

4th Annual Report 2003-2004



ORISSA STATE BEVERAGES CORPORATION LIMITED

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BOARD OF DIRECTORS AS ON 31.03.2004

1. Shri A. K. Tripathy, I.A.S.	Chairman
2. Dr. U. Sarat Chandran, I.A.S.	Director
3. Shri J. K. Mohapatra, I.A.S.	Director
4. Shri G. Mohan Kumar, I.A.S.	Director
5. Shri Vijay Arora, I.A.S.	Director
6. Shri S. N. Sarangi, I.A.S.	Managing Director

PRESENT BOARD OF DIRECTORS

1. Shri G. V. V. Sarma, I.A.S.	Chairman
2. Shri A. K. Samantaray, I.A.S.	Director
3. Shri B. K. Pattanaik, I.A.S.	Director
4. Shri Sudarsan Nayak, I.A.S.	Director
5. Shri Netrananda Ray, O.F.S.-I (S.A.G.)	Director
6. Shri Soumya Prasad Misra, I.A.S.	Managing 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 2003-04

To
 The Members,
 Orissa State Beverages Corporation Limited

Your Directors have pleasure in presenting the Fourth Annual Report of the Corporation with Audited Statement of Accounts for the year ended on 31st March 2004.

FINANCIAL HIGHLIGHTS :

The financial results of the Company for the year ended 31st March 2004 vis-à-vis 31st March 2003 are :

	For the Year ended 31.03.2004 (Amount in Rs.)	For the Year ended 31.03.2003 (Amount in Rs.)
Income	152,202,710.77	149,550,463.75
Expenditure	140,514,176.30	140,573,463.77
Less: Preliminary Expenditure Written off	73,422.40	73,422.40
Add/(Less) : Prior Period Income/Expenses	684,168.00	(1154.08)
Profit before Depreciation and Tax	12,299,280.07	8,902,423.50
Less : Depreciation	2,341,846.30	2,960,841.71
Profit after Depreciation and before Tax	9,957,433.77	5,941,581.79
Less : Provision for tax	3,625,458.00	2,116,315.00
Profit after Tax	6,331,975.77	3,825,266.79

**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. 152,202,710.77 and the total expenditure was Rs. 142,929,445.00. The net profit for the year is Rs. 6,331,975.77.

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 share capital and paid-up equity share capital of your Corporation remained at Rs. 5.00 Crores and Rs. 1.00 Crore respectively as on date of this report. Government of Orissa and its nominee hold the entire equity share capital of the Corporation.

MANAGEMENT :

During the year Sri Ajit Kumar Tripathy, IAS and Sri Sailendra Narayan Sarangi, IAS continued as Chairman and Managing Director respectively.

Sri Jugal Kishore Mohapatra, IAS, Sri G. Mohan Kumar, IAS, Sri Vijaya Arora, IAS, Sri Ranga Lal Jamuda, IAS and Dr. U. Sarat Chandran, IAS continued as Directors of the Corporation during the financial year. Sri Ranga Lal Jamuda, IAS ceased to be a Director of Corporation w.e.f. 25.11.2003.

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 2003-2004.

**COMMENTS ON AUDITORS' REPORT :**

The replies of the management on the observation made by the Statutory Auditors and the C&AG of India on the Accounts of the Corporation for the year 2003-2004 are enclosed with this report in annexure - I & II respectively.

SECRETARIAL COMPLIANCE CERTIFICATE :

As per proviso to sub-section (1) of Section 383A of the Companies Act, 1956, we are hereby enclosing a Secretarial Compliance Certificate for the year ended 31st March 2004 with this report in Annexure - III.

MEASURES' TAKEN FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUT GO :

Considering the nature of business of the Orissa State Beverages Corporation Limited, the information relating to the provisions of section 217(1)(c) 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 2004 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 them 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 the financial year and of the profit or loss of the Company for the year under report.
3. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGEMENT :**

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

On behalf of the Board

Sd/

**G.V.V. Sarma
(CHAIRMAN)**

Place : Bhubaneswar

Date : 19/12/2006

**ANNEXURE-I**

**REPLIES OF THE MANAGEMENT ON THE COMMENTS OF THE STATUTORY
AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR 2003-2004**

COMMENTS OF THE STATUTORY AUDITORS ON THE ACCOUNTS OF OSBC LTD. FOR THE YEAR ENDED 31ST MARCH 2004	REPLIES OF THE MANAGEMENT
<p>1. Entry tax payable Rs. 437,148.33. Entry Tax is first deposited by the Corporation on behalf of the suppliers for the stock supplied by them, which is subsequently recovered on disposal of liquor to retailers. As such, entry tax is recovered on the carryover stock, at the revised landing price. This differential entry tax so recovered is payable to government. But no steps have been taken by the Corporation to quantify this differential entry tax refundable to government and deposit the same with the government.</p> <p>2. Advance payment of Statutory Dues and Fees : The Corporation has deposited Rs. 55,788,105/- towards Sales Tax and Surcharge for the month of March' 2004 on 26.03.2004 as adhoc advance deposit, though liability for deposit arises within one month of expiry of each month. Similarly, the Corporation has deposited licence fees for the year 2004-05 in advance amounting to Rs. 10 Crore, though as per excise policy of the State Government for the year 2004-05, communicated vide letter No. 889, Dt. 13.02.04, such fees are payable in quarterly installments during the year 2004-05. Such advance payment result in loss of interest to the Corporation.</p>	<p>M/s. Agasti and Association was the Statutory Auditors appointed by C&A.G. for the year 2000-01 to 2003-04 and the said Auditors have audited it. It was not pointed out in the audit report of the previous years. Since this is pointed out only in the audit report for 2003-04, it will take some time to calculate the differential components of Entry Tax from 2000-01 till 2003-04 and subsequent years also. Steps have been initiated for arriving at the differential Entry Tax and depositing the same with Sales Tax authorities.</p> <p>Payment of Sales Tax in advance has been made as per Government instruction. It may be noted that Rs.55,788,105/- has been adjusted towards the Sales Tax dues for the month of March - 2004 paid in April - 2004. The Corporation has deposited Licence Fees of Rs.10.00 Crore in one installment for the year 2004-05 on 23.03.2004 to Government in Excise Department. The said payment has been made as per the Policy decision of the Government in Excise Department and instruction to OSBC.</p>



COMMENTS OF THE STATUTORY AUDITORS ON THE ACCOUNTS OF OSBC LTD. FOR THE YEAR ENDED 31 ST MARCH 2004	REPLIES OF THE MANAGEMENT
<p>3. Registration fees from suppliers : The Corporation could not furnish a list of suppliers liable to pay registration fees for the year 2003-04, for want of which we could not verify if registration fees have been collected from all the suppliers during the year.</p>	<p>The Corporation used to collect one time Registration Fees from the suppliers at the time of its registration only. The same has been maintained in the file "Registration of Companies" which was also provided to the Statutory Auditor.</p> <p>The Board of Directors in its 14th meeting on 29.12.2003 held that, the registration fees of Rs. 20,000/- be collected from each supplier in the month of Jaunary of each year. Accordingly, the Corporation has collected registration fees from the suppliers and necessary entry has been made in the concerned party ledger. However, a detailed list of the suppliers has been prepared and shall be place before the Statutory Auditors for the FY 2004-2005. Thereafter, the matter shall be placed before the Board of Directors for decision and follow up action.</p>
<p>4. Business promotion expenses : The Corporation has paid Rs.5.00 lacs to I & P.R. Deptt., Govt. of Orissa for celebration of Utkal Divas and shown the payment as business promotion expense during the year, which, in our opinion, is donation in nature.</p>	<p>The payment of Rs. 5.00 lacs to I&P.R. Department, Govt. of Orissa, has been made for celebration of Utkal Divas as per the approval of the Board of Directors. However, the points raised by the Auditor is noted.</p>
<p>5. Other Liabilities : Schedule for "other liabilities' (Rs. 7,182,481.70) as on 31.03.04 has not been prepared and produced to audit for verification.</p>	<p>The Corporation is now reconciling the Other Liabilities account. However, the detail accounts shall be placed before the</p>



COMMENTS OF THE STATUTORY AUDITORS ON THE ACCOUNTS OF OSBC LTD. FOR THE YEAR ENDED 31 ST MARCH 2004	REPLIES OF THE MANAGEMENT
<p>6. Provision for Income Tax As per the taxable profit earned by the Corporation for the year 2003-04, provision of Rs. 3,504,268/- should have been made for Income Tax, whereas the Corporation has provided Rs. 3,611,647/- towards Income Tax during the year, resulting in an excess provision of Rs. 107,379/-</p>	<p>Auditors in the accounts for the Financial year 2004-05</p> <p>Suggestion noted for rectification in Accounts in the FY 2004-05</p>



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OSBC LTD FOR THE YEAR ENDED 31 ST MARCH 2004	REPLIES OF THE MANAGEMENT
<p>1. Profit and Loss Account</p> <p>Income :</p> <p>Cash Discount : Rs. 44.02 lakh</p> <p>An amount of Rs. 1.54 crore including Rs. 36.04 lakh for the current year was recoverable towards short collection of revenue due to adoption of wrong methodology in computing cash discount. Despite the decision (June 2004) by the Board of Directors to recover the same and the comment of the C&AG on the accounts for the year 2001-02 and 2002-03, 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. 36.04 lakh and income for prior periods by Rs.1.18 crore leading to understatement of profit by Rs. 1.54 crore. This has also resulted in understatement of Current Assets by Rs. 1.54 crore.</p> <p>2. General</p> <p>Registration Fees Collection Files, EPF Records and groupings, Sundry Debtors and Sundry Creditors control register, Purchase and Sales vouchers ere not produced to audit for verification.</p>	<p>The Cash Discount shown in P/L account both for the period of audit and period prior to that are in accordance to the approved method as disclosed in the notes to accounts (para 14). Hence, it may not be reviewed as under statement of income relating to the above periods. The revise computation amount which are higher then the previous figures are followed by a Corporate resolution made on 26.6.2004, which may be viewed as a change in the accounting policy. The year of accrual of such differential excess income is to be the year in which policy was amended. As per that, the Corporation has accounted for such differential cash discount in the F.Y. 2004-05 and accordingly the income tax return has been filed and the advance tax has also been paid on such differential income. Hence, the para may be dropped.</p> <p>i) Registration fees collection files.</p> <p>The Corporation was collecting one time Registration Fees from the suppliers at the time of its registration only. the same has been maintained in the file "Registration of Companies" which was also provided to Audit party.</p>



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OSBC LTD FOR THE YEAR ENDED 31 ST MARCH 2004	REPLIES OF THE MANAGEMENT
	<p>The Board of Directors in its 14th meeting on 29.12.2003 held that, the registration fees of Rs. 20,000/- be collected from each supplier in the month of January of each year. Accordingly, the Corporation has collected registration fees from the suppliers and necessary accounting entry has been made. However, the concerned file is available for verification.</p> <p>(ii) EPF Records</p> <p>The Corporation has not yet been registered with EPF Authorities and as such Regn. No. has not been allotted to the Corporation.</p> <p>The E.P.F. subscriptions recovered from the pay bill of the employees on deputation to the Corporation are remitted each month to the parent organization of those employees for deposit of the EPF amount. Hence no EPF records are available with us.</p> <p>This is further to state that Corporation does not have its own employees attracting EPF Registration.</p> <p>(iii) Sundry Debtors and Sundry Creditors Control Register :</p> <p>The nature of transaction of the Corporation does not have any Sundry Debtors. The debit balance if any in Suppliers Account, Retailers Accounts are accounted for as Sundry Debtors.</p>



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OSBC LTD FOR THE YEAR ENDED 31 ST MARCH 2004	REPLIES OF THE MANAGEMENT
	<p>The accounts of the Corporation are fully computerized. The Sundry Creditor subsidiary ledger and control Register are maintained through computer and no hard copy is maintained due to voluminous size of Sundry Creditors and Sundry Debtors.</p> <p>(iv) Sales Vouchers The invoices raised by the Corporation on disposal of liquor were produced before the audit party.</p> <p>(v) Purchase Vouchers There is no purchase vouchers maintained by Corporation considering the nature of business of the Corporation. However, the Goods Receipt Notes against receipt of stock at different godown are available at Head Office for verification.</p>



सत्यमेव जयते

No. 3444, Dtd. 03.11.06

**OFFICE OF THE ACCOUNTANT GENERAL
(CW&RA) ORISSA, BHUBANESWAR.**

No. CAD (T)/Accts/OSBC/03-04/8/06-07/447

Dated 24.10.2006

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 2004.*

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 2004.

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/-
(ATREYEE DAS)
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 2004.**

Profit and Loss Account.

Income

Cash Discount : Rs. 44.02 lakhs.

1. An amount of Rs. 1.54 crore including Rs. 36.04 lakh for the current year was recoverable towards short collection of revenue due to adoption of wrong methodology in computing cash discount. Despite the decision (June 2004) by the Board of Directors to recover the same and the comment of the C&AG on the accounts for the years 2001-02 and 2002-03, 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. 36.04 lakh and income for prior periods by Rs. 1.18 crore leading to understatement of Profit by Rs. 1.54 crore. This has also resulted in understatement of Current Assets by Rs. 1.54 crore.

General

2. Registration fees collection files, EPF records and groupings, Sundry Debtors and Sundry Creditors control register and Purchase and Sales vouchers were not produced to audit for verification.

Sd/-
(ATREYEE DAS)
ACCOUNTANT GENERAL



COMPLIANCE CERTIFICATE

Regd. No. of the Company : 15-006372

Nominal Capital : Rs. 50,000,000/-

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 2004. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and agents, we certify that in respect of the aforesaid financial year :

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



4. The Board of Directors duly met 4 (four) times on 21.06.2003, 20.08.2003, 29.12.2003 & 25.03.2004 being the dates in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not required closing its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended on 31st March 2003 was held on 22nd September 2003 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 2004.
8. The Company being a private company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under scrutiny.
13. The Company has :
 - (i) issued share certificates on transfer of shares during the year under scrutiny.
 - (ii) not deposited any amount in separate Bank Account, as no dividend was declared during the financial year.
 - (iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) duly complied with requirement of section 217 of the Act.



14. The Board of Directors of the Company was duly constituted. During the year Mr. R. L. Jamuda, Mr. Vijaya Arora & Dr. U. Sarat Chandran were appointed as new Directors and subsequently Mr. R. L. Jamuda ceased from directorship.
15. During the year Mr. Sailendra Narayan Sarangi appointed as new Managing Director, as per the direction of Government of Orissa.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Govt., Company Law Board, Regional Director, Registrar and such Authorities prescribed under the various provision of the Act during the financial year.
18. The Company being a Private Limited Company, the disclosure regarding interest in other concerns are not required.
19. The Company has not issued any securities during the financial year under scrutiny.
20. The Company has not bought back any shares during the financial year under scrutiny.
21. Since there are no preference shares or debentures, the question of redemption does not arise.
22. There were no restrictions necessitating the Company to keep abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited, accepted, any deposits including any un-accrued loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2004
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 Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provision of the Memorandum with respect to the object of the Company during the year under scrutiny.



28. The Company has not altered the provision of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provision of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecutions 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 : 03.09.2004**



ANNEXURE - A

REGISTERS AS MAINTAINED BY THE COMPANY.

Statutory Registers :

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

Other Registers :

1. Directors Attendance Register.
2. Members Attendance Register.

ANNEXURE - B

FORMS & RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDING 31ST MARCH 2004

Sl. No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time- Yes/No	If delay in filing whether requisite additional fee paid - Yes/NA
1	-	159(1)	Annual Return 30.09.2003	20.11.2003	Yes	-NA-
2	-	383A	Compliance Certificate 31.03.2003	20.11.2003	No	Yes
3	32	303(2)	Appointment of Directors on 21.06.03	16.07.03	Yes	NA
4	32	303(2)	Appointment and cessation of Directors on 20.08.2003	03.09.2003	Yes	NA
5	32	303(2)	Cessation of Director on 03.10.01	20.11.2003	No	Yes
6	32	303(2)	Cessation of Director on 11.01.2002	20.11.2003	No	Yes
7	32	303(2)	Appointment and cessation of Directors on 25.11.2003	22.12.2003	Yes	NA



AGASTI & ASSOCIATES

CHARTERED ACCOUNTANTS

Plot No. 97, Bhoi Nagar, Bhubaneswar

PIN 751022, Orissa, India

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, 2004 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 mis-statement. 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure -1 a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.

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) 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, 2004 and
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For AGASTI & ASSOCIATES
Chartered Accountants**

**Sd/-
(CA. P. K. Mahapatra)
Partner
M.No. 4847**

**Place : Bhubaneswar
Date : 19.07.06**



AGASTI & ASSOCIATES

CHARTERED ACCOUNTANTS

Plot No. 97, Bhoi Nagar, Bhubaneswar

PIN 751022, Orissa, India

ANNEXURE - I TO THE AUDITOR'S REPORT

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

- i)
 - 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 been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed during such verification.
 - c) The company has not disposed off any fixed assets during the year.
- ii)
 - a) The company does not have stock of finished goods, stores, spare parts and raw materials of its own. However, there is a system of physical verification of stock held at different godowns on behalf of suppliers at reasonable intervals.
 - b) In our opinion, as per information and explanations given to us, the procedure of physical verification followed by the company is reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion, as per information and explanations given to us, the company is maintaining proper records of inventory and the discrepancies, if any, between physical stock and book records noticed on such verification are properly dealt with in the books of accounts.
- iii) (a)(b)(c)&(d) The company has neither granted nor taken any loans, secured or unsecured to / from companies, firms, or other parties covered in the register maintained u/s 301 of the Act.
- iv) In our opinion and, according to the information and explanations given to us, as the company does not have purchases of stores, raw materials including components etc. and sale of goods, no adequate internal control procedure has been formed by the company



for purchase and sales. The company purchases furniture and fixture, office equipments and other assets for which no adequate internal control procedure commensurate with size of the company and nature of its business has been framed.

- v) (a) & (b) In our opinion, as per information and explanations given to us, there are no transactions during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
- vi) The company has not accepted any deposits from the public during the year within the meaning of sections 58A and 58AA of the Companies Act, 1956 and Rules framed there-under.
- vii) As explained to us maintenance of cost records has not been prescribed by the Central Government to the Company under section 209(1)(d) of the Companies Act, 1956.
- ix) a) As per checks carried out by us the company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Sales Tax, Customs duty, Excise Duty, cess and other statutory dues with appropriate authorities.
- b) There are Income Tax demands of Rs. 112,11,583/- and Rs. 168,73,071/- for the financial years 2001-02 & 2002-03 respectively which have been disputed by the company and appeals are pending before the Income Tax authorities for both the years. The demand of Rs. 1,68,73,071/- for the financial year 2002-03 has not been deposited. One Sales Tax demand of Rs. 2,60,33,321/- for the financial year 2001-02 is disputed and appeal is pending before the Asst. Commissioner, Commercial Taxes. Out of the total deposited the company has demanded Rs. 0.50 lacs and the balance amount is stayed by the Honourable High Court, Orissa.
- x) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in this financial year and in the financial year immediately preceding this financial year also.
- xi) The company has not defaulted in re-payment of dues to any financial institution or bank.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- xiii) As explained to us, this clause is not applicable to this company.
- xiv) As explained to us, the company is not dealing or trading in shares, securities, debentures or other investments.
- xv) As explained to us, the company has not given any guarantee for loans taken by others from banks or financial Institutions.
- xvi) As explained to us the term loans availed by the company were applied for the purpose for which the loans were obtained.
- xvii) As per information and explanations given to us, the funds raised by the company on short term basis have not been used for long term investment or vice-versa.
- xviii) As per information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) According to the Information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For AGASTI & ASSOCIATES
Chartered Accounts.**

**Sd/-
(CA P. K. Mahapatra)
Partner
M.No. 4847**

**Place : Bhubaneswar
Date : 19.07.2006**



AGASTI & ASSOCIATES

CHARTERED ACCOUNTANTS

Plot No. 97, Bhoi Nagar, Bhubaneswar

PIN 751022, Orissa, India

ANNEXURE - II TO THE AUDITOR'S REPORT

(Referred to in paragraph 4 in our report of even date)

1. Entry tax payable Rs. 4,37,148.33 :

Entry Tax is first deposited by the corporation on behalf of the suppliers for the stock supplied by them which is subsequently recovered on disposal of liquor to retailers. As such, entry tax is recovered on the carryover stock, at the revised landing price. This differential entry tax so recovered is payable to Government. But no steps have been taken by the corporation to quantify this differential entry tax refundable to Government and deposit the same with the Government.

2. Advance payment of Statutory Dues and Fees :

The corporation has deposited Rs. 5,57,88,105/- towards sales tax and surcharge for the month of March, 04 on 26.03.2004 as adhoc advance deposit, though liability for deposit arises within one month of expiry of each month.

Similarly, the corporation has deposited license fees for the year 2004-05 in advance amounting to Rs. 10.00 crore, though as per excise policy of the State Government for the year 2004-05, communicated vide letter no. 889, Dt. 13.02.04, such fees are payable in quarterly installments during the year 2004-05.

Such advance payment result in loss of interest to the corporation.

3. Registration fees from suppliers :

The corporation could not furnish a list of suppliers liable to pay registration fees for the year 2003-04, for want of which we could not verify if registration fees have been collected from all the suppliers during the year.

4. Business promotion expenses :

The corporation has paid Rs. 5.00 lacs to I & PR Dept., Govt. of Orissa for celebration of Utkal Divas and shown the payment as business promotion expense during the year, which, in our opinion, is donation in nature.



5. Other liabilities :

Scheduled for "other liabilities" (Rs. 71,82,481.70) as on 31.03.2004 has not been prepared and produced to audit for verification.

6. Provision for Income-Tax :

As per the taxable profit earned by the corporation for the year 2003-04, provision of Rs. 35,04,268/- should have been made for Income Tax, whereas the corporation has provided Rs. 36,11,647/- towards Income Tax during the year, resulting in an excess provision of Rs. 1,07,379/-.

**For AGASTI & ASSOCIATES
Chartered Accountants**

**Sd/-
(CA P. K. Mahapatra)
Partner
M.No. 4847**

**Place : Bhubaneswar
Date : 19.07.2006**



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
BALANCE SHEET AS AT 31ST MARCH, 2004.

	Sch No.	As At 31.03.2004		As At 31.03.2003	
		Rs.	P.	Rs.	P.
I. SOURCES OF FUNDS					
(1) Shareholders' Funds :					
(a) Share Capital	1	10,000,000.00		10,000,000.00	
(b) Reserve Capital	2	<u>24,248,254.89</u>	34,248,254.89	<u>17,916,279.12</u>	27,916,279.12
(2) <u>Loan Funds</u>					
(a) Secured Loan	3	—		10,466,178.50	
(b) Unsecured Loans	4	<u>14,800,000.00</u>	<u>14,800,000.00</u>	<u>12,400,000.00</u>	<u>22,866,178.50</u>
TOTAL :			<u>49,048,254.89</u>		<u>50,782,457.62</u>
II. APPLICATION OF FUNDS					
(i) <u>Fixed Assets</u>					
(a) Gross Block	5	15,253,244.25		15,249,844.25	
(b) Less : Depreciation		<u>7,353,663.75</u>		<u>5,011,817.45</u>	
(c) Net block			<u>7,899,580.50</u>		<u>10,238,026.80</u>
(2) Current Assets, <u>Loans and Advances</u>					
(a) Current Assets :					
(i) Cash & Bank Balance	6	151,818,398.93		125,045,078.95	
(ii) Other Current Assets	7	4,226,466.78		4,560,325.37	
(b) Loans & Advance	8	<u>141,278,351.57</u>		<u>118,162,376.35</u>	
		<u>297,323,217.28</u>		<u>247,767,780.67</u>	
Less: Current Liabilities & <u>Provisions</u>					
(a) Current Liabilities	9	<u>243,947,663.29</u>		<u>198,261,539.65</u>	
(b) Provisions	10	<u>12,300,302.00</u>		<u>9,108,655.00</u>	
		<u>256,247,965.29</u>		<u>207,370,194.65</u>	
Net Current Assets			<u>41,075,251.99</u>		<u>40,397,586.02</u>
(3) Miscellaneous Expenditure to the extent not written off or adjusted					
Preliminary Expenditure			<u>73,422.40</u>		<u>146,844.80</u>
TOTAL :			<u>49,048,254.89</u>		<u>50,782,457.62</u>

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

As per report attached

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

Sd/-
CA. P. K. Mahapatra
Partner
(Membership No. 4847)

Sd/-
Gen. Manager (Fin)

Sd/-
Director

Sd/-
Chairman-cum-Managing
Director

Place ; Bhubaneswar
Dae : 19.07.06



ORISSA STATE BEVERAGES CORPORATION LIMITED, BHUBANESWAR
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2004

	Sch No.	Figure For The Year Ending - 31.03.2004	Figure For The Year Ending - 31.03.2003
INCOME :			
Margin on operation		140,483,487.48	13,920,172.65
Export Permit Pass Commission		77,334.00	828,173.85
Interest on Term Deposit		6,625,888.00	6,607,532.00
Registration Fee Collected		561,440.00	292,040.00
Cash Discount		4,402,154.29	2,620,995.25
Other Income		52,407.00	
Total Income		152,202,710.77	149,550,463.75
EXPENDITURE :			
Advertisement & Business Develop	11	550,239.50	130,010.60
Communication & Developmt	12	243,980.55	377,765.45
Godown Rent & Expenses		8,912,808.40	9,718,161.49
Office Rent		992,873.00	1,139,520.00
Office Expenses	13	739,764.10	898,131.03
Professional & Legal Charges	14	113,741.00	80,900.00
Donation			5,000,000.00
Salary & Wages	15	5,398,582.30	5,719,325.70
Travelling & Conveyance		119,538.50	191,593.60
Hire Charges of Vehicle		626,860.00	1,687,321.80
Audit Fees and Expenses	16	118,820.00	307,000.00
Insurance Premium		900,811.00	808,640.00
Licence, Privilege & Lable Reg. Fees		110,027,000.00	100,180,000.00
Pringing & Stationery		235,346.50	321,398.10
Repair & Maintenance		45,924.05	150,305.00
Security Service Charges		9,064,052.40	11,428,295.00
Financial Charges	17	2,423,835.00	2,435,096.00
Preliminary Expenses written off		73,422.40	73,422.40
Depreciation		2,341,846.30	2,960,841.71
Total Expenditure		142,929,445.00	143,607,727.88
NET PROFIT/(LOSS) FOR THE YEAR		9,273,265.77	5,942,735.87
Add/Less : Polor period Income/Expenditure		684,168.00	1,154.08
PROFIT/(LOSS) BEFORE TAXATION		9,957,433.77	5,941,581.79
Less : Provision for Taxation (2000-01)		13,811.00	—
Provision for Taxation (2003-04)		3,611,647.00	2,116,315.00
PROFIT/(LOSS) AFTER TAXATION		6,331,975.77	3,825,266.79
Add: Balance Profit Brought from Last Year		17,916,279.12	14,091,012.33
BALANCE PROFIT TRANSFERRED TO BALANCE SHEET		24,248,254.89	17,916,279.12

Schedules I to 17 and significant Accounting Policies and Explanatory notes annexed here to form part of the Balance sheet and Profit & Loss Account

As per report attached

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

Sd/-
CA. P. K. Mahapatra
Partner
(Membership No. 4847)

Sd/-
Gen. Manager (Fin)

Sd/-
Director

Sd/-
Chairman-cum-Managing
Director

Place ; Bhubaneswar
Dae : 19.07.06



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

SCHEDULE - 1 : SHARE CAPITAL

	AS AT 31/03/2004		AS AT 31/03/2003	
	Rs.	P.	Rs.	P.
AUTHORISED :				
50,00,000 Equity Shares of Rs.10/- Each.				
Issued, Subscribed & Paid-up Capital :				
1000000 Equity Shares of Rs.10/- each.				
TOTAL	10,000,000.00		10,000,000.00	

SCHEDULE - 2 : RESERVES & SURPLUS

	Rs.	P.	Rs.	P.
Profit and Loss Account				
TOTAL	24,248,254.89		17,916,279.12	

SCHEDULE - 3 : SECURED LOAN

	Rs.	P.	Rs.	P.
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

	Rs.	P.	Rs.	P.
Loan From Government of Orissa	10,000,000.00		10,000,000.00	
Interest Accrued and due on above	4,800,000.00		2,400,000.00	
TOTAL	14,800,000.00		12,400,000.00	



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
SCHEDULE - 5

FIXED ASSETS

Sl. No.	ITEM	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK			
			Cost as on 01.04.03	Addition During the Year	Deletion/Sale during the Year	Total Cost As on 31.03.04	Depreciat-ion As on 01.04.03	Depreciat-ion During the Year	Deprecia-tion adjusted during the Year	Total Depreciat-ion As on 31.03.04	Written down Value As on 31.03.03	Written Down Value as on 31.03.04
1	Air Conditioner	13.91%	896,331.15	-	-	896,331.15	184,741.10	98,982.18	-	283,723.28	711,590.05	612,607.87
2	Computer	40.00%	4,813,584.00	-	-	4,813,584.00	2,512,442.01	920,456.80	-	3,432,898.81	2,301,141.99	1,380,685.19
3	Furniture & Fixture	18.10%	3,699,875.50	800.00	-	3,700,675.50	1,137,548.05	463,832.05	-	1,601,380.10	2,562,327.45	2,099,295.40
4	Electrical Fittings	13.91%	796,614.60	-	-	796,614.60	185,652.76	84,984.79	-	270,637.55	610,961.84	525,977.05
5	Office Equipment	13.91%	2,061,256.00	2,600.00	-	2,063,856.00	452,464.82	223,782.85	-	676,247.67	1,608,791.18	1,387,608.33
6	Vehicle	25.89%	2,189,063.00	-	-	2,189,063.00	436,504.34	453,737.44	-	890,241.78	1,752,558.66	1,298,821.22
7	Audio Visual	13.91%	793,120.00	-	-	793,120.00	102,464.37	96,070.20	-	198,534.57	690,655.63	594,585.43
	TOTAL		15,249,844.25	3,400.00	-	15,253,244.25	5,011,817.45	2,341,846.30	-	7,353,663.75	10,233,026.80	7,899,580.50

**SCHEDULE - 6 : CASH & BANK BALANCE**

	AS AT 31/03/2004		AS AT 31/03/2003	
	Rs.	P.	Rs.	P.
(a) Cash in Hand				
(b) Cheques in Hand & in Transit		1,140.10		12,494.85
(c) Balance With Scheduled Banks				56,075,351.50
(i) In Current Accounts	130,398,783.83		3,020,603.60	
(ii) In Term Deposits	21,418,475.00		65,936,629.00	
TOTAL	151,818,398.93		125,045,078.95	

SCHEDULE - 7 : CASH & BANK BALANCE

	Rs.		P.	
	Rs.	P.	Rs.	P.
(a) Security Deposits		11,008.00		11,008.00
(b) Accrued Interest on Term Deposits	694,395.00		2,337,840.00	
(c) Income Tax Deducted at Source (Receivable)	2,552,270.00		1,226,716.00	
(d) Sundry Debtors	10,485.78		26,453.37	
(e) Entry Tax Receivable	932,603.00		932,603.00	
(f) Receivable From Govt. (Others)	25,705.00		25,705.00	
TOTAL	4,226,466.78		4,560,325.37	

SCHEDULE - 8 : LOANS AND ADVANCES

	Rs.		P.	
	Rs.	P.	Rs.	P.
(Advances Recoverable in Cash or in Kind or for value to be Received) (Unsecured Considered Good)				
(a) Advance to Employees	312,495.90		434,000.35	
(b) Advance Income Tax	18,494,019.00		16,944,020.00	
(c) Pre-paid Insurance	376,519.00		753,856.00	
(d) Other Advances	122,002,510.00		100,030,500.00	
(e) Advance to Suppliers	92,807.67			
TOTAL	141,278,351.57		118,162,376.35	

**SCHEDULE - 9 : CURRENT LIABILITIES**

	AS AT 31/03/2004		AS AT 31/03/2003	
	Rs.	P.	Rs.	P.
(a) Sundry Creditors				
i) Total Outstanding Dues to Small Scale Industrial Undertakings				
ii) Total Outstanding dues of Creditors other than Small Scale Undertaking	196,829,348.72		128,152,791.88	
(b) Other Liabilities				
i) Security Deposits Received	6,900,000.00		5,800,000.00	
ii) Additional Security Deposits	108,724.50		148,540.50	
iii) Duties & Taxes Payable to Govt. of Orissa	27,017,687.83		52,184,936.73	
iv) Advance From Retailers	1,634,256.69		2,090,321.94	
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	1,936,730.00		2,144,170.00	
viii) Registration fee Received in Advance	725,000.00		-	
ix) Other Liabilities	8,754,809.55		7,699,672.60	
TOTAL	24,3947,663.29		19,8261,539.65	

SCHEDULE - 10 : PROVISIONS

	As at 31/03/2004		As at 31/03/2003	
	Rs.	P.	Rs.	P.
(a) Provision for Income Tax (2000-01)	-		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		2,116,315.00	
(d) Provision for Income Tax (2003-04)	3,611,647.00		-	
TOTAL	12,300,302.00		9,180,655.00	



SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 11 : ADVERTISEMENT & BUSINESS DEVELOPMENT

	For the year ending		For the year ending	
	31.03.2004		31.03.2003	
	Rs.	P.	Rs.	P.
(a) Business Expenses	550,239.50		130,010.60	
TOTAL	550,239.50		130,010.60	

SCHEDULE - 12 : COMMUNICATION & DEVELOPMENT

	Rs.		Rs.	
	P.	P.	P.	P.
(a) Postage & Telegram	48,347.05		41,337.25	
(b) Telephone Charges	140,545.50		261,227.20	
(c) Website Development Expenses	—		45,429.00	
(d) Computer Software	55,088.00		29,772.00	
TOTAL	243,980.55		377,765.45	

SCHEDULE - 13 : OFFICE EXPENSES

	Rs.		Rs.	
	P.	P.	P.	P.
(a) News Papers and Periodicals	9,911.75		6,565.00	
(b) Electric Charges	628,540.50		676,621.78	
(c) Office Expenses	25,998.50		51,931.00	
(d) Misc. Office Expenses	6,062.25		1,698.00	
(e) Water Charges	17,640.00		17,640.00	
(f) Books and Journals	2,116.00		143,675.25	
(g) Office Maintainance	45,274.60		—	
(h) B.O.D Meeting Expenses	4,220.50		—	
TOTAL	739,764.10		898,131.03	

**SCHEDULE - 14 : PROFESSIONAL & LEGAL CHARGES**

	For the year ending		For the year ending	
	31.03.2004		31.03.2003	
	Rs.	P.	Rs.	P.
(a) Company Secretary's Retainer Fees	25,500.00		30,000.00	
(b) Legal Charges	13,571.00		19,900.00	
(c) Professional Charges	74,670.00		31,000.00	
TOTAL	113,741.00		80,900.00	

SCHEDULE - 15 : SALARIES & WAGES

	Rs.	P.	Rs.	P.
(a) Leave Salary & Pension Contribution	249,420.00		81,948.00	
(b) Leave Salary & Pension Contribution	5,149,162.30		5,557,377.70	
(c) Consultancy Fees		-	80,000.00	
TOTAL	5,398,582.30		5,719,325.70	

SCHEDULE - 16 : AUDIT FEES & EXPENSES

	Rs.	P.	Rs.	P.
(a) Statutory Audit Fees	35,000.00		35,000.00	
(b) Tax Audit Fees	5,000.00		10,000.00	
(c) Internal Audit Fees	58,320.00		100,000.00	
(d) Other Audit Fees	20,500.00		162,000.00	
TOTAL	118,820.00		307,000.00	

SCHEDULE - 17 : FINANCIAL CHARGES

	Rs.	P.	Rs.	P.
(a) Bank Charges	8,853.00		1,847.00	
(b) Interest On Short Term Loan	14,982.00		33,249.00	
(c) Interest On Govt. Loan	2,400,000.00		2,400,000.00	
TOTAL	2,423,835.00		2,435,096.00	



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Significant Accounting Policies

1. **Basis of Preparation of Financial Statements :**
 - a) The accounts are drawn up on a historical cost convention and on accrual basis in accordance with the applicable Accounting Standards published by the Institute of Chartered Accountants of India except otherwise stated here below.
 - b) The Company follows mercantile system of accounting and recognizes Income and Expenditure on Accrual basis.
2. **Revenue Recognition and Expenditure Allocation**
 - a) Margin on Operation are recognized on completion of sale of goods on behalf of the supplier and are recorded net off sales tax, entry tax and surcharge on sales tax, if any.
 - b) Cash discounts received / receivables are recognized on month-to-month basis based on the Actual payment made to supplier net off the duty and taxes and reinvestment in duties, if any.
 - c) Registration fees collected from Retailers and Suppliers up to the financial year 2002-03 is recognized as income over a period of 10 accounting years. In view of change in policy, registration fees collected from suppliers, whether old or new is recognized as income for that year with effect from the financial year 2003-04.
 - d) The Expenditures are allocated and charged to respective expenditure heads as and when accrued / spent for the period of the financial statements.
 - e) The Preliminary & Pre-operative expenditures of Rs. 3,67,112/- as reported by the Excise Deptt. 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 the agreement between the company and the supplier, the stocks held in the godowns of the company are the stock of the supplier, the company will only earn margin on sales made on behalf of suppliers.
6. **Retirement Benefits of Employees :** The company has taken employees from government and other organization on deputation basis. They are guided by the terms of deputation as fixed /to be fixed by the State Government / other Public Sector Undertakings. Their retirement benefits including Gratuity & Leave Salary etc. are accounted for on cash basis as per the terms of deputation.

Notes Forming part of Accounts :

1. The payments made by the suppliers for deposit with Superintendent, Khurda for obtaining the Licence for Procurement of IMFL & BEER is considered as additional security received from the Respective Suppliers and considered in the financial statement as additional security deposits net off the payments made to Excise Department.
2. The Balance confirmations from retailers & suppliers are not obtained.
3. The reconciliation of sales tax collected and sales tax paid, entry tax collected and entry tax paid, supplier balances are in progress.
4. Sales made on behalf of the supplier during the year is credited to respective suppliers account after adjusting the sales tax, entry tax, company's margin and cash discount, if any.
5. Income Tax provision is made on the total profit considering the depreciation allowance applicable as per the Income Tax Rules.
6. One Fifth of the Preliminary Expenditure is amortised during the current year.
7. Advance from Retailers is showing a credit balance of Rs. 16,34,256.69 and debit balance of Rs. 10,4885.78 as on 31.03.2004. The credit balance has been taken under the head "Advance from retailers" & debit balance has been taken under the head "Sundry Debtors" in the assets side of the Balance Sheet.
8. The credit balance of Sundry Creditors amounting to Rs. 19,68,29,348.72 have been shown under the head "Sundry Creditors" and the debit balance of Rs. 92,807.67 have been shown under the head "Advance to suppliers"



9. (a) Employees employed through out the year and were in receipt of remuneration not less than Rs.24,00,000.00
- | | |
|---|-----|
| (i) No. of Employees | Nil |
| (ii) Salary & Wages | Nil |
| (iii) Corporations' Contribution to Provident & Other funds | Nil |
- (b) Employees employed for a part of the year and were in receipt of remuneration not less than Rs. 2,00,000/- per month.
- | | |
|---|-----|
| (i) No. of employees | Nil |
| (ii) Salary & Wages | Nil |
| (iii) Corporations' Contribution to Provident & Other Funds | Nil |
10. Interest on term Deposit as shown in the Profit & Loss Account (Rs. 6,625,888.00) is gross.
11. Previous years figures have been regrouped or rearranged wherever necessary.
12. Salary & Wages includes Rs. 2,39,441/- paid as salary and Traveling and Conveyance includes Rs. 95,769/- paid towards Traveling & Allowance to Directors.
13. The Income Tax Assessments up to the Assessment year 2003-04 have been completed. However, Income Tax Authorities have disallowed payment of privilege Fees, counting this as Capital Payment. Further extra cash discount (discussed in Para No. 14) has been treated as income for the respective years instead of for the year 2004-05 as claimed by the corporation. As a result Income Tax Authorities have issued demand notices of Rs. 1,12,11,583/- and Rs. 16,87,307/- for the financial years 2001-02 and 2002-03 respectively.
14. Cash Discounts received / receivable are recognized on month to month basis based on actual payment made to the suppliers net off duty and taxes and reinvestment in duties if any. However, the method of computation of Cash Discount has been changed in the year 2004-05 with retrospective effect generating additional revenue of Rs. 1,54,35,370.74 up to year 2003-04, including Rs. 36,03,788.60 for the year 2003-04 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.



Against service of such adverse Order Corpn. has preferred appeal before Commissioner (I.T. appeal) which is still pending for the Asst. year 2003-04.

The I.T. Authorities have recovered the tax demand amounting to Rs. 1,12,11,583/- for the Asst. year 2002-03 (financial year 2001-02) through attachment of bank during the year 2005-06.

15. Margin on Operation of Rs. 1,40,483,487.48 includes Margin Rounding off amounting to Rs. 48,52,236.91 and Margin on Operation of Rs. 13,56,31,250.57.
16. Registration Fees Pending allocation of Rs. 19,36,730/- has been recognized as income during the financial year 2004-05.
17. The Corporation provided 5 nos. of vehicles to the Excise commissioner at a total cost of Rs. 17,36,690/- under the head "Advance to Excise Commissioner" during the year 2003-04. These vehicles have been purchased in the name of the Excise commissioner. The Corporation earlier provided 5 nos. of vehicle to the Excise Commissioner at a total cost of Rs. 17,96,222/- in the year 2002-03. the Board of Directors in the 21st meeting held on 29.01.05 have decided that ownership of these 10 vehicles will be reverted back to the Corporation.
18. After Assessment the Sales Tax Authority has issued a demand of Rs. 2,50,33,321/- for the financial year 2001-02 which has been disputed by the company. The Corporation has paid Rs. 50,00,000/- and obtained stay against recovery of the balance amount from Hon'bel High Court of Orissa.

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

FOR ORISSA STATE BEVERAGES
CORPORATION LTD.

Sd/-
CA. P. K. Mahapatra
Partner
(Membership No. 4847)

Sd/-
Gen. Manager (Fin)

Sd/-
Director

Sd/-
Chairman-cum-Managing
Director

Place : Bhubaneswar
Dae : 19.07.06



PART - IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details
 Registration No.

0	0	6	3	7	2
---	---	---	---	---	---

 State Code

1	5
---	---

 Balance Sheet Date

3	1
---	---

0	3
---	---

0	4
---	---

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

--	--	--	--	--

 Right Issue

--	--	--	--	--

 Bonus Issue

--	--	--	--	--

 Private Placement

1	0	0	0	0
---	---	---	---	---

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

3	0	5	2	9	6
---	---	---	---	---	---

 Total Assets

3	0	5	2	9	6
---	---	---	---	---	---

IV. Sources of Funds
 Capital Fund

1	0	0	0	0
---	---	---	---	---

 Reserve & Surplus

2	4	2	4	8
---	---	---	---	---

 Secured Loans

--	--	--	--	--	--	--

 Unsecured Loans

1	4	8	0	0
---	---	---	---	---

V. Application of Funds
 Net Fixed Assets

			7	9	0	0
--	--	--	---	---	---	---

 Investments

--	--	--	--	--	--	--

 Net Current Assets

	4	1	0	7	5
--	---	---	---	---	---

 Misc. Expenditure

				7	3
--	--	--	--	---	---

 Accumulated Losses

--	--	--	--	--	--	--

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

1	5	2	2	0	3
---	---	---	---	---	---

 Total Expenditure

1	4	2	9	2	9
---	---	---	---	---	---

 Profit before Tax

	9	9	5	7
--	---	---	---	---

 Profit After Tax

6	3	3	2
---	---	---	---

 Earning per share in Rs.

0	.	1	5	8
---	---	---	---	---

 Dividend rate

--	--	--	--	--	--	--

VII. Generic Names of Principal Products/Services of Company (as per monetary terms)
 Item code no (ITC CODE)

I	M	F	L		B	E	E	R		&	C	O	U	N	T	R	Y	S	P	I	R	I	T
---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 Product Description

FOR AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTSFOR ORISSA STATE BEVERAGES
CORPORATION LTD.FOR ORISSA STATE BEVERAGES
CORPORATION LTD.FOR ORISSA STATE BEVERAGES
CORPORATION LTD.Sd/-
CA. P. K. Mahapatra
Partner
(Membership No. 4847)Sd/-
Gen. Manager (Fin)Sd/-
DirectorSd/-
Chairman-cum-Managing
DirectorPlace : Bhubaneswar
Date : 19.07.2006