

2nd Annual Report 2001-2002



ORISSA STATE BEVERAGES CORPORATION LIMITED

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**BOARD OF DIRECTORS
AS ON 31.03.2002**

1. Shri P. C. Mishra, I.A.S.	Chairman-cum-Managing Director (Upto 09.01.02)
2. Shri J. P. Dash, I.A.S.	Chairman-cum-Managing Director (From 09.01.02)
3. Shri A. K. Tripathy, I.A.S.	Director
4. Shri G. Mohan Kumar, I.A.S.	Director
5. Shri J. K. Mohapatra, I.A.S.	Director
6. Shri U. N. Behera, I.A.S.	Director
7. Syed Osatullah, I.A.S.	Director

PRESENT BOARD OF DIRECTORS

1. Shri T.K. Mishra, I.A.S.	Chairman
2. Shri B.K. Pattanaik, I.A.S.	Director
3. Shri P. K. Mishra, I.A. & A.S.	Director
4. Shri P.K. Jena, I.A.S.	Director
5. Shri Vijay Arora, I.A.S.	Director
6. Shri S. N. Sarangi, I.A.S.	Managing Director

COMPANY SECRETARIES :

M/s Saroj Ray & Associates

STATUTORY AUDITORS :

M/S AGASTI & ASSOCIATES,
Chartered Accountants.

BANKERS

STATE BANK OF INDIA
UNION BANK OF INDIA

REGISTERED OFFICE

9th Floor, IDCO Tower,
Janpath, Bhubaneswar - 751009, Orissa



ORISSA STATE BEVERAGES CORPORATION LIMITED DIRECTORS' REPORT

To
The Members,
Orissa State Beverages Corporation Limited.

Your Directors have pleasure in presenting the Second Annual Report of the Corporation with the Audited Statement of Accounts for the Financial Year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS :

The Financial results of the Company for the year ended 31st March 2002 vis-a-vis 31st March 2001 are :

	For the Year ended 31.03.2002 (Amount in Rs.)	For the Year ended 31.03.2001 (Amount in Rs.)
Income	119,085,972.11	10,670,346.18
Expenditure	97,234,649.75	9,016,138.85
Less : Preliminary Expenditure written off	73,422.40	73,422.40
Less : Prior period Expenses	225,510.90	NIL
Profit before depreciation and tax	21,552,389.06	1,580,784.93
Less : Depreciation	1,883,170.16	166,651.50
Profit after depreciation and before tax.	19,669,218.90	1,414,133.43
Less : Provision for tax	6,572,340.00	420,000.00
Profit after tax	14,091,012.33	994,133.43

**OPERATIONS :**

The Orissa State Beverages Corporation Limited was incorporated under the Companies Act, 1956 on 6th November 2000 with the Registrar of Companies, Orissa, Cuttack.

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

During the year, the total income of your Corporation was Rs.119,085,972.11 and the total expenditure was Rs.97,234,649.75. The net profit for the year is Rs.14,091,012.33.

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

RESOURCES :

The authorized equity share capital of the corporation is Rs.5.00 crore. The Corporation had received Rs.1.00 crore as Loan and Rs.1.00 crore as share Capital from the State Government, out of which Rs. 70.00 is paid - up capital and the balance Rs.99,99,930.00 share application money.

MANAGEMENT :

During the year Sri Prafulla Chandra Mishra, IAS, ceased to be Chairman-cum-Managing Directorship on 09.01.2002 and in his place Sri Jagdish Prasad Das, IAS was appointed as Chairman-cum-Managing Director.

Sri Sayed Osatullah, IAS, Sri Ajit Kumar Tripathy, IAS, Sri Jugal Kishore Mohapatra, IAS, Sri G. Mohan Kumar, IAS and Sri Upendra Nath Behera, IAS continued as Directors of the corporation during the financial year.

DISCLOSURES OF PARTICULARS OF THE EMPLOYEES :

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars are declared as NIL.

AUDITORS :

M/S. Agasti & Associates, Chartered Accountants, Bhubaneswar have been appointed by the C&AG of India as Statutory Auditors for the year 2001 - 02.

COMMENTS ON AUDITORS' REPORT :

The replies of the management on the observations made by the Statutory Auditors and the C&AG of India on the Accounts of the Corporation for the year 2001-2002 are enclosed with this report in Annexure-I & II respectively.



MEASURES TAKEN FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

1. In the preparation of the Annual Accounts, for the year ended 31st March 2002 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for the year under report.
3. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT :

The Board of Directors place on record their appreciation of full cooperation and continuing support received by the Corporation from various departments of the State Government and various nationalized banks. The Board expresses its sincere appreciation of the services rendered by the officers and staff of the Corporation during the year.

On behalf of the Board

Sd/

Sri Tarun Kanti Mishra, IAS
(CHAIRMAN)

Bhubaneswar
Date : 30.12.2004

**ANNEXURE - I**

**COMMENTS OF THE MANAGEMENT ON THE REMAKRS OF THE STATUTORY
AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR 2001 - 2002**

OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>1. <u>Unsecured Loans</u> <u>Loan from Govt. of Orissa-Rs. 1.00 crore</u></p> <p>Share Capital of Rs. 1.00 crore has been converted to loan by the Govt. of Orissa with effect from the Financial year 2001-02 vide Govt's letter No. 4283 dated 28.07.2004. This amount should have been shown under Unsecured Loans in the Balance Sheet.</p> <p>The interest accrued on such loan as on 31.03.2002 amounting to Rs. 24.00 lakhs should have been shown under Unsecured Loans under the sub-head "Interest accused and due on unsecured loans" in the Balance Sheet. But the Corporation has shown this interest liability under current Liabilities (Schedule 7) as interest payable to State Govt. As such the unsecured loan from Govt. of Orissa has been understated by Rs. 24.00 lakhs and the Current Liabilities has been overstated to such extent in the Balance Sheet.</p> <p>2. <u>Provision for Income Tax</u> <u>(2001-02)(Schedule-8)</u></p> <p>The Corporation has wrongly provided for Income Tax of Rs. 65,72,340.00 instead of Rs. 66,98,539.00 for the year 2001-02. As such the provision for Income Tax has been understated by Rs. 1,26,199.00 and profit after taxation has been overstated to such extent in the Profit & Loss Account for the year ending 31.3.2002 and also the Reserves & Surplus (Schedule-2) has been overstated by Rs. 1,26,199.00 and provision for Income Tax (2001-02) (Schedule-8) has been understated to such extent in the Balance Sheet.</p> <p>3. <u>Fixed Assets Register</u></p> <p>The Fixed Assets Register of the Company has been maintained haphazardly. The particulars of the Fixed Assets acquired with their values and location etc. and charge of depreciation on the value of Assets acquired each year with balances thereof have not been recorded properly.</p>	<p>1. It has been accounted for in Financial Year 2002-03.</p> <p>2. Noted for giving proper effect in the subsequent year.</p> <p>3. The Fixed Assets Register is now being maintained properly.</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>4. <u>Verification of Fixed Assets.</u> The Fixed Assets of the Company have not been physically verified by any competent authority during the year under audit.</p> <p>5. <u>Security Deposits.</u> A total amount of Rs. 19,000.00 has been deposited as Security Deposit for new telephone connections during the year under audit, out of which Rs. 3.00 only has been debited to security deposit account and rest amount of Rs. 18,997.00 has been charged to Profit & Loss A/c. as a revenue expenditure instead of debiting to security deposit account resulting in a reduction of the net profit for the year to such extent.</p> <p>6. <u>Purchases from unusual dealers.</u> The Corporation has procured various Fixed Assets such as computers, High speed server, Furniture & Fixtures, Electrical Equipments, Office Equipments, Fax machine and Xerox machine etc. worth Rs. 81,93,423.60 during the year 2001-02 from the O.C.C.F. Ltd. (Bhanja Prava Super Bazar, Bhubaneswar) who are not the usual dealers for such equipments supplied by them. The Board's Approval has not also been obtained by the Corporation for making such purchases. More over no quotations/tenders were invited through paper publications for making such purchases at competitive market prices.</p> <p>7. <u>Purchase of Electrical Fittings & execution of Electrical Works.</u> During the year under audit it was observed that most of the Electrical materials have been procured from M/s. Mahaveer Electricals and electrical works have also been executed through them without calling for quotations or adopting proper purchase/work procedure involving a total amount of Rs. 94,810.90.</p>	<p>4. Steps have been taken for physical verification of the fixed assets.</p> <p>5. As BSNL has decided to adjust the security deposits in subsequent Bills the amount has been treated as reveue expenditure.</p> <p>6. This practice has been discontinued. Disciplinary proceedings have been drawn up against the then Chairman-cum-Managing Director for irregular purchases.</p> <p>7. Noted for future guidance. Suitable action will be taken against the erring officials.</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>8. <u>Non-realization of cost of Excise Adhesive labels.</u></p> <p>One crore nos. of Excise Adhesive labels were procured from the Andhra Pradesh State Beverages Corporation Ltd., Hyderabad at a cost of Rs. 10.00 lakhs and made available to the Corporation through the Excise Commissioner, Orissa for onward distribution among the manufacturers. Out of one crore nos. of E.A.Ls. 84.20 lakhs nos. valuing Rs. 1,06,70,000.00 were distributed amongst the manufacturers. This amount would have been collected from the manufacturers towards the cost of the above EALs, against which only a sum of Rs. 5,36,175.50 has been collected leaving a balance of Rs. 1,01,33,824.50 yet to be recovered from 17 manufacturers. But some manufacturers obtained stay orders from the Hon'ble High Court of Orissa and hence the cost of EALs issued to them could not be realized. The Corporation has not taken any steps for realization of the balance amount of Rs. 13,28,874.50 due from the parties who did not move for stay to the Hon'ble High Court during the year under audit. The Corporation has not also made any provision for such outstanding due of Rs. 13,28,874.50 in the accounts for the year.</p>	<p>8. The Matter is under investigation of the Vigilance authorities. Departmental proceedings have been drawn up against the Ex-Chairman-cum-Managing Director. It is seen that the Statutory Auditors have mentioned in their Audit Report that a sum of Rs. 13,28,874.50 is to be realized from the suppliers who have not filed cases in the Hon'ble High Court of Orissa towards the cost of EALs. The correct figure is Rs. 13,28,824.50. This amount has been realized from the concerned suppliers.</p>
<p>9. <u>Procurement of Corporation Adhesive labels from the Orissa Co-operative Consumers Federation Ltd. (Bhanjaprava).</u></p> <p>The Corporation procured 100 lakh nos. of Corporation Adhesive labels at a total cost of Rs. 7,92,996.00 from M/s. OCCF Ltd. (Bhanjaprava) during the year under audit without prior approval of the Board of Directors and the Govt.</p>	<p>9. -do-</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>10. <u>Loss of Rs. 3.41 lakhs due to non-collection of pass fees from the manufacturers :</u></p> <p>The pass fees amounting to Rs. 3.41 lakhs due from the manufacturers relating to the year under audit have not been collected by the Corporation resulting in a loss to such extent to the corporation during the year. The management neither has taken any steps from recovery of pass fees from the manufacturers nor made any provision for such outstanding dues in the books of accounts of the Corporation during the year.</p>	<p>10. Arrear Pass fees have been recovered from the manufacturers in Financial Year 2004-05.</p>
<p>11. <u>Advance payment of Sales Tax</u></p> <p>As per the direction of the Additional Commissioner of Sales Tax, Puri communicated in his memo No. 1141/CT dt. 29.5.01, the Corporation was to pay sales tax within one month of expiry of each month. But the Corporation paid Rs. 8.00 crores on 1.3.2002 towards sales Tax for the month of February, 2002 against due of Rs. 4,53,00,478.00 resulting in advance payment of Rs. 3,46,99,522.00 without the approval of CMD of the Corporation. Similarly against the sales tax due for the month of March, 2002, Rs. 75.00 lakhs was paid as advance sales tax during the month of March, 2002 before the due date of payment. As a result the Corporation lost an appreciable amount of interest on the above payments of sales tax in advance made before the due dates.</p>	<p>11. No Comments.</p>
<p>12. <u>Drawal of heavy cash in excess requirements.</u></p> <p>It was observed that heavy cash has been drawn from bank on different dates when sufficient cash balances were available and there was no requirement of cash for any expenditure during the year under audit. The corporation lost interest on such heavy cash balances drawn from bank without requirement. The instances of such heavy drawals of cash without requirement are furnished in Annexure-I</p>	<p>12. The matter was under Vigilance enquiry. Steps have been taken not to draw heavy cash from the bank without need.</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>13. <u>Maintaining huge balances in Current Accounts without investing in Short Term Deposits-Loss of interest.</u></p> <p>The Corporation maintained huge balances in current accounts of various banks on loss of interest instead of investing the surplus funds in fixed deposit accounts with banks carrying interest. The details of heavy balances lying in the current accounts with banks as on 31.3.02 are furnished in Annexure-II.</p> <p>No steps had been taken by the management for fruitful investment of huge balances lying in the current accounts. Had the surplus funds in the current accounts been invested in short term deposits the company could have earned an appreciable interest.</p> <p>14. <u>Excess drawal of Tour Advance</u></p> <p>As per TA rules of the Corporation, tour advance is to be restricted to 90% of the estimated expenditure on tour and T.A. Bills should be submitted with 15 days of return from tour. On verification of tour advance account, it was noticed that Sri J.P. Dash, CMD of the Corporation has drawn an advance of Rs. 2.00 lakhs on 24.1.2002 for his tour to Chennai. There was no justification for drawal of such a huge amount of advance especially when the tour was for a single destination and approval was taken for one-way Airfare only. The actual amount spent by him was only Rs. 6770.00 (Air fare journey from Chennai to Bhubaneswar on 30.1.02 Rs. 6270.00 + daily allowance for two days of Rs. 500.00). After completion of the journey, Sri J.P. Dash, refunded the balance amount of TA advance of Rs. 1,62,545.00 on dt. 29.04.02 after adjustment of the above amount of Rs. 6770.00 and Rs. 30,685.00 towards T.A. expenses of March, 2002. Thus there was excess drawal of tour advance to the tune of Rs. 1,93,230.00 (Rs. 2,00,000.00 - Rs. 6770.00) for this particular journey and also there was delay. In refund of the excess advance by nearly 3 months from the date of return from Chennai for which the advance was drawn.</p>	<p>13. The amount is kept in current accounts to pay the suppliers when needed and to pay Government duties & taxes. Taking in to account the funds position a sum of Rs. 42.10 crores was kept in short term fixed deposit during 2001-02.</p> <p>14. The officer has refunded the balance amount.</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>15. <u>Heavy outstanding T.A. advances as on 31.3.2002.</u></p> <p>Heavy T.A. advances of Rs. 25,402.00 against Sri S. Nayak, G.M. (Tech) and Rs. 1,62,545.00 against Sri J.P. Dash, CMD of the Corporation are found outstanding as on 31.3.2002 without adjustment/refund.</p>	<p>15. The entire amount has been squared up in the year 2002-03 from both the officers.</p>
<p>16. <u>Unauthorised Air travel by the officials of the corporation violating F.D. memorandum and T.A. Rules of the Corporation.</u></p> <p>In spite of the restrictions imposed on Air travel vide memorandum No. 10954/F dt. 14.3.01 (Austerity measures) of the Finance Department, Govt. of Orissa, the following officials of the Corporation made Air travels on different dates to different places for which a total sum of Rs. 35,480.00 was paid to them for their journey as detailed below. These officials are not eligible for air travels according to their scales of pay. Actual amount of Rs. 9,234.00 was admissible to them towards TA for travel by train and hence the balance amount of Rs. 26,246.00 is treated as unauthorized expenditure. The particulars of Air Travels is furnished in Annexure-III.</p>	<p>16. Disciplinary proceedings have been initiated against the Ex-Chairman-cum-Managing Director in the matter.</p>
<p>17. <u>Purchase of Books without approval of the Board of Directors and calling for quotations or Tenders.</u></p> <p>Books worth Rs. 1,39,390.50 have been purchased by the Corporation during the year without calling for tenders or quotations and without the approval of the Board of Directors. It was observed that some books purchased are entirely for reading purpose and not at all useful for official purposes. some of the books purchased were also found not to have been entered in the Library Register maintained by the Corporation.</p>	<p>17. All the books are entered in the Library register.</p>



OBSERVATION OF THE STATUTORY AUDITOR.	REPLIES OF THE MANAGEMENT
<p>18. <u>Sanctions/Approvals not available.</u></p> <p>The Board of Directors of the Corporation in their meeting held on 30.09.2004 noted that Sanctions/ Approvals are not available relating to the expenditure to the tune of Rs. 3,34,019.80 incurred during the year 2001-2002. The above amount includes Travelling Advance of Rs. 61,500.00 and Impress Advance of Rs. 72,500.00 which were adjusted during the year through adjustment vouchers. This has been verified by us and found to be correct.</p>	<p>18. No comments.</p>

**ANNEXURE - II**

COMMENTS OF THE MANAGEMENT ON THE REMARKS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2002.

COMMENTS OF THE C & A . G.	REPLIES OF THE MANAGEMENT
<p>Profit and Loss Account Income Cash Discount</p> <p>1. The Board of Directors in their meeting held on 26.6.2004 ordered the recovery of short collection of revenue due to wrong methodology adopted in the compilation of cash discount. This short collection worked out to Rs. 15.98 lakh for 2000-01 and Rs. 36.46 lakh for the first quarter of 2001-02. The compilation of the short collection for the remaining three-quarters of 2001-02 was in progress till finalization of accounts. Due to non-accounting of this income on account of the short collection as approved by the Board, the income for the year was understated by Rs. 36.46 lakh and prior period income for the year was understated by Rs. 15.98 lakh. This also resulted in understatement of Current Assets and Profit and Loss for the year Rs. 52.44 lakh each. Further, the fact that the computation of the short collection of revenue for the rest three-quarters of 2001-02 was in progress till finalization of account should have been disclosed by way of a note.</p> <p>2. General : The Income Tax authorities have taken a stand to disallow privilege fees of Rs. 1.25 crore as expenses for computation of income tax against which the company has filed a suit in the High Court. This fact should have been disclosed in the Notes to the Accounts.</p>	<p>1. The differential income on account of Cash Discount relating to the year 2000-01 and 2001-02 shall be booked in the Accounts of the year 2004-05 as it was detected and computed in 2004-05.</p> <p>2. The Income Tax Authorities have not communicated any decision to disallow the privilege fees of Rs. 1.25 crore for which it was not disclosed in the Notes to the Accounts.</p>



NO. 4722, DT. 13.12.04



ACCOUNTANT GENERAL
(COMMERCIAL WORKS AND RECEIPT AUDIT)
ORISSA, BHUBANESWAR

DO. NoCAD-Tech-IR-155/2004-05/821
December 13, 2004

Dear Shri Sarangi

I forward herewith the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of Orissa State Beverages Corporation Limited for the year ended 31 March, 2002.

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

With regards.

Shri S. N. Sarangi, I.A.S.
Managing Director,
Orissa State Beverages Corporation Limited,
9th Floor, IDCO Tower,
Bhubaneswar.

Yours Sincerely,

Sd/-
NAND KISHORE



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956
ON THE ACCOUNTS OF ORISSA STATE BEVERAGES
CORPORATION LIMITED FOR THE YEAR ENDED
31ST MARCH 2002.**

Profit & Loss Account

Income

Cash Discount Rs. 30.98 Lakh.

1. The Board of Directors in their meeting held on 26.06.2004 ordered the recovery of short collection of revenue due to wrong methodology adopted in the computation of cash discount. This short collection worked out to Rs. 15.98 Lakh for 2000-01 and Rs. 36.46 Lakh for the first quarter of 2001-02. The computation of the short collection for the remaining three-quarters of 2001-02 was in progress till finalisation of accounts. Due to non accounting of this income on account of the short collection as approved by the Board, the income for the year was understand by Rs. 15.98 lakh. This also resulted in understatement of Current Assets and Profit for the year by Rs. 52.44 lakh each. Further, the fact that the computation of the short collection of revenue for the rest three-quarters of 2001-02 was in progress till finalisation of account should have been disclosed by way of a note.

General

2. The Income Tax authorities have taken a stand to disallow privilege fees of Rs. 1.25 crore as expenses for computation of Income Tax against which the company has filed a suit in the High Court. This fact should have been disclosed in the Notes to the Accounts.

Sd/-

**NAND KISHORE
(Accountant General)**



AGASTI & ASSOCIATES

CHARTERED ACCOUNTANT

Plot No. - 97, Bhoi Nagar, Bhubaneswar

Pin - 751 022, Orissa

AUDITORS' REPORT

To

The Members of

Orissa State Beverages Corporation Ltd.,

Bhubaneswar.

We have audited the attached Balance Sheet of Orissa State Beverages Corporation Ltd., as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure - I a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.



- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) We report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and subject to our comments given in the Annexure - II give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
 - (b) in the case of the Profit and Loss Account, of the profit for the period ended on that date.

Bhubaneswar

Date : 04.10.2004

For AGASTI & ASSOCIATES

Chartered Accountants

Sd/-

P. K. Mahapatra

Partner



AGASTI & ASSOCIATES

CHARTERED ACCOUNTANT

Plot No. - 97, Bhoi Nagar, Bhubaneswar

Pin - 751 022, Orissa

ANNEXURE - I TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 in our report of even date)

1. A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
B) The fixed assets of the company have not been physically verified by the management at reasonable intervals during the year.
2. None of the fixed assets of the company have been revalued during the year.
3. As the company does not have stock of finished goods, stores, spare parts and raw materials of its own, the question of physical verification of such materials does not arise.
4. The company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 and / or 370 (IB) of the Companies Act, 1956.
5. The company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 and / or 370 (IB) of the Companies Act, 1956.
6. Loans and advances in the nature of loan have not been given by the company to any party during the year.
7. In our opinion and according to the information and explanations given to us, the Company does not have purchases of stores, raw materials including components etc., and sale of goods, no adequate internal control procedure has been framed by the company for purchases and sales. The company purchases office equipments, furniture & fixture and other assets for which no adequate internal control procedure commensurate with the size of the company and the nature of its business has been framed.
8. In our opinion and according to the information & explanations given to us, the company has not purchased any goods and materials, nor sold any goods, materials and services in pursuance of contracts or arrangements aggregating during the year to Rs. 50,000/- or more, entered in the register maintained under Section 301 of the Companies Act, 1956.



9. In our opinion and according to the information & explanations given to us, as the company does not have any stores, raw materials or finished goods, the question of determination of any unserviceable or damaged goods does not arise.
10. The company has not accepted any deposits from the public during the year within the meaning of section 58 A of the Companies Act, 1956 and the rules framed there under.
11. As the company does not have sale and disposal of realizable by products and scraps, the question of maintenance of any records by the company does not arise.
12. The company has an internal audit system commensurate with its size and nature of its business.
13. As explained to us, maintenance of cost records has not been prescribed by the Central Government to the company under Section 209 (I) (d) of the companies Act, 1956.
14. The company is regular in depositing provident fund dues with the appropriate authorities. However, we understand the Employees State Insurance Act is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, there is no undisputed outstanding amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty as at 31st March, 2002 for a period of more than 6 months from the date they became payable.
16. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practice.
17. In our opinion and according to the information & explanation given to us, the company is not a sick industrial company within the meaning of Clause (O) Sub-Section (I) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

Bhubaneswar

Date : 04.10.2004

For AGASTI & ASSOCIATES

Chartered Accountants

Sd/-

(P. K. Mahapatra)

Partner



ANNEXURE - II TO THE AUDITORS' REPORT
(Referred to in Paragraph 4 in our report of even date)

1. Unsecured Loans :

Loan from Govt. of Orissa - Rs. 1.00 Crore.

Share Capital of Rs. 1.00 crore has been converted to loan by the Govt. of Orissa with effect from the Financial year 2001 - 2002 vide Govt's Letter No. 4283 dated 28.07.2004. This amount should have been shown under unsecured loans in the Balance Sheet.

The interest accrued on such loan as on 31.03.2002 amounting to Rs. 24.00 Lakhs should have been shown under unsecured Loans under the sub-head "Interest accrued and due on unsecured loans" in the Balance Sheet. But the corporation has shown this interest liability under current liabilities (Schedule - 7) as interest payable to State Govt. As such the unsecured loan from Govt. of Orissa has been understood by Rs 24.00 lakhs and the current liabilities has been overstated to such extent in the Balance Sheet.

2. Provision for Income Tax (2001 - 02) (Schedule - 8)

The corporation has wrongly provided for Income Tax of Rs. 65,72,340.00 instead of Rs. 66,98,539.00 for the year 2001-02. As such the provision for Income Tax has been understated by Rs. 1,26,199.00 and profit after taxation has been overstated to such extent in the profit & loss Account for the year ending 31.03.2002 and also the Reserves & Surplus (Schedule - 2) has been overstated by Rs. 1,26,199.00 and provision for Income Tax (2001-2002) (Schedule - 8) has been understated to such extent in the Balance Sheet.

3. Fixed Assets Register

The Fixed Assets Register of the Company has been maintained haphazardly. The particulars of the fixed Assets acquired with their values and location etc. and charge of depreciation on the value of Assets acquired each year with balances thereof have not been recorded properly.

4. Verification of Fixed Assets :

The Fixed Assets of the Company have not been physically verified by any competent authority during the year under audit.

5. Security Deposits

A total amount of Rs. 19,000.00 has been deposited as Security Deposit for new telephone connections during the year under audit, out of which Rs. 3.00 only has been debited to security deposit account and rest amount of Rs. 18,997.00 has been charged to Profit & Loss A/C. as a revenue expenditure instead of debiting to security deposit account resulting in a reduction of the net profit for the year to such extent.

**10. Loss of Rs. 3.41 Lakhs due to Non-collection of Pass fees from the Manufacturers.**

The pass fees amounting to Rs. 3.41 lakhs due from the manufacturers relating to the year under audit have not been collected by the Corporation resulting in a loss to such extent to the corporation during the year. The management neither has taken any steps for recovery of pass fees from the manufacturers nor made any provision for such outstanding dues in the books of accounts of the Corporation during the year.

11. Advance payment of Sales Tax

As per the direction of the Additional Commissioner of Sales Tax, Puri communicated in his memo No. 1141/CT, dt. 29.05.01 the corporation was to pay sales tax within one month of expiry of each month. But the corporation paid Rs. 8.00 crores on 01.03.2002 towards sales tax for the month of February, 2002 against due of Rs. 4,53,00,478.00 resulting in advance payment of Rs. 3,40,99,522.00 without the approval of CMD of the Corporation. Similarly against the sales tax due for the Month of March, 2002, Rs. 75.00 Lakhs was paid as advance sales tax during the month of March, 2002 before the due date of payment. As a result the Corporation lost an appreciable amount of interest on the above payments of sales tax in advance made before the due dates.



12. Drawal of heavy cash in excess of requirements

It was observed that heavy cash has been drawn from bank on different dates when sufficient cash balances were available and there was no requirement of cash for any expenditure during the year under audit. The corporation lost interest on such heavy cash balances drawn from bank without requirement. The instances of such heavy drawals of cash without requirement are furnished below :

Date	Opening Balance (Rs.)	Withdrawal (Rs.)	Total Balance (Rs.)	Expenditure (Rs.)	Closing Balance (Rs.)
01.02.02	25,798.30	10,000.00	35,798.30	315.00	35,483.30
04.02.02	35,483.30	2,30,000.00	2,65,483.30	1,46,663.00	1,18,820.30
07.02.02	1,18,820.30	50,000.00	1,68,820.30	53,568.00	1,15,252.30
08.02.02	1,15,252.30	200,000.00	3,15,252.30	8,201.65	3,07,050.65
11.02.02	3,07,050.65	500,000.00	8,07,050.65		8,07,050.65
12.02.02	8,07,050.65	500,000.00	13,07,050.65		13,07,050.65
15.02.02	1,307,050.65	20,000.00	13,27,050.65	10,500.0	13,16,550.65
18.02.02	13,16,550.65	1000,000.00	23,16,550.65		23,16,550.65
19.02.02	23,16,550.65		23,16,550.65	30,650.00	22,85,900.65
20.02.02	22,85,900.65	20,000.00	23,05,900.65	8,207.50	22,97,693.15
22.02.03	22,97,693.15	50,000.00	23,47,693.15	2,014.00	23,45,679.15
26.02.02	23,45,679.15		23,45,679.15	2,179.00	23,43,500.15
02.03.02	23,43,500.00	40,000.00	23,83,500.00	5,157.50	23,78,342.65
04.03.02	23,78,342.65		23,78,342.65	906.00	23,77,436.65
06.03.02	23,77,436.65		23,77,436.65	1,560.00	23,75,876.65
07.03.02	23,75,876.65	200,000.00	25,75,876.65	21,813.00	25,54,063.65
11.03.02	25,54,063.65		25,54,063.65	12,959.00	25,41,104.65
14.03.02	25,41,104.65		25,41,104.65	25,00,000.00	41,104.65



13. Maintaining huge balances in Current Accounts without investing in Short Term Deposits - Loss of Interest

The Corporation maintained huge balances in current accounts of various banks on loss of interest instead of investing the surplus funds in fixed deposit accounts with banks carrying interest. The details of heavy balances lying in the current accounts with banks as on 31.03.02 are furnished below.

SL. No.	Name of the Bank	Balance as on 31.03.02 (Rs.)
1.	S.B.I. (Balasore Sale) A/C no. 5518	28,20,379.00
2.	S.B.I. (Berhampur Sale) A/C no. 5517	79,09,932.00
3.	S.B.I. (C.S.) A/c. No. 5516	61,15,988.80
4.	S.B.I. (Excise) A/c. No. 5512	7,99,452.00
5.	S.B.I. IDCO Tower A/c. No. 5483	37,79,049.44
6.	S.B.I. (Manguli Sale) A/c. No. 5513	87,60,104.10
7.	S.B.I. (Rayagada) A/c. No. 5515	98,73,994.50
8.	S.B.I. (Sambalpur Sale) A/c. No. 5514	89,52,211.50
9.	Union Bank A/c. No. 24076	17,88,455.60
10.	Vaisya Bank (Balasore Depot) A/c. No. 54463	4,54,896.50
11.	Vaisya Bank (Bam. & Bal., CS) A/c. No. 55427	81,439.00
12.	Vaisya Bank (Berhampur Depot) A/c. No. 54510	5,01,090.75
13.	Vaisya Bank (C.S.) A/c. No. 55401	3,99,768.00
14.	Vaisya Bank Current A/c. No. 53947	2,74,636.60
15.	Vaisya Bank A/c. No. 54200	3,26,177.10
16.	Vaisya Bank (Manguli Depot) A/c. No. 54919	4,53,147.00
17.	Vaisya Bank (Rayagada Depot) A/c. No. 54391	1,10,371.75
18.	Vaisya Bank (Sambalpur Depot) A/c. No. 54404	94,231.15
	TOTAL	5,34,95,324.79

No steps had been taken by the management for fruitful investment of huge balances lying in the current accounts. Had the surplus funds in the current accounts been invested in short term deposits the company could have earned an appreciable interest.



14. Excess drawal of Tour Advance

As per TA rules of the Corporation, tour advance is to be restricted to 90% of the estimated expenditure on tour and T.A. Bills should be submitted within 15 days of return from tour. On verification of tour advance account, it was noticed that Sri J. P. Dash, CMD of the Corporation has drawn an advance of Rs. 2.00 Lakhs on 24.01.2002 for his tour to Chennai. There was no justification for drawal of such a huge amount of advance especially when the tour was for a single destination and approval was taken for one way Air fare only. The actual amount spent by him was only Rs. 6,770.00 (Air fare journey from Chennai to Bhubaneswar on 30.01.02 Rs. 6,270.00 + daily allowance for two days of Rs. 500.00). After completion of the journey, Sri J. P. Dash, refunded the balance amount of TA advance of Rs. 1,62,545.00 on dt. 29.04.02 after adjustment of the above amount of Rs. 6,770.00 and Rs. 30,685.00 towards T.A. expenses of March, 2002. Thus there was excess drawl of tour advance to the tune of Rs. 1,93,230.00 (Rs. 2,00,000.00 - Rs. 6,770.00) for this particular journey and also there was delay in refund of the excess advance by nearly 3 months from the date of return from Chennai for which the advance was drawn.

15. Heavy outstanding T.A. advances as on 31.03.2002

Heavy T.A. advances of Rs. 25,402.00 against Sri S. Nayak, G.M. (Tech.) and Rs. 1,62,545.00 against Sri J. P. Dash, CMD of the Corporation are found outstanding as on 31.03.2002 without adjustment/refund.



16. Unauthorised Air Travel by the Officials of the Corporation Violating F.D. Memorandum and T.A. Rules of the Corporation.

In spite of the restrictions imposed on Air Travel vide memorandum No. 10954/F, dt. 14.03.01 (Austerity measures) of the Finance Department, Govt. of Orissa, the following officials of the corporation made Air travels on different dates to different places for which a total sum of Rs. 35,480.00 was paid to them for their journey as detailed below. These officials are not eligible for air travels according to their scales of pay. Actual amount of Rs. 9,234.00 was admissible to them towards TA for travel by train and hence the balance amount of Rs. 26,246.00 is treated as unauthorized expenditure.

Particulars of Air Travels :

Name of the Employee	Place to which travelled	Date	Name of the Travel Agency	Vr. No. / Date	Amount Paid (Rs.)	Amount Admissible (Rs.)	Excess Payment (Rs.)
N. Nayak G.M.(Tech.)	BBSR to New Delhi & Back.	31.10.01	Travel Link Pvt. Ltd.	1057/ 22.10.01	15,480.00	3,430.00	12,050.00
- do -	Hyderabad & Bank.	03.04.01	- do -	339/ 07.04.01	9,820.00	2,902.00	6,918.00
M. R. Mallick, B.M. BBSR, Depot.	Return Journey from Hyderabad.	03.04.01	- do -	- do -	4,910.00	1,451.00	3,459.00
D. Giri A. M. (F.)	- do -	03.04.01	- do -	- do -	4,910.00	1,451.00	3,459.00
Total					35,120.00	9,234.00	25,886.00



17. Purchase of Books without approval of the Board of Directors and Calling for Quotations or Tenders.

Books worth Rs. 1,39,390.50 have been purchased by the Corporation during the year without calling for tenders or quotations and without the approval of the Board of Directors. It was observed that some books purchased are entirely for reading purpose and not at all useful for official purposes. Some of the books purchased were also found not to have been entered in the Library Register maintained by the Corporation.

18. Sanctions / Approvals not available

The Board of Directors of the Corporation in their meeting held on 30.09.04 noted that Sanctions / Approvals are not available relating to the expenditure to the tune of Rs. 3,34,019.80 incurred during the year 2001-2002. The above amount includes Travelling Advance of Rs. 61,500.00 and imprest advance of Rs. 72,500.00 which were adjusted during the year through adjustment vouchers. This has been verified by us and found to be correct.

Bhubaneswar

Date : 04.10.2004

For AGASTI & ASSOCIATES

Chartered Accountants

Sd/-
(P. K. Mahapatra)
Partner



ORISSA STATE BEVERAGES CORPORATION LIMITED

BHUBANESWAR

BALANCE SHEET AS AT 31/03/2002.

SCHEDULE NO.	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
A. SOURCES OF FUNDS				
(1) <i>Share Holders' Funds :</i>				
(a) Share Capital	1	10,000,000.00	20,000,000.00	
(b) Reserves and Surplus	2	14,091,012.33	994,133.43	20,994,133.43
Loan from Government of Orissa		10,000,000.00		
TOTAL		34,091,012.33		20,994,133.43
B. APPLICATION OF FUNDS				
(1) FIXED ASSETS:				
(a) Gross Block	3	12,230,254.10	3,635,303.50	
(b) Less : Depreciation		2,049,821.66	166,651.50	
(c) Net Block		10,180,432.44		3,468,652.00
(2) CURRENT ASSETS,				
LOANS & ADVANCES:				
(A) CURRENT ASSETS:				
(1) Cash and Bank Balances	4	136,389,272.84	106,106,958.60	
(2) Other Current Assets	5	2,783,666.00	341,422.00	
(B) LOANS AND ADVANCES				
	6	18,278,826.31	3,105,477.80	
		157,451,765.15	109,553,858.40	
Less CURRENT LIABILITIES AND PROVISIONS :				
(A) Current Liabilities	7	126,769,112.46	91,902,066.57	
(B) Provisions	8	6,992,340.00	420,000.00	
		133,761,452.46	92,322,066.57	
NET CURRENT ASSETS:		23,690,312.69		17,231,791.83
(3) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED:				
Preliminary Expenditure		220,267.20		293,689.60
TOTAL		34,091,012.33		20,994,133.43

Schedules 1 to 15 and Significant Accounting Policies & Explanatory notes annexed hereto form part of the Balance Sheet and Profit & Loss Account

As per report attached
For Agasti Associates
Chartered Accountants

Sd/-
P.K. Mahapatra
PARTNER

Sd/-
Mrs. A. Das Pattanaik
General Manager (F) I/C

Sd/-
S.N. Sarangi
Managing Director

Sd/-
A.K. Tripathy
Chairman

Bhubaneswar
Date : 04.10.04



ORISSA STATE BEVERAGES CORPORATION LIMITED, BHUBANESWAR
Profit & Loss Account for the year ending 31st March, 2002.

	SCHEDULE NO.	AS AT 31/03/2002		AS AT 31/03/2001	
		Rs.	P.	Rs.	P.
INCOME					
Margin on Operation		110,847,332.44		9,957,334.18	
Export Permit Pass Commission		534,404.00		29,325.00	
Interest on Term Deposit		4,329,145.00		330,417.00	
Registration Fee Collected		277,340.00		206,850.00	
Cash Discount		3,097,750.67		146,420.00	
		TOTAL INCOME	119,085,972.11	10,670,346.18	
EXPENDITURE					
Advertisement & Business Development	9	722,289.25		297,502.00	
Communication & Development	10	479,894.60		123,728.25	
Godown Rent and Expenses		7,239,723.35		405,525.90	
Godown Maintenance			Nil	26,523.20	
Office Rent		1,257,626.50		505,662.00	
Office Expenses	11	850,812.65		186,171.30	
Professional & Legal Charges	12	190,150.00		1,32,751.40	
Contribution to GSM				980.00	
Contribution to P.F.				40,120.00	
Salary & Wages				40,126.00	
Vehicle Maintenance	13	7,227,623.40		608,571.30	
Travelling & Conveyance		70,042.35		28,070.80	
Hire Charges of Vehicle		505,612.50		33,203.50	
Audit Fees and Expenses	14	1,403,466.75		128,640.80	
Insurance Premium		218,850.00		13,400.00	
Licence & Privilege Fees		479,206.00		18,802.00	
Printing & Stationery		63,268,334.00		5,543,659.00	
Repair & Maintenance		1,461,872.35		203,107.75	
Security Service Charges		197,933.05		72,317.00	
Financial Charges.	15	8,867,067.00		530,394.40	
Preliminary Expenses Written Off		2,794,146.00		117,002.25	
Depreciation		73,422.40		73,422.40	
		TOTAL EXPENDITURE	99,191,242.31	9,256,212.75	
NET PROFIT/(LOSS) FOR THE YEAR		19,894,729.80		1,414,133.43	
Less : Prior Period Expenses		225,510.90			
PROFIT / LOSS BEFORE TAXATION		19,669,218.90		1,414,133.43	
Less : Provision for Taxation		6,572,340.00		420,000.00	
PROFIT / (LOSS) AFTER TAXATION		13,096,878.90		994,133.43	
Add : Balance Profit Brought From Last Year		994,133.43			
BALANCE PROFIT / (LOSS) TRANSFERRED TO BALANCE SHEET.		14,091,012.33		994,133.43	

As per report attached

For Agasti Associates

Chartered Accountants

Sd/-
P.K. Mahapatra
PARTNER

Sd/-
Mrs. A. Das Pattanaik
 General Manager (F) I/C

Sd/-
 S.N. Sarangi
 Managing Director

Sd/-
 A.K. Tripathy
 Chairman

Bhubaneswar
 Date : 04.10.04



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE - I SHARE CAPITAL

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
AUTHORISED :				
50,00,000 Equity Shares of Rs.10/- Each.	50,000,000.00		50,000.00	
Issued, Subscribed & paidup Capital				
7 Equity shares of Rs.10/- each.		70.00		70.00
Advance Share Capital Pending Allotment	9,999,930.00		19,999,930.00	
TOTAL	10,000,000.00		20,000,000.00	

SCHEDULE - 2 RESERVES & SURPLUS

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
Profit & Loss Account	14,091,012.33		994,133.43	
TOTAL	14,091,012.33		994,133.43	



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE - I SHARE CAPITAL

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
AUTHORISED :				
50,00,000 Equity Shares of Rs.10/- Each.	50,000,000.00		50,000.00	
Issued, Subscribed & paidup Capital				
7 Equity shares of Rs.10/- each.		70.00		70.00
Advance Share Capital Pending Allotment	9,999,930.00		19,999,930.00	
TOTAL	10,000,000.00		20,000,000.00	

SCHEDULE - 2 RESERVES & SURPLUS

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
Profit & Loss Account	14,091,012.33		994,133.43	
TOTAL	14,091,012.33		994,133.43	



**ORISSA STATE BEVERAGE CORPORATION LIMITED
BHUBANESWAR**

SCHEDULE - 3

FIXED ASSETS

Sl. No	ITEMS	Cost as on 1st April 2001	Addition During the Year	Deletion/Sale during the Year	Total Cost As on 31st March 02	Depreciation as on 1st April, 01	Depreciation during the Year	Depreciation adjusted during the Year	Total Depreciation as on 31st March 2002	Written down value As on 31st March 01	Written down value As on 31st March 02.
1.	Air Conditioner	299,700.00	304,603.00	.....	604,303.00	9,860.51	67,490.06	.....	7,350.57	289,839.49	526,952.43
2.	Computer	1,270,187.00	3,474,347.00	.....	4,744,534.00	58,195.39	934,025.02	.....	992,220.41	1,211,991.61	3,752,313.59
3.	Furniture & Fixture	1,142,732.50	2,515,623.00	.....	3,658,355.50	51,803.90	520,321.40	.....	572,125.30	1,090,928.60	3,086,230.20
4.	Electrical Fittings	222,409.00	574,205.60	.....	796,614.60	5,883.59	81,052.95	.....	86,936.54	216,525.41	709,678.06
5.	Office Equipment	307,434.00	1,726,172.00	.....	2,033,606.00	6,077.11	187,591.94	.....	193,669.05	301,356.89	1,839,936.95
6.	Vehicle	392,841.00	.....	.....	392,841.00	34,831.00	92,688.79	.....	127,519.79	358,010.00	265,321.21
	TOTAL	3,635,303.50	8,594,950.60	.....	12,230,254.10	166,651.50	1,883,170.16	.....	2,049,821.66	3,468,652.00	10,180,432.44



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
CURRENT ASSETS LOANS AND ADVANCES

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
SCHEDULE - 4 CASH AND BANK BALANCES				
(a) Cash in Hand	24,290.55		2,558.30	
(b) Cheques in Hand & Transit	33,975,103.32		8,969,989.00	
(c) Balance with Scheduled Banks				
(1) In Current Accounts	53,389,878.97		77,134,411.30	
(2) In Term Deposits	49,000,000.00		20,000,000.00	
TOTAL	1,36,389,272.84		106,106,958.60	

SCHEDULE - 5 OTHER CURRENT ASSETS				
--	--	--	--	--

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
(a) Security Deposits	11,008.00		11,005.00	
(b) Accrued Interest on Term Deposits	48,863.00		255,740.00	
(c) Income Tax Deducted at Source (Receivable)	949,578.00		74,677.00	
(d) Sundry Debtors	9,614.00			
(e) Entry Tax Receivable	932,603.00			
(f) Recoverable from State Government towards Label Fee.	832,000.00			
TOTAL	2,783,666.00		341,422.00	



SCHEDULE - 6 LOANS AND ADVANCES

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
(ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED.)				
(Unsecured considered good).				
(a) Advance to Employees.	477,013.00		28,309.00	
(b) Advance Income Tax	4,730,000.00		500,000.00	
(c) Prepaid Insurance	564,170.00		165,160.00	
(d) Other Advances	12,500,500.00		2,412,000.00	
(e) Advance to Suppliers	7,142.71			
TOTAL	18,278,826.31		3,105,477.00	

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE - 7 CURRENT LIABILITIES

	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
1. Sundry Creditors				
i) Total outstanding dues to Small Scale Industrial Undertakings				
ii) Total outstanding dues of Creditors other than Small Scale undertakings	90,921,116.56		74,145,155.12	
2. Other Liabilities				
i) Security Deposits Received	5,300,000.00		4,100,000.00	
ii) Additional Security Deposits	86,492.50		556,873.50	
iii) Duties & Taxes Payable to Govt. of Orissa	21,305,875.21		7,834,007.45	
iv) Advance from Retailers	1,520,948.80		1,602,086.00	
v) Vehicle Loan			235,192.00	
vi) Provident Fund Dues	40,126.00		40,126.00	
vii) Dues under Group Saving Linked Insurance Scheme	980.00		980.00	
viii) Registration fee Pending Allocation	2,289,210.00		1,861,650.00	
ix) Other Liabilities	2,904,363.39		1,525,996.50	
x) Interest Payable to State Government	2,400,000.00			
TOTAL	126,769,112.46		91,902,066.57	



SCHEDULE - 8 PROVISIONS

Provision for Income tax (2000-2001)	420,000.00	420,000.00
Provision for Income tax (2001-2002)	6,572,340.00	
TOTAL	6,992,340.00	420,000.00

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 9 ADVERTISEMENT & BUSINESS DEVELOPMENT

	For the Year ending		For the Period ending	
	AS AT 31/03/2002		AS AT 31/03/2001	
	Rs.	P.	Rs.	P.
Advertisement	523,611.50		279,145.00	
Business Exp.	198,677.75		18,357.00	
TOTAL :	722,289.25		297,502.00	

SCHEDULE - 10 COMMUNICATION & DEVELOPMENT

	Rs.	P.	Rs.	P.
Postage & Telegram Exp.	13,547.25		1,078.00	
Telephone Charges	308,497.35		46,444.25	
Website Development Expenses	28,200.00		41,200.00	
Computer Software	129,650.00		35,006.00	
TOTAL	479,894.60		123,720.25	

SCHEDULE - 11 OFFICE EXPENSES

	Rs.	P.	Rs.	P.
Newspaper and Periodicals	8,523.10			
Electric Charges	598,631.40		117,341.00	
Office Expenses	75,078.30		46,495.45	
Misc. Office Expenses	-----		7,165.00	
Water Charges	17,812.00		-----	
Books and Journals	139,390.50		-----	
Office Maintenance	11,377.35		15,169.85	
TOTAL	850,812.65		186,171.30	



SCHEDULE - 12 PROFESSIONAL & LEGAL CHARGES

	Rs.	P.	Rs.	P.
Chartered Accountant's Retainer Fee			15,750.00	
Company Security's Retainer Fee	36,000.00		9,000.00	
Legal Charges	152,150.00		108,001.40	
Professional Charges	2,000.00			
TOTAL	190,150.00		132,751.40	

SCHEDULE - 13 SALARIES & WAGES

	Rs.	P.	Rs.	P.
Accounting Service Charges	325,716.00		25,581.00	
Leave Encashment	305,127.00		13,800.00	
Leave Salary & Pension Contribution	415,663.00		-	
Misc. Wages paid	25,000.00		3,400.00	
Salary & Allowances	5,644,974.40		565,790.30	
Consultancy Fees	511,143.00			
TOTAL	7,227,623.40		608,571.30	

SCHEDULE - 14 AUDIT FEES AND EXPENSES

	Rs.	P.	Rs.	P.
Statutory Audit Fees	16,400.00		8,400.00	
Statutory Audit Expenses	5,000.00		5,000.00	
Tax Audit Fees	15,500.00		-	
Tax Audit Expenses	3,150.00		-	
Internal Audit Fees	103,600.00		-	
Internal Audit Expenses	4,700.00		-	
Other Audit Fees	70,500.00		-	
TOTAL :	218,850.00		13,400.00	

SCHEDULE - 15 FINANCIAL CHARGES

	Rs.	P.	Rs.	P.
Bank Charges	387,572.00		94,851.25	
Interest on Car Loan	6,574.00		22,151.00	
Interest on Government Loan	2,400,000.00			
TOTAL	2,794,146.00		117,002.25	



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

Significant Accounting Policies

1) Basic of Preparation of Financial Statements

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

2) Revenue Recognition and Expenditure Allocation

- a) Margin on operation is recognized on completion of sales of goods on behalf of the supplier and are recorded net off sales tax, entry tax and surcharge on sales tax, if any.
- b) Cash discount received/receivables are recognized on month to month basis based on the actual payment made to the supplier net off the duty & taxes and reinvestment in duties, if any.
- c) Registration fee collected from the suppliers are recognized as income over a period of 10 accounting periods.
- d) The expenditures are allocated and charged to respective expenditure heads as and when accrued/ spent for the period of the financial statement.
- e) The preliminary & pre-operative expenditure of Rs. 3,67,112/- as reported by the Excise Department is amortized over a period of 5 accounting periods.

3. Fixed Assets

Fixed Assets are stated at cost including the incidental expenditure incurred to acquire the fixed assets.

4. Depreciation

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

5. Inventories

As per agreement between the company and the supplier, the stock held in the godowns of the company are the stock of the supplier, the Company will only earn margin on sales made on behalf of the supplier.



6. Retirement Benefits of the Employees

As the Corporation is in initial stages of formation, all the employees of the Corporation have been brought on deputation from the State Government of Orissa and other Public Sector undertakings. They are guided by the terms of the Deputation as fixed / to be fixed by the State Government of Orissa/other Public Sector Undertakings. Their retirement benefits including Gratuity and Leave Salary etc, are accounted for on cash basis as per the terms of deputation.

Notes forming part of Accounts

- 1) The payments made to State Excise Department for obtaining the Licence for procurement of IMFL & BEER are considered as additional security received from the respective suppliers and considered in the Financial Statement as additional Security deposits net off the payments made to Excise Department.
- 2) The balance confirmations from various bankers, retailers and suppliers are not obtained.
- 3) The reconciliations of sales tax collected and sales tax paid, entry tax collected and entry tax paid, retailer's balance suppliers balance in progress.
- 4) Sales made on behalf of the supplier during the year credited to respective suppliers account after adjusting the sales tax, entry tax, company's margin & cash discount, if any.
- 5) Income Tax provision is made on the total profit considering the depreciation allowance applicable as per the Income Tax Rule.
- 6) One tenth of the registration fees collected from the suppliers are recognized as income of the current year, the balance kept as advance registration fee collected.
- 7) One fifth of the preliminary expenditure is amortized during the current year.
- 8) Advance from retailers is showing a credit balance of Rs. 15,20,948.80 and debit balance of Rs. 9,614.00 as on 31.03.02. The credit balance of Rs. 15,20,948.80 has been taken under the head "Advance from Retailers" in the liabilities side and the debit balance of Rs. 9,614.00 has been taken under the head "Sundry Debtors" in the assets side of the balance sheet.
- 9) Sundry Creditors is showing a credit balance of Rs. 9,09,21,116.56 and debit balance of Rs. 7,142.71 as on 31.03.02. The credit balance of Rs. 9,09,21,116.56 has been taken under the head "Sundry Creditors" in the liabilities side and debit balance of Rs. 7,142.71 has been taken under the head "Advance to Suppliers" in the assets side of the Balance Sheet.
- 10) Interest on Term Deposits as showed in the Profit & Loss Account for the year (Rs. 43,29,145/-) is Gross.



- 11) Previous year's figures relate to the period from 06.11.2000 to 31.03.201
- 12) Previous year's figures have been regrouped or rearranged wherever necessary.
- 13) Salary & wages includes Rs. 2,60,538/- paid as Salary and Travelling & Conveyance includes Rs. 87,576.30 paid towards Travelling Allowance to Chairman-cum-Managing Director.
- 14) Loans and Advances due form the Chairman-Cum-Managing Director at the end of the year is Rs. 1,62,545/- Maximum amount due at any time during the year towards advance for Travelling Expenses on Corporation business is Rs. 2,00,000/-.
- 15) Godown Rent has been paid/provided on provisional basis pending PWD valuation.
- 16) Provision to the extent of Rs. 13,28,874.50 being the cost of the Excise Adhesive labels receivable from the manufacturers in whose favour stay orders have not been obtained from the Court has not been made in the accounts for the year.
- 17) The Corporation moved to the Excise Department, Government of Orissa for conversion of Rs. 1.75 Crore of Advance Share Capital to Interest bearing loan vide Letter No. 1027/OSBC, dt. 20.08.2001 in response to which the Excise Deptt. Govt. of Orissa, in their letter No. O.S.B.C. - 16/2000-6352, dt. 26.10.2002 agreed in principle for conversion of Rs. 1.00 crore into loan, out of the Share Capital of Rs. 2.00 crore paid by the Government to the Corporation, effective from the Financial Year 2001 - 2002. Accordingly the Corporation has provided for the Interest payable on such loan amount.
- 18) Expenses on printing and stationery include Rs. 7,92,996.00 on account of expenses towards procurement of Corporation Adhesive label.
- 19) Employees employed through out the year and were in the receipt of remuneration of not less than Rs. 24,00,000.00 per annum or Rs. 2,00,000.00 per month and employed for part of the year :-
- | | |
|---|-----|
| i) No. Employees | Nil |
| ii) Salary & Wages | Nil |
| iii) Corporation's Contribution to provident & other funds. | Nil |

For Agasti & Associates

Chartered Accountants

Sd/- (P. K. Mahapatra) Partner	Sd/- (Mrs. A. Das Pattnaik) General Manager(F) I/C	Sd/- (S.N. Sarangi) Managing Director	Sd/- (A.K. Tripathy) Chairman
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PART - IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousand)*

Public Issue

Right Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

IV. Sources of Funds

Capital Fund

Reserve & Surplus

Secured Loans

Unsecured Loans

V. Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

VI. Performance of Company (Amount in Rs. Thousands)

Total Income

Total expenditure

+ -

Profit/Loss before Tax

+ -

Profit/Loss After Tax

Earning per share in Rs.

Dividend rate %

(Please tick Appropriate box, + for profit-for Loss)

VII. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item code no &

(ITC CODE)

Product Description

FOR ORISSA STATE BEVERAGES
CORPORATION LIMITEDFOR ORISSA STATE BEVERAGES
CORPORATION LIMITED.FOR ORISSA STATE BEVERAGES
CORPORATION LIMITEDSd/-
MANAGERSd/-
MANAGING DIRECTORSd/-
CHAIRMAN

As per our report of even date.

Note : Paid up share capital Rs. 1,00,000,00/- includes Rs. 70/- paid up share capital & Rs. 99,99,930/- Adv. share capital pending allotment.