

3rd Annual Report

2002-2003



ORISSA STATE BEVERAGES CORPORATION LIMITED

CONTENTS

Sl.No.	SUBJECT	PAGES
1)	BOARD OF DIRECTORS	1
2)	DIRECTORS' REPORT	2
3)	REPLIES OF THE MANAGEMENT ON THE COMMENTS OF THE STATUTORY AUDITORS.	6
4)	REPLIES OF THE MANAGEMENT ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.	9
5)	COMPLIANCE CERTIFICATE	16
6)	AUDITORS' REPORT	22
7)	BALANCE SHEET	29
8)	PROFIT & LOSS ACCOUNTS	30
9)	SCHEDULES TO THE BALANCE SHEET	31
10)	NOTES ON ACCOUNTS	36
11)	BALANCE SHEET ABSTRACTS	39



**BOARD OF DIRECTORS
AS ON 31.03.2003**

1. Shri J.P. Dash, I.A.S	Chairman-cum-Managing Director
2. Shri A.K. Tripathy, I.A.S.	Director
3. Shri G. Mohan Kumar, I.A.S	Director
4. Shri J.K. Mohapatra, I.A.S.	Director
5. Shri Syed Osatullah, I.A.S	Director

PRESENT BOARD OF DIRECTORS

1. Shri A.K. Samantaray, I.A.S	Chairman-cum-Managing Director
2. Shri B.K. Pattanaik, I.A.S	Director
3. Shri P.K. Mishra, I.A. & A.S.	Director
4. Shri Tara Dutta, I.A.S	Director
5. Shri Syed Osatullah, I.A.S	Director

COMPANY SECRETARIES:

M/s. Saroj Ray & Associates,
Company Secretaries
737 /10, Jayadev Vihar,
Bhubaneswar-751013

STATUTORY AUDITORS:

M/s. Agasti & Associates,
97, Bhoi Nagar, Bhubaneswar-751022

BANKERS:

Union Bank of India
State Bank of India.

REGISTERED OFFICE:

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



ORISSA STATE BEVERAGES CORPORATION LIMITED

DIRECTORS' REPORT FOR THE SHARE HOLDERS FOR THE YEAR 2002-2003

**To
The Members,
Orissa State Beverages Corporation Limited.**

Your Directors have pleasure in presenting the Third Annual Report of the Corporation with Audited Statement of Accounts for the year ended on 31st March 2003.

FINANCIAL HIGHLIGHTS:

The financial results of the Company for the year ended 31st March 2003 vis-a-vis 31st March 2002 are:

	For the Year ended 31.03.2003 (Amount in Rs.)	For the Year ended 31.03.2002 (Amount in Rs.)
Income	149,550,463.75	119,085,972.11
Expenditure	140,573,463.77	97,234,649.75
Less: Preliminary Expenditure written off.	73,422.40	73,422.40
Less: Prior Period Expenses	1154.08	225,510.90
Profit before depreciation and tax	8902423.50	21,552,389.06
Less: Depreciation	2960841.71	1,883,170.16
Profit after depreciation and before tax	5,941,581.79	19,669,218.90
Less: Provision for tax	21,16,315.00	6,572,340.00
Profit after tax	38,25,266.79	14,091,012.33

**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. 149,550,463.75 and the total expenditure was Rs. 140,573,463.77. The net profit for the year is Rs.17,916,279.12

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 authorised equity share capital of the corporation is Rs.5.00 Crore. During the year, the Corporation has allotted 9999930 nos. of equity shares in favour of Governor of Orissa. After allotment the paid-up equity share capital of the Corporation is Rs. 1.00 Crore.

MANAGEMENT:

During the year Sri Jagdish Prasad Das, IAS, continued as Chairman-cum-Managing Director.

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

**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 C&AG as Statutory Auditors for the year 2002-2003.

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 2002-2003 are enclosed with this report in Annexure-I & II respectively.

SECRETARIAL COMPLIANCE CERTIFICATE:

As per proviso to sub-section (1) of section 383A of the Companies Act, 1956, we are here-by enclosing a Secretarial Compliance Certificate for the year ended 31st March 2003 with this report in Annexure -III.

MEASURES TAKEN FOR CONSERVATION OF ENRGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & 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 Director's Responsibility Statement, it is hereby confirmed that:



1. In the preparation of the Annual Accounts, for the year ended 31st March 2003 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and the profit of the Company for the year under report.
3. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared Annual Accounts for the ended 31st March, 2003 on a going concern basis.

ACKNOWLEDGMENT:

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

On behalf of the Board
Sd/.
Sri A.K.Samantray
(CHAIRMAN)

Place : Bhubaneswar,
Date : 28.12.2005

**ANNEXURE-1**

COMMENTS OF THE STATUTORY AUDITORS	REPLY OF THE MANAGEMENT																		
<p>1. <u>Purchase of Fixed Assets</u></p> <p>Approval of the Board of Directors of the Corporation for purchase of Fixed Assets such as Computers, Furniture and Fixtures, Air Conditioners and Office Equipments worth Rs.3,96,970/- during the year has not been obtained.</p>	<p>The matter will be again placed before the Board of Directors for consideration and approval since all these purchase were made with the approval of the CMD and subsequently Fixed Assets register has been properly maintained and verified by G.M.(Technical) during the financial year 2003-2004.</p>																		
<p>2. <u>Verification of Fixed Assets:</u></p> <p>The Fixed Assets of the Corporation have not been physically verified by any competent authority during the year under audit.</p>	<p>The Fixed Assets of the Corporation have been physically verified by Sri A.K. Jena, G.M. (Tech) during the Financial Year 2003-2004.</p>																		
<p>3. <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 31.03.2003 are furnished below.</p> <table border="0" data-bbox="258 1657 975 1993"> <thead> <tr> <th>Sl.No.</th> <th>Name of the Banks</th> <th>Balance as on 31.03.03</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>S.B.I., (CS) A/c.No. 5516</td> <td>Rs.5,80,735.87</td> </tr> <tr> <td>2.</td> <td>S.B.I., IDCO Tower A/c/ 5483</td> <td>Rs.4,74,340.05</td> </tr> <tr> <td>3.</td> <td>UCO Bank, C/A No. 60811</td> <td>Rs.10,50,000.00</td> </tr> <tr> <td>4.</td> <td>Union Bank, A/c. No.24026</td> <td>Rs.4,05,505.60</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total :</td> <td>Rs. 25,10,581.52</td> </tr> </tbody> </table>	Sl.No.	Name of the Banks	Balance as on 31.03.03	1.	S.B.I., (CS) A/c.No. 5516	Rs.5,80,735.87	2.	S.B.I., IDCO Tower A/c/ 5483	Rs.4,74,340.05	3.	UCO Bank, C/A No. 60811	Rs.10,50,000.00	4.	Union Bank, A/c. No.24026	Rs.4,05,505.60	Total :		Rs. 25,10,581.52	<p>The Corporation has to deposit the Excise Duty on behalf of the Suppliers almost daily. Moreover, the Corporation had to deposit Sales Tax during last week of the month. So it was not possible to ascertain and predict the amount to be utilized for the above purpose and hence cannot be invested in Short-Term Deposits.</p>
Sl.No.	Name of the Banks	Balance as on 31.03.03																	
1.	S.B.I., (CS) A/c.No. 5516	Rs.5,80,735.87																	
2.	S.B.I., IDCO Tower A/c/ 5483	Rs.4,74,340.05																	
3.	UCO Bank, C/A No. 60811	Rs.10,50,000.00																	
4.	Union Bank, A/c. No.24026	Rs.4,05,505.60																	
Total :		Rs. 25,10,581.52																	



The Instances of such heavy drawals of cash without requirement are furnished below:

Date	Opening balance(Rs.)	Withdrawal of cash (Rs.)	Total balance(Rs.)	Expenditure (Rs.)	Closing balance (Rs.)
05.04.02	4,290.55	20,000.00	24,290.55	8,000.00	16,290.55
12.04.02	490.55	25,000.00	25,490.55	10,587.40	14,903.15
17.04.02	4,903.15	25,000.00	29,903.16	NIL	29,903.15
29.04.02	26,012.15	2,40,200.00	2,66,212.15	2,15,394.30	50,817.85
01.06.02	666.85	30,000.00	30,666.85	17,443.00	13,223.85
06.05.02	12,468.85	50,000.00	62,468.85	31,130.80	31,338.05
07.05.02	31,338.05	10,000.00	41,338.05	5,500.00	35,838.05
16.05.02	33,918.05	65,000.00	98,918.05	54,623.00	44,295.05
13.06.02	6,367.05	40,000.00	46,367.05	28,425.00	17,942.05
21.06.02	9,951.05	30,000.00	39,951.05	19,476.00	20,475.05
31.07.02	2,166.65	50,000.00	52,166.65	28,628.00	23,538.65
03.08.02	633.90	20,000.00	20,633.90	3,982.00	16,651.90
20.08.02	2,119.90	50,000.00	52,119.90	6,532.00	45,587.90
26.08.02	16,801.90	20,000.00	36,801.90	6,000.00	30,801.90
09.09.02	2,969.30	20,000.00	22,969.30	1,001.50	21,967.80
20.09.02	296.45	20,000.00	20,296.45	NIL	20,296.45
10.10.02	291.95	50,000.00	50,291.95	3,963.50	46,328.45
16.10.02	29,646.45	30,000.00	59,646.45	27,641.65	32,004.80
02.11.02	16,683.80	50,000.00	66,683.80	9,210.00	57,473.80
07.12.02	5,886.05	20,000.00	25,886.05	3,000.00	22,886.05
31.12.02	9,911.55	20,000.00	29,911.55	NIL	29,911.55
08.01.03	3,441.30	50,000.00	53,441.30	NIL	53,441.30
16.01.03	14,925.30	50,000.00	64,925.30	NIL	64,925.30
17.01.03	64,925.30	50,000.00	1,14,925.30	50,000.00	64,925.30
24.01.03	26,350.30	15,000.00	41,350.30	3,790.00	37,560.30



<p>4. <u>Drawal of Heavy Cash in excess of requirements</u></p> <p>It was observed that heavy cash has been drawn from banks on different dates when sufficient cash balances were available and there was no requirement of cash for any expenditure on such heavy cash balances drawn from banks without requirement.</p>	<p>Noted for future guidance, However, the same has been checked keeping a minimum balance of Rs.5,000/- per week.</p>
<p>5. <u>Non-recovery of pass fees from the Suppliers</u></p> <p>During the year under audit 8275 nos, of passes worth Rs.4,13,750.00 have been issued to the Suppliers for which no recovery was made from the Suppliers nor any provision is made for such outstanding dues in the books of accounts of the Corporation during the year.</p>	<p>The pass fees for the years from Financial Year 2000-01 to 2003-04 have been calculated and recovered from the concerned Companies in the FY 2004-05.</p>
<p>6. <u>Advance payment of Sales Tax</u></p> <p>As per the direction of Additional Commissioner of Sales Tax, Puri communicated in his Memo No. 1141/CT Dtd. 29.05.2001, the Corporation was to pay Sales Tax within one month of expiry of each month. But the Corporation has paid Rs.1.00 Crore towards advances sales tax for the month of March 2003 on 29.03.2003. The payment of advance sales tax of Rs.1.00 crore before the due date has resulted loss of interest to the Corporation.</p>	<p>The advance payment of Sales Tax for an amount of Rs.1.00 Crore was made on dtd. 29.03.2003 as per the request of Commercial Tax Officer, Bhubaneswar. However, it was adjusted against the payment of Sales Tax due for March 2003</p>
<p>7. <u>Purchase of Books & Journals</u></p> <p>During the year under audit a sum of Rs. 1,43,675.25 has been spent by the Corporation towards purchase of books and journals without approval of the Board of Directors of the Corporation. On verification, it was observed that some books purchased are entirely for reading purpose and not at all useful for official purposes. It is not understood why such books which are not at all useful for officials purposes were purchased.</p>	<p>Most of the Books purchased during the year 2002-2003 are useful for the Corporation, out of these, some books are purchased for reference purpose of Officers, Staff and Visitors. The then Chairman-cum-Managing Director approved the purchase of the above books but the approvals of the Board of Directors has not been taken. So ex-post-facto approval from the Board may be taken.</p>

**ANNEXURE-2**

**COMMENTS OF THE MANAMENT ON THE REMARKS OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION
619(4) OF THE COMPNIES ACT, 1956 ON THE ACCOUNTS OF ORISSA
STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED
31ST MARCH 2003**

COMMENTS OF THE C & A.G.	REPLIES OF THE MANAGEMENT																				
<p>Balance Sheet Sources of Funds Current Liabilities and Provisions Current Liabilities (Schedule-9) Sundry Creditors-12.82 lakh</p> <p>(1) The above is overstedted by Rs. 8.22 lakh due to non-inclusion of expenditure incurred (2000-01 to 2001-02) by the company on behalf of the suppliers towards pass fees. Of the above, a sum of Rs.7.42 lakh (2000-01 to 2001-02) had been wrongly charged to P&L Account. On accounting of the expenditure as recoverable from the suppliers as per the terms of the agreement (through adjustment) has resulted in overstatement of Sundry Creditors by Rs.8.22 lakh, understatement of Profit by Rs. 8.22 lakh and understatement of other liabilities by Rs.0.80 lakh.</p>	<p>Rs. 8.21,650/- has been recovered from the suppliers account towards Pass Fees as follows.</p> <table border="1"> <thead> <tr> <th>VR.No.</th> <th>Date</th> <th>Amount</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td>110</td> <td>30.10.04</td> <td>55,550.00</td> <td>2000-01</td> </tr> <tr> <td>-do-</td> <td>-do-</td> <td>3,52,350.00</td> <td>2001-02</td> </tr> <tr> <td>-do-</td> <td>-do-</td> <td>4,13,750.00</td> <td>2002-03</td> </tr> <tr> <td></td> <td></td> <td align="right">8,21,650.00</td> <td></td> </tr> </tbody> </table>	VR.No.	Date	Amount	Year	110	30.10.04	55,550.00	2000-01	-do-	-do-	3,52,350.00	2001-02	-do-	-do-	4,13,750.00	2002-03			8,21,650.00	
VR.No.	Date	Amount	Year																		
110	30.10.04	55,550.00	2000-01																		
-do-	-do-	3,52,350.00	2001-02																		
-do-	-do-	4,13,750.00	2002-03																		
		8,21,650.00																			
<p>Other Liabilities : Rs. 7.01 crore.</p> <p>(2) The above does not include Rs. 3.23 lakh being the godown rent payable in respect of two godowns located at Mancheswar and Rayagada for the period January, 2002 to March, 2003. This has resulted in understatement of other liabilities by Rs. 3.23 lakhs with corresponding understatement of Godown Rent and Expenses for the year by Rs. 2.60 lakh and expenses for; price period by Rs. 0.63 lakh leading to overstatement of Profit by Rs. 3.23 lakh.</p>	<p>Rs. 3,23, 287/- has been rectified vide Vr. No.1214/ 31.3.04.</p>																				
<p>Duties and Taxes payable to Government of Orissa : Rs.5.22 crore.</p> <p>(3) The above is overstated by Rs. 13.14 lakh due to non accounting of entry tax payable in respect of consignments brought into the godowns of the Company in March, 2003 on behalf of the suppliers. This has also resulted in overstatement of Current Assets (Entry Tax Receivable) by the same amount.</p>	<p>The accounting policy maintained in the Corporation since inception that, the Entry Tax is being paid to Govt. after the products are received from the suppliers at OSBC Depots. The same is recovered in the process of sale of products. As such, the amount of entry tax payable for March 2003 has been paid in April 03 for Rs.13,14,282/- Hence, the question of overstatement of entry tax payable and receivables does not arise.</p>																				



<p>Provisions (Schedule 10) Provision for Income Tax (2000-01): Rs. 4.20 lakh.</p> <p>(4) The Income Tax liability for the year 2000-01 along with interest thereon was assessed (February 2003) at Rs. 4.34 lakh and adjusted by the Income Tax Authorities against the advance income tax of Rs. 5 lakh. Non-adjustment of the above has resulted in overstatement of provisions by Rs.4.20 lakh, understatement of Other Current Assets (Income Tax Receivable) by Rs.0.66 Lakh and overstatement of Profit by Rs. 0.14 lakh with corresponding overstatement of 'Advance income tax by Rs.5 lakhs..</p>	<p>Entry for Rs. 433,811/- recitified vide Vr. No 1216/ 31.3.04.</p>															
<p>Profit and Loss Account : Income: Margin on operation: Rs.13.92 crore</p> <p>(5) The above includes a sum of Rs. 10.59 lakh being the differential Excise Duty payable to the Superintendent of Excise, Khurda, Accounting of the above liabilities as 'income' has resulted in overstatement of Profit for the year by Rs. 10.59 lakh with corresponding understatement of Current Liabilities (Duties and Taxes payable to Government of Orissa) in the same extent.</p>	<p>The differential excise duty for Rs. 10, 58,545/- Necessary entry has,been made in dt.07.08.03.</p>															
<p>Cash Discount : Rs. 26.21 lakh.</p> <p>(6). A sum of Rs. 1.18 crore including Rs. 25.24 lakh for the current year was recoverable towards short collection of revenue due to adoption of wrong methodology in computing cash discount. Thought it was decided (June 2004) by the Board to recover the same, no adjustment entry has been passed in the accounts. Non-accounting of the above short collection of revenues has resulted in the understatement of income for the year by Rs.125.54 lakh and income for prior periods by Rs. 92.78 lakh leading to understatement of profit by Rs. 1.18 crore.</p> <p>In this connection comment No. 1 of the Comptroller and Auditor General of India on the accounts of the Company for 2001-02 and item No.2 and item No.2 (b) of Significant Accounting Policies may be referred to.</p>	<p>Rs. 1,18, 31,582. 14 has been recovered from the suppliers account in the FY 2004-2005 as follows.</p> <table border="1" data-bbox="949 1489 1524 1769"> <thead> <tr> <th>Year</th> <th>Vr.No/Date</th> <th>Amount(Rs.)</th> </tr> </thead> <tbody> <tr> <td>2000-01</td> <td>151/30.6.04</td> <td>14,51,740.10</td> </tr> <tr> <td>2001-02</td> <td>320/30.9.04</td> <td>78,26,012.75</td> </tr> <tr> <td>20002-03</td> <td>331/31.12.04</td> <td>25,53,829.29</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">1,18,31,582.14</td> </tr> </tbody> </table>	Year	Vr.No/Date	Amount(Rs.)	2000-01	151/30.6.04	14,51,740.10	2001-02	320/30.9.04	78,26,012.75	20002-03	331/31.12.04	25,53,829.29			1,18,31,582.14
Year	Vr.No/Date	Amount(Rs.)														
2000-01	151/30.6.04	14,51,740.10														
2001-02	320/30.9.04	78,26,012.75														
20002-03	331/31.12.04	25,53,829.29														
		1,18,31,582.14														



<p>Expenditure</p> <p>Godown Rent and Expenses-97. 18 lakh</p> <p>(7) The above is overstated by Rs. 10.08 lakh leading to understatement of profit by an equal amount with corresponding over overstatement of Other Labilities on account of excess provisions for godown rent. This excess provisions arose due to adoption of higher rates of rent for godowns without considering the rates revised in subsequent years (2003-04 and 2004-05) on the basis of PWD valuation.</p>	<p>Rs. 10,79,631/- has been rectified vide Vr. No. 1218/31.03.04.</p>
<p>General</p> <p>8(i) A reference is invited to the disclosure under items 2 1(c) of Significant Accounting Policies regarding accounting of registration fees collected from the supplier as income over a period of 10 accounting periods. This disclosure is however inadequate as it should also have included the registration fees collected from the retailers for which similar accounting policy is followed,. In spite of assurance given by the Management of the comment on the accounts for 2001-02, adequate disclosure is lacking in the current year also.</p>	<p>The accounting of registration fee collected from the suppliers and retailers are followed as per the policies. However, the same has been discontinued from the Financial Year 2003-2004.</p>
<p>(ii) A reference in invited to the Balance Sheet Abstract and Company's General Business Profiles as per Part-IV of Schedule-VI of the Companies Act, 1956 as annexed to the accounts. The figures for total liabilities and total assets in this Annexure should have been mentioned as Rs. 2581.53 thousand instead of Rs. 50782 thousand as mentioned. The discrepancy is due to setting off of current liabilities against current assets. Further, the figure for Earning per Share in the Annexure has not been mentioned though the company has made profit.</p>	<p>Noted for rectification in the Financial Year 2003-04.</p>



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

NO. CAD/Tech/ Accts/ OSBCL/2002-03/20/05-06/668

Dtd.9th Dec,2005

To

**Chairman-cum-Managing Director,
Orissa State Beverages Corporation Limited,
9th Floor, IDCO Tower,
Bhubaneswar- 751022**

**Sub: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 2003.**

Sir,

I forward herewith the Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Orissa State Beverages Corporation Limited for the year ended 31st March 2003 alongwith Review of Accounts.

2. 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.

Yours faithfully,
Sd/-
(NAND KISHORE)
ACCOUNTANT GENERAL



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH 2003.

Balance Sheet

Sources of Funds

Current Liabilities and Provisions

Current Liabilities (Schedule-9)

Sundry Creditors : Rs.12.82 Crore

1. The above is overstated by Rs. 8.22 due to noninclusion of expenditure incurred (2000-01 to 2002-03) by the company on behalf of the suppliers towards pass fees. Non accounting of the expenditure as recoverable from the suppliers as per the terms of the agreement (through adjustment) has resulted in overstatement of Sundry Creditors by Rs. 8.22 and understatement of profit by Rs. 8.22 lakh.

Other Liabilities - Rs. 7.01 crore

2. The above does not include Rs. 3.23 lakh being the godown rent payable in respect of two godowns located at Mancheswar and Rayagada for the period January, 2002 to March, 2003. This has resulted in understatement of Other Liabilities by Rs. 3.23 lakh with corresponding overstatement of Profit by Rs. 3.23 lakh.

Duties and Taxes Payable to Government of Orissa - Rs. 5.22 crore.

3. The above is overstated by Rs. 13.14 lakh due to non-accounting of entry tax payable in respect of consignments brought into the godowns of the Company in March, 2003 on behalf of the suppliers. This has also resulted in overstatement of Current Assets (Entry Tax Receivable) by the same amount.

Provisions (Schedule -10)

Provisions for Income Tax (2000-01) : Rs. 4.20 lakh

4. The income tax liability for the year 2000-01 alongwith interest thereon was assessed (February 2003) at Rs. 4.34 lakh and adjusted by the Income Tax Authorities against the advance income tax of Rs.5 lakh. Non accounting of the above has resulted in overstatement of Provisions by Rs. 4.20 lakh, understatement of Other Current Assets (Income Tax Refund Receivable) by Rs. 0.66 lakh and overstatement of Profit by Rs. 0.14 lakh with corresponding overstatement of Advance income tax by Rs. 5 lakh.



Profit and loss Account Income

Margin on operation : Rs. 13.92 crore

5. The above includes a sum of Rs. 10.59 lakh being the differential Excise Duty payable to the Superintendent of Excise, Khurda. Accounting of the above liabilities as 'income' has resulted in overstatement of Profit for the year by Rs. 10.59 lakh with corresponding understatement of Current Liabilities (Duties & Taxes payable to Government of Orissa) to the same extent.

Cash Discount - Rs. 26.21 lakh.

6. An amount of Rs. 1.18 crore including Rs. 25.54 lakh for the current year was recoverable towards short collection of revenue due to adoption of wrong methodology in computing cash discount. Though it was decided (June 2004) by the Board to recover the same, no adjustment entry has been passed in the accounts. Non-accounting of the above short collection of revenues has resulted in the understatement of income for the year by Rs. 25.54 lakh and income for prior periods by Rs. 92.46 lakh leading to understatement of Profit by Rs. 1.18 crore. This has also resulted in understatement of Current Assets by Rs. 1.18 crore.

In this connection, comment No.1 of the Comptroller and Auditor General of India on the accounts of the Company for 2001-2002 and items No.2 (b) of Significant Accounting Policies may be referred to.

Expenditure

Godown Rent and Expenses: Rs.97.18 lakh

7. The above is overstated by Rs. 10.80 lakh due to excess provision on account of adoption of higher rates of rent for godowns without considering the rates revised in subsequent years (2003-04 and 2004-05) on the basis of PWD valuation. This also resulted into understatement of profit by the same amount.



General

8.(i) A reference is invited to the disclosure under item 2(c) of Significant Accounting Policies regarding accounting of registration fees collected from the supplier as income over a period of 10 accounting periods. This disclosure is however 'INADEQUATE' as it should also have included the registration fees collected from the retailers for which similar accounting policy is followed. In spite of assurance given by the Management on the accounts for 2001-02, adequate disclosure is lacking in the current year also.

(ii) A reference is invited to the Balance Sheet Abstract and Company's General Business profiles as per Part-IV of Schedule-VI of the Companies Act, 1956 as annexed to the accounts. The figures for total liabilities and total assets in this Annexure should have been mentioned as Rs. 258153 thousand instead of Rs. 50782 thousand as mentioned. The discrepancy is due to setting off the current liabilities against current assets. Further, the figure for Earning Per Share in the Annexure has not been mentioned though the Company has made profit.

Sd/-

(NAND KISHORE)
ACCOUNTANT GENERAL

**COMPLIANCE CERTIFICATE****ANNEXURE-3**

Registration No. of the Company: 15- 006372

Nominal Capital : Rs. 5,00,00,000.00

To**The Members****M/s. Orissa State Beverages Corporation Limited
9th Floor, IDCO Tower,
Bhubaneswar-751007.**

We have examined the registers, records, books and papers of **M/s. ORISSA STATE BEVERAGES CORPORATION LIMITED**, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ending on 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under the all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure-'B' to this certificate with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The company being Private Limited Company has the minimum prescribed paid-up capital and its maximum number of members during the financial year was 8 excluding its present and past employees and the company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members directors or their relatives.



4. The Board of Directors duly met 5(five) times on 25.04.2002, 29.06.2002, 28.10.02, 31.12.02 & 26.03.2003 respectively in respect of which meetings proper notices were given and the proceeding were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company has not required closing its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2002 was held on 28th September 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year ended 31st March 2003.
8. The Company being a private company, Sections 295 of the Act is not application.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has not made any entries in the register under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the Financial Year
- 13.(i) The Company has delivered all the certificates on allotments of securities and lodgment thereof for transfer in accordance with the provision of the Act.
 - (ii) The Company has not deposited any amount in separate Bank Account, as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.



- (iv) The Company has not required transferring any fund to Investor Education and Protection Fund.
- (v) The Company has duly complied with requirement of section 217 of the Act.
14. The Board of Directors of the Company duly constituted. There was no appointment of Additional Director, Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The company has not appointed any Managing Director, Whole Time Director, Manager during the financial year.
16. The company has not appointment any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the Central Govt. Company Law Board, Regional Director, Registrar and such Authorities prescribed under the various provision of the Act during the financial year.
18. The Directors have not disclosed their interest in other firms, companies to the Board of Directors pursuant to the provision of Act and the rules made there under.
19. The company has issued 9,99,993 nos of equity shares during the financial year.
20. The company has not bought back any shares during the financial year.
21. Since there are no preference shares or debentures, the question of redemption does not arise.
22. There was no restriction necessitating the company to keep abeyance the right to divided, right shares and bonus shares pending registration of transfer of shares.
23. The company has not invited, accepted, any deposits including any un-secured loans falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during financial year ended 31st March 2003.



25. The company has not made any loans or advances or given guarantees or provided securities to other body corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provision of the Memorandum with respect to situation of the companies registered office from one state to another during the year under security.
27. The company has not altered the provision of the Memorandum with respect to the object of the company during the year under security.
28. The company has not altered the provision of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provision of the Memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show-cause notices received by the company and no fines or penalty or any other punishment was imposed on the company during the financial year for offenses under the Act.
32. The company has not received any security from its employees during the financial year.
33. The company has deposited the amount with appropriate authority as per the Provident Fund Act.

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

Sd/-

Saroj Kumar Ray

(Partner)

C.P.No.3770

Place: Bhubaneswar

Date: 28.09.03

**ANNEXURE-****REGISTERS AS MAINTAINED BY THE COMPANY.****Statutory Registers**

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

Other Register:

1. Register of Directors Attendance.
2. Register of Shareholders Attendance.
3. Register of share Transfer

ANNEXURE-B**FORM & RETURNS AS FILED BY THE COMPANY WITH THE REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2003**

Sl. No	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No.	If delay in filing whether requisite additional fee paid Yes/No.
1.	-	159 (1)	Annual Report for the Year 2001.	05.06.02	No.	Yes
2.	-	159 (1)	Annual Return for the Year 2002.	01.11.02	Yes	NA
3.	2	75	Allotment of 999993 nos. of equity shares on 31.12.2002	10.01.03	Yes	NA



AUDITORS' REPORT

**To
The members of
Orissa State Beverages Corporation Ltd.,
Bhubaneswer.**

We have audited the attached Balance Sheet of Orissa State Beverages Corporation Ltd. as at 31st March, 2003 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 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 mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well 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 and 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 explanation, which to the best of our knowledge and belief were necessary for the purpose 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 subsection (3C) of section 211 of the Companies Act, 1956.,
- v) We report that none of the directors is disqualified as on 31st March, 2003 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, 2003; and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

Bhubaneswar
Date: 11.08.2005

**For AGASTI & ASSOCIATES
Chartered Accountants**

Sd/-

**(P.K. Mahapatra)
Partner
M.No.4847**



ANNEXURE -1 TO THE AUDITORS 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 verifications 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 / 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 & explanation given to us, the company has not purchased any goods and material, 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 material or finished goods, the questions 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 questions 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 amount payable in respect of Income Tax, Wealth Tax, Sales, Custom Duty and Excise Duty as at 31st March, 2003 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) of Sub-Section (1) of section 3 of the Sick Industrial Companies (Special Provision) of Act, 1985.

Bhuaneswar
Date: 11.08.2005

**For AGASTI & ASSOCIATES
Chartered Accountants**

Sd/-

(P.K. Mahapatra)

Partner

M.No.4847



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

1. Purchase of Fixed Assets

Approval of the Board of Directors of the Corporation for purchase of Fixed Assets, such as Computers, Furniture & Fixture, Air Conditioners and Office Equipments worth Rs.3,96,970.00 during the year has not been obtained.

2. Verification of Fixed Assets

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

3. Maintaining huge balances in Current Accounts without investing in Short Term Deposit-Loss of interest.

The corporation maintained huge balance in Current Accounts of various banks on loss of interest instead of investing the surplus funds in Fixed Deposit Account with banks carrying interest. The details of heavy balances lying in the Current Accounts with banks as on 31.03.2003 are furnished below.

Sl. No	Name of the Banks	Balance as on 31.3.2003	
		Rs.	P.
1.	S.B.I, (CS) A/c No 5516	5,80,735.87	
2.	S.B.I., IDCO Tower A/c No 01000005483	4,74,340.05	
3.	UCO Bank, C/A No.6081110,50,000.00		
4.	Union Bank, A/c No 24026	4,05,505.60	
	Date: 28.09.03	25,10,581.52	

4. Drawal of Heavy Cash In excess of reuirements

It was observed that heavy cash has been drawn from banks 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 of such heavy cash balances drawn from banks without requirement.



The Instances of such heavy drawals of cash without requirement are furnished below:

Date	Opening balance(Rs.)	Withdrawal of cash (Rs.)	Total balance(Rs.)	Expenditure (Rs.)	Closing balance (Rs.)
05.04.02	4,290.55	20,000.00	24,290.55	8,000.00	16,290.55
12.04.02	490.55	25,000.00	25,490.55	10,587.40	14,903.15
17.04.02	4,903.15	25,000.00	29,903.16	NIL	29,903.15
29.04.02	26,012.15	2,40,200.00	2,66,212.15	2,15,394.30	50,817.85
01.06.02	666.85	30,000.00	30,666.85	17,443.00	13,223.85
06.05.02	12,468.85	50,000.00	62,468.85	31,130.80	31,338.05
07.05.02	31,338.05	10,000.00	41,338.05	5,500.00	35,838.05
16.05.02	33,918.05	65,000.00	98,918.05	54,623.00	44,295.05
13.06.02	6,367.05	40,000.00	46,367.05	28,425.00	17,942.05
21.06.02	9,951.05	30,000.00	39,951.05	19,476.00	20,475.05
31.07.02	2,166.65	50,000.00	52,166.65	28,628.00	23,538.65
03.08.02	633.90	20,000.00	20,633.90	3,982.00	16,651.90
20.08.02	2,119.90	50,000.00	52,119.90	6,532.00	45,587.90
26.08.02	16,801.90	20,000.00	36,801.90	6,000.00	30,801.90
09.09.02	2,969.30	20,000.00	22,969.30	1,001.50	21,967.80
20.09.02	296.45	20,000.00	20,296.45	NIL	20,296.45
10.10.02	291.95	50,000.00	50,291.95	3,963.50	46,328.45
16.10.02	29,646.45	30,000.00	59,646.45	27,641.65	32,004.80
02.11.02	16,683.80	50,000.00	66,683.80	9,210.00	57,473.80
07.12.02	5,886.05	20,000.00	25,886.05	3,000.00	22,886.05
31.12.02	9,911.55	20,000.00	29,911.55	NIL	29,911.55
08.01.03	3,441.30	50,000.00	53,441.30	NIL	53,441.30
16.01.03	14,925.30	50,000.00	64,925.30	NIL	64,925.30
17.01.03	64,925.30	50,000.00	1,14,925.30	50,000.00	64,925.30
24.01.03	26,350.30	15,000.00	41,350.30	3,790.00	37,560.30



Non-recovery of pass fees from the suppliers

During the year under audit 8275 nos. of passes worth Rs.4,13,750.00 have been issued to the Suppliers for which no recovery was made from the Suppliers nor any provision is made for such outstanding dues in the books of accounts of the corporation during the years.

Advance payment of Sales Tax

As per the direction of Additional Commissioner of Sales Tax, Puri communicated in his Memo No.1141 / CT dt. 29.5.2001, the Corporation was to pay Sales Tax within one month of expiry of each month. But the corporation has paid Rs.1.00 crore towards advance Sales Tax for the month of March, 2003 on 29.3.2003. The payment of advance sales tax of Rs.1.00 crore before the due date has resulted loss of interest to the Corporation.

Purchase of Books & Journals

During the year under audit a sum of Rs. 1,43,675.25 has been spent by the Corporation towards purchase of books and journals without approval of the Board of Directors of the Corporation. On verification, it was observed that some books purchased are entirely for reading purpose and not at all useful for official purpose. It is not understood why such books which are not at all useful for official purposes were purchased.

Bhubaneswar
Date: 11.08.2005

For AGASTI & ASSOCIATES
Chartered Accountants
Sd/

(P.K. Mahapatra)
Partner
M.No. 4847



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
BALANCE SHEET AS AT 31ST MARCH, 2003

	Sch. No.	As at. 31.03.2003	Rs.	P.	Rs.	P.
SOURCES OF FUNDS						
(1) Share -holder's Funds						
(a) Share Capital	1	10,000,000.00	10,000,000.00			
(b) Reserves & Surplus	2	17,916,279.12	14,091,012.33		24,091,012.33	
(2) Loan fund		27,916,279.12				
(a) Secured Loans	3	10,466,178.50				
(b) Unsecured Loans	4	12,400,000.00	12,400,000.00		12,400,000.00	
Total		<u>50,782,457.62</u>			<u>36,491,012.33</u>	
B. APPLICATION OF FUNDS						
(1) Fixed Assets:	5					
(a) Gross Block		15,249,844.25	12,230,254.10			
(b) Less: Depreciation		5,011,817.45	2,049,821.66			
(c) Net Block			10,238,026.80		10,180,432.44	
(2) Current Assets						
Loans and Advances						
(2) Current Assets:						
(a) Cash & Bank Balances	6	125,045,078.95	138,389,272.84			
(b) Other Current Assets	7	4,560,325.37	2,783,666.00			
(c) Loans & Advances	8	118,162,376.35	18,278,826.31			
		<u>247,767,780.67</u>	<u>157,451,765.15</u>			
Less: Current Liabilities and Provisions						
(a) Current Liabilities	9	198,261,539.65	124,369,112.46			
(b) Provisions	10	9,108,655.00	6,992,340.00			
		<u>207,370,194.65</u>	<u>131,361,452.46</u>			
			40,397,586.02		26,090,312.69	
(3) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF ERROR ADJUSTED						
Preliminary Expenditure		146,844.80			220,267.20	
Total		<u>50,782,457.62</u>			<u>36,491,012.33</u>	

Schedules 1 to 17 and significant Accounting Policies and Explanatory notes annexed hereto form part of the Balance Sheet and Profit & Loss Account.

As per reprot attached

FOR AGASTI & ASSOCIATES
 CHARTERED ACCOUNTS
 Sd/-
 P.K. Mahapatra
 partner
 (Membership No.4847)

FOR ORISSA STATE BEVERAGES
 CORPORATIONS LTD
 Sd/-
 Archana Das Pattanaik
 Gen. Manager (Fin)/C

FOR ORISSA STATE BEVERAGES
 CORPORATIONS LTD
 Sd/-
 Syed Osatullah, I.A.S
 Director

FOR ORISSA STATE BEVERAGES
 CORPORATIONS LTD
 Sd/-
 Arun Kumar Samantaray, I.A.S
 Chairman cum-Managing Director

Place : Bhubaneswar,
 Dt : 11.08.2005



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
PROFIT & LOSS ACCOUNTS OF THE YEAR ENDING 31ST MARCH 2003

As at. 31.03.2002

	Sch No	Figure For the Year Ending 31.03.2003	Figure For the Year Ending 31.03.2002
INCOME:			
Margin on operation		139,201,722.65	110,847,332.44
Export Permit Pass Commission		828,173.85	534,404.00
Interest on Term Deposit		6,607,532.00	4,329,145.00
Registration Fee Collected		292,040.00	277,340.00
Cash Discount		2,620,995.25	3,097,750.67
Total Income		149,550,463.75	119,085,972.11
EXPENDITURE			
Advertisement & Business Develop.	11	130,010.60	722,289.25
Communication & Development	12	377,765.45	479,894.60
Godown Rent & Expenses		9,718,161.49	7,239,723.35
Office Rent		1,139,520.00	1,257,626.50
Office Expenses	13	898,131.03	850,812.65
Professional & Legal Charges	14	80,900.00	190,150.00
Donation		5,000,000.00	-----
Salary & Wages	15	5,719,325.70	7227,023.40
Vehicle Maintainance		-----	70,042.35
Travelling & Conveyance		191,593.60	505,612.50
Hire Charges of vehicle		1,687,321.80	1,403,466.75
Audit Fees and Expenses	16	307,000.00	218,850.00
Insurance Premium		808,640.00	479,206.00
Licence, Privilege & Lable Reg. Fees		100,180,000.00	63,268,334.00
Printing & Stationery		321,398.10	1,461,872.35
Repair & Maintenance		150,305.00	197,933.05
Security Service charges		11,248,295.00	8,867,067.00
Financial Charges	17	2,435,096.00	2,794,146.00
Preliminary Expenses written off		73,422.40	73,422.40
Depreciation		2,960,841.71	1,883,170.16
Total Expenditure		143,607,727.88	99,191,242.31
NET PROFIT (LOSS) THE YEAR		5,942,735.87	19,894,729.80
Less: Prior Period Expenses		1,154.08	225,510.90
PROFIT/(LOSS) BEFORE TAXATION		5,941,581.79	19,669,218.90
LESS: Provision for Taxation		2,116,315.00	6,572,340.00
PROFIT/(LOSS) AFTER TAXATION		3,825,266.79	13,096,878.90
Add: Balance Profit Brought from Last year		14,091,012.33	994,133.43
BALANCE PROFIT TRANSFERED TO BALANCE SHEET		17,916,279.12	14,091,012.33

Schedule 1 to 17 and significant Accounting Policies and Explanatory notes annexed hereto form part of the Balance Sheet and profit & Loss Account

As per report attached

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTSSd/-
P.K. Mahapatra
partner
(Membership No.4847)FOR ORISSA STATE BEVERAGES
CORPORATION LTDSd/-
Archana Das Pattanaik
Gen. Manager (Fin) I/cFOR ORISSA STATE BEVERAGES
CORPORATION LTDSd/-
Syed Osatullah, I.A.S
DirectorFOR ORISSA STATE BEVERAGES
CORPORATION LTDSd/-
Arun Kumar Samantaray, I.A.S
Chairman cum-Managing Director



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

SCHEDULE -1

	As at 31.03.2003		As at 31.03.2002	
	Rs.	P.	Rs.	P.
SHARE CAPITAL				
Authorised				
50,00,000 Equity Shares of Rs. 10/- each	50,000,000.00		50,000,000.00	
Issued Subscribed & Paid up Capital				
10,00,000 Equity Shares (Previous Year 7 nos)	10,000,000.00		70.00	
Rs.10/- each				
Advance Share Capital Pending Allotment			9,999,930.00	
Total	10,000,000.00		10,000,000.00	
	=====			

SCHEDULE-2

RESERVES & SURPLUS			
Profit & Loss Account	17,916,279.12		14,091,012.33
TOTAL	17,916,279.12		14,091,012.33
	=====		

SCHEDULE-3

SECURED LOAN			
Short Term Loan from Union Bank of India, C.S. Pur			
(against security of Short Term Deposit of Rs.6.00 Crore)	10,432,929.50		
Interest Accrued and due on above	33,249.00		
TOTAL	10,466,178.50		-----
	=====		

SCHEDULE -4

UNSECURED LOAN			
Loan From Government of Orissa	10,000,000.00		10,000,000.00
Interest Accrued and due on above	2,400,000.00		2,400,000.00
TOTAL	12,400,000.00		12,400,000.00
	=====		



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
SCHEDULE-5

FIXED ASSETS

Sl. No.	ITEM	Cost As on 01.04.02	Addition the year	Deletion sale during the year	Total Cost As on 31.03.03	Depreciation as on 01.04.02	Depreciation during the year	Depreciation adjusted during the year	Total Depreciation as on 31.03	Written value as 31.03.02	Written Values as 31.03.03
1	Air conditioner	604,303.00	292,028.15		896,331.15	77,350.57	107,390.53		184,741.10	526,952.43	711,590.05
2	Computer	4,744,534.00	69,050.00		4,813,584.00	992,220.41	1,520,221.60		2,512,442.01	3,752,313.59	2,301,141.99
3	Furniture & Fixture	3,658,355.50	41,520.00		3,699,875.50	572,125.30	565,422.75		1,37,548.05	3,086,230.20	2,562,327.45
4	Electrical Fittings	796,614.60			796,614.60	86,936.54	96,716.22		185,652.76	709,678.06	610,961.84
5	Office Equipments	2,033,606.00	27,650.00		2,061,256.00	193,669.05	258,795.77		452,464.82	1,839,996.95	1,608,791.18
6	Vehicle	392,841.00	1,796,222.00		2,189,063.00	127,519.79	308,984.55		436,504.34	265,321.21	1,752,558.66
7	Audio Visual		793,120.0		793,120.00		102,464.37		102,464.37		690,855.63
	TOTAL	12,230,254.10	3,019,590.15		15,249,844.25	2,049,821.66	2,961,995.79		5,011,817.45	10,180,432.44	10,238,026.80



SCHEDULE -6

	As at 31.03.2003		As at 31.03.2002	
	Rs.	P.	Rs.	P.
Cash & Bank Balance				
(a) Cash in Hand		12,494.85		24,290.55
(b) Cheques in Hand & Transit	56,075,351.50		33,975,103.32	
(c) Balance with Schedule Banks				
(i) In Current Accounts		3,020,603.60		53,389,878.97
(ii) In Term Deposits		65,936,629.00		49,000,000.00
TOTAL		125,045,078.95		136,389,272.84

SCHEDULE-7

OTHER CURRENT ASSETS				
(a) Security Deposits		11,008.00		11,008.00
(b) Accrued Interest On Term Deposits		2,337,840.00		48,863.00
(c) Income Tax Deducted at Source (Receivable)		1,226,716.00		949,578.00
(d) Sundry Debtors		26,453.37		9,614.00
(e) Entry Tax Receivable		932,603.00		932,603.00
(f) Recoverable From State Govt. towards Lable Fee		-		832,000.00
(g) Receivable From Govt.(Others)		25,705.00		-
TOTAL		4,560,325.37		2,783,666.00

SCHEDULE-8

Loans And Advances				
(Advances Recoverable in cash or in Kind or for value to be Received).				
(Unsecured Considered Good)				
(a) Advance To Employees		434,000.35		477,013.60
(b) Advance Income Tax		16,944,020.00		4,730,000.00
(c) Pre-paid Insurance		753,856.00		564,170.00
(d) Other Advances		100,030,500.00		12,500,500.00
(e) Advance To Suppliers		-		7,142.71
TOTAL		118,162,376.35		18,278,826.31

SCHEDULE -9

Current Liabilities				
(a) Sundry Creditors				
(i) Total Outstanding Dues to Small Scale Industrial Under-taking				
(ii) Total Outstanding dues of Creditors other than Small Scale undertaking		128,152,791.88		90,921,116.56
(b) Other Liabilities				
(i) Security Deposits Received		5,800,000.00		5,300,000.00
(ii) Additional Security Deposits		148,540.50		86,492.50
(iii) Duties & Taxes payable to Govt. Of Orissa		52,184,936.73		21,305,875.21
(iv) Advance from Retailers		2,090,321.94		1,520,948.80
v) Providend Fund Dues		40,126.00		40,126.00
(vi) Dues Under Group Saving Linked Insurance Scheme		980.00		980.00
(vii) Registration Fees Pending Allocation		2,144,170.00		2,289,210.00
(viii) Other Liabilities		7,699,672.60		2,904,363.39
TOTAL		198,261,539.65		124,369,112.46

SCHEDULE-10

Provisions				
(a) Provision For Income Tax (2000-01)		420,000.00		420,000.00
(b) Provision For Income Tax (2001-02)		6,572,340.00		6,572,340.00
(c) Provision For Income Tax (2002-03)		2,116,315.00		-
TOTAL		9,108,655.00		6,992,340.00



SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE -11

	As at 31.03.2003		As at 31.03.2002	
	Rs.	P.	Rs.	P.
(a) Advertisement				
(b) Business Expenses			523,611.50	
TOTAL	130,010.60		198,677.75	
	130,010.60		722,289.25	

SCHEDULE-12

<u>Communication & Development</u>				
(a) Postages & Telegram		41,337.25		13,547.25
(b) Telephone Charges		261,227.20		308,497.35
(c) Website Development Expenses		45,429.00		28,200.00
(d) Computer Software		29,772.00		129,650.00
TOTAL		377,765.45		479,894.60

SCHEDULE-13

<u>Office Expenses</u>				
(a) News Papers and Periodicals		6,565.00		8,523.10
(b) Electric Charges		676,621.78		598,631.40
(c) Office Expenses		51,931.00		75,078.30
(d) Misc. Office. Expenses		1,698.00		-
(e) Water Charges		17,640.00		17,812.00
(f) Books and Journals		143,675.25		139,390.50
(g) Office Maintenance		-		11,377.35
TOTAL		898,131.03		850,812.65

SCHEDULE-14

<u>Professional & Legal Charges</u>				
(a) Company Secretary's Retainer Fees		30,000.00		36,000.00
(b) Legal Charges		19,900.00		152,150.00
(c) Professional Charges		31,000.00		2,000.00
TOTAL		80,900.00		190,150.00

SCHEDULE-15

<u>Salaries & Wages</u>				
(a) Accounting Service Charges				325,716.00
(b) Leave Encashment				305,127.00
(c) Leave Salary & Pension Contribution				415,663.00
(d) Misc. Wages paid		81,948.00		25,000.00
(e) Salary & Allowance		5,557,377.70		5,644,974.40
(f) Consultancy Fees		80,000.00		511,143.00
TOTAL		5,719,325.70		7,227,623.40



SCHEDULE-16

	As at 31.03.2003		As at 31.03.2002	
	Rs.	P.	Rs.	P.
<u>Audit Fees & Expenses</u>				
(a) Statutory Audit Fees	35,000.00		16,400.00	
(b) Statutory Audit Expenses	-		5,000.00	
(c) Tax Audit Fees	10,000.00		15,500.00	
(d) Tax Audit Expenses	-		3,150.00	
(e) Internal Audit Fees	100,000.00		103,600.00	
(f) Internal Audit Expenses	-		4,700.00	
(g) Other Audit Fees	162,000.00		70,500.00	
TOTAL	307,000.00		218,850.00	

SCHEDULE-17

<u>Financial Charges</u>				
(a) Bank Charges	1,847.00		387,572.00	
(b) Interest On Car Loan	-		6,574.00	
(c) Interest On Short Term Loan	33,249.00		-	
(d) Interest on Govt. Loan	2,400,000.00		2,400,000.00	
TOTAL	2,435,096.00		2,794,146.00	



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

Significant Accounting Policies

1) Basis of Preparation of Financial Statements

- (a) The accounts are drawn up on the Historical cost convention and an 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 sale tax, if any
- (b) Cash discount received / receivable 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. However, the above method of computation of Cash Discount has been changed in the year 2004-05 with retrospective effect generating total additional revenue of Rs. 1,18,31,582.14 up to 2002-03 (Including Rs. 25,53,829.29 for 2002-03) and has been recognized as income in the Financial Year 2004-05. In the changed method, the Cash Discount is being computed on payment made to suppliers added with reinvestment in Excise Duty.
- (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.



- (f) Pass Fees are shown as expenses in the Profit & Loss Account conventionally and borne by the corporation on behalf of the suppliers. This convention has been amended in the year 2004-2005 wherein the Pass Fees are to be borne by the respective Suppliers, as approved by the Chairman in the financial year 2003-04, with retrospective effect. The amount of Pass Fees involved up to 2002-03 is Rs. 8,21,650.00 (Including Rs.4,13,750.00 for 2002-03).

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 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 employee of the Corporation have been brought on deputation from the State Government of Orissa and other Public Sector undertaking. They are guided by the terms of Deputation as fixed/ to be fixed by the State Government of Orissa /other Public Sector Undertaking. 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 Import Permits for procurement of IMFL & BEER are considered as Additional Security received from the respective Supplier and considered in the Financial Statement as Additional Security deposits.
2. The balance confirmations from various retailers and suppliers are not obtained.
3. The reconciliation of sales tax collected and sales tax paid, entry tax collected and entry tax paid, retailer's balance and supplier's balance are in progress.
4. Sales made on behalf of the supplier during the year are credited to respective suppliers accounts 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 Rules.
6. One tenth of the registration fees collected from the supplier 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. 20,90,321.94 and Debit Balance of Rs. 26,453.37 as on 31.03.03. The Credit Balance of Rs. 20,90,321.94 has been taken under the head 'Advance from Retailer' in the liabilities side and the Debit Balance of Rs.26,453.37 has been taken under the head 'Sundry Debtor's in the Asset side of the Balance Sheet.
9. Interest on Term Deposits as showed in the Profit & Loss Account for the year (Rs.66,07,532/-) is Gross.
10. Previous year's figures relate to the period from 01.04.2001 to 31.03.2002



11. Previous year's figures have been regrouped or rearranged wherever necessary
12. Salary & wages includes Rs. 3,555/- paid as Salary and Travelling & Conveyance includes Rs. 95,935/- paid towards Travelling Allowance to Chairman-cum-Managing Director.
13. Loans and Advance due from the Chairman-Cum-Managing Director at the end of the year is Rs. 66.450/-
14. Godown Rent has been paid/provided on provisional basis pending PWD valuation.
15. The Income Tax Assessments up to the Assessments year 2002-03 have been completed. However, the Income Tax Authorities have disallowed the payment of Privilege Fee amounting to Rs. 1,25,00,000.00 considering this as capital payment. Against service of such adverse order the corporation has preferred an appeal before the Commissioner (I.T. Appeal), which is still pending.
16. 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 years:
 - (i) No Employees Nil
 - (ii) Salary & Wages Nil
 - (iii) Corporation's Contribution to provident & other funds Nil

**For Agasti & Associates
Chartered Accountants**

Sd/-	Sd/-	Sd/-	Sd/-
(P.K. Mohapatra) Partner (Membership No. 4847)	(Mrs. A. Das Pattnaik) General Manager(F)/C	(Syed Osatullab, I.A.S) Director	(A.K. Samantaray, I.A.S) Chairman -cum Managing Director



PART-IV
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details
Registration No.

State Code

Balance Sheet Date
Capital raised during the year (Amount in Rs. Thousand)

Public Issue

Right Issue

Bonus Issue

Private Placement

Position of Mobilisation and Development of Fund (Amount in Rs. Thousand)

Total Liabilities

Total Assets

Sources of Funds

Capital Fund

Reserve & Surplus

Sesured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

Performance Company (Amount in Thousands)

Total Income

Total expenditure

Profit before tax

Profit After Aax

Earning per share in Rs.

Dividend rate %

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

Item code

(ITC CODE)

Product Description

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTS

Sd/-

P.K. Mahapatra
partner

Membership No.4847

FOR ORISSA STATE BEVERAGES
CORPORATIONS LTD

Sd/-

Archana Das Pattanaik
Gen. Manager (Fin)/C

FOR ORISSA STATE BEVERAGES
CORPORATIONS LTD

Sd/-

Syed Osatullah, I.A.S
Director

FOR ORISSA STATE BEVERAGES
CORPORATIONS LTD

Sd/-

Arun Kumar Samantaray, I.A.S
Chairman cum-managing Director