CFO certificate has been obtained in terms of listing agreement?	Since the Company is not listed this clause is Not Applicable.
<b>II. Business Risk.</b>		
<b>Comment on:</b>		
1	Any new Statutory or Regulatory requirement or change in Government Policy that could impair the financial stability or profitability of the entity.	We were informed by the management of the Company that there are no Statutory or Regulatory requirements or change in Govt. policy that could impair the financial stability or profitability of the entity.
2	Unusually rapid growth especially compared with that of other companies in the same Industry.	As explained to us there is no such unusual rapid growth during the period under audit. The management has not compared the growth with that of other companies who are in the same business.
3	The process used for identification of business risks and steps taken to mitigate it by the Management	No such process was used by the management.
4	Unrealistically aggressive sales or profitability incentive programs.	As explained to us the Company does not have any such programs.
5	The system of making a business plan, short term/long term & review of the same vis-a-vis the actual?	The Company does not have the system for making any budget/ business plan both short term/long term.
6	The capital expenditure/capital invested not put to use.	Nil
7	The cost benefits analysis of major capital expenditure/ expansion including IRR and payback period.	Not Applicable
8	The existence of Macro, Sector and Operation threats that could drive fundamental changes in business model. Indicate in brief.	Neither such process nor ascertainment of any threats was used by the management.



III.	Disinvestment (if applicable)	Not Applicable
1.	The mode of disinvestment (i.e. Trade Sale, Management & Employees Buy Out, Mass Privatization, Public Auction, Flotation, Liquidation, Private Placement) may be disclosed.	Not Applicable
2.	What is the present stage of disinvestment process?	Not Applicable
3.	If the Company has been selected for disinvestment, the following needs careful examination and reporting.	Not Applicable
a)	Has the Company accounted for all its assets (including intangible assets), liabilities, income, and expenditure as per the requirement of relevant AS and nothing is left out of books.	Not Applicable
b)	Whether the assets of the Company, especially land, valued at nominal cost has revalued keeping in view the market rate for consideration of the net worth of the Company at the time of sale.	Not Applicable
c)	Reserves & Surplus: Whether the committed reserves and general reserves created over the years are disclosed distinctly? If utilization of general reserves is substantial, specify the conditions of utilization and whether these conditions are covered under the by-laws/articles of the Company and provisions of the Companies Act, 1956?	Not Applicable
d)	Whether any investment was made by the Company during the process of Disinvestment? If so, Whether such investments were in the interests of the Company or did they have the effect of extending undue advantage to the Bidders?	Not Applicable
IV.	<b>System of Accounts &amp; Financial Control</b>	As explained to us the Company has formulated policy defining the duties and responsibilities including delegation of financial powers at various level of management.
1.	Whether the duties and responsibilities including the delegation of powers at various levels of management have been adequately defined?	



2. Examine the systems of accounts & financial control being followed by the Company and give your views as regards their deficiencies along with suggestions for remedial measures.

**Recording of receipts and expenditure:**

Though receipts and expenditure have been properly recorded, the following areas need improvement.

- Large difference between Manual Bank Book and Computerised Bank in respect of operative bank accounts.
- Lack of control in accounting of principal and interest pertaining to Flexi Deposits with Union Bank of India.
- Lack of control in accounting of principal and interest pertaining to Fixed Deposits.

The Company follows accrual system of accounting except in respect of certain items which has been reported in Para 4 and 5 of our audit report.

**Maintenance of Books of Accounts**

The Company maintained its books of accounts (Cash Book, Bank Book, General Ledger) electronically in Tally Accounting Package.

**Reconciliation of Inter-office accounts**

The Inter office accounts are not reconciled periodically. Hence leads to non adjustment of imprest advances.

**Control Accounts & Subsidiary Accounts:**  
*We observed that the Control Accounts of the Company (i.e., Debtor Control Account) is not reconciled.*

**Drawing Periodical Trial Balance**

The Company as a whole draws periodical trial balances through Tally Accounting Package. Depot wise trial balance and closing of accounts should to be drawn to have better control.



		<p><b>Compilation of Accounts</b> The Balance Sheet and Profit &amp; Loss accounts are prepared and are consolidated at Head Office from Tally Accounting Package trail balances. Internal control relating to Bank reconciliations, Term Deposits and reconciliation of sundry debtors needs to be strengthened considerably.</p>
3.	Please report which of the accounting policies adopted by the Company are not in conformity with the accounting policies applicable to the industry/companies in the same sector, particularly the Government Companies. What is the impact of such policies on the accounts?	<ul style="list-style-type: none"> <li>● Cash flow Statement annexed to annual account has not been prepared in accordance with Accounting Standard -3.</li> <li>● Net Profit or Loss for the period, Prior period items and Changes in Accounting Policies Accounting Standard -5.</li> <li>● Non-compliance of Accounting Standard – 22 in respect of deferred tax.</li> <li>● Non-compliance of disclosure requirements as per Accounting Standard – 20 in respect of EPS etc.</li> </ul>
4.	Notes to Accounts, qualification in Auditor's Report and comments of the C & AG may be reviewed for the last 3 years and state whether the management has taken rectification action?	No such rectification action was taken by the management.
5.	Whether the Company has a clear credit policy, policy for providing for doubtful debts/write offs & liquidated damages? Analyse the reasons such as non-completion of performance tests, litigation, retention sale, etc, for significant sundry debtors.	As informed to us there is no credit policy. Sales were made against advance receipt of payment. However there are sundry debtors in the balance sheet. No such periodic balance Statement of Trade receivables/Debtors have been sent by the Company. No such counter confirmation has been obtained by the company.
6.	Please report whether the system of giving discount to promote sales is fair? Whether the instructions for allowing discount are issued in writing and communicated properly to sales outlets.	No discount is provided to promote sales.



7.	Examine and indicate whether the Company has a system of monitoring the timely recovery of outstanding dues? Highlight the significant instances of failure of the system, if any.	Steps for recovery of old outstanding dues are not taken/ <b>monitored</b> timely. Age wise analysis of Sundry debtors Dr. balance Rs 18.01 lakhs (more than 6 months dues) is not available. The balance confirmations in respect of these are not available. The Company has not made any provision for the same.
8.	What is the system of obtaining confirmation of balances from debtors?	No such balance confirmation system/ procedure is there
9.	Please report whether there are any cases of waiver of debts/loans/interest etc, if yes, the reasons therefore and the amount involved.	No such case was noticed during the year 2010-11.
10.	Is there an adequate system of timely lodging of claims with outside parties? Whether the claims are properly monitored?	There is no such system of timely lodging of claims with outside parties.
11.	Indicate whether the credit obtained (including overdrafts) is monitored regularly and the terms of loans are not such that they have a negative impact on the earnings of the Company. Examine the system of effective utilization of loans & the system of obtaining statutory benefits.	The Company has not obtained any credit/ overdraft facility.
12.	Whether any incidence involving improper use or wastage of funds was noticed	No such incidence came to our notice.
13.	Examine and comment upon the reasonableness of assumptions made by the Actuary in providing for retirement benefits as per Accounting Standard 15.	Company has not provided any Gratuity or Leave Encashment liabilities in the books as employees have joined the company in deputation from Government of Odisha.
14.	Whether work flow and document flow is in place to ensure proper controls and systems commensurate with the delegation of work?	No such Documentation of work flow and document flow is in place.
<b>V.</b>	<b>Fraud/Risk</b>	
1.	Whether the company has an effective and delineated fraud policy consistent with regulatory requirements as well as the entity's business needs?	As explained to us no fraud detection and prevention policy is laid down.



2.	Whether the Company has formulated 'code of conduct' for senior management?	As informed by the management, Senior Management Personnel are on deputation from Government. So, code of conduct formulated for Government Employees is applicable to them. The company has not formulated additional 'code of conduct' for senior management.
3.	How the company has dealt with reported frauds and what are the remedial measures taken for preventing recurrence?	As informed by the management there is no fraud on or by the company during the year 2010-11.
4.	Are there any cases of violation of delegated Financial Powers during the period under report, which warrants "in-depth audit"? If yes please give a list of such cases.	No such case came to our notice during Audit.
5.	Does the Company have separate Vigilance Department/Wing? To what extent is it effective in its duty and whether its reports are submitted to the Board?	The Company does not have separate Vigilance wing which reports periodically to the Board of Directors.
6.	Whether the Management has designed and put in place an adequate Prevention and Detection Controls to prevent, reduce and discover the fraud and other irregularities?	As explained to us no such policy for Prevention and Detection Controls to prevent, reduce and discover the fraud and other irregularities is laid down.
7.	Whether the Company has 'whistle blowing' policy?	The company has no whistle blowing policy.
8.	Whether the fraud policy has been periodically reviewed and evaluated to determine whether it was designed and implemented to achieve optimal effectiveness?	No
<b>VI.</b>	<b>Assets (including Inventory)</b>	
1.	What is the position regarding maintenance of records such as fixed assets register, etc,?	The Company has maintained records showing full particulars including quantitative details and situation of fixed assets.
2.	Examine whether the Company has prescribed the following in regard to the management of stores:	



(a)	Maximum and minimum limits of stores and spares etc.	Since the inventory are belongs to the suppliers, no such maximum and minimum limit of stores has been fixed.
(b)	Economic order quantity for procurement of stores.	Not Applicable
3.	Whether ABC analysis has been adopted to control the inventory? If not, impact on inventory may be analysed.	Since the inventory belongs to the suppliers, ABC analysis has not been adopted by the Company to control the inventory.
4.	Whether regulations made for the purpose of control over stores, including stock taking and valuation of stock, stores, & work-in progress at the end of the financial year are adequate and duly enforced?	No such regulation has been made for control over stores.
5.	Does the work in progress contain any item, which has remained under work in progress, for an unduly long time? Attach a list of such items indicating amount, period of Tendency and reasons.	Not Applicable
6.	Examine and comment on the system of physical verification, valuation, treatment of non-moving & slow moving items, their disposal & abnormal excess & shortages in respect of closing stock items.	Physical Verification of stock is done once in a year by firms of chartered accountants appointed by the company.
7.	Examine and comment on the system of valuation of fixed assets, survey-off procedure & provision for assets & specific capital spares surveyed-off.	There is no system of valuation of fixed assets, survey off procedure and provision for assets.
8.	List out the surplus/obsolete/non-moving items of stores, raw material, finished goods lying unused at the end of last 3 years.	Not Applicable
9.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities?	As informed to us the Company has not received any gift from Govt. or other authorities during the period under audit.



10.	Are there any lapses in the internal control system right from ordering till the consumption of stores? If yes, the same may be highlighted.	Not applicable
11.	List out the assets and Plant & Machinery items, which have not been in use over a considerable period of time (say 5 years) and the reasons thereof.	It is informed that no such data has been compiled by the Company.
12.	Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date?	No such instances have been observed.
13.	Whether the norms for storage losses have been fixed? What is the basis on which storage losses are regularized? Indicate the abnormal storage losses suffered during the year under audit and amount realized there against.	No such Norm for normal storage loss is fixed.
14.	Demurrage/Wharfage incurred during the year and reasons therefore.	Nil
15.	Whether the company has conducted physical verification of Fixed Assets during the year and a formal report is being prepared for the same?	No such physical verification of Fixed Assets was conducted by the management.
16.	Whether there is a policy to review and implement impairment of assets?	No such policy is in place in the Company.
<b>VII. Investment</b>		
1.	Indicate whether the Company has laid down an investment policy duly approved by the accounting period.	Not Applicable
2.	Whether guarantee fee payable to the Government of India as per terms of loan agreement had been accounted for properly?	Not Applicable
3.	Whether any part or whole of the Loans from Government and/or interest accrued thereon have been either converted into equity or waived by the Government; if so, its impact on the financial position of the Company.	Not Applicable



4.	Are the terms of the loan agreements such that they make the entity especially vulnerable to changes in the interest rates?	Not Applicable
5.	Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings.	Not Applicable
6.	Whether there have been receipts of large loans from other PSUs or enterprises not related with the business of the Company.	Not Applicable
7.	Whether any study was conducted to avail any other instruments or derivatives instead of high cost loans?	Not Applicable
<b>IX.</b>	<b>Award and Execution of Contracts</b>	
1.	Whether Company has devised a proper system of tendering for awarding of various contracts?	Proper system of tendering has been devised for awarding of various contracts.
2.	Whether the company has an efficient system for monitoring and adjusting advances to contractors/suppliers.	The Company's system for monitoring and adjusting advance to contractors/suppliers need to be strengthened as it observed that there are some advance lying unreconciled for long time. The management should take concrete steps to recover/adjust these advances and every year fresh provisions are made in the account to take care of these advances.
3.	Whether the Company has settled all the issues viz. Performance Guarantee (PG) Tests, recovery of Liquidity Damages (LDs) and final payments etc. soon after the commissioning of the Project? Are there any cases of inordinate delay without sufficient justification?	Not Applicable
4.	Whether there are any disputes/claims unsettled for a long time?	As disclosed under notes to Accounts – Contingent Liabilities
5.	What is the procedure followed by the Company for purchasing proprietary items? What is the procedure for ascertaining the authenticity of the	As informed by the management no such instances occurred during the year.



propriety items certificate given by an official based on which tendering is not resorted to and goods are purchased from a particular supplier?	
<b>X. Costing Systems</b>	<b>Not Applicable</b>
1. Whether the Company has any cost policy?	
2. Are the cost accounts being reconciled with financial accounts?	
3. Whether the Company is computing the cost of major operations, jobs, products, processes and services regularly? If not, describe the failures.	
4. Whether the Company has an effective system for identification of idle labour-hours and idle machine-hours?	
5. Was cost audit ordered in the case of the Company? If so, highlight the major deficiencies pointed out in the latest cost audit report.	
6. Examine the accounting treatment of rejects & scraps for determination of cost of production. State the impact of bye products and joint products in determining costs.	
7. Whether there is any system to evaluate the abnormal losses and taking remedial measures to control such losses?	
8. What is the method being followed by the company to charge overheads? How is the overhead rate being arrived at? In case of cost plus contracts, are the overheads being recovered completely or not?	
<b>XI. Internal Audit System</b>	
1. Whether the Company is having Internal Audit section manned by staff of their own or whether the Company has hired the services of CAs as Internal Auditors? Give your comments on the Internal Audit System stating whether its reporting status, scope of work, level of competence, etc, are adequate? If not, describe the shortcomings thereof. Is there an adequate compliance mechanism on internal audit observations?	The Company has a system of Internal Audit conducted by outside Chartered Accountancy firm. The coverage and scope of <b><i>such audit needs to be strengthened in commensurate with the size and nature of the business of the Company.</i></b> The Company is having an inadequate compliance mechanism on Internal audit observation.



2. Whether Internal Audit standards/manual/guidelines have been prescribed and they are in practice?	No such internal audit standards / manual / guidelines are in place except the scope of work provided to the outside Chartered Accountancy firm.
3. Whether the Internal Audit reports were discussed by Audit Committee?	Not applicable.
4. Whether internal audit is independent and reports directly to the Chairman/Head of the Company?	The internal audit is independent
5. If internal audit is outsourced then whether the selection process is fair and transparent?	The appointment is made from the panel of practicing Chartered Accountants Firm
6. Whether entities which are not under the jurisdiction of the professional institute are being given the work of internal audit?	Registered Chartered Accountants Firm with ICAI are given the assignment of Internal Audit.
7. Does the Internal Audit report contain any serious irregularity which needs immediate attention of management/Government?	There are serious irregularities reported which have significant financial impact and thus require attention of the management.
8. What is the total impact of all shortcomings/deficiencies pointed out in the latest Internal Audit Report and pending for compliance as on date?	The total impact of shortcomings/deficiencies were not prepared by the management, hence the same is not ascertained.
9. Whether mistakes/shortcomings pointed out in the latest report is of the same kind/type as pointed out in earlier reports?	Not always same
<b>XII. Legal/Arbitration Cases:</b>	
1. Number of pending Legal/Arbitration cases indicating the age-wise analysis and reasons for their pendency.	Details of Arbitration Cases and Legal Cases with amount involved are not furnished by the management. Hence the same is not ascertained.
2. Details of new cases and cases settled during the year.	Details of Arbitration Cases and Legal Cases with amount involved are not furnished by the management. Hence the same is not ascertained.
3. Whether any norms/procedures exist/proposed to be laid down for large legal expenses (Foreign & Local) incurred/to be incurred.	No such norms exists.



4. Is there any system to ensure proper documentation (like maintaining minutes if the meetings, foreseeing contingencies, foreign exchange fluctuations etc.) before Agreement with foreign parties as well as Indian parties?	No such documentation noticed.
<b>IX. EDP Audit</b>	
1. Whether the organization has an approved IT strategy or Plan?	No IT strategy or Plan exists.
2. If the auditee has computerized its operations or part of it, assess and report, how much of the data in the Company is in electronic format, which of the major areas such as Financial Accounting, Sales Accounting, Personnel information, Payroll, Materials/Inventory Management, etc, have been computerized.	The data in the company is partly in electronic format such as Financial Accounting are in electronic format.
3. Indicate how this impacts on your work of auditing the Accounting and whether your audit is through and around the computer.	Audit has been done by applying test check method.
4. Has the Company evolved proper security policy for Software/Hardware?	Security policy has not been formulated and implemented by the Company.
5. Identify the areas in which the auditor is of the view that the built-in-checks and validations in the computer environment are not adequate or were not being exercised with proper authority?	No such build in checks are in place.
6. Comment on any problem faced in extracting information from computer files due to lack of back up of past records or due to record corruption. Is there a document retention policy?	In absence of any documented document retention policy and data labeling procedure, it is difficult to conclude about the security of data/records.
7. Whether any software is unutilized or underutilized due to lack of trained staff or any proper operating manual/documentation etc?	No such software in the company to prepare report.
8. Comment whether changes made in the software have the approval of Management and the same has been documented properly and the lead time given to the staff to get accustomed to it before making it fully operational?	Readymade Tally Accounting Software is used.



9. Whether the BOD is briefed regularly about the new IT Strategy, if any, proposed to be incorporated for the Company as a whole, for which large funds are sanctioned. This is particularly relevant to organizations where the entire IT activity is to be made online in due course.	Not Applicable
10. Whether the systems department is responsible for both hiring/buying EDP equipment Hardware & Software and also certifying their 'usability' before final payment (both functions should be separate with the user departments involved in the latter).	The company has not any System Department.
11. Whether the company has detailed/comprehensive list of all reports/statements which can be generated by the system in use?	No such list is prepared
12. Whether there is an effective IT Steering Committee?	No
13. Whether there exists effective disaster recovery plan for EDP Department which is periodically reviewed and evaluated?	As of now there is no disaster recovery.
14. Whether any of the findings and recommendations noted in the EDP Audit Report was considered significant and whether the issues were satisfactorily resolved?	No such EDP Audit conducted
<b>XIV. Environmental Management</b>	
Compliance of the various Pollution Control Acts and the impact thereof and policy of the Company in this regard may be checked and commented upon.	No adverse findings though no policy of the Company exists.
<b>XI. Corporate Social Responsibility</b>	
1. How is the company discharging its Corporate Social Responsibility?	The company has donated to Chief Minister's Relief Fund and Swaraj Project during the year under audit.
2. Whether any Board approved policy is in place and is being properly followed?	Board approved policy for discharging CSR is not in place.



3. Whether there is a system of fixation of targets for CSR activities?	There is a no system of fixation of targets for CSR activities.
4. Whether adequate mentoring mechanism exists for implementation of CSR activities?	Adequate mentoring mechanism does not exist for implementation of CSR activities.
<b>XII. General</b>	
1. Indicate whether the company has entered into a Memorandum of Understanding with its administrative ministry? If yes, have the targets in MOU been split unit-wise? If so, attach a unit-wise statement of targets and achievements against the parameters in MOU.	As informed by the management that the Company has not entered Memorandum of Understanding with its administrative ministry.
2. Whether contribution of employer and employee to Provident Fund is kept separately out of business and proper safeguard of the same is taken care of?	All the employees were on deputation from various department / organization of state govt. The Company has contributed the Provident Fund to the parent organization.
3. Does the company present a case for energy audit? If yes, has the audit been conducted by a specialised agency?	No such Energy Audit was conducted.
4. Where land acquisitions is involved in setting up new projects an enquiry as to whether settlement of dues and rehabilitation of those affected are being done expeditiously and in a transparent manner to ensure that the benefits go to the really affected people and is not diverted to agents and intermediaries including political parties.	Not Applicable
5. Whether the Company has done any mergers and acquisitions during the year? Whether a thorough need analysis was done before Merger or acquisition? Whether shareholders acceptance was taken before decision on merger/acquisition was arrived at? What was the impact thereof on the profitability of the Company?	NO

For and on behalf of **ABP & Associates.**  
Chartered Accountants (FRN : 315104E)

Place : Bhubaneswar  
Date :September 10, 2013

**CA. Lalit K. Patangia (Partner)**  
ICAI M. No. 053971



## Annexure – 2

**REPORT PURSUANT TO SUB DIRECTIONS ALONG WITH GENERAL DIRECTIONS AS IN  
ANNEXURE-I UNDER SECTION 619 (3) (a) OF  
THE COMPANIES ACT, 1956**

<b>COMPANY</b>	<b>ODISHA STATE BEVERAGES CORPORATION LIMITED. IDCO TOWER, BHUBANESWAR-751022 2010-2011</b>
<b>FINANCIAL YEAR</b>	
<b>LAND HOLDINGS.</b>	
<b>A. Land owned as fixed asset.</b>	
1. Are proper records maintained for the land in possession of the Company/Corporation giving full particulars of quantitative details and locations ?	Not Applicable
2. Is the company having clear title of the entire land in its possession and suitable documentary evidence available with the management?	Not Applicable
3. Are leased land shown separately? Has reconciliation been carried out of the gross and net carrying amount at the beginning and end of the reporting period with details of additions and disposals, if any	Not Applicable
4. If re-valued amounts are substituted for historical costs, whether disclosure includes the method adopted to compute re-valued amount, nature and indices used, year of re-appraisal and whether external valuer was involved.	Not Applicable
5. Are disclosures about land shown at nominal or nil value full and adequate?	Not Applicable
6. Is the entire land being put to use? If not, does the management have any plan in place to utilise the left over lands?	Not Applicable
7. Has the management declared any portion of the land surplus to their requirement? If yes, what further action has been initiated?	Not Applicable
<b>B. Land owned as “stock in trade”.</b>	Not Applicable
8. Whether the inventory of land acquired as “stock in trade” match with the physical possession as per annual physical verification? Are discrepancies properly reconciled ?	Not Applicable



<p>9. Is there a Property Register in respect of plots indicating cost of land and cost of development? Do all costs relating to acquisition of land, development, rehabilitation, registration, stamp duty, brokerage, incidental expenses etc. form part of the total cost of land and are properly accounted for in the accounts based on clear accounting policy ?</p>	Not Applicable
<p>10. Is there any land held as stock in trade whose title has not been passed onto the company/corporation but further allotment of the same has been made by the company/corporation?</p>	Not Applicable
<p>11. Are development expenses capitalized on the basis of estimated expenses ? If yes, quantify the difference between estimated and actual expenses.</p>	Not Applicable
<p>12. Whether land allotted to users have been put to use for the purpose for which it was allotted? What is the extent of monitoring to enable cancellation and resumption of plots wherein no production/approved activities are started as per terms and conditions of allotment by allottee ?</p>	Not Applicable
<p>13. Is there any deviation from set policy in allotment/sale of land during the year ?</p>	Not Applicable
<p>14. Are there instances of amounts recoverable from units sold-out for which no security is available presently ?</p>	Not Applicable
<p><b>C. <u>Common points (for land held as 'fixed assets' or 'Stock in trade')</u></b></p>	
<p>15. Whether lands transferred from erstwhile Government departments have been correctly taken into account with full details of extent, location and value ?If there is just a disclosure on non-availability of requisite details, the concrete efforts made by Government and the company/corporation to up date records should be detailed.</p>	Not Applicable



16. Have instances of encroachment of land been noticed ? If yes, the extent and value and whether matter has been taken up immediately with the concerned authorities for eviction of the encroachers may be given.	Not Applicable
17. Whether disclosure for land under litigation is full and adequate?	Not Applicable
<b>D. <u>Specific point (Land development on behalf of Govt.)</u></b>	
18. Whether the PSU/Corporation is involved in land development projects on behalf of Government which do not form part of annual accounts? If so, there should be a full disclosure on the financial and other aspects.	Not Applicable

For and on behalf of  
**ABP & Associates.**  
Chartered Accountants  
(FRN : 315104E)

Place : Bhubaneswar

Date :September 10, 2013

**CA. Lalit K. Patangia**  
(Partner)  
ICAI M. No. 053971



**ODISHA STATE BEVERAGES CORPORATION LTD**  
9TH FLOOR, IDCO TOWER  
BHUBANESWAR

**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCHEDULE NO	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHARE HOLDERS' FUNDS</u></b>			
Share Capital	1	10,000,000.00	10,000,000.00
Reserve & Surplus	2	1,002,881,848.21	693,111,795.27
<b>TOTAL</b>		<b>1,012,881,848.21</b>	<b>703,111,795.27</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block (at cost)	3	18,334,960.25	18,293,160.25
Depreciation till date		14,891,526.00	14,107,437.01
Net Block		<b>3,443,434.25</b>	<b>4,185,723.24</b>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Sundry Debtors	4	45,083,367.11	49,461,423.11
Cash & Bank Balances	5	2,050,548,018.02	1,145,954,001.76
Loans & Advances & Deposits	6	1,226,218,912.96	917,079,028.13
Other Current Assets	7	84,956,149.01	71,065,603.61
		<b>3,406,806,447.10</b>	<b>2,183,560,056.61</b>
<b><u>LESS:- CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Current Liabilities & Provisions	8	2,332,437,243.37	1,477,290,836.41
Other Current liabilities	9	64,930,789.77	7,343,148.47
<b><u>NET CURRENT ASSETS</u></b>		<b>1,009,438,413.96</b>	<b>698,926,071.73</b>
		<b>1,012,881,848.21</b>	<b>703,111,795.27</b>

The schedules referred to above form an integral part of the Balance Sheet in terms of our annexed report of even date.

**For ABP & Associates**  
Chartered Accountants  
(FRN No. 315104E)

**For and on behalf of Board of Directors**

(L. K. Patangia)  
Partner (M. No. 053971)

Place:-Bhubaneswar  
Date: 04.01.2013

Shri P. Dandasana  
Chief Manager (Finance)

Shri P. Sahoo  
(Managing Director)

Shri A. K. Mishra  
(Director)



**ODISHA STATE BEVERAGES CORPORATION LTD**  
9TH FLOOR, IDCO TOWER  
BHUBANESWAR

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2011**

PARTICULARS	SCHEDULE NO	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
<b>INCOME:</b>			
GROSS RECEIPTS	<b>10</b>	1,061,086,348.10	760,758,661.91
OTHER INCOMES	<b>11</b>	121,248,500.34	93,925,464.55
<b>TOTAL</b>		<b>1,182,334,848.44</b>	<b>854,684,126.46</b>
<b>EXPENDITURE:</b>			
ADMINISTRATIVE & SELLING EXPENSES	<b>12</b>	437,854,771.50	430,352,717.80
FINANCIAL EXPENSES	<b>13</b>	8,691.00	15,522.00
OTHER COST	<b>14</b>	20,448,546.00	10,000,000.00
<b>TOTAL</b>		<b>458,312,008.50</b>	<b>440,368,239.80</b>
<b>PROFIT(LOSS)BEFORE DEPRECIATION &amp; TAX</b>		<b>724,022,839.94</b>	<b>414,315,886.66</b>
DEPRECIATION		784,089.00	1,029,030.21
<b>PROFIT(LOSS) BEFORE TAX</b>		<b>723,238,750.94</b>	<b>413,286,856.45</b>
LESS:- PRIOR PERIOD PROFIT		0.00	13,933,460.00
ADD:- NET PRIOR PERIOD INCOME/EXPD.		0.00	851,957.00
<b>PROFIT(LOSS) BEFORE TAX</b>		<b>723,238,750.94</b>	<b>400,205,353.45</b>
PROVISION FOR TAXATION		245,946,157.00	137,566,560.00
<b>PROFIT (LOSS)AFTER TAX</b>		<b>477,292,593.94</b>	<b>262,638,793.45</b>
GENERAL RESERVE		47,729,259.00	0.00
PROPOSED DIVIDEND		143,187,778.00	0.00
PROVISION FOR IT FOR DIVIDEND(DDT)		24,334,763.00	0.00
<b>PROFIT (LOSS) AFTER APPROPRIATION</b>		<b>262,040,793.94</b>	<b>262,638,793.45</b>
BALANCE B/F FROM EARLIER YEAR		693,111,795.27	430,473,001.82
<b>BALANCE CARRIED OVER TO BALANCESHEET</b>		<b>955,152,589.21</b>	<b>693,111,795.27</b>
<b>Accounting policies &amp; notes on accounts</b>	<b>15</b>		

The schedules referred to above form an integral part of the Balance Sheet in terms of our annexed report of even date.

For ABP & Associates  
Chartered Accountants  
(FRN No. 315104E)

For and on behalf of Board of Directors

(L. K. Patangia)  
Partner (M. No. 053971)

Place:-Bhubaneswar  
Date: 04.01.2013

Shri P. Dandasana  
Chief Manager (Finance)

Shri P. Sahoo  
(Managing Director)

Shri A. K. Mishra  
(Director)



**ODISHA STATE BEVERAGES CORPORATION LTD**  
9TH FLOOR, IDCO TOWER  
BHUBANESWAR

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
<b><u>SCHEDULE-1-SHARE CAPITAL</u></b>		
Authorised Capital (5000000 Equity share @ Rs.10/-)	<b>50,000,000.00</b>	<b>50,000,000.00</b>
Issued, Subscribed & Paid Up Capital (1000000 Equity share @ Rs.10/-)	10,000,000.00	10,000,000.00
<b>TOTAL</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b><u>SCHEDULE-2-RESERVE &amp; SURPLUS</u></b>		
General Reserve	47,729,259.00	-
Profit & Loss Transferred from P/L a/c	955,152,589.21	693,111,795.27
<b>TOTAL</b>	<b>1,002,881,848.21</b>	<b>693,111,795.27</b>
<b><u>SCHEDULE-4-SUNDRY DEBTORS</u></b>		
<b><i>(i) Over Six months</i></b>		
A W Enterprises(P) Ltd.	581,022.00	0.00
Denzong Brew.-Bihar _Inter State Sale A/c	608,309.25	608,309.25
Royal Enterprise _Inter State Sale A/c	611,983.00	611,983.00
<b><i>(ii) Others(Less than six months)</i></b>		
Icarus Agency(P) Ltd.	43,282,052.86	48,241,130.86
<b>TOTAL</b>	<b>45,083,367.11</b>	<b>49,461,423.11</b>
<b><u>SCHEDULE-5-CASH &amp; CASH EQUIVALENT</u></b>		
<b><i>(a) Cash in Hand</i></b>		
	5,530.00	890.00
<b><i>(b) Cash at Bank(Scheduled in Current A/c)</i></b>		
Bank Balance	518,037,638.02	371,461,675.76
Term Deposit	1,532,504,850.00	774,491,436.00
<b>TOTAL</b>	<b>2,050,548,018.02</b>	<b>1,145,954,001.76</b>
<b><u>SCHEDULE-6-LOANS &amp; ADVANCES &amp; DEPOSITS</u></b>		
<b><i>(a) Loans and Advances(Unsecured, but considered goods)</i></b>		
Depot Advance	120,000.00	0.00
Imprest Advance	252,204.65	278,241.65
Festival Advance	44,500.00	24,000.00
General Advance	184,529.35	134,826.85
Legal Expenses Paid in Advance	34,625.00	39,625.00
License Fee Paid in Advance	503,000,000.00	403,000,000.00



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
Pass Fee Paid in Advance	0.00	65,200.00
Prepaid Insurance Premium	2,268,366.00	1,916,321.00
Prepaid Vehicle Insurance	0.00	1,762.00
Professional Charges Paid in Advance	57,696.00	57,696.00
Advance Income Tax	695,484,460.00	443,753,054.00
Advance to Excise Deptt.	3,530,756.00	34,677,918.36
Income Tax Demand(2002-03)	16,873,071.00	16,873,071.00
Travelling Advance	0.00	23,337.00
Advance to others (excise a/c)	2,533,267.00	2,529,317.00
Adv. on TCS(including Inter state & surcharge)	53,842.00	12,086,481.31
Adv. Salary & pay roll deduction	1,128,327.96	969908.96
<b>(b) Deposits(Unsecured, but considered goods)</b>		
SD with Sales Tax	11,000.00	11,000.00
SD with Tripti Service Station	5,000.00	0.00
SD with Telephone	8.00	8.00
Security Deposit	637,260.00	637,260.00
<b>TOTAL</b>	<b>1,226,218,912.96</b>	<b>917,079,028.13</b>
<b>SCHEDULE-7-OTHER CURRENT ASSETS</b>		
Accrued Interest on Term deposits	46,291,155.75	47,051,447.15
Award Infotech	0.00	500.00
Receivable From Govt & Others	25,705.00	25,705.00
Stock Holding Charges Receivable	1,567,140.00	0.00
Tax Deducted at Source(Receivable)	37,072,148.26	23,987,951.46
<b>TOTAL</b>	<b>84,956,149.01</b>	<b>71,065,603.61</b>
<b>SCHEDULE-8-CURRENT LIABILITIES &amp; PROVISION</b>		
<b>(a) Current Liabilities</b>		
Allied Domecq(Ex.A/c)	125.00	125.00
Appolo Alcho Bev.(Ex.A/c)	500.00	500.00
Bacardi Martin India Ltd Ex A/c	3,968.00	3,968.00
Bacchus Bottling Ex. A/c	2,059.00	2,059.00
BDA Ltd. (Ex.A/c)	13,000.00	13,000.00
Beam Global Spirits & Wine (I) Pvt.Ltd.Ex. A/c	1.00	1.00
Damerara Distl.Ltd. Ex. A/c	800.00	800.00
Denzong Breweries Ex. A/c	5,840.00	5,840.00
Himalaya Distl.(Ex. A/c)	352,372.00	352,372.00
Hi-Tech Bottling Pvt.Ltd.(Ex.A/c)	220,000.00	220,000.00



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
Jagatjit Industries-II Ex. A/c	1522945.00	1,522,945.00
Kaleast Bottling Ex. A/c	30.00	30.00
Maikal Breweries Ex. A/c	230,000.00	230,000.00
Mount Shivalik Brew.(Ex A/c	80.00	80.00
M P Beer Products Ex. A/c	3,160.00	3,160.00
Narang Brew.(Ex.A/c)	414,960.00	414,960.00
Nasik Vintners Pvt Ltd Ex. A/c	1.00	1.00
Ocean Beverage(Ex.A/c)	50.00	50.00
Santan Trading Co Ltd.Ex A/c	162,000.00	162,000.00
Seagram(Ex.A/c)	267.00	267.00
Shaw Wallace Distl. Ex. A/c	546.00	546.00
Som Distl. & Brew. Ex. A/c	662,293.50	662,293.50
Southern Agrifurane Industries Ex. A/c	0.50	0.50
SPR Group Holdings(Ex.A/c)	782.00	782.00
Sri Shakti Distl.(P) Ltd (Ex. A/c)	11,186.00	11,186.00
United Breweries Ex. A/c	9,746.00	9,746.00
<b>SUB-TOTAL(a)</b>	<b>3,616,712.00</b>	<b>3,616,712.00</b>
Supdt. of Excise A/c	53,846,749.94	25,795,200.00
<b>Security Deposit</b>		
Security Deposit Service Provider	500,000.00	500,000.00
Security Deposit Supplier	27,000,000.00	26,000,000.00
<b>Sundry creditors</b>		
Sundry Creditor (Export)	44,850,500.65	49,108,292.65
Sundry Creditors(Non Operating & operating)	1,187,537,603.62	788,418,729.30
<b>SUB-TOTAL(b)</b>	<b>1,313,734,854.21</b>	<b>889,822,221.95</b>
<b>(b) Provision for Tax &amp; Others</b>		
<b>Provision for Income Tax</b>		
Provision for Income Tax(2001-02)	6,572,340.00	6,572,340.00
Provision for Income Tax(2002-03)	2,116,315.00	2,116,315.00
Provision for Income Tax(2003-04)	3,504,328.00	3,504,328.00
Provision for Income Tax(2004-05)	10,484,045.73	10,484,045.73
Provision for Income Tax(2005-06)	6,479,732.00	6,479,732.00
Provision for Income Tax(2006-07)	45,200,975.00	45,200,975.00
Provision for Income Tax(2007-08)	44,381,717.32	44,381,717.32



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
Provision for Income Tax(2008-09)	96,871,930.00	96,871,930.00
Provision for Income Tax(2009-10)	137,566,560.00	137,566,560.00
Provision for Income Tax(2010-11)	245,946,157.00	0.00
Proposed dividend (2010-11)	143,187,778.00	0.00
Provision of IT for dividend	24,334,763.00	0.00
<b><i>Duties &amp; Taxes</i></b>		
TCS (IMFL)	16,319,382.46	0.00
TCS on CS	3,182,935.74	0.00
Cess	0.00	4,155,075.47
Cess(Inter State Sale)	0.00	4,400.00
CST Payble	153,993.46	233,853.46
Education Cess	0.00	2,605,687.00
Entry Tax Payble	20,712,480.42	7,963,898.72
Sales Tax Payble	72,017,967.95	64,247,927.04
Surcharge on TCS(CS)	0.00	1,048,117.86
Surcharge on TCS(IMFL)	0.00	19,137,253.28
Service Tax payable	408.71	408.71
<b><i>Salary Deductions</i></b>		
Employee provident fund	62,940.00	
Audit Fees & Expenses Payble	268,556.00	198,897.00
Electricity Charges Payable	39,993.00	0.00
Franchise Fee Payble	122,757,096.80	122,757,096.80
Godown Rent Payble	6,384,752.60	3,009,111.10
Office Rent Payble	243,730.00	147,822.00
Other Liability	2,076,791.47	2,223,698.47
Other Liability(PF & GSLI)	41,106.00	41,106.00
Pass Fee Payble A/c	404,850.00	728,800.00
Professional Charges Payble	43,284.50	63,138.50
Security Service Charges Payble	3,727,129.00	2,107,668.00
Water Charges Payable	1,638.00	0.00
<b>SUB-TOTAL(c)</b>	<b>1,015,085,677.16</b>	<b>583,851,902.46</b>
<b>GROSS TOTAL(A+B+C)</b>	<b>2,332,437,243.37</b>	<b>1,477,290,836.41</b>



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
<b><u>SCHDULE-9-OTHER CURRENT LIABILITIES</u></b>		
Aditya Allmunium	38,024.00	38,024.00
Bhanjaprabha Super Bazar	8,443.00	8,443.00
Earnest Money Deposits	356,796.00	345,296.00
Registration Fee(Supplier) Received in Advance	0.00	250,000.00
Reliable Security & Inttest	5,534.00	5,534.00
Advance to Employees	64,521,992.77	6,695,851.47
<b>TOTAL</b>	<b>64,930,789.77</b>	<b>7,343,148.47</b>
<b><u>SCHDULE-10-GROSS REVENUE</u></b>		
Cash Discount	114,791,998.98	85,476,945.47
Margin on Operation	941,423,777.12	675,281,716.44
Processing Fee	1,913,042.00	0.00
Stockholding Receipts	2,957,530.00	0.00
<b>TOTAL</b>	<b>1,061,086,348.10</b>	<b>760,758,661.91</b>
<b><u>SCHDULE-11-OTHER INCOMES</u></b>		
Interest on Flexi & term deposits	107,428,146.86	68,250,684.00
Misc Receipt	11,624,853.48	21,908,252.55
Permit Cancellation Fee A/c	65,500.00	1,626,528.00
Registration Fee(Supplier)	2,130,000.00	2,140,000.00
<b>TOTAL</b>	<b>121,248,500.34</b>	<b>93,925,464.55</b>
<b><u>SCHDULE-12-ADMINISTRATIVE &amp; SELLING EXP.</u></b>		
Godown Rent & Expenses	8,815,068.00	8,536,759.00
Professional & Legal Charges	168,931.00	247,843.00
Salary & Wages	20,012,555.00	5,842,108.80
Depot Expenses	939,117.00	0.00
Advertisement Exp	149,956.00	162,017.00
Assistance to Public Awarness Programme	970,000.00	0.00
Audit Fees & Expenses	267,558.00	225,785.00
B.O.D Meeting Expenses	9,440.00	4,703.00
Books & Journals	4,082.00	8,357.00
Business Exp.	5,544.00	1,002,448.00
Company Secretary Retainership Fee	39,708.00	52,944.00
Electricity Charges	645,384.00	471,698.00



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

PARTICULARS	As at 31st March'2011 (Rs.)	As at 31st March'2010 (Rs.)
Hire Charges of Vehicle	5,713.00	3,862.00
House Rent	3,077.00	0.00
License Fee	403,000,000.00	403,000,000.00
News Paper & Periodicals	5,266.00	7,228.00
Securities services charges	0.00	8,247,242.00
FBT	0.00	96,341.00
Office Expenses	58,123.50	85,730.00
Office Rent	1,522,950.00	1,407,321.00
Postage & Telegram	6,960.00	87,433.00
PRINTING & STATIONARY	326,062.00	468,917.00
Repair & Maintainance	96,213.00	141,982.00
Software Devlopment Charges	551,500.00	0.00
Telephone Charges	129,147.00	123,303.00
Travelling & Conveyance	97,960.00	57,663.00
Vehicle Insurance	4,801.00	51,477.00
Water Charges	19,656.00	19,556.00
<b>TOTAL</b>	<b>437,854,771.50</b>	<b>430,352,717.80</b>
<b>SCHDULE-13-FINANCIAL EXPENSES</b>		
Bank Charges	8,691.00	15,522.00
<b>TOTAL</b>	<b>8,691.00</b>	<b>15,522.00</b>
<b>SCHDULE-14-OTHER COSTS</b>		
Donation	20,373,750.00	10,000,000.00
Miscellaneous Exp	74,796.00	0.00
<b>TOTAL</b>	<b>20,448,546.00</b>	<b>10,000,000.00</b>



**ODISHA STATE BEVERAGES CORPORATION LTD**  
9TH FLOOR, IDCO TOWER  
BHUBANESWAR

<b>SCHEDULE-3-FIXED ASSETS AS PER WDV METHOD</b>											
<b>FIXED ASSETS AS PER COMPANIES ACT, 1956 FOR THE FINANCIAL YEAR 2010-11</b>											
PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OPENING AS ON 01.04.2010	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	TOTAL VALUE AS ON 31.03.2011	UPTO 01.04.2010	DURING THE YEAR	ADJUSTED DURING THE YEAR	TOTAL AS ON 31.03.2011	CLOSING AS ON 31.03.2011	CLOSING AS ON 31.03.2010
AIR CONDITIONER	13.91%	896331.15	0.00	0.00	896331.15	646929.79	34692.00	0.00	681621.79	214709.36	249401.36
COMPUTER	40.00%	5877941.00	13450.00	0.00	5891391.00	5334363.68	218772.00	0.00	5553135.68	338255.32	543577.32
FURNITURE & FIXTURES	18.10%	3772329.50	0.00	0.00	3772329.50	3080843.54	125159.00	0.00	3206002.54	566326.96	691485.96
ELECTRICAL FITTINGS	13.91%	820239.60	0.00	0.00	820239.60	588597.24	32221.00	0.00	620818.24	199421.36	231642.36
OFFICE EQUIPMENTS	13.91%	3912636.00	28350.00	0.00	3940986.00	1927386.43	280091.00	0.00	2207477.43	1733508.57	1985249.57
VEHICLE	25.89%	2189063.00	0.00	0.00	2189063.00	1973878.86	55711.00	0.00	2029589.86	159473.14	215184.14
ACQUA WATER PURIFIER	13.91%	31500.00	0.00	0.00	31500.00	4381.65	3772.00	0.00	8153.65	23346.36	27118.35
AUDIO VISUAL	13.91%	793120.00	0.00	0.00	793120.00	551055.83	33671.00	0.00	584726.83	208393.18	242064.17
<b>TOTAL</b>		<b>18293160.25</b>	<b>41800.00</b>	<b>0.00</b>	<b>18334960.25</b>	<b>14107437.02</b>	<b>784089.00</b>	<b>0.00</b>	<b>14891526.00</b>	<b>3443434.25</b>	<b>4185723.23</b>
<b>PREVIOUS YEAR</b>		17979354.25	179518	140208	5920	18293160.25	13078406.8	1029300.21	14107437.01	4185723.24	



**ODISHA STATE BEVERAGES CORPORATION LTD**  
9TH FLOOR, IDCO TOWER  
BHUBANESWAR

SCHEDULE-3-FIXED ASSETS		AS PER WDV METHOD									
		FIXED ASSETS AS PER COMPANIES INCOME TAX ACT, 1961 FOR THE FINANCIAL YEAR 2010-11									
PARTICULARS	RATE	OPENING AS ON 01.04.2010	ADDITION DURING THE YEAR		DELETION DURING THE YEAR	TOTAL	DURING THE YEAR	ADJUSTED DURING THE YEAR	TOTAL	CLOSING AS ON 31.03.2011	
			<180 DAYS	>180 DAYS							
PLANT & MACHINERY	15.00%	1603988.00	0.00	0.00	0.00	1603988.00	240598.00	0.00	240598.00	1363390.00	
PLANT & MACHINERY	60.00%	26092.00	0.00	13450.00	0.00	39542.00	23725.00	0.00	23725.00	15817.00	
FURNITURE & FIXTURES	10.00%	1732296.00	28350.00	0.00	0.00	1760646.00	174648.00	0.00	174648.00	1585998.00	
<b>TOTAL</b>		<b>3362376.00</b>	<b>28350.00</b>	<b>13450.00</b>	<b>0.00</b>	<b>3404176.00</b>	<b>438971.00</b>	<b>0.00</b>	<b>438971.00</b>	<b>2965205.00</b>	



**ODISHA STATE BEVERAGES CORPORATION LTD**  
**9TH FLOOR, IDCO TOWER**  
**BHUBANESWAR**

**CASH FLOW STATEMENT FOR THE YEAR ENDED On 31.03.2011**

<b>INFLOW OF CASH :</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>Current Liabilities</b>		
Additional Securities	201,387,598.00	
Security Deposit	1,500,000.00	
Duties & Taxes	384.00	
Sundry Creditors	2,450.52	
EMD	12,000.00	
Security Service Charges Payble	292,189.00	
Tax Deducted at Source(PAYBLE)	721,039.00	
<b>TOTAL</b>		<b>203,915,660.52</b>
<b>Investments</b>		
Flexi Deposit in IDBI	20,000,000.00	
Term Deposit	672,161,992.00	
<b>TOTAL</b>		<b>692,161,992.00</b>
<b>Current Assets</b>		
Imprest Advance	19,995.00	
Sundry Debtors	19,568,552,007.00	
Accrued Interest A/c	23,730,109.52	
General Advance	15,410.00	
Legal Expenses Paid in Advance	15,000.00	
Prepaid Insurance Premium	20.00	
<b>TOTAL</b>		<b>19,592,332,541.52</b>
<b>Direct Incomes</b>		
Processing Fee	30,000.00	
Processing Fee on Inter State Sale	1,873,042.00	
<b>TOTAL</b>		<b>1,903,042.00</b>
<b>Direct Expenses</b>		
Salary & Wages	9,854.00	
Assistance to Public Awareness Programme	30,000.00	
Office Expenses	12,164.00	
Vehicle Repair & Maintainance	9,600.00	
<b>TOTAL</b>		<b>61,618.00</b>



<b>INFLOW OF CASH :</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>Indirect Incomes</b>		
Bidding Amount (Non Refundable)	9,542,693.00	
Interest on Term Deposit	10,356,238.00	
Interest Received on Flexi A/c	17,948,107.74	
Misc Receipt	60,652.48	
Registration Fee(Supplier)	400,000.00	
Revalidation Fee	42,000.00	
<b>TOTAL</b>		<b>38,349,691.22</b>
<b>Indirect Expenses</b>		
Bank Charges	290.00	
<b>TOTAL</b>		<b>290.00</b>
<b>TOTAL CASH INFLOW(a)</b>		<b>20,528,724,835.26</b>
<b>OUTFLOW</b>		
<b>Current Liabilities</b>		
EXCISE A/c	7,173,543,293.00	
Security Deposit	500,000.00	
Duties & Taxes	3,357,107,874.00	
Sundry Creditors	7,598,956,108.00	
Salary Deductions	1,351,640.00	
Audit Fees & Expenses Payble	137,815.00	
EMD	500.00	
Godown Rent Payble	1,220,938.00	
Office Rent Payble	117,150.00	
Other Liability	324,292.00	
Pass Fee A/c	709,000.00	
Professional Charges Payble	19,854.00	
Salary Payble	4,474,231.00	
Security Service Charges Payble	961,800.00	
Tax Deducted at Source(PAYBLE)	828,077.00	
<b>TOTAL</b>		<b>18,140,252,572.00</b>
<b>Fixed Assets</b>		
Computer Printer	13,450.00	
OFFICE EQUIPMENTS	28,350.00	
<b>TOTAL</b>		<b>41,800.00</b>



<b>INFLOW OF CASH :</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>Investments</b>		
Term Deposit	1,404,548,092.00	
<b>TOTAL</b>		<b>1,404,548,092.00</b>
<b>Current Assets</b>		
Depot Advance	120,000.00	
Imprest Advance	50,000.00	
Deposits (Asset)	5,000.00	
Loans & Advances (Asset)	85,000.00	
Sundry Debtors	35,545,584.00	
Advance Income Tax	251,731,406.00	
General Advance	83,420.00	
Legal Expenses Paid in Advance	10,000.00	
Prepaid Insurance Premium	2,268,366.00	
Tax Deducted at Source(Receivable)	3,221,609.00	
<b>TOTAL</b>		<b>293,120,385.00</b>
<b>Direct Expenses</b>		
Godown Rent & Expenses	3,680,102.00	
Professional & Legal Charges	128,871.00	
Salary & Wages	11,747,926.00	
Depot Expenses	736,488.00	
Advertisement Exp	149,956.00	
Assistance to Public Awareness Programme	1,000,000.00	
Audit Fees & Expenses	37,031.00	
B.O.D Meeting Expenses	7,440.00	
Books & Journals	4,082.00	
Business Meeting Exp	5,544.00	
Chemical Analysis Charges	11,881.00	
Company Secretary Retainership Fee	39,708.00	
Electricity Charges	575,386.00	
Hire Charges of Vehicle	5,713.00	
House Rent	3,077.00	
License Fee	503,000,000.00	
Miscellaneous Exp	6,205.00	
News Paper & Periodicals	5,266.00	
Office Expenses	69,700.00	
Office Rent	1,288,650.00	
P.O.L Expenses	41,416.00	



INFLOW OF CASH :	Amount (Rs.)	Amount (Rs.)
Postage & Telegram	6,960.00	
PRINTING & STATIONARY	326,062.00	
Professional Charges	40,060.00	
Repair & Maintainance	43,446.00	
Software Development Charges	551,500.00	
Telephone Charges	129,147.00	
Travelling & Conveyance	67,733.00	
Vehicle Insurance	3,039.00	
Vehicle Repair & Maintainance	62,367.00	
Water Charges	18,018.00	
<b>TOTAL</b>	<u>523,792,774.00</u>	<b>523,792,774.00</b>
<b>Indirect Expenses</b>		
Bank Charges	8,981.00	
Donation	20,373,750.00	
Employee Benefit Exp	5,879.00	
<b>TOTAL</b>	<u>20,388,610.00</u>	<b>20,388,610.00</b>
<b>TOTAL CASH OUTFLOW(b)</b>		<b>20,382,144,233.00</b>
<b>NET INFLOW (a-b)</b>		<b>146,580,602.26</b>

For ABP & Associates  
Chartered Accountants  
(FRN No. 315104E)

(L. K. Patangia)  
Partner (M. No. 053971)

For and on behalf of Board of Directors

Place:-Bhubaneswar  
Date: 04.01.2013

Shri P. Dandasana  
Chief Manager (Finance)

Shri P. Sahoo  
(Managing Director)

Shri A. K. Mishra  
(Director)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS. "15"****Significant Accounting Policies****1. Basis of Preparation of Financial Statements :**

- a) The Accounts are drawn up on a historical cost convention and on accrual basis in accordance with the applicable Accounting Standards published by the Institute of Chartered Accountants of India except otherwise stated here below.
- b) The Company has followed mercantile system of accounting and recognizes Income and Expenditure on accrual basis.

**2. Revenue Recognition and Expenditure Allocation****As per AS – 5 :**

- a) Margin on Operation are recognized on completion of sale of goods on behalf of the supplier and are recorded net off sales tax, entry tax and surcharge on sales tax, if any.
- b) Cash discounts received / receivables are recognized on month to month basis based on the Actual payment made to supplier net off the duty and tax and reinvestment in duties, if any.
- c) Registration fees collected from supplier is taken into account in yearly basis.
- d) The Expenditures are allocated and charged to respective expenditure heads as and when accrued / spent for the period of the financial statement.

**3. Fixed Assets :** As per AS – 10, Fixed assets are stated at cost including the incidental expenditure incurred to acquire the Fixed assets.

**4. Depreciation :** Depreciation is charged on all depreciable assets on the basis of written down value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended from time to time.

**5. Inventories :** As per the agreement between the company and the supplier, the stocks held in the godowns of the company are the stock of the supplier, the company will only earn margin on sales made on behalf of suppliers.

**6. Retirement Benefits of Employees :** The Corporation has taken employees from government and other organization on deputation basis. They are guided by the terms of deputation as fixed / to be fixed by the State Government / other Public Sector Undertakings. Their retirement benefits including Gratuity & Leave Salary etc. are accounted for on cash basis as per the terms of deputation.



**Notes Forming part of Accounts**

**1. Contingent Liabilities :**

**Pending demand for statutory dues under different authorities**

**a) Income Tax :-**

ASSESSM	AMOUNT OF DEMAND (b)	Amount Paid after raising demand (c)	Unpaid Amount	Status in Cases of Pending
2005-06	3,82,78,828.00	3,74,22,033.00	8,56,805.00	Pending before Commissioner of Income Tax (Appeal.)
2008-09	8,00,21,496.00	5,44,26,075.00	2,55,95,420.00	Pending before Commissioner of Income Tax (Appeal.)

**b) Service Tax :**

PERIOD	DEMAND	PAID	UNPAID	STATUS IN CASES OF PENDING
2002-03 to 2006-07	11,91,73,890.00	9,30,15,649.00	2,61,58,241.00	OSBC has preferred an appeal & filed stay petition for the period up to 06-07 before CESTAT, Kolkata against the order of commissioner of central excise, customs & service tax BBSR by which stay has been granted by CESTAT appeal is still pending.
2007-08	8,00,21,496.00	5,44,26,075.00	46,21,568.00	OSBC has filed an appeal and stay petition for the year 2007-08 against order of commissioner of Service Tax before CESTAT, Kolkata and is yet to receive any orders. Expeditious petition has been heard by the CESTAT, Kolkata on 10.04.2012 and the same is allowed and learned appellate Tribunal has been pleased to fix a date on 16.05.2012 for hearing on Stay application filed by the OSBC.
2008-09 to 2009-10	31,62,01,216.00	NIL	31,62,01,216.00	Against the demand of Commissioner of Service Tax appeal and stay has been filed in CESTAT Kolkata.



## c) Sale Tax :

PERIOD	DEMAND	PAID	UNPAID	STATUS IN CASES OF PENDING
2002-03	3,22,043,14.00	NIL	32,204,314.00	Appeal before commissioner of sales tax.

2. The payments made by the suppliers for deposit with Superintendent, Khurda for obtaining the License for Procurement of IMFL & BEER is considered as additional security received from the Respective Suppliers and considered in the financial statement as additional security deposits net off the payments made to Excise Department.
3. The Balance confirmations from retailers & suppliers along with debtors are not obtained.
4. The reconciliation of sales tax collected and sales tax paid, entry tax collected and entry tax paid, supplier balances are in progress.
5. Sales made on behalf on the supplier during the year is credited to respective suppliers account after adjusting the sales tax, entry tax, company's margin and cash discount, if any.
6. The debtor control account has shown debit balance and credit balance. But the amount of **Rs.6,45,21,992.77** showing credit balances has taken under other current liabilities.
7. Income Tax provision is made on the total profit considering the depreciation allowance applicable as per the Income Tax Rules.
8. The credit balance of Sundry Creditors amounting to **Rs.1,23,39,42,771.91** have been shown under the head "Sundry Creditors" and the debit balance of **Rs.15,54,667.65** have been shown under the head Loans & advances as advance to suppliers.
9. (a) Non of the Employees draw remuneration more than **Rs.2,00,000/-** per month or Rs. 24,00,000/- per annum.
  - (i) No. of Employees **Nil**
  - (ii) Salary & Wages **Nil**
  - (iii)Corporations Contribution to Provident & Other Funds **Nil**
- (b) Employees employed for a part of the year and were in receipt to remuneration not less than Rs.2,00,000/- per month
  - (i) No. of Employees **Nil**
  - (ii) Salary & Wages **Nil**
  - (iii) Corporations' Contribution to Provident & Other Funds **Nil**
10. Previous year's figures have been regrouped, recast and rearranged wherever is necessary.
11. Cash Discount received / receivable are recognized on yearly basis based on actual payment made to the suppliers net off duty and taxes and reinvestment in duties, if any.
12. Margin on Operation includes Margin Rounding Off, and Margin on Operation for the financial year 2010-11.
13. **Dividend :**
  - Ø The dividend is firstly recommended by BOD i.e. final dividend @30% upon post tax profit taken as proposed dividend under current liabilities.
  - Ø So, Proposed dividend exceeds 20% of paid up capital by which 10% of current year's profit transferred to General Reserve under Reserve and Surpluses account as per the provisions of companies act under Transfer of Profit to Reserve Rules, 1975.



**BALANCE SHEET ABSTRACT AND  
COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	:	006372
State Code	:	15
Balance Sheet Date	:	31/03/2011

**II. Capital Raised during the Year (Amount in Rs. Thousands)**

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

**III. Position of Mobilizations and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	:	3,410,249.88
Total Assets	:	3,410,249.88

**Source of Funds**

Paid-up Capital	:	10,000.00
Reserves and Surplus	:	10028818.85
Secured Loans	:	NIL
Unsecured Loans	:	NIL

**Application of Fund**

Net Fixed Assets	:	3,443.43
Investments	:	NIL
Net Current Assets	:	1,009,438.41
Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	NIL

**IV. Performance of Company (Amount in Rs. Thousands)**

Total Income	:	1,182,334.85
Total Expenditure	:	458,312.01
Profit / Loss before Tax	:	723238.75
Profit / Loss after Tax	:	477292.59
Earnings per Share (in Rs.)	:	477.29
Dividend Rate %	:	30 %

**V. Generic Names of Principal Products / Services of Company (As per Monetary Terms)**

Item Code No. : IMFL, BEER &amp; COUNTRY SPIRIT

(ITC Code) : 2207

Product Description