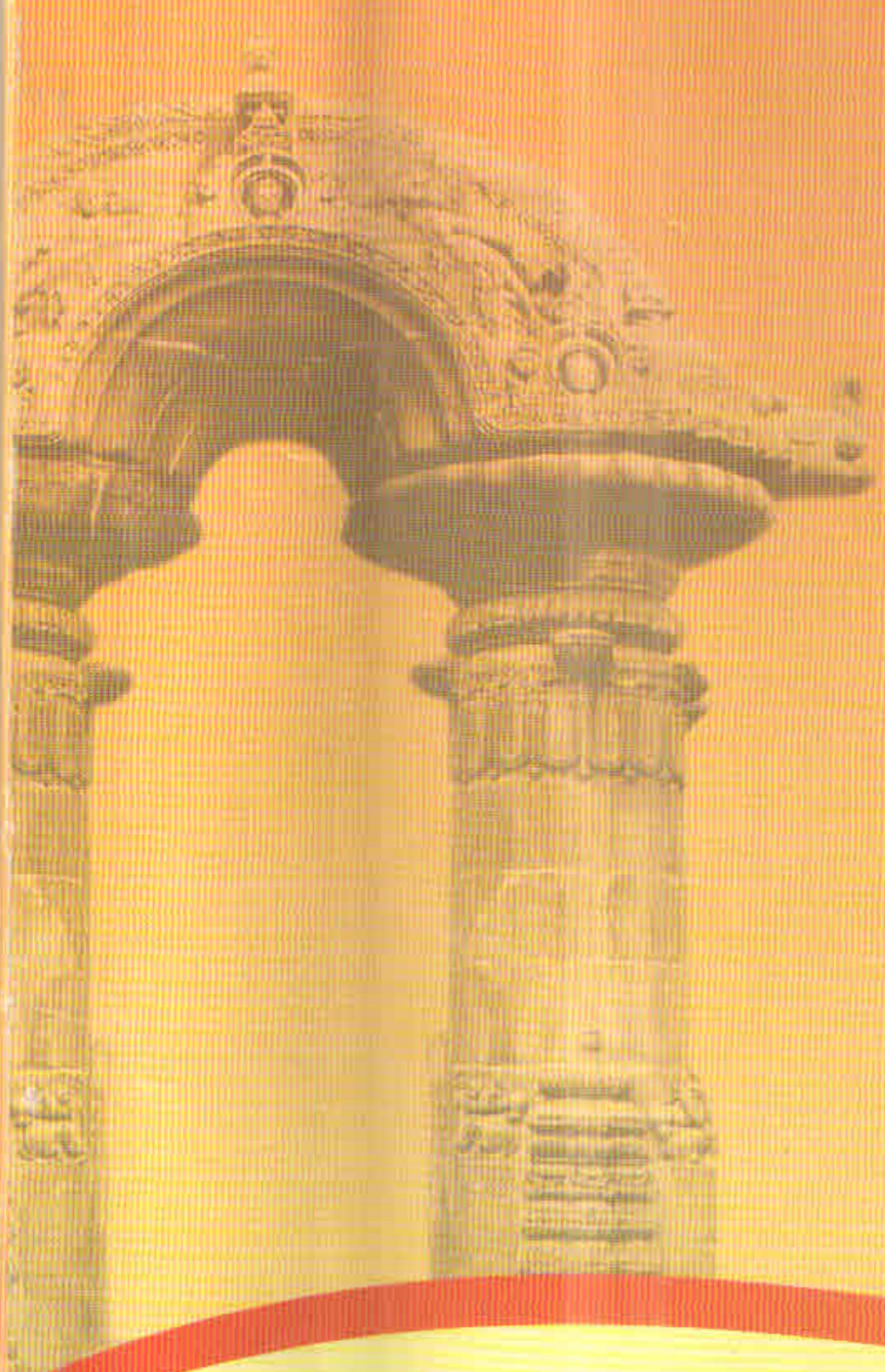


8<sup>TH</sup>  
**ANNUAL  
REPORT**

**2007-08**



**ORISSA STATE BEVERAGES CORPORATION LIMITED**

CONTENTS **8<sup>th</sup>**  
**ANNUAL REPORT**  
**2 0 0 7 - 0 8**



**ORISSA STATE BEVERAGES CORPORATION LIMITED**

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**BOARD OF DIRECTORS**  
AS ON 31.03.2008

|    |                             |                   |
|----|-----------------------------|-------------------|
| 1. | Shri G.V.V. Sarma, I.A.S.   | Chairman          |
| 2. | Shri B.K.Pattanik, I.A.S.   | Director          |
| 3. | Shri A.P.Padhi, I.A.S.      | Director          |
| 4. | Shri Sudarsan Nayak, I.A.S. | Director          |
| 5. | Shri K.C. Mishra            | Director.         |
| 6. | Shri S.P.Misra, IAS         | Managing Director |

**PRESENT BOARD OF DIRECTORS**

|    |                                   |                   |
|----|-----------------------------------|-------------------|
| 1. | Shri, S.Srinivasan, I.A.S         | Chairman          |
| 2. | Shri Saurabh Garg, I.A.S.         | Director          |
| 3. | Shri N.B.Dhal, I.A.S              | Director          |
| 4. | Shri Sudarsan Nayak, I.A.S.       | Director          |
| 5. | Shri K.C.Mishra                   | Director          |
| 6. | Shri Paresh Chandra Nayak, I.A.S. | Managing Director |

**COMPANY SECRETARIES:**

M/s.Saroj Ray & Associates  
Company Secretaries  
N/6-215, IRC Village, Jayadev Vihar,  
Bhubaneswar-751015.

**STATUTORY AUDITORS:**

M/s.P.K. SAHOO & CO.  
Chartered Accountants  
Plot No.1113, Nayapalli, Bhubaneswar-751012.

**BANKERS:**

Union Bank of India  
State Bank of India.

**REGISTERED OFFICE:**

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



## DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR 2007-08

Sir/ Madam,

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report of the Corporation with Audited Statements of Accounts for the year ended on 31<sup>st</sup> March 2008.

### FINANCIAL HIGHLIGHTS:

The financial results of the Company for the year ended 31<sup>st</sup> March 2007 vis-à-vis 31<sup>st</sup> March 2008 are:

| PARTICULARS                                      | For the Financial Year ended on<br>31.03.2008<br>(Amount in Rs.) | For the Financial Year ended on<br>31.03.2007<br>(Amount in Rs.) |
|--|--|--|
| Total Income                                     | 461,196,079.31   | 360,850,069.41   |
| Total Expenditure                                | 324,856,022.00   | 223,104,714.06   |
| Profit before Tax &<br>Depreciation              | 137,124,056.36   | 138,731,319.54   |
| Less: Depreciation                               | 783,999.05   | 985,964.19   |
| Profit After Depreciation                        | 136,340,057.31   | 137,745,355.35   |
| Add/Less: Prior Period<br>Profit/Loss            | -  | 2,655,780.00   |
| Add/Less: Net Prior Period<br>Income/Expenditure | 99,278.75  | 802,660.67   |
| Profit Before tax                                | 136,240,778.56   | 134,286,914.68   |
| Provision For Tax                                | 44,381,717.32  | 45,200,975.00  |
| Profit After tax                                 | 91,859,061.24  | 89,085,939.68  |
| Profit Transferred to<br>balance sheet           | 232,985,200.99   | 141,126,139.75   |

### OPERATIONS:

The Orissa State Beverages Corporation Limited was incorporated under the Companies Act, 1956 on 6<sup>th</sup> 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. 461,196,079.31 and the total expenditure was Rs. 324,856,022.00. The net profit for the year is Rs. 136,340,057.31. The Corporation has six depots at Khurda, Balasore, Sambalpur, Rayagada and Berhampur and Cuttack to keep stock of IMFL/ Beer manufactured by various manufacturing units.



## **RESOURCES:**

The Authorised Share Capital and paid-up equity capital of your Corporation remained at Rs. 5.00 Crores and Rs. 1.00 Crore respectively. Government of Orissa and its nominees hold the entire equity share capital of the Corporation.

## **MANAGEMENT:**

Sri G.V.V. Sarma, IAS, and Sri Soumya Prasad Misra, IAS continued as the Chairman and Managing Director respectively, during the financial year. Sri K.C.Mishra, appointed as Director in place of Sri Netrananda Ray, and Sri A.P. Padhi, IAS appointed as Director in place of Sri A.K.Samantaray, IAS respectively during the year.

Sri B. K. Pattanaik, IAS and Sri Sudarsan Nayak, IAS continued as Directors of the Corporation during the financial year.

## **EMPLOYEES:**

As required by the provisions at Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, none of the Employees are in receipt of Rs. 2,400,000/- per annum or more than Rs. 200,000/- per month during the financial year ending on 31st day of March 2008.

## **AUDITORS:**

M/s. P.K.SAHOO & Co., Chartered Accountants, Bhubaneswar has been appointed by C&AG as statutory auditors for the year 2007-08 vide Letter No. CAV/COY/ORISSA/ORBEV (1)/1390 Dated 02.07.2008.

## **COMMENTS ON AUDITORS' REPORT:**

The comments of your Management on the observations made by the Statutory Auditor and the C&AG of India on the Accounts of the Corporation for the year 2007-2008 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 31<sup>st</sup> March 2008 with this report in Annexure-III.

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

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



### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. In the preparation of the Annual Accounts, for the year ended 31<sup>st</sup> March 2008 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit 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 expresses its sincere thanks to all the suppliers, who have rendered all possible co-operations for growth of turnover and profitability of the Corporation.

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

**Place : Bhubaneswar**

**Date : 12/01/2010**

**Sd/-  
(Sri S.Srinivasan, IAS)  
Chairman**



## REPLIES OF THE MANAGEMENT ON THE COMMENTS OF THE STATUTORY AUDITORS

| Sl. No.                       | Statutory Auditors comments   | Compliance            |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
|-------------------------------|---|-----------------------|--------------|-----------------------------|--------------|------------------------|-------------|-------------------------------|-------------|-------------------------|----------------|----------------------|--------------|--|-------------|-------------|-------------|------------------------------|-------------|----------------------|-----------------|---|
| 1.                            | <p><b>Additional Security</b></p> <p>In case of following parties debit balance in additional security head. In absence of reconciliation and balance confirmation we are unable to give our opinion on the correctness of amounts.</p> <table border="1"> <thead> <tr> <th>Name of the Suppliers</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>M/s Jagatjit Industries Ltd</td> <td>50,24,364.00</td> </tr> <tr> <td>MC Dowell</td> <td>3,49,987.00</td> </tr> <tr> <td>M/s Oriental Bottling (p) Ltd</td> <td>4,20,525.00</td> </tr> <tr> <td>M/s Saw wallance Bev.</td> <td>6,63,96,120.00</td> </tr> <tr> <td>M/s Maikal Breweries</td> <td>10,01,558.72</td> </tr> <tr> <td>M/s MP Beers</td> <td>2,77,450.28</td> </tr> <tr> <td>M/s Seagram</td> <td>1,97,193.51</td> </tr> <tr> <td>M/s Triumph Distl &amp; Vintners</td> <td>2,86,610.50</td> </tr> <tr> <td>M/s United Sprit Ltd</td> <td>15,27,91,704.74</td> </tr> </tbody> </table> | Name of the Suppliers | Amount (Rs.) | M/s Jagatjit Industries Ltd | 50,24,364.00 | MC Dowell              | 3,49,987.00 | M/s Oriental Bottling (p) Ltd | 4,20,525.00 | M/s Saw wallance Bev.   | 6,63,96,120.00 | M/s Maikal Breweries | 10,01,558.72 | M/s MP Beers   | 2,77,450.28 | M/s Seagram | 1,97,193.51 | M/s Triumph Distl & Vintners | 2,86,610.50 | M/s United Sprit Ltd | 15,27,91,704.74 | Necessary effect are being given in the accounts of 2008-09 |
| Name of the Suppliers         | Amount (Rs.)  |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Jagatjit Industries Ltd   | 50,24,364.00  |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| MC Dowell                     | 3,49,987.00   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Oriental Bottling (p) Ltd | 4,20,525.00   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Saw wallance Bev.         | 6,63,96,120.00  |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Maikal Breweries          | 10,01,558.72  |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s MP Beers                  | 2,77,450.28   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Seagram                   | 1,97,193.51   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s Triumph Distl & Vintners  | 2,86,610.50   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/s United Sprit Ltd          | 15,27,91,704.74   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| 2.a                           | <p><b>Sundry Creditors</b></p> <p>In case of following cases Sundry Creditors have been appearing as Dr.balance. In absence of reconciliation statement and balance confirmation from Sundry Creditor we are unable to give our opinion on the correctness of amounts.</p> <table border="1"> <thead> <tr> <th>Name of the Suppliers</th> <th>Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>M/S Mohan Meakin Ltd</td> <td>2,21,856.67</td> </tr> <tr> <td>M/S Appollo Alcho Bev.</td> <td>1,85,747.96</td> </tr> <tr> <td>M/S BDA Ltd.</td> <td>4,87,062.51</td> </tr> <tr> <td>M/S Demerara Distillers</td> <td>45,837.39</td> </tr> <tr> <td>M/S Denzong Brew.</td> <td>14,00,000.00</td> </tr> </tbody> </table> <p>Reconciliation statement and balance confirmation certificates have not been obtained.</p>  | Name of the Suppliers | Amount (Rs)  | M/S Mohan Meakin Ltd        | 2,21,856.67  | M/S Appollo Alcho Bev. | 1,85,747.96 | M/S BDA Ltd.                  | 4,87,062.51 | M/S Demerara Distillers | 45,837.39      | M/S Denzong Brew.    | 14,00,000.00 | The Corporation has charged service tax for financial year 2003-04 to 2005-06, stock holding charges, godown insurance, cash discount, registration fee even though there was no corresponding sale. Therefore the sundry creditor balances are showing debit balance. |             |             |             |                              |             |                      |                 |   |
| Name of the Suppliers         | Amount (Rs)   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/S Mohan Meakin Ltd          | 2,21,856.67   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/S Appollo Alcho Bev.        | 1,85,747.96   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/S BDA Ltd.                  | 4,87,062.51   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/S Demerara Distillers       | 45,837.39   |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |
| M/S Denzong Brew.             | 14,00,000.00  |                       |              |                             |              |                        |             |                               |             |                         |                |                      |              |  |             |             |             |                              |             |                      |                 |   |





| <p>2.b In case of following parties only debit goes accumulating during the year in Sundry Creditors head without any adjustment.</p> <table border="1"><thead><tr><th>Name of the Suppliers</th><th>Amount (Rs)</th></tr></thead><tbody><tr><td>Diegeo Ind(p) Ltd</td><td>3,27,50,869.63</td></tr><tr><td>East Coast Breweries &amp; Distillers Ltd</td><td>1,96,502.95</td></tr><tr><td>Ice Berg Ind Ltd</td><td>6,27,819.22</td></tr><tr><td>Manav Brew.(p) Ltd</td><td>1,70,643.31</td></tr><tr><td>Millennium Beer</td><td>52,283,362.39</td></tr><tr><td>National Industrial Corporation</td><td>38,780.74</td></tr><tr><td>Oasis Distilleries Ltd.</td><td>50,199.09</td></tr><tr><td>Pernod Recard Ind.</td><td>5,00,928.00</td></tr><tr><td>Tripti Alco brew Ltd.</td><td>1,79,023.81</td></tr><tr><td>Whyte hall &amp; Mackey Ind. Ltd.</td><td>95,266.00</td></tr><tr><td>Yukson Breweries Ltd.</td><td>1,38,994.16</td></tr></tbody></table> | Name of the Suppliers | Amount (Rs) | Diegeo Ind(p) Ltd       | 3,27,50,869.63  | East Coast Breweries & Distillers Ltd | 1,96,502.95    | Ice Berg Ind Ltd      | 6,27,819.22    | Manav Brew.(p) Ltd   | 1,70,643.31   | Millennium Beer  | 52,283,362.39 | National Industrial Corporation | 38,780.74     | Oasis Distilleries Ltd.                               | 50,199.09 | Pernod Recard Ind. | 5,00,928.00 | Tripti Alco brew Ltd. | 1,79,023.81 | Whyte hall & Mackey Ind. Ltd. | 95,266.00 | Yukson Breweries Ltd. | 1,38,994.16 | <p>The Corporation has charged service tax for financial year 2003-04 to 2005-06, stock holding charges, godown insurance, cash discount, registration fee even though there was no corresponding sale. Therefore the sundry creditor balances are showing debit balance.</p> <p>During the financial year 2007-08 most of the companies changed under reference have changed their name result of which no corresponding sale were reflected which will be taken care of in the account of 2008-09.</p> |
|--|-----------------------|-------------|-------------------------|-----------------|---------------------------------------|----------------|-----------------------|----------------|----------------------|---------------|--|---------------|---------------------------------|---------------|---|-----------|--------------------|-------------|-----------------------|-------------|-------------------------------|-----------|-----------------------|-------------|--|
| Name of the Suppliers  | Amount (Rs)           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Diegeo Ind(p) Ltd  | 3,27,50,869.63        |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| East Coast Breweries & Distillers Ltd  | 1,96,502.95           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Ice Berg Ind Ltd   | 6,27,819.22           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Manav Brew.(p) Ltd   | 1,70,643.31           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Millennium Beer  | 52,283,362.39         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| National Industrial Corporation  | 38,780.74             |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Oasis Distilleries Ltd.  | 50,199.09             |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Pernod Recard Ind.   | 5,00,928.00           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Tripti Alco brew Ltd.  | 1,79,023.81           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Whyte hall & Mackey Ind. Ltd.  | 95,266.00             |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Yukson Breweries Ltd.  | 1,38,994.16           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| <p>2.c Please Provide us with the balance confirmation and reconciliation of following sundry creditors appearing since long. If not payable may be written back.</p> <table border="1"><thead><tr><th>Name of the Parties</th><th>Amount (Rs)</th></tr></thead><tbody><tr><td>Kaleast bottling(p) Ltd</td><td>Rs.86,18,818.61</td></tr><tr><td>Jagpin Breweries Ltd</td><td>Rs.1,02,055.98</td></tr><tr><td>Lilason Breweries Ltd</td><td>Rs.1,26,938.21</td></tr><tr><td>Gwallon Distilleries</td><td>Rs. 86,092.00</td></tr></tbody></table>  | Name of the Parties   | Amount (Rs) | Kaleast bottling(p) Ltd | Rs.86,18,818.61 | Jagpin Breweries Ltd                  | Rs.1,02,055.98 | Lilason Breweries Ltd | Rs.1,26,938.21 | Gwallon Distilleries | Rs. 86,092.00 | <p><b>Kaleast bottling (p) Ltd</b></p> <p>It is a running account sale and payment are made during the financial year, therefore it is not correct to conclude that the balance was outstanding since long.</p> <p>In other cases management is taking steps to reconcile the accounts. However no sale is effected during financial year 2007-08.</p> |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Name of the Parties  | Amount (Rs)           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Kaleast bottling(p) Ltd  | Rs.86,18,818.61       |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Jagpin Breweries Ltd   | Rs.1,02,055.98        |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Lilason Breweries Ltd  | Rs.1,26,938.21        |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Gwallon Distilleries   | Rs. 86,092.00         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| <p>3. <b>Imprest Advance</b></p> <p>Following are the Imprest Advance given to different branches and it is pending since long without any corresponding adjustment.</p> <table border="1"><thead><tr><th>Particulars</th><th>Amount (Rs)</th></tr></thead><tbody><tr><td>Balasore Branch</td><td>Rs. 50,000.00</td></tr><tr><td>Berhampur</td><td>Rs. 48,004.75</td></tr><tr><td>Manguli</td><td>Rs. 50,000.00</td></tr><tr><td>Pahal</td><td>Rs. 3,627.30</td></tr><tr><td>Sambalpur Branch</td><td>Rs. 75,397.00</td></tr><tr><td>Rayagada</td><td>Rs. 51,127.00</td></tr></tbody></table>  | Particulars           | Amount (Rs) | Balasore Branch         | Rs. 50,000.00   | Berhampur                             | Rs. 48,004.75  | Manguli               | Rs. 50,000.00  | Pahal                | Rs. 3,627.30  | Sambalpur Branch   | Rs. 75,397.00 | Rayagada                        | Rs. 51,127.00 | <p>Steps are being taken to settle the same soon.</p> |           |                    |             |                       |             |                               |           |                       |             |  |
| Particulars  | Amount (Rs)           |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Balasore Branch  | Rs. 50,000.00         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Berhampur  | Rs. 48,004.75         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Manguli  | Rs. 50,000.00         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Pahal  | Rs. 3,627.30          |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Sambalpur Branch   | Rs. 75,397.00         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |
| Rayagada   | Rs. 51,127.00         |             |                         |                 |                                       |                |                       |                |                      |               |  |               |                                 |               |   |           |                    |             |                       |             |                               |           |                       |             |  |



|  |  |
|--|--|
| <p>4. Corporation is unable to adjust the Entry Tax amount against the IMFL/Beer destroyed or returned for reprocessing. The year wise break up of the amount is not provided to us. So we are unable to give our opinion on the correctness of the amount.</p>        | <p>Steps has already been taken to give accounts of the year 2008-09</p>   |
| <p><b>5. Violation of Board of Directors Meeting</b></p> <p>i) Payment to the staff of Oil Orissa should have been classified under Emoluments instead of pay. In absence of detailed information we are unable to quantify its effect on profit and loss account.</p> | <p>i) Noted for compliance.</p>  |
| <p>ii) Security Deposit amount has not been forfeited from the defaulter/irregular Suppliers. In absence of detailed information we are unable to determine the amount involved in this head.</p>  | <p>ii) As per decision of BOD dt.20.12.07 Security Deposit of Rs.2,00,000.00 of M/s Bagga Millennium Liquars India (p) Ltd. has been forfeited. File was provided to auditors.</p>   |
| <p>iii) Old stock not lifted by the suppliers as on 31.03.08 have not been destroyed and empty bottles are not auctioned.</p>  | <p>iii) Old Beer stock have been destroyed after getting due permission from Excise Commissioner vide letter No. 4979/2.6.07;8025/1.09.07;673/21.01.08;2477/13.03.08; 1846/27.02.08.</p> <p>Letter has been issued from this office to excise commissioner for necessary permission for destruction of IMFL stock.</p> |
| <p>iv) Security Deposit of defaulting suppliers have not been adjusted and balance money has not been deposited in a separate Bank account.</p>  | <p>iv) Reconciliation is in progress and necessary adjustment will be made once the reconciliation is completed.</p>   |
| <p>6. Suppliers reconciliation for all parties Godown wise, Batch wise and product wise were not provided for verification. Hence we are not able to quantity the amount and give our opinion on money involved against entry tax paid earlier but not adjusted.</p>   | <p>There is no such mechanism in Corporation to evaluate the batch wise verification.</p>  |
| <p><b>7. Income Tax Assessment</b></p> <p>Provisions for Income tax have been appearing since 2001-02 without any set off. Cases of more than five years should be set off as per the Assessment order obtained from the competent Authority.</p>                      | <p>Though the assessments has been completed but pending before the different appellate authorities from financial year 2002-03 and the same will adjusted after completion of assessment.</p>   |



|      |  |  |
|------|--|--|
| 8.   | Sales Tax / VAT reconciliation statement has not been provided.  | Noted for compliance.  |
| 9.   | Corporation is loosing the Bank Interest advance license fee substantially. Policy and basis of calculation should be provided.  | Govt. of Orissa Excise Department in their Letter No. 2551 Dated 26.03.07 and Letter No. OSBC-1/2007/1409/Ex. Dated 30.03.07 has directed OSBC to pay Rs. 30 Crore as Wholesale License Fee and Rs 5 Lakhs each per depot per annum towards depot License Fees in advance by 31.03.07 as it's a govt. company.       |
| 10.  | Register and statement for destruction of Beer and IMFL should be provided and necessary adjustment entries should be done against entry tax.  | Noted for compliance.  |
| 11.  |  |  |
| i.   | Stock reconciliation of IMFL/Beer, Batch wise/Depot wise have not been produced before us for verification resulting in substantial unadjustment of entry tax.   | There is no such mechanism in Corporation to evaluate the batch wise verification.   |
| ii.  | Basis of ascertaining License fee was not produced before as for checking. Reasons for increasing 20 crores to 30 crores in the financial year 2007-08 should be clarified. The same has been remarked by the Board of Directors as irregular payment. | Govt. of Orissa, Excise Department in their Letter No. 2551 Dated:26.03.07 and Letter No. OSBC-1 / 2007 / 1409 / Ex. Dated 30.03.07 has directed OSBC to pay Rs 30 Crore as Wholesale License Fee and Rs 5 Lakhs each per depot per annum towards depot License Fees in advance by 31.03.07 as it's a govt. company. |
| iii. | List of suppliers of IMFL/Beer appearing more than 80 nos. in the books of Accounts, but registration fees collected from only 44 suppliers. Neither the accounting treatment has been done for rest of the suppliers nor is the parties delisted.     | As per decision of the Management all Companies having business with OSBC shall pay Registration Fees uniformly but in case of defunct companies and other companies having Nil transactions registration fees will be collected at the time of reconciliation of those companies up to last transaction.            |
| iv.  | Rs.3,51,49,574.00 has been appearing under disputed Income Tax.  | Income Tax Dept. attached the bank account towards recovery of tax. The balance will be adjusted after completion of the assessment order. After finalizing pending cases arising after the dispute amount by the appellate authority.   |



|  |   |
|--|---|
| v. Advance Service Tax to the tune of Rs 54,69,053.28 since long.  | Non adjustment due to pending of legal cases.   |
| vi. Depot wise idle stock more than 180 days should be given for verification. In case of Sambalpur Depot reasons for decreasing the stock is not clear. Penalty on storage should be fixed as per norms. In sambalpur depot idle stock during Feb'08 was nil, when it was 23 cases on Jan'08. | Noted for compliance.   |
| vii. Agreements in original for all the parties have not been signed by the Corporation representatives at all.  | The Agreements in original with the suppliers are being signed by authorized officer in corporation.                    |
| viii. As per agreement closing stock of any brand at any depot shall not normally exceed stock to be sold in 15 days. In absence of physical verification reports we are not in a position to give opinion on the existence and value of the stock.  | There is neither any clause nor any guideline issued by the competent authority in this matter.                         |
| ix. <b>Debtors control account</b><br>Debtors control account to the tune of Rs.31,30,67,102.31 is not reconcile by company.   | Noted for compliance.   |
| x. Details of others advance to the tune Rs. 31,44,69,740.97 has not been produced for verification.   | Details of other Advance provided.  |
| xi. There is a difference to the tune of Rs.00.01 paise between Depreciation schedule and depreciation on Balance sheet as on 31.03.08.  | Noted.  |
| xii. <b>Compliance of the Previous Year Audit Observation.</b><br>Five nos. of Jeeps for an amount of Rs. 17.37 lacs has not been added with the Fixed assets which was detected by the AG Audit in the Previous Year in spite of declaration for adding the same in Current Year.             | Ownership of the jeeps has not been transferred in favour of the corporation resulting in non accounting of the assets. |

**Replies of the Management on the comments of the Comptroller and Auditor General of India for the Year 2007-2008**

| Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956   | Replies of the Management   |
|--|---|
| <p><b>A. COMMENTS ON FINANCIAL POSITION</b><br/><b>BALANCE SHEET</b></p> <p><b>Application of Funds</b><br/><b>Current Assets, Loans and Advances</b><br/><b>Other Current Assets (Schedule-7)</b><br/><b>Accrued interest on Term Deposits Rs.27.95 Lakh</b></p> <p>1. The above does not include a sum of Rs.23 lakh receivable for the periods up to 31 March 2008 towards interest accrued on two short term deposits of Rupees one crore and Rs.11 crore for 84 and 227 days respectively up to 31 March 2008. Non accounting of interest income on the term deposits resulted in understatement of 'Interest on Term Deposits' as well as 'Net profit' by RS.23 lakh each.</p> | Noted for future guidance.  |
| <p><b>Sundry Debtors - RS.7.64 crore.</b></p> <p>2. Cheques/bank drafts amounting Rs.6.61 crore received on 31 March 2008 from the retailers towards sale of India Made Foreign Liquor (IMFL)/Beer and deposited in Bank on 2 April 2008 were not accounted for in the year 2007-08. This resulted in understatement of cheques/bank drafts in hand/transit' and overstatement of 'Sundry Debtors' by RS.6.61 crore each.</p>  | The same amount has been received after closing of accounts i.e in the second half of Dt.31.03.2008 resulting in non deposit on 01.04.2008 due to Bank holiday and deposit on 02.04.2008. |
| <p><b>Sources of Funds</b><br/><b>Current Liabilities and Provisions</b><br/><b>Provisions (Schedule-10)- RS.11.87 crore</b></p> <p>3 The Company provided Rs 4.44 crore towards income tax for the year 2007-08 taking into account profit before taxation as Rs.13.06 crore. However, Audited Accounts finalized by the Company showed the net profit (before taxation) of the Company for the year at Rs.13.62 crore on which the income tax payable was Rs.4.63 crore as per calculation made by the Tax Consultant. Short provision of Rs.19 lakh has resulted in understatement of 'Provision for Taxation' and overstatement of Profit after taxation to that extent.</p>     | Necessary steps be taken in the accounts of 2008-09.  |



|   |   |
|---|---|
| <p><b>B. Comments on Disclosure</b><br/><b>Notes forming part of Accounts</b></p> <p>4. The Company should have disclosed the following under contingent liabilities i.e., Disputed amount of Rs.2.62 crore towards service tax for the period October-2002 to March 2007 demanded by Commissioner of Central Excise, Customs &amp; Service Tax but not paid by the Company.</p> <p>ii. Penalty of Rs.11.92 crore imposed on the Company by the Commissioner of Central Excise, Customs &amp; Service Tax for non-payment/ delayed payment of Service Tax pending with Appellate Tribunal for decision.</p> | <p>Disclosure was not done since the matter was lying under subjudice.</p>  |
| <p><b>C. Auditor's report</b></p> <p>5. The Accounts of the Company for the year 2007-08 was authenticated by the Board of Directors on 8 December 2009 prior to adoption of the audited Accounts for the year 2006-07 i.e on 28 December 2009 in the AGM. The fact of non-adoption of the annual audited accounts for the year ended 31 March 2007 in the AGM in violation of the provision of Section 210 of the Companies Act, 1956 has not been qualified by the statutory auditors in their report.</p>  | <p>Due to shortage of time and to expedite the Audit for the year 2007-08, management felt to authenticate the succeeding year's accounts before adoption of the accounts of the previous year.</p> |



**OFFICE OF THE ACCOUNTANT GENERAL  
(COMMERCIAL, WORKS & RECEIPT AUDIT)  
ORISSA : BHUBANESWAR**

No. CAD (T)/Accts/OSBC/2007-08/38/09-10/721

Date : 24-03-2010

To

The Managing Director,  
Orissa State Beverages Corporation Limited,  
9<sup>th</sup> Floor, IDCO Towers,  
Sahid Nagar, Bhubaneswar - 751007

**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 31 March 2008.

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 31 March 2008.

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

Encl : As above

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 31 March 2008**

The preparation of financial statements of Orissa State Beverages Corporation Limited for the year ended 31 March 2008 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 12 January 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Orissa State Beverages Corporation Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:

### **A. Comments on Financial Position**

#### **Balance Sheet**

#### **Application of Funds**

#### **Current Assets, Loans and Advances**

#### **Other current Assets (Schedule - 7)**

#### **Accrued interest on Term Deposits-Rs. 27.95 lakh**

1. The above does not include a sum of Rs. 23 lakh receivable for the periods up to 31 March 2008 towards interest accrued on two short term deposits of Rupees one crore and Rs.11 crores for 84 and 227 days respectively up to 31 March 2008. Non accounting of interest income on the term deposits resulted in understatement of 'Interest on Term Deposits' as well as 'Net profit' by Rs. 23 lakh each.

#### **Sundry Debtors - Rs. 7.64 crore.**

2. Cheques/bank drafts amounting Rs. 6.61 crore received on 31 March 2008 from the retailers towards sale of India Made Foreign Liquor (IMFL) Beer and depositor in Bank on 2 April 2008 were not accounted for in the year 2007- 08. This resulted in understatement of cheques/bank drafts in hand/transit and overstatement of 'Sundry Debtors' by Rs. 6.61 crore each.





## Sources of Funds

## Current Liabilities and Provisions

### Provisions (Schedule -10) - Rs. 11.87 crore

3. The Company provided Rs. 4.44 crore towards income tax for the year 2007-08 taking into account profit before taxation as Rs.13.06 crore. However, Audited Accounts finalised by the Company showed the net profit (before taxation) of the Company for the year at Rs. 13.62 crore on which the income tax payable was Rs.4.63 crore as per calculation made by the Tax Consultant. Short provision of Rs. 19 lakh has resulted in understatement of 'Provision for Taxation' and overstatement of profit after taxation to that extent.

## B. Comments on Disclosure

### Notes forming part of Accounts

4. The Company should have disclosed the following under contingent liabilities
- Disputed amount of Rs. 2.62 crore towards service tax for the period October 2002 to March 2007 demanded by Commissioner of Central Excise, Customs & Service Tax, but not paid by the Company.
  - Penalty of Rs.11.92 crores imposed on the Company by the commissioner of Central Excise, Customs & Service Tax for non-payment delayed / payment of Service Tax pending with Appellate Tribunal for decision.

## C. Auditors' report

5. The Accounts of the Company for the year 2007-08 was authenticated by the Board of Directors on 8 December 2009 prior to adoption of the audited Accounts for the year 2006-07 i.e., on 28 December 2009 in the AGM. The fact of non- adoption of the annual audited accounts for the year ended 31 March 2007 in the AGM in violation of the provision of Section 210 of the Companies Act, 1956 has not been qualified by the statutory auditors in their report.

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

Sd/-  
(ATREYEE DAS)  
ACCOUNTANT GENERAL

Place: Bhubaneswar

Date: 24.03.2010



**SAROJ RAY & ASSOCIATES**  
**COMPANY SECRETARIES**

Plot No. - 73/10, Jayadev Vihar  
Bhubaneswar - 751 013, Orissa  
Ph. : (0674)2360540, 2360541, 2360842  
Fax : (0674)2360840  
E-mail : sraconsultants@gmail.com

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**COMPLIANCE CERTIFICATE**

Regd. No. of the Company: 15-006372

Nominal Capital: Rs.500, 00,000/-

To

The Members,

M/s. Orissa State Beverages Corporation Limited.

9<sup>th</sup> 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 31<sup>st</sup> March 2008. 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 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 30.06.2007, 20.09.2007, 20.12.2007 & 11.03.2008 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 for the financial year ended on 31<sup>st</sup> March 2007 was held on 20<sup>th</sup> September 2007 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 31<sup>st</sup> March 2008.
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 duly constituted. During the year Sri.A.P.Padhi, IAS, and Sri K.C.Mishra, are appointed as new directors and Sri.A.K.Samantaray, IAS and Sri Netrananda Ray are ceased from directorship.
15. The Company has not appointed any Managing Director/ Whole Time Director/ Manager during the financial year.
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 prescribe under the various provision of the Act during the financial year.
18. Being the company is 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 falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended 31<sup>st</sup> March 2008.
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 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 were no prosecutions initiated against or so 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)**

Place: Bhubaneswar.  
Date: 01.09.2008

**Sd/-  
Saroj Kumar Ray  
(Partner)  
C.P.No.3770**

**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. Director Attendance Register.
2. Members Attendance Register.

**FORMS & RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDING 31<sup>st</sup> MARCH 2008**

| Sl. No. | Form No.       | Relevant Section | Description  | Date of Filing | Whether filed within prescribed time<br>Yes/No | If delay in filing whether requisite additional fee paid<br>Yes/NA |
|---------|----------------|------------------|--|----------------|--|--|
| 1       | -              | 159(1)           | Annual Return<br>20.09.2007                              | 02.11.2007     | Yes  | NA   |
| 2       | -              | 383A             | Compliance Certificate<br>31.03.2007                     | 13.10.2007     | Yes  | NA   |
| 3       | 32             | 303 (2)          | Appointment and cessation<br>of Directors on 17.07.2007. | 06.10.2007     | No   | Yes  |
| 8.      | 23AC/<br>23ACA | 220              | Annual Accounts for the<br>year 2004-2005.               | 25.03.2008     | No   | Yes  |



**P.K. SAHOO & CO**  
CHARTERED ACCOUNTANTS

1113, Nayapalli (Behind Krishna Tower), Bhubaneswar - 751012, (Orissa), Ph. : 0674-2561935, 2562935, 9437002935(M)

E-mail : p\_ksahoo2002@yahoo.co.in

**AUDITOR'S REPORT**

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

We have audited the attached Balance Sheet of "Orissa State Beverages Corporation Limited", Bhubaneswar as at 31<sup>st</sup> March' 2008 and also the Profit & 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 and opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining on a test basis, evidence supporting the 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) (Amendment) Order, 2004** 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** 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 it appears from our examination of those books;
- iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit & 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 together with notes to account and significant accounting policies thereon and subject to our comments given in **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 31<sup>st</sup> March'2008 and
  - b) in the case of Profit & Loss Account of the **PROFIT** for the year ended on that date.

Place : Bhubaneswar

Date : 12/01/2010

For P. K. Sahoo & CO.  
(Chartered Accountants)

Sd/-  
(P. K. Sahoo, F C A)  
Partner



**ANNEXURE – I TO THE AUDITOR'S REPORT**  
**(Referred to in paragraph 3 in our report of even date)**

- i. In respect of its fixed assets:
  - 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 of any fixed assets during the year.
- ii. In respect of its inventories:
  - 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, and according to 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, and according to 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. According to the information and explanation given to us 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 Companies Act 1956.
- 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 framed by the company for purchases 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. According to the information and explanations given to us the company has not entered into any contracts or arrangements with other parties during the year which needs 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 & 58AA of the Companies Act 1956 and Rules framed there under.
- vii. According to the information and explanation given 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.
- viii. a) According to information and explanation given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Customers duty, Excise duty, cess and other statutory dues with appropriate authorities.



b) There are Income Tax demands of Rs. 112,11,583/-, Rs. 168,73,071/-, Rs. 5,33,94,546/-, Rs.8,56,805/- & Rs.1,70,45,840/- for the financial years 2001-02, 2002-03, 2003-04, 2004-05 & 2005-06 respectively which have been disputed by the Company and appeals are pending before the Income Tax authorities for the said years. The demand of Rs. 12,11,583/-, Rs. 1,68,73,071 & Rs. 2,00,00,000/- has been paid for the financial years 2001-02, 2002-03 & 2003-04 as attachment fees respectively. There are also Sale Tax demands for the following financial years issued by the Sales Tax Authority:

|              |                    |
|--------------|--------------------|
| F.Y. 2000-01 | Rs. 1,57,216.00    |
| F.Y. 2001-02 | Rs. 2,50,33,331.00 |
| F.Y. 2002-03 | Rs. 3,22,04,314.00 |

Service tax of Rs.4,89,52,859.19 is subjudice before the Appellate i.e. CESTAT, Kolkata.

- ix. 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.
- x. According to information and explanation given to us the company has not defaulted in re-payment of dues to any financial institution or bank.
- xi. According to information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. As explained to us this clause is not applicable to this company.
- xiii. As explained to us the company is not dealing or trading in shares, securities, debentures or other investments.
- xiv. As explained to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xv. As explained to us, the term loans availed by the company were applied for the purpose for which the loans were obtained.
- xvi. 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.
- xvii. 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.
- xviii. According to information and explanation given to us the company has not issued any debentures during the year.
- xix. The company has not raised any money by public issue during the year.
- xx. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
- xxi. The company is not a sick Industrial company within the meaning of clause (O) of sub section (I) of section 3 of the Sick Industrial Companies (Special Provisions) Act 1985 (I of 1986)

Place : Bhubaneswar  
Date : 12/01/2010

For P. K. Sahoo & CO.  
(Chartered Accountants)

Sd/-  
(P. K. Sahoo, F C A)  
Partner



**ANNEXURE – II TO THE AUDITOR'S REPORT****1. Additional Security**

In case of following parties debit balance is appearing in additional security head. In absence of reconciliation and balance confirmation we are unable to give our opinion on the correctness of amounts.

|                               |     |                 |
|-------------------------------|-----|-----------------|
| M/s Jagatjit Industries Ltd.  | Rs. | 50,24,264.00    |
| M/s M/S MC Dowel              | Rs. | 3,49,987.00     |
| M/s Oriental Bottling (P) Ltd | Rs. | 4,20,525.00     |
| M/s Shaw Wallace Brew         | Rs. | 6,63,96,120.00  |
| M/s Maikal Breweries          | Rs. | 10,01,558.72    |
| M/s MP Beers                  | Rs. | 2,77,450.28     |
| M/s Seagram                   | Rs. | 1,97,193.51     |
| M/s Triumph Distl & Vintners  | Rs. | 2,86,610.50     |
| M/s United Spirit Ltd.        | Rs. | 15,27,91,704.74 |

**2. Sundry Creditors**

a) In the following cases Sundry Creditors have been appearing as Dr. balance. In absence of reconciliation statement and balance confirmation from sundry creditor we are unable to give our opinion on correctness of amounts.

|                         |     |              |
|-------------------------|-----|--------------|
| M/S Mohan Meakin Ltd    | Rs. | 2,21,856.67  |
| M/S Apollo Alcho Bev.   | Rs. | 1,85,747.96  |
| M/S BDA Ltd.            | Rs. | 4,87,062.51  |
| M/S Demerara Distillers | Rs. | 45,837.39    |
| M/S Denzong Brew        | Rs. | 14,00,000.00 |

Reconciliation statement and Balance confirmation certificates have not been obtained.

b) In case of following parties only debit goes accumulating during the year in Sundry Creditor head without any adjustment.

|  |     |               |
|--|-----|---------------|
| M/S Diegeo Ind (P) Ltd                     | Rs. | 32,750,869.63 |
| M/S East Coast Breweries & Distillers Ltd. | Rs. | 1,96,502.95   |
| M/S Ice berg Ind. Ltd                      | Rs. | 6,27,819.22   |
| M/S Manav Brew (P) Ltd                     | Rs. | 1,70,643.31   |
| M/S Millennium Beer                        | Rs. | 52,283,362.39 |
| National Industrial Corporation            | Rs. | 38,780.74     |
| M/S Oasis Distilleries Ltd                 | Rs. | 50,199.09     |
| M/S Pemod Recard Ind.                      | Rs. | 5,00,928.00   |
| M/S Tripti Alco brew Ltd                   | Rs. | 1,79,023.81   |
| M/S Whyte hall & Mackey Ind. Ltd           | Rs. | 95,266.00     |
| M/S Yukson Breweries Ltd.                  | Rs. | 1,38,994.16   |



- c) The following parties as Sundry Creditors appearing since long in the books without any adjustment and written back. In absence of reconciliation statement and balance confirmation we are unable to give our views on the correctness of the amount.

| Name of the Parties             | Amount            |
|---------------------------------|-------------------|
| i) M/S Kaleast Bottling (P) Ltd | Rs. 86, 18,818.61 |
| ii) M/S Jagpin Breweries Ltd    | Rs. 1, 02,055.98  |
| iii) M/S Lilason Breweries Ltd  | Rs. 1, 26,938.21  |
| iv) M/S Gwallon Distilleries    | Rs. 86,092.00     |

### 3. Imprest Advance

Following are the Imprest Advance given to different branches and it is pending since long without any corresponding adjustment.

| Particulars         | Amount         |
|---------------------|----------------|
| BM Balasore Branch  | Rs. 50, 000.00 |
| BM Berhampur Branch | Rs. 48, 004.75 |
| BM Manguli Branch   | Rs. 50, 000.00 |
| BMPahal Branch      | Rs. 3,627.30   |
| BM Sambalpur Branch | Rs. 75, 397.00 |
| BM Raygada Branch   | Rs. 51, 127.60 |

4. Corporation is unable to adjust the Entry Tax amount against the IMFL/ Beer destroyed or returned for reprocessing. The year wise break up of the amount is not provided to us. So we are unable to give our opinion on the correctness of the amount.

### 5. Violation of Board of Directors Meeting

- Payment to the staff of Oil Orissa has been classified under Emolument instead of pay. In absence of detailed information we are unable to quantify its effect on Profit & Loss account.
- Security Deposit amount has not been forfeited from the defaulter/ irregular Suppliers. In absence of detail information we are not able to determine the amount involved in this head.
- Old stock not lifted by the suppliers as on 31.03.08 has not been destroyed and empty bottles are not auctioned.
- Security Deposit of defaulting suppliers has not been adjusted and balance money has not been deposited in a separate Bank account.

6. Suppliers reconciliation for all parties Godown wise, Batch wise and Product wise were not provided for verification. Hence we are not able to quantify the amount and give our opinion on money involved against entry tax paid earlier but not adjusted.

### 7. Income Tax Assessment

Provision for Income Tax has been appearing since 2001-02 without any set off. Cases of more than five years should be set off as per the Assessment order obtained from the competent Authority.



8. Sales Tax/VAT reconciliation statement has not been provided for our verification
9. i) Stock reconciliation of IMFL/Beer, Batch wise/Depot wise have not been produced before us for verification resulting in substantial unadjustment of entry tax.
- ii) Basis of ascertaining License fee was not produced before us for checking. License fee increased from Rs. 20 crores to Rs. 30 crores in the financial year 2007-08. The same has been remarked by the Board of Directors as irregular payment.
- iii) List of suppliers of IMFL/Beer appearing more than 80 nos. in the books of accounts, but registration fees collected from only 44 suppliers. Neither the accounting treatment has been done for rest of the suppliers nor the parties are delisted.
- iv) Rs.3,51,49,574.00 has been appearing under disputed Income Tax.
- v) Advance Service Tax to the tune of Rs.54,69,053.28 is given since long.
- vi) Depot wise idle stock more than 180 days is not given for verification. In case of Sambalpur Depot reasons for decreasing the stock is not clear. Penalty on storage should be fixed as per norms. In Sambalpur Depot idle stock during Feb'08 was nil, when it was 23 cases on Jan'08.
- vii) Agreements in original for all the parties have not been signed by the Corporation representative at all.
- viii) As per agreement closing stock of any brand at any depot shall not normally exceed stock to be sold in 15 days. In absence of physical verification report we are not in a position to give opinion on the existence and value of the stock.
- ix) **Debtors Control Account**  
Debtors control Account to the tune of Rs.31,30,67,102.31/- is not reconciled by the company.
- x) Details of other Advance to the tune of Rs. 31,44,69,740.97 has not been produced for verification.
- xi) There is a difference to the tune of Rs. 00.01 paisa between Depreciation Schedule and Depreciation on Balance Sheet as on 31.03.08.
- xii) **Compliance of the Previous Year Audit Observation:-**

Five nos. of Jeeps for an amount of Rs.17.37 lakhs has not been added with the Fixed assets which was detected by the AG Audit in the Previous Year in spite of declaration for adding the same in Current Year.

Place : Bhubaneswar  
Date : 12/01/2010

For P. K. Sahoo & CO.  
(Chartered Accountants)

Sd/-  
(P. K. Sahoo, F C A)  
Partner



### ANNEXURE – III

#### Directions under section 619 (3) (a) of the Companies Act, 1956.

- I) **Corporate Governance and Audit Committee:-**
- The company has not been listed on the stock exchange.
  - Whether the company has 50% independent directors on their Board as required under SEBI guidelines? **Not applicable.**
  - The company has formed an Audit committee in compliance with Section 292A of the Companies Act, 1956.
  - Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit paras of Government Audit and has given recommendations for taking appropriate corrective action in the next year's accounts.
  - The Audit Committee has examined the replies to paragraphs, min reviews, sectoral reviews, comprehensive appraisals, etc included in various Audit Reports of the C & AG before their submission to Government Audit/ Committee on Public Undertakings.
  - The BOD has reported in the Director's Report to the shareholders compliance to their responsibility statement under section 217 (2AA) of the Companies Act, 1956.
- II) **Business Risk:-**
- No such, Statutory or Regulatory requirement or change in Government policy that could impair the financial stability or profitability of the entity observed.
  - No such, unusually rapid growth, especially compared with that of other companies in the same Industry noticed.
  - Unrealistically aggressive sales or profitability incentive programs are observed during audit period.
  - No the Company does not have the system for making a business plan, short term/ long term & review of the same vis-à-vis the actual during the audit period.
- III) **Disinvestment:-**  
Not Applicable.
- IV) **Productivity:-**  
Physical parameter to indicate level of performance of the Company. The Productivity of 3 Ms(Man, Machine & Material) may be indicated for the last three year. **Not Applicable.**
- Productivity of man per employee. **Not Applicable.**
  - Productivity of machine Percentage of utilization. **Not Applicable.**
  - Productivity of material- per unit consumption of principal raw materials against norms, if any. **Not Applicable.**
  - Manpower's of the corporation are working mainly on the basis of deputation & contractual basis.
- V) **System of Accounts & Financial Control:-**
- The duties and responsibility including the delegation of powers at various levels of Management have been adequately defined.
  - No such prescribed guidelines/Accounting manual in connection with accounts & finance are followed by the corporation.
  - Notes to Accounts, qualifications in Auditor's Report and comments of the C & AG for last three years has been reviewed by the Management but 05 nos. of Jeep for an amount of Rs.17.37 lakhs has not been added with the Fixed Asset, which was detected by the AG Audit in the previous year in spite of declaration for adding the same in current year.
  - The Company has a clear credit policy for providing for doubtful debts/write off & liquidated damages. No such reasons found to analyse such as non-completion of performance tests, litigation, retention sales etc. for significant sundry debtors.



- v. The system of giving discount to promote sale is fair to the best of our knowledge. Yes, the instructions for allowing discount are issued in writing and communicated properly to sales outlets.
- vi. Yes, the Company has a system of monitoring the timely recovery of outstanding dues. No such significant instances of failure of the system found during the verification.
- vii. Though there is a system of obtaining confirmation of balances from debtors, however the Company has not obtained the same during the audit.
- viii. There are no such cases of waiver of debts/loans/interest etc.
- ix. Is there an adequate system of timely lodging of claims with outside parties? Whether the claims are properly monitored? No such claims found with outside parties.
- x. The credit obtained is monitored regularly and the terms of loan are no such that they have negative impact on the earnings of the Company. The system of utilization of loan & the system of obtaining statutory benefit is satisfactory.
- xi. Examine and comment upon the reasonableness of assumption made by the Actuary in providing for retirement benefits as per Accounting Standard 15. No such case arises as employees are on deputation.

**VI) Fraud/Risk:-**

- i. Yes, the Company has **delineated** fraud policy.
- ii. Director's have taken proper and sufficient care for preventing and detecting frauds and other irregularities.
- iii. There are no such cases of violation of delegated Financial Power during the period under report.
- iv. Whether legal/ experts opinion in suspicious cases has been obtained and action taken accordingly? **No adverse comment.**
- v. The Vigilance Department/ Wing is not established in the Company.

**VII) Assets (Including Inventory):-**

- i. The maintenance of records such as fixed assets register, etc. is satisfactory.
- ii. The installation and commissioning of plant and machinery is not required, as the organization is a service provider company.
- iii. Capitalization of assets done on due dates & revenue expenditure has been charged.
- iv. Examine whether the Company has prescribed the following in regard to the Management of stores:-
  - a) Maximum and minimum limits of stores and spares etc.
  - b) Economic order quantity for procurement of stores.Since it is a service provider company it is **Not Applicable.**
- v. Regulation made for the purpose of control over stores, including stock taking and valuation of stock, stores & work-in-progress at the end of the financial year are adequate and are not duly enforced.
- vi. Does the work in progress contain any item, which has remained under work in progress, for an unduly long time? **No such cases found.**
- vii. Whether ABC analysis has been adopted to control the inventory?  
Not applicable as it is a service industry.
- viii. The physical verification, valuation of stock has been done by the Company.
- ix. The system of valuation of fixed assets, survey-off procedure & provision of assets & spares capital spares surveyed-off is satisfactory.
- x. The surplus/obsolete/non moving items of stock have not been destroyed by the Company.
- xi. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities? **Not Applicable.**
- xii. Are there any lapses in the internal control system right from ordering till the consumption of stores? **No Adverse Comment.**



- xiii. Indicate the assets and Plant & Machinery items, which have not been in use over a considerable period of time (say 5 years) and the reasons there of. **No Adverse Comment.**
- xiv. Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date? **No such Cases found.**
- xv. The norms of storage losses have not been fixed.
- xvi. Demurrage/ Wharf age incurred during the year and reasons there of. **No Adverse Comment.**

**VIII) Investment:-**

Not Applicable.

**IX) Liabilities and Loan:-**

- i. The total amount of loan include interest accrued on loan from Government of Orissa of Rs.1,64,384/- has been appearing since long.
- ii. Whether guarantee fee payable to the Government of India as per terms of loan agreement has been accounted for properly? **Not Applicable.**
- iii. Whether any part or whole of the Loans from Government and / or interest accrued thereon have been either converted into equity or waived by the Government, if so, its impact on the financial position of the Company? **No such cases found.**
- iv. Are the terms of the loan agreement such that they make the entity especially vulnerable to changes in the interest rate? **No Adverse Comment.**
- v. Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings. **No such cases found.**
- vi. The Company has not received large loan from other PSUs or enterprises not related with the business of the Company.
- vii. The Company is not involved in doing the MSMED Programmes during the period under Audit.

**X) Award & Execution of Contracts:-**

- i. The Company has devised a proper system of tendering for awarding of various contracts.
- ii. The Company has an efficient system for monitoring and adjusting advances to contractors/ suppliers. However Other Advances and Advance to Supplier to the tune of Rs. 31,44,69,740.97 & Rs.24,40,59,606.54 respectively needs to be adjusted.
- iii. The Company has settled all the issues viz. Performance Guarantee (PG) Tests, Recovery of Liquidity Damages (LDs), final payment etc.

**XI) Costing Systems:-**

Not Applicable as the Company is service provider agency.

**XII) Internal Audit System:-**

- i. The Company has hired the services of Chartered Accountants as Internal Auditor. The reporting status, scope of work, level of competence of Internal Audit is adequate. The Company is having an adequate compliance mechanism on Internal Audit observation.
- ii. The Company has not prescribed internal audit standards/ manual/guidelines.
- iii. The Internal Audit is accountable to the Audit Committee.

**XIII) HRD:-**

- i. There is high turnover of Senior Management, Professional Advisors or Board Member and other key personnel, because most of the staff are on deputation and contractual basis engaged by a Consultant.
- ii. The Company has not taken any step to analyse the cost of employee turnover and to reduce it.
- iii. Specify the VRS Policy evolved/adopted by the Company. Whether the policy has been implemented correctly? Whether the purpose of the VRS has been achieved by reduction of manpower? List out the shortcomings, if any, noticed. Not Applicable as most of the staffs are on deputation.
- iv. There is significant, prolonged understaffing in the Company.



**XIV) Legal/ Arbitration Cases:-**

- i. The legal cases are pending in connection with Income Tax, Sales Tax & Service Tax. Income Tax cases are pending from the Assessment Year 2001-02 to 2006-07. Sales Tax cases are pending for the Financial Year 2001-02 to 2006-07.
- ii. The Company has not any norms /procedure for large expenses. The norms/procedure for legal expenses is being finalized by Board.
- iii. The Contingent Liabilities disclosed by the Company are not adequately cover the court cases & arbitration cases pending against the Company.

**XV) EDP Audit:-**

- i. The Company has not an approved IT Strategy or Plan.
- ii. The Company has not computerized its operations. The Financial Accounting function is being managed in Tally Package. Other Department such as Sales, Personnel Information, Payroll, Materials/Inventory Management etc. are not in computerized manner.
- iii. As the Company is not fully computerized, it requires correlating information from computer and manual in the audit process, which is time consuming. As the organization is not computerized, audit through or around the computer is not applicable.
- iv. The Company has not evolved proper security policy for Software/Hardware.
- v. Identify the areas in which the auditor is of the view that the build-in-checks in the computer environment need to be reviewed. Also mention the percentage of acceptable audit risk in those identified areas. **No Adverse Comment.**
- vi. The Company has not a document retention policy.
- vii. There is no such software in the Company to prepare reports.
- viii. There is no such system of documentation of software programs.
- ix. Comment whether changes made in software have the approval of Management and the lead time given to staff to get accustomed to it before making it fully operational. Not Applicable.
- x. There is no such planning found to make online the entire IT activity in the organization.
- xi. The Company has not any System Department, to be responsible for both hiring/buying EDP equipment Hardware & Software and also certifying their usability, because some specific software is used.

**XVI) Environment Management:-**

Compliance of the various Pollution Control Acts and the impact thereof and policy of the Company in this regard may be checked and commented upon. **No Adverse Comment.**

**XVII) General:-**

- i. The Company has not entered into Memorandum of Understanding with its administrative ministry.
- ii. Does the Company present a case for energy audit? If yes, has the audit been conducted by specialized agency? Not Applicable.

Place : Bhubaneswar

Date : 12/01/2010

For P. K. Sahoo & CO.  
(Chartered Accountants)

Sd/-

(P. K. Sahoo, F C A)  
Partner

**ORISSA STATE BEVERAGES CORPORATION LIMITED**  
**BHUBANESWAR**

**BALANCE SHEET AS ON 31st MARCH, 2008**

|  | Sch. No. | Amount (Rs)             | As On 31.03.2008<br>Amount (Rs) | As On 31.03.2007<br>Amount (Rs) |
|--|----------|-------------------------|---------------------------------|---------------------------------|
| <b>I SOURCES OF FUNDS</b>  |          |                         |                                 |                                 |
| <b>(1) Shareholders' Funds:</b>  |          |                         |                                 |                                 |
| (a) Share Capital  | 1        | 10,000,000.00           | 10,000,000.00                   |                                 |
| (b) Reserves & surplus   | 2        | <u>232,985,200.99</u>   | 242,985,200.99                  | <u>141,126,139.75</u>           |
| (2) Loan Funds:  |          |                         |                                 |                                 |
| (a) Secured Loan   | 3        | -                       | -                               |                                 |
| (b) Unsecured Loans  | 4        | <u>164,384.00</u>       | 164,384.00                      | <u>164,384.00</u>               |
| <b>TOTAL :</b>   |          |                         | <b><u>243,149,584.99</u></b>    | <b><u>151,290,523.75</u></b>    |
| <b>II APPLICATION OF FUNDS</b>   |          |                         |                                 |                                 |
| <b>(1) Fixed Assets :</b>  |          |                         |                                 |                                 |
| (a) Gross Block  | 5        | 15,495,811.25           | 15,412,373.25                   |                                 |
| (b) Less: Depreciation   | 18       | <u>12,097,793.48</u>    | <u>11,313,794.43</u>            |                                 |
| (c) Net Block  |          |                         | 3,398,017.77                    | 4,098,578.82                    |
| <b>(2) Current Assets, Loans and Advances</b>  |          |                         |                                 |                                 |
| <b>(a) Current Assets :</b>  |          |                         |                                 |                                 |
| (i) Cash & Bank Balances   | 6        | 395,345,322.99          | 202,384,082.23                  |                                 |
| (ii) Other Current Assets  | 7        | 94,202,966.21           | 76,067,691.86                   |                                 |
| (b) Loans & Advances   | 8        | <u>819,291,431.64</u>   | <u>583,165,282.34</u>           |                                 |
|  |          | <u>1,308,839,720.84</u> | <u>861,617,056.43</u>           |                                 |
| <b>Less: Current Liabilities and Provisions</b>  |          |                         |                                 |                                 |
| (a) Current Liabilities  | 9        | 950,348,700.57          | 640,067,375.77                  |                                 |
| (b) Provisions   | 10       | <u>118,739,453.05</u>   | <u>74,357,735.73</u>            |                                 |
|  |          | <u>1,069,088,153.62</u> | <u>714,425,111.50</u>           |                                 |
| <b>Net Current Assets</b>  |          |                         | 239,751,567.22                  | 147,191,944.93                  |
| <b>(3) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED Preliminary Expenditure</b> |          |                         |                                 |                                 |
| <b>TOTAL :</b>   |          |                         | <b><u>243,149,584.99</u></b>    | <b><u>151,290,523.75</u></b>    |

Schedules 1 to 18 and significant Accounting Policies and Explanatory notes annexed hereto form an integral part of the Balance sheet and Profit & Loss Account.

For P. K. Sahoo & Co.  
Chartered Accountants

Sd/-  
P. K. Sahoo  
Partner

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Nagendra Nath Pattnaik, OFS  
Gen. Manager(fin)

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Sudarshan Nayak, IAS  
Director

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri S. Srinivasan, IAS  
Chairman Cum Managing Director

Place: Bhubaneswar  
Date: 12/01/2010





**ORISSA STATE BEVERAGES CORPORATION LIMITED**  
BHUBANESWAR

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2008**

|  | Sch<br>No. | Feigure For The year<br>Ending 31.03.2008 | Feigure For The year<br>Ending 31.03.2007 |
|--|------------|---|---|
| <b>INCOME</b>                                      |            |   |   |
| Margin on operation                                |            | 384,187,543.89                            | 305,218,693.00                            |
| Export Permit Pass Commission                      |            | 475,607.00                                | 84,564.00                                 |
| Interest on Term Deposit                           |            | 23,702,420.79                             | 14,410,920.00                             |
| Registration Fee Collected                         |            | 880,000.00                                | 1,040,000.00                              |
| Cash Discount                                      |            | 43,267,901.63                             | 35,984,813.00                             |
| Other Income                                       |            | 8,682,606.00                              | 4,111,077.00                              |
| <b>Total Income</b>                                |            | <b>461,196,079.31</b>                     | <b>360,850,069.00</b>                     |
| <b>EXPENDITURE</b>                                 |            |   |   |
| Advertisement & Bussiness Develop.                 | 11         | 1,620.00                                  | 178,910.00                                |
| Communication & Developmt                          | 12         | 157,209.00                                | 163,907.00                                |
| Godown Rent & Expenses                             |            | 7,955,438.90                              | 6,214,867.00                              |
| Office Rent  |            | 973,100.00                                | 900,215.00                                |
| Office Expenses                                    | 13         | 481,545.80                                | 433,805.00                                |
| Professional & Legal Charges                       | 14         | 472,885.25                                | 554,197.00                                |
| Donation   |            | 400,000.00                                |   |
| Salary & Wages                                     | 15         | 3,559,132.00                              | 4,141,063.00                              |
| Travelling & Conveyance                            |            | 79,728.00                                 | 44,047.00                                 |
| Hire Charges of Vehicle                            |            | 155,960.00                                | 135,597.00                                |
| Audit Fees and Expenses                            | 16         | 116,934.00                                | 187,827.00                                |
| Insurance Premium                                  |            | 190,354.00                                | 500,277.00                                |
| Licence, Previlage & Lable Reg. Fees               |            | 303,000,000.00                            | 203,000,000.00                            |
| Printing & Stationery                              |            | 241,859.00                                | 386,907.00                                |
| Repair & Maintenance                               |            | 3,534.00                                  | 105,247.00                                |
| Security Service Charges                           |            | 6,279,740.00                              | 5,171,897.00                              |
| Financial Charges                                  | 17         | 2,983.00                                  |   |
| Preliminary Expenses written off                   |            | -   |   |
| Depreciation                                       | 18         | 783,999.05                                | 985,967.00                                |
| <b>Total Expenditure</b>                           |            | <b>324,856,022.00</b>                     | <b>223,104,717.00</b>                     |
| <b>NET PROFIT/(LOSS) FOR THE YEAR</b>              |            | <b>136,340,057.31</b>                     | <b>137,745,352.00</b>                     |
| Add/Less: Prior Period Profit                      |            | -   | 2,655,787.00                              |
| Add/Less: Net Prior Period Income/Expenditure      |            | 99,278.75                                 | 802,667.00                                |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>               |            | <b>136,240,778.56</b>                     | <b>134,286,906.00</b>                     |
| LESS: Provision for Taxation                       |            | 44,381,717.32                             | 45,200,997.00                             |
| <b>PROFIT/(LOSS) AFTER TAXATION</b>                |            | <b>91,859,061.24</b>                      | <b>89,085,909.00</b>                      |
| Add: Balance Profit Brought from Last Year         |            | 141,126,139.75                            | 52,040,200.00                             |
| <b>BALANCE PROFIT TRANSFERRED TO BALANCE SHEET</b> |            | <b>232,985,200.99</b>                     | <b>141,126,109.00</b>                     |

Schedules 1 to 18 and significant Accounting Policies and Explanatory notes annexed hereto form an integral part of the Balance sheet and Profit & Loss Account.

For P. K. Sahoo & Co.  
Chartered Accountants

Sd/-  
P. K. Sahoo  
Partner

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Nagendra Nath Pattnaik, OFS  
Gen. Manager(fin)

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Sudarshan Nayak, IAS  
Director

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri S. Srinivasan, IAS  
Chairman Cum Managing Director

Place: Bhubaneswar  
Date: 12/01/2010



## ORISSA STATE BEVERAGES CORPORATION LIMITED

BHUBANESWAR

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH '2008

|  | Amount                |          | Amount                |          |
|--|-----------------------|----------|-----------------------|----------|
|  | As at 31.03.2008      | P.       | As at 31.03.2007      | P.       |
|  | Rs.                   |          | Rs.                   |          |
| <b>SCHEDULE-1</b>  |                       |          |                       |          |
| <b>SHARE CAPITAL</b>   |                       |          |                       |          |
| <b>Authorised</b>  |                       |          |                       |          |
| 50,00,000 Equity Shares of Rs.10/- each  | 50,000,000.00         |          | 50,000,000.00         |          |
| <b>Issued Subscribed &amp; Paid up Capital</b>   |                       |          |                       |          |
| 1000000 Equity Shares Rs.10/- each   | 10,000,000.00         |          | 10,000,000.00         |          |
|  | -                     |          | -                     |          |
| <b>TOTAL</b>   | <b>10,000,000.00</b>  |          | <b>10,000,000.00</b>  |          |
| <b>SCHEDULE-2</b>  |                       |          |                       |          |
| <b>RESERVES &amp; SURPLUS</b>  |                       |          |                       |          |
| Profit & Loss Account  | 232,985,200.99        |          | 141,126,139.75        |          |
| <b>TOTAL</b>   | <b>232,985,200.99</b> |          | <b>141,126,139.75</b> |          |
| <b>SCHEDULE-3</b>  |                       |          |                       |          |
| <b>SECURED LOAN</b>  |                       |          |                       |          |
| Short Term Loan from Union Bank of India, C.S.Pur<br>(against security of Short Term Deposit of Rs.6.00 Crore) |                       | -        |                       | -        |
| Interest Accrued and due on above  |                       | -        |                       | -        |
| <b>TOTAL</b>   |                       | <b>-</b> |                       | <b>-</b> |
| <b>SCHEDULE-4</b>  |                       |          |                       |          |
| <b>UNSECURED LOAN</b>  |                       |          |                       |          |
| Loan From Government Of Orissa   |                       | -        |                       | -        |
| Interest Accrued and due on above  | 164,384.00            |          | 164,384.00            |          |
| <b>TOTAL</b>   | <b>164,384.00</b>     |          | <b>164,384.00</b>     |          |
| <b>SCHEDULE-6</b>  |                       |          |                       |          |
| <b>Cash &amp; Bank Balances</b>  |                       |          |                       |          |
| a) Cash In Hand  |                       | 972.00   |                       | 1,195.80 |
| b) Cheques In Hand & Transit   |                       | -        |                       | -        |
| c) Balances With Scheduled Banks   |                       |          |                       |          |
| i) In Current Accounts   | 115,214,957.99        |          | 72,253,493.43         |          |
| ii) In Term Deposits   | 280,129,393.00        |          | 130,129,393.00        |          |
| <b>TOTAL</b>   | <b>395,345,322.99</b> |          | <b>202,384,082.23</b> |          |



**ORISSA STATE BEVERAGES CORPORATION LIMITED**  
**BHUBANESWAR**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH '2008**

|  | Amount           |    | Amount           |    |
|--|------------------|----|------------------|----|
|  | As at 31.03.2008 |    | As at 31.03.2007 |    |
|  | Rs.              | P. | Rs.              | P. |

**SCHEDULE-7**

| <u>Other Current Assets</u>                  | Rs.                  | P. | Rs.                  | P. |
|--|----------------------|----|----------------------|----|
| a) Security Deposits                         | 11,008.00            |    | 11,008.00            |    |
| b) Accrued Interest On Term Deposits         | 2,795,462.52         |    | 926,698.73           |    |
| c) Income Tax Deducted at Source(Receivable) | 10,555,615.46        |    | 7,913,148.46         |    |
| d) Sundry Debtors                            | 76,436,163.90        |    | 63,812,120.34        |    |
| e) Entry Tax Receivable                      | 601,521.33           |    | 601,521.33           |    |
| f) Receivable From Govt.(Others)             | 3,803,195.00         |    | 2,803,195.00         |    |
| <b>TOTAL</b>                                 | <b>94,202,966.21</b> |    | <b>76,067,691.86</b> |    |

**SCHEDULE-8**

| <u>Loans And Advances</u>  | Rs.                   | P. | Rs.                   | P. |
|--|-----------------------|----|-----------------------|----|
| (Advances Recoverable in Cash or In Kind or for Value to be Received)<br>(Unsecured Considered Good) |                       |    |                       |    |
| a) Advance To Employees  | 53,653.85             |    | 47,115.85             |    |
| b) Advance Income Tax  | 197,605,176.00        |    | 127,325,602.00        |    |
| c) Pre-paid Insurance  | 526,768.00            |    | 187,195.00            |    |
| d) Other Advances  | 314,469,740.97        |    | 303,308,641.65        |    |
| e) Advance To Suppliers  | 244,059,606.54        |    | 4,911,336.84          |    |
| f) Advance FBT   | 84,788.00             |    | 42,858.00             |    |
| g) Income Tax Demand   | 52,022,645.00         |    | 36,873,071.00         |    |
| h) Advance Sales Tax   | -                     |    | 100,000,000.00        |    |
| i) Advance Service Tax   | 5,469,053.28          |    | 5,469,462.00          |    |
| j) Sales tax Demand  | 5,000,000.00          |    | 5,000,000.00          |    |
| <b>TOTAL</b>   | <b>819,291,431.64</b> |    | <b>583,165,282.34</b> |    |

**SCHEDULE-9**

| <u>Current Liabilities</u>  | Rs.                   | P. | Rs.                   | P. |
|---|-----------------------|----|-----------------------|----|
| a) Sundry Creditors   |                       |    |                       |    |
| i) Total Outstanding Dues to Small Scale Industrial Under takings           | -                     |    | -                     |    |
| ii) Total Outstanding dues of Creditors other than Small Scale Undertakings | 754,325,979.30        |    | 429,341,297.12        |    |
| (b) Other liabilities   |                       |    |                       |    |
| i) Security Deposits Received   | 10,500,000.00         |    | 10,100,000.00         |    |
| ii) Additional Security Deposits  | 7,174,967.00          |    | 337,651.50            |    |
| iii) Duties & Taxes Payable to Govt. Of Orissa                              | 42,771,819.90         |    | 127,651,057.50        |    |
| iv) Advance From Retailers  | -                     |    | -                     |    |
| v) Providend Fund Dues  | -                     |    | 44,088.90             |    |
| vi) Dues Under Group Saving Linked Insurance Scheme                         | 41,106.00             |    | 41,106.00             |    |
| vii) Registration Fees Pending Allocation                                   | -                     |    | -                     |    |
| viii) Registration Fee Received in Advance                                  | -                     |    | -                     |    |
| ix) Other Liabilities   | 135,534,828.37        |    | 72,552,174.60         |    |
| <b>TOTAL</b>  | <b>950,348,700.57</b> |    | <b>640,067,375.72</b> |    |



**ORISSA STATE BEVERAGES CORPORATION LIMITED**  
**BHUBANESWAR**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH '2008**

|   | Amount<br>As at 31.03.2008 |           | Amount<br>As at 31.03.2007 |           |
|---|----------------------------|-----------|----------------------------|-----------|
|   | Rs.                        | P.        | Rs.                        | P.        |
| <b>SCHEDULE-10</b>                              |                            |           |                            |           |
| <b>Provisions</b>                               | <b>Rs.</b>                 | <b>P.</b> | <b>Rs.</b>                 | <b>P.</b> |
| a) Provision For Income Tax (2000-01)           |                            | -         |                            | -         |
| 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) ✓         | 3,504,328.00               |           | 3,504,328.00               |           |
| e) Provision For Income Tax (2004-05) ✓         | 10,484,045.73              |           | 10,484,045.73              |           |
| e) Provision For Income Tax (2005-06) ✓         | 6,479,732.00               |           | 6,479,732.00               |           |
| f) Provision For Income Tax (2006-07)           | 45,200,975.00              |           | 45,200,975.00              |           |
| g) Provision For Income Tax (2007-08)           | 44,381,717.32              |           |                            | -         |
| <b>TOTAL</b>                                    | <b>118,739,453.05</b>      |           | <b>74,357,735.73</b>       |           |
| <b>SCHEDULE-11</b>                              |                            |           |                            |           |
| <b>Advertisement &amp; Business Development</b> | <b>Rs.</b>                 | <b>P.</b> | <b>Rs.</b>                 | <b>P.</b> |
| Advertisement                                   |                            | -         |                            | 1,500.00  |
| Business Expenses                               | 1,620.00                   |           | 177,410.50                 |           |
| <b>TOTAL</b>                                    | <b>1,620.00</b>            |           | <b>178,910.50</b>          |           |
| <b>SCHEDULE-12</b>                              |                            |           |                            |           |
| <b>Communication &amp; Development</b>          | <b>Rs.</b>                 | <b>P.</b> | <b>Rs.</b>                 | <b>P.</b> |
| a) Postage & Telegram                           | 91,299.00                  |           | 78,951.66                  |           |
| b) Telephone Charges                            | 65,910.00                  |           | 84,956.00                  |           |
| c) Website Development Expenses                 |                            | -         |                            | -         |
| d) Computer Software                            |                            | -         |                            | -         |
| <b>TOTAL</b>                                    | <b>157,209.00</b>          |           | <b>163,907.66</b>          |           |
| <b>SCHEDULE-13</b>                              |                            |           |                            |           |
| <b>Office Expenses</b>                          | <b>Rs.</b>                 | <b>P.</b> | <b>Rs.</b>                 | <b>P.</b> |
| a) News Papers and Periodicals                  | 6,150.50                   |           | 5,679.00                   |           |
| b) Electric Charges                             | 356,381.00                 |           | 303,594.00                 |           |
| c) Office Expenses                              | 37,496.00                  |           | 15,652.50                  |           |
| d) Misc. Office Expenses                        | 8,880.00                   |           | 3,118.50                   |           |
| e) Water Charges                                | 21,294.00                  |           | 19,656.00                  |           |
| f) Books and Journals                           |                            | -         |                            | -         |
| g) Office Maintenance                           | 42,027.30                  |           | 79,342.50                  |           |
| h) B.O.D Meeting Expenses                       | 9,317.00                   |           | 6,763.00                   |           |
| <b>TOTAL</b>                                    | <b>481,545.80</b>          |           | <b>433,805.50</b>          |           |

**ORISSA STATE BEVERAGES CORPORATION LIMITED**

BHUBANESWAR

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH '2008**

|  | Amount           |    | Amount           |    |
|--|------------------|----|------------------|----|
|  | As at 31.03.2008 |    | As at 31.03.2007 |    |
|  | Rs.              | P. | Rs.              | P. |

**SCHEDULE-14****Professional & Legal Charges**

|                                      | Rs.        | P. | Rs.        | P. |
|--------------------------------------|------------|----|------------|----|
| a) Company Secretary's Retainer Fees | 55,618.00  |    |            |    |
| b) Legal Charges                     | 49,253.25  |    | 233,533.00 |    |
| c) Professional Charges              | 368,014.00 |    | 320,664.80 |    |

**TOTAL****472,885.25****554,197.80****SCHEDULE-15****Salaries & Wages**

|  | Rs.          | P. | Rs.          | P. |
|--|--------------|----|--------------|----|
| a) Leave Salary & Pension Contribution | 366,643.00   |    | 65,807.00    |    |
| b) Salary & Wages                      | 3,192,489.00 |    | 4,075,256.00 |    |
| c) Subsistence Allowance               | -            |    | -            |    |

**TOTAL****3,559,132.00****4,141,063.00****SCHEDULE-16****Audit Fees & Expenses**

|                         | Rs.        | P. | Rs.        | P. |
|-------------------------|------------|----|------------|----|
| a) Statutory Audit Fees | -          |    | 35,000.00  |    |
| b) Tax Audit Fees       | 5,618.00   |    | 8,084.00   |    |
| c) Internal Audit Fees  | 106,292.00 |    | 111,568.00 |    |
| d) Other Audit Fees     | 5,024.00   |    | 33,171.00  |    |

**TOTAL****116,934.00****187,823.00****SCHEDULE-17****Financial Charges**

|                                | Rs.      | P. | Rs. | P. |
|--------------------------------|----------|----|-----|----|
| a) Bank Charges                | 2,983.00 |    |     |    |
| b) Interest On Short Term Loan | -        |    |     |    |
| c) Interest On Govt Loan       | -        |    |     |    |

**TOTAL****2,983.00**

**ORISSA STATE BEVERAGES CORPORATION LIMITED**  
**BHUBANESWAR**  
**SCHEDULE - 5**  
**2007-08**

| FIXED ASSETS |                     | GROSS BLOCK |                      |                  |                      |                        | DEPRECIATION                    |                           |                                  |                            | NET BLOCK                    |                                  |                                   |
|--------------|---------------------|-------------|----------------------|------------------|----------------------|------------------------|---------------------------------|---------------------------|----------------------------------|----------------------------|------------------------------|----------------------------------|-----------------------------------|
|              |                     | SI. No.     | ITEM                 | Rate As On       | Cost during 01.04.07 | Addition Sale the Year | Deletion/ As On during the Year | Total Cost As On 31.03.08 | Depreciation during the 01.04.07 | Depreciation adjusted Year | Depreciation during the year | Total Value as on As on 31.03.08 | Written Down Value as on 31.03.07 |
| 1            | Air Conditioner     | 13.91%      | 896,331.15           | -                | -                    | -                      | 896,331.15                      | 505,453.62                | 54,371.06                        |                            | 559,824.69                   | 390,877.53                       | 336,506.46                        |
| 2            | Computer            | 40.00%      | 4,836,284.00         | 38,550.00        | -                    | -                      | 4,874,834.00                    | 4,527,776.80              | 138,822.88                       |                            | 4,666,599.6                  | 308,507.20                       | 208,234.32                        |
| 3            | Furniture & Fixture | 18.10%      | 3,703,449.50         | -                | -                    | -                      | 3,703,449.50                    | 2,548,334.04              | 209,075.90                       |                            | 2,757,409.94                 | 1,155,115.46                     | 946,039.56                        |
| 4            | Electrical Fittings | 13.91%      | 796,614.60           | -                | -                    | -                      | 796,614.60                      | 461,012.31                | 46,682.28                        |                            | 507,694.59                   | 335,602.29                       | 288,920.01                        |
| 5            | Office Equipments   | 13.91%      | 2,197,511.00         | 44,888.00        | -                    | -                      | 2,242,399.00                    | 1,197,076.97              | 145,404.29                       |                            | 1,342,481.26                 | 1,000,434.03                     | 899,917.74                        |
| 6            | Vehicle             | 25.89%      | 2,189,063.00         | -                | -                    | -                      | 2,189,063.00                    | 1,660,398.90              | 136,871.14                       |                            | 1,797,270.04                 | 528,664.10                       | 391,792.96                        |
| 7            | Audio Visual        | 13.91%      | 793,120.00           | -                | -                    | -                      | 793,120.00                      | 413,741.78                | 52,771.51                        |                            | 466,513.29                   | 379,378.22                       | 326,606.71                        |
| <b>TOTAL</b> |                     |             | <b>15,412,373.25</b> | <b>83,438.00</b> | <b>-</b>             | <b>-</b>               | <b>15,495,811.25</b>            | <b>11,313,794.43</b>      | <b>783,999.05</b>                | <b>-</b>                   | <b>12,097,793.49</b>         | <b>4,098,578.82</b>              | <b>3,398,017.76</b>               |

Schedules 1 to 18 and significant Accounting Policies and Explanatory notes annexed hereto form an integral part of the Balance sheet and Profit & Loss Account.

For P. K. Sahoo & Co.  
Chartered Accountants

Sd/-  
P. K. Sahoo  
Partner

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Nagendra Nath Pattnaik, OFS  
Gen. Manager(fin)

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Sudarshan Nayak, IAS  
Director

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri S. Srinivasan, IAS  
Chairman Cum Managing Director



## 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 Accounts 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 are recognized as income for that year with effect from the financial year 2003-04 is followed consistently. The same method is followed during the year 2007- 08.
  - 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 expenditures of Rs. Nil as reported by the Excise Deptt. Amortization of the said expenditure has been made 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 Scheduled 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 stocks of the suppliers, the company will only earn margin on sales made on behalf of suppliers.
6. **Retirement Benefits of Employees** : The Corporation has taken employees from government and other organization on deputation basis. They are guided by the terms of deputation as fixed / to be fixed by the State Government / other Public Sector Undertakings. Their retirement benefits including Gratuity & Leave Salary etc. are accounted for on cash basis as per the term of deputation.

### Notes Forming part of Accounts

1. The payments made by the suppliers for deposit with Superintendent, Khurda for obtaining the License 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 on supplier balances are in progress.
4. Sales made on behalf of the supplier during the year is credited to respective suppliers account 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 per the Income Tax Rules.
6. The balance Preliminary Expenditure of Rs. Nil is amortized during the current year.
7. The credit balance of Sundry Creditors amounting to Rs.37,82,13,257.83 have been shown under the head "Sundry Creditors" and the debit balance of Rs.24,40,59,606.54 have been shown under the head "Advance to suppliers".
8. a) Employees employed through out the year and were in receipt of remuneration not less than Rs.130,44,831.00
  - i) No of Employees
  - ii) Salary & wages
  - iii) Corporations Contribution to Provident & Other Fundsb) Employees employed for a part of the year and were in receipt of remuneration not less than Rs.20,000/- per month
  - i) No of Employees
  - ii) Salary & Wages
  - iii) Corporations' Contribution to Provident & Other Funds
9. Interest on term Deposit as shown in the Profit & Loss Account Rs. 1,44,10,920.81 is gross.
10. Previous years figures have been regrouped, recast and rearranged wherever is necessary.
11. Rs. 2,22,525/- paid as salary and Traveling and RS.9184.00 towards TA & LTC to Directors.
12. The Income Tax Assessments up to the Assessment year 2006-07 have been completed. However, Income Tax Authorities have raised demand notice on disputed amount of Rs. 1,70,45,840.00 for the A.Y. 2006-07. The Corporation has filed an appeal before the appellate authorities of Income Tax on the disputed amount for the A.Y. 2001-02 to A.Y 2006-07. As a result of which amount paid to Income Tax is shown as "Advance against Income Tax" without adjustment with the head of "Provision for Income Tax" for the said years. Details are given in Para - 14.





13. 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.
14. The I.T. Authorities have recovered the tax demand amounting to Rs. 2,00,00,000/- for the A.Y. 2004-05 through bank on dtd. 03.03.2007 and also the I.T. Authorities have recovered the tax demand amounting to Rs. 1,68,73,0711/- for the A.Y. 2003-04 through bank on dtd. 17.01.2007. Advance Tax has been paid by the corporation for the financial year 2007-08.
15. Margin on Operation includes Margin Rounding off and Margin on Operation of for the year 2007-08.
16. Registration Fees of Rs.9,00,000 has been recognized as income during the financial year 2006-07.
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 21<sup>st</sup> meeting held on 29.01.05 have decided that ownership of these 10 vehicles will be reverted back to the Corporation, which has not been incorporated.
18. After Assessment the Sales Tax Authority has issued a demand of Rs. 3,22,04,314/- for the financial year 2002-03 which has been disputed by the Corporation and preferred to file appeal before the commissioner of sales tax. The Corporation has also filed an appeal and obtained stay from Hon'ble High Court of Orissa against the demand raised by the sales tax authority for RS.250.33 Lakhs for the year 2001-02. For the Financial Year 2001-02 Rs. 50 Lakhs have been paid on 13/04/2006 against demand raised by Sales Tax Authorities.
19. **Contingent Liabilities** : An amount of Rs. 4,89,52,859.19 representing Service Tax for the financial 2007-08 have been computed, It has not been reflected in the current year balance sheet, as the matter is subjudice before the Appellate, ie, CESTAT, Kolkata.
20. As per C &AG comments, accounting entry of differential excise duty of Rs.56.68 la.kh payable to the state Government for the year 2004-05 twice in the accounts for the year 2006-07 has now been rectified in the current year 2007-08

For P. K. Sahoo & Co.  
Chartered Accountants

Sd/-  
C A. P. K. Sahoo  
Partner

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Nagendra Nath Pattnaik, OFS  
Gen. Manager(fin)

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Sudarshan Nayak, IAS  
Director

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri S.Srinivasan, IAS  
Chairman Cum Managing Director

Membership No.-

Place: Bhubaneswar  
Date: 12/01/2010

PART-IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No. 0 0 6 3 7 2

State Code 1

Balance Sheet Date 3 1 0 3 0 8

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

Public Issue

NA

Right Issue

NA

Bonus Issue

NA

Private Placement

NA

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

Total Liabilities

2 4 3 1 4 9

Total Assets

2 4 3 1 4 9

Sources of Funds

Capital Fund

1 0 0 0 0

Reserve & Surplus

2 3 2 9 8 5

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

3 3 9 8

Investments

Net Current Assets

2 3 9 7 5 1

Misc. Expenditure

Accumulated Losses

Performance of Company (Amount in Thousands)

Total Income

4 6 1 1 9 6

Total Expenditure

3 2 4 8 5 6

Profit Before Tax

1 3 6 2 4 0

Profit After Tax

9 1 8 5 9

Earning per share in Rs. Dividend Rate %

9 1 . 8 6

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

Item code no. I M F L B E E R & C O U N T R Y S P I R I T

(ITC CODE)

Product Description

Schedules 1 to 18 and significant Accounting Policies and Explanatory notes annexed hereto form an integral part of Balance sheet and Profit & Loss Account.

For P. K. Sahoo & Co.  
Chartered Accountants

Sd/-  
P. K. Sahoo  
Partner

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Nagendra Nath Pattnaik, OFS  
Gen. Manager(fin)

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri Sudarshan Nayak, IAS  
Director

For Orissa State Beverages  
Corporation Ltd

Sd/-  
Sri S. Srinivasan, IAS  
Chairman Cum Managing Director

Place: Bhubaneswar  
Date: 12/01/2010



**P.K. SAHOO & CO**  
**CHARTERED ACCOUNTANTS**

1113, Nayapalli (Behind Krishna Tower)  
Bhubaneswar - 751012, (Orissa)  
Ph. : 0674-2561935, 2562935, 9437002935(M)  
E-mail : p\_ksahoo2002@yahoo.co.in

Date : 12/01/2010

**COMPLIANCE CERTIFICATE**

We have conducted the audit of accounts of ORISSA STATE BEVERAGES CORPORATION LTD. for the year ended 31/03/2008 in accordance with the direction/sub direction issued by the Comptroller and Auditor General of India under section 619(3)(a) of the Companies Act., 1956 and certify that we have complied with all the directions/sub directions issued to us.

For P. K. SAHOO & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
P. K. SAHOO, F. C. A  
PARTNER

Membership No. 053138