

12th Annual Report

2011-2012



ODISHA STATE BEVERAGES CORPORATION LIMITED

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2011-2012



ODISHA STATE BEVERAGES CORPORATION LIMITED

CONTENTS

Sl.No.	SUBJECT	PAGES
1)	Board of Directors	01
2)	Directors' Report	02 - 04
3)	Replies of the Management on the Comments of the Statutory Auditors.	05 - 13
4)	Replies of the Management on the Comments of the Comptroller and Auditor General of India.	14 - 15
5)	Compliance Certificate	16 - 20
6)	Auditor's Report	21 - 29
7)	Balance Sheet	30 -
8)	Statement of Profit & Loss	31
9)	Notes	32 - 46
10)	Cash Flow Statement	47 - 48
11)	Comments of the Comptroller & Auditor General of India Under Section 619(4) of the Companies Act, 1956.	49 - 51





BOARD OF DIRECTORS AS ON 31.03.2012

1.	Shri R.K.Sharma, IAS	Chairman
2.	Shri Saurabh Garg, IAS	Director
3.	Shri N.B.Dhal, IAS	Director
4.	Shri Saswat Mishra, IAS	Director
5.	Shri H. K. Panda, OFS	Director
6.	Shri H. K. Behera, OAS (SAG)	Managing Director

PRESENT BOARD OF DIRECTORS AS ON 31.05.2014

1.	Shri S.P.Thakur, IAS	Chairman
2.	Shri Manoj Ahuja, IAS	Director
3.	Shri Aswini Kumar Mishra, IA & AS	Director
4.	Shri Ashok Kumar Tarenia, IAS	Director
5.	Shri Akshaya Kumar Parida, OAS(SAG)	Director
6.	Shri Dwijaraj Kar, OAS(SAG).	Managing Director

STATUTORY AUDITORS:

M/s. Singh Ray Mishra & Co.

Chartered Accountants

SR-31, Ashoka Market, Station Square

Bhubaneswar, Odisha-751009.

BANKERS:

Union Bank of India

State Bank of India.

IDBI Bank Limited

REGISTERED OFFICE:

9th Floor, IDCO Tower,

Janpath, Bhubaneswar-751022, Odisha



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 12th Annual Report of the Corporation together with Audited Statements of Accounts and Auditors' Report thereon for the financial year 2011-12.

FINANCIAL HIGHLIGHTS:

The financial results of the Company for the year ended 31st March 2012 vis-a-vis 31st March 2011 are:

PARTICULARS	For the Financial Year ended on 31.03.2012 (Amount in Rupees lacs)	For the Financial Year ended on 31.03.2011 (Amount in Rupees lacs)
Total Revenue	198,893.98	162,960.85
Total Expenses	188,812.61	155,728.48
Profit before Tax	97,81.37	72,32.37
Tax Expenses		
Current Tax	32,07.94	24,59.56
Deferred Tax		
Lliability/(Assets)	(25.39)	-
Profit After tax	65,98.82	47,72.91
Appropriation:		
General Reserve	6,59.88	4,77.29
Dividend	19,79.65	14,31.88
Dividend Tax	3,21.15	2,43.35

DIVIDEND AND APPROPRIATIONS:

The Board of Directors of your company have recommended a Dividend of 30% on the net profit amounting to Rs.1979.65 lacs and the corporation will pay dividend distribution tax amounting to Rs.321.15 lacs as per Income Tax, Act.

**OPERATIONS:**

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

During the year, the total income of your Corporation was Rs.198,593.98 lacs and the total expenditure was Rs.188,812.61 lacs. The net profit after tax for the financial year i.e. Rs. 6598.82 lacs.

The Corporation has seven depots at Khurda, Balasore, Sambalpur, Rayagada and Berhampur, Cuttack and Angul 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 Odisha and its nominees hold the entire equity share capital of the Corporation.

MANAGEMENT:

During the year Sri Raj Kumar Sharma, IAS was the Chairman of the Corporation till 21st May, 2011 and after him Sri P.R. Saha, IAS became the Chairman and continued upto 29th February, 2012. After him again Sri R. K. Sharma, IAS became the Chairman on 29th February, 2012.

During the year Sri R. R. Mallick, IAS was the Managing Director of the Corporation till 29th February 2012. And after his retirement on superannuation, Sri H. K. Behera, OAS (SAG) became the Managing Director of the Corporation.

During the year, Sri Sudarshan Nayak, IAS was the Director till 14th February 2012. In his place Sri Saswat Mishra, IAS came as the Director, Sri Krushna Chandra Mishra, IAS was the Director till 3rd June 2011. In his place Sri Hemanta Kumar Panda was appointed as new Director of OSBC. Sri N. K. Dhal, IAS and Sri Saurab Garg, 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.60,00,000/- per annum or more than Rs. 5,00,000/- per month during the financial year ending on 31st day of March 2012.

AUDITORS:

M/s. Singh Ray Mishra & Co, Chartered Accountants, Bhubaneswar has been appointed by C&AG as statutory auditors of the Corporation for the year 2011-12.



COMMENTS ON AUDITORS' REPORT:

The replies of your Management on the comments made by the Statutory Auditor and the C&AG of India on the Accounts of the Corporation for the financial year 2011-2012 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 on 31st March 2012 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 Odisha State Beverages Corporation Limited, information relating to the provisions of section 217(1)(e) of the Companies Act, 1956 and the rules made thereunder 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 on 31st March 2012 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: 31.05.2014

(Sri S.P.THAKUR, IAS)
CHAIRMAN



REPLIES OF MANAGEMENT ON OBSERVATION OF THE STATUTORY AUDITOR ON THE ANNUAL ACCOUNTS OF ODISHA STATE BEVERAGES CORPORATION LIMITED FOR THE FINANCIAL YEAR 2011-12.

Sl.No.	Observations of Statutory Auditors	Replies of Management
3.1.1	Although the Corporation is maintaining fixed assets register to record fixed assets showing full particulars including quantitative details and situation of fixed assets but the register is not updated for the year under audit.	The updation of fixed assets register is under process.
3.1.2	According to information and explanations given to us fixed assets have not been physically verified by the management at reasonable intervals, having regard to the size of the corporation and the nature of its assets.	No comments.
3.1.3	During the year, in our opinion, a substantial part of the fixed assets have not been disposed off by the corporation thereby not affecting the going concern.	No comments.
3.2.1	Physical verification of inventory has been conducted the by the independent firms of Chartered Accountant at the end of the financial year under audit.	No comments.
3.2.2	In our opinion, the procedures of physical verification of inventory followed by the management are not reasonable and adequate in relation to the size of the Corporation and the nature of its business.	The revised physical verification programme has already been developed and accordingly the physical verification will be carried out in coming period.
3.2.3	Since the inventories held by the corporation in its godown are not reflected in the accounts, the discrepancies in the physical verification are not dealt with in the books of accounts.	Information regarding inventories held by the corporation in its godowns is reflected in primary records.
3.3.1	According to the information and explanation given to us, the corporation has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.	No comments.
3.3.2	In view of our comment in paragraph 3.3.1 above, clause (iii)(b), (iii)(c), (iii)(d) of paragraph 4 of the aforesaid order is not applicable	No comments.
3.3.3	The corporation has not taken any secured or unsecured loan from another company covered in the register maintained under Section 301 of the Act.	No comments.



3.3.4	In view of our comment in paragraph 3.3.1 above, clause (iii)(f), (iii)(g), of paragraph 4 of the aforesaid order is not applicable.	No comments.
3.4	In our opinion the <i>internal control system need to be strengthened</i> to make it commensurate with the size of the corporation and the nature of its business in the areas of Bank Reconciliation, trade receivable and sundry creditor reconciliation and balance confirmation.	We are developing integrated e-platform for business operation in order to strengthen internal control system. The system will be adopted in coming period.
3.5.1	In our opinion and according to the information and explanations given to us by the management there is no transaction of purchase of goods and materials and sale of goods materials and service aggregation during the year to Rs 5 lakhs or more in respect of each party made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act' 1956.	No comments.
3.5.2	In view of our comment in paragraph 3.5.1 above, clause (v)(b), of paragraph 4 of the aforesaid order is not applicable.	No comments.
3.6.	According to the information and explanations given to us, the Corporation has not accepted any deposits from the public as per the provisions of Sec 58A & 58AA and other relevant provisions of Companies Act 1956. Therefore, the provisions of clause (vi) of paragraph 4 of the Order is not applicable to the Company	No comments.
3.7.	The Corporation has an internal audit system but in our opinion, the scope and coverage of the internal audit system and <i>the follow up action on various observations need to be strengthened.</i>	Follow up actions on various observations of Internal auditor will be taken due care in coming period.
3.8	According to the information and explanations given to us, the Central Govt. has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act' 1956 for the company.	No comments.
3.9	According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also management representations:	No comments.



3.9.1	<p>Undisputed statutory dues including Provident Fund, Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other applicable dues have been regularly deposited by the Corporation during the period with the appropriate authorities in India except the following balances appearing in the books of account as payable which needs reconciliation.</p> <table border="1" data-bbox="436 632 1393 837"> <thead> <tr> <th>Particulars</th> <th>Amount in Lacs.</th> </tr> </thead> <tbody> <tr> <td>Pass fee Payable</td> <td>10.59</td> </tr> <tr> <td>Supdt. Of Excise Payable</td> <td>10.09</td> </tr> <tr> <td>VAT/ Sales Tax Payable</td> <td>1.34</td> </tr> </tbody> </table>	Particulars	Amount in Lacs.	Pass fee Payable	10.59	Supdt. Of Excise Payable	10.09	VAT/ Sales Tax Payable	1.34	Reconciliation of reported figures is under process.								
Particulars	Amount in Lacs.																	
Pass fee Payable	10.59																	
Supdt. Of Excise Payable	10.09																	
VAT/ Sales Tax Payable	1.34																	
3.9.2	<p>As on 31st March 2012, the corporation has the following disputed dues towards Sales Tax, Income Tax and Service Tax respectively.</p> <table border="1" data-bbox="436 1014 1393 1646"> <thead> <tr> <th>Name of the Statute</th> <th>Forum where dispute is pending</th> <th>Total Amount Demanded (Rs. in lacs)</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>Service Tax</td> <td>CESTAT</td> <td>8720.56</td> <td>2002-03 to 2010-11</td> </tr> <tr> <td>Sales Tax</td> <td>Orissa Sales tax tribunal Cuttack</td> <td>572.66</td> <td>2001-02, 2002-03</td> </tr> <tr> <td>Income Tax</td> <td>CIT (A)- II</td> <td>591.92</td> <td>2005-06, 08-09, 09-10</td> </tr> </tbody> </table>	Name of the Statute	Forum where dispute is pending	Total Amount Demanded (Rs. in lacs)	Period	Service Tax	CESTAT	8720.56	2002-03 to 2010-11	Sales Tax	Orissa Sales tax tribunal Cuttack	572.66	2001-02, 2002-03	Income Tax	CIT (A)- II	591.92	2005-06, 08-09, 09-10	No comments.
Name of the Statute	Forum where dispute is pending	Total Amount Demanded (Rs. in lacs)	Period															
Service Tax	CESTAT	8720.56	2002-03 to 2010-11															
Sales Tax	Orissa Sales tax tribunal Cuttack	572.66	2001-02, 2002-03															
Income Tax	CIT (A)- II	591.92	2005-06, 08-09, 09-10															
3.10	<p>The Corporation has no accumulated losses at the end of the financial year under audit and the corporation has not incurred any cash loss in the current financial year and in the immediately preceding the financial year.</p>	No comments.																
3.11	<p>According to the information and explanations given to us, the Corporation has not availed any loan from financial institution or bank or debenture holder.</p>	No comments.																
3.12	<p>The corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>	No comments.																
3.13	<p>The corporation is not a Chit/Nidhi/Mutual benefit fund/ society.</p>	No comments.																



3.14	The corporation is not dealing in or trading in shares, securities, debentures and other investments.	No comments.
3.15	The corporation has not given any guarantee for the loans taken by others from Banks or Financial institution during the period	No comments.
3.16	According to the information and explanations given to us, the Corporation has not taken Term Loans; hence this clause is not applicable.	No comments.
3.17	Based on the information and explanations given to us and on the overall examination of the Balance Sheet of the corporation, in our opinion, there are no funds raised on a short term basis which have been used for long term investment	No comments.
3.18	During the year, the corporation has not made any preferential allotment of Equity Shares to Companies covered in the register maintained under section 301 of the Act,	No comments.
3.19	During the year, the Corporation has not issued any debentures.	No comments.
3.20	The Corporation has not raised any money by public issue during the year under audit.	No comments.
3.21	During the course of our examination of the Books of Account carried out in accordance with the generally accepted auditing practices in India, we have not been able to obtain sufficient appropriate audit evidence particularly relating to bank reconciliation of SBI IDCO Tower a/c and sundry debtors and suppliers account to provide an opinion on whether any fraud on or by the corporation has been noticed or reported during the year.	Bank reconciliation of SBI IDCO Tower a/c and reconciliation of sundry debtors and suppliers account is under process.
4	Further to our comments in paragraph 3 above and subject to our report in Annexure-1 attached, we report that:	No Comments.
4.1	We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;	No Comments.



4.2	In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;	No Comments.
4.3	The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.	No Comments.
4.4	In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act 1956, to the extent applicable.	No Comments.
4.5	In terms of Govt. of India, Ministry of Finance, Dept. of Company Affairs Notification No-GSR 829(E) dt. 21 st October 2003, Govt Companies are exempt from the applicability of the provisions of section 274(1)(g) of the Companies Act 1956.	No Comments.
4.6	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 thereon 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.	No Comments.
4.6.1	In the case of the Balance Sheet, of the state of affairs of the Company as at 31 st March 2012.	No Comments.
4.6.2	In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date and	No Comments.
4.6.3	In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.	No Comments.

ANNEXURE - 1**ANNEXURE TO AUDITOR'S REPORT**

Sl.No.	Observations of Statutory Auditors	Replies of Management																								
1	Rs. 3.69 lacs shown as Imprest Advance, out of which Rs. 0.12 lacs cash in hand at various depots need to be disclosed under cash and cash equivalents. Balance Rs. 3.57 lac is unreconciled for which provision is required to be made, resulting in understatement of provision and overstatement of profit to that extent.	This will be appropriately accounted in the next period accounts.																								
2	Following bank accounts for which -																									
2.a	Balance Confirmation Certificate is not obtained by the Corporation <table border="1"> <thead> <tr> <th>Bank A/C Name</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>SBI (Khurda)</td> <td>61213.62 Dr</td> </tr> <tr> <td>UCO Bank (Balasore)</td> <td>34879.06 Dr</td> </tr> <tr> <td>Total -</td> <td>96092.68 Dr</td> </tr> </tbody> </table>	Bank A/C Name	Balance	SBI (Khurda)	61213.62 Dr	UCO Bank (Balasore)	34879.06 Dr	Total -	96092.68 Dr	Noted. Balance Confirmation Certificate of these Bank has been obtained.																
Bank A/C Name	Balance																									
SBI (Khurda)	61213.62 Dr																									
UCO Bank (Balasore)	34879.06 Dr																									
Total -	96092.68 Dr																									
2.b	Following inoperative bank accounts having no transaction since long, further balance confirmation certificate not available. <table border="1"> <thead> <tr> <th>Bank A/C Name</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>SBI(Balasore)305250</td> <td>0.3 Cr</td> </tr> <tr> <td>SBI(Berhampur)305249</td> <td>0.05 Dr</td> </tr> <tr> <td>SBI(CS)305238</td> <td>0.26 Cr</td> </tr> <tr> <td>SBI(Jagatpur)</td> <td>0.27 Dr</td> </tr> <tr> <td>SBI(Mancheswar Indl Br)</td> <td>30000 Dr</td> </tr> <tr> <td>SBI(Manguli)305205</td> <td>0.3 Dr</td> </tr> <tr> <td>SBI(Rayagada)</td> <td>10000 Dr</td> </tr> <tr> <td>SBI(Rayagada)305227</td> <td>0.1 Dr</td> </tr> <tr> <td>SBI(Sambalpur)</td> <td>10000 Dr</td> </tr> <tr> <td>SBI(Sambalpur)305216</td> <td>0.33 Dr</td> </tr> <tr> <td>Union Bank-35265</td> <td>0</td> </tr> </tbody> </table>	Bank A/C Name	Balance	SBI(Balasore)305250	0.3 Cr	SBI(Berhampur)305249	0.05 Dr	SBI(CS)305238	0.26 Cr	SBI(Jagatpur)	0.27 Dr	SBI(Mancheswar Indl Br)	30000 Dr	SBI(Manguli)305205	0.3 Dr	SBI(Rayagada)	10000 Dr	SBI(Rayagada)305227	0.1 Dr	SBI(Sambalpur)	10000 Dr	SBI(Sambalpur)305216	0.33 Dr	Union Bank-35265	0	Noted. Bank Statements of these accounts are available only necessary accounting entry will be passed for closure of accounts.
Bank A/C Name	Balance																									
SBI(Balasore)305250	0.3 Cr																									
SBI(Berhampur)305249	0.05 Dr																									
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SBI(Sambalpur)305216	0.33 Dr																									
Union Bank-35265	0																									
3	Contingent Liability of Rs 461.40 lacs for which no disclosure is made in the notes to account of the Balance Sheet. Details as follows: <table border="1"> <thead> <tr> <th>TDS Demand Year</th> <th>Amount in Lacs</th> </tr> </thead> <tbody> <tr> <td>2009-10</td> <td>447.56</td> </tr> <tr> <td>2010-11</td> <td>10.67</td> </tr> <tr> <td>2012-13</td> <td>3.17</td> </tr> <tr> <td>Total</td> <td>461.40</td> </tr> </tbody> </table>	TDS Demand Year	Amount in Lacs	2009-10	447.56	2010-11	10.67	2012-13	3.17	Total	461.40	Noted for future compliance.														
TDS Demand Year	Amount in Lacs																									
2009-10	447.56																									
2010-11	10.67																									
2012-13	3.17																									
Total	461.40																									



4	<p>Attention is invited to the Notes to Account No- 18 (vii), Goods in Transit pending inspection amounting Rs 12,240.09 lacs which has been adjusted against equal amount of credit entry under the head Sundry Suspense account resulting in nil balance in the Financial Statement which should have been disclosed by way of Notes to accounts.</p>	<p>Non disclosure of this information in notes to accounts has no financial implication.</p>
5	<p>Closing stock as at 31st March 2012 as per stock audit report is 737132.8 cases, whereas as per the software package it is 732929.7 cases. The difference 4203.1 cases value at 7.19 lacs need reconciliation</p>	<p>Reconciliation of inventory details is under process.</p>
6	<p>Provision for income tax shown in the Balance Sheet is Rs. 3207.94 lacs instead of Rs. 3311.39 lacs as calculated by us resulting in understatement of provision for Income Tax and overstatement of profit after tax to the tune of Rs. 103.45 lacs.</p>	<p>Tax provision has been computed taking into consideration applicable rules, regulation and relevant case laws.</p>
7	<p>Provision for Expenses Rs 4.43 lacs Other Expenses charged to profit and loss account, include provision for expenses Rs. 4.43 lacs knocked off without following proper procedures, which is carried forward from earlier years as payroll deduction.</p>	<p>Noted</p>
8	<p>Cheques in Hand Rs. 17.44 Lacs Cheques in hand represent a State Bank of India Bankers' cheque issued in favour of Regional Provident Fund Commissioner issued on 26th September 2011. The bankers' cheque prepared, is still lying with the corporation although it is stale.</p>	<p>Noted.</p>
9	<p>Attention is invited to the Note No- 19 (vi) , wherein it is stated that instrument wise details of SBI IDCO Tower Bank account is not available for the amount of Rs. 4773.25 lacs as such it is unreconciled to that extent</p>	<p>Instrument wise Bank Reconciliation is under process.</p>



10	Following ledger balances need to be reconciled		Reconciliation of the reported ledgers is under process.	
	Particulars	Amount (Rs. in Lacs)		Remarks
	Current Liability			
	Trade payable	21979.58		It includes a debit balance of Rs. 24.18 lacs which is due from creditors which seems to be doubtful as the parties do not continue to have any transactions with the corporation. As no Provision has been made against this, the profit is overstated to the tune of Rs. 24.18 lacs. Moreover since these debit balances are clubbed with credit balances, sundry creditor and sundry debtors are understated to the tune of 24.18 lacs.
	Security Deposit Supplier	287.57		Out of which opening balance of Rs. 270 lacs for which no break up is available
	Aditya Aluminum	0.38		Long pending amount without any settlement
	Godown rent Payable	72.01		Depot wise break up not available
	Other Liability	20.77		Break up not available
	Pass fee Payable	10.59		These are the statutory dues payable to Govt. of Odisha appearing in the books of accounts of the corporation which should immediately be reconciled and liquidated.
Supdt. Of Excise Payable	10.09			
VAT Payable	1.34			



Supdt. Of Excise	39.40	Brought forward from earlier years which needs to be reconciled.			
Other Liability (PF & GSLI)	0.41				
Audit fees & Expenses Payable	1.64				
Advance from Parties	1712.01	Amount available as per Depot software is Rs 241.30 lacs resulting a difference of Rs. 1470.71 lacs			
EMD	9.55	EMD register also not maintained			
Current Assets					
Trade Receivables	872.84	Party confirmation not available			
Receivable from Govt & Others	0.26	Brought forward from earlier years for which no details available.			
Security Deposit	6.37				
Summary of observation with financial impact					No Comments
Particulars	Para No.	Liability in Lacs	Assets in Lacs	Income in Lacs	Expenses in Lacs
Imprest Advance	1	3.57	-	-	3.57
Provision for Income Tax	6	103.45	-	-	103.45
Reduction in Trade Payable and advances to suppliers	10	24.18	24.18	-	-
Total		131.20	24.18	-	107.02
Summary of Impact :					No Comments
Particulars	Amount in Lacs				
Liability understated	131.20				
Assets understated	24.18				
Current year profit over stated	3.57				
Reserve & surplus overstead	103.45				

**ANNEXURE - II**

Replies of the Management on Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of Odisha State Beverages Corporation Limited for the year 2011-12.

Comments of C&AG	Replies of Management
<p>A. Comments on Profitability Statement of Profit and Loss</p> <p>1. As the company is acting as the facilitator only on behalf of the manufacturers/ suppliers of liquor to effect the sale, by accounting of the cost of liquor as "purchase of stock in trade (Dr) and crediting gross flow of cash from sale of liquor as revenue from operation during the year by changing its accounting policy under Note -18 (x) and 19 (i) contravenes the requirements of para 4.1 of the Accounting Standard -9 which acquire confining the revenue from operations to commission received/receivable. This has resulted in overstatement of purchase of stock in trade as well as Revenue from operation (Note -12) by Rs.1826.96 crore each.</p>	<p>As per Government of Odisha Notification No. 514/Ex. dated 30th January 2001, OSBC Ltd. has "the exclusive right and privilege of importing, exporting and carrying on the wholesale trade and distribution of foreign liquor in the State of Orissa, and no other person shall be entitled to any privilege or licence for importing, exporting and supplying the same in wholesale, or distributing the same in any part of the State."</p> <p>OSBC Ltd. is therefore not a facilitator. It is doing wholesale trading. No other person is allowed to trade the liquor in the State of Odisha. Since OSBC is the sole trader in Liquor who is not manufacturing, it is obvious that the OSBC is purchasing & then selling the liquor. Hence, the change in accounting policy reflects the correct position of the Corporation as the sole trader of liquor. The difference between the sales prices and the purchase price reflects the "profit margin" of the Corporation and not the "commission".</p>
<p>B. Comments on Financial Position</p> <p>Balance sheet Equity and Liabilities Reserve and Surplus (Note - 2) Rs. 141.83 Crore</p> <p>2. The above is overstated by Rs.35.33 lakh due to excess accounting of interest on Term Deposits (including TDS of Rs.2.39 Lakh) during 2009 -10). This was rectified during 2011-12 by wrongly debiting Bank account instead of Prior Period account (exceptional item). This has consequently resulted in overstatement of Bank account by Rs.32.94 lakh and TDS (receivable) by Rs. 2.39 lakh.</p>	<p>Necessary rectification has been made on annual accounts 2012-13.</p>



<p>Current Liabilities Trade Payables (Note - 03) Rs. 21979.58 lacs</p> <p>3. The above has been arrived at after netting off of Rs.0.68 crore (debit balance) receivable from different parties. This has resulted in understatement of Sundry Creditors as well as Sundry Debtors (Current Assets) by Rs.0. 68 crore each.</p>	<p>Noted. However, this has no impact on profitability.</p>
<p>Comments on Disclosure other notes to Financial Statement (Note - 19)</p> <p>4. The fact that, the company has filed writ petition in High Court of Odisha against the recovery of Rs. 43.80 lakh by RPF Commissioner, Bhubaneswar through attachment (September 2011) of its bank account towards the arrear PF dues (for the period January 2007 to December 2010) of the employees of M/s Panther Security Services deployed by the Company should have been disclosed.</p>	<p>Noted. Further, this has no financial implication.</p>
<p>Other Comments</p> <p>5. The Company accepted cheques in place of drafts/pay orders during the year in violation of Rule 75(2) of Board's Excise Rules, 1965. Further, no entries in bank books were made for dishonored cheques/drafts and the fresh cheques/drafts received there against. In the absence of maintenance of proper records, their impact on profitability as well as on bank balances could not be verified. The Statutory Auditors also failed to report this matter.</p>	<p>As per the liquor sourcing policy of the Corporation, only demand drafts are to be accepted from its customers i.e., the licenced retailers. Acceptance of cheques as pointed out was exceptional. All the Depot managers have been strictly instructed not to accept cheque under any circumstance. Besides, all the instruments that are being received from the depots are being physically verified at the head office before presentation of the same in Corporation's Banks for clearance. Instrument-wise bank reconciliation is being made on daily basis from the year 2013-14. Acceptance of cheques instead of drafts has been completely stopped since June 2013. From the year 2013-14, entries in bank books are being made for dishonoured instruments and fresh instruments received there against.</p>

**ANNEXURE-III****SAROJ RAY & ASSOCIATES**
COMPANY SECRETARIES

Plot No. N-6/215, IRC Village, Jaydev Vihar,
Bhubaneswar - 751 015, Orissa
Ph.:(0674)2360840, 2360841, 2360842
Fax : (0674)2360845
E-mail: info@sracs.com, sraconsultants@gmail.com
Visit us : www.sracs.com

COMPLIANCE CERTIFICATE

Regd. No. of the Company: 15-006372

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

To

The Members,

M/s. Odisha State Beverages Corporation Limited.

9th Floor, IDCO Tower,

Bhubaneswar-751022

We have examined the registers, records, books and papers of **M/s. Odisha State Beverages Corporation Limited.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ending on 31st March 2012. 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 including its members, directors or their relatives.



4. The Board of Directors duly met 3 (Three) times respectively on 24.06.2011, 29.09.2011 & 07.01.2012 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 during the Financial Year.
5. The Company is not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March 2011 was held on 29th September 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year ended 31st March 2012.
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) declared dividend during the financial year.
 - (iii) Paid the dividend amount within 30 (Thirty) days.
 - (iv) duly complied with requirement of section 217 of the Act.
14. The Board of Directors of the company duly constituted. During the year Shri Saswat Mishra, IAS and Shri Hemanta Kumar Panda are appointed as Directors in places of Shri Sudersan Nayak, IAS and Shri K.C.Mishra respectively.



15. During the financial year Sri R.K.Sharma, IAS continued as Chairman of the Corporation up to 21st May, 2011 and after that Sri P.R. Saha, IAS has been appointed as new Chairman of the Corporation and he continued till 29th February, 2012, after that again Sri R.K.Sharma, IAS appointed as Chairman w.e.f. 29th February, 2012. Sri Rabi Ranjan Mallick, IAS, continued Managing Director of the Corporation up to 29th February, 2012 and after his cessation Shri H.K.Behera appointed as new Managing Director of the Corporation w.e.f. 29th February, 2012.
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 other Authorities prescribed 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 31st March 2012.
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)**

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

Annexure – A

REGISTERS AS MAINTAINED BY THE COMPANY.

Statutory Registers:

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

Other Registers:

1. Director Attendance Register.
2. Members Attendance Register.

**Annexure - B**

**FORMS & RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES
DURING THE FINANCIAL YEAR ENDING 31st MARCH 2012.**

Sl. No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / NA
1	20B	159(1)	Annual Return 29.09.2011	14.11.11	Yes	Na
2	66	383A	Compliance Certificate 31.03.2011	29.10.11	Yes	Yes
3	23AC/ 23ACA	220	Annual Accounts for the year 31.03.10.	04.11.11	No	Yes
5	32	303 (2)	Appointment of Sri Saswat Mishra and Cessation of Shri Sudersan Nayak and appointment of Sri R.K.Sharma and Cessation of Shri P.R.Saha on 14.02.12 & 29.02.12 respectively	02.03.12	Yes	Na
6	32	303 (2)	Cessation of Sri R.R.Mallick as Managing Director on 29.02.2012	22.03.12	Yes	Na
7	32	303 (2)	Appointment of Sri H.K.Panda and cessation of Sri K.C.Mishra as Director on 03.06.2011.	27.07.11	No	Yes
8	32	303(2)	Appointment of Sri P.R.Saha as Chairman in place of Sri R.K.Sharma on 21.05.2011	21.06.11	No	Yes



SINGH RAY MISHRA & CO.

CHARTERED ACCOUNTANTS

H.O. : SR-31, Ashoka Market, Station Square, Bhubaneswar-751009

Ph : Off. 2533439, Res. - 2573663, Fax : 0674-2381800, Mob. : 9437003439, E-mail : srm.bbsr@gmail.com

AUDITORS' REPORT

**TO
THE MEMBERS OF
ODISHA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR**

1. We have audited the attached Balance Sheet of THE ODISHA STATE BEVERAGES CORPORATION LIMITED as at 31st March, 2012, the Statement of Profit and Loss for the year ended 31st March, 2012 and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and adequate disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (hereinafter referred to as "the order") issued by the Central Government of India in terms of sub-section 4A of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that
 - 3.1
 - 3.1.1 Although the Corporation is maintaining fixed assets register to record fixed assets showing full particulars including quantitative details and situation of fixed assets but *the register is not updated for the year under audit.*



- 3.1.2 According to information and explanations given to us fixed assets have not been physically verified by the management at reasonable intervals, having regard to the size of the corporation and the nature of its assets.
- 3.1.3 During the year, in our opinion, a substantial part of the fixed assets have not been disposed off by the corporation thereby not affecting the going concern.
- 3.2
- 3.2.1 Physical verification of inventory has been conducted the by the independent firms of Chartered Accountants at the end of the financial year under audit.
- 3.2.2 In our opinion, the procedures of physical verification of inventory followed by the management are not reasonable and adequate in relation to the size of the Corporation and the nature of its business.
- 3.2.3 Since the inventories held by the corporation in its godown are not reflected in the accounts, the discrepancies in the physical verification are not dealt with in the books of accounts.
- 3.3
- 3.3.1 According to the information and explanation given to us, the corporation has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.
- 3.3.2 In view of our comment in paragraph 3.3.1 above, clause (iii)(b), (iii)(c),(iii)(d) of paragraph 4 of the aforesaid order is not applicable.
- 3.3.3 The corporation has not taken any secured or unsecured loan from another company covered in the register maintained under Section 301 of the Act.
- 3.3.4 In view of our comment in paragraph 3.3.1 above, clause (iii)(f), (iii)(g), of paragraph 4 of the aforesaid order is not applicable.
- 3.4 In our opinion the internal control system need to be strengthened to make it commensurate with the size of the corporation and the nature of its business in the areas of Bank Reconciliation, trade receivable and sundry creditor reconciliation and balance confirmation.
- 3.5
- 3.5.1 In our opinion and according to the information and explanations given to us by the management there is no transaction of purchase of goods and materials and sale of goods materials and service aggregation during the year to Rs 5 lakhs or more in respect of each party made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act' 1956.
- 3.5.2 In view of our comment in paragraph 3.5.1 above, clause (v)(b), of paragraph 4 of the aforesaid order is not applicable.



- 3.6 According to the information and explanations given to us, the Corporation has not accepted any deposits from the public as per the provisions of Sec 58A & 58AA and other relevant provisions of Companies Act 1956. Therefore, the provisions of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
- 3.7 The Corporation has an internal audit system but in our opinion, the scope and coverage of the internal audit system and the follow up action on various observations need to be strengthened.
- 3.8 According to the information and explanations given to us, the Central Govt. has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act' 1956 for the company.
- 3.9 According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also management representations:
- 3.9.1 Undisputed statutory dues including Provident Fund, Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other applicable dues have been regularly deposited by the Corporation during the period with the appropriate authorities in India except the following balances appearing in the books of account as payable which needs reconciliation.

Particulars	Amount in Lacs.
Pass fee Payable	10.59
Supdt. Of Excise Payable	10.09
VAT/ Sales Tax Payable	1.34

- 3.9.2 As on 31st March 2012, the corporation has the following disputed dues towards Sales Tax, Income Tax and Service Tax respectively.

Name of the Statute	Forum where dispute is Pending	Total Amount Demanded (Rs. In lacs)	Period
Service Tax	CESTAT	8720.56	2002-03 to 2010-11
Sales Tax	Orissa Sales tax tribunal Cuttack	572.66	2001-02, 2002-03
Income Tax	CIT (A)- II	591.92	2005-06, 08-09, 09-10

- 3.10 The Corporation has no accumulated losses at the end of the financial year under audit and the corporation has not incurred any cash loss in the current financial year and in the immediately preceding the financial year.
- 3.11 According to the information and explanations given to us, the Corporation has not availed any loan from financial institution or bank or debenture holder.



- 3.12 The corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The corporation is not a Chit/Nidhi/Mutual benefit fund/society.
- 3.14 The corporation is not dealing in or trading in shares, securities, debentures and other investments.
- 3.15 The corporation has not given any guarantee for the loans taken by others from Banks or Financial institution during the period
- 3.16 According to the information and explanations given to us, the Corporation has not taken Term Loans; hence this clause is not applicable.
- 3.17 Based on the information and explanations given to us and on the overall examination of the Balance Sheet of the corporation, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- 3.18 During the year, the corporation has not made any preferential allotment of Equity Shares to Companies covered in the register maintained under section 301 of the Act,
- 3.19 During the year, the Corporation has not issued any debentures.
- 3.20 The Corporation has not raised any money by public issue during the year under audit.
- 3.21 During the course of our examination of the Books of Account carried out in accordance with the generally accepted auditing practices in India, we have not been able to obtain sufficient appropriate audit evidence particularly relating to bank reconciliation of SBI IDCO Tower a/c and sundry debtors and suppliers account to provide an opinion on whether any fraud on or by the corporation has been noticed or reported during the year.
4. Further to our comments in paragraph 3 above and subject to our report in **Annexure-1** attached, we report that:



- 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- 4.3 The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- 4.4 In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act 1956, to the extent applicable.
- 4.5 In terms of Govt. of India, Ministry of Finance, Dept. of Company Affairs Notification No-GSR 829(E) dt. 21st October 2003, Govt Companies are exempt from the applicability of the provisions of section 274(1)(g) of the Companies Act' 1956.
- 4.6 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 thereon 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.
- 4.6.1 In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
- 4.6.2 In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date and
- 4.6.3 In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Bhubaneswar
Date: 21.02.2014

For Singh Ray Mishra & Co.
Chartered Accountants

CA. J.K.Mishra
(Partner)
Membership No-52796



ANNEXURE TO THE AUDITORS' REPORT

1) Rs. 3.69 lacs shown as Imprest Advance, out of which Rs. 0.12 lacs cash in hand at various depots need to be disclosed under cash and cash equivalents. Balance Rs. 3.57 lac is unreconciled for which provision is required to be made, resulting in understatement of provision and overstatement of profit to that extent.

2) Following bank accounts for which -

a) Balance Confirmation Certificate is not obtained by the Corporation.

Bank A/C Name	Balance
SBI (Khurda)	61213.62 Dr
UCO Bank (Balasore)	34879.06 Dr
Total	96092.68 Dr

b) Following inoperative bank accounts having no transaction since long, further balance confirmation certificate not available.

Bank A/C Name	Balance
SBI(Balasore)305250	0.3 Cr
SBI(Berhampur)305249	0.05 Dr
SBI(CS)305238	0.26 Cr
SBI(Jagatpur)	0.27 Dr
SBI(Mancheswar Indl Br)	30000 Dr
SBI(Manguli)305205	0.3 Dr
SBI(Rayagada)	10000 Dr
SBI(Rayagada)305227	0.1 Dr
SBI(Sambalpur)	10000 Dr
SBI(Sambalpur)305216	0.33 Dr
Union Bank-35265	0



- 3) Contingent Liability of Rs 461.40 lacs for which no disclosure is made in the notes to accounts of the Balance Sheet. Details as follows:

TDS Demand Year	Amount in Lacs
2009-10	447.56
2010-11	10.67
2012-13	3.17
Total	461.40

- 4) Attention is invited to the Notes to Account No- 18 (vii), Goods in Transit pending inspection amounting Rs 12,240.09 lacs which has been adjusted against equal amount of credit entry under the head Sundry Suspense account resulting in nil balance in the Financial Statement which should have been disclosed by way of Notes to accounts.
- 5) Closing stock as at 31st March 2012 as per stock audit report is 737132.8 cases, whereas as per the software package it is 732929.7 cases. The difference 4203.1 cases value at 7.19 lacs need reconciliation.
- 6) Provision for income tax shown in the Balance Sheet is Rs. 3207.94 lacs instead of Rs. 3311.39 lacs as calculated by us resulting in understatement of provision for Income Tax and overstatement of profit after tax to the tune of Rs. 103.45 lacs.
- 7) **Provision for Expenses Rs 4.43 lacs**
Other Expenses charged to profit and loss account, include provision for expenses Rs. 4.43 lacs knocked off without following proper procedures, which is carried forward from earlier years as payroll deduction.
- 8) **Cheques in Hand Rs. 17.44 Lacs**
Cheques in hand represent a State Bank of India Bankers' cheque issued in favour of Regional Provident Fund Commissioner issued on 26th September 2011. The bankers' cheque prepared, is still lying with the corporation although it is stale.
- 9) Attention is invited to the Note No- 19 (vi), wherein it is stated that instrument wise details of SBI IDCO Tower Bank account is not available for the amount of Rs. 4773.25 lacs as such it is unreconciled to that extent.



10. Following Ledger Balances need to be reconciled

Particulars	Amount (Rs. In lacs)	Remarks
Current Liability Trade payable	21979.58	It includes a debit balance of Rs. 24.18 lacs which is due from creditors which seems to be doubtful as the parties do not continue to have any transactions with the corporation. As no Provision has been made against this, the profit is overstated to the tune of Rs. 24.18 lacs. Moreover since these debit balances are clubbed with credit balances, sundry creditor and sundry debtors are understated to the tune of 24.18 lacs.
Security Deposit Supplier	287.57	Out of which opening balance of Rs. 270 lacs for which no break up is available.
Aditya Aluminum	0.38	Long pending amount without any settlement.
Godown rent Payable	72.01	Depot wise break up not available
Other Liability	20.77	Break up not available
Pass fee Payable	10.59	These are the statutory dues payable to Govt. of Odisha appearing in the books of accounts of the corporation which should immediately be reconciled and liquidated.
Supdt. Of Excise Payable	10.09	
VAT Payable	1.34	
Supdt. Of Excise	39.40	Brought forward from earlier years which needs to be reconciled.
Other Liability (PF & GSLI)	0.41	
Audit fees & Expenses Payable	1.64	
Advance from Parties	1712.01	Amount available as per Depot software is Rs 241.30 lacs resulting a difference of Rs. 1470.71 lacs
EMD	9.55	EMD register also not maintained
Current Assets Trade Receivables	872.84	Party confirmation not available
Receivable from Govt & Others	0.26	Brought forward from earlier years for which no details available.
Security Deposit	6.37	



11) Summary of observation with financial impact

Particulars	Para No.	Liability In Lacs	Assets In Lacs	Income In Lacs	Expenses In Lacs
Imprest Advance	1	3.57			3.57
Provision for Income Tax	6	103.45			103.45
Reduction in Trade Payable and advances to suppliers.	10	24.18	24.18		
Total		131.20	24.18		107.02

Summary of Impact:

Particulars	Amount in Lacs
Liability understated	131.20
Assets understated	24.18
Current year profit over stated	3.57
Reserve & surplus overstated & provision for Tax under stated	103.45

Place: Bhubaneswar
Date: 21.02.2014

For Singh Ray Mishra & Co.
Chartered Accountants

CA. J.K.Mishra
(Partner)
Membership No-52796



ODISHA STATE BEVERAGES CORPORATION LTD

9TH FLOOR, IDCO TOWER

BHUBANESWAR

(All amount in Rupees lacs, except share data)

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Notes No.	As at 31st March'2012 (Rs.)	As at 31st March'2011 (Rs.)
I. EQUITY & LIABILITIES :			
(1) Shareholder's Funds			
(a) Share Capital	1	100.00	100.00
(b) Reserve & Surplus	2	14,183.47	10,028.80
(2) Non Current Liabilities			
(3) Current Liabilities			
(a) Trade Payables	3	21,979.58	12,323.88
(b) Other current liabilities	4	2,048.90	950.68
(c) Short-term provisions	5	16,603.87	10,711.99
	TOTAL	54,915.82	34,115.35
II. ASSETS :			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	6	31.23	34.43
(b) Deferred Tax Asset (Net)		25.39	
(c) Other Non-current assets	7	93.80	50.00
(2) Current Assets			
(a) Trade Receivable	8	872.84	450.83
(b) Cash and Bank Balance	9	37,901.10	20,968.40
(c) Short-term loans and advances	10	14,853.14	12,049.78
(d) Other current assets	11	1,138.32	561.91
	TOTAL	54,915.82	34,115.35

Summary of significant accounting policies 18 & 19

Contingent Liabilities 20

As per our report of even date attached

For & On behalf of the Board of Directors

For Singh Ray Mishra & Co.
Chartered Accountants

(J. K. Mishra, FCA)
Partner
Membership No. 052796
Place:-Bhubaneswar
Date: 30.01.2014

Shri Barun Kumar Palit
(CM & F)

Shri Aswin Kumar Mishra
(Director)

Shri Dwijaraj Kar
(Managing Director)



ODISHA STATE BEVERAGES CORPORATION LTD
9TH FLOOR, IDCO TOWER
BHUBANESWAR

(All amount in Rupees lacs, except share data)

PARTICULARS	As at March 31, 2012	As at March 31, 2011		
NOTE - 1 SHARE CAPITAL				
1.1 AUTHORISED CAPITAL				
5000000 Equity Share Capital of Rs.10/ each	500.00	500.00		
1.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
1000000 Equity Share Capital @ Rs.10/ each	100.00	100.00		
TOTAL	100.00	100.00		
1.3 RECONCILIATION OF NO. OF SHARES OUTSTANDING				
Equity Shares Outstanding At The Beginning	1000000	1000000		
Add: Shares Issued During the Year	-	-		
Less: Shares Bought Back During the Year	-	-		
Equity Shares Outstanding At The End	1000000	1000000		
<i>(The company has neither issued bonus share nor has bought back any shares during the last five years)</i>				
1.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES				
NAME OF SHAREHOLDER	NOS.	%	NOS.	%
1 Governor of Odisha	1000000	100	1000000	100
Total	1000000	100	1000000	100
NOTE - 2 RESERVES & SURPLUS				
(a) GENERAL RESERVES				
Opening balance				
(+) Current Year Transfer		477.29		
(-) Written Back in Current Year		659.88		477.29
Closing Balance (a)		1,137.17		477.29
(b) SURPLUS				
Opening balance				
(+) Net Profit/(Net Loss) For the current year		9,551.51		6,931.12
(-) Provision for IT of earlier years		6,598.82		4,772.91
(-) Proposed Dividends		143.35		-
(-) Provision for DDT		1,979.65		1,431.88
(-) Transfer to Reserves		321.15		243.35
Closing Balance (b)		659.88		477.29
		13,046.30		9,551.51
TOTAL (a+b)		14,183.47		10,028.80

**NOTE-3 TRADE PAYABLES**

Sundry Creditor (Export)	866.40	448.51
Sundry Creditor (Defunct)	(15.03)	(15.55)
Sundry Creditor (Operating)	21,128.21	11,890.92
TOTAL	21,979.58	12,323.88

NOTE - 4 OTHER CURRENT LIABILITIES

Other Liability	20.77	20.77
Salary deduction	2.13	(5.64)
Advance From Parties	1,712.01	645.22
Additional security Excise	10.87	10.83
Security Deposits	292.64	275.00
EMD	9.55	3.57
Others	0.93	0.93
TOTAL	2,048.90	950.68

NOTE - 5 SHORT-TERM PROVISION

(a) Provision for employee benefits		
Salary & allowance payable	4.34	(5.01)
Pension, Salary & Leave Contribution	2.11	-
Others	0.04	-
(b) Others (Specify nature)		
Excise duty payable	421.64	538.47
Provision for Income Tax(2001-02)	65.72	65.72
Provision for Income Tax(2002-03)	21.16	21.16
Provision for Income Tax(2003-04)	35.04	35.04
Provision for Income Tax(2004-05)	104.84	104.84
Provision for Income Tax(2005-06)	64.80	64.80
Provision for Income Tax(2006-07)	563.08	452.01
Provision for Income Tax(2007-08)	443.82	443.82
Provision for Income Tax(2008-09)	1,001.00	968.72
Provision for Income Tax(2009-10)	1,375.67	1,375.67
Provision for Income Tax(2010-11)	2,459.46	2,459.46
Provision of IT for Dividend(DDT)(2010-11)	243.35	243.35
Proposed dividend (10-11)	1,431.88	1,431.88
Provision for Income Tax(2011-12)	3,207.94	-
Proposed dividend (11-12)	1,979.65	-
Provision of IT for Dividend(DDT)(2011-12)	321.15	-
T C S payable	269.05	194.48
CST Payable	3.24	1.54
Entry Tax Payable	18.49	207.12
Sales Tax Payable	1,181.57	770.18
Audit fees payable	2.76	2.69
Depo Expenses payable	5.66	-
Franchise fee payable	1,227.57	1,227.57
Godown Rent payable	72.01	63.85
Office rent payable	1.73	2.44
Pass Fees payable	10.59	4.05
Professional charges payable	5.69	0.43
Security services charges payable	42.45	37.27
Security services (Agency commission) payable	1.13	-
Supdt. of Excise payable	10.09	-
TDS Payable	2.93	-
Others	2.22	0.44
TOTAL	16,603.87	10,711.99



NOTE - 6-FIXED ASSETS		ODISHA STATE BEVERAGES CORPORATION LTD 9TH FLOOR, IDCO TOWER BHUBANESWAR													Rupees in Lacs AS PER WDV METHOD	
		FIXED ASSETS AS PER COMPANIES TAX ACT, 1956 FOR THE YEAR 2011-12													CLOSING AS ON 31.03.2011	CLOSING AS ON 31.03.2012
PARTICULARS	RATE	GROSS BLOCK						DEPRECIATION						NET BLOCK		
		OPENING AS ON 01.04.2011	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	TOTAL VALUE AS ON 31.03.2012	UPTO 01.04.2011	DURING THE YEAR	PRIOR PERIOD ADJUSTMENT (Excess)	PRIOR PERIOD 31.03.2012	TOTAL AS ON 31.03.2012	CLOSING AS ON 31.03.2011	CLOSING AS ON 31.03.2012				
AIRCONDITIONER	13.91%	8.96	-	-	8.96	6.82	0.30	-	-	7.12	1.84	2.14				
COMPUTER	40.00%	58.91	3.10	-	62.01	55.53	1.93	0.03	-	57.49	4.52	3.38				
FURNITURE & FIXTURES	18.10%	37.72	0.45	-	38.17	32.06	1.08	-	-	33.14	5.03	5.66				
ELECTRICAL FITTINGS	13.91%	8.20	-	-	8.20	6.21	0.28	-	-	6.49	1.71	1.99				
OFFICE EQUIPMENTS	13.91%	39.41	-	-	39.41	22.07	2.41	-	-	24.48	14.93	17.34				
VEHICLE	25.89%	21.89	-	-	21.89	20.30	0.41	-	-	20.71	1.18	1.59				
ACQUA WATER PURIFIER	13.91%	0.32	-	-	0.32	0.08	0.03	-	-	0.11	0.21	0.24				
AUDIO VISUAL	13.91%	7.93	-	-	7.93	5.85	0.29	-	-	6.14	1.79	2.08				
TOTAL		183.34	3.55	-	186.89	148.90	6.73	0.03	-	155.66	31.23	34.44				
PREVIOUS YEAR(2010-11)			182.93	0.42	-	183.35	141.07	7.84	-	-	148.91	34.44				

**NOTE-7 OTHER NON-CURRENT ASSETS**

PF Paid under Protest	43.80	-
Sales Tax Deposits	50.00	50.00
TOTAL	93.80	50.00

NOTE-8 CASH & BANK BALANCES**(i) Cash & Cash Equivalents**

(a) Balance with Banks		
Current Account (including flexi balance)	19,272.97	5,180.38
Term Deposit with maturity upto 3 months	-	-
(b) Cheque in Hand	17.44	-
(c) Cash on Hand	0.02	0.06

(ii) Other Bank Balances

Term Deposit with maturity more than 3 months	18,610.67	15,787.96
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(Details are in Annexure-1)

TOTAL	37,901.10	20,968.40
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NOTE - 9 TRADE RECEIVABLES**(a) Receivable less than six months**

Icarus Agency (p) Ltd.	523.50	380.67
A W Enterprises (p) Ltd	2.85	5.81
Denzong Breweries(Bihar Inter state sales)	-	6.08

(b) Receivable more than six months

Royal Enterprises(Inter state sales)	6.12	6.12
Icarus Agency (p) Ltd.	340.37	52.15

TOTAL	872.84	450.83
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NOTE - 10 SHORT-TERM LOAN & ADVANCES

Depo Advance	-	1.20
Imprest Advance	3.69	2.52
Advance Income Tax	9,703.65	6,954.84
Advance to excise Department	45.31	35.31
General Advance	1.99	1.85
Prepaid License fee	5,064.00	5,030.00
Prepaid Insurance premium	33.47	22.68
Others	1.03	1.38

TOTAL	14,853.14	12,049.78
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NOTE - 11 OTHER CURRENT ASSETS

Security Deposit	6.53	6.53
Income Tax Demand	481.50	168.73
Stockholding Receivable charges	1.48	15.67
TDS Receivable	620.98	370.72
Interest receivable from IT(2005-06)	22.75	-
Bidding Amt. receivable	4.82	-
Others	0.26	0.26

TOTAL	1,138.32	561.91
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ODISHA STATE BEVERAGES CORPORATION LTD
9TH FLOOR, IDCO TOWER
BHUBANESWAR

(All amount in Rupees lacs, except share data)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Notes No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(I) Revenue from operations	12	194,744.98	160,587.61
(II) Other Income	13	3,849.00	2,373.74
(III) Total Revenue (I + II)		198,593.98	162,960.85
(IV) Expenses :			
(a) Purchase of Stock in Trade		182,696.15	151,154.64
(b) Employee benefits expense	14	184.75	200.13
(c) Finance costs			
(d) Depreciation and Amortization Cost	15	6.73	7.84
(e) Other expenses	16	5,924.98	4,365.87
Total Expenses		188,812.61	155,728.48
(V) Profit Before Exceptional & Extraordinary Items & Tax (III-IV)		9,781.37	7,232.37
(VI) Exceptional items			
(VII) Profit before Extraordinary Items & Tax (V - VI)		9,781.37	7,232.37
(VIII) Extraordinary Items			
(IX) Profit Before Tax(VII-VIII)		9,781.37	7,232.37
(X) Tax expenses :			
(1) Current tax		3,207.94	2,459.46
(2) Deferred tax Liability/ (Asset)		(25.39)	
(XI) Profit/(Loss) for the year (IX-X)		6,598.82	4,772.91
(XII) Earnings per equity share:(of Rs. 10/- each)			
(1) Basic		659.88	477.29
(2) Diluted		659.88	477.29
Profit & Loss Carried to Balance Sheet		6,598.82	4,772.91

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached
For Singh Ray Mishra & Co.
Chartered Accountants

For & On behalf of the Board of Directors

(J. K. Mishra, FCA)
Partner
Membership No. 052796
Place:-Bhubaneswar
Date: 30.01.2014

Shri Barun Kumar Palit
(CM & F)

Shri Aswin Kumar Mishra
(Director)

Shri Dwijaraj Kar
(Managing Director)



ODISHA STATE BEVERAGES CORPORATION LTD
9TH FLOOR, IDCO TOWER,
BHUBANESWAR

(All amount in Rupees lacs, except share data)

PARTICULARS	For the year ended 31st March, 2012	For the year ended 31st March, 2011
NOTE -12 REVENUE FROM OPERATIONS		
Sales of Beverages	194,744.98	160,587.61
TOTAL	194,744.98	160,587.61
NOTE - 13 OTHER INCOME		
Cash discount	1,362.25	1,147.92
Processing Fee	6.92	0.40
Stockholding receipts	15.77	29.58
Bidding Amount	46.50	95.43
Interest on Term Deposit	1,632.54	894.80
Interest from IT (2005-06)	22.75	-
Interest Received on Flexi A/c	500.94	179.48
Misc Receipt	1.46	0.63
Registration Fee(Supplier)	20.50	21.30
Revalidation Fee	1.44	2.98
Prior Period Income	237.39	-
Others	0.54	0.72
TOTAL	3,849.00	2,373.24
NOTE - 14 EMPLOYEE BENEFITS EXP.		
Salary & Wages	184.75	200.13
TOTAL	184.75	200.13
NOTE - 15 DEPRECIATION & AMORTIZATION		
Depreciation	6.73	7.84
TOTAL	6.73	7.84
NOTE - 16 OTHER EXPENSES		
Go down Rent & Expenses	86.18	71.00
Professional & Legal Charges	11.53	2.09
Depo Expenses	16.08	9.39
Advertisement Exp	1.04	1.50
Assistance to Public Awareness Programmed	10.00	9.70
Audit Fees & Expenses	1.12	2.68
Electricity Charges	3.22	6.45
License Fee	5,035.00	4,030.00
Municipal Holding Tax	1.90	-
Office Rent	21.51	19.23
Postage & Telegram	1.17	0.07
Printing & stationery	5.27	3.26
Software Development Charges	-	5.52
Telephone Charges	1.11	1.29
Donation	-	203.74
Provision for expenses	4.43	-
Prior Period Expenses	296.39	-
Entry Tax	166.18	-
Differential Excise duty exp.	258.65	-
Others	4.20	3.95
TOTAL	5,924.98	4,365.87



ODISHA STATE BEVERAGES CORPORATION LTD											
9TH FLOOR, IDCO TOWER BHUBANESWAR											
FIXED ASSETS AS PER COMPANIES TAX ACT, 1956 FOR THE YEAR 2011-12											
Rupees in Lacs AS PER WDV METHOD											
FIXED ASSETS	PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION			NET BLOCK	
			OPENING AS ON 01.04.2011	ADDITION DURING THE YEAR		DELETION DURING THE YEAR	TOTAL	DURING THE YEAR	ADJUSTED DURING THE YEAR		TOTAL
				>180days	<180days						
	PLANT & MACHINERY	15.00%	13.63	0.00	0.00	0.00	13.63	2.04	0.00	2.04	11.59
	PLANT & MACHINERY	60.00%	0.16	1.47	1.63	0.00	3.26	1.47	0.00	1.47	1.79
	FURNITURE & FIXTURES	10.00%	15.86	0.45	0.00	0.00	16.31	1.64	0.00	1.64	14.67
	TOTAL		29.65	1.92	1.63	0.00	33.20	5.15	0.00	5.15	28.05

**NOTES:-****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****17. CORPORATION INFORMATION**

Odisha State Beverages Corporation Limited (hereinafter referred as "the Corporation") is a Government Corporation incorporated under the Companies Act, 1956. The Government of Odisha by Act No.9 of 2000 published in the Orissa Gazette on 04.10.2000, and Notification No 514 dt. 30.01.2001 published in the Odisha Gazette on 31.01.2001, conferred exclusive privilege on the Corporation to conduct wholesale trade in beverages throughout Odisha.

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***i. Basis of accounting and preparation of financial statements:***

The financial statements of the Corporation have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for the items specifically mentioned in the notes to accounts.

All assets and liabilities have been classified as current or non-current as per the Corporation's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

ii. Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**iii. Tangible fixed assets:**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets include 5 vehicles purchased by the Corporation and handed over to Excise Department for smooth collection of Excise Duty payable to the Government.

iv. Intangible assets:

Software, which is not an integral part of hardware, is treated as intangible assets and is carried at cost less accumulated amortization and impairment losses, if any.

v. Depreciation and amortization:

Depreciation has been provided on the written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended from time to time. Intangible assets are amortized over a period of 5 years or their estimated useful life, whichever is less.

vi. Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

vii. Inventories:

As per the agreement between the Corporation and the suppliers, the stocks held in the go-downs of the Corporation belong to the suppliers. However, on final inspection the title in the goods is transferred to the Corporation from the supplier just before the sales transaction takes place. Consequently, recognition of purchase and sale is done simultaneously.

Goods lying in the go-downs pending final inspection are shown as Goods in Transit (GIT) and valued at offer price.

**viii. Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

ix. Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

x. Revenue recognition:**Sale of goods:**

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include differential excise duty but exclude sales tax and value added tax.

Cash Discount:

Cash discounts received/ receivables are recognized on month-to-month basis based on the actual payment made to supplier net off the duty and tax and reinvestment in duties, if any.

Registration fees:

Registration fees collected from supplier is taken into account on yearly basis subject to certainty of realization.

Other income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

xi. Recognition of Purchase:

Purchase has been accounted for based on the approved pricing policy of the Corporation on transfer of significant risks and reward from the suppliers.

**xii. Employee benefits:**

The Corporation has taken employees from government and other organization on deputation basis. They are guided by the terms of deputation as fixed/ to be fixed by the State Government/ other Public Sector Undertakings. Their retirement benefits including Gratuity & Leave Salary etc. are accounted for on cash basis as per the terms of deputation.

xiii. Segment reporting:

The Corporation being engaged in trading of beverages does not have more than one business segment. Further, the Corporation is carrying its business in one geographical segment, i.e. India.

xiv. Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The numbers of equity shares are adjusted for share splits/ reverse share splits and bonus shares, as appropriate.

xv. Taxes on income:**Current Tax:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax:

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are being capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized.

***xvi. Impairment of assets:***

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

xvii. Provisions and contingencies:

A provision is recognized when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed.

Provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted (if required) to reflect the current best estimates.

xviii. Previous year Figure

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised schedule VI. Accordingly, the previous year figures have been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous figure does not impact recognition and measurement principles followed for preparation of financial statements.

xix. Rounding Off:

Figures are rounded off to nearest Rupees in Lacs.



19. OTHER NOTES TO FINANCIAL STATEMENTS

- i. During the year, the Corporation has changed its policy of recognizing revenue and cost from sale and purchase of beverages as against the earlier practice of accounting for the net margin in order to disclose the true operational activity of the Corporation. This change of accounting policy has no impact on the profitability of the Corporation. Consequent to this, the previous year figures have been restated.
- ii. The Corporation has inadvertently bifurcated its margin into margin on operation and entry tax payable till 31st March 2011, there by short recognizing the income to the same extent. As such, during the current year, the cumulative figure of margin amounting to Rs. 194.59 Lacs appearing under the accounting head Entry Tax Payable has been booked to prior period income.
- iii. The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', has been determined to the extent such parties have been identified on the basis of information available with the Corporation. The outstanding amount payable to Micro and Small Enterprises as at 31st March 2012 is Nil.
- iv. Balances of Advance from Party, Trade Payables, and Payable to others, shown under "Current Liabilities"; include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations in respect of the above are in progress. Provisions, wherever considered necessary, have been made.
- v. As per Accounting Standard - 18 – '**Related Party Disclosures**' issued by the ICAI, the details of names of the related parties and transactions with them, excluding Government controlled enterprises, are given below:

Sl. No.	Name of the Person	Designation	Nature of Transaction during the year	Amount (Rs. In Lacs)	Period
1.	Sri. R. R. Mallick	Managing Director	Remuneration	8.29	April 2011 to February 2012
2.	Sri. R. R. Mohanty	Chief Manager (Finance)	Remuneration	4.88	April 2011 to February 2012
3.	Sri. P Dandasana	Chief Manager (Finance)	Remuneration	0.52	February 2012 to March 2012



vi. In bank reconciliation statement of SBI, instrument wise details in respect of debtors control a/c amounting to **Rs. 4773.25** Lacs is not available. We are following up with the bank; the effect of the same (if any) will be given in the subsequent year/years.

vii. Audit Fees & Expenses for the F.Y.2011-12 includes as follows:

Payment to Auditor as	Purpose of audit	Amount (Rs. In Lacs)
Statutory Auditor	For Statutory Audit	1.12
	TOTAL	1.12

viii. **Deferred tax computation.**

Particulars	Amount (Rs. In Lacs)
Net Block as per Companies Act	31.22
Net Block as per Income Tax Act.	28.06
Excess Depreciation charged as per Income Tax	3.16
Deferred Tax Liability	1.03
Disallowance under section 40(a)(ia)	81.43
Deferred Tax Asset	26.42
Deferred Tax Asset (net)	25.40

IX. **Break up of Prior period items.**

(a) **Prior Period Expenses**

Particulars	Amount (Rs. In Lacs)
Differential Excise duty	218.24
Godown Rent	47.81
Pass fee payable	8.91
Salary & Allowances	6.14
Depo Expenses	4.44
Professional fees	4.12
Security Service charges	3.26
Municipal holding tax	1.90
Others	1.58
Total	296.39

**(b) Prior Period Income**

Particulars	Amount (Rs. In Lacs)
Entry Tax	194.59
Interest on Term deposit	20.35
Stock holding receipts	17.82
Bidding amount	4.63
Total	237.39
Net prior period expenses(a-b)	59.00

20. Contingent Liabilities Details.**(i) Statement of Present status of Income Tax**

Sl. No.	Asst. Year	Forum	Amount of Liability (Rs. in Lacs)	Remarks
1	2005-06	CIT (A) - II	8.57/-	Appeal pending before Commissioner of Income Tax (Appeal)- II against tax demand of Rs. 382.79/- Lacs an amount of Rs. 374.22/- Lacs has been deposited.
2.	2008-09	CIT (A) - II	255.95/-	Appeal pending before Commissioner of Income Tax (Appeal)- II against tax demand of Rs. 800.21/- Lacs an amount of Rs. 544.26/- Lacs has been deposited.
3	2009-10	CIT (A) - II	327.40/-	Appeal pending before Commissioner of Income Tax (Appeal)

(ii) Statement of Present status of Service Tax

Period	Demand Amount (Rs. in Lacs)	Amount Paid (Rs. in Lacs)	Amount Due (Rs. in Lacs)	Remarks
2002-03 to 2006-07	1191.74 1191.74 0.01 2383.49	930.16	1453.33	OSBC preferred appeal & filed stay petition for the period up to 2006-07 before CESTAT, Kolkata against the order of Commissioner of Central Excise, Customs & Service Tax BBSR through Sri Submit S. Ray, Advocate. Stay has been granted by CESTAT. Appeal is still pending.



Period	Demand Amount (Rs. in Lacs)	Amount Paid (Rs. in Lacs)	Amount Due (Rs. in Lacs)	Remarks
2007-08	481.89 481.89 0.01 <u>963.80</u>	435.68	528.12	Similarly OSBC has filed appeal and stay petition for the year 2007-08 against the order of Commissioner of Service Tax, before CESTAT, Kolkata and yet to receive any orders. Expeditious petition has been filed for an early hearing of stay application & Appeal. Expeditious petition has been heard by the CESTAT, Kolkata on 10.04.12 and the same is allowed and learned Appellate Tribunal has been pleased to fix a date on 16.05.12 for hearing on stay application filed by OSBC.
2008-09 & 2009-10	1580.98 15,80.98 0.05 <u>3162.01</u>		1580.98 1580.98 0.05 <u>3162.01</u>	Against the demand of Commissioner of Service Tax appeal & stay has been filed in CESTAT, Kolkata & the case has been referred to Sri Bijaya Ku. Mohanty, Sr. advocate.
2010-11	1105.61 1105.61 0.05 <u>2211.26</u>		1105.61 1105.61 0.05 <u>2211.26</u>	Show cause notice has been received from Superintendent of Excise, Customs & Service Tax as to why Service Tax will not be levied on OSBC. Appeal & stay petition have been filed before CESTAT.
TOTAL	8720.56		7354.72	

(iii) Legal Status & Cases for Sales Tax:

Year	Forum	Amount Involved (Rs. in Lacs)	Remarks
2001-02	2 nd appeal pending before Odisha Sales Tax Tribunal, Cuttack	250.33	The demand by STO as per report of AG Audit, 1 st appeal confirms, Second appeal filed before Tribunal.
2002-03	2 nd appeal pending before Odisha Sales Tax Tribunal, Cuttack	322.33	The demand by STO as per report of AG Audit, 1 st appeal confirms, Second appeal filed before Tribunal.
	TOTAL	572.66	



Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		9,781.37		7,232.39
Adjustments for:				
Current year depreciation and amortisation	6.74		7.84	
Prior Period Depreciation	0.03			
Interest income from term deposit	(1,655.29)		(894.80)	
Interest income from flexi	(500.94)		(179.48)	
Total of adjustments		(2,149.46)		(1,066.44)
Operating profit / (loss) before working capital changes		7,631.91		6,165.95
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	(422.01)		494.61	
Short-term loans and advances	(54.55)		(692.74)	
Other current assets	(13.37)		(15.72)	
Other non-current assets	(43.80)			
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	9,655.70		3,948.61	
Other current liabilities	1,098.23		137.69	
Short-term provisions	299.79		674.88	
Total of working capital changes		10,409.66		4,446.67
Operating profit / (loss) after working capital changes		(2,777.75)		(1,680.68)
Cash flow from extraordinary items				
Profit/(Loss) from extraordinary items				
Net income tax payable				
Net cash flow from operating activities (A)		(2,777.75)		(1,680.68)
Capital expenditure on fixed assets, including capital advances				
Trade liabilities not considered as cash and cash equivalents				



i.e. term deposits with maturity of more than 3 months				
- Placed	(18,610.67)			(31,433.45)
- Matured during the year	15,787.96			23,860.92
Net inflow from term deposits		(2,822.71)		(7,572.53)
Interest received				
Interest income from term deposit	1,655.29			894.80
Interest income from flexi	500.94			179.48
Total interest received		2,156.23		1,074.28
Cash generated from investing activities				
Deduction of TDS from income		(670.03)		(6,498.67)
Net cash flow from / (used in) investing activities (B)		(920.29)		(130.84)
C. Cash flow from financing activities				
Net cash flow from / (used in) financing activities (C)				
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		14,110.00		1,465.81
Cash and cash equivalents at the beginning of the year	-	5,180.43		3,714.63
Cash and cash equivalents at the end of the year *		19,290.43		5,180.44
* Comprises:				
(a) Cash on hand	0.02			0.06
(b) Cheques, drafts on hand	17.44			-
(c) Balances with banks				
(i) In current accounts (including flexi balance)				
(iii) In deposit accounts with original maturity of less than 3 months	19,272.97			5,180.38
Notes:				
Accompanying notes forming part of the financial statements				
As per our report of even date attached				
The accompanying notes are an integral part of these financial statements.				
As per our report of even date attached				
For & On behalf of the Board of Directors				
For Singh Ray Mishra & Co. Chartered Accountants				
(J. K. Mishra, FCA) Partner	Shri Barun Kumar Palit (CM & F)	Shri Aswin Kumar Mishra (Director)	Shri Dwijaraj Kar (Managing Director)	
Membership No. 052796				
Place:-Bhubaneswar				
Date: 30.01.2014				



**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(ECONOMIC REVENUE SECTOR AUDIT)
ORISSA: BHUBANESWAR**

No. E.S-I/Accts/OSBC/11-12/32/14-15/68

Date: 17.12.2014

To

The Managing Director,
Orissa State Beverages Corporation Limited,
9th Floor, IDCO Towers, Sahid Nagar,
Bhubaneswar- 751002.

Office of the Principal Acct. General,
(Economic and Revenue Sector Audit)
Odisha, Bhubaneswar.

Sub : Comments of the Comptroller and Auditor General of India under Section 134 of the Companies Act, 1956 on the accounts of the Orissa State Beverages Corporation Limited for the year 2011-12.

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 the Orissa State Beverages Corporation Limited for the year 2011-12.

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

Encl : As above.

Yours faithfully,

S/-
PRINCIPAL 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 on 31st MARCH 2012.

The preparation of financial statements of the Orissa State Beverages Corporation Limited for the year ended 31st March 2012 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 21st February, 2014.

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 the Orissa State Beverages Corporation Limited for the year ended 31st March 2012. 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 are necessary for enabling a better understanding of the financial statements and the related Audit Report :

**A. COMMENTS ON PROFITABILITY
STATEMENT OF PROFIT AND LOSS**

- 1) As the company is acting as the facilitator only on behalf of the manufacturers / suppliers of liquor to effect the sale, by accounting of the cost of liquor as "purchase of stock in trade (Dr.) and crediting gross flow of cash from sale of liquor as revenue from operation during the year by changing its accounting policy under Note - 18 (x) and 19 (i) contravenes the requirements of Para 4.1 of the Accounting Standard-9 which require confining the revenue from operations to commission received / receivable. This has resulted in overstatement of purchase of stock in trade as well as Revenue from operation (Note - 12) by Rs. 1826.96. crore each.



**B. COMMENTS ON FINANCIAL POSITION
BALANCE SHEET EQUITY AND LIABILITIES
RESERVE AND SURPLUS (Note-2) - Rs. 141.83. Crore.**

2. The above is overstated by Rs.35.33 lakh due to excess accounting of interest on Term Deposits (including TDS of Rs. 2.39 Lakh) during 2009-10. This was rectified during 2011-12 by wrongly debiting Bank account instead of Prior Period account (exceptional item). This has consequently resulted in overstatement of Bank account by Rs. 32.49 lakh and TDS (receivable) by Rs. 2.39 lakh.

CURRENT LIABILITIES

Trade Payables (Note-03) : Rs. 21907.58 lakh

3. The above has been arrived at after netting off of Rs. 0.68 crore (debit balance) receivable from different parties. This has resulted in understatement of Sundry Creditors as well as Sundry Debtors (Current Assets) by Rs. 0.68 crore each.

**C. COMMENTS ON DISCLOSURE
OTHER NOTES TO FINANCIAL STATEMENT (Note - 19)**

4. The fact that, the company has filed writ petition in High Court of Odisha against the recovery of Rs. 43.80 lakh by RPF Commissioner, Bhubaneswar through attachment (September 2011) of its bank account towards the arrear of PF dues (For the period January 2007 to December, 2010) of the employees of M/s. Panther Security Services deployed by the Company should have been disclosed.

D. OTHER COMMENTS

5. The company accepted cheques in place of drafts / pay orders in violation of Rule 75(2) of Board's Excise Rules, 1965. This led to financial irregularities such as dishonour of cheques etc. Further, no entries in Bank books were made for dishonored cheques / drafts and the fresh cheques / drafts received there against. In the absence of maintenance of proper records, their impact on profitability as well as on bank balances could not be verified.

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

Place : Bhubaneswar
Dt : 07.05.2014

**Sd/-
(S. S. DADHE)
PRINCIPAL ACCOUNTANT GENERAL**