

# **18<sup>th</sup> ANNUAL REPORT 2017-18**

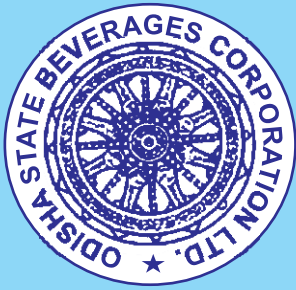


**ODISHA STATE BEVERAGES CORPORATION LIMITED**

(A GOVERNMENT OF ODISHA UNDERTAKING)

2<sup>nd</sup> FLOOR, FORTUNE TOWERS, CHANDRASEKHARPUR,  
BHUBANESWAR-751023 (ODISHA), [www.osbc.gov.in](http://www.osbc.gov.in)

CIN: U51228OR2000SGC006372



## *Vision*

To be recognized as an outstanding State Owned Corporation engaged in the business of distribution of alcoholic beverages in the State of Odisha.

## *Mission*

To ensure wholesale supply and distribution of genuine brands of alcoholic beverages at competitive prices to the licensed retailers for sale to the consumers in the State of Odisha.



## BOARD OF DIRECTORS



**Shri Nikunja Bihari Dhal, IAS  
(Chairman)**



**Shri Purna Chandra Majhi, IA & AS  
(Director)**



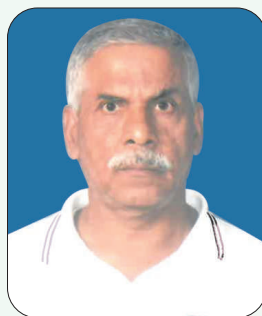
**Shri Dwijaraj Kar, IAS  
(Managing Director)**



**Shri Debendra Mahapatra, IAS  
(Director)**



**Shri Santosh Kumar Bishwal  
(Independent Director)**



**Shri Prasanna Kumar Parida  
(Independent Director)**



**Shri Syama Charan Padhy  
(Independent Director)**



**Shri Arun Kumar Biswal, OFS (SAG)  
(Director)**



**Shri Akshaya Kumar Sethi, OAS (SAG)  
(Director)**



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### BOARD OF DIRECTORS AS ON 31.03.2018

1. Shri Nikunja Bihari Dhal, IAS	Chairman
2. Shri Purna Chandra Majhi, IA & AS	Director
3. Shri Debendra Mahapatra, IAS	Director
4. Shri Arun Kumar Biswal, OFS (SAG)	Director
5. Shri Akshaya Kumar Sethi, OAS (SAG)	Director
6. Shri Prasanna Kumar Parida	Independent Director
7. Shri Dwijaraj Kar, IAS	Managing Director

### BOARD OF DIRECTORS AS ON 27.11.2018

1. Shri Nikunja Bihari Dhal, IAS	Chairman
2. Shri Purna Chandra Majhi, IA & AS	Director
3. Shri Debendra Mahapatra, IAS	Director
4. Shri Arun Kumar Biswal, OFS (SAG)	Director
5. Shri Akshaya Kumar Sethi, OAS (SAG)	Director
6. Shri Prasanna Kumar Parida	Independent Director
7. Shri Syama Charan Padhy	Independent Director
8. Shri Santosh Kumar Bishwal	Independent Director
9. Shri Dwijaraj Kar, IAS	Managing Director

#### STATUTORY AUDITORS:

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

#### BANKERS:

Union Bank of India  
State Bank of India  
IDBI Bank Limited  
Allahabad Bank

#### REGISTERED OFFICE:

2<sup>nd</sup> Floor, Fortune Towers,  
Chandrasekharapur, Bhubaneswar,  
Odisha – 751023.  
CIN: U51228OR2000SGC006372



## DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting before you the 18<sup>th</sup> Annual Report of Odisha State Beverages Corporation Limited and the audited financial statements for the year ended 31<sup>st</sup> March, 2018 together with the reports of the Statutory Auditors and the Comptroller & Auditor General of India thereon.

### 1. FINANCIAL PERFORMANCE:

The details of financial performance are given below:

(Amount in ₹ Lakh)

PARTICULARS	2017-18	2016-17
Total Revenue	377,459.33	329,218.24
Total Expenses	375,028.23	325,285.74
Profit Before tax	2,431.10	3,932.50
Tax Expenses		
Current Tax	889.91	1,385.48
Deferred Tax	(1.01)	(1.98)
Profit after Tax	1,542.20	2,549.00

### 2. SUMMARY OF OPERATIONS:

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

Your Corporation 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. 377,459.33 lakh and the total expenditure was Rs. 375,028.23 lakh with the net profit after tax for the financial year at Rs. 1,542.20 lakh.



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

### **3. DIVIDEND AND APPROPRIATIONS:**

During the year the Board of Directors have recommended dividend of 30% of the profit after tax amounting to Rs 462.66 lakh subject to the approval of the shareholders of the Corporation at the ensuing Annual General Meeting which will result an outflow of Rs. 462.66 lakh in addition to the dividend distribution tax amounting to Rs. 95.10 lakh as per Income Tax Act.

### **4. RESERVES:**

Like previous year, the Board of Directors of your Corporation proposes to transfer Rs. 154.22 lakh to General Reserve.

### **5. AWARDS AND RECOGNITION:**

During the Financial Year your Corporation has not received any awards and recognition.

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

Your Directors, by extending a warm welcome to all the stakeholders, feel honoured to place 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 computerization 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:

**Phase 1:** Automate all activities related to in-bound process, i.e. movement of goods from bottling unit to depot.

**Phase 2:** Automate all activities related to out-bound process, i.e. movement of goods from depot to retailers.



### **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.
- e-wallet system in respect of excise duty, import fee and pass fee.

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

- i. Movement of Indents was done manually from Supplier -> OSBC -> Excise Spdt. The process usually used to take 2-3 days. With the current system developed, it is just a matter of 2-3 hours till Indent approval process is completed. The Permit Process as a whole which used to take about 4-5 days is now a one day affair.
- ii. Calculation of Excise Duty, Taxes, Other fees etc. is taken care by the system. Moreover, the majority fields in the Permit Pass are populated by system, thereby minimizing human effort and error.
- iii. 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.
- iv. 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:-**

- a. Automation of the out-bound process, i.e. sale of goods to retailers at the depot is being run on a test basis along with the offline system at all the depots since August, 2017-18. The process includes selling of stocks to the licensed retailers at the depot by providing them system generated Sales Order, Invoice and Gate Pass.
- b. Automation of the outbound process also has come up with getting the real time stock position of the depot.
- c. The system generates reports (both real time data and historical data) on day to day transaction at the depot.
- d. The system also generates reports on various taxes, duties etc. arising from the transactions.





### **Payment integration & management reporting:-**

- i. The online application has been integrated with e-Payment system of the payment gateways provided by State Bank of India and Allahabad Bank.
- ii. The e-Payment system facilitates the licensed retailers to transfer money to OSBC through payment gateway using the Net Banking facility from their respective bank accounts. Upon successful transaction, the retailer's wallet maintained in the OSBC online application is automatically refilled.
- iii. The MIS reports from the OSBC online application provides some important real time information regarding the stock position at the depot, sales data from the depot, wallet balance in OSBC, wallet with Excise, Supplier wise Wallet balance, Retailer wise wallet balance, Retailer's purchase history and lifting details in LPL and BL, Supplier payment report etc. among other essential reports.

### **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.

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 into 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, corrective actions 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 form part of this Annual Report.

## **12. INDUSTRIES SCENARIO:**

The Odisha State Beverages Corporation Ltd. was incorporated under the Companies Act 1956 on 6<sup>th</sup> November 2000, with the Registrar of Companies, Odisha, Cuttack, after the abolition 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 of the 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 2017-18 by Comptroller and Auditor General of India vide C&AG Letter No.1112 dated 16<sup>th</sup> August, 2017.





**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 financial statements of OSBCL for the FY 2017-18 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 have been made by the Corporation.

As on 31<sup>st</sup> March, 2018 the Authorized Share Capital of your Corporation remains at Rs. 5,00,00,000/- (Rupees Five Crore Only) comprising 50,00,000 (Fifty lacs) 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 lacs) 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 as prescribed under the Companies Act and 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 Social Development & Skill Building, Protection of National Heritage, Art and Culture, Creating awareness regarding de-addiction & Promotion of Education.

The Corporation has spent a sum of Rs. 130.20 lakh for CSR activity during the year 2017-18 against the CSR obligation of Rs. 92.69 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 of 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 the tremendous growth and enormous work load in day to day business, operational, administrative and promotional activities in view, 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 proper 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, 2018 is seven (7) directors. They are as follows:

- |    |  |          |
|----|--|----------|
| 1. | Shri Nikunja Bihari Dhal, IAS,<br>Principal Secretary to Govt. of Odisha,<br>Excise Department.    | Chairman |
| 2. | Shri Purna Chandra Majhi, IA & AS,<br>Special Secretary to Govt. of Odisha,<br>Finance Department. | Director |
| 3. | Shri Debendra Mahapatra, IAS,<br>Excise Commissioner,<br>Odisha, Cuttack.                          | Director |



4. Shri Arun Kumar Biswal, OFS,  
Additional Commissioner, Commercial Taxes,  
Bhubaneswar. Director
5. Shri Akshaya Kumar Sethi, OAS (SAG),  
Additional Secretary to Govt. of Odisha,  
Public Enterprises Department. Director
6. Shri Prasanna Kumar Parida Independent Director
7. Shri Dwijaraj Kar, IAS Managing Director

Changes in the Board during the period April 01, 2017 to March 31, 2018:-

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	Shri Bishnupada Sethi, IAS	Chairman	-	03.05.2017
2	Shri Vir Vikram Yadav, IAS	Chairman	03.05.2017	24.10.2017
3	Shri Nikunja Bihari Dhal, IAS	Chairman	24.10.2017	-
4	Shri Saswat Mishra, IAS	Director	-	14.11.2017
5	Shri Arun Kumar Biswal, OFS	Director	14.11.2017	-
6	Shri Aswini Kumar Mishra, IA & AS	Director	-	14.11.2017
7	Shri Purna Chandra Majhi, IA & AS	Director	14.11.2017	-
8	Shri Madhusudan Mishra	Director	-	05.12.2017
9	Shri Akshaya Kumar Sethi, OAS (SAG)	Director	05.12.2017	-
10	Shri Prasanta Kumar Senapati, IAS	Director	-	20.12.2017
11	Shri Debendra Mahapatra, IAS	Director	20.12.2017	-
12	CA Arun Kumar Sabat, FCA	Independent Director	-	05.06.2017



### **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:

<b>Date of meetings</b>	<b>Serial No. of Meeting</b>	<b>No. of Directors attended the meeting</b>
3 <sup>rd</sup> June, 2017	72 <sup>nd</sup>	5
8 <sup>th</sup> September, 2017	73 <sup>rd</sup>	3
24 <sup>th</sup> November, 2017	74 <sup>th</sup>	6
24 <sup>th</sup> February, 2018	75 <sup>th</sup>	6

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

Details of attendance of each Director during the period April 01, 2017 to March 31, 2018:-

<b>Name of Directors</b>	<b>Meetings Attended</b>	<b>Meetings Remained Absent</b>
Shri Vir Vikram Yadav, IAS	72 <sup>nd</sup> & 73 <sup>rd</sup>	NIL
Shri Nikunja Bihari Dhal, IAS	74 <sup>th</sup> & 75 <sup>th</sup>	NIL
Shri Saswat Mishra, IAS	NIL	72 <sup>nd</sup> & 73 <sup>rd</sup>
Shri Prasanta Kumar Senapati, IAS	72 <sup>nd</sup> & 74 <sup>th</sup>	73 <sup>rd</sup>
Shri Debendra Mahapatra, IAS	75 <sup>th</sup>	NIL
Shri Aswini Kumar Mishra, IA & AS	NIL	72 <sup>nd</sup>
Shri Purna Chandra Majhi, IA & AS	74 <sup>th</sup>	75 <sup>th</sup>
Shri Arun Kumar Biswal, OFS	74 <sup>th</sup> & 75 <sup>th</sup>	NIL
Shri Madhusudan Mishra	NIL	72 <sup>nd</sup> & 73 <sup>rd</sup>
Shri Akshaya Kumar Sethi, OAS (SAG)	75 <sup>th</sup>	74 <sup>th</sup>
CA Arun Kumar Sabat, FCA	72 <sup>nd</sup>	NIL
Shri Prasanna Kumar Parida	72 <sup>nd</sup> , 73 <sup>rd</sup> , 74 <sup>th</sup> & 75 <sup>th</sup>	NIL
Shri Dwijaraj Kar, IAS	72 <sup>nd</sup> , 73 <sup>rd</sup> , 74 <sup>th</sup> & 75 <sup>th</sup>	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. The composition of Audit Committee as on 31.03.2018 was as follows:

1. Shri Purna Chandra Majhi, IA& AS, Special Secretary to Government, Finance Department and Director OSBC Ltd, Chairman of the Committee.
2. Shri Debendra Mahapatra, IAS, Excise Commissioner, Odisha and Director OSBC Ltd.
3. Shri Prasanna Kumar Parida, Independent Director, OSBC Ltd.
4. Shri Arun Kumar Biswal, OFS, Additional Commissioner, Commercial Taxes and Director, OSBC Ltd.

Date of meetings	Sl. No. of Meeting	No. of Members attended the meeting
18 <sup>th</sup> April, 2017	22 <sup>nd</sup>	4
2 <sup>nd</sup> June, 2017	23 <sup>rd</sup>	4
21 <sup>st</sup> December, 2017	24 <sup>th</sup>	4
13 <sup>th</sup> February, 2018	25 <sup>th</sup>	4

### **CSR Committee:-**

The Corporation has constituted a CSR Committee under section 135(1) of the Companies Act, 2013. The composition of CSR Committee as on 31.03.2018 was as follows:

1. Shri Prasanna Kumar Parida, Independent Director, OSBC Ltd, Chairman of the Committee.
2. Shri Debendra Mahapatra, IAS, Excise Commissioner, Odisha and Director OSBC Ltd.
3. Shri Dwijaraj Kar, IAS, Managing Director, OSBC Ltd.

Date of meetings	Sl. No. of Meeting	No. of Members attended the meeting
28 <sup>th</sup> August, 2017	12 <sup>th</sup>	3
17 <sup>th</sup> November, 2017	13 <sup>th</sup>	3
21 <sup>st</sup> December, 2017	14 <sup>th</sup>	3
13 <sup>th</sup> February, 2018	15 <sup>th</sup>	3



### **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. The composition of HR Committee as on 31.03.2018 was as follows:

1. Shri Dwijaraj Kar, IAS, Managing Director, OSBC Ltd, Chairman of the Committee.
2. Shri Debendra Mahapatra, IAS, Excise Commissioner, Odisha and Director OSBC Ltd.
3. Shri Akshaya Kumar Sethi, OAS (SAG), Additional Secretary to Govt., P.E. Department and Director, OSBC Ltd.
4. Shri Prasanna Kumar Parida, Independent Director, OSBC Ltd.

Date of meetings	Sl. No. of Meeting	No. of Members attended the meeting
13 <sup>th</sup> February, 2018	8 <sup>th</sup>	3

### **Operation Committee:-**

The Corporation has constituted Operation Committee to study the operation related issues of the Corporation. The composition of Operation Committee as on 31.03.2018 was as follows:

1. Shri Prasanna Kumar Parida, Independent Director, OSBC Ltd. - Chairman
2. Shri Debendra Mohapatra, IAS, Excise Commissioner, Odisha and Director, OSBC Ltd.
3. Shri Arun Kumar Biswal, OFS, Jt. Commissioner, Commercial Taxes and Director, OSBC Ltd.
4. Shri Dwijaraj Kar, IAS, Managing Director, OSBC Ltd.

Date of meetings	Sl. No. of Meeting	No. of Members attended the meeting
22 <sup>nd</sup> March, 2018	1 <sup>st</sup>	3

### **23. DECLARATION BY AN INDEPENDENT DIRECTOR:**

In terms with section 149(7) of the Companies Act, 2013, the Independent Directors of the Corporation have submitted a declaration that they meet 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:**

The Corporation does not have any subsidiary. Neither any Company has become subsidiary, Joint Venture or associate Company nor has any Company ceased to be subsidiary, Joint Venture or associate Company during the period under report.

**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:**

Your Directors' pursuant to the provisions of Section 134(3)(c) and 134 (5) of the Companies Act, 2013, hereby 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. 2017-18.

**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 2017-18 on 5<sup>th</sup> May, 2017 as per Corporate Governance Manual of P.E Department, Government of Odisha.

**35. 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-operation for growth of turnover and profitability of the Corporation.

**Place: Bhubaneswar**

**Date: 27.11.2018**

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

**Sd/**

**Shri Nikunja Bihari Dhal, IAS  
CHAIRMAN**





**ANNEXURE - 1**

**Replies of the Management on Observations of the Statutory Auditor on the Financial Statements of Odisha State Beverages Corporation Limited for the financial year 2017-18.**

SL NO	AUDIT OBSERVATIONS	MANAGEMENT REPLY
1.	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.	As per the guidelines of the Govt. vide letter No.5579/Ex dated 05.10.2006, the Supplier has to arrange the buyer and collect the sale proceeds on behalf of OSBC and the same is being paid to the concerned Suppliers. United Trading, Kolkata is the buyer arranged by the United Breweries Ltd. The outstanding receivable of Rs 51.18 Lakhs from United Trading pertains to the amount payable to United Breweries Ltd. Since the debit balance has a corresponding credit balance, the sundry debtor has not been overstated as it is only a contra entry.
2.	Profit & Loss account is overstated & advance to Excise Department is overstated to the tune of Rs.35.31 lakhs due to non-provision of doubtful advance as the same pending since long & chances of the recovery of the same is remote.	Correspondence with the Excise Department is on and the matter shall be followed up to obtain the utilisation certificates for adjustment in the books of account.
3.	Profit & Loss Account is overstated & Loading & unloading charges receivable is overstated to the tune of Rs.407.45 lakhs due to non-provision of doubtful debt on account of under loading charges for the period from 2011-12 to 2015-16 against Khordha, Nirgundi & Balasore depot & for the period from 2009-10 to 2015-16 against Sambalpur Depot since the chances of the recovery of the same is remote.	Since the matter is under arbitration and is not finalised yet, the receivable amounting to Rs 407.45 lakhs is being shown as receivable. When the matter shall be finalised, necessary accounting effect shall be given in the Books of Account.



SL NO	AUDIT OBSERVATIONS	MANAGEMENT REPLY
4.	Provision for income tax is understated & the reserve & surpluses is overstated to the tune of Rs.8477.34 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, 2016-17& 2017-18 amounting to Rs.10080.00 lakhs, Rs.15190.00 lakhs, Rs. 275.00 lakhs, Rs.275.00 lakhs & Rs.275.00 lakhs respectively .	<p>The Income Tax demand for the financial year 2013-14 and 2014-15 has been duly disclosed under the contingent liabilities.</p> <p>The matter has been disputed by the Corporation before the Appellate Authorities that the provisions of section 40(a)(iib) are not applicable in respect of disallowance of Licence fees paid to Govt of Odisha. Accordingly the income tax liabilities on the Licences fees has not been provided.</p>
5.	The Profit of the year is overstated to the tune of Rs 87.07lakhs due to non provision of service tax liabilities & GST on stock handling charges & other fees billed to suppliers. The cumulative effect of non provision of service tax liability & GST up to end of financial year has not been ascertained by the management.	<p>The issue with respect to Service Tax on Stock holding Charges have been settled by the Honourable CESTAT, Kolkata bench in favour of us vide order No Mo/75410-75412/F.O 78110-78113/2017 dated 28.11.2017 against the Demand Cum Show Cause Notices of the Commissioner, Central Excise, Customs,&amp; Service Tax for years prior to 2010-11.</p> <p>On the basis of the said order creating a provision for a settled liability is not warranted.</p>
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.	Some employees of ORITCO and Oil Orissa which are state PSUs are working in OSBC on deputation. They are not OSBC employees and OSBC is not liable for payment of their retirement benefits. The liability of payment of retirement benefits to these employees lies with their parent



SL NO	AUDIT OBSERVATIONS	MANAGEMENT REPLY
		<p>organisation. Hence ORITCO and OIL Orissa are likely to claim OSBC for the contribution towards pension/ Gratuity/ Leave Salary and other retirement benefits for their employees on deputation as per their terms of employment, upon receipt of which OSBC is likely to remit the amount to these state PSUs. Since during the deputation period of these employees who are working in OSBC Limited these two state PSUs are not claiming any payment from OSBC towards Pension/Leave Salary / Gratuity contribution no provisioning in the Books of account towards the same has been made. The provision on this account shall be made as and when there shall be a claim on OSBC.</p>
7.	Other non-current liabilities includes of Rs1484.28Lakhs (P.Y.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.	<p>The un-reconciled balance of Rs 1484.28 Lakh under advance received from Retailers has been transferred to the head "Credit Under Reconciliation Account" to Correlate with the balance under "Debit Under Reconciliation Account". Necessary steps are being taken to reconcile the same.</p>
8.	Other non-current assets includes of Rs.1588.96 Lakhs(P.Y.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.	<p>The un-reconciled balance of Rs 1588.95 Lakh has been transferred to the head "Debit Under Reconciliation Account" to Correlate with the balance under "Credit Under Reconciliation Account". Necessary steps are being taken to reconcile the same.</p>



SL NO	AUDIT OBSERVATIONS	MANAGEMENT REPLY																											
9.	Ref- point no -9 of note-18, 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.	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 at the godowns of OSBC Limited takes place. This practice is being followed by the corporation since financial year 2011-12 and is being duly disclosed in its accounting policy.																											
10.	<p>Un reconciled balances detailed as below are subject to reconciliation and the impact of which arising out of such reconciliation has not been ascertained.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Amount (Rs in Lakhs)</th><th>Remarks</th></tr> </thead> <tbody> <tr> <td>Current Liabilities</td><td></td><td></td></tr> <tr> <td>Un-reconciled Sundry Creditor(Export)</td><td>62.13</td><td>Interstate MR Pending Account pending since long</td></tr> <tr> <td>Godown Rent Payable, Keonjhar</td><td>1.61</td><td>Pending liabilities &amp; the keonjhar depot has been closed since long.</td></tr> <tr> <td>Security Service Charges Payable</td><td>13.74</td><td>Pending liabilities needs to be reconciled.</td></tr> <tr> <td>Current Assets</td><td></td><td></td></tr> <tr> <td>Sundry Debtors(Inter State)</td><td>58.66</td><td>Pending Receivables are subject to reconciliation &amp; confirmation.</td></tr> <tr> <td>General Advance</td><td>1.43</td><td>Pending advance are subject to reconciliation &amp; confirmation.</td></tr> <tr> <td>Advance Tax &amp; TDS</td><td>9480.35</td><td>The same has not been reconciled based on year wise assessment order received up to FY 2014-15</td></tr> </tbody> </table>	Particulars	Amount (Rs in Lakhs)	Remarks	Current Liabilities			Un-reconciled Sundry Creditor(Export)	62.13	Interstate MR Pending Account pending since long	Godown Rent Payable, Keonjhar	1.61	Pending liabilities & the keonjhar depot has been closed since long.	Security Service Charges Payable	13.74	Pending liabilities needs to be reconciled.	Current Assets			Sundry Debtors(Inter State)	58.66	Pending Receivables are subject to reconciliation & confirmation.	General Advance	1.43	Pending advance are subject to reconciliation & confirmation.	Advance Tax & TDS	9480.35	The same has not been reconciled based on year wise assessment order received up to FY 2014-15	<p>Necessary steps shall be taken to square off the balances with the corresponding debit balances.</p> <p>The Godown Rent payable shall be settled of at the time of claim by the Owner.</p> <p>The amount pertaining to the Security Deposits by the Service Providers. As the matters are under disputes the same are lying unadjusted.</p> <p>Necessary steps have been taken for recovery of outstanding balances from the debtors.</p> <p>Out of Advances of Rs 1.43 Lakhs, Rs 1.00 Lakh has been adjusted and remaining Rs 0.43 Lakh are under reconciliation.</p> <p>Advance Tax &amp; TDS for the earlier years are under reconciliation.</p>
Particulars	Amount (Rs in Lakhs)	Remarks																											
Current Liabilities																													
Un-reconciled Sundry Creditor(Export)	62.13	Interstate MR Pending Account pending since long																											
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General Advance	1.43	Pending advance are subject to reconciliation & confirmation.																											
Advance Tax & TDS	9480.35	The same has not been reconciled based on year wise assessment order received up to FY 2014-15																											



## ANNEXURE - 2

### Replies of the Management on Comments of the Comptroller and Auditor General of India on the Financial Statements of Odisha State Beverages Corporation Limited for the financial year 2017-18.

SL NO	OBSERVATIONS	MANAGEMENT REPLY
1.	<p><b>Balance Sheet</b></p> <p><b>Assets</b></p> <p><b>Current Assets</b></p> <p><b>Current Tax Assets (Note No-8) advance Tax &amp; TDS: Rs.94.89 Crore.</b></p> <p>The above includes Rs. 1.52 Crore being the amount paid during 2017-18 to the Income Tax authorities for tax collected at source during the financial year 2009-10 and interest thereon. But the same has not been adjusted in the provision for income tax account nor charged as expenses (for interest) in the Profit and Loss Account. This has resulted in overstatement of current assets (Current Tax Assets) by Rs. 1.52 Crore and understatement of income tax (Rs. 0.25 Crore) and expenses (Rs. 1.27 Crore) and overstatement of Profit for the year by Rs. 1.52 Crore.</p>	<p>As per the Audit Observations, the Demand tax along with the interest paid amounting Rs 1.52 Crore shall be adjusted against the Reserve and surplus during the financial year 2018-19 as there was no provision made against such demand.</p>



प्रधान महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखा परीक्षा) कार्यालय

ओड़िशा, भुवनेश्वर - 751001

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL  
(ECONOMIC AND REVENUE SECTOR AUDIT)  
ODISHA, BHUBANESWAR

No. ES-I.(T)/Accts/OSBC/17-18/19/2018/ 263

दिनांक/Date ..24 October 2018

To

The Managing Director,  
Odisha State Beverage 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 Beverage Corporation Limited for the year 2017-18.*

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 Beverage Corporation Limited for the year 2017-18.

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 Beverage Corporation Limited for the year ended 31 March 2018.**

The preparation of financial statements of Odisha State Beverage Corporation Limited for the year ended 31 March 2018 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, is responsible for expressing opinion on the financial statements 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: 04 September 2018.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of Odisha State Beverage Corporation Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant 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. (1) Comments on Financial Position**

**Balance Sheet**

**Assets**

**Current Assets**

**Current Tax Assets (Note No-8)**

**Advance Tax & TDS: ₹ 94.89 Crore**

(1) The above includes ₹ 1.52 crore being the amount paid during 2017-18 to the Income Tax authorities for tax collected at source during the financial year 2009-10 and interest there on. But the same has not been adjusted in the provision for income tax account nor charged as expenses (for interest) in the Profit & Loss Account. This has resulted in overstatement of current assets (Current Tax Assets) by ₹ 1.52 crore and understatement of income tax (₹ 0.25 crore) and expenses (₹ 1.27 crore) and overstatement of Profit for the year by ₹ 1.52 crore.

**Place: Bhubaneswar**

**Date: 24.10.2018**

**For and on behalf of  
Comptroller and Auditor General of India  
PRINCIPAL ACCOUNTANT GENERAL**



## ANNEXURE- 3

<p><b>Form No. MGT-9</b></p> <p><b>EXTRACTS OF ANNUAL RETURN</b></p> <p><b>As on the financial year ended on 31/03/2018</b></p> <p><b>OF</b></p> <p><b>ODISHA STATE BEVERAGES CORPORATION LIMITED</b>  [Pursuant to Section 92(1) of the Companies Act, 2013  And  Rule 11(1) of the Companies (Management and Administration) Rules, 2014]</p>
---

### I. REGISTRATION AND OTHER DETAILS:

CIN	U51228OR2000SGC006372
Registration Date & Year	6 <sup>TH</sup> NOVEMBER, 2000
Name of the Corporation	Odisha State Beverages Corporation Limited
Category / Sub -Category of the Corporation	Commercial & Industrial (C&I)
Address of the Registered office	2 <sup>nd</sup> Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar, Odisha-751023
Contact details	Tel No. 0674 -2542972, Fax-0674-2542963 Email Id- osbcltd@gmail.com Website- www.osbc.gov.in Police Station: Chandrasekharpur
Whether listed Corporation	NO
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-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% 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	7	0	0	0
	Changes during the Year	Nil	Nil	Nil	Nil
	At the end of the year	7	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 Managing Director				Total Amount
		Sri Dwijaraj Kar	----	----	---	
1	Gross salary	16,69,966/-				16,69,966/-
	(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)	16,69,966/-				16,69,966/-
	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	Sri Prasanna Kumar Parida	-	-	
	Fee for attending board and committee meetings	Rs.15,000/-	Rs. 70,000/-	-	-	Rs.85,000/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	Rs.15,000/-	Rs. 70,000/-	-	-	Rs.85,000/-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	Rs.15,000/-	Rs. 70,000/-	-	-	Rs.85,000/-
	Total Managerial Remuneration	Rs.15,000/-	Rs. 70,000/-	-	-	Rs.85,000/-
	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**



## ANNEXURE-4

### **“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 is given below:-

#### **CORPORATE SOCIAL RESPONSIBILITY**

Your Corporation, OSBCL got incorporated in November, 2000 under the Companies Act, 1956 with the Registrar of Companies, Odisha, Cuttack as a 100% State Government undertaking in the State of Odisha and simultaneously got authorization for wholesale trade of liquor of different brands of IMFL, FMFL, Beer and Country Spirit in the State Odisha. It acts as a socially responsible corporate by adopting the CSR Policy w.e.f. 7<sup>th</sup> February, 2015 which is available on the Corporation's website. It recognises that Corporate Social Responsibility (CSR) is not just a legal requirement but a social necessity to cater to the well being of the public at large. 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 preservation and development of the social, cultural and economic fabric of the society as well as protection of the environment. Conducting business ethically brings a competitive advantage for us as the consumers are willing to trust the ethical behaviour of the Corporation that has enhanced customer loyalty over the years.

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

#### **Social Initiative and CSR**

For its Corporate Social Responsibility your Corporation has developed social initiatives in areas such as **Creating awareness regarding de-addiction, Swachh Bharat Kosh, Social Development & Skill Building, Protection of National Heritage, Art and Culture & Promotion of Education**. Our CSR policy lays down clear guidelines for undertaking comprehensive social development programmes under these identified categories. Our existing activities will be further extended and aligned suitably to cover areas as recommended by the Companies Act, 2013 and amendment thereof.

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

- |    |  |          |
|----|--|----------|
| 1. | Shri Prasanna Kumar Parida                   |          |
|    | Independent Director                         | Chairman |
| 2. | *Shri Prasanta Kumar Senapati, IAS, Director | Member   |
| 3. | Shri Debendra Mahapatra, IAS, Director       | Member   |
| 4. | Shri Dwijaraj Kar, IAS, Managing Director    | Member   |



\*Shri Prasanta Kumar Senapati ceased to be a member of the CSR Committee w.e.f. 20.12.2017.

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

Rs. 4634.35 Lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

Rs. 92.69 Lakh

5. **Details of CSR expenditure during the financial year.**

(a) Total amount to be spent during the financial year: Rs. 92.69 lakh.

(b) Total amount spent during the financial year: Rs. 130.20 lakh

(c) Amount unspent, if any: Nil

(d) Manner in which the amount spent during the financial year 2017-18: Enclosed at  
**Annexure – A**

6. **The reasons for not spending the part of two percent of the average net Profit of the last three financial years:**

The Company has spent more than two percent of the average net profit of the last three financial years.

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/-  
General Manager (Admn.)

Sd/-  
Managing Director

Sd/-  
Chairman  
(CSR Committee)



## Annexure-A

PARTICULARS			AMOUNT IN ₹ LAKH				
1	2	3	4	5	6	7	8
SL NO	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) local area or other (2) specify the State & District where Projects or programs was undertaken	Amount outlay (Budgeted) project or program wise	Amount spent on the projects or programs Subhead : (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: direct or through implementing agency
1	For organizing a festival of Sufiana	Art and Culture	Khurdha, Odisha	4.00	4.00	6.00	Bhubaneswar Music Circle
2	For organizing “Odissi Sangeet Mahotsav – 2017 & “Odissi Sangeet Mahotsav –2018”	Art and Culture	Khurdha, Odisha	1.40	1.40	1.90	Sangeet Sudhakar Balakrushna Das Foundation
3	For renewal of YLTP (Youth leadership Training and Empowerment Programme)	Skill Building	Odisha	17.00	17.00	58.425	Swabhiman
4	For organizing 12th International Film Festival on Art & Artists	Art and Culture	Khurdha, Odisha	5.00	5.00	17.00	J. D. Centre of Arts
5	For a special programme “JHOOM” for orphans, PWDs and transgenders	Skill Building	Khurdha, Odisha	1.00	1.00	1.00	Shantidham Foundation
6	For running of de-addiction centre at Bhubaneswar and Sambalpur by PUJRVASHA	Promoting preventive health care	Sambalpur & Bhubaneswar, Odisha	21.00	21.00	32.20	Purvasha



7	For organizing Academy's Annual Day of Guru Gopal Panda Odishi Academy	Art and Culture	Khurdha, Odisha	0.25	0.25	0.50	Guru Gopal Panda Odishi Academy
8	For organizing E-Summit'18, the Annual Entrepreneurship Conclave at IIT, Bhubaneswar	Promotion of Education	Khurdha, Odisha	5.00	5.00	5.00	IIT, Bhubaneswar
9	For conducting various skill development training programmes by CIPET, Balasore	Skill Building	Khurdha, Odisha	6.00	6.00	6.00	CIPET, Bhubaneswar
10	For conducting short term (six months) residential job/career oriented technical skill development training programme	Skill Building	Balasore, Odisha	6.00	6.00	6.00	CIPET, Balasore
11	For organizing 14th Dhauli-Kalinga Mahotsav at the foothills of Dhauli, Bhubaneswar	Art and Culture	Khurdha, Odisha	3.00	3.00	9.00	Orissa Dance Academy
12	For organizing National Seminar on Computational and Mathematical Engineering and 45th Annual Conference on Mathematical Society (ACOMS-2018)	Promotion of Education	Ganjam, Odisha	0.50	0.50	0.50	Parala Maharaja Engineering College
13	For IEC activities in the sphere of de-addiction	Promoting preventive health care	Odisha	60.05	60.05	324.55	District Collectors
	<b>TOTAL</b>			<b>130.20</b>	<b>130.20</b>	<b>468.075</b>	





## INDEPENDENT AUDITORS' REPORT

To

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

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Odisha State Beverages Corporation Limited ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS 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 there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a 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 the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

### **Basis for Qualified Opinion**

1. 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 Untited Trading Kolkata without confirmation & collection.
2. Profit & Loss account is overstated & advance to Excise Department is overstated to the tune of Rs.35.31 lakhs due to non-provision of doubtful advance as the same is pending since long and the chances of the recovery of the same is remote.
3. Profit & Loss Account is overstated & Loading & unloading charges receivable is overstated to the tune of Rs.407.45 lakhs due to non-provision of doubtful debt on account of under loading charges for the period from 2011-12 to 2015-16 against Khordha, Nirgundi & Balasore depot & for the period from 2009-10 to 2015-16 against Sambalpur Depot, since the chances of the recovery of the same is remote .
4. Provision for income tax is understated & the reserve & surpluses is overstated to the tune of Rs.8477.34 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, 2016-17 & 2017-18 amounting to Rs.10080.00 lakhs, Rs.15190.00 lakhs, Rs.275.00 lakhs, Rs.275.00 lakhs & Rs.275.00 lakhs respectively .
5. The Profit of the year is overstated to the tune of Rs 87.07 lakhs due to non provision of service tax liabilities & GST liabilities on stock handling charges & other fees billed to suppliers. The cumulative effect of non provision of service tax liabilities & GST liabilities up to end of financial year has not been ascertained by the management.
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.

7. The company has not ascertained its liabilities on operating lease , the impact on profitability and future cash flow as per INDAS -17.

The total impact of above para(1) to (5) has resulted in overstatement of profit before tax for the year by Rs.671.76 lakhs, overstatement of Reserve & Surplus by Rs.9058.35 lakhs, understatement of Current Liabilities by Rs.8564.41 lakhs , overstatement of Non Current Assets by Rs.442.77 lakhs, Current Assets by Rs.51.18 lakhs. Moreover, the impact of point no 6 & 7 on the Ind As financial statements is not quantified as the same have 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 paragraphs, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view inconformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, 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 Rs1484.28 Lakhs (P.Y. Rs1484.28 Lakhs ) 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 (P.Y. 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- significant accounting policy for recognition of purchase, note-20, 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 time of issuing 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) Unreconciled 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 Creditor(Export)	62.13	Interstate MR Pending Account pending since long
Godown Rent Payble, Konjhar	1.61	Pending liabilities & the keonjhar depot has been closed since long.
Security Service Charges Payble	13.74	Pending liabilities needs to be reconciled.
Current Assets		
Sundry Debtors (Inter State)	58.66	Pending Receivables are subject to reconciliation & confirmation.
General Advance	1.43	Pending advance are subject to reconciliation & confirmation.
Advance Tax & TDS	9480.35	The same has not been reconciled based on year wise assessment order received up to FY 2014-15

Our opinion is not modified in respect of these matters.

#### Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 prepared in accordance with Ind AS, included in these Ind AS financial statements, have been audited by us and we expressed an unmodified opinion on those statements on June 28, 2017.

#### Report on Other Legal and Regulatory Requirements

- 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by section 143 (3) of the Act, we report that:
  - 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;
  - 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;
  - The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity



dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 21 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
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 2017-18.
  - (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.

Bhubaneswar  
The 4th day of September 2018

For G R C & Associates.  
Chartered Accountants  
FRN: 002437S  
Sd/  
[CA A Mohapatra]  
Partner  
Membership number: 055285





## 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 2018, 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	Assessed Demand Amount (Rs in Lakhs)	Demand Paid Under Protest Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Assessed Demand	858.81		2010-11	ITAT, Cuttack
	Assessed Demand	108.34	-	2011-12	CIT(A), Bhubaneswar
	Assessed Demand	3,807.17	2,906.23	2013-14	ITAT, Cuttack
	Assessed Demand	6,197.36	5456.74	2014-15	CIT(A), Bhubaneswar
	TDS/TCS	156.36	150.30	2010-11	CIT(A), Bhubaneswar
Service Tax	Assessed Demand	348.77	174.36	2001-12	Commissioner (Appeal), CGST, Bhubaneswar
	Assessed Demand	2,059.63	77.23	2012-13 to 2014-15	CESTAT, Kolkata
Sales Tax	Assessed Demand	250.33	250.33	2001-02	The High Court of Odisha
Entry Tax	Assessed Demand	0.80	-	2007-09	Additional Secretary to Government, Finance Department, Govt. of Odisha
	Assessed Demand	676.15	-	2009-14	Additional Secretary to Government, Finance Department, Govt. of Odisha



- (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, Accordingly, paragraph 3(xii) of the order 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 .
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**Bhubaneswar**  
**The 4th day of September 2018**

**For G R C & Associates.**  
**Chartered Accountants**  
**FRN: 002437S**  
**Sd/**  
**[CA A Mohapatra]**  
**Partner**  
**Membership number: 055285**



## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ODISHA STATE BEVERAGES CORPORATION LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of 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, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that 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. 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 the 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.

### **Auditor's 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 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, 2018, 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.

**Bhubaneswar**  
**The 4th day of September 2018**

**For G R C & Associates.**  
**Chartered Accountants**  
**FRN: 002437S**  
**Sd/**  
**[CA A Mohapatra]**  
**Partner**  
**Membership number: 055285**



**ODISHA STATE BEVERAGES CORPORATION LTD.**  
**(2ND FLOOR, FORTUNE TOWERS, BHUBANESWAR)**  
**BALANCE SHEET AS AT 31ST MARCH, 2018**

(Amount in ₹ lakh.)

SL No.	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
I.	ASSETS				
(1)	Non-current assets				
	(a) Property, plant and equipment	1	299.05	629.10	189.36
	(b) Intangible assets under development	2	109.65	109.65	101.04
	(c ) Financial assets				
	(i) Trade receivables	6A	58.67	-	-
	(ii) Others	3A	439.67	439.67	3,470.84
	(d) Deferred tax assets (net)	4	2.38	1.38	122.51
	(e) Other non-current assets	5A	2,297.53	1,951.42	1,982.19
(2)	Current assets				
	(a) Financial assets				
	(i) Trade receivables	6B	-	746.22	1,579.55
	(ii) Cash and cash equivalents	7	26,201.88	20,595.64	25,677.46
	(iii) Others	3B	17,897.88	19,913.65	14,581.98
	(b) Current tax assets (net)	8	9,488.53	3,926.15	4,676.04
	(c) Other current assets	5B	1,054.29	449.11	3,238.65
	TOTAL ASSETS		57,849.53	48,761.99	55,619.62
II.	EQUITY & LIABILITIES				
(1)	Equity				
	(a) Equity share capital	9	100.00	100.00	100.00
	(b) Other equity	10	29,723.48	29,078.25	27,194.09
(2)	Liabilities				
	Non-current liabilities				
	(a) Provisions	11A	1.18	0.89	-
	(b) Other non-current liabilities	12A	1,484.28	1,486.58	1,487.63
	Current liabilities				
	(a) Financial liabilities				
	(i) Trade payables	13	19,811.69	13,009.23	21,288.25
	(ii) Other financial liabilities	14	581.21	531.87	505.45
	(b) Other current liabilities	12B	6,147.68	4,555.17	5,044.20
	(C) Provisions	11B	0.01	-	-
	TOTAL EQUITY & LIABILITIES		57,849.53	48,761.99	55,619.62

Summary of Significant Accounting Policies

**20 & 21**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

**For GRC & Associates**

**Chartered Accountants**

FRN : 002437S

Sd/

**(CA. A. MOHAPATRA)**

**Partner**

M. No. - 055285

Place: Bhubaneswar

Date: 04.09.2018

Sd/

**General Manager (A & A)**

Sd/

**(Director)**

Sd/

**(Managing Director)**

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



**ODISHA STATE BEVERAGES CORPORATION LTD.**  
**(2ND FLOOR, FORTUNE TOWERS, BHUBANESWAR)**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in ₹ lakh. )

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Income</b>			
Revenue from operations	15	372,669.57	324,141.58
Other income	16	4,789.76	5,076.67
<b>Total Income</b>		<b>377,459.33</b>	<b>329,218.25</b>
<b>Expenses</b>			
Purchase of Stock in Trade	17	364,084.69	317,365.80
Employee benefits expense	18	263.73	249.11
Depreciation and amortisation expense		27.57	18.17
Other expenses	19	10,652.24	7,305.34
<b>Total Expenses</b>		<b>375,028.23</b>	<b>324,938.42</b>
<b>Profit Before Tax</b>		<b>2,431.10</b>	<b>4,279.83</b>
Tax expense			
Current tax		889.91	1,385.48
Current tax for earlier years		-	-421.36
Deferred tax		-1.01	121.12
Total tax expense		888.90	1,085.24
<b>Profit for the year</b>		<b>1,542.20</b>	<b>3,194.59</b>
<b>Other Comprehensive Income</b>			
i) Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans		0.04	-
ii) Income tax relating to items that will not be reclassified to profit or loss		- 0.01	-
<b>Other Comprehensive Income for the year</b>		<b>0.03</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>1,542.23</b>	<b>3,194.59</b>
<b>Earnings per equity share</b>			
Basic and diluted		<b>154.22</b>	<b>319.46</b>

**Summary of Significant Accounting Policies** **20 & 21**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

**For GRC & Associates**  
**Chartered Accountants**

FRN : 002437S

Sd/  
**(CA. A. MOHAPATRA)**  
**Partner**

Sd/  
**General Manager (A & A)**

Sd/  
**(Director)**

Sd/  
**(Managing Director)**

M. No. - 055285  
Place: Bhubaneswar  
Date: 04.09.2018





**ODISHA STATE BEVERAGES CORPORATION LTD.**  
**(2ND FLOOR, FORTUNE TOWERS, BHUBANESWAR)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in ₹ lakh. )

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before extraordinary items and tax	2,431.10	4,279.84
Adjustments for:		
Current year depreciation	27.57	18.17
Interest income from deposits	-2,058.00	-2,409.46
Interest on IT Refund	-	-
Amortisation of deferred income on Grant Vehicle	-	-
<b>Total of adjustments</b>	-2,030.42	-2,391.29
<b>Operating profit / (loss) before working capital changes</b>	<b>400.68</b>	<b>1,888.55</b>
<b>Change in assets &amp; liabilities</b>		
Trade receivable	746.22	833.33
Other financial assets and other assets	-6,614.45	3,591.34
Trade payable	6,802.46	-8,279.02
Other financial liabilities, other liabilities and provisions	1,639.86	-462.77
<b>Cashflow from operating activities post working capital changes</b>	<b>2,974.77</b>	<b>-2,428.57</b>
Incometax paid	-888.9	-1,085.24
<b>Net cashflow from operating activities (A)</b>	<b>2,085.87</b>	<b>-3,513.81</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances		
Purchase of fixed assets	-17.41	-40.73
Capital expenditure on fixed assets	317.40	-426.01
Sale of fixed assets (Adjustment of depreciation)	2.49	0.22
Movement in fixed deposits	2,057.89	-2,321.65
Movement in deferred tax assets	-1.00	121.13
Interest received	2,058.00	2,409.46
<b>Net cash flow from/(used) in investing activities (B)</b>	<b>4,417.37</b>	<b>-257.58</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-764.70	-1,088.78
DDT Paid	-132.29	-221.65
<b>Net cash flow from/(used) in financing activities (C)</b>	<b>-896.99</b>	<b>-1,310.43</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>5,606.24</b>	<b>-5,081.82</b>
Cash and cash equivalents at the beginning of the year	20,595.64	25,677.46
<b>Cash and cash equivalents at the end of the year</b>	<b>26,201.88</b>	<b>20,595.64</b>

**Summary of Significant Accounting Policies**

**20 & 21**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For and On behalf of the Board of Directors

**For GRC & Associates**  
**Chartered Accountants**

FRN : 002437S

Sd/  
**(CA. A. MOHAPATRA)**  
**Partner**

Sd/  
**General Manager (A & A)**

Sd/  
**(Director)**

Sd/  
**(Managing Director)**

M. No. - 055285  
Place: Bhubaneswar  
Date: 04.09.2018



<b>ODISHA STATE BEVERAGES CORPORATION LTD.</b> <b>(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)</b> <b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018</b> <b>(Amount in ₹ lakh.)</b>						
<b>A. Equity Share Capital:</b>						
Particulars	Balance at 1st April, 2016	Changes in Equity share capital	Balance as at 31st March, 2017	Changes in Equity share capital	Balance as at 31st March, 2018	
Equity shares of Rs. 10/- each (with equal voting rights)	100.00	-	100.00	-	100.00	
<b>B. Other Equity</b>	100.00	-	100.00	-	100.00	
Particulars	Reserves and surplus			OCI		Total
	General reserve	Retained Earnings		Remeasurements of defined benefit plans		
<b>Balance at April 1, 2016</b>	<b>3,055.96</b>	<b>24,138.13</b>				<b>27,194.09</b>
Transfer to Reserves	254.90	-254.90		-		
Profit for the year		3,194.59		-		3,194.59
Total comprehensive income for the year		3,194.59		-		3,194.59
<b>Transaction with owners in their capacity as owners:</b>						
Dividends (Including Dividend distribution tax)		-1,088.78		-		-1,088.78
Tax on dividends		-221.65		-		-221.65
<b>Balance at March 31, 2017</b>	<b>3,310.86</b>	<b>25,767.39</b>				<b>29,078.25</b>
Transfer to Reserves		-		-		
Profit for the year		1,542.20		-		1,542.20
Other comprehensive income for the year, net of income tax		-		0.03		0.03
Total comprehensive income for the year		1,542.20		0.03		1,542.23
<b>Transaction with owners in their capacity as owners:</b>						
Dividends (Including Dividend distribution tax)		-764.70		-		-764.70
Tax on dividends		-132.29		-		-132.29
<b>Balance at March 31, 2018</b>	<b>3,310.86</b>	<b>26,412.60</b>		<b>0.03</b>		<b>29,723.49</b>
<b>Summary of Significant Accounting Policies 20 &amp; 21</b>						
The accompanying notes are an integral part of these financial statements						
As per our report of even date attached						
<b>For GRC &amp; Associates</b>						
<b>Chartered Accountants</b>						
(CA. A. MOHAPATRA)	Sd/	General Manager (A & A)	Sd/	(Director)	Sd/	(Managing Director)
Partner						
M. No. - 055285						
Place: Bhubaneswar						
Date: 04.09.2018						



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

**Notes to the Financial Statements for the year ended 31st March, 2018**

**1 Property, Plant and Equipment** (Amount in ₹ lakh.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Carrying amounts of:</b>			
Land (Finance lease)	141.95	143.88	145.81
Electrical Fittings	5.02	5.15	2.32
Furniture and fixtures	8.48	8.72	6.33
Vehicles	24.47	24.58	9.13
Computers	11.63	23.8	17.92
Office equipments	7.50	5.57	7.85
<b>TOTAL</b>	<b>199.05</b>	<b>211.7</b>	<b>189.36</b>

<b>Capital work-in-progress</b>			
Boundry Wall	100.00	417.40	-
<b>TOTAL (B)</b>	<b>100.00</b>	<b>417.40</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>299.05</b>	<b>629.10</b>	<b>189.36</b>

**2 Intangible assets under development** (Amount in ₹ lakh.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Carrying amounts of:</b>			
Software Development(CWIP)	109.65	109.65	101.04
<b>TOTAL</b>	<b>109.65</b>	<b>109.65</b>	<b>101.04</b>

(Amount in ₹ lakh.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>3 Other financial assets</b>			
<b>3A Non-Current</b>			
Security Deposit	31.95	31.95	32.27
Receivable from Govt. & Others	0.26	0.26	0.26
CST /VAT Deposit	0.01	0.01	-
Loading & Unloading Charges Receivable	407.45	407.45	-
Deposits with Bank	-	-	3,438.31
Receivable from Defunct Suppliers	180.90	165.56	134.05
	620.57	605.23	3,604.89
Less : Provision for doubtful assets	-180.90	-165.56	-134.05
<b>TOTAL(A)</b>	<b>439.67</b>	<b>439.67</b>	<b>3,470.84</b>
<b>3B Current</b>			
Deposits with Bank	17,811.55	19,869.44	14,109.48
Loading & Unloading Charges Receivable-	-	3.35	410.63
Stock Holding Receipt Receivable	86.33	40.86	52.73
CST /VAT Deposit	-	-	9.14
<b>TOTAL(B)</b>	<b>17,897.88</b>	<b>19,913.65</b>	<b>14,581.98</b>
<b>TOTAL(A+B)</b>	<b>18,337.55</b>	<b>20,353.32</b>	<b>18,052.82</b>



<b>ODISHA STATE BEVERAGES CORPORATION LTD.</b> <b>(2ND FLOOR, FORTUNE TOWER, BHUBANESWAR)</b> <b>4 Deferred Tax</b> <span style="float: right;"><i>(Amount in ₹ lakh.)</i></span>			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
<b>Tax effect of items constituting deferred tax liabilities</b>			
Difference between book and tax depreciation	-	-	-
Adjustments through OCI	-	-	-
	-	-	-
<b>Tax effect of items constituting deferred tax assets</b>			
Difference between book and tax depreciation	2.38	1.38	122.51
Other disallowances	-	-	-
Adjustments through OCI	-	-	-
	2.38	1.38	122.51
Deferred tax (assets)/ liabilities (net)	-2.38	-1.38	-122.51
Tax Credit (minimum alternative tax)	-	-	-

Deferred taxes arising from temporary differences and unused tax losses for year ended 31st march 2018 are summarized as follows:

Deferred tax (assets)/ liabilities (net)	As at 1st April 2016	Recognized in profit or loss	Recognized in other comprehensive income	As at 31st March, 2017	Recognized in profit or loss	Recognized in other comprehens ive income	As at 31st March, 2018
<b>Tax effect of items constituting deferred tax liabilities</b>							
Difference between book and tax depreciation	-	-	-	-	-	-	-
Adjustments through OCI	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Tax effect of items constituting deferred tax assets</b>							
Difference between book and tax depreciation	122.51	-121.44	-	1.07	0.91	-	1.98
Due to leave encashment	-	0.14	-	0.14	-	-	0.14
Due to gratuity		0.17	-	0.17	0.10	-0.01	0.26
	122.51	-121.13	-	1.38	1.01	-0.01	2.38
Deferred tax (assets)/ liabilities (net)	-122.51	121.13	-	-1.38	-1.01	0.01	-2.38



(Amount in ₹ lakh.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>5 Other Assets</b>			
<b>5A Non-Current</b>			
<b>Unsecured, Considered Good</b>			
PF Paid under Protest	43.80	43.80	43.80
Sales Tax Demand/Deposits	143.09	50.00	50.00
Service Tax Deposits	521.68	268.66	270.13
Debit under Reconciliation (Collection)	1,588.96	1,588.96	1,588.96
<b>Unsecured, Considered Doubtful</b>			
Advance Excise duty	29.30	29.30	29.30
	2,326.83	1,980.72	1,982.19
Less: Provision for doubtful other assets	-29.30	-29.30	-
<b>TOTAL(A)</b>	<b>2,297.53</b>	<b>1,951.42</b>	<b>1,982.19</b>
<b>5B Current</b>			
Receivable from Suppliers	39.44	18.80	20.80
Advance to excise Department	35.31	35.31	2,535.31
Advance to Suppliers (Aska Co-operative)	600.00	-	300.00
Prepaid License fee	300.00	316.25	316.25
Prepaid Insurance of Stock	67.55	65.81	52.43
Others Advances	11.99	12.94	13.86
<b>TOTAL(B)</b>	<b>1,054.29</b>	<b>449.11</b>	<b>3,238.65</b>
<b>TOTAL(A+B)</b>	<b>3,351.82</b>	<b>2,400.53</b>	<b>5,220.84</b>
<b>6 Trade Receivables</b>			
<b>6A Non-Current</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
<b>Unsecured*</b>			
Unsecured, considered good	58.67	-	-
<b>TOTAL(A)</b>	<b>58.67</b>	<b>-</b>	<b>-</b>
<b>6B Current</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
<b>Unsecured*</b>			
Unsecured, considered good	-	746.22	1,579.55
<b>TOTAL(B)</b>	<b>-</b>	<b>746.22</b>	<b>1,579.55</b>
<b>TOTAL(A+B)</b>	<b>58.67</b>	<b>746.22</b>	<b>1,579.55</b>
* Receivables due by directors and its officers of the Company is nil (Previous year: nil)			
<b>7 Cash &amp; Cash Equivalents</b>			
Balances with Banks			
Current Account (including flexi balance their on)	16,732.05	5,603.47	14,484.61
Deposits with original maturity of less than three months	8,670.00	11,291.50	7,500.00
DD/Cheques on Hand	799.64	3,700.53	3,692.78
Cash and stamps on Hand	0.19	0.14	0.07
<b>TOTAL</b>	<b>26,201.88</b>	<b>20,595.64</b>	<b>25,677.46</b>
<b>8 Current Tax Assets</b>			
Advance Tax & TDS	9,488.53	3,926.15	4,676.04
(Net of Provision of Rs. 889.91 for 31.03.2018, Rs.1385.48 for 31.03.2017, Rs.1382.97 for 31.03.2016)			
<b>TOTAL</b>	<b>9,488.53</b>	<b>3,926.15</b>	<b>4,676.04</b>



<b>ODISHA STATE BEVERAGES CORPORATION LTD.</b> <b>(2ND FLOOR, FORTUNE TOWERS, BHUBANESWAR)</b> <b>AS PER WDV METHOD</b> <b>(Amount in ₹ lakh.)</b>									
<b>Note No. - 1 : Property, plant and equipment</b> <b>FIXED ASSETS AS PER COMPANIES ACT, 2013 AS AT 31ST March, 2018</b>									
PARTICULARS	LAND (Leasehold)	COMPUTER	FURNITURE & FIXTURES	ELECTRICAL FITTINGS	OFFICE EQUIPMENTS	VEHICLES	TOTAL		
<b>(A) GROSS BLOCK:</b>									
<b>Deemed Cost:</b>									
Balance as on 01.04.2017	146.53	129.59	49.74	14.27	61.00	58.71	459.84		
Balance as on 01.04.2016	146.53	114.13	46.15	10.93	61.00	40.59	419.33		
Balance as on 01.04.2015	61.09	111.12	46.15	10.37	59.09	40.59	328.41		
Addition	-	2.17	1.57	1.15	3.28	9.24	17.41		
(Previous Year:2016-17)	-	15.68	3.59	3.34	-	18.12	40.73		
(Previous Year:2015-16)	85.44	3.01	-	0.56	1.91	-	90.92		
Deletion	-	-	-	-	-	11.46	11.46		
(Previous Year:2016-17)	-	0.22	-	-	-	-	0.22		
(Previous Year:2015-16)	-	-	-	-	-	-	-		
Balance as on 31.03.2018	146.53	131.76	51.31	15.42	64.28	56.49	465.79		
Balance as on 31.03.2017	146.53	129.59	49.74	14.27	61.00	58.71	459.84		
Balance as on 31.03.2016	146.53	114.13	46.15	10.93	61.00	40.59	419.33		
<b>(B) DEPRECIATION:</b>									
Balance as on 01.04.2017	2.65	105.79	41.02	9.12	55.43	34.13	248.14		
Balance as on 01.04.2016	0.72	96.21	39.82	8.61	53.15	31.46	229.97		
Balance as on 01.04.2015	-	75.80	38.18	8.05	50.00	27.57	199.60		
Dep. for the Year	1.93	14.34	1.81	1.28	1.35	6.86	27.57		
(Previous Year:2016-17)	1.93	9.68	1.20	0.51	2.28	2.67	18.27		
(Previous Year:2015-16)	0.72	20.41	1.64	0.56	3.15	3.89	30.37		
Adjustments to Dep.	-	-	-	-	-	8.97	8.97		
(Previous Year:2016-17)	-	0.10	-	-	-	-	0.10		
(Previous Year:2015-16)	-	-	-	-	-	-	-		
Balance as on 31.03.2018	4.58	120.13	42.83	10.40	56.78	32.02	266.74		
Balance as on 31.03.2017	2.65	105.79	41.02	9.12	55.43	34.13	248.14		
Balance as on 31.03.2016	0.72	96.21	39.82	8.61	53.15	31.46	229.97		
<b>(C) NET BLOCK</b>									
Balance as on 31.03.2018	141.95	11.63	8.48	5.02	7.50	24.47	199.05		
Balance as on 31.03.2017	143.88	23.80	8.72	5.15	5.57	24.58	211.70		
Balance as on 31.03.2016	145.81	17.92	6.33	2.32	7.85	9.13	189.36		





Note No. - 2 : Intangible assets under development

(Amount in ₹ in Lakh)

PARTICULARS	SOFTWARE DEVELOPMENT
<b>(A) GROSS BLOCK:</b>	
<u>Deemed Cost:</u>	
Balance as on 01.04.2017	109.65
Balance as on 01.04.2016	101.04
Balance as on 01.04.2015	38.69
Addition	-
(Previous Year:2016-17)	8.61
(Previous Year:2015-16)	62.35
Deletion	-
(Previous Year:2016-17)	-
(Previous Year:2015-16)	-
Balance as on 31.03.2018	109.65
Balance as on 31.03.2017	109.65
Balance as on 31.03.2016	101.04
<b>(B) DEPRECIATION:</b>	
Balance as on 01.04.2017	-
Balance as on 01.04.2016	-
Balance as on 01.04.2015	-
Dep. for the Year	-
(Previous Year:2016-17)	-
(Previous Year:2015-16)	-
Adjustments to Dep.	-
(Previous Year:2016-17)	-
(Previous Year:2015-16)	-
Balance as on 31.03.2018	-
Balance as on 31.03.2017	-
Balance as on 31.03.2016	-
<b>(C) NET BLOCK</b>	
Balance as on 31.03.2018	109.65
Balance as on 31.03.2017	109.65
Balance as on 31.03.2016	101.04



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

Notes to the Financial Statements for the year ended 31st March, 2018

(Amount in ₹ lakh.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
<b>9 Equity Share Capital</b>			
<b>Authorised Capital</b>			
50,00,000 Equity Shares of Rs.10/ each (with equal voting rights fully paid)	500.00	500.00	500.00
<b>Issued and subscribed &amp; fully paid-up capital</b>			
10,00,000 Equity Shares @ Rs.10/ each (with equal voting rights fully paid)	100.00	100.00	100.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Reconciliation of equity shares outstanding at the beginning and at the end of the year.</b>			
<b>Equity shares with voting rights</b>			
Opening balance	1,000,000	1,000,000	1,000,000
Add: Shares Issued during the year	-	-	-
Less: Shares bought back during the year	-	-	-
<b>Closing balance</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<p>(I) The company has neither issued bonus share nor has bought back any shares during last 5 years.</p> <p>(ii) All shares rank equally with regard to the repayment of capital in the event of liquidation of the Company.</p> <p>(iii) The Company does not have a holding Company.</p> <p>(iv) Details of shareholders holding more than 5% shares in the Company:</p>			
<b>Name of the Shareholder</b>			
Equity Shares of Rs.10/- each fully paid up			
<b>% of holding Number of shares</b>	100%	100%	100%
Governor of Odisha	1,000,000	1,000,000	1,000,000



<b>10 Other Equity</b>		
<b>Reserves &amp; Surplus</b>		
<b>General reserve</b>		
Opening balance	3,310.86	3,055.96
(+) Current year transfer	-	254.90
Closing balance (a)	<b>3,310.86</b>	<b>3,310.86</b>
<b>Retained earnings</b>		
Opening balance	25,767.39	24,138.13
(+) Net Profit for the current year	1,542.20	3,194.59
(-) Transfer to reserves	-	-254.90
(-) Dividend paid	-764.70	-1,088.78
(-) Dividend distribution tax	-132.29	-221.65
Closing balance (b)	<b>26,412.60</b>	<b>25,767.39</b>
<b>Other Comprehensive Income</b>		
Opening balance	-	-
Changes during the year	0.04	-
Deferred tax	-0.01	-
(c)	<b>0.03</b>	<b>-</b>
<b>Total other equity</b>	<b>29,723.48</b>	<b>29,078.25</b>
<b>Total other equity as at 1st April, 2016</b>		<b>27,194.09</b>



(Amount in ₹ lakh.)

<b>11 Provisions</b>			
<b>11A Non-Current</b>			
Provision for leave encashment	0.40	0.40	-
Provision for gratuity	0.78	0.49	-
<b>TOTAL(A)</b>	<b>1.18</b>	<b>0.89</b>	
<b>11B Current</b>			
Provision for leave encashment	-	-	-
Provision for gratuity	0.01	-	-
<b>TOTAL(B)</b>	<b>0.01</b>	<b>-</b>	<b>-</b>
<b>TOTAL(A+B)</b>	<b>1.19</b>	<b>0.89</b>	
<b>12 Other Liabilities</b>			
<b>12A Non-Current</b>			
<b>Deferred income</b>			
Grant for Vehicle (car)	7.17	7.17	7.17
Less : Amortisation of deferred income on Grant vehicle	-4.87	-4.87	-3.82
Less : Reversal of Grant vehicle	-2.30	-	
Credit under Reconciliation	1,484.28	1,484.28	1,484.28
<b>TOTAL(A)</b>	<b>1,484.28</b>	<b>1,486.58</b>	<b>1,487.63</b>
<b>12B Current</b>			
Statutory dues	5,429.00	4,037.45	4,617.72
Advance from customers	511.34	457.98	356.49
Entry tax withheld subject to reconciliation	150.52	-	
Other liabilities	56.82	59.74	69.99
<b>TOTAL(B)</b>	<b>6,147.68</b>	<b>4,555.17</b>	<b>5,044.20</b>
<b>TOTAL(A+B)</b>	<b>7,631.96</b>	<b>6,041.75</b>	<b>6,531.83</b>
<b>13 Trade Payables</b>			
Sundry creditors	19,811.69	13,009.23	21,288.25
<b>TOTAL</b>	<b>19,811.69</b>	<b>13,009.23</b>	<b>21,288.25</b>
<b>14 Other Financial Liabilities</b>			
<b>Current</b>			
<b>Financial liabilities carried at amortized cost</b>			
Employee benefits payable	29.82	26.21	34.08
Security deposits	403.99	381.02	352.56
Godown rent payable	73.47	67.76	45.10
Security services charges payable	73.93	56.88	73.71
<b>TOTAL</b>	<b>581.21</b>	<b>531.87</b>	<b>505.45</b>



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

**Notes to the Financial Statements for the year ended 31st March 2018**

(Amount in ₹ lakh)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>15 Revenue from Operations</b>		
<b>Sale of Products (including excise duty)</b>		
Sales (Inter State)	-	2,177.97
Sales (Beer)	80,129.23	57,901.64
Sales (CS)	20,227.56	18,478.99
Sales-Defence (IMFL & Beer)	4,063.77	3,849.26
Sales (IMFL)	268,249.01	241,733.72
<i>(Sales includes Excise Duty of Rs 225958.57 lakhs for 2017-18 &amp; Rs.193900.98 lakhs for 2016-17)</i>		
<b>Total</b>	<b>372,669.57</b>	<b>324,141.58</b>
<b>16 Other income</b>		
Interest on Deposits	2,058.00	2,409.46
Cash discounts	2,109.34	1,873.54
Non-operating incomes	622.42	793.67
<b>Total</b>	<b>4,789.76</b>	<b>5,076.67</b>
<b>17 Purchase of stock-in-trade</b>		
<b>Purchase of Stock</b>		
IMFL	267,132.07	241,587.00
Beer	77,408.51	58,370.45
Country Spirit	19,544.11	17,408.35
<i>(Purchases includes Excise Duty of Rs. 218857.45 lakhs for 2017-18 &amp; Rs.188695.29 lakhs for 2016-17)</i>		
<b>Total</b>	<b>364,084.69</b>	<b>317,365.80</b>



<b>18 Employee benefit expense</b>		
Salaries & Wages	263.41	248.20
Leave encashment	-	0.41
Gratuity	0.32	0.50
<b>Total</b>	<b>263.73</b>	<b>249.11</b>
<b>19 Other expenses</b>		
License Fee	275.00	275.00
Additional Excise duty	5,355.67	4,419.31
Donation to CMRF	1,200.00	300.00
Donation to Odisha writer's co-operative society	-	0.20
Differential Excise duty	1,745.45	786.38
Godown Rent & Insurance	428.38	395.38
CSR Expenses	130.20	42.47
Entry Tax	53.81	332.09
Interest on Entry Tax	697.70	-
Security Service Charges	361.05	294.04
Professional & Legal Charges	66.41	46.67
Office Rent	92.37	88.50
Electricity Charges	13.00	12.83
Repair & Maintenance	7.05	4.82
Audit Fees	2.12	2.02
GST on License Fee	54.00	-
Provision for Supdt.of Excise -UR-Exp.	-	29.30
Provision for Non-operating Creditors	15.35	31.50
Service Tax on License Fee	41.25	41.25
Other Administrative & Sundry Expenses	89.80	203.58
Service Tax	23.63	-
<b>Total</b>	<b>10,652.24</b>	<b>7,305.34</b>





## **Note 20**

### **Orissa State Beverages Corporation Limited** **Accounting Policy (IND-AS)**

#### **Summary of significant accounting policies for the Year ended 31<sup>st</sup> March, 2018.**

- **Reporting Entity**

- Odisha State Beverages Corporation Limited (hereinafter referred to as “the Corporation”) is a Government Corporation incorporated under the Companies Act, 1956. The Government of Odisha by Act No.9 of 2000 published in the Orissa Gazette on 04.10.2000, and notification No.-514 dated 30.01.2001 published in the Orissa Gazette on 31.01.2001, conferred exclusive privilege on the Corporation to carry on wholesale trade in beverages throughout Odisha. The registered office of the Corporation is situated at Bhubaneswar.

- **Basis of Preparation & Presentation**

- **Statement of Compliance**

- The financial statements of the Company have been prepared on accrual basis of accounting in accordance with the Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and the Companies Act, 2013. The Company has uniformly applied the accounting policies during the period presented. These are the Company's first financial statements prepared in accordance with Ind-AS and Ind-AS 101 has been applied.
- For all the periods up to and including 31 March 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind-AS Balance Sheet as of the date of transition, viz., 1<sup>st</sup> April, 2016.

- **Operating Cycle**

The Corporation has a normal operating cycle of 12 months considering its operations.

- **Current & Non-current classification**

The Corporation presents current and non-current assets, and current and non-current liabilities, as separate classifications in its Balance Sheet except when a presentation based on liquidity provides information that is reliable and more relevant.

The Corporation also discloses the amount expected to be recovered or settled after 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:

- Not more than 12 months after the reporting period, and
- More than twelve months after the reporting period.



- **Basis of Measurement**

The Financial Statements are prepared under the historical cost except for the defined benefit plans and plan assets which have been measured at fair value.

- **Functional and Presentation Currency**

The Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR have been rounded off to the nearest two decimals of Lakhs unless otherwise stated.

- **Use of Estimates and Management Judgments**

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the same is determined.

- **SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the Financial Statements.

**Property, Plant and Equipment**

**Recognition and Measurement**

- **Other Tangible Assets**

Property, Plant and Equipment, other than leasehold land, are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Profit or loss arising on the disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

- **Subsequent Cost**

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.

- **Depreciation**

Depreciation on fixed assets is calculated on a written down value basis using the useful life given in Schedule-II of the Companies Act, 2013.



- **Intangible assets**
- **Recognition and measurement**

Intangible Assets i.e. Software is stated at cost of acquisition net of recoverable taxes less accumulated amortization/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 its intended use. Intangible assets are amortized over a period of 5 years or their estimated useful life, whichever is less.

- **Impairment of Non-Financial Assets**

The Company reviews the carrying amount of its Property, Plant & Equipment & Intangible Assets and these are tested for impairment on each Balance Sheet date, whenever there is an indication that the asset may be impaired for the purpose of ascertaining impairment, if any. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

- **Inventories**

Inventory is measured at lower of cost or net realizable value.

The title of the inventory is transferred from the supplier to the Corporation upon final inspection, before the sales transaction takes place.

- **Government Grants**

Government grants are only recognized if it is sufficiently certain that the assistance will be granted and the conditions attached to the assistance are satisfied. Where the Grant relates to an asset value, it is recognized as deferred income, and amortized over the expected useful life of the asset. Other grants are recognized in the Statement of Comprehensive Income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset.

- **Employee Benefits**

#### **Defined Contribution Plan**

A Defined Contribution Plan is a plan under which the Company pays fixed contributions. Contributions towards Provident Funds are charged to the Statement of Profit or Loss of the period when the contributions to the Funds are due.

#### **Defined Benefit Plan**

The Defined Benefit Plans are the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

The liability recognized for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets, together with



adjustments for unrecognized actuarial gains or losses and past service costs. Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. Actuarial gains and losses are included in Statement of Profit and Loss or Other Comprehensive Income of the year.

### **Short Term Employee Benefits**

Short term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Company.

### **Long Term Employee Benefits**

The Corporation has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

- **Revenue**

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Corporation in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Corporation.

Revenue includes only gross inflows of economic benefits, including excise duty, received and receivable by the Corporation, on its own account. Amounts collected on behalf of third party such as sales tax, value added tax, excise duty (State) and Goods & Service Tax are excluded from revenue.

### **Sale of goods**

Revenue from sale of products is recognized when the Corporation transfers all significant risks and rewards of ownership to the buyer, while the Corporation retains neither continuing managerial involvement nor effective control over the products sold.

### **Interest**

Interest income is reported on an accrual basis using the effective interest method

### **Recognition of purchase**

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



### **Adjustment pertaining to Earlier Years**

Income/Expenditure relating to prior period, which do not exceed 0.25% of Average Turnover of previous three financial years, are treated as income/expenditure of current year.

- **Leased assets**
- **Company as a Lessee**

#### **Finance leases**

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

#### **Operating leases**

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to Statement of Profit and Loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

- **Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions and Contingent Liabilities**

A Provision is recognized when the Company has present obligation as a result of a past event 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 discounted to their present value, where the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made.





In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no Provision is recognized or disclosure is made.

### **Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

- **Income Taxes**

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax not recognized in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognized outside Statement of Profit and Loss is recognized either in OCI or in equity.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized either in OCI or in equity.

- **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into cash and subject to an insignificant risk of changes in value.

- **Equity and Reserves**

Share Capital represents the nominal value of shares that have been issued.

**Other components of equity include the following:**

Re-measurement of defined benefit liability comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets

Other transactions recorded directly in Other Comprehensive Income.

Retained earnings include all current and prior period retained profits



- **Financial Instruments**

**Initial recognition & measurement**

Financial assets and financial liabilities are recognized and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

Where assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss, or recognized in Other Comprehensive Income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

**Amortised cost**

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Corporation's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**Financial assets at FVTPL**

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial assets at FVOCI**

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category.

FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and



foreign exchange differences on monetary assets, which are recognized in Statement of Profit and Loss.

### **Classification and subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

### **Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

### **Trade Receivables**

The Company applies approach permitted by Indian Accounting Standards (Ind AS) 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables.

### **Other Financial Assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition.

### **De-recognition**

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

- **Earnings per Share**

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.



## Note-21

### ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

1. The amount due to Micro and Small Enterprises as defined in '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 2018 is Nil.
2. 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.
3. The debit balances under Sundry creditors operating & defunct amounting to Rs 39.44 Lakhs (Rs 18.80 Lakhs as on 31.03.2017, Rs 20.80 Lakhs as on 31.03.2016) have been shown under the head "Receivable from Suppliers" in Other Current Assets (Note-5B)" and the credit balance under Sundry debtors amounting to Rs 511.34 lakhs (Rs 457.98 Lakhs as on 31.03.2017, Rs 356.49 Lakhs as on 31.03.2016) have been shown under the head "Advance from Customers" in Other Current liabilities (Note-12B)".
4. As per Indian Accounting Standard – 24 (Ind-AS 24) '**Related Party Disclosures**' prescribed under Companies Act, 2013, 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	Relation
1.	Sri Dwijaraj Kar	Managing Director	Key Management Personnel

Transactions with Key Management Personnel	Current Year	Previous Year
Short Term Employee Benefit	Rs 16.26 Lakhs	Rs 15.45 Lakhs
Post Employment Benefit	NIL	NIL
Other Long Term Benefit	NIL	NIL
Termination Benefit	NIL	NIL
Share Based Payments	NIL	NIL

#### 5. Audit Fees & Expenses are follows( including GST):

	(Amount in ₹ lakh) Current Year	(Amount in ₹ lakh) Previous Year
As Statutory Auditor	2.07	2.02
TOTAL	2.07	2.02



6. The un-reconciled bank balance of Rs1588.96 lakhs debited in the bank book (SBI, IDCO Tower, and Bhubaneswar) of OSBC has been transferred and disclosed under the head "Debit under Reconciliation (Collection) A/c". Similarly the Un-reconciled balance amounting Rs 1484.28 lakhs under Advance from Retailers has been transferred and disclosed under the head "Credit under Reconciliation (Collection) A/c".
7. 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.
8. The Regional Provident Fund Commissioner, BBSR recovered (28<sup>th</sup> Sept., 2011) ₹ 43.80 Lacs from the Corporation 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 Corporation through M/s Panther Security Services. The Corporation disputed the amount and filed (February'2012) a writ petition (No-3164/2012) before Orissa High Court (HC) which was disposed off by HC on dated 15<sup>th</sup> February 2016 directing the competent authority of EPF organization to accept the review application of the Corporation filed under 7B of the EPF Act 1952. Accordingly, the review application has been filed by OSBC on dated 21<sup>st</sup> April, 2016 and the matter is still pending at RPF Commissioner-II (C&R), Bhubaneswar.

#### 9. Earnings Per Share (EPS) Details

##### Computation Details

Particulars	Current Year		Previous Year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<b>A.</b> Earnings attributable to Equity Share holder ( Amount Rs in Lakh)	1542.23	1542.23	3194.59	3194.59
<b>B.</b> Weighted avg. of outstanding Equity share During the Year (Number in Lakhs)	10.00	10.00	10.00	10.00
<b>C.</b> EPS (A/B) (in Rs`)	154.22	154.22	319.46	319.46
<b>D.</b> Face Value of Share ( Rs )	10.00	10.00	10.00	10.00

#### 10. 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 as per the terms of deputation and treated as defined contribution plan. In respect of own employees of the Corporation there is an obligation towards gratuity & leave salary which are defined benefit retirement plans. The Corporation accounted for the liability for gratuity & leave encashment payable in future based on year end actuarial valuation under projected unit credit method. The liabilities are not funded. Disclosures as required by IND-AS 19 are given below;



## A. Leave Encashment

Changes in Present Value of Obligation			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Present value of obligation as on last valuation	40,514.00	0.00
	Current Service Cost	25,790.00	40,514.00
	Interest Cost	3,120.00	0.00
	Participant Contribution	-	-
	Plan Amendments: Vested portion at end of period(Past Service)	0.00	0.00
	Plan Amendments: Non-Vested portion at end of period(Past Service)	-	-
	Actuarial gain/loss on obligations due to Change in Financial Assumption	-2,216.00	0.00
	Actuarial gain/loss on obligations due to Change in Demographic assumption	0.00	0.00
	Actuarial gain/loss on obligations due to Unexpected Experience	-26,643.00	0.00
	Actuarial gain/loss on obligations due to Other reason	-	-
	The effect of change in Foreign exchange rates	-	-
	Benefits Paid	0.00	0.00
	Acquisition Adjustment	-	-
	Disposal/Transfer of Obligation	-	-
	Curtailment cost	0.00	0.00
	Settlement Cost	-	-
	Other(Unsettled Liability at the end of the valuation date)	0.00	0.00
	Present value of obligation as on valuation date	40,565.00	40,514.00
	Accrued leave Encashment	55,820.00	0.00

Reconciliation to Balance Sheet			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Funded Status	N/A	N/A
	Unrecognized Past Service Cost	-	-
	Unrecognized Actuarial gain/loss at end of the period	-	-
	Post Measurement Date Employer Contribution(Expected)	-	-
	Unfunded Accrued/Prepaid Pension cost	-	-
	Fund Asset	-	-
	Fund Liability	40,565.00	40,514.00



Plan Assumptions			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Discount Rate	7.70%	7.40%
	Expected Return on Plan Asset	NA	NA
	Rate of Compensation Increase(Salary Inflation)	6.00%	6.00%
	Pension Increase Rate	N/A	N/A
	Average expected future service (Remaining working Life)	23	24
	Mortality Table	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
	Superannuation at age-Male	60	60
	Superannuation at age-Female	60	60
	Early Retirement & Disablement (All Causes Combined)	1 % p.a.	1 % p.a.
	Voluntary Retirement	Ignored	Ignored

Expense Recognized in statement of Profit/Loss			Amount ( In ₹ )
	Particulars	Current Year	Previous Year
	Current Service Cost	25,790.00	40,514.00
	Past Service Cost(vested)	0.00	0.00
	Past Service Cost(Non-Vested)	-	-
	Net Interest Cost	3,120.00	0.00
	Cost(Loss/(Gain) on settlement	-	-
	Cost(Loss/(Gain) on curtailment	0.00	0.00
	Actuarial Gain/loss	-	0.00
	Employee Expected Contribution	28,859.00	-
	Net Effect of changes in Foreign Exchange Rates	-	-
	Benefit Cost(Expense Recognized in Statement of Profit/loss)	51.00	40,514.00





Other Comprehensive Income			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Actuarial gain/loss on obligations due to Change in Financial Assumption	0.00	0.00
	Actuarial gain/loss on obligations due to Change in Demographic assumption	0.00	0.00
	Actuarial gain/loss on obligations due to Unexpected Experience	0.00	0.00
	Actuarial gain/loss on obligations due to Other reason	0.00	0.00
	<b>Total Actuarial (gain)/losses</b>	<b>0.00</b>	<b>0.00</b>
	Return on Plan Asset, Excluding Interest Income	-	-
	The effect of asset ceiling	-	-
	Balance at the end of the Period	0.00	0.00
	Net(Income)/Expense for the Period Recognized in OCI	0.00	0.00

Mortality Table	
Age	Mortality (Per Annum)
25	0.000984
30	0.001056
35	0.001282
40	0.001803
45	0.002874
50	0.004946
55	0.007888
60	0.011534
65	0.0170085
70	0.0258545



Sensitivity Analysis				
Previous Year		Particulars	Current Year	
Increase	Decrease	Sensitivity Analysis	Increase	Decrease
36,943.00	44,482.00	Discount Rate (-/+ 0.5%)	37,156.00	44,335.00
-8.815%	9.794%	%Change Compared to base due to sensitivity	-8.404%	9.293%
44,497.00	36,901.00	Salary Growth (-/+ 0.5%)	44,359.00	37,107.00
9.830%	-8.919%	%Change Compared to base due to sensitivity	9.353%	-8.525%
40,535.00	40,493.00	Attrition Rate (-/+ 0.5%)	40,589.00	40,540.00
0.053%	-0.053%	%Change Compared to base due to sensitivity	0.060%	-0.061%
40,544.00	40,484.00	Mortality Rate (-/+ 10%)	40,602.00	40,528.00
0.073%	-0.073%	%Change Compared to base due to sensitivity	0.090%	-0.091%

Benefit Information Estimated Future payments	
Year	Indian Rupees(INR)
1	406.00
2	435.00
3	467.00
4	502.00
5	562.00
6 to 10	3,730.00
More than 10 years	1,72,294.00
Total Undiscounted Payments Past and Future Service	-
Total Undiscounted Payments related to Past Service	1,78,394.00
Less-Discount For Interest	1,37,829.00
Projected Benefit Obligation	40,565.00



Expected return on Plan Asset			Amount (In ₹)
	Particulars	Current Year	Previous Year
	Current liability	391.00	343.00
	Non-Current Liability	40,174.00	40,171.00
	Net Liability	40,565.00	40,514.00

## B. Gratuity

Changes in Present Value of Obligation			Amount (In ₹)
	Particulars	Current Year	Previous Year
	Present value of obligation as on last valuation	49,712.00	0.00
	Current Service Cost	28,592.00	49,712.00
	Interest Cost	3,828.00	0.00
	Participant Contribution	-	-
	Plan Amendments: Vested portion at end of period(Past Service)	0.00	0.00
	Plan Amendments: Non-Vested portion at end of period(Past Service)		
	Actuarial gain/loss on obligations due to Change in Financial Assumption	-4,752.00	0.00
	Actuarial gain/loss on obligations due to Change in Demographic assumption	0.00	0.00
	Actuarial gain/loss on obligations due to Unexpected Experience	749.00	0.00
	Actuarial gain/loss on obligations due to Other reason	-	-
	The effect of change in Foreign exchange rates	-	-
	Benefits Paid	0.00	0.00
	Acquisition Adjustment	-	-
	Disposal/Transfer of Obligation	-	-
	Curtailment cost	-	-
	Settlement Cost	-	-
	Other(Unsettled Liability at the end of the valuation date)	0.00	0.00
	Present value of obligation as on valuation date	78,129.00	49,712.00



Changes in Fair Value of Plan Assets			Amount (In ₹)
	Particulars	Current Year	Previous Year
	Fair value of Plan Assets at Beginning of period	-	-
	Interest Income	-	-
	Employer Contributions	-	-
	Participant Contributions	-	-
	Acquisition/Business Combination	-	-
	Settlement Cost	-	-
	Benefits Paid	-	-
	The effect of asset ceiling	-	-
	The effect of change in Foreign Exchange Rates	-	-
	Administrative Expenses and Insurance Premium	-	-
	Return on Plan Assets excluding Interest Income	-	-
	Fair value of Plan Assets at End of measurement period	-	-

Reconciliation to Balance Sheet			Amount (In ₹)
	Particulars	Current Year	Previous Year
	Funded Status	N/A	N/A
	Unrecognized Past Service Cost	0.00	0.00
	Unrecognized Actuarial gain/loss at end of the period	0.00	0.00
	Post Measurement Date Employer Contribution(Expected)	0.00	0.00
	Unfunded Accrued/Prepaid Pension cost	N/A	N/A
	Fund Asset	0.00	0.00
	Fund Liability	78,129.00	49,712.00

Plan Assumptions			Amount (In ₹)
	Particulars	Current Year	Previous Year
	Discount Rate	7.70%	7.40%
	Expected Return on Plan Asset	N/A	N/A
	Rate of Compensation Increase(Salary Inflation)	6.00%	6.00%
	Pension Increase Rate	N/A	N/A
	Average expected future service (Remaining working Life)	23	24
	Mortality Table	IALM 2006-2008 Ultimate	IALM 2006-2008
	Superannuation at age-Male	60	60
	Superannuation at age-Female	60	60
	Attrition Rate	1.00%	1.00%
	Voluntary Retirement	Ignored	Ignored



Expense Recognized in statement of Profit/Loss			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Current Service Cost	28,592.00	49,712.00
	Past Service Cost(vested)	0.00	0.00
	Past Service Cost(Non-Vested)	-	-
	Net Interest Cost	3,828.00	0.00
	Cost(Loss)/(Gain) on settlement	-	-
	Cost(Loss)/(Gain) on curtailment	-	-
	Net Actuarial Gain loss	-	-
	Employee Expected Contribution	-	-
	Net Effect of changes in Foreign Exchange Rates	-	-
	Benefit Cost(Expense Recognized in Statement of Profit/loss)	32,420.00	49,712.00

Other Comprehensive Income			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Actuarial gain/loss on obligations due to Change in Financial	-4752.00	0.00
	Actuarial gain/loss on obligations due to Change in Demographic	0.00	0.00
	Actuarial gain/loss on obligations due to Unexpected Experience	749.00	0.00
	Actuarial gain/loss on obligations due to Other reason	-	-
	<b>Total Actuarial (gain)/losses</b>	<b>-4,003.00</b>	<b>0.00</b>
	Return on Plan Asset, Excluding Interest Income	0.00	0.00
	The effect of asset ceiling	-	-
	Balance at the end of the Period	-4,003.00	0.00
	Net(Income)/Expense for the Period Recognized in OCI	-4,003.00	0.00



Mortality Table	
Age	Mortality (Per Annum)
25	0.000984
30	0.001056
35	0.001282
40	0.001803
45	0.002874
50	0.004946
55	0.007888
60	0.011534
65	0.0170085
70	0.0258545

Sensitivity Analysis				
Previous Year		Particulars	Current Year	
Increase	Decrease		Increase	Decrease
44,854.0	55,172.00	Discount Rate (-/+ 0.5%)	70,880.00	86,230.00
-9.772%	10.983%	%Change Compared to base due to sensitivity	-9.278%	10.369%
55,198.0	44,792.00	Salary Growth (-/+ 0.5%)	86,291.00	70,769.00
11.035%	-9.897%	%Change Compared to base due to sensitivity	10.447%	-9.420%
49,537.0	49,888.00	Attrition Rate (-/+ 0.5%)	77,870.00	78,388.00
-0.352%	0.354%	%Change Compared to base due to sensitivity	-0.331%	0.332%
49,758.0	49,666.00	Mortality Rate (-/+ 10%)	78,216.00	78,042.00
0.092%	-0.092%	%Change Compared to base due to sensitivity	0.111%	-0.111%

Cash Flow Information	
Particulars	Indian Rupees(INR)
Next Year Total (Expected)	1,15,016.00
Minimum Funding Requirements	0.00





Benefit Information Estimated Future payments( Past and Future Service)	
Year	Indian Rupees(INR)
1	546.00
2	587.00
3	634.00
4	687.00
5	766.00
6 to 10	5,313.00
More than 10 years	4,01,320.00
Total Undiscounted Payments Past and Future Service	-
Total Undiscounted Payments related to Past Service	4,09,853.00
Less-Discount For Interest	3,31,724.00
Projected Benefit Obligation	78,129.00

Outlook Next Year Components of Net Periodic benefit Cost Next Year	
Particulars	Indian Rupees(INR)
Current service Cost(Employer portion Only) Next period	30,815.00
Interest Cost next period	5,995.00
Expected Return on Plan Asset	0.00
Unrecognized past service Cost	-
Unrecognized actuarial/gain loss at the end of the period	-
Settlement Cost	-
Curtailment Cost	-
other( Actuarial Gain/loss)	-
Benefit Cost	36,810.00

Expected return on Plan Asset			Amount (In ₹ )
	Particulars	Current Year	Previous Year
	Current liability	526.00	303.00
	Non-Current Liability	77,603.00	49,409.00
	Net Liability	78,129.00	49,712.00



## 11. 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

## 12. Contingent Liabilities and Assets with status:

### (i) Income Tax:

Sl. No.	Financial Year	Forum in which Pending	Amount of Contingent Liability (₹ In Lakh)	Status
1	2010-11	ITAT, Cuttack bench	858.81	First Appeal has been disposed off in favour of the Corporation and Department has moved before ITAT, Cuttack Bench against the order of the CIT( Appeal)
2	2011-12	CIT(A), Bhubaneswar	108.34	Appeal before CIT (A) is pending for disposal. Rectification order u/s 154 is awaited from DCIT.
3	2013-14	CIT(A), Bhubaneswar	3807.17	Appeal before ITAT, Cuttack Bench against the order of CIT (A) is pending for disposal.
4	2014-15	CIT(A), Bhubaneswar	6197.36	Appeal before CIT (A) is pending for disposal.

### (ii) TDS & TCS :

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 year wise demand amount as on date is outlined as below:

Sl. No.	Financial Year	Amount of Demand (₹)
1	Prior Years	1,56,36,168.27
2	2014-15	6,38,546.51
3	2015-16	7,489.53
4	2016-17	89,958.45
5	2017-18	57,31,811.36
<b>Total :</b>		<b>2,21,03,974.12</b>



(iii) Service Tax

Period	Demand Amount (₹ In Lakh)	Amount Paid (₹ In Lakh)	Amount not paid (₹ In Lakh)	Forum in which Pending With Status
2011-12	Tax 174.36 Penalty 174.36 Cost 0.05 Total = 348.77	174.36	174.41	Appeal Before the Commissioner( Appeal), Bhubaneswar is pending for disposal
2012-13 2013-14 2014-15	Tax 1029.79 Penalty 1029.79 Cost 0.05 Total = 2059.63	77.23	1982.40	Appeal before CESTAT, Kolkata Bench , Kolkata is pending for disposal.
2015-16	Tax 739.46 Penalty 739.46 Cost 0.05 Total = 1478.97	0.00	1478.97	Reply to the SCN has been filed before the Commissioner, CGST , Bhubaneswar and awaiting for adjudication.
2012-13 to 2016-17	Tax 5388.08 Penalty 5388.08 Cost 0.05 Total= 10776.21	0.00	10776.21	Reply to the SCN has been filed before the Commissioner, CGST , Bhubaneswar and awaiting for adjudication.
<b>TOTAL</b>	<b>14663.58</b>	<b>251.59</b>	<b>14411.99</b>	

(iv) Sales Tax:

Year	Forum in which Pending	Amount Involved (₹ in Lakh.)	Amount Paid (₹ in Lakh.)	Status
2001-02	The High Court of Orissa, Cuttack	250.33	250.33	The matter is pending before the High Court of Orissa for disposal against the order of the Sales Tax Tribunal, Cuttack
2002-03	The High Court of Orissa, Cuttack	322.04	322.04	The matter is pending before the High Court of Orissa for disposal. against the order of the Sales Tax Tribunal, Cuttack
	<b>TOTAL</b>	<b>572.37</b>	<b>572.37</b>	



**(v) Entry Tax:**

Year	Forum in which Pending	Amount Involved (₹ in Lakh.)	Amount Paid (₹ in Lakh.)	Status
2007-09	Deputy Commissioner of Sales Tax Circle –II BBSR	0.80	0.00	The Demand of additional interest has been intimated to the Additional Secretary to Government, Finance Department, Govt. of Odisha for settlement of the matter.
2009-14	Deputy Commissioner of Sales Tax Circle –II BBSR	676.15	0.00	The Demand of additional interest has been intimated to the Additional Secretary to Government, Finance Department, Govt. of Odisha for settlement of the matter.
	<b>TOTAL</b>	<b>676.95</b>	<b>0.00</b>	

**(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 dispute and pending before the High Court of Orissa.

**(vii) Receivable of Loading & Unloading Charges:**

Loading and Unloading Charges along with penalty receivable from Sri M K Routray, Labour Contractor for the period 16.08.2007(date of engagement) to 09.03.2018 (date of disengagement) of Rs 4,41,48,946 /- 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 becomes virtually certain of realizability, the related income will be recognized



( viii) Others:

Sl. No.	Forum in which pending	Matter of Cases	Nos. of Cases
01	Civil Judge (Jr.) Division, BBSR	Loading & Unloading	2 No. of Cases
02	Civil Judge (Sr.) Division, BBSR	Loading & Unloading	1No. of Case
03	District Judge (Khurda), BBSR	Loading & Unloading	1 No. of Case
04	State Consumer Forum	Godown Insurance	1 No. of Case
05	Supreme Court of India	Excise Matter	1 No. of Case
06	Civil Judge Division, Sambalpur	Godown Rent	1 No of Case
07	Hon.ble High court of Orissa	Godown Rent	1 No of Case
08	Hon.ble High court of Orissa	TCS related cases in IMFL/BEER/CS	305 No of Cases
09	Hon.ble High court of Orissa	Challenging the Liquor Sourcing Policy (LSP) for the FY -2015-16 on reduction of offer price.	5 No of Cases
10	Hon.ble High court of Orissa	Cases related with Minimum Guaranteed Quota (MGQ) of CS retailers.	99 No of cases
11	Hon.ble High court of Orissa	E-payment by retailers	4 No. of cases
12	Hon.ble High court of Orissa	Excise Adhesive level	12 No. of cases
13	Hon.ble High court of Orissa	Service related	10 No. of cases
14	District Judge (Khurda), BBSR	Loading & Unloading	4 No. of cases

**Note: The financial implication of the above disputes are not quantifiable.**

### 13. CSR Expenses

As per the provision of Section 135 of the Companies Act 2013, Schedule – VII and Rule made there under, the CSR obligation of Corporation during the F.Y 2017-18 was ₹ 92.69 Lakh ( Previous year ₹ 121.52 Lakh) . The Corporation has spent ₹ 130.20 Lakh (Previous year ₹ 42.47 Lakh ) towards the CSR obligation.

### 14. First time adoption of Ind AS

These are the Corporation's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 20 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31 March, 2017 and in the preparation of an opening Ind AS balance sheet as at 1st April, 2016 (the Corporation's date of transition). An explanation of how the



transition from previous GAAP to Ind AS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and notes.

### **A. Ind AS optional exceptions**

The following optional exceptions have been opted by the Corporation.

#### **i). Deemed cost for property, plant and equipment:**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Corporation has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

#### **ii). Leases:**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Corporation has elected to apply this exemption for such contracts/arrangements.

#### **iii). Revenue from Contracts with customers :**

Ind AS 101 provides exemptions which can be used to follow Ind AS 115 retrospectively. For completed contracts it need not restate contracts that begin and end within the same annual reporting period. For completed contracts(that have variable consideration), there is an option to use the transaction price at the date the contracts were completed rather than estimating variable consideration amounts in the comparative reporting periods.

### **B. Ind AS mandatory exemptions**

**The following are the mandatory exemptions availed by the Corporation.**

#### **i) Estimates:**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

#### **ii) Classification and measurement of financial assets and liabilities:**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.





Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable;
- The retrospective application or restatement requires assumptions about what Management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

### iii) Government grant:

A first-time adopter shall apply the requirements in Ind AS-109, Financial Instruments and Ind AS-20, Accounting for Government Grant and Disclosure of Government Assistants, prospectively to government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of Government loan at a below market rate of interest as a Government Grant.

An entity may apply the requirements in Ind AS-109 and Ind AS-20 retrospectively to any Government loan/assistance originated before the date of transition to Ind AS, provided that the information needed to do so had been opted at the time of initially accounting for that loan.

## C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

### i) Reconciliation of total equity as at 31 March 2017 and 1st April 2016:

(Amount in ₹ Lakh)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 01 <sup>st</sup> April, 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>	<b>28254.40</b>	<b>26182.07</b>
<b>Adjustments:</b>		
Recognition of grant from government as deferred income	(2.30)	(3.34)
Proposed dividend (including dividend distribution tax)	897.00	1310.44
Deferred tax impact on Ind AS adjustments	30.06	153.16
Restatement of Prior Period Expenses	-	(348.24)
Re-measurements of defined benefit plans	(0.90)	-
	<b>29178.25</b>	<b>27294.09</b>



ii) Reconciliation of total comprehensive income for the year ended 31 March 2017:

( Amount in ₹ Lakh)

Particulars	As at 31 <sup>st</sup> March, 2017
<b>Profit after tax as per previous GAAP</b>	2549.01
<b>Adjustments:</b>	
Deferred tax impact on Ind AS adjustments	(123.11)
Re-measurements of defined benefit plans	(0.90)
Reclassification of income tax adjusted in reserves in IGAAP	421.36
Impact of restatement of prior period expenses	348.24
Total Adjustments	645.59
<b>Profit after tax as reported under Ind AS</b>	<b>3194.60</b>
<b>Other Comprehensive Income (OCI) (net of tax):</b>	
Re-measurement of defined benefit obligations	-
<b>Total Comprehensive Profit under IND-AS</b>	<b>3194.60</b>

iii) Impact of Ind AS adoption on statement of cash-flows for the year ended 31st March 2017:

( Amount in ₹ Lakh)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	(3,818.69)	(121.12)	(3939.81)
Net cash flows from investing activities	(3,744.20)	121.12	(3623.08)
Net cash flows from financing activities	(1,310.44)	-	(1310.44)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(8873.33)</b>	<b>-</b>	<b>(8873.33)</b>
<b>Cash and cash equivalent as at 1st April 2016</b>	<b>18,177.47</b>	<b>-</b>	<b>18,177.47</b>
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>9,304.14</b>	<b>-</b>	<b>9,304.14</b>

15. Previous year Figure:

Figures for the previous year have been re-grouped/re-arranged due to applicability of Ind-AS with transition date 1<sup>st</sup> April 2016 .

16. Rounding Off:

Figures are rounded off to nearest Rupees in Lakh.

**For GRC & Associates**  
**Chartered Accountants**  
**FRN : 002437S**

Sd/  
(CA. A. MOHAPATRA)  
Partner

M. No. - 055285  
Place: Bhubaneswar  
Date: 04.09.2018

Sd/  
General Manager (A & A)

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

Sd/  
(Director)

Sd/  
(Managing Director)