

16th ANNUAL REPORT
2015-2016



ODISHA STATE BEVERAGES CORPORATION LIMITED

(A GOVERNMENT OF ODISHA UNDERTAKING)
2ND FLOOR, FORTUNE TOWERS, CHANDRASEKHARPUR,
BHUBANESWAR-751023 (ODISHA), www.osbc.gov.in
CIN: U51228OR2000SGC006372

CONTENTS

	Pages
Board of Directors	1
Directors' Report	2-15
Replies of the Management on the Comments of the Statutory Auditors	16-22
Replies of the Management on the Comments of the Comptroller and Auditor General of India	23-27
Extract of Annual Return	28-31
CSR Report	32-36
Independent Auditors' Report	37-50
Balance Sheet	51
Statement of Profit & Loss	52
Cash Flow Statement	53 - 54
Schedule to Balance Sheet	55 - 57
Schedule to Profit & Loss	58 - 59
Significant Accounting Policies	60 - 63
Notes to the Financial Statements	64 - 72

**BOARD OF DIRECTORS AS ON 31.03.2016**

1. Shri S.P.Thakur, IAS	Chairman
2. Shri Saswat Mishra, IAS	Director
3. Shri Prasanta Kumar Senapati, IAS	Director
4. Shri Aswini Kumar Mishra, IA & AS	Director
5. Shri Akshaya Kumar Parida, OAS (SAG)	Director
6. CA Arun Kumar Sabat, FCA	Independent Director
7. Shri Dwijaraj Kar, OAS (SAG)	Managing Director

BOARD OF DIRECTORS AS ON 30.09.2016

1. Shri Bishnupada Sethi, IAS	Chairman
2. Shri Saswat Mishra, IAS	Director
3. Shri Prasanta Kumar Senapati, IAS	Director
4. Shri Aswini Kumar Mishra, IA & AS	Director
5. Shri Madhu Sudan Mishra	Director
6. CA A.K.Sabat, FCA	Independent Director
7. Shri Dwijaraj Kar, OAS (SAG)	Managing Director

STATUTORY AUDITORS:

M/s. GRC & Associates.
Chartered Accountants
N-6/432, 1st Floor, IRC Village, Nayapalli,
Bhubaneswar, Odisha-751015.

BANKERS:

State Bank of India
IDBI Bank Limited
Union Bank of India

REGISTERED OFFICE:

2nd Floor, Fortune Towers,
Chandrasekharapur, Bhubaneswar-751023, Odisha.
CIN:U51228OR2000SGC006372



DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I convey my immense pleasure in presenting the 16th Annual Report of Odisha State Beverages Corporation Limited and the Audited Accounts for the year ended 31st March, 2016 together with the reports of the Statutory Auditors and the Comptroller & Auditor General of India thereon.

1. FINANCIAL HIGHLIGHTS:

The financial results of the Corporation for the year ended 31st **March 2016** vis-a-vis 31st **March 2015** are

PARTICULARS	For the Financial Year ended on 31.03.2016 (Rupees in lacs)	For the Financial Year ended on 31.03.2015 (Rupees in lacs)
Total Revenue	319,356.98	297,365.74
Total Expenses	314,342.47	292,409.71
Profit Before tax	5,014.51	4,956.03
Tax Expenses		
Current Tax	1,382.97	1,997.57
Deferred Tax Liability/ (Assets)	2.23	662.16
Earlier Year Tax/(Refund)		
Profit after Tax	3,629.31	2,296.30
Appropriation:		
General Reserve	362.93	229.63
Dividend	1,088.78	1,001.70
Dividend Tax	221.65	200.28

2. SUMMARY OF OPERATIONS:

The Odisha State Beverages Corporation Limited was incorporated and got its legal status under the Companies Act, 1956 on 6th November, 2000 from the Registrar of Companies, Odisha, Cuttack.

Your Corporation, from the date of its legal reorganisation, has been vested with the exclusive right and privilege of importing, exporting and carrying on the wholesale trade and distribution of foreign liquors, beverages of different kind and brands in the State on behalf of the State Government for the whole of the State of Odisha.



During the year of operation, the Audited Financial results reveals that the total revenue was Rs.319,356.98 lakh and the total expenditure was Rs.314,342.47 lakh with the net profit after tax for the financial year at Rs.3,629.31 lakh.

The Corporation has altogether 9 (nine) depots which are at Angul, Balasore, Berhampur, Bolangir, Chandikhol, Khurda, Nirgundi (Cuttack), Rayagada and Sambalpur for storage and sale of IMFL/Beer/Country Spirit purchased from its registered suppliers.

3. DIVIDEND AND APPROPRIATIONS:

During the year the Board of Directors have recommended Dividend of 30 % of the net profit amounting to Rs.1088.78 lakh, subject to the approval of the shareholders of the Corporation at the ensuing Annual General Meeting which will result an outflow of Rs.1088.78 lakh in addition to the dividend distribution tax amounting to Rs.221.65 lakh as per Income Tax Act.

4. RESERVES:

Like previous year the Board of Directors of your Corporation proposes to transfer Rs. 362.93 lakh to reserve.

5. AWARDS AND RECOGNITION:

Your Corporation has not received any awards during the period.

6. BUSINESS REVIEW/ STATE OF THE CORPORATION'S AFFAIRS:

I, by extending a warm welcome to all the stakeholders, feel honored to step forward to place once again a brief account of positive achievements of your Corporation before you. Your Directors on behalf of the Corporation were interested not only in increasing the earnings of the Corporation but also in providing qualitative services to its customers and society and continuing their efforts for achieving both the objectives of protecting the interest of the shareholders as well as its customers and society as a whole.

i. Changes in the nature of the Business:

During the year under review, there were no changes in nature of business of the Corporation.

ii. Material changes and Commitments affecting the Financial Position of the Corporation:

There are no material changes and commitments affecting the financial position of the Corporation, from the date of the Balance Sheet till the date of the Board's Report.



7. COMPUTERISATION INITIATIVE OF OSBC:

OSBC computerisation project was started in early 2014 in order to automate the work flow related to goods procurement and distribution at the depot level. The project is planned in three phases as below:

- a. **Phase 1:** Automate all activities related to in-bound process, i.e. movement of goods from bottling unit to depot.
- b. **Phase 2:** Automate all activities related to out-bound process, i.e. movement of goods from depot to retailers.
- c. **Phase 3:** Payment integration & management reporting

Phase 1 has been launched successfully and running since 6th July 2015. Following have been completed as part of Phase – 1

- Launch of website osbc.gov.in. This website gives all the necessary information related to the corporation along with a login page for stakeholders
- Indent application to permit generation process is made online.
- Generation of *dispatch note*, *gate entry registration* and *daily receipt note* is also made online.
- Real-time tracking of goods in transit from bottling unit to depot.
- Payment of excise duty, import fee and pass fee through *e-wallet* system.

Below are the critical re-engineered areas in the inbound process

1. Movement of Indents is done manually from Supplier -> OSBC -> Excise Spdt. The process usually takes 2-3 days. With the current system developed, it is just a matter of 2-3 hours till Indent approval process is completed. Moreover, it includes Godown Manager's point of view. The Permit Process as a whole which used to take about 4-5 days is now a one day affair.
2. Introduction of *e-wallet* system has minimized movement of multiple demand drafts across the stakeholders (Supplier, OSBC & Excise). Generally the realisation of amount for each DD used to take 4-5 working days. Now, with the *e-wallet* system in place, the process time of payments (towards excise duty) is reduced from 4-5 days to few hours.



3. Calculation of Excise Duty, Taxes, Other fee etc. is taken care by the system. Moreover, the majority fields in the Permit Pass are populated by system, thereby minimising human effort and error.
4. The dispatch records (filled by supplier at the time of dispatch of consignment from source), which used to be kept in hard copies previously, are now captured in the system and tracked as and when required.
5. Permits at the Depot gate need not be manually verified in order to know its validity. Expired Permits are automatically filtered by the system for revalidation. Revalidation process, which usually takes 5-10 days, is now a matter of couple of days.

Implementation of Outbound Process:

1. Automation of the out-bound process, i.e. sale of goods to retailers at the depot is being run on a test basis at Chandikhol depot from 2nd May, 2016. The process includes selling of stocks to the licensed retailers at the depot by providing them system generated Sales Order, Invoice and Gate Pass.
2. Automation of the outbound process also has come up with getting the real time stock position of the depot.
3. The system generates reports (both real time data and historical data) on day to day transaction at the depot.
4. The system also generates reports on various taxes, duties etc. arising from the transactions.

8. EXTERNAL RISK FACTORS TO THE CORPORATION:

Liquor industry is a high risk industry, primarily on account of high taxes and innumerable regulations governing it. Taxation of alcoholic beverages should be viewed in the context of establishing a balance between economic, ethical, political and social considerations. Consumption of alcoholic beverages has considerable adverse effects on health, affecting the long term productivity of the consuming individuals as well as the society. Complete prohibition can be seen as a step to curb these evil effects of liquor. But “complete prohibition” would also mean the purpose for which OSBC was created, would no longer exist.

Moreover, increasing raw material cost and exponential rise in excise duty has resulted in steep increase of MRP. As a result, the growth rate of liquor consumption has slowed down, with recent financial years showing negative growth.



The decision of exclusion of Liquor from GST regime is going to hit the industry in a big way. Inputs for the alcohol and beverages industry will be subject to GST. The output will be subject to state excise duty and sales tax. As a result, the manufacturers would be bound to quote a higher price for their products. This would further increase the MRP of liquor products.

If the enforcement related activities of State Excise is not up to the mark, there are high chances of non-duty paid items making their way to the market. This would heavily impact the volume of sales through OSBC.

OSBC is committed to work along with the State Excise to create a win-win business environment for all stakeholders in an effort to minimize the above risks.

9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND CORPORATION'S OPERATIONS IN FUTURE:

No significant and material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Corporation's operation in future.

10. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Corporation has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. The Audit Committee monitors and evaluates the efficacy and adequacy of internal control system in the Corporation, its compliance with operating systems, accounting procedures and policies of the Corporation. Based on the report of internal audit function, process corrective action are undertaken in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

11. MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis comprising an overview of the financial results, operations/performance and the future prospects of the Corporation from part of this Annual Report.

**12. INDUSTRIES SCENARIO:**

The Odisha State Beverages Corporation Ltd. was incorporated under the Companies Act 1956 on 6th November 2000, with the Register of Companies, Odisha Cuttack, after the changeover of under bond system of distribution and sale of IMFL and Beer throughout the state of Odisha. This system was introduced by legislation Under Section 20.A of Bihar and Orissa Excise Act giving exclusive right and privilege of importing/Exporting and carrying out the wholesale trade and distribution of Foreign Liquor and Country Liquor in the State on behalf of State Government for the whole State of Odisha. Accordingly no other person shall be entitled to any privilege or License for this in the whole or any part of the State. So, the business operation of the Corporation will depend upon the Excise Policy of Government of Odisha.

13. BUSINESS OUTLOOK:

In IMFL, FMFL and BEER, the demand in India is on a rising trend due to rising urbanization, favorable demographics of the Country and change in social outlook and lingering demand towards consumption of liquor.

OSBCL's efforts are driven by calculated business expansion programme, with specific weightage on the demographic profile of public in large. This, coupled with past business experiences and analytical approaches which has till now enabled your Corporation in achieving positive results in the past and now expect to have a continuity of the same in future, with strong belief to be in an iconic and lucrative presence in this historic State of Odisha.

14. STATUTORY AUDITORS:

M/s.GRC & Associates, Chartered Accountants, Bhubaneswar has been appointed as Statutory Auditors of the Corporation for the Financial Year 2015-16 by Comptroller and Auditor General of India vide C&AG Letter No.1297 dated 5th August, 2015. Further, the same Chartered Accountant Firm has also been appointed as Statutory Auditor of OSBCL for the F.Y. 2016-17 vide C&AG Letter No. 1022 dated 17th August, 2016.

15. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION MADE BY THE AUDITORS:

The comments of Management on the observations of Statutory Auditor and C&AG of India, on annual accounts of OSBCL for the FY 2015-16 as per the provisions of



section 134(3) of the companies Act, 2013 are enclosed at **Annexure 1 & 2** respectively.

16. DEPOSITS:

Your Corporation has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

17. SHARE CAPITAL

During the year, no allotment of shares has been made by the Corporation.

As on 31st March, 2015 the Authorised Share Capital of your Corporation remains at Rs. 5,00,00,000/- (Rupees Five Crore Only) comprising 50,00,000 (Fifty Lakh) Equity Share of Rs. 10/- each and the issued, subscribed and paid up capital of your Corporation stood at Rs. 1,00,00,000/- (Rupees one crore Only), comprising 10,00,000 (Ten Lakh) Equity Share of Rs. 10/- each. Government of Odisha and its nominees hold the entire equity share capital of the Corporation.

18. EXTRACT OF THE ANNUAL RETURN:

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as **Annexure- 3** to this Report.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Corporation has been taking initiatives under Corporate Social Responsibility (CSR) for society at large, well before it has been prescribed through the Companies Act, 2013. The Corporation has a well defined Policy on CSR as per the requirement of Section 135 of the Companies Act, 2013 which cover the activities as prescribed under Schedule VII of the Companies Act, 2013. The Corporation has in-house department which is exclusively working towards that objective.

During the year under review, your Corporation has carried out activities primarily related to promoting Social Development & Skill Building, Protection of National Heritage, Art & Culture, Creating awareness regarding de-addiction, Promoting health care including preventive health care.



The Corporation has spent a sum of Rs. 228.89 lakh as CSR expenditure during the year 2015-16 against the total CSR obligation of Rs. 162.99 lakh. CSR report, pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules 2014 forms part of the Boards Report as **Annexure-4**.

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

In terms of the requirement of clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, the particulars with respect to “Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo” are given as under:

Conservation of Energy:-

- a) Corporation ensures that the operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Since the Corporation does not fall under the list of industries, which should furnish this information in prescribed form, the question of furnishing the same does not arise.

Technology Absorption:-

Keeping in view of the tremendous growth and enormous work load in day to day business, operational, administrative and promotional activities, your corporation has judiciously adopted with the unanimous approval of the Board of Directors, a software to streamline the work system developed by NIC for its exclusive right to use including its investment in close circuit cameras that are installed and utilized in all the Depots of the corporation for day to day video footage.

Foreign Exchange Earnings & Outgo:-

During the period under review there was no foreign exchange earnings or out flow.



21. BOARD'S COMPOSITION, CATEGORY OF DIRECTORS AND THEIR MEETINGS:

The Board is collectively responsible for the sustainable success of the Corporation under the leadership of Chairman. The Corporation's Board has a combination of Executive, Non-Executive and Independent Directors and reflects diversity in terms of disciplines, professions, social groups, and stakeholder interest.

The strength of the Board as on March 31, 2016 is Seven (7) directors. They are as follows:

- | | | |
|----|---|----------------------|
| 1. | Shri S.P.Thakur, IAS
Principal Secretary to Govt,
Excise Department. | Chairman |
| 2. | Shri Saswat Mishra, IAS
Commissioner Commercial Tax
Odisha, Cuttack | Director |
| 3. | Shri P.K.Senapati, IAS
Excise Commissioner,
Odisha, Cuttack. | Director |
| 4. | Shri Aswini Kumar Mishra, IA&AS
Special Secretary to
Govt. in Finance Department. | Director |
| 5. | Shri A.K.Parida, OAS (SAG)
Additional Secretary to
Govt., P.E. Department, Odisha | Director |
| 6. | CA A. K. Sabat, FCA | Independent Director |
| 7. | Shri Dwijaraj Kar, OAS (SAG) | Managing Director |

Changes in the Board during the period April 01, 2015 to March 31, 2016:-

During the year under review, following changes took place in the composition of Board of Directors of the Corporation :



Sl. No.	Name of Director	Designation	Appointment	Cessation
1	Dr. Mona Sharma, IAS	Chairman	18.11.2015	01.12.2015
2	Shri Niten Chandra, IAS	Director	21.05.2015	19.02.2016
3	Shri ManojAhuja, IAS	Chairman	04.05.2015	18.11.2015
4	Shri Saswat Mishra, IAS	Director	19.02.2016	-

Shri Manoj Ahuja, IAS, Principal Secretary to Government, Co-operation Department was appointed as Chairman of the Corporation from 04.05.2015 to 18.11.2015 during the absence of Shri S. P. Thakur, IAS, Principal Secretary to Government, Excise Department and Chairman OSBCL. as per order of Government in GA Department.

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Number of meetings of the Board of Directors:-

During the year, Four (4) number of Board meetings were held, details of which are given below:

Date of meetings	Serial No. of Meeting	No. of Directors attended the meeting
17 th July, 2015	63 rd	5
30 th September, 2015	64 th	4
28 th November, 2015	65 th	6
5 th February, 2016	66 th	5

Details of attendance of each Director during the period April 01, 2015 to March 31, 2016:-

Name of Director	Meetings Attended	Meetings Remained Absent
Shri S.P. Thakur, IAS	66 th	63 rd , 64 th , & 65 th
Shri Manoj Ahuja, IAS	63 rd & 64 th	Nil
Shri Niten Chandra, IAS	65 th	63 rd , 64 th , & 66 th
Shri P.K. Senapati, IAS	64 th & 66 th	65 th & 63 rd
Dr. Mona Sharma, IAS	65 th	Nil
Shri Aswini Kumr Mishra, IA&AS	63 rd , 65 th & 66 th	64 th
Shri A.K. Parida, OAS (SAG)	63 rd & 65 th	64 th , & 66 th
CA A.K. Sabat, FCA	All	Nil
Shri Dwijarj Kar, OAS (SAG)	All	Nil



22. COMMITTEES OF THE BOARD:

The details of composition of the Committees of the Board of Directors are as under:-

Audit Committee:-

The Corporation has constituted an Audit Committee in compliance with the provisions of Corporate Governance Manual of P.E. Department, Government of Odisha and also follows the provisions of the Companies Act, 2013, following Directors are members of the Audit Committee:

1. Shri Aswini Kumar Mishra, IA& AS, Special Secretary to Government, Finance Department and Director OSBC Ltd, Chairman of the Committee.
2. Shri Prasanta Kumar Senapati, IAS, Excise Commissioner, Odisha and Director OSBC Ltd,
3. CA Arun Kumar Sabat, FCA, Independent Director, OSBC Ltd.
4. Shri Dwijaraj Kar, OAS (SAG), Managing Director, OSBC Ltd.

Date of meetings	Sl No. of Meeting	No. of Members attended the meeting
22 nd June, 2015	12 th	3
15 th September, 2015	13 th	3
31 st October, 2015	14 th	3
11 th January, 2016	15 th	4
22 nd March, 2016	16 th	4

H R Committee:-

The Corporation has constituted H R Committee in compliance to the provisions of Corporate Governance Manual of P.E. Department, Government of Odisha and following Directors are member of the Committee:

1. Shri Dwijaraj Kar, OAS (SAG), Managing Director, OSBC Ltd, Chairman of the Committee.
2. Shri Prasanta Kumar Senapati, IAS, Excise Commissioner, Odisha and Director OSBC Ltd,
3. Shri A.K.Parida, OAS (SAG), Additional Secretary to Government, PE Department and Director OSBC Ltd.



Date of meetings	Sl No. of Meeting	No. of Members attended the meeting
14 th July, 2015	5 th	2
26 th September, 2015	6 th	2

CSR Committee:-

The Corporation has constituted a CSR Committee under section 135(1) of the Companies Act, 2013, consisting of the following Directors as member of the Committee.

1. CA Arun Kumar Sabat, FCA, Independent Director, OSBC Ltd, Chairman of the Committee.
2. Shri Prasanta Kumar Senapati, IAS, Excise Commissioner, Odisha and Director OSBC Ltd.
3. Shri Dwijaraj Kar, OAS (SAG), Managing Director, OSBC Ltd.

Date of meetings	Sl No. of Meeting	No. of Members attended the meeting
22 nd June, 2015	3 rd	2
7 th July, 2015	4 th	2
31 st August, 2015	5 th	2
11 th January, 2016	6 th	3
22 nd March, 2016	7 th	3

23. DECLARATION BY AN INDEPENDENT DIRECTOR:

In terms with section 149(7) of the Companies Act, 2013, the Independent Director of the Corporation has submitted a declaration that he meets the criteria of Independence as provided in section 149(6).

24. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

As per provisions of Section 177(9) of the Companies Act, 2013 and rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, establishment of vigil mechanism for directors and employees is not compulsory for OSBC Ltd.

25. PARTICULARS OF EMPLOYEES:

Furnishing of particulars of employees as required in terms of the provisions of Section 197 of the Companies Act, 2013, read with the rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 was not applicable to OSBC Ltd.

**26. CORPORATE GOVERNANCE:**

The Corporation will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. It lays emphasis on transparency, accountability, ethical operating practices and professional management.

27. SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE COMPANIES:

During the year under review, there was no Corporation which had become/ ceased to become a Subsidiary/ Joint Venture/ Associate Corporation of OSBC Ltd.

28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

During the year under review, your Corporation has not given any loan or guarantee which is covered under the provisions of section 186 of the Companies Act, 2013.

29. NOMINATION, REMUNERATION & STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Corporation was not required to constitute a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. Further, during the year under review the Corporation was not required to constitute Stakeholders Relationship Committee under section 178(5) of the Companies Act, 2013.

30. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit and loss of the Corporation for that period;
- (c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities.
- (d) the directors had prepared the annual accounts on a going concern basis and



- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. COST AUDIT:

As per the provision of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rule, 2014, Cost Audit was not applicable to the Corporation during the F.Y. 2015-2016.

32. SECRETARIAL AUDIT REPORT:

The Corporation was not required to obtain Secretarial Audit Report under Section 204(3) of the Companies Act, 2013.

33. PARTICULARS OR CONTRACTS WITH RELATED PARTY TRANSACTIONS:

During the year there was no Contracts or Arrangements with Related parties referred to in Section 188(1) of the Companies Act, 2013.

34. SIGNING OF MOU WITH ADMINISTRATIVE DEPARTMENT:

OSBC Ltd had signed the Memorandum of Understanding with Government in Excise Department for the FY 2015-16 on 31st March, 2015 as per Corporate Governance Manual of P.E Department, Government of Odisha.

Acknowledgements

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, Accountant General, Odisha and various nationalized banks. The Board expresses its sincere appreciation of the services rendered by the officers, staff and consultants 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

Sd/-

Shri Bishnupada Sethi, IAS

CHAIRMAN

Place: Bhubaneswar

Date: 30-09-2016

**ANNEXTURE-I**

Replies of the Management on Observation of the Statutory Auditor on the Annual Accounts of Odisha State Beverages Corporation Limited for the financial year 2015-16.

SL No.	Observations of Statutory Auditors			Replies of the Management
1.	Profit & Loss account is overstated & advance excise duty is overstated to the tune of Rs.29.30 lakhs due to non-provision of doubtful advance as the same has not been recovered from the suppliers accounts which pending since long & chances of the recovery of the same is remote.			The unadjusted debit balance amounting Rs 29,30,456/- under the head Superintendent of Excise Account is under process of reconciliation and hence the Audit observation shall be dropped.
2.	Profit & loss account is understated & other current liabilities overstated to the tune of Rs.108.42 lakhs due to non-forfeiture of non-refundable pending liabilities on account security deposits received from suppliers who are also not doing business with OSBC since long which contravenes with the guideline & instructions of Liquor Sourcing Policy.			Necessary step shall be initiated for forfeiture of security deposits of non-functional Suppliers with due approval of competent Authorities and as per the procedures and guidelines of the Liquor Sourcing Policy of OSBC and the Audit observation shall be dropped.
3.	Profit Loss Account is overstated amounting to Rs.68.35 lakhs & receivable from suppliers & stock holding receipt receivable are overstated to the tune of Rs.55.73 lakhs & Rs.12.62 lakhs respectively due to non-provision of doubtful receivable from suppliers as detailed below pending since long on account of stock holding charges as the chances of recoverable of the same is remote.			1. In the case of The Jeypore Sugar Corporation Ltd, provision amounting Rs38,03183.14 has been provided after adjustment of Security deposit of Rs 5,00,000 /- vide JV No 959 dated 31.03.2016. 2. In the case of Simbhaoli Spirit Ltd, OSBC has issued a Show Cause Notice for delist from the Supplier list vide letter No 720/OSBC/976 dated 15.03.2016. Subsequently Rs 2,00,000 /- has been recovered on 19.04.2016 as part payment against Recovery of Excess payment. Further, a demand letter for recovery of Excess payment made has been issued vide letter No 1794/osbc/1479 dated 21.04.2016. 3. In the case of Shri Shakti Distilleries Pvt Ltd, Rs 11,57,328/- has been recovered on date 17.06.2016. Hence the Audit observation shall be dropped.
SL No	Name of the Suppliers	Dr. Balance of Supplier Account (Rs.in lakhs)	Balance as per Stock Holding Receipt Receivable Account (Rs.In Lakh)	
1	The Jeypore Sugar Corporation Ltd	34.94	8.08	
2	Simboli Spirit Ltd	10.67	1.46	
3	Shri Shakti Distilleries Pvt Ltd	10.12	3.08	
	Total	55.73	12.62	



4.	Profit & Loss Account is understated & CSR expenses is overstated to the tune of Rs.30.77 lakhs on account of provision of unspent CSR expenses.	The provision for CSR expense amounting Rs 30,77,500/- has been reversed vide JV No 821,871,872,954,955 dated 31.03.2016 and the Audit observation shall be dropped.
5.	Fixed Assets includes Lease hold land amounting to Rs 146.53 lakhs for which the lease deed has already been executed. The lease premium has not been amortised during the year which is not in compliance to the Accounting Standard 6 issued ICAI relating to accounting of Depreciation. The profit of the year is overstated to the tune of Rs.0.68 lakhs.	Amortization of lease premium has been provided in the books vide JV no 992 dated 31.03.2016 and the Audit observation shall be dropped.
6.	Profit & Loss Account is overstated & Sundry Debtors is overstated to the tune of Rs.51.18 lakhs on account non-provision of doubtful debt as the same is pending since long as receivable from United Trading Kolkata without confirmation & collection.	<p>OSBC exports IMFL and Beer to the outside Odisha as per the direction of the Govt. of Odisha vide 5579/Ex dated 5th October,2006. As per the directions, the importer will send the payment of the consignment to OSBC directly as per the agreed conditions. The OSBC will release the payment to the supplier after deduction of CST at the appropriate rate and other legal charges if any.</p> <p>United Trading, Kolkata is the importer, arranged by the Supplier United Breweries Ltd .The outstanding amount of Rs 51,17,736 /- receivable from United Trading, Kolkata is the outstanding amount payable to United Breweries Ltd for interstate sale. As compensated, neither Profit & loss Account is over stated nor Sundry Debtor is Overstated.</p> <p>Necessary step will be taken to settle the accounts.Hence the Audit observation shall be dropped.</p>
7.	Profit & Loss Account is overstated & bank balance is overstated to the tune of Rs.1588.95 lakhs on account of non-provision against OB difference between balance as per book & balance as per bank which is being brought forward from several years as the same is receivable from bank.	The un-reconciled opening balance difference amounting Rs 1588.95 Lakhs has been transferred from SBI, IDCO Tower branch to the Head Debit under Reconciliation (Collection) Account vide JV No 991 dated 31.03.2016 and disclosed under Other Non-Current Asset to depict the actual balance at the Bank Book and the Audit observation shall be dropped.



8.	<p>Corporation has incurred revenue loss to the tune of Rs 37.50 lakhs on account non charging of cash discount @ 1.5% on advance excise duty paid of Rs.25 Crore out of sale proceeds of suppliers.</p>	<p>OSBC has deposited Advance Excise Duty amounting Rs 25 Crores on 31.03.2016, as per the direction of the Govt. Of Odisha vide letter No. 2064/Ex dated 31.03.2016 out of its sales proceeds credited to SBI, IDCO Tower Branch.</p> <p>Cash discount is recovered from the amount payable to the Suppliers according to the Liquor Sourcing Policy of OSBC .During the period of March 2016, the cash discount has been duly recovered from the amount payable to suppliers including the refundable excise duty.</p> <p>It is pertinent to mention that, cash discount is recovered from the refundable excise duty to the suppliers , not on the excise duty paid to Govt. of Odisha .There is no relevance between cash discount and Advance excise duty paid to Govt. of Odisha and hence there is no revenue loss incurred by OSBC and Audit observation shall be dropped.</p>
9.	<p>Profit & Loss Account is overstated to the tune of Rs.1607.26 lakhs & Current liability is understated to the tune of Rs.988.83 lakhs (net of disputed deposit of Rs.618.43 lakhs) on non- provision of entry tax of Rs.909.56 lakhs & interest of Rs.697.70 lakhs as assessed by the assessing authority for the year from 2009 -10 to 2013-14.</p>	<p>The tax deposited under the head Disputed Entry tax amounting Rs 6,32.70 Lakhs has been booked as expenses under the Head Entry Tax vide JV no 989 dated 31.03.2016. The Total liability of Rs 3426.39Lakhs including Interest and penalty has been duly disclosed under Contingent Liabilities to the Notes to the Financial Statement. Hence the Audit observation shall be dropped.</p>
10.	<p>Profit & Loss Account is understated to the tune of Rs.488.66 lakhs & prior period income is understated to the tune of Rs.122.31 lakhs due to non-raising of claim on account of under loading charges for the period from 2011-12 to 2015-16 against Khordha, Nirgundi&Balasore depo & for the period from 2009-10 to 2015-16 against Sambalpur Depot resulting into under loading charges receivable is understated to the tune of Rs.611.17 Crore.</p>	<p>For the financial year 2015-16, Income amounting Rs 81,67,020 under the head Loading and Unloading has been recognized in the books and Rs 14,96,000 /-for the financial year 2009-10, Rs 16,32,000 /- for 2010-11, Rs 49,48,680/- for 2011-12, Rs 81,67,020 /-2012-13, Rs 81,67,020 for 2013-14, Rs 81,67,020 /- for 2014-15, Rs 81,67,020 for 2015-16, income has been recognized as prior period income vide JV no 988 dated 31.03.2016.Receivable Penalty amounting Rs 2,03,72,380/- on Loading &</p>



		<p>Unloading Charges for the financial year 2009-10,2010-11,2011-12,2012-13,2013-14,2014-15 & 2015-16 has not been recognized in the Financial Statements since this may not be realized as the matter is under dispute & sub-judice. However, the matter is assessed continually and if it has become virtually certain that the penalty will be realizable, the related income will be recognized in the financial statement for the period in which it realized. The same has been disclosed in Notes to the Financial Statement. Hence the Audit Observation shall be dropped.</p>
11.	<p>Short Term Provision is understated & Accumulated Profit is overstated to the extent of nonprovision of liabilities on account of pension fund & leave encashment fund (figures not ascertained) relating to deputed employees from ORITCO and OIL ORISSA , which is not in compliance to the Accounting Standard 15 issued ICAI relating to accounting of Retirement Benefit to the Employees.</p>	<p>Some employees of ORITCO and OIL ORISSA which are state PSUs are working in OSBC on deputation. They are not OSBC employees. ORITCO and OIL ORISSA are supposed to claim on OSBC its contribution towards pension/ Gratuity/Leave salary, upon receipt of which OSBC is supposed to remit the amount to these state PSUs. From day one of their deputation these two state PSUs are not claiming any payment from OSBC towards Pension/ Leave Salary /Gratuity contribution of their respective employees working in OSBC on deputation. Therefore there is no question of making any provisioning in the Accounts. Hence the Audit objection shall be dropped.</p>
12.	<p>Provision for income tax is understated & the reserve & surpluses is overstated to the tune of Rs.8291.42lakhs on account of short provision of income tax liabilities computed without considering the provisions of section 40(a)(iib) of the Income Tax Act 1961 (Amended by Finance Act 2013) on account of license fees paid to the Govt. of Odisha for the year 2013-14, 2014-15 & 2015-16 amounting to Rs.10080.00 lakhs, Rs.15190.00 lakhs & Rs.275.00 lakhs respectively</p>	<p>As per provision of section 40(a) (iib) of the Income Tax Act 1961 (Amended by Finance Act 2013) the License fee paid by OSBCL is not exclusively levied by Govt. of Odisha on OSBCL.Licence fees is also levied on Breweries, Distilleries and bottling units,Traders and Retailers separately for their conducting business.Further, OSBC has obtained opinion on the issue of allowability of Licence fees from M/s Ved Jain & Associates, who opined the non-applicability of the provision of section</p>



		40(a)(iib) on OSBC . On basis of the opinion of M/s VED Jain & Associated, provision for disallowability has not been considered. Hence the Audit Objection shall be dropped.
13.	Corporation has incurred revenue loss to the tune of Rs 55.22 lakhs, the amount of expense incurred towards insurance charges for insurance of stock not owned by the Corporation.	The property of the liquors at the depots of OSBC belongs to OSBC and not of the suppliers. The OSBC sells the liquor to the retailers in Odisha as the owner of it. As per section 27 of the Sale of Goods Act,1930 , no one can sell the goods and convey a better title thereof unless he is the owner. { He can pass on the property to somebody else who has the ownership of the goods and on body else has a better title then the owner (Nemo Dot quod non-habet) } . OSBC purchases liquor from the suppliers through Invoices raised by the suppliers and stores the liquors as the owner of it,as the transfer of property of liquor by the suppliers to OSBC through such Invoices. As the ownership of unsold liquors between periods from date of receipts to date of final inspection for sale are stored at depots lies to OSBC , the cost of insurance premium has been borne by OSBC, though it is different that the purchase value is paid to the suppliers after sale of the same by OSBC to the licenced retailers.Hence the Audit Objection shall be dropped.
14.	The Profit of the year is overstated to the tune of Rs 36.83 lakhs, due to non provision of service tax liabilities on stock handling charges billed to suppliers.	The judgment of the CESTAT Bangalore in the case of Karnataka State Beverages Corporation Ltd has already been furnished to the audit where in it has been categorically held that the stock holding charge collected by the KSBC for the period more than 90 days (similar as that of the OSBC where the period is more than 120 days) is not against any service rendered by the corporation. Hence no service tax can be levied on the said amount. The said judgment squarely applies to the practices followed by the OSBC. OSBC's case is under sub-judice before the Kolkata CESTAT where in this matter is also referred



		<p>to and under dispute by the OSBC against the orders of the Revenue.</p> <p>Hence there is no necessity to make a provision for the same and same has been duly disclosed as Contingent Liabilities in the notes to the Financial Statement. Hence the Audit Objection shall be dropped.</p>
	EMPHASIS OF MATTER	
a.	<p>Other Current Liabilities includes of Rs1484.28 Lakhs unmoved since long & also subject to reconciliations & confirmations and the impact of which arising out of such reconciliation has not been ascertained.</p>	<p>The un-reconciled balance of Rs1484.23 under Advance Received from Retailers has been transferred to the Head Credit Under Reconciliation (Collection) account vide JV no 990 dated 31.03.2016, to co-relate with the Balance under Debit under Reconciliation (collection) Account. Necessary step is being taken to obtain the Balance confirmations as on 31.03.2016 from the retailers, so as to confirm the actual liability balance lying under Advances from the Retailers. On receipts of such confirmation, the matter shall be dealt accordingly.</p>
b.	<p>Ref- point no -9 of note-17, the Corporation has not followed Prudent accounting policy in conformity to the generally accepted in India applicable to the organization engaged in Trading activity for accounting of Purchase/Stock. The sales invoices raised by the suppliers are not accounted as purchase by the Corporation at the raising of Goods Receipt Note. Moreover, the Corporation recognizes purchase at the time of sale of products as per approved pricing policy without supporting sale bills of the suppliers. The Corporation has not reconciled the purchases accounted for vis-à-vis sales invoice raised by the suppliers.</p>	<p>Purchase has been accounted for based on the approved pricing policy of the Corporation, on transfer of significant risks and reward from the suppliers after the final inspection of goods takes place. This practice is being followed by the corporation since its inception and is being duly disclosed in its accounting policy.</p>



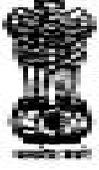
c.	Un reconciled balances detailed as below are subject to reconciliation and the impact of which arising out of such reconciliation has not been ascertained.			<ol style="list-style-type: none"> 1. The details of security Deposit Register for Service provider is being maintained. 2. Reconciliation of Sundry Creditor under Inter State MR Pending Account is under process. 3. Regarding Godown Rent Payable, Keonjhar, necessary step shall be taken 4. The Debit Balance under the Excise is under reconciliation 5. The Balance under General Advance is under reconciliation.
	PARTICULAR	AMOUNT (Rs IN LACS)	REMARKS	
	Security Deposit Service Provider	21.43	Party wise ledgers are not available	
	Unreconciled Sundry Creditors (Export)	1647.34	Inter State MR Pending Account	
	Godown Rent Payable, Keonjhar	1.61	Pending Since long & the depo has been closed since long.	
	Security service Charges Payable Sundry Debtors	13.95		
	(Inter State) Excise	1033.97		
	(Debit Balance)	35.31	Pending Since long	
	General Advance	1.43	Pending Since Long	

**ANNEXURE-2****Replies of the Management on Comments of the Comptroller and Auditor General of India on the Financial Statement of Odisha State Beverages Corporation Limited for the financial year 2015-16.**

Sl No.	Observation	Replies of the Management
A. 1.	<p>Comments on profitability Statement of Profit and Loss Other Income (Note- 14): Rs. 78.21 Crore</p> <p>The above includes Rs. 4.07 crore being the amount of loading and unloading charges receivable from a contractor for the period from 2009-10 to 2015-16 for the work of loading and unloading at four depots of Balasore, Nurgundi, Sambalpur and Khurda. Due to dispute with the contractor, the contractor stopped payment since May 2009. Hence the company deferred recognition of the income since 2009-10. Though there is no change of realisation of the amount, the company accounted this amount as income during current financial year 2015-16. Accounting of the same is in contravention of provisions of Accounting Standard-9 (Revenue Recognition) as there is uncertainty in realization of the amount. As a result, Other Current Assets (Loading and Unloading Charge Receivable). And profit for the year has been overstated by Rs. 4.07 crore each.</p>	<p>OSBC has entered into contracts with Sri Manoj Kumar Routray for loading and unloading at its for Depots for one year i.e financial year 2007-08 with a consideration of paying a fixed amount . For the succeeding year OSBC invited tenders for such loading & unloading for which the loading contractor filed a suit with Honorable Civil Judge, Bhubaneswar.</p> <p>Subsequently the Honorable Civil Judge, Bhubaneswar has passed the interim order on 08.08.2008 directing both the parties to maintain status quo in respect of the service rendered by the petitioner for loading and unloading of liquor. Against such interim order OSBC filed petition on 20.05.2009 before the Honorable Civil Judge, Bhubaneswar to vacate the interim order dated 08.08.2008. OSBC anticipated that the matter shall be disposed off soon in favour of OSBC and fresh tender will be invited for such loading and unloading. On the basis of such assumption revenue was not recognized in the Books of Account for the preceding financial years.</p> <p>By virtue of the Interim Order dated 08.08.2008 which has not been vacated yet, the original agreement with Mr. Manoj Kumar Routray is in force and Mr. Manoj Kumar Routray has been conducting loading & unloading work at the depots of OSBC as of now and accordingly the monthly fixed consideration amounting Rs 611.17 lakhs including penalty amount of Rs 203.72 is receivable from him for the period from 2009-10 to 2015-16.</p>



		<p>The said matter was placed before the Audit Committee at its 18th meeting held on 23.07.2016 and as per the advice of the Audit committee Income under the head Loading and Unloading Charges amounting Rs 404.77 lakhs for the financial year 2009-10 to 2015-16 has been booked as prior period income and penalty amounting to Rs 203.72 Lakh has been disclosed in the notes to Financial Statement.</p>
B.	<p>Commerce on Disclosure 2. (I) The Commissioner of Central Excise Custom and Service Tax (CECST) the demanded an amount of Rs. 10.30 Crore for the Financial Year 2012-13 to 2014-15 towards service tax. The demand of CECST was disputed by the company, however this has not been suitably disclosed under contingent liability in the accounts.</p>	<p>According to the Accounting Standard 29 on Provisions, Contingent Liabilities and contingent Assets, Unless the possibility of any outflow in settlement is remote, an enterprise should disclose for each class of contingent liability at the Balance Sheet date along with a brief description of the nature of contingent liability.</p> <p>The amount claimed by the Commissioner of central Excise, Customs and Service Tax vide the Demand Cum Show Cause Notice No .IV(4)03/S.Tax-Adjn/B-I/2016 dated 15.04.2016 for the period from 2012-13 to 2014-15 is neither arising from any demand or assessment order . It is only of a nature of a show cause notice which should not be taken in the equal footing of any demand notice. Further there is a uncertainty that the amount as mentioned in the show cause notice shall be demanded from the entity after the completion of the proceeding and the relevant outflow to the show cause notice is remote as the demand amount has not been confirmed by the Order-in-Original yet.</p> <p>In view of the above facts and provision of Accounting Standard 29, the claim shall not be disclosed as contingent liability.</p>
	<p>2.(II) The company has not disclosed an amount of Rs. 4.58 crore under contingent liability towards income tax demanded by the Assistant Commissioner of income Tax for Financial Year 2009-10 and 2010-11 which was pending before Commissioner of Income tax (Appeal).</p>	<p>The Observation is noted for future guidance.</p>



प्रधान महानिरीक्षण (आर्थिक एवं राजस्व क्षेत्र लेखा परीक्षा) कार्यालय
ओडिशा, भुवनेश्वर - 751001
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(ECONOMIC AND REVENUE SECTOR AUDIT)
ODISHA, BHUBANESWAR

No. ES-1(T)Accounts/OSBCEA-16/1316-IV/312-

दिनांक/Date: 22. September 2016

To

The Managing Director,
Odisha State Beverages Corporation Limited.
Bhubaneswar.

**Sub : Comments of the Comptroller & Auditor General of India Under
Section
143 (6)(b) of the Companies Act, 2013 on the accounts of Odisha State
Beverages Corporation Limited for the year 2015-16.**

Sir,

I enclose Comments of the Comptroller and Auditor General of India under
Section 143(6)(b) of the Companies Act, 2013 on the accounts of Odisha State
Beverages Corporation Limited for the year 2015-16.

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.

Yours faithfully,

PRINCIPAL, ACCOUNTANT GENERAL



Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of The Companies Act, 2013 on the Financial Statements of Odisha State Beverages Corporation Limited for the year ended 31 March 2016.

The preparation of financial statement of Odisha State Beverages Corporation Limited for the year ended 31 March 2016 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act, are responsible for Expressing opinion on the financial statement under Section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 August 2016.

I, on behalf of the Comptroller and Auditor General of India have conducted supplementary audit under Section 143(6)(a) of the Act of the financial statements of Odisha State Beverages Corporation Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working paper 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 matter under section 143(6)(b) of the Act, 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 Profitability

Statement of Profit and Loss

Other Income (Note-14) : ₹ 78.21 crore.

1. The above includes ₹ 4.07 crore being the amount of loading and unloading charges receivable from a contractor for the period from 2009-10 to 2015-16 for the work of loading and unloading at four depots of Balasore, Nirgundi, Sambalpur and Khurda. Due to dispute with the contractor, the contractor stopped payment since May 2009. Hence, the company deferred recognition of the income since 2009-10. Though there is no chance of realisation of the amount, the company accounted this amount as income during current financial year 2015-16. Accounting of the same is in contravention of provisions of Accounting Standard-9 (Revenue Recognition) as there is uncertainty in realization of the amount. As a result, Other Current Assets (Loading and Unloading charges Receivable), and profit for the year has been overstated by ₹ 4.07 crore each.

**(B) Comment on Disclosure :**

2.(1) The Commissioner of Central Excise Custom and Service Tax (CECST) has demanded an amount of ₹ 10.30 crore for the Financial year 2012-13 to 2014-15 towards service tax. The demand of CECST was disputed by the company, however this has not been suitably disclosed under Contingent Liability in the accounts.

2(ii). The company has not disclosed an amount of ₹ 4.58 crore under contingent liability towards income tax demanded by the Assistant Commissioner of Income Tax for Financial year 2009-10 and 2010-11 which was pending before Commissioner of Income Tax (Appeal).

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

(DEVIKANAYAR)

PRINCIPAL ACCOUNTANT GENERAL

Place : Bhubaneswar

Date : 22.09.2016



Form No. MGT-9
EXTRACTS OF ANNUAL RETURN
As on the financial year ended on 31/03/2016
OF

ODISHA STATE BEVERAGES CORPORATION LIMITED
 [Pursuant to Section 92(1) of the Companies Act, 2013
 And
 Rule 11(1) of the Companies (Mgt. and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U51228OR2000SGC006372
- ii) Registration Date & Year: 6TH NOVEMBER, 2000
- iii) Name of the Corporation: ODISHA STATE BEVERAGES CORPORATION LIMITED
- iv) Category / Sub-Category of the Corporation: COMMERCIAL & INDUSTRIAL (C&I)
- v) Address of the Registered office: 2ND FLOOR, FORTUNE TOWERS, CHANDRASEKHARPUR, BHUBANESWAR, ODISHA-751023
- vi) Contact details: Tel No. 0674-2542972, Fax-0674-2542963,
 Email Id- osbeltd@gmail.com,
 Website- www.osbc.gov.in
 Police Station: Chandrasekharpur
- vi) Whether listed Corporation: NO
- vii) Name, Address and Contact details of Registrar & Share Transfer Agent: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE CORPORATION (All the business activities contributing 10 % or more of the total turnover of the Corporation shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Corporation
1	Beverages	15	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]:- NIL



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	999,993	999,993	100	0	999,993	999,993	100	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding									
of Promoter (A)	0	999,993	999,993	100	0	999,993	999,993	100	0
B. Public									
Shareholding	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2.Non-Institutions	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total									
(A+B+C)	0	999,993	999,993	100	0	999,993	999,993	100	0



ii) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Corporation	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Corporation	% of Shares Pledged / encumbered to total shares	
1	State Govt(s)	999,993	100	0	999,993	100	0	0

iii) **Change in Promoters' Shareholding (please specify, if there is no change):-NIL**iv) **Shareholding Pattern of top ten Shareholders: NIL**v) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Corporation	No. of shares	% of total shares of the Corporation
	At the beginning of the year	4	0	0	0
	Changes during the Year	Nil	Nil	Nil	Nil
	At the end of the year	4	0	0	0

V) **INDEBTEDNESS** -Indebtedness of the Corporation including interest outstanding/accrued but not due for payment:-NIL**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD			Total Amount
		—	—	—	
		Sri Dwijaraj Kar			
1	Gross salary	14.35 Lakhs			14.35 Lakhs
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission-as % of profit-others, specify...				
5	Others, please specify				
	Total (A)	14.35 Lakhs			14.35 Lakhs
	Ceiling as per the Act				

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	CA A.K.Sabat	
	Fee for attending board committee meetings	Rs.5000/- For each meeting	Rs.5000/- For each meeting
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/ WTD : N.A.**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : N.A**



“Corporate Social Responsibility (CSR) Report. [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]”.

“Corporate Social Responsibility (CSR) Report. [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]”

1. *A brief outline of the Corporation’s CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR policy and projects or programs are given below:-*

CORPORATE SOCIAL RESPONSIBILITY

Your Corporation, OSBCL got its legal recognition on November, 2000 as a legal entity by incorporating itself in the State of erstwhile Orissa now Odisha under the Companies Act, 1956 with the Registrar of Companies, Odisha, Cuttack and simultaneously authorization of wholesale trade of liquor of different brands of different companies such as IMFL, FMFL, Beer and Country Spirit which are now available in its website. Though it got authorization of wholesale trade of liquor, still it acts as a socially responsible corporate by adopting the CSR Policy (Policy) w.e.f 7th February, 2015 which is available on the Corporation’s website as its main responsibility, because it knows that Corporate Social Responsibility (CSR) is not just a legal requirement or a public relation exercise. Conducting business in a way that provides social, environmental and economic benefits to the communities, in which we operate, has been a part of our policy from the date of incorporation. OSBCL conducts its business ethically and in a responsible manner with inclusive focus on the development of communities and the Nation.

Being trustworthy and transparent increases the confidence and sustainability in our business and also increases value for our customers and other stakeholders. Conducting business ethically brings a competitive advantage for us as the consumers are willing to trust the ethical behaviour of a Corporation which increases loyalty.



OSBCL believes that the communities where we operate are an integral part of our business and therefore, it is our responsibility to give support in achieving larger societal goals in the interest of public at large and the communities in which we operate.

Your Corporation is not only committed towards profitable growth, but also towards social initiatives, protection of environment and renewal of resources where possible.

Social Initiative and CSR

For its Corporate Social Responsibility your Corporation has developed social initiatives in areas, primarily **Social Development & Skill Building, Protection of National Heritage, Art and Culture, Creating awareness regarding de-addiction, Promoting health care including preventive health care.** Our CSR policy lays down clear guidelines for undertaking comprehensive social development programs under these identified categories in identified areas where we operate. Our existing activities will be further extended and aligned suitably to cover areas as recommended by the new Companies Act, 2013.

Projects or activities Undertaken for the financial year 2015-16 are as follows.

- A) Payment towards Odisha State Medical Corporation Limited for purchase of 2 ALS Ambulance on occasion of “Nabakalebar” Festival under clause (i) of Schedule VII of the Act under Health Care.
- B) Payment towards NRCWD & “Purvasha” for making provision for one bed facility for one year towards de-addiction under clause (i) of Schedule VII of the Act under Health Care.
- C) Payment to SWABHIMAN for Anjali Carnival of Love under clause (ii) of the Schedule VII of the Act under Social Development & Skill Building.
- D) Payment to Orissa Dance Academy for organizing 12th Dhauli Kalinga Mahotsav under clause (v) of Schedule VII of the Act under Protection of National Heritage, Art and culture.
- E) Payment to Odisha State Warehousing Corporation to take up welfare activities for socially and economically backward groups under clause (iii) of Schedule VII of the Act.
- F) Payment to J D Center of Arts, Bhubaneswar for holding 10th National Film Festival on Arts & Artists under clause (v) of Schedule VII of the Act under Protection of National Heritage, Art and Culture.



- G) Payment to Bhubaneswar Music Circle for organizing a festival of Sufiana Music from 14th to 16th March, 2016 under clause (v) of Schedule VII of the Act under Protection of National Heritage, Art and Culture.
- H) Payment to the Department of Social Security & Empowerment of Persons with Disabilities under clause (i) of Schedule VII of the Act.

A reference to the web-link to the CSR policy and projects or programs kindly visit www.osbc.gov.in

2. The Composition of the CSR Committee is as follows:

1. CA Arun Kumar Sabat, FCA Independent Director (Chairman)
2. Shri Prasanta Kumar Senapati, IAS Director (Member)
3. Shri Dwijaraj Kar, OAS (SAG) Managing Director (Member)

3. Average net profit of the Corporation for last three financial years.

Financial year	Net Profit (Rs.)
2012-2013	112,35,25,692.40
2013-2014	82,57,21,703.39
2014-2015	49,56,03,188.82
Total	2,444,850,584.61
Average Net Profit	8, 14,950,194.87

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) Rs.1,62,99,004/-.

5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year; Rs.1,62,99,004/.
- (b) Total amount spent during the financial year; Rs. 2,28,89,140/-.
- (c) Amount unspent, if any; NIL

Manner in which the amount spent during the financial year is detailed below.

CSR project or activity identified	
	<ol style="list-style-type: none"> 1) Anjali Carnival of Love 2) ALS Ambulance for Nabakalebar Festival 3) J D Centre of Arts 4) NRCWD & Purvasha towards de-addiction 5) Orissa Dance Academy 6) Welfare activities for PSUs employees 7) Bhubaneswar Musical Circle 8) Department of Social Security & Empowerment of Person with Disabilities for Awareness campaign on De-addiction throughout the State.



Sector in which the Project is covered	1) Health Care 2) Social development & Skill Building 3) Protection of National heritage, art and culture 4) Creation of awareness regarding de-addiction																																				
Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	De-addiction campaign cover throughout the State and other activities are in the State of Odisha covering districts: 1. Sambalpur 2. Khurda 3. Puri																																				
Amount outlay (budget) project or programs wise	<table border="1"> <tr> <td colspan="2">A) Fund allocation towards OSMCL for ALS Ambulance</td> </tr> <tr> <td>For ALS Ambulance on the occasion of Nabakalebar Festival</td> <td style="text-align: right;">Rs. 3,99,140</td> </tr> <tr> <td colspan="2">B) Fund allocation towards Swabhiman</td> </tr> <tr> <td>For Anjali Carnival of Love</td> <td style="text-align: right;">Rs. 7,50,000</td> </tr> <tr> <td colspan="2">C) Fund allocation towards J D Center of Arts</td> </tr> <tr> <td>For J D Center of Arts</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td colspan="2">D) Fund Allocation towards NRCWD & Purvasha</td> </tr> <tr> <td>For NRCWD</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>For Purvasha</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td colspan="2">E) Fund allocation towards Orissa Dance Academy</td> </tr> <tr> <td>For Orissa Dance Academy</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td colspan="2">F) Fund allocation towards Orissa State Warehousing Corporation (OSWC)</td> </tr> <tr> <td>For Orissa State Warehousing Corporation (OSWC)</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td colspan="2">G) Fund allocation towards Bhubaneswar Music Circle</td> </tr> <tr> <td>For Bhubaneswar Music Circle</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td colspan="2">H) Fund allocation towards Department of Social Security & Empowerment of person with disabilities</td> </tr> <tr> <td>For Department of Social Security & Empowerment of person with disabilities</td> <td style="text-align: right;">2,00,00,000</td> </tr> <tr> <td colspan="2">Total (A+B+C+D+E+F+G+H): Rs.2,28,89,140/-</td> </tr> </table>	A) Fund allocation towards OSMCL for ALS Ambulance		For ALS Ambulance on the occasion of Nabakalebar Festival	Rs. 3,99,140	B) Fund allocation towards Swabhiman		For Anjali Carnival of Love	Rs. 7,50,000	C) Fund allocation towards J D Center of Arts		For J D Center of Arts	5,00,000	D) Fund Allocation towards NRCWD & Purvasha		For NRCWD	1,20,000	For Purvasha	1,20,000	E) Fund allocation towards Orissa Dance Academy		For Orissa Dance Academy	3,00,000	F) Fund allocation towards Orissa State Warehousing Corporation (OSWC)		For Orissa State Warehousing Corporation (OSWC)	5,00,000	G) Fund allocation towards Bhubaneswar Music Circle		For Bhubaneswar Music Circle	2,00,000	H) Fund allocation towards Department of Social Security & Empowerment of person with disabilities		For Department of Social Security & Empowerment of person with disabilities	2,00,00,000	Total (A+B+C+D+E+F+G+H): Rs.2,28,89,140/-	
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Total (A+B+C+D+E+F+G+H): Rs.2,28,89,140/-																																					



Amount spent : Direct or through implementing agency*	<p>The Agency of Fund allocation are as follows</p> <ol style="list-style-type: none"> 1) For ALS Ambulance on the occasion of Nabakalebar Festival, it was Odisha State Medical Corporation Limited, a State PSU. 2) For Anjali Carnival of Love, it was Swabhiman, an NGO. 3) For J D Center of Arts, it was J D Center of Arts itself. 4) For NRCWD & Purvasha, it was NRCWD & Purvasha, an NGOs. 5) For Orissa Dance Academy, it was Orissa Dance Academy itself. 6) For Orissa State Warehousing Corporation (OSWC), it was Orissa State Warehousing Corporation (OSWC), a state PSU. 7) For Bhubaneswar Music Circle, it was Bhubaneswar Music Circle itself. 8) For Department of Social Security & Empowerment of Person with Disabilities, it was Department of Social Security & Empowerment of Person with Disabilities of Govt. of Odisha.
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6. *The amount spent by the Corporation during the Financial Year is higher than the amount as prescribed under the Act.*
7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Corporation:

Sd/-
Chairman, CSR Committee

Sd/-
Managing Director

Sd/-
General Manager (Admn.)

**INDEPENDENT AUDITORS' REPORT**

To
The Members,
Odisha State Beverages Corporation Limited,
Bhubaneswar.

Report on the Financial Statements

We have audited the accompanying financial statements of Odisha State Beverages Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, The Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the accounting standards specified under section 133 of the act, read with rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

1. Profit for the year is overstated & advance excise duty is overstated to the tune of Rs.29.30 lakhs due to non-provision of doubtful advance as the same has not been recovered from the suppliers accounts which pending since long & chances of the recovery of the same is remote.
2. Profit for the year is overstated & Sundry Debtors is overstated to the tune of Rs.51.18 lakhs on account non-provision of doubtful debt as the same is pending since long as receivable from Untied Trading Kolkata without confirmation & collection.
3. Profit for the year is overstated to the tune of Rs.1045.94lakhs & Current liability is understated to the tune of Rs.1045.94lakhs on account of short- provision of entry tax of Rs.348.24 lakhs & non- provision interest of Rs.697.70 lakhs as assessed by the assessing authority for the year from 2009 -10 to 2013-14.
4. Provision for income tax is understated & the reserve & surpluses is overstated to the tune of Rs.8291.42 lakhs on account of short provision of income tax liabilities computed without considering the provisions of section 40(a)(iib) of the Income Tax Act 1961 (Amended by Finance Act 2013) on account of license fees paid to the Govt. of Odisha for the year 2013-14, 2014-15 & 2015-16 amounting to Rs.10080.00 lakhs, Rs.15190.00 lakhs & Rs.275.00 lakhs respectively .
5. The Profit of the year is overstated to the tune of Rs 36.83lakhs , due to non provision of service tax liabilities on stock handling charges billed to suppliers.
6. Short Term Provision is understated & Accumulated Profit is overstated to the extent of non provision of liabilities on account Retirement benefits (figures not ascertained) relating to deputed employees from ORITCO and OIL ORISSA , which is not in compliance to the Accounting Standard 15 issued ICAI relating to accounting of Retirement Benefit to the Employees.



The total impact of above para(1) to (5) has resulted in overstatement of profit before tax for the year by Rs. 1163.25 lakhs, overstatement of Reserve & Surplus by Rs.9454.67 lakhs, understatement of Current Liabilities by Rs. 9374.19 lakhs, overstatement of Current Assets by Rs.80.48 lakhs. Moreover, the impact of para no 6 on financial statement has not been quantified as the same has not been ascertained by the management.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion paragraph, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to:

- a) Other non-current liabilities includes of Rs1484.28Lakhs on account of credit under reconciliation(collection) is unmoved since long & also subject to reconciliations & confirmations and the impact of which arising out of such reconciliation has not been ascertained.
- b) Other non-current assets includes of Rs.1588.96 Lakhs on account of debit under reconciliation (collection) is unmoved since long & also subject to reconciliations & confirmations and the impact of which arising out of such reconciliation has not been ascertained.
- c) Ref- point no -9 of note-17, the Company has not followed Prudent accounting policy in conformity to the generally accepted in India applicable to the organization engaged in Trading activity for accounting of Purchase/Stock. The sales invoices raised by the suppliers are not accounted as purchase by the Company at the raising of Goods Receipt Note. Moreover, the Company recognizes purchase at the time of sale of products as per approved pricing policy without supporting sale bills of the suppliers. The Company has not reconciled the purchases accounted for vis-à-vis sales invoice raised by the suppliers.
- d) Un reconciled balances detailed as below are subject to reconciliation and the impact of which arising out of such reconciliation has not been ascertained.



Particulars	Amount (Rs in Lakhs)	Remarks
Current Liabilities Unreconciled Sundry	1647.34	Interstate MR Pending Account pending since long
Creditor(Export) Godown Rent Payble, Konjhar	1.61	Pending liabilities & the keonjhardepo has been closed since long
Security Service Charges Payble	13.95	Pending liabilities needs to be reconciled.
Current Assets Sundry Debtors (Inter State)	1033.97	Pending Receivables are subject to reconciliation & confirmation.
Advance to Excise Department	35.31	Pending advance are subject to reconciliation & confirmation.
General Advance	1.43	Pending advance are subject to reconciliation & confirmation.
Income Tax Refundable	4289.03	The same needs to be reconciled based on year wise assessment order

Our opinion is not qualified / modified in respect of these matters above.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 except our basis for qualified opinion in point no -6.
 - e. The Company has accounted for Purchases on the basis of pricing policy fixed by the Price Fixation Committee Constituted by Government of Odisha. The sales invoices raised by the suppliers are not accounted as purchase by the Company at the raising Goods Receipt Note. Moreover, the Company recognizes purchase at the time of sale of products as per approved pricing policy without supporting sale bills. The Company has not reconciled the purchases accounted for vis-à-vis sales invoice raised by the suppliers.
 - f. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate Report in 'Annexure B'. Our report express an unmodified opinion on the adequacy and operating effectiveness of the Company's internal controls over financial reporting.
 - h. With respect to the other matters included in the auditor's report and to best of our information and according to the explanation given to us.
 - i) The company has disclosed the impact of pending litigation on its financial position in its financial statement as referred to in point no 18 of note no 18(B) to the financial statements.
 - ii) The company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii) The company has no amount required to be transferred to the Investor Education and Protection Fund as on 31.03.2016.
3. As per the direction under Section 143(5), we report that:
- (i) As per the information & explanation given to us, the company has not been selected for disinvestment.
 - (ii) As per the information & explanation given to us, the company has clear title for leasehold land.
 - (iii) As per the information & explanation given to us, the company has no case of waiver/write off of debits/loans/interest during the financial year 2015-16.
 - (iv) As per the information & explanation given to us, the company has no inventories with parties and also not received as gift from Government or other Authorities.
 - (v) As reported to us, the report on age wise analysis of pending legal/arbitration cases is annexed herewith as per annexure- C.



As per information & explained to us, the reasons of pendency of the legal cases are concerned, in most of the cases, the SLPs/ writ/ counter & plaint/ written statement have been filed before the Hon'ble Supreme Court of India / High Court of Orissa and different lower Courts respectively. The said matter being listed / will be listed in due course of time fixed / to be fixed by the Hon'ble Supreme Court of India / High Court of Orissa/ Different Lower Courts in which OSBC has no control.

As per information & explained to us, the existence / effectiveness of monitoring mechanism for expenditure in all legal cases are concerned, the company used to assign the Court cases to its empanelled Advocate(s) / Sr.Advocate(s) for which the Advocates / Sr.Advocates are being paid by company as per duly approved fee structure.

4. As per the sector specific direction under Section 143(5) of the Companies Act 2013, we report that:

Trading Sector

Sl No	Particulars	Our Comments
1	Whether the Company has an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts ?	As explained to us the company follows the policy to sale its products to the customers only after receiving payment from them in advance except in case of interstate sale of beer. More over the company has effective system for recovery of dues in respect of sales activities and recording of these transactions in the books of accounts.
2	Whether the company has effective system for physical verification, Valuation of stock, Treatment of non-moving items and accounting the effect of shortage/excess noticed during physical verification.	As explained to us the company accounts for purchase at the time of Sale of goods and holds no stock of its own. The question of shortage/excess stock on physical verification does not arise.
3	The effectiveness of the system followed in recovery of dues in respect of sale activities may be examined and reported.	As mentioned above at point no.1, the company sales the products only after receiving full consideration in advance except in case of interstate sale of beer. However, the company follows an effective system of recovery of the dues in respect of sales activities in case of interstate sale of beer.

For G R C & Associates.
Chartered Accountants
FRN: 002437S

Sd/-

[CA P. M. Dash]

Partner

Membership number: 069682

Bhubaneswar

The 3rd day of August 2016

**Annexure-A to the Independent Auditors' Report**

The Annexure referred to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i)
 - a) The Company has not maintained proper records to show full particulars including quantitative details and situations of fixed assets.
 - b) As per the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year except in case of Head Office. However, no major differences have been noticed on physical verification of Fixed Assets.
 - c) As per the information and explanations given to us, the lease deeds of immovable properties are held in the name of the company in respect of leasehold land.
- (ii) As per the information and explanations given to us, the Company has no inventories and hence the question of physical verification does not arise.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii(a), iii(b) & iii(c) of the order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanation given to us, the company has not carried out transactions in respect of loans, investments, guarantees, and security according to the provisions of section 185 and 186 of the Companies Act, 2013.
- (v) In our opinion, and according to the information and explanation given to us, the company has not accepted any deposits; hence, clause (v) is not applicable to the company. Accordingly, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.
- (vi) The Company is not required to maintain cost records pursuant to the Rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act.
- (vii)
 - (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.
 - (b) According to the records of the Company, these are the dues outstanding in respect of income tax, VAT, customs duty, wealth-tax, service tax, excise-duty, cess, etc, on account of dispute.



Name of the statute	Nature of dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Assessed Demand	1119.20	2008-09,2010-11& 2011-12	CIT(A), Bhubaneswar
	TDS/TCS	461.41	2009-10 , 2010-11 & 2012-13	CIT(A), Bhubaneswar
Service Tax	Assessed Demand	8894.92	2002-03 to 2011-12	CESTAT,Kolkata
Sales Tax	Assessed Demand	709.29	2001-02,2002-03 and 2008-09 to 2013-14	Odisha Sales Tax Tribunal,Cuttack
Entry Tax	Assessed Demand	3640.51	2007-2014	Deputy Commissioner of Sales Tax , Circle-2, Bhubaneswar

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
- (x) In our opinion and according to the information and explanations given to us, fraud by the company or fraud on the Company by its officers or employees has not been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The company is not a Nidhi Company, so it is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.



- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (ix) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For G R C & Associates.
Chartered Accountants
FRN: 002437S**

**Sd/-
[CA P. M. Dash]
Partner
Membership number: 069682**

**Bhubaneswar
The 3rd day of August 2016**



Annexure ‘B’ to the Independent Auditor’s Report

(Referred to in paragraph 2(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls over financial reporting of under clause (i) of Sub –section 3 of the section 143 of the Companies Act, 2013 (‘the Act’)

We have audited the internal financial controls over financial reporting of Odisha State Beverages Corporation Limited (‘the Company’) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended and as on date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For G R C & Associates.
Chartered Accountants
FRN: 002437S**

Sd/-

[CA P. M. Dash]

Partner

Membership number: 069682

Bhubaneswar

The 3rd day of August 2016



ANNEXURE-C

STATEMENT OF AGE WISE ANALYSIS OF PENDING LEGAL/ARBITRATION CASES AS ON 31/03/2016

Age	Number Cases
1 to 5 years	16
6 to 10 years	8
11 to 15 years	0
More than 16 years	0
Total	24

Sl No	Case No	Age of the Case as on 31.03.2016	Type of Case	Parties to the Case	Subject/ Issue/ History	Court	Present Status
1	Civil Judge (Jr) Division, BBSR, 2008	8	Civil Suit	Manoj Kumar Routray Vs OSBC	Loading & Unloading	Civil Judge (Jr) Division, BBSR, 2008	Hearing in Progress
2	Civil Judge (Sr) Division, BBSR, 2011	5	Civil Suit	Manoj Kumar Routray Vs OSBC	Loading & Unloading	Civil Judge (Sr) Division, BBSR, 2011	Hearing in Progress
3	State consumer Forum	7	Consumer Case	OSBC Vs. Chelamandalam Insurance	Godown Insurance	State Consumer Forum	Case Filled
4	Dist. Consumer Redressal forum , Dhenkanal	8	Consumer Case	Raghunath Dalai Vs. United Beverages , Sahil Beg Vs. United Beverages (OSBC is one of the party	Excise Matter	Dist. Consumer Redressal forum , Dhenkanal	Hearing in Progress
5	Sales Tax Tribunal , Cuttack	8	Sales Tax	OSBC Vs Commercial tax Department, Odisha	Sales Tax matter	Sales Tax Tribunal , Cuttack	Hearing in Progress
6	Administrative Tribunal, Cuttack	2	Official	P.C. Dharuka Vs State of Odisha (OSBC is one of the Party)	Service Matter	Administrative Tribunal, Cuttack	Hearing on final Stage
7	Supreme Court of India	4	SILP	Sushilla Devi Vs. State Govt of Odisha (OSBC is the 5th Party)	Excise Matter	Supreme Court of India	Matter handled by Advocate General of Odisha
8	City Civil Court, Hyderabad	6	Civil case	Kinoday India Vs Bega Melanium (OSBC is a party)	Excise Matter	City Civil Court, Hyderabad	Hearing in Progress
9	High Court of Odisha	3	Civil case	Kalyan Nayak Vs OSBC	Godown Rent	High Court of Odisha	Matter pending
10	Deputy Commissioner of Sales tax, Circle II, Bhubaneswar	4	Entry Tax Appeal	OSBC	Entry Tax	Deputy Commissioner of Sales tax , Circle II, Bhubaneswar	Matter awaiting for Disposal



11	Deputy Commissioner of Sales tax, Circle III, Bhubaneswar	4	OSBC	Entry Tax Appeal	OSBC	Entry Tax	Deputy Commissioner of Sales tax, Circle III, Bhubaneswar	Matter awaiting for Disposal
12	Odisha Sales Tax Tribunal, Cuttack	8	OSBC	Sales Tax Appeal	OSBC	Sales Tax matter	Odisha Sales Tax Tribunal, Cuttack	The demand by STO as per report of AG (*O), Audit, has been confirmed in Ist Appeal, second appeal has been filed before the Tribunal and matter is pending
13	Odisha Sales Tax Tribunal, Cuttack	8	OSBC	Sales Tax Appeal	OSBC	Sales Tax matter	Odisha Sales Tax Tribunal, Cuttack	The demand by STO as per report of AG (*O), Audit, has been confirmed in Ist Appeal, second appeal has been filed before the Tribunal and matter is pending
14	Odisha Sales Tax Tribunal, Cuttack	5	OSBC	Sales Tax Appeal	OSBC	Sales Tax matter	Odisha Sales Tax Tribunal, Cuttack	Matter is awaiting for Disposal
15	CESTAT, Kolkata	7	OSBC	Service Tax Appeal	OSBC	Service Tax matter	CESTAT, Kolkata	OSBC has preferred an appeal & filled stay petition for the period up to 2006-07 before the CESTAT, Kolkata against the order of Commissioner of Central Excise, Customs & Service Tax, Bhubaneswar and stay has been granted by CESTAT.
16	CESTAT, Kolkata	5	OSBC	Service Tax Appeal	OSBC	Service Tax matter	CESTAT, Kolkata	Appeal is pending Stay has been granted and Appeal is pending



17	CESTAT, Kolkata	5	Service Tax Appeal	OSBC	Service Tax matter	CESTAT, Kolkata	Stay has been granted and Appeal is pending
18	CESTAT, Kolkata	5	Service Tax Appeal	OSBC	Service Tax matter	CESTAT, Kolkata	Stay has been granted and Appeal is pending
19	CIT (Appeal), Bhubaneswar	5	Appeal Case	OSBC	Income Tax Matter	CIT (Appeal), Bhubaneswar	Appeal is pending
20	CIT (Appeal), Bhubaneswar	5	Appeal Case	OSBC	Income Tax Matter	CIT (Appeal), Bhubaneswar	Appeal is pending
21	CIT (Appeal), Bhubaneswar	4	Appeal Case	OSBC	Income Tax Matter	CIT (Appeal), Bhubaneswar	Appeal is pending
22	CIT (Appeal), Bhubaneswar	4	Appeal Case	OSBC	Income Tax Matter	CIT (Appeal), Bhubaneswar	Appeal is pending before the CIT (A), Bhubaneswar against the order of CIT (TDS) and awaiting disposal
23	CIT (Appeal), Bhubaneswar	3	Appeal Case	OSBC	Income Tax Matter	CIT (Appeal), Bhubaneswar	Appeal has been filed before CIT (A), Bhubaneswar and Rectification order u/s 154 is awaiting from DCIL.
24	Civil Judge Division, Sambalpur	3	Civil Case	Kalyan Nayak Vs OSBC	Godown Rent	Civil Judge Division, Sambalpur	Pending for Hearing



ODISHA STATE BEVERAGES CORPORATION LTD.
(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)
BALANCE SHEET AS AT 31ST MARCH'2016

(Rs. in Lakhs)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. <u>EQUITY & LIABILITIES :</u>			
(1) Shareholder's Funds			
(a) Share Capital	1	100.00	100.00
(b) Reserves and Surplus	2	26,082.08	23,764.76
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)		30.66	28.43
(b) Other Non- Current Liabilities	3	1,484.28	1,484.28
(3) Current Liabilities			
(a) Trade payables	4	21,288.25	26,607.00
(b) Other current liabilities	5	5,201.43	4,886.58
(c) Short-term provisions	6	2,693.40	4,023.52
TOTAL :		56,880.10	60,894.57
II. <u>ASSETS :</u>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	189.38	128.82
(ii) Intangible Assets under development		53.60	38.69
(b) Other Non-Current Assets	8	1,715.03	1,959.90
(2) Current Assets			
(a) Trade Receivable	9	1,579.55	1,661.41
(b) Cash and cash equivalents	10	43,225.25	35,318.03
(c) Short-Term Loans and Advances	11	5,084.72	18,619.84
(d) Other Current Assets	12	5,032.57	3,167.88
TOTAL :		56,880.10	60,894.57

*Significant Accounting Policies and Notes forming
part of these Financial Statements.*

18

As per our report of even date attached.

For GRC & Associates
Chartered Accountants
FRN : 002437S

For & on behalf of the Board of Directors

Sd/-
(CA. P.M. DASH)
Partner
M. No. - 069682

Sd/-
General Manager (A & A)

Sd/-
(Director)

Sd/-
(Managing Director)

Place: Bhubaneswar
Date: 03-08-2016



ODISHA STATE BEVERAGES CORPORATION LTD.
2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH'2016

(Rs. in Lakhs)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(I) Revenue from operations	13	311,535.72	290,505.02
(II) Other Income	14	7,821.26	6,860.72
(III) Total Revenue (I + II)		319,356.98	297,365.74
(IV) Expenses :			
(a) Purchase of Stock-in-Trade	15	301,750.81	272,256.09
(b) Employee benefits expense	16	233.82	184.42
(c) Depreciation and Amortization Expenses	7	30.36	24.60
(d) Other expenses	17	12,327.48	19,944.60
Total Expenses		314,342.47	292,409.71
(V) Profit Before Exceptional & Extraordinary Items & Tax (III-IV)		5,014.51	4,956.03
(VI) Exceptional items		-	-
(VII) Profit before Extraordinary Items & Tax (V - VI)		5,014.51	4,956.03
(VIII) Extra-ordinary Items		-	-
(IX) Profit Before Tax (VII-VIII)		5,014.51	4,956.03
(X) Tax expenses :			
(1) Current tax		1,382.97	1,997.57
(2) Deferred tax		2.23	662.16
(XI) Profit/(Loss) for the period (after tax) (IX-X)		3,629.31	2,296.30
(XII) Earnings per equity share:			
Average Number of equity shares (Face value Rupees 10/- each)		1,000,000	1,000,000
(1) Basic		0.01	0.01
(2) Diluted		0.01	0.01

Significant Accounting Policies and Notes forming part of these Financial Statements. 18

As per our report of even date attached.
For GRC & Associates

For & on behalf of the Board of Directors

Chartered Accountants
FRN : 002437S

Sd/-
(CA. P.M. DASH)
Partner
M. No. - 069682

Sd/-
General Manager (A & A)

Sd/-
(Director)

Sd/-
(Managing Director)

Place: Bhubaneswar
Date: 03-08-2016



ODISHA STATE BEVERAGES CORPORATION LTD.
Cash Flow Statement for the year ended March 31, 2016

(Rs. in Lakhs)

Particulars	For the year 2015-16		For the year 2014-15	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		5,014.48		4,956.03
Adjustments for:				
Current year depreciation and amortisation	30.36			24.60
Interest income from deposits	(2,558.29)			(2,434.99)
Depreciation on Grant Vehicle	(1.52)		(2.21)	
Total of adjustments		(2,529.45)		(2,412.60)
Operating profit / (loss) before working capital changes		2,485.03	2,543.43	
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	81.86		(1,075.01)	
Short-term loans and advances	11,555.10		4,088.98	
Other current assets	(406.79)		(1,542.47)	
Other non-current assets	244.87		(264.52)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	(5,318.75)		7,736.46	
Other current liabilities	314.85		1,482.81	
Total of working capital changes		6,471.14		10,426.25
Operating profit / (loss) after working capital changes		8,956.17		12,969.68
Cash flow from extraordinary items		-	-	
Cash generated from operations		8,956.17		12,969.68
Net income tax (paid) / refunds		(1,475.46)		(1,997.57)
Net cash flow from / (used in) operating activities (A)		7,480.71		10,972.11
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances			(105.84)	(78.54)
Bank balances not considered as Cash and cash equivalents i.e. term deposits with maturity of more than 3 months				
- Placed	(27,874.48)		(24,950.59)	
- Matured during the year	22,712.21		21,061.52	
Net inflow from term deposits		(5,162.26)		(3,889.07)
Interest income from deposits		2,171.09		2,434.99
Cash generated from investing activities		(3,097.01)		(1,532.62)
Deduction of TDS from income		-		(231.71)



Particulars	For the year 2015-16		For the year 2014-15	
	Rs.	Rs.	Rs.	Rs.
Net cash flow from / (used in) investing activities (B)		(3,097.01)		(1,764.33)
C. Cash flow from financing activities				
Dividend paid		(1,688.37)		(5,271.67)
DDT Paid		(337.57)		(979.35)
Net cash flow from / (used in) financing activities (C)		(2,025.94)		(6,251.02)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)		2,357.76	2,956.76	
" Cash and cash equivalents at the beginning of the year "		15,819.70	14,451.90	
(The Opening Balance Cash & Cash Equivalent has been regrouped for the reporting period)				
Cash and cash equivalents at the end of the year *		18,177.46		17,408.66
* Comprises:				
(a) Cash on hand	0.07		0.18	
(b) Cheques, drafts on hand	3,692.78		4,008.72	
(c) Balances with banks				
(i) In current accounts (including flexi balance)	14,484.61		13,399.76	
(ii) In deposit accounts with original maturity of 3 months or less	-		-	
(The Closing Balance Cash & Cash Equivalent has been regrouped for the Previous Year to Rs 15819.70, for the reporting period)		18,177.46	17,408.66	

Notes:

Accompanying notes forming part of the financial statements.**As per our report of even date attached.****For GRC & Associates****Chartered Accountants****FRN : 002437S****For and on behalf of the Board of Directors**

Sd/-

(CA. P.M. DASH)**Partner****M. No. - 069682**

Sd/-

General Manager (A & A)

Sd/-

(Director)

Sd/-

(Managing Director)**Place: Bhubaneswar****Date: 03-08-2016**



ODISHA STATE BEVERAGES CORPORATION LTD.
(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)

SCHEDULE TO BALANCESHEET

(Rs. in Lakhs)

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
NOTE - 1 SHARE CAPITAL		
AUTHORISED CAPITAL		
50,00,000 Equity Shares of Rs.10/ each with equal voting rights	500.00	500.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
10,00,000 Equity Shares @ Rs.10/ each with equal voting rights fully paid	100.00	100.00
TOTAL :	100.00	100.00
RECONCILIATION OF NO. OF SHARES OUTSTANDING		
Equity Shares outstanding at the beginning of the year	1,000,000	1,000,000
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Equity Shares outstanding at the end of the year	1,000,000	1,000,000
<i>(The company has neither issued bonus share nor has bought back any shares during the last five years)</i>		
DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES		
NAME OF SHAREHOLDER	NOS. %	NOS. %
1) Governor of Odisha	1000000 100	1000000 100
	1000000 100	1000000 100
NOTE - 2 RESERVES & SURPLUS		
(a) GENERAL RESERVES		
Opening balance	2,693.04	2,463.41
(+) Current Year Transfer	362.93	229.63
Closing Balance(a)	3,055.97	2,693.04
(b) SURPLUS		
Opening balance	21,066.85	20,208.21
(+) Net Profit/(Net Loss) For the current year	3,629.28	2,296.31
(-) Provision for IT of earlier years	-	-
(-) Proposed Dividends	(1,088.78)	-
(-) Interim Dividends	-	(1,001.70)
(-) Dividend Distribution Tax	(221.65)	(200.28)
(-) Provision for shortfall of DDT (2012-13)	-	-
(-) Transitional Depreciation on Fixed Assets	-	(6.06)
(-) Transfer to Reserves	(362.93)	(229.63)
Closing Balance(b)	23,022.77	21,066.85
(c) Grant & Subsidy		
Grant for Vehicle (c)	7.17	7.17
Less : Accumulated Dep. on Grant vehicle	(3.82)	3.34
	7.17	7.17
TOTAL (a+b+c) :	26,082.08	23,764.76
NOTE - 3 OTHER NON CURRENT LIABILITIES		
Credit Under reconciliation(Collection)	1,484.28	1,484.28
	1,484.28	1,484.28



SCHEDULE TO BALANCESHEET

(Rs. in Lakhs)

NOTE - 4 TRADE PAYABLES

Sundry Creditors	21,288.25	26,607.00
TOTAL :	21,288.25	26,607.00

NOTE - 5 OTHER CURRENT LIABILITIES

Employee benefits payable	34.08	64.07
Statutory dues	4,269.48	3,870.39
Advance from Customers	356.49	313.00
Security Deposits	352.56	320.86
Godown Rent payable	45.10	41.74
Security services charges payable	73.71	129.36
CSR Expenses payable	-	50.00
Other Liabilities	70.01	97.16
TOTAL :	5,201.43	4,886.58

NOTE - 6 SHORT-TERM PROVISIONS

Proposed Dividend	1,088.78	1,688.38
Provision for Dividend Tax	221.65	337.57
Provision for Income Tax	1,382.97	1,997.57
TOTAL :	2,693.40	4,023.52

NOTE - 8 OTHER NON-CURRENT ASSETS

(a) Unsecured, Considered Good		
PF Paid under Protest	43.80	43.80
Sales Tax Demand/Deposits	50.00	50.00
Service Tax deposit	-	268.66
Security Deposit	32.27	8.49
(b) Unsecured, Considered Doubtful		
(i) Receivable from Suppliers	134.05	-
Less : Provision	(134.05)	-
(ii) Payroll Deduction	-	-
Less : Provision for payroll deduction	-	-
(c) Debit under Reconciliation (Collection)	1,588.96	1,588.96
TOTAL :	1,715.03	1,959.91

NOTE - 9 TRADE RECEIVABLES**Unsecured considered good**

(a) Receivable exceeding six months	443.34	476.76
(b) Others	1,136.21	1,184.65
TOTAL :	1,579.55	1,661.41

**SCHEDULE TO BALANCESHEET****(Rs. in Lakhs)****NOTE - 10 CASH & CASH EQUIVALENTS**

(a) Balance with Banks		
Current Account (including flexi balance and	14,484.61	11,810.80
(b) DD/Cheque on Hand	3,692.78	4,008.72
(c) Cash on Hand	0.07	0.18
(d) Term Deposit with maturity more than 12 months	25,047.79	19,498.33
TOTAL :	43,225.25	35,318.03

NOTE - 11 SHORT-TERM LOAN & ADVANCES (Unsecured, Considered Good)

Advance for Land	-	72.64
Advance to Suppliers	300.00	100.00
Advance to excise Department	35.31	41.78
Prepaid License fee	316.25	275.00
Advance Excise duty	2,529.30	14,312.01
Prepaid Insurance of Stock	52.43	55.22
Advance Import Fee	-	214.47
Advance Service Tax	270.13	
Others Advances	61.30	48.72
Advance Income Tax	1,520.00	3,500.00
TOTAL :	5,084.72	18,619.84

NOTE - 12 OTHER CURRENT ASSETS (Unsecured, Considered Good)

Receivable from Govt. & Others	0.26	0.26
Bidding Amount receivable	-	3.87
Loading & Unloading Charges Receivables	410.63	-
Stock Holding Receipt Receivable	52.73	-
Registration Fee Receivable-Supplier	-	0.50
Entry Tax Deposit	-	14.28
CST /VAT Deposit	9.14	-
Receivable from Suppliers	20.80	67.86
TDS Receivable	249.98	231.71
Income Tax Refund Receivable	4,289.03	2,849.40
TOTAL :	5,032.57	3,167.88



ODISHA STATE BEVERAGES CORPORATION LTD.
(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)

SCHEDULE TO P & L		<i>(Rs. in Lakhs)</i>	
PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	
<u>NOTE -13 REVENUE FROM OPERATIONS</u>			
Sales of Products			
IMFL	234,091.88	200,974.47	
Beer	61,745.36	76,933.19	
Country Sprit	15,698.48	12,597.36	
(Sales includes Excise Duty of Rs 183361.30 lakhs for 2015-16 & Rs.129705.04 lakhs for 2014-15)			
TOTAL:	311,535.72	290,505.02	
<u>NOTE - 14 OTHER INCOME</u>			
Interest on Deposits	2,558.30	2,434.99	
Cash discount	4,406.62	3,899.95	
Non-operating incomes	519.95	450.84	
Prior Period Income	336.39	54.17	
Liabilities written back	-	20.77	
TOTAL:	7,821.26	6,860.72	
<u>NOTE - 15 PURCHASE OF STOCK IN TRADE</u>			
Purchase of Stock			
IMFL	227,880.73	188,186.28	
Beer	59,515.41	71,952.04	
Country Sprit	14,354.67	12,117.77	
(Purchases includes Excise Duty of Rs178119.32 lakhs for 2015-16 & Rs.128461.16 lakhs for 2014-15)			
TOTAL:	301,750.81	272,256.09	
<u>NOTE - 16 EMPLOYEE BENEFITS EXP.</u>			
Salary & Wages	233.82	184.42	
TOTAL:	233.82	184.42	
<u>NOTE - 17 OTHER EXPENSES</u>			
License Fee	275.00	15,190.00	
Additional License Fee	6,170.87	-	
Donation to CMRF	1,000.00	2,500.00	
Differential Excise duty	2,620.99	1,243.90	
Godown Rent & Insurance	392.10	335.54	
CSR Expenses	228.89	115.20	
Entry Tax	1,098.24	157.20	
Security Service Charges	241.61	180.40	
Professional & Legal Charges	55.78	62.89	
Office Rent of HO	61.60	35.36	
Electricity Charges	12.47	10.83	
Repair & Maintenance	5.46	5.44	
Audit Fees	1.72	1.43	
Audit Expenses	-	0.04	
Other Administrative & Sundry Expenses	87.32	72.36	
Provision for Non-operating Creditors	75.34	34.01	
Service Tax	0.09	-	
Prior Period Expenses	-	-	
TOTAL:	12,327.48	19,944.60	



ODISHA STATE BEVERAGES CORPORATION LTD.
(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)

NOTE-7 : FIXED ASSETS

AS PER WDV METHOD
(Rs. In Lakhs)

FIXED ASSETS AS PER COMPANIES ACT-2013 FOR THE FINANCIAL YEAR 2015-16

PARTICULARS	LAND {Leasehold}	AIR CONDITIONER	COMPUTER	FURNITURE & FIXTURES	ELECTRICAL FITTINGS	OFFICE EQUIPMENTS	VEHICLES	AQUA WATER PURIFIER	AUDIO VISUAL	TOTAL
(A) GROSS BLOCK:										
Opening Balance (Previous Year)	61.09	10.27	111.13	46.15	10.37	40.58	40.59	0.32	7.93	328.43
Addition (Previous Year)	85.44	0.45	3.02	41.82	8.25	39.87	40.59	0.32	7.93	288.27
Deletion (Previous Year)	-	-	-	4.33	0.56	0.43	-	0.17	0.86	90.93
	-	-	-	-	2.12	0.70	-	-	-	40.16
Closing Balance (Previous Year)	146.53	10.72	114.15	46.15	10.93	41.01	40.59	0.49	8.79	419.35
	61.10	10.27	111.14	46.14	10.38	40.57	40.59	0.32	7.93	328.43
(B) DEPRECIATION:										
Opening Balance (Previous Year)	-	8.85	75.80	38.18	8.05	33.39	27.57	0.22	7.53	199.61
Dep. for the Year (Previous Year)	-	7.59	61.64	35.69	6.94	28.42	21.91	0.17	6.60	168.95
Adjustments to Dep. (Previous Year)	-	-	20.41	1.64	0.56	2.30	3.89	0.08	0.19	30.36
	-	0.34	13.38	1.50	0.34	3.33	5.67	0.05	-	24.60
	-	-	-	-	-	-	-	-	-	-
	-	0.92	0.79	0.99	0.78	1.65	-	-	0.93	6.06
Depreciation (CB) (Previous Year)	0.72	9.43	96.21	39.82	8.61	35.69	31.46	0.30	7.72	229.97
	-	8.85	75.81	38.18	8.05	33.39	27.57	0.22	7.53	199.61
(C) NET BLOCK (Previous Year)	145.81	1.29	17.94	6.33	2.32	5.32	9.13	0.19	1.07	189.38
	61.10	1.42	35.33	7.96	2.33	7.18	13.02	0.10	0.40	128.82

**Note – 17****(A) SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India, relevant provisions of the Companies Act, 2013 and Accounting Standards notified there under.

2. USE OF ESTIMATES

In The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3. FIXED ASSETS**(a) Tangible**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(b) Intangible

Software, Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use.



4. DEPRECIATION AND AMORTIZATION

Depreciation has been provided on the written down value method as per the rates prescribed in Schedule II to the Companies Act, 2013 with a residual value up to 5%. Intangible assets are amortized over a period of 5 years or their estimated useful life, whichever is less.

5. IMPAIRMENT

An asset (CGU) is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss statement in the year in which an asset is classified as impaired. The impairment loss recognised in the prior accounting period is reversed if there has been change in the estimate of recoverable amount.

6. INVESTMENTS

Non Current investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

7. INVENTORIES

Inventories are measured at lower of cost and net realizable value. The title of the goods is transferred to the Corporation from the suppliers on final inspection, before the sales transaction takes place.

8. REVENUE RECOGNITION

Sale of Products:

Sale of Products are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership of the goods to the buyer. Sales include differential excise duty but exclude sales tax/ value added tax.

Cash Discount: Cash discounts received/ receivables are recognized basing on the actual payment made to supplier.

Registration fees: Registration fees collected from supplier is taken into account on yearly basis subject to certainty of realization.

Interest Income: Interest income is accounted on accrual basis.



9. RECOGNITION OF PURCHASE

Purchase has been accounted for based on the approved pricing policy of the Corporation, on transfer of significant risks and reward from the suppliers after the final inspection of goods takes place.

10. TAXES ON INCOME

Tax expenses comprises of current tax and deferred tax.

(a) Current Tax:

Current tax is measured at the amount expected to be paid to the tax authorities using the applicable tax rates.

(b) Deferred Tax:

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are being capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized.

11. PRIOR PERIOD ITEMS:

Income /expenditure relating to prior period not exceeding Rs.5 lakhs in each case is treated as income /expenditure of the current year.

12. PROVISIONS AND CONTINGENCIES

Provision is recognized when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed.



Provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted (if required) to reflect the current best estimates.

Cash Flow Notes:

13. *Cash and cash equivalents:*

Cash and cash equivalents comprise cash/DD on hand, balance of current accounts and deposits of three months or less from the date of acquisition.

14. *Cash flow statement:*

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

**(B) NOTES TO THE FINANCIAL STATEMENTS****1. CORPORATION INFORMATION:**

Odisha State Beverages Corporation Limited (hereinafter referred as “the Corporation”) is a Government Corporation incorporated under the Companies Act, 2013. The Government of Odisha by Act No.9 of 2000 published in the Orissa Gazette on 04.10.2000, and Notification No.- 514 dt.30.01.2001 published in the Odisha Gazette on 31.01.2001, conferred exclusive privilege on the Corporation to carry on wholesale trade in beverages throughout Odisha.

2. The amount due to Micro and Small Enterprises as defined in the ‘The Micro, Small and Medium Enterprises Development Act, 2006’, has been determined to the extent such parties have been identified on the basis of information available with the Corporation. The outstanding amount payable to Micro and Small Enterprises as at 31st March 2016 is Nil.
3. Balances of Advance from Customers shown under “Other Current Liabilities” & Trade Payables include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations in respect of the above are in progress. Provisions, wherever considered necessary, have been made.
4. The debit balances under Sundry creditors operating amounting to ₹ 20.80 lacs have been shown under the head “Receivable from Suppliers” in Other Current Assets (Note-11)” and the credit balance under Sundry debtors amounting to ₹ 356.49 lacs have been shown under the head “Advance from Customers” in Other Current liabilities (Note-4)”.
5. “Godown Rent & Insurance Expenses (Note-16)” of ₹ 392.10 lakhs includes Godown Insurance for the year amounting to ₹ 55.22 lakhs. (Previous year ₹ 47.68).
6. As per Accounting Standard - 18 – ‘**Related Party Disclosures**’ issued by the ICAI, the details of names of the related parties and transactions with them, excluding Government controlled enterprises, are given below:



Sl. No.	Name of the Person	Designation	Nature of Transaction	Amount (₹ In Lacs)	Period
1.	Sri Dwijaraj Kar	Managing Director	Remuneration	14.35	April 2015 to March 2016
2.	Smt. S.S. Kanungo	Chief Manager (Finance)	Remuneration	7.31	April 2015 to March 2016

7. Audit Fees & Expenses for the F.Y.2015-16 includes as follows :

Payment to Auditor	Purpose of audit	Amount (₹ In Lacs) Current Year	Amount (₹ In Lacs) Previous Year
Statutory Auditor	For Statutory Audit	1.73	1.42
TOTAL		1.73	1.42



8. The un-reconciled bank balance of ₹ 1588.96, debited in the bank book (SBI, IDCO Tower, Bhubaneswar) of OSBC has been transferred and disclosed under the head “Debit under Reconciliation(Collection) A/c”. Similarly the un-reconciled balance amounting to ₹ 1484.28 under Advance from Retailers has been transferred and disclosed under the head “Credit under Reconciliation(Collection) A/c”.
9. Fixed assets include 5 vehicles purchased by the Corporation and handed over to Excise Department for smooth collection of Excise Duty payable to the Government.
10. The Regional Provident Fund Commissioner, BBSR recovered (28th Sept., 2011) ₹ 43.80 Lacs from the company by way of attachment of its bank a/c maintained with SBI, IDCO Tower branch towards arrear PF dues for the period January’ 2007 to December’2010 against the employees employed by the company through M/s Panther Security Services. The Company disputed the amount and filed (February’ 2012) a writ petition (No-3164/2012) before Orissa High Court which was disposed of by HC on dtd 15th February 2016 directing the competent authority of EPF dept. to accept the review application of OSBC file under 7B of the Act 1952. Accordingly, the review application has been filed by OSBC on dtd 21st April ,2016 and the matter is still pending at RPF Commissioner-II (C&R), Bhubaneswar for hearing .

11. Earnings Per Share (EPS) Details

a. Basis of Computation

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The numbers of equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

**b. Computation Details**

(Amount ₹ in Lakhs)

	Particulars	Current Year		Previous Year	
		Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
A.	Earnings attributable to Equity Share holder	3629.31	3629.31	2296.31	2296.31
B.	Weighted avg. of outstanding Equity share During the Year	10.00	10.00	10.00	10.00
C.	EPS (A/B) (in ₹)	362.93	362.93	229.63	229.63

15. Employee benefits:

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.

16. Deferred Tax Computation Table.

(Amount ₹ in Lakhs)

<u>Particulars</u>	Current Year	Previous Year
Timing Differences Resulting Deferred Tax Assets:		
Disallowance for the Year having future Tax Benefits(Net)	-	924.01
Deferred Tax Asset/(Liabilities)(A)	-	314.07
Timing Differences Resulting Deferred Tax Liability:		
Difference of Depreciation and Amortization	(6.44)	1.38
Deferred Tax Asset/(Liability)(B)	(2.23)	(0.47)
Deferred Tax Liability in respect of earlier years (C)	(28.43)	(342.03)
Deferred Tax Asset/(Liability) (Appearing in Balance Sheet) (Net) (A-B-C)	(30.66)	(28.43)
+ OB of Deferred Tax Asset /(Liability) (As per BS-2014-15)	(28.43)	633.73
Deferred Tax Asset/(Liability) for 2015-16 (SPL)	(2.23)	(662.16)

17. Segment reporting:

The Corporation being engaged in trading of beverages does not have more than one business segment. Further, the Corporation is carrying its business in one geographical segment, i.e. India.



18. CONTINGENT LIABILITIES AND ASSETS WITH STATUS:

(i) Income Tax:

Sl. No.	Financial Year	Forum Pending	Amount of Contingent Liability (₹ In Lacs)	Status												
1.	2008-09	CIT(A)	152.05	Appeal pending before Commissioner of Income Tax (Appeal).												
2.	2010-11	Do	858.81	<p>Disposed off in favor of OSBC in respect of the following items:(Rs in Cr.)</p> <table border="1"> <tr> <td>Fixed deposit</td> <td>13.74</td> </tr> <tr> <td>Security Deposit</td> <td>2.75</td> </tr> <tr> <td>Loans & Advances</td> <td>0.36</td> </tr> <tr> <td>Sundry Debtors</td> <td>0.18</td> </tr> <tr> <td>Old Excise Payment</td> <td>0.25</td> </tr> <tr> <td>Total</td> <td>17.28</td> </tr> </table> <p>For the rest of the disallowances, OSBC has initiated the process for filling the Second Appeal</p>	Fixed deposit	13.74	Security Deposit	2.75	Loans & Advances	0.36	Sundry Debtors	0.18	Old Excise Payment	0.25	Total	17.28
Fixed deposit	13.74															
Security Deposit	2.75															
Loans & Advances	0.36															
Sundry Debtors	0.18															
Old Excise Payment	0.25															
Total	17.28															
3.	2011-12	Do	108.34	Appeal before CIT (A) is pending for disposal. Rectification order u/s 154 is awaited from DCIT.												

(ii) TDS & TCS Return filling:

Apart from the above the Income Tax Department (TDS) has made various demands for wrong PAN quoted in the return, short deductions made, interest on short payments made and for late filing of the returns. The demand and as on date status of the various cases is outlined as below:

Sl. No.	Financial Year	Amount of Demand (₹)
1	Prior Years	1,21,31,169.00
2	2012-13	23,17,667.00
3	2013-14	12,72,272.00
4	2012-13	6,24,755.00
5	2013-14	27,460.00
	Total :	1,63,73,323.00

**(iii) Service Tax**

Period	Demand Amount (₹ In Lacs)	Amount Paid (₹ In Lacs)	Amount Due (₹ In Lacs)	Forum Pending With Status
2002-03 to 2006-07	1191.74 1191.74 0.01 <u>TOTAL = 2383.49</u>	930.16	1453.33	OSBC preferred appeal & filed stay petition for the period up to 2006-07 before CESTAT, Kolkata against the order of Commissioner of Central Excise, Customs & Service Tax BBSR, and stay has been granted by CESTAT. Appeal is still pending.
2007-08	481.89 481.890 01	435.68 528.12		Stay has been granted and the appeal is pending.
2008-09 & 2009-10	<u>TOTAL=963.80</u> 1580.98 1580.98 0.05 <u>TOTAL=3162.01</u>	158.10	1422.88 1580.98 0.05 <u>3003.91</u>	Against the demand of Commissioner of Service Tax appeal & stay has been filed in CESTAT, Kolkata. Stay has been granted and the appeal is pending.
2010-11	1105.61 1105.61 0.05 <u>TOTAL=2211.26</u>	110.56	995.04 1105.61 0.05 <u>2100.70</u>	Against the demand order of the Commissioner Central Excise, Customs & Service Tax, appeal & stay petition have been filed before CESTAT. Stay has been granted and the appeal is pending.
2011-12	174.36	0.00	174.36	Demand raised by Commissioner CBEC&S. No Hearing has been taken place till date
TOTAL	8894.92	1634.50	7260.42	

**(iv) Sales Tax:**

Year	Forum Pending	Amount Involved (₹ in Lacs.)	Status
2001-02	Odisha Sales Tax Tribunal, Cuttack	250.33	The demand by STO as per report of AG(O) Audit, has been confirmed in 1 st appeal , Second appeal has been filed before Tribunal.
2002-03	Odisha Sales Tax Tribunal, Cuttack	322.04	The demand by STO as per report of AG(O) Audit, has been confirmed in 1 st appeal , Second appeal has been filed before the Tribunal.
2009-14	Odisha Sales Tax Tribunal, Cuttack	136.92	Demand made by DCCT BBSR II Circle. 1 st Appeal filed before the Additional Commissioner of Sales tax. Stay Order Granted
	<u>TOTAL</u>	709.29	

(v) Entry Tax:

Year	Forum Pending	Amount Involved (₹ in Lacs.)	Amount Paid (₹ in Lacs.)	Status
2007-09	Deputy Commissioner of Sales Tax Circle –II BBSR	214.12	71.38	1 st Appeal confirmed by the Additional Commissioner of Sales tax. Petition filed before Dispute Resolution Committee on 11/01/2016 for settlement of Disputed Demand
2009-14	Deputy Commissioner of Sales Tax Circle –II BBSR	3426.39	561.32	1 st Appeal confirmed by the Additional Commissioner of Sales tax(Revenue). The matter is pending before dispute redressal Mechanism for amicable settlement
	TOTAL	3640.51	632.70	

**vi) Godown Rent:**

Godown rent of ₹ 39,90,527/- of Sambalpur depot (IMFL), Kalyani Naik for the period from Feb.-2011 to Sept.-2014 @ ₹ 5.97 per sqft. for 15915 sqft. per month not provided in accounts due to contingent in nature.

Vii) Receivable Penalty on Loading & Unloading Charges :

Receivable Penalty amounting Rs 2,03,72,380/- on Loading & Unloading Charges for the financial year 2009-10,2010-11,2011-12,2012-13,2013-14,2014-15 & 2015-16 has not been recognized in the Financial Statements since this may not be realized as the matter is under dispute & sub-judice. However, the matter is assessed continually and if it has become virtually certain that the penalty will be realizable, the related income will be recognized in the financial statement for the period in which it realized.

viii) Others:

Sl. No.	Case No.	Name of the party	Status
01	Civil Judge (Jr.) Division, BBSR	Loading & Unloading	2 Nos. of Cases
02	Civil Judge (Sr.) Division, BBSR	Loading & Unloading	1 Nos. of Cases
03	Civil Judge (Jr.) Division, BBSR	Excise Matter	1 No. of Cases
04	Addl. Dist. Judge, BBSR	Service Provider	2 NOs. of Cases
05	State Consumer Forum	Godown Insurance	1 No. of Cases
06	Dist. Consumer Redressal Forum, Dhenkanal	Excise Matter	2 No. of Cases
07	Sales Tax Tribunal, CTC	Sales Tax	3 Nos. of Cases
08	Administrative Tribunal, CTC	Service Matter	1 No. of Cases
09	Supreme Court of India	Excise Matter	1 No. of Cases
10	City Civil Court, Hyderabad	Excise Matter	1 No. of Cases
11	CESTAT, Kolkata	Service Tax Matter	4 Nos. of Cases
12	Hon.ble High court of Orissa	Godown Rent	1 No of Case

Note: Since the demand is not quantifiable the quantification has not been done by the Corporation.

**19. CSR Expenses**

As per provision of Section 135 of the Companies Act 2013, schedule – VII and rule made there under the CSR obligation of OSBC Ltd. during the F.Y 2015-16 was ₹162.99 Lacs. However the company has spent ₹ 79.95 lacs towards the CSR obligation of F.Y. 2014-15 & balance amount of ₹ 148.94 lacs towards current year obligation.

20. Previous year Figure:

Figures for the previous year have been re-grouped/re-arranged wherever considered necessary.

21. Rounding Off:

Figures are rounded off to nearest Rupees in Lacs.

