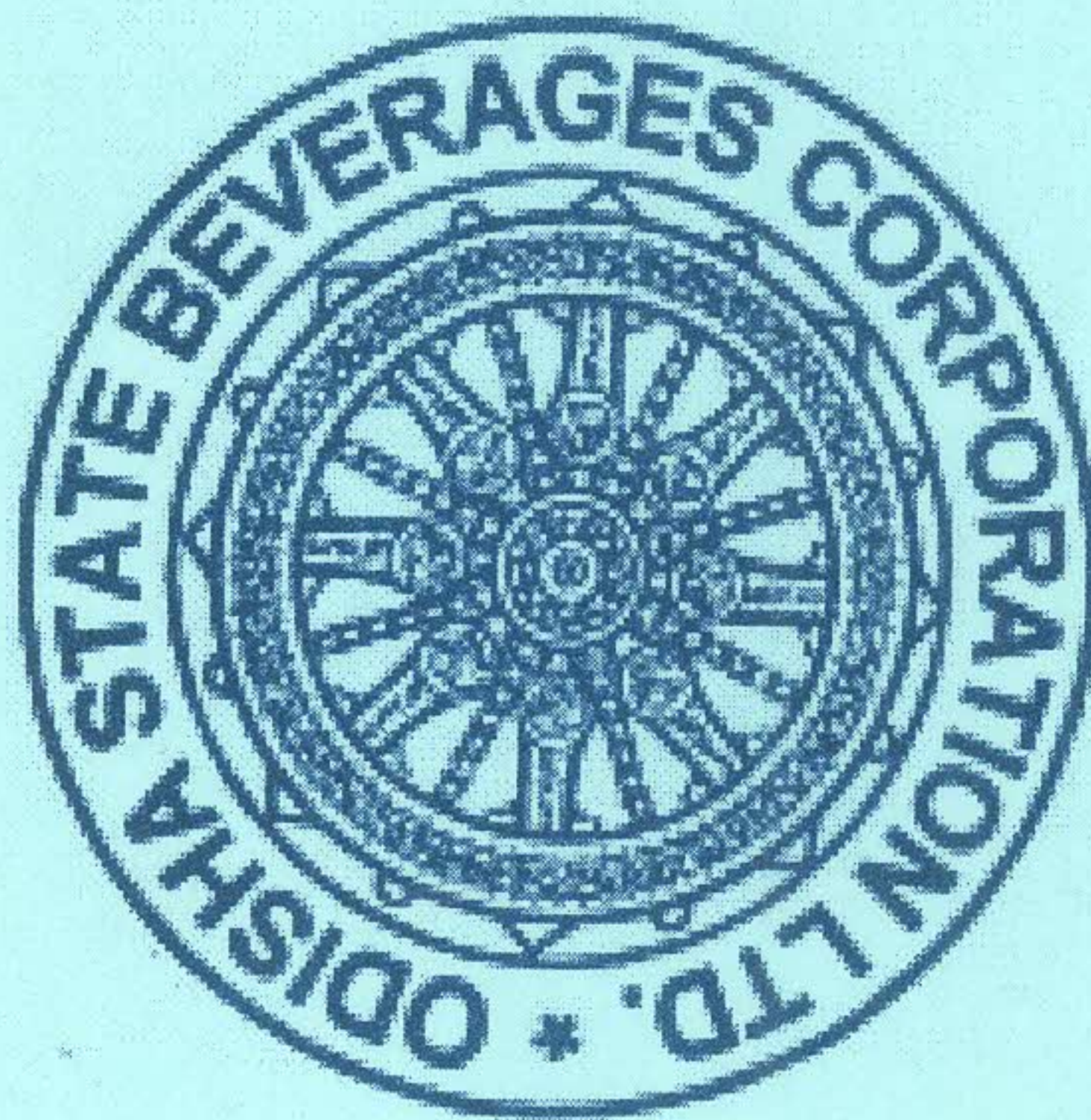


# **14<sup>th</sup> Annual Report**

## **2013-2014**



**ODISHA STATE BEVERAGES CORPORATION LIMITED**

# **14<sup>th</sup> Annual Report**

## **2013-2014**



**ODISHA STATE BEVERAGES CORPORATION LIMITED**

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## BOARD OF DIRECTORS AS ON 31.03.2014

1.	Shri S.P. Thakur, IAS	Chairman
2.	Shri Manoj Ahuja, IAS	Director
3.	Shri A. K. Tarenia, IAS	Director
4.	Shri Aswini Kumar Mishra, IA & AS	Director
5.	Shri A. K. Parida	Director
6.	Shri Dwijaraj Kar	Managing Director

## PRESENT BOARD OF DIRECTORS AS ON 25.03.2015

1.	Shri S.P.Thakur, IAS	Chairman
2.	Shri Manoj Ahuja, IAS	Director
3.	Shri Aswini Kumar Mishra, IA & AS	Director
4.	Shri Prasanta Kumar Senapati, IAS	Director
5.	Shri Akshaya Kumar Parida , OAS(SAG)	Director
6.	CA A. K. Sabat, FCA	Independent Director
7.	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  
CIN : U512280R2000SG006372



## DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the 14<sup>th</sup> Annual Report of the Corporation together with Audited Statements of Accounts and Auditors' Report thereon for the financial year 2013-14.

### FINANCIAL HIGHLIGHTS :

The financial results of the Company for the year ended 31<sup>st</sup> March 2014 vis-a-vis 31<sup>st</sup> March 2013 are:

PARTICULARS	For the Financial Year ended on 31.03.2014 (Amount in Rupees lacs)	For the Financial Year ended on 31.03.2013 (Amount in Rupees lacs)
Total Revenue	260,500.25	224,567.40
Total Expenses	252,243.03	213,332.14
Profit Before tax	8,257.22	11,235.26
Tax Expenses		
Current Tax	2,826.11	3,800.50
Deferred Tax Liability/ (Assets) Earlier Year Tax/ (Refund)	(196.81) -	(411.52) 211.89
Profit after Tax	5,627.92	7,634.39
<b>Appropriation:</b>		
General Reserve	562.79	763.44
Dividend	1,688.37	2,290.32
Dividend Tax	337.57	457.92

### DIVIDEND AND APPROPRIATIONS:

The Board of Directors of your company have recommended a Dividend on 30% of the net profit amounting to ₹.1,688.37 lacs and the Corporation will pay dividend distribution tax amounting to ₹.337.57 lacs as per Income Tax, Act.

### OPERATIONS:

The Odisha State Beverages Corporation Limited was incorporated under the Companies Act, 1956 on 6<sup>th</sup> 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 revenue of your Corporation was ₹.2,55,464.10 lacs and the total expenses was ₹.252,243.03 lacs. The net profit after tax for the financial year is ₹.5,627.92 lacs.

The Corporation has eight depots at Khurda, Balasore, Sambalpur, Rayagada Berhampur, Cuttack, Angul and Chandikhol to keep stock of IMFL/ Beer manufactured by various manufacturing units.

#### **RESOURCES:**

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

#### **MANAGEMENT:**

During the year Sri S.P.Thakur, IAS and Sri Dwijaraj Kar, OAS (SAG) were continuing as Chairman and Managing Director respectively of the Corporation. Sri N.B.D.Jawale, IAS had ceased to be the Director on his transfer and Sri A.K. Tarenia, IAS was appointed as the new Director in place of Sri Jawale. Sri Manoj Ahuja, IAS, Sri Aswini Kumar Mishra, IA&AS and Sri A.K. Parida, OAS (SAG) were continuing as Directors of the Corporation during the financial year.

#### **BOARD COMMITTEES:**

In compliance to Corporate Governance Manual of P.E. Department, Government of Odisha, the Board of Directors in its 51<sup>st</sup> Meeting held on 26<sup>th</sup> September, 2012 has constituted Audit Committee and HR Committee. The Audit Committee is chaired by Sri Aswini Kumar Mishra, IA&AS and other two directors are members. During the financial year six meetings were held. The HR Committee is chaired by the Managing Director and other two directors are members and during the period three meetings were held.

#### **SIGNING OF MEMORANDUM OF UNDERSTANDING (MOU):**

As per Corporate Governance Manual of P.E. Department, Government of Odisha, OSBCL has signed MOU with the administrative Department on 30<sup>th</sup> April, 2013

#### **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 ₹.2,400,000/- per annum or more than ₹.2,00,000/- per month during the financial year ending on 31<sup>st</sup> day of March 2014.

#### **AUDITORS:**

M/s. Singh Ray Mishra & Associates, Chartered Accountants, Bhubaneswar has been appointed by C&AG as statutory auditors of the Corporation for the financial year 2013-14.

#### **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 2013-2014 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 2014 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 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:

In the preparation of the Annual Accounts, for the year ended 31<sup>st</sup> March 2014 the applicable accounting standards have been followed along with proper explanation relating to material departures.

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.

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.

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, staff and consultants 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: 25.03.2015

Sd/-  
(Sri S.P.THAKUR, IAS)  
CHAIRMAN

**ANNEXURE - 1**

**Replies of the Management on Observation of the Statutory Auditor on the Annual Accounts of Odisha State Beverages Corporation Limited for the financial year 2013-14**

Sl.No.	Observations of Statutory Auditors	Replies of Management
1.	As stated in other notes to the Financial Statements 17.7, there is un-reconciled bank balance (Assets) to the tune of ₹. 2,237.52 Lacs in respect of SBI IDCO Tower Branch which is included in Cash and Bank Balances. Similarly advance from parties for ₹. 2,453.67 Lacs showing in the balance sheet, for which party wise reconciliation is not made. Due to the non reconciliation, the effects of these were not possible to be dealt with in this audit report, which could be material but not pervasive.	Un-reconciled balance in BRS and advance from parties are disclosed in the notes, which are under reconciliation.
2.	₹. 3.63 lacs which is receivable from the Defunct Creditors is shown in the balance sheet by adjusting from the credit balance of other supplier instead of showing under the current assets, resulting understatement in current assets and current liability to that extent.	All the suppliers of the company have given security deposit of ₹ 5.00 lacs each. There are 21 defunct suppliers having debit balance. Out of this 20 accounts are less than ₹.5.00 lacs and one a/c i.e. M/s Iceberg Ind. Ltd. is having a balance of ₹.6,28,706/- . Hence, only inter account set off is done as per past practice.
3.	Sundry creditors operating and export ₹. 14,966.86 lacs, out of which balance confirmation awaited from the supplier ₹. 1,1637.38 lacs.	Out of 34 nos. of operative supplier accounts only 2 nos. of suppliers amounting to ₹.12.32 lacs are yet to be confirmed.
4.	Following Expenditure related to prior period in nature which are not treated as prior period expense. <b>a)</b> Arrear bill of ₹. 8.38 lacs from May 2010 to Sept. 2012 of Executive Security Services Pvt. Ltd. paid during the year (liability not being provided in earlier year) wrongly debited to security service charge payable instead of prior period expenses resulting in understatement of current liability and over statement of profit. <b>b)</b> An amount of ₹. 1.12 lakh paid in (December 2013) as for professional fee where bill claimed for the year from 2009-10 to 2012-13 towards appearance, submission of written submission and papers before the Income Tax authorities and obtaining Assessment order for the survey proceedings of OSBC Ltd. The amount paid has to be disclosed as prior period expenses.	Noted





5.	Provision of ₹. 23.06 lacs for arrear salary and ₹. 6.14 lacs for arrear DA has not been provided in the books of accounts resulting in understatement of current liability as well as expenses and overstatement of profit to that extent.	Arrear Salary and DA has been booked in the current year as per AS-5 on payment.																										
6.	As per the notes no. 6, Fixed assets schedule shows Lease hold land of ₹. 61.09 lacs for which the corporation is only having provisional allotment letter and payment has been made on that basis. Lease agreement is yet to be made by the Corporation.	Provisional allotment letter has been received, payment has been made and the final allotment letter is expected shortly.																										
7.	Total debtors balance ₹. 545.42 lacs out of which ₹. 174.45 lacs is greater than six months & ₹. 370.97 lacs is less than six months but in Balance Sheet total amount of ₹. 545.42 lacs is shown as less than six months.	Noted for future disclosure																										
8.	<p>Following ledger balances need to be reconciled</p> <table border="1" data-bbox="353 1226 1384 2494"> <thead> <tr> <th data-bbox="353 1226 725 1338">Particulars</th> <th data-bbox="725 1226 987 1338">Amount (Rs. In lacs)</th> <th data-bbox="987 1226 1384 1338">Remarks</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="353 1338 1384 1394"><b>Current Liability</b></td> </tr> <tr> <td data-bbox="353 1394 725 1598">Godown rent Payable</td> <td data-bbox="725 1394 987 1598">51.29</td> <td data-bbox="987 1394 1384 1598">Out of which ₹. 2.32 lac for which Depot wise details were not available.</td> </tr> <tr> <td data-bbox="353 1598 725 1710">Other Liability</td> <td data-bbox="725 1598 987 1710">20.77</td> <td data-bbox="987 1598 1384 1710">Item wise break up not available</td> </tr> <tr> <td data-bbox="353 1710 725 1780">Pass fee Payable</td> <td data-bbox="725 1710 987 1780">10.59</td> <td data-bbox="987 1710 1384 2368" rowspan="4">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.</td> </tr> <tr> <td data-bbox="353 1780 725 1850">VAT Payable</td> <td data-bbox="725 1780 987 1850">1.34</td> </tr> <tr> <td data-bbox="353 1850 725 1920">EPF</td> <td data-bbox="725 1850 987 1920">0.93</td> </tr> <tr> <td data-bbox="353 1920 725 2200"></td> <td data-bbox="725 1920 987 2200"></td> </tr> <tr> <td data-bbox="353 2200 725 2368">Supdt. Of Excise (Debit Balance)</td> <td data-bbox="725 2200 987 2368">29.30</td> <td data-bbox="987 2200 1384 2368" rowspan="2">Brought forward from earlier years which needs to be reconciled.</td> </tr> <tr> <td data-bbox="353 2368 725 2494">Other Liability (PF &amp; GSLI)</td> <td data-bbox="725 2368 987 2494">0.41</td> </tr> </tbody> </table>	Particulars	Amount (Rs. In lacs)	Remarks	<b>Current Liability</b>			Godown rent Payable	51.29	Out of which ₹. 2.32 lac for which Depot wise details were not available.	Other Liability	20.77	Item wise 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.	VAT Payable	1.34	EPF	0.93			Supdt. Of Excise (Debit Balance)	29.30	Brought forward from earlier years which needs to be reconciled.	Other Liability (PF & GSLI)	0.41	Reconciliation is in process action to be taken in the F.Y. 15-16.
Particulars	Amount (Rs. In lacs)	Remarks																										
<b>Current Liability</b>																												
Godown rent Payable	51.29	Out of which ₹. 2.32 lac for which Depot wise details were not available.																										
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Supdt. Of Excise (Debit Balance)	29.30	Brought forward from earlier years which needs to be reconciled.																										
Other Liability (PF & GSLI)	0.41																											



	Professional fee Payable	9.59	Out of which opening balance of ₹. 0.85 lacs for which no break up is available.			
	<b>Current Assets</b>					
	Receivable from Govt. & Others	0.26	Brought forward from earlier years for which no details available.			
	General Advance	1.47				
	Depot Bank balance Khurda	0.18	Amount mentioned as unreconciled in Depot BRS			
9.	Summary of observation with financial impact:				Noted	
	Particulars	Para No.	Liability In lacs	Assets In lacs		Income in lacs
				Fixed Assets		Current Assets
	Current Assets	2	3.63			3.63
	Arrear Bill security services	4 (a)	8.38			
	Arrear Salary	5	23.06			
	Arrear DA	5	6.14			
	<b>Total</b>		<b>41.21</b>		<b>3.63</b>	
	Summary of Impact:				Noted	
	<b>Particulars</b>		<b>Amount in Lacs</b>			
	Liability understated		41.21			
	Current Asset understated		3.63			
	Expenses Understated & over statement of profit		37.58			
	Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements section of our report of even date of Odisha State Beverages Corporation Ltd. for the year ended 31.03.2014.					



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 <i>the register is not updated for the year under audit.</i>	Noted
	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	3.2.1 Referring to the point number no. 7 of Statement of accounting policies regarding the title of goods transferred to the corporation from the supplier on the final inspection before the sales transaction take place thereby the corporation does not own any inventory, this clause relating to physical verification of inventory is not applicable.	No comments
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.	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 an 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	3.4.1 In our opinion the <i>internal control system need to be strengthened</i> to make it commensurate with the size of the corporation.	Noted
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 ₹. 5 lakh 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



	<b>3.5.2</b> In view of our comment in paragraph 3.5.1 above, clause (v)(b), of paragraph 4 of the aforesaid order is not applicable.	Noted												
<b>3.6</b>	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												
<b>3.7</b>	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>	Noted												
<b>3.8</b>	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												
<b>3.9</b>	<p>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:</p> <p><b>3.9.1</b> 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 <i>except the following balances appearing in the books of account as payable which needs reconciliation.</i></p> <table border="1"> <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>VAT/ Sales Tax Payable</td> <td>1.34</td> </tr> <tr> <td>Service Tax</td> <td>0.56</td> </tr> <tr> <td>EPF</td> <td>0.93</td> </tr> <tr> <td>Other Liability (PF &amp; GSLI)</td> <td>0.41</td> </tr> </tbody> </table>	Particulars	Amount in Lacs.	Pass fee Payable	10.59	VAT/ Sales Tax Payable	1.34	Service Tax	0.56	EPF	0.93	Other Liability (PF & GSLI)	0.41	Noted
Particulars	Amount in Lacs.													
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Other Liability (PF & GSLI)	0.41													



	As on 31 <sup>st</sup> March 2014, the corporation has disputed dues in respect of Service Tax, Sales Tax & Income Tax as follows:																	
	<table border="1"> <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>8,720.56</td> <td>2002-03 to 2010-11</td> </tr> <tr> <td>Sales Tax</td> <td>Orissa Sales tax tribunal Cuttack</td> <td>572.37</td> <td>2001-02, 2002-03</td> </tr> <tr> <td>Income Tax</td> <td>CIT (A)- II</td> <td>1,883.58</td> <td>2004-05, 08-09,09-10, 10-11,11-12, 12-13.</td> </tr> </tbody> </table>	Name of the Statute	Forum where dispute is pending	Total Amount Demanded (Rs. in lacs)	Period	Service Tax	CESTAT	8,720.56	2002-03 to 2010-11	Sales Tax	Orissa Sales tax tribunal Cuttack	572.37	2001-02, 2002-03	Income Tax	CIT (A)- II	1,883.58	2004-05, 08-09,09-10, 10-11,11-12, 12-13.	No Comments
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Sales Tax	Orissa Sales tax tribunal Cuttack	572.37	2001-02, 2002-03															
Income Tax	CIT (A)- II	1,883.58	2004-05, 08-09,09-10, 10-11,11-12, 12-13.															
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 immediately preceding the financial year.	No Comments																
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.	No Comments																
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.	No Comments																
3.13	The corporation is not a Chit / Nidhi / Mutual benefit fund/ society.	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, and vice versa	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	<i>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 old unreconciled balance of SBI IDCO Tower a/c and sundry debtors account to provide an opinion on whether any fraud on or by the corporation has been noticed or reported during the year.</i>	Un-reconciled balance in BRS and advance from parties are disclosed in the notes, which are under reconciliation.

**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 2013-14.**

Sl.	Comments of C&AG	Replies of the Management
1	<p><b>COMMENTS ON FINANCIAL POSITION</b>  <b>Balance Sheet</b>  <b>Short term provisions (Note-5)</b>  <b>Entry Tax Payable - ₹.0.20 Crore</b></p> <p>1. The above is understated by ₹.5.72 Crore (₹.1.12 crore for 2013-14 and ₹.4.60 crore upto 2012-13) due to accounting of differential entry tax (excess of entry tax collected through sale price over actual entry tax deposited with tax authority) as income instead of liability as it is payable to government. This has also resulted in understatement of other expenses (entry tax) by ₹.1.12 crore, overstatement of profit for the year by ₹.1.12 crore and overstatement of Reserve and Surplus by ₹.5.72 crore.</p>	<p>OSBC being the Dealer and having exclusive right to sell IMFL/ Beer through retailers in the State of Odisha, purchases IMFL/ Beer from inside the State as well as from outside the State. As per the Liquor Sourcing Policy and agreements executed with the Suppliers/Manufacturers of IMFL/Beer, they have to declare the prices of their brands which are being considered and approved by the Price Fixation Committee (PFC). The approved prices become Offer Prices. The prices quoted is FOR destination price that includes expenses of the supplier towards package, freight, insurance, EAL fee, Bottling fee and taxes if any other than State Excise duty, VAT and Entry Tax. Landing cost is arrived at by adding Entry Tax and Import Fee (if from outside the State). Then with the landing cost, excise duty and margin of the Corporation is added on which VAT is levied. After adding all these, selling price is arrived at.</p> <p>In respect of suppliers/ manufacturers of inside the State, they raise the invoice with the offer price and add the excise duty component in the invoice itself since the excise duty is being paid before the dispatch of</p>



the goods. Hence for the inside state suppliers, the invoice value includes the offer price and excise duty component on which the Entry Tax amount is calculated.

In respect of suppliers/manufacturers of outside the State they raise the invoice with the offer price and CST only. Because when the invoices are made the Excise Duty is not paid on the goods invoiced by them since the excise duty needs to be paid in the State where the consumption of goods is meant to take place. The Entry Tax liability arises as per the invoice value of the goods which excludes the Excise duty in case of purchase of goods from outside the State.

As per Section 3 of the Orissa Entry Tax Act, 1999 (hereinafter the Act) read with the corresponding Rule 3(3) of the Orissa Entry Tax Rules, 1999 (hereinafter the Rules) Entry Tax is leviable when the scheduled goods enter into the local area for consumption, use or meant for sale at the rate specified in the respective schedule (which is 1% in case of IMFL & Beer) on the purchase value of such goods. The purchase value shall be determined on the basis of the invoice value of such goods where the invoices are available. Hence as per the provision of Entry Tax Act 1999, the Corporation is rightly computing





its Entry Tax liability and paying the same on the basis of the invoice value of the goods in case of both inside and outside purchase of goods. From the interpretation of the Entry Tax Act, it can be said that the liability of Entry Tax occurs when the scheduled goods enter into the local area for consumption, use or meant for sale and not at the time of sale of the goods. The Entry Tax is not recoverable / collectible from the customers as per the Statute even. The Corporation is not recovering the Entry Tax from its retailers, who are its customers, which is clearly evidenced from its invoices to the retailers. The VAT is being collected from the retailers and is paid to the exchequer by the Corporation.

The Corporation deposits the Entry Tax liability on such liquor computed as above and such tax liability is not recovered from its retailers in invoices. The Entry Tax is embedded in the sales price. While deciding the selling price, all the elements of costs like offer price, excise duty, entry tax and all other costs are recognized by the Corporation and there after the Corporation margin is added to arrive at the selling price. The Corporation cannot fix different selling price for similar products if it is purchased from inside the State or outside the State. In view of the above, it is submitted that the Corporation has not appropriated Entry Tax to the



		<p>tune of ₹.571.91 lakh as income, as this is a real income of the Corporation since on the landing cost, the profit margin is added by the Corporation considering the Excise duty, Import fee &amp; Entry Tax component to arrive at the selling price which is ultimately recovered from the retailers. Accordingly, the consequential payment of Income Tax of ₹.185.56 lakh has already been made on such disclosed income in the audited accounts.</p>
	<p><b>Excise duty payable – Rs.8.29 crore.</b></p> <p>2. The above is understated by ₹.9.47 crore due to non-provision of liability payable to State Government towards penalty for non-compliance of provisions of LSP under Rule-39 (A)(7) of the BER, 1965 for destruction of 62, 030.94 cases of Beer stored beyond six months which were unfit for human consumption due to sedimentation. This has resulted in understatement of Other Expenses (Note-16) overstatement of Profit by ₹.9.47 crore each.</p>	<p>Since with the establishment of OSBC Ltd. the under bond warehouse system has been abolished and the duty is paid in advance, there is no loss of revenue to Government. Hence, the penal provision of paying five times of Excise Duty is no more relevant in case of destruction of liquor made in the premises of OSBC depots especially when it is done after the permission of the Excise Commissioner, Odisha and in presence of, among others, the Excise Superintendent of the district in whose jurisdiction the depot is located.</p>
	<p><b>Assets</b> <b>Non-Current Assets</b> <b>Deferred Tax Asset (Net)-₹.6.34 crore</b></p> <p>3. The above includes ₹.3.38 crore being the deferred tax assets on the differential Excise Duty remaining unpaid amounting to ₹.11.78 crore against which no liability provisions exists in the accounts. Thus, the Company has wrongly calculated Deferred Tax Assets on the unpaid differential excise duty of ₹.3.38 crore each</p>	<p>The differential excise duty was considered twice while computing the deferred tax, however the same shall be accounted for during the F.Y. 2014-15.</p>



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

No. E.S-I/Accts/OSBCL/2013-14/14-15/394

Date : 16.03.2015

To

The Managing Director,  
Odisha State Beverages Corporation Limited,  
9<sup>th</sup> Floor, IDCO Towers, Janpath,  
Bhubaneswar- 751022.

***Sub : Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Odisha State Beverages Corporation Limited for the year 2013-14.***

Sir,

I am directed to enclose 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 **Odisha State Beverages Corporation Limited for the year 2013-14.**

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,

Sd/-  
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 ODISHA STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED on 31<sup>st</sup> MARCH, 2014.**

The preparation of financial statements of the Odisha State Beverages Corporation Limited for the year ended 31<sup>st</sup> March, 2014 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 30th September, 2015.

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 Odisha State Beverages Corporation Limited for the year ended 31<sup>st</sup> March, 2014. 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 FINANCIAL POSITION**

**Current Liabilities**

**Short term provisions (Note-5)**

**Excise duty payable : ₹ 0.20. Crore.**

1. The above is overstated by ₹ 5.72 crore (₹ 1.12 crore for 2013-14 and ₹ 4.60 crore upto 2012-13) due to accounting of differential entry tax (excess of entry tax collected through sale price over actual entry tax deposited with tax authority) as Income instead of liability as it is payable to Government. This has also resulted in understatement of Other Expenses (Entry Tax) by ₹ 1.12 crore, overstatement of profit for the year by ₹ 1.12 crore and overstatement of Reserve and Surplus by ₹ 5.72 crore.

**EXCISE DUTY PAYABLE : ₹ 8.29 Crore.**

2. The above is understated by ₹ 9.47 crore due to non-provision of liability payable to State Government towards penalty for non-compliance of provisions of LSP under Rule-39 (A) (7) of the BER, 1965 for destruction of 62,030.94 cases of Beer stored beyond six months which were unfit for human consumption due to dimentation. This has also resulted in understatement of Other Expenses (Note - 16) and overstatement of Profit by ₹ 9.47 Crore each.

**Assets****Non-Current Assets****Deferred Tax Asset (Net) - ₹ 6.34 Crore.****Contingent Liabilities :**

The above includes ₹ 3.38 crore being the deferred tax assets on the differential excise Duty remaining unpaid amounting to ₹ 11.78 crore against which no liability provisions exists in the accounts. Thus, the Company has wrongly calculated Deferred Tax Assets on the unpaid differential excise duty of ₹ 3.38 crore. This has resulted in overstatement of Deferred Tax Assets as well as profit for the period by ₹ 3.38 crore each.

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

Place : Bhubaneswar  
Dt : 16.03.2015

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

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

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

**COMPLIANCE CERTIFICATE**

CIN No. U512280R2000SGC006372

Nominal Capital: ₹. 500,00,000/-

To  
The Members,  
M/s. Odisha State Beverages Corporation Limited.  
9<sup>th</sup> Floor, IDCO Tower,  
Bhubaneswar-751022.

We have examined the registers, records, books and papers of **M/s. Odisha State Beverages Corporation Limited**, (the Corporation) 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 Corporation for the financial year ending on **31<sup>st</sup> March 2014**. 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 Corporation, its Officers and agents, we certify that in respect of the aforesaid financial year:

1. The Corporation 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 Corporation has duly filed the forms and returns as stated in **Annexure-'B'** to this certificate with the Registrar of Companies, Odisha within the time prescribed under the Act and the rules made there under.
3. The Company being a Private Limited Company has the minimum prescribed paid up capital and its maximum number of member during the said financial year was within the limit excluding its present and past employees and the Company during the year under scrutiny:
  - (i) has not invited public to subscribe for its share or debenture and
  - (ii) has not invited or accepted any deposited from any person.



4. The Board of Directors duly met **4 (Four)** times on **29.06.2013, 25.09.2013, 27.12.2013 and 30.01.2014** 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 during the financial year.
5. The Corporation is not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March 2013** was held on **25<sup>th</sup> September 2013** after giving due notice to the members of the Corporation 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 on 31<sup>st</sup> March 2014.
8. The Corporation has not advanced any loans to its Directors or Person or Firms or Companies referred to under section 295 of the Act.
9. The Corporation has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Corporation 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 Corporation has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Corporation has not issued any duplicate share certificates during the financial Year under scrutiny.
13. The Corporation has:
  - (i) issued share certificates on transfer of shares during the year under scrutiny.
  - (ii) declared 30% profit as dividend during the financial year.
  - (iv) duly complied with requirement of section 217 of the Act.
14. The Board of Directors of the Corporation is duly constituted. During the year Sri Ashok Kumar Tarenia, IAS was appointed as the Director of the Corporation in place of Sri Nitin Bhanudas Jawale, IAS, Ex-Excise Commissioner Odisha as per the order of the Government of Odisha during the financial year under scrutiny.
16. The Corporation has not appointed any sole selling agents during the financial year.



17. The Corporation was not required to obtain any approval of the central Govt. Corporation law board, Regional Director, Registrar and such Authorities prescribe under the various provision of the Act during the financial year.
18. The Corporation being a Private limited company have not made any contract with related parties the disclosure regarding interest in other concerns is not required.
19. The Corporation has not issued any securities during the financial year under scrutiny.
20. The Directors have disclosed their interest in other firms, Companies to the Board of Directors pursuant to the provision of the Act and the rules made there under.
21. Since there are no preference shares or debentures, the question of redemption does not arise.
22. There were no transactions necessitating the Corporation to keep abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Corporation has not invited, accepted, any deposits falling within the purview of section 58A during the financial year.
24. The Corporation has not made any borrowings during the financial year ended 31<sup>st</sup> March 2014.
25. The Corporation 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 Corporation 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 Corporation has not altered the provision of the Memorandum with respect to the object of the Corporation during the year under scrutiny.
28. The Corporation has not altered the provision of the Memorandum with respect to the name of the Corporation during the year under scrutiny.
29. The Corporation has not altered the provision of the Memorandum with respect to share capital of the Corporation during the year under scrutiny.





30. The Corporation has not altered its Articles of Association for the Change of Name during the year under scrutiny.
31. There were no prosecutions initiated against or so cause notices received by the Corporation and no fines or penalty or any other punishment was imposed on the Corporation during the financial year for offenses under the Act.
32. The Corporation has not received any security from its employees during the financial year.
33. The Corporation is not registered under the Employees' Provident Funds and Miscellaneous Provisions Act., 1952.

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

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

**Place: Bhubaneswar.**

**Date: 28.01.2015**

**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 31<sup>st</sup> MARCH 2013.**

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	23AC & 23ACA	220(1)	Balance Sheet (As on 31.03.2013)	14.02.14	Yes	NA
2	20B	159(1)	Annual Return 25.09.2013	13.11.13	Yes	NA
3	66	383A	Compliance Certificate 31.03.2013	22.10.13	Yes	NA
4	32	303 (2)	Appointment of Sri. Ashok Kumar Tarenia & Cessation of Sri. Nitin Bhanudas Jawale	13.11.13	Yes	NA



**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

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of ODISHA STATE BEVERAGES CORPORATION LIMITED ("the company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of section-133 of the companies act, 2013 in terms of general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance of accounting principle generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion



on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

1. As stated in notes to the Financial Statements 17.7, there is un reconciled bank balance (Assets) to the tune of ₹. 2,237.52 Lacs in respect of SBI IDCO Tower Branch which is included in Cash and Bank Balances. Similarly advance from parties for ₹. 2,453.67 Lacs showing in the balance sheet, for which party wise reconciliation is not made. Due to the non reconciliation, the effects of these were not possible to be dealt with in this audit report, which could be material but not pervasive.
2. ₹. 3.63 lacs which is receivable from the Defunt Creditors is shown in the balance sheet by adjusting from the credit balance of other supplier instead of showing under hte current assets, resulting understatement in current assets and current liability to that extent.
3. Sundry creditors operating and export ₹. 14,966.86 lacs, out of which balance confirmation awaited from the supplier ₹. 11,637.38 lacs.
4. Following Expendiure related to prior period in nature which are not treated as prior period expense.
  - a) Arrear bill of ₹. 8.38 lacs from May, 2010 to Sept, 2012 of Executive Security Services Pvt. Ltd. paid during the year (liability not being provided in earlier year) wrongly debited to securiyt service charge payable instead of prior period expenses resulting in understatement of current liability and over statment of profit.
  - b) An amount of ₹. 1.12 lakh paid in (December 2013) for professional fee where bill claimed for the year from 2009-10 to 2012-2013 towards appearance, submission of written submission and papers before the Income Tax autohrities and obtaining Assessment order for the survey proceeidngs of OSBC Ltd. The amount paid has to be disclosed as prior period expenses.
5. Provision of ₹. 23.06 lacs for arrear salary and ₹. 6.14 lacs for arrear DA has not been provided in the books of accounts resulting in understatement of current liability as well as expenses and overstatment of profit to that extent.
6. As per the notes no.6, fixed assets schedule shows lease hold land of ₹. 61.09 lacs for which the corporation is only having provisional allotment letter and payment has been made on that basis. Lease agreement is yet to be made by the Corporation.
7. Total debtors balance ₹. 545.42 lacs out of which ₹. 174.45 lacs is grater than six months and ₹. 370.97 lacs is less than six months but in Balance sheet total amount of ₹. 545.42 lacs is shown as less than six months.



8. Following ledger balance need to be reconciled.

Particulars	Amount (₹. In lacs)	Remarks
<b>Current Liability</b>		
Godown rent Payable	51.29	Out of which ₹. 2.32 lac for which Depot wise details were not available.
Other Liability	20.77	Item wise 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.
VAT Payable	1.34	
EPF	29.30	
Supdt. Of Excise (Debit Balance)	0.41	Brought forward from earlier years which needs to be reconciled.
Other Liability (PF & GSLI)	9.59	
Professional fee Payable	0.26	Out of which opening balance of ₹. 0.85 lacs for which no break up is available.
<b>Current Assets</b>		
Receivable from Govt. & Others	1.47	Brought forward from earlier years for which no details available.
General Advance	0.18	
Depot Bank Balance Khurda		Amount mentioned as unreconciled in Depot Bank Reconciliation Statement.



## 9) Summary of observation with financial impact

Particulars	Para No.	Liability In Lacs	Assets in Lacs		Income in Lacs	Expenses in Lacs
			Fixed Assets	Current Assets		
Defunct Creditors	2	3.63		3.63		
Arrear Bill Security Services	4 (a)	8.38				8.38
Arrear Salary	5	23.06				23.06
Arrear DA	5	6.14				6.14
<b>Total</b>		<b>41.21</b>		<b>3.63</b>		<b>37.58</b>

## Summary of Impact:

Particulars	Amount in Lacs
Liability understated	41.21
Current Asset understated	3.63
Expenses understated & over statement of profit.	37.58

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements read together with notes, give the information required by the Act 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 March 31, 2014:
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date:
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. 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:
  - b. 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.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. 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.
  - e. In terms of Govt. of India, Ministry of Finance, Dept. of Company Affairs Notification No-GSR 829(E) Dt.21<sup>st</sup> October 2003, Govt. Companies are exempt from the applicability of the provisions of section 274(1)(g) of the Companies Act 1956.

Place: Bhubaneswar  
Date: 28.01.2015

For Singh Ray Mishra & Co.  
Chartered Accountants  
FRN: 318121E

Sd/-  
**CA. J.K.Mishra,FCA**  
(Partner)  
Membership No-052796



**Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements section of our report of even date of Odisha State Beverages Corporation Ltd for the year ended 31.03.2014.**

**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 Accountant 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 an 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 following areas:

- a) Reconciliation of Import permit with GRN to control the mismatch of number of permits issued and goods received against it.
- b) Reconciliation of Excise Adhesive Label (EAL) with number of bottles imported.
- c) Failure in compliance with liquor sourcing policy in the areas of:
  - i) Clause 11 A of LSP regarding receipt of Beer beyond 3 weeks from the date of manufacture.
  - ii) Clause 11 K of LSP regarding destruction of old stock of Beer which are more than 6 months after getting permission of Excise Commissioner.
  - iii) Clause 29 of LSP regarding delay in preparation of GRN and transferring directly from the supplier vehicle to retailer vehicle.
  - iv) Clause 29 regarding Acceptance of Cheque instead of Demand Draft
- d) Delay in deposit of sales proceeds in shape of Demand Draft in the bank of the Corporation.





## 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 lakh 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
VAT/ Sales Tax Payable	1.34
Service Tax	0.56
EPF	0.93
Other Liability (PF & GSLI)	0.41

3.9.2 As on 31<sup>st</sup> March 2014, the corporation has disputed dues in respect of Service Tax, Sales Tax & Income Tax as follows:

Name of the Statute	Forum where dispute is Pending	Total Amount Demanded (Rs. In lacs)	Period
Service Tax	CESTAT	8,720.56	2002-03 to 2010-11
Sales Tax	Odisha Sales tax tribunal Cuttack	572.66	2001-02, 2002-03
Income Tax	CIT (A)- II	1,883.58	2004-05, 08-09, 09-10, 10-11, 11-12, 12-13.



- 3.10 The Corporation has not 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 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, and vice versa
- 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.*

Place: Bhubaneswar  
Date: 28.01.2015

For Singh Ray Mishra & Co.  
Chartered Accountants  
FRN: 318121E

Sd/-  
**CA. J.K.Mishra**  
(Partner)  
Membership No-052796



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

**BALANCE SHEET AS AT 31ST MARCH, 2014**

(All Amount in Lacs)

PARTICULARS	Notes No.	As at 31st March'2014 (Rs.)	As at 31st March'2013 (Rs.)
<b>I. EQUITY &amp; LIABILITIES :</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	100.00	100.00
(b) Reserves and Surplus	2	22,678.70	19,156.03
<b>(2) Non-Current Liabilities</b>		-	-
<b>(3) Current Liabilities</b>			
(a) Trade payables	3	18,876.87	24,617.26
(b) Other current liabilities	4	3,762.80	3,902.39
(c) Short-term provisions	5	21,713.93	19,449.51
<b>TOTAL :</b>		<b>67,132.30</b>	<b>67,225.20</b>
<b>II. ASSETS :</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	6	119.32	28.98
(ii) Capital Work-in-Progress		0.31	-
(b) Deferred Tax Asset(Net)		633.73	436.92
(c) Other Non-Current Assets	7	138.32	105.22
<b>(2) Current Assets</b>			
(a) Trade Receivable	8	586.40	887.65
(b) Cash and Bank Balance	9	30,061.15	38,318.81
(c) Short-Term Loans and Advances	10	32,046.21	24,244.05
(d) Other Current Assets	11	3,546.86	3,203.57
<b>TOTAL :</b>		<b>67,132.30</b>	<b>67,225.20</b>

Summary of significant accounting policies  
Contingent Liabilities

17

As per our report of even date attached

For Singh Ray Mishra & Co.  
Chartered Accountants  
(FRN No.318121E)

Sd/-

(J. K. Mishra, FCA)

Partner (M. No. 052796)

Place:-Bhubaneswar

Date: 28.01.2015

Sd/-

Shri Barun Ku. Palit  
Chief Manager (Finance)

Sd/-

Shri Dwijaraj Kar  
(Managing Director)

Sd/-

Shri A. K. Mishra  
(Director)



## ODISHA STATE BEVERAGES CORPORATION LTD

9TH FLOOR, IDCO TOWER

BHUBANESWAR

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(All Amount in Lacs)

PARTICULARS	Notes No.	As at 31st March'2014 (Rs.)	As at 31st March'2013 (Rs.)
(I) Revenue from operations	12	255,464.10	219,513.04
(II) Other Income	13	5,036.15	5,054.36
<b>(III) Total Revenue (I + II)</b>		<b>260,500.25</b>	<b>224,567.40</b>
<b>(IV) Expenses :</b>			
(a) Purchase of Stock in Trade	14	239,301.58	205,595.48
(b) Employee benefits expense	15	125.72	97.21
(c) Depreciation and Amortization Cost	6	6.35	6.93
(d) Other expenses	16	12,809.39	7,632.53
<b>Total Expenses</b>		<b>252,243.03</b>	<b>213,332.14</b>
<b>(V) Profit Before Exceptional &amp; Extraordinary Items &amp; Tax (III-IV)</b>		<b>8,257.22</b>	<b>11,235.26</b>
(VI) Exceptional items		-	-
<b>(VII) Profit before Extraordinary Items &amp; Tax (V - VI)</b>		<b>8,257.22</b>	<b>11,235.26</b>
(VIII) Extra-ordinary Items		-	-
<b>(IX) Profit Before Tax (VII-VIII)</b>		<b>8,257.22</b>	<b>11,235.26</b>
<b>(X) Tax expenses :</b>			
(1) Current tax		2,826.11	3,800.50
(2) Deferred tax Liability/ (Asset)		(196.81)	(411.52)
(3) Earlier Year Tax/ (Refund)		-	211.89
<b>(XI) Profit/(Loss) for the year (IX-X)</b>		<b>5,627.92</b>	<b>7,634.39</b>
<b>(XII) Average Number of equity shares (Face value Rupees 10/- each)</b>		<b>1,000,000</b>	<b>1,000,000</b>
(1) Basic Earnings per equity share		0.0056279	0.0076344
(2) Diluted Earnings per equity share		0.0056279	0.0076344
<b>Profit &amp; Loss Carried to Balance Sheet</b>		<b>5,627.92</b>	<b>7,634.39</b>

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

For Singh Ray Mishra & Co.  
Chartered Accountants  
(FRN No.318121E)

Sd/-  
(J. K. Mishra, FCA)  
Partner (M. No. 052796)

For and on behalf of Board of Directors

Sd/-

Place:-Bhubaneswar      Shri Barun Ku. Palit  
Date: 28.01.2015      Chief Manager (Finance)

Sd/-

Shri Dwijaraj Kar  
(Managing Director)

Sd/-

Shri A. K. Mishra  
(Director)



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

(Amount in Lacs)

PARTICULARS	As at 31st March'2014 (Rs.)	As at 31st March'2013 (Rs.)
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**NOTE - 1 SHARE CAPITAL****AUTHORISED CAPITAL**

50,00,000 Equity Shares of Rs.10/ each  
with equal voting rights

	500.00	500.00
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**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

10,00,000 Equity Shares @ Rs.10/ each with equal  
voting rights fully paid

	100.00	100.00
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**TOTAL :**

	100.00	100.00
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**RECONCILIATION OF NO. OF SHARES OUTSTANDING**

Equity Shares outstanding at the beginning of the year	10,00,000	10,00,000
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Equity Shares outstanding at the end of the year	10,00,000	10,00,000
<i>(The company has neither issued bonus share nor has bought back any shares during the last five years)</i>	<u>10,00,000</u>	<u>10,00,000</u>

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

	Nos.	%	Nos.	%
1) <b>NAME OF SHAREHOLDER</b>				
Governor of Odisha	10,00,000	100	10,00,000	100
	<u>10,00,000</u>	<u>100</u>	<u>10,00,000</u>	<u>100</u>

**NOTE - 2 RESERVES & SURPLUS****(a) GENERAL RESERVES**

Opening balance	1,900.61	1,137.18
(+) Current Year Transfer	562.79	763.44
<b>Closing Balance(a)</b>	<u>2,463.41</u>	<u>1,900.61</u>

**(b) SURPLUS**

Opening balance	17,255.42	13,046.33
(+) Net Profit/(Net Loss) For the current year	5,627.92	7,634.39
(-) Provision for IT of earlier years		
(-) Proposed Dividends	1,688.37	2,290.32
(-) Provision for DDT (2013-14)	337.57	371.55
(-) Provision for shortfall of DDT (2012-13)	86.38	-
(-) Transfer to Reserves	562.79	763.44
<b>Closing Balance(b)</b>	<u>20,208.21</u>	<u>17,255.42</u>

**(c) Grant & Subsidy**

Grant for Vehicle ( c)	716,543.75	-
Less : Depreciation on Grant vehicle (8,640.00)	7.08	

<b>TOTAL (a+b+c) :</b>	<b>22,678.70</b>	<b>19,156.03</b>
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**NOTE - 3 TRADE PAYABLES**

Sundry Creditor (Operating)	14,369.89	19,481.10
Sundry liabilities for duty paid in advance	3,895.29	4,258.15
Sundry Creditor (Export)	596.97	868.90
Sundry Creditor for CC TV	9.96	-
Sundry Creditor (Defunct)	4.76	9.12

<b>TOTAL :</b>	<b>18,876.87</b>	<b>24,617.26</b>
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**NOTE - 4 OTHER CURRENT LIABILITIES**

Advance from Parties	2,453.67	2,423.36
Security Deposits	322.57	307.57
EMD	15.76	5.55
Other Liability	20.77	20.77
Other Liability(PF & GSLI)	0.41	0.41
EPF	1.28	0.55
GPF	0.35	1.02
Others	0.35	1.43
TDS salary	0.18	0.10
Salary deduction (OSFC)	0.19	-
Service Tax payable	0.56	-
T C S payable	53.55	66.03
CST Payable	3.22	2.90
Sales Tax Payable	867.77	1,059.61
Pass Fees payable	10.59	10.64
TDS Payable	11.21	2.44
Supplier Withheld A/c	0.38	-

<b>TOTAL :</b>	<b>3,762.80</b>	<b>3,902.39</b>
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**NOTE - 5 SHORT-TERM PROVISION****(a) Provision for employee benefits**

Salary & allowance payable	5.35	4.04
Exgratia Payable	3.15	-
Special Incentive Payble	0.15	-
Pension, Salary & Leave Contribution	0.29	-
Employee benefit expenses payable	-	0.10

**(b) Others (Specify nature)**

Excise duty payable	828.67	683.29
Provision for Income Tax(2004-05)	104.84	104.84
Provision for Income Tax(2008-09)	1,001.00	1,001.00
Provision for Income Tax(2010-11)	2,459.46	2,459.46
Provision for Income Tax(2011-12)	3,361.04	3,361.04
Provision for Income Tax(2012-13)	3,800.50	3,800.50
Provision for Income Tax(2013-14)	2,826.11	-
Proposed Dividend (2010-11)	-	1,431.88
Proposed dividend (2011-12)	1,979.65	1,979.65



Proposed dividend (2012-13)	2,290.32	2,290.32
Proposed dividend (2013-14)	1,688.37	-
Provision of IT for Dividend(DDT)(2010-11)	-	243.35
Provision of IT for Dividend(DDT)(2011-12)	321.15	321.15
Provision of IT for Dividend(DDT)(2012-13)	457.93	371.55
Provision of IT for Dividend(DDT)(2013-14)	337.57	-
Entry Tax Payable	20.03	19.03
Payable to IDCO for Land	61.09	-
Electricity charges payable	0.21	0.26
Water charges payable	0.02	0.02
Advertisement payable	-	0.28
Audit fees payable	2.43	2.98
BOD Meeting Expenses Payable	-	0.08
Depo Expenses payable	5.63	6.20
Franchise fee payable	-	1,227.57
Godown Rent payable	53.40	51.31
Hire Charges of Vehicle Payable	0.40	-
Legal fees payable	0.83	0.49
News Paper & Periodical Payable	0.01	0.00
Office rent payable	1.58	1.77
Consultancy fee payable	0.38	-
CSR Expenses payable	45.00	-
POL Expenses payable	0.09	0.12
Postage & Telegram payable	0.58	0.61
Printing & stationery payable	0.56	0.05
Professional charges payable	11.09	9.07
Security services charges payable	27.12	77.36
Interest Payable to SBI	16.40	-
TDS & TCS E-Filing Charges Payble	0.16	-
Telephone charges payable	0.17	0.08
Travelling & conveyance payable	1.20	0.09
<b>TOTAL :</b>	<b>21,713.93</b>	<b>19,449.51</b>

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

(a) <b>Unsecured, Considered Good</b>		
PF Paid under Protest	43.80	43.80
Sales Tax Demand/Deposits	50.00	50.00
Advance to parties	43.71	11.43
(b) <b>Unsecured, Considered Doubtful</b>	-	-
(i) Sundry Creditors(Defunct)	24.70	24.70
Less : Provision for Sr. Cerditors (Defunct)	(24.70)	(24.70)
(ii) Payroll Deduction	5.24	4.43
Less : Provision for payroll deduction	(4.43)	(4.43)
<b>TOTAL :</b>	<b>138.32</b>	<b>105.22</b>

**NOTE - 8 TRADE RECEIVABLES**

(a) <b>Receivable less than six months(unsecured and considered good)</b>		
A W Enterprises (P) Ltd	-	(0.07)
Icarus Agency (P) Ltd.	545.42	857.11
B Deboo & Co. Pvt. Ltd.	-	17.77
ESSBEE Intech India Pvt. Ltd.	40.05	-



(b) <b>Receivable more than six months(unsecured considered good)</b>	-	-
A W Enterprises (P) Ltd.	(0.07)	-
Others	1.00	12.83
<b>TOTAL :</b>	<b>586.40</b>	<b>887.65</b>

**NOTE - 9 CASH & BANK BALANCES****(i) Cash & Cash Equivalents**

(a) Balance with Banks		
Current Account (including flexi balance and interest accrued thereon)	12,266.89	14,642.86
Term Deposit with maturity upto 12 months	-	-
(b) Cheque on Hand	2,184.89	3,437.63
(c) Cash on Hand	0.12	0.11

**(ii) Other Bank Balances**

Term Deposit with maturity more than 12 months	15,609.25	20,238.21
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<b>TOTAL :</b>	<b>30,061.15</b>	<b>38,318.81</b>
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**NOTE - 10 SHORT-TERM LOAN & ADVANCES (Unsecured, Considered Good)**

Imprest Advance	0.31	2.30
Festival advance to staff	0.95	0.91
Staff advance - EPF Deposit	0.92	-
Advance for Land	72.64	-
Advance with NIC	90.56	-
Advance for CC TV	1.00	-
Advance Income Tax	12,866.70	9,818.51
Advance to excise Department	64.55	52.91
General Advance	1.51	1.77
Mobilisation Advance for Accounts Manual	2.00	-
Prepaid Municipal Tax	1.80	-
Prepaid Legal Expenses	0.25	0.20
Prepaid License fee	15,000.00	10,070.00
Prepaid Insurance premium of Stock	47.30	39.30
Prepaid Insurance of Vehicle	0.42	-
Advance Excise	3,756.66	4,134.20
Advance Import Fee	138.63	123.95

<b>TOTAL :</b>	<b>32,046.21</b>	<b>24,244.05</b>
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**NOTE - 11 OTHER CURRENT ASSETS (Unsecured, Considered Good)**

Security Deposit	8.19	6.53
Income Tax Demand	1,123.20	1,030.92
Receivable from Govt. & Others	3.26	0.26
Stockholding Receivable charges	-	42.55
TDS Receivable	1,084.35	792.54
Bidding Amount receivable	2.76	2.66
Income Tax Refund Receivable	1,328.10	1,328.10

<b>TOTAL :</b>	<b>3,546.86</b>	<b>3,203.57</b>
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**ODISHA STATE BEVERAGES CORPORATION LTD.**  
(9TH FLOOR, IDCO TOWER, BHUBANESWAR)

(Amount in Lacs)

PARTICULARS	As at 31st March'2014 (Rs.)	As at 31st March'2013 (Rs.)
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**NOTE -12 REVENUE FROM OPERATIONS****Sales of Beverages**

IMFL	175,508.95	148,949.19
Country Sprit	10,612.07	9,616.34
Beer	69,343.08	60,947.51
<b>TOTAL:</b>	<b>255,464.10</b>	<b>219,513.04</b>

**NOTE - 13 OTHER INCOME**

Cash discount	2,116.29	1,531.29
Interest from Term Deposit	1,849.13	1,788.49
Interest from Flexi A/c	907.01	1,382.90
Stockholding receipts	86.35	42.55
Processing Fee	29.67	36.18
Bidding Amount	25.94	24.00
Registration Fee(Supplier)	20.50	21.00
Revalidation Fee	3.72	2.50
Permit Cancellation Fee	-	0.53
Insurance Claim	0.16	-
Excess Differential Excise Duty Provision 2011-12	-	73.88
Interest from IT (2001-02)	-	22.38
Interest from IT (2005-06)	-	102.44
Interest from IT (2007-08)	-	24.03
Interest on Delaied Credit	0.30	-
Interest Received From Retailers	3.50	-
Misc Receipt	1.27	1.68
Depreciation on Grant Vehicle	0.09	-
Prior Period Income	(7.78)	-
Liabilities written back	-	0.52
<b>TOTAL:</b>	<b>5,036.15</b>	<b>5,054.36</b>

**NOTE - 14 PURCHASE OF STOCK IN TRADE**

Purchase of Stock		
IMFL	167,015.35	141,787.14
Country Sprit	10,192.37	9,220.59
Beer	62,093.86	54,587.75
<b>TOTAL:</b>	<b>239,301.58</b>	<b>205,595.48</b>

**NOTE - 15 EMPLOYEE BENEFITS EXP.**

Salary & Wages	125.72	94.09
Employee Benefit Exp.	-	1.58
Provision for GPF	-	1.53
<b>TOTAL:</b>	<b>125.72</b>	<b>97.21</b>

**NOTE - 16 OTHER EXPENSES**

License Fee	10,080.00	5,064.00
Donation to CMRF	1,500.00	1,500.00
Differential Excise duty exp.	330.15	527.82
Godown Rent & Expenses	222.01	124.08
CSR Expenses	229.90	-
Entry Tax	175.05	182.95
Security Service Charges	170.80	135.29
Professional & Legal Charges	27.34	11.56
Office Rent of HO	25.89	25.89
Electricity Charges	11.08	2.90
Depo Expenses	-	14.97
Advertisement Exp.	0.63	1.03
Audit Fees & Expenses	1.40	1.12
B.O.D Meeting Expenses	0.44	0.25
Books & Journals	0.05	0.01
Business Meeting Exp	0.30	0.09
Computer Repair & Maintainance	0.24	-
Consultancy Fee	1.83	-
Genset Running Exp.	3.98	-
Entertainment Exp.	0.08	0.04
Hire Charges of Vehicle	1.87	0.40
House Rent	-	0.06
Miscellaneous Exp.	0.12	0.14
Municipal Holding Tax	-	3.70
News Paper & Periodicals	0.05	0.04
Office Expenses	0.03	0.13
P.O.L Expenses	1.00	0.68
Postage & Telegram	0.10	0.63
Printing & stationery	7.66	4.27
Courier Charges	0.61	-
Internet Charges	0.20	-
Provision for defunct creditors	-	24.70
Repair & Maintenance	2.77	0.44
Telephone Charges	1.71	0.97
Travelling & Conveyance	2.83	0.23
Transportation Charges	0.20	-
Vehicle Repair & Maintenance	1.45	0.08
Vehicle insurance	0.08	-
Service Tax	0.56	-
Water Charges	0.20	0.20
Food License Fees	0.90	-
Prior Period Expenses	4.52	3.84
Bank Charges	0.17	0.00
ROC Filing Fees	0.11	-
TDS & TCS E-filling charges	1.09	0.04
<b>TOTAL:</b>	<b>12,809.39</b>	<b>7,632.53</b>



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

(All amount in Lacs)

NOTE-6 : FIXED ASSETS		AS PER WDV METHOD											
FIXED ASSETS AS PER COMPANIES ACT, 1956 FOR THE FINANCIAL YEAR 2013-14													
PARTICULARS	RATE OF DEP.	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		OPENING AS ON 01.04.2013	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	TOTAL VALUE AS ON 31.03.2014	UPTO 01.04.2013	DURING THE YEAR	PRIOR PERIOD ADJUSTMENT (EXCESS)	PRIOR PERIOD ADJUSTMENT (SHOW)	TOTAL AS ON 31.03.2014	CLOSING AS ON 31.03.2014	CLOSING AS ON 31.03.2013	
LAND (Leasehold)	-		61.09	-	61.09	-	-	-	-	-	-	61.09	-
AIR CONDITIONER	13.91%	8.96	-	-	8.96	7.37	0.22	-	-	7.59	1.37	1.59	
COMPUTER	40.00%	63.57	15.86	-	79.42	59.89	1.75	-	-	61.64	17.78	3.6	
FURNITURE & FIXTURES	18.10%	40.85	0.98	-	41.82	34.50	1.19	-	-	35.69	6.13	6.35	
ELECTRICAL FITTINGS	13.91%	8.20	0.05	-	8.25	6.72	0.21	-	-	6.94	1.31	1.48	
OFFICE EQUIPMENTS	13.91%	39.84	0.04	-	39.87	26.57	1.85	-	-	28.42	11.46	13.27	
VEHICLE	25.89%	21.92	18.67	-	40.59	21.02	0.89	-	-	21.91	18.69	0.90	
AQUA WATER PURIFIER	13.91%	0.32	-	-	0.32	0.14	0.02	-	-	0.17	0.15	0.17	
AUDIO VISUAL	13.91%	7.93	-	-	7.93	6.39	0.21	-	-	6.60	1.33	1.54	
TOTAL :		191.54	96.68	-	288.27	162.60	6.35	-	-	168.95	119.32	28.98	
PREVIOUS YEAR (2012-13)		186.90	4.69	-	191.58	155.68	6.93	-	-	162.60	28.98		



**CASH FLOW STATEMENT**  
**ODISHA STATE BEVERAGES CORPORATION LTD.**  
**Cash Flow Statement for the year ended March 31, 20134**

(All amount in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Rs.	Rs.	Rs.	Amount(Rs)
<b>A. Cash flow from operating activities</b>				
<b>Net Profit / (Loss) before extraordinary items and tax</b>		8,257.22		11,235.26
<i>Adjustments for:</i>				
Current year depreciation and amortisation	6.35		6.93	
Interest income from term deposit	(1,849.13)		(1,788.49)	
Interest income from flexi	(907.01)		(1,382.90)	
<b>Total of adjustments</b>		(2,749.79)		(3,164.47)
<b>Operating profit / (loss) before working capital changes</b>		5,507.43		8,070.79
<b>Changes in working capital:</b>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Trade Receivables	301.25		(14.81)	
Short-term loans and advances	(7,802.16)		(9,276.07)	
Other current assets	(343.30)		(187.76)	
Other non-current assets	(33.10)		47.71	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(5,740.39)		2,578.55	
Other current liabilities	(139.59)		710.54	
Short-term provisions	2,264.42		(57.54)	
<b>Total of working capital changes</b>		11,492.87		(6,199.39)
<b>Operating profit / (loss) after working capital changes</b>		(5,985.44)		1,871.41
<b>Cash flow from extraordinary items</b>		-		-
<b>Cash generated from operations</b>		5,985.44)		1,871.41
<b>Net income tax (paid) / refunds</b>		(3,047.07)		(4,289.15)
<b>Net cash flow from / (used in) operating activities (A)</b>		(9,032.51)		(2,417.74)
<b>B. Cash flow from investing activities</b>				
<b>Capital expenditure on fixed assets, including capital advances</b>		(35.59)		(4.69)
<b>Bank balances not considered as Cash and cash equivalents</b> i.e. term deposits with maturity of more than 3 months				
- Placed	(15,609.25)		(20,238.21)	
- Matured during the year	20,260.67		18,610.67	
<b>Net inflow from term deposits</b>		4,651.42		(1,627.54)
<b>Interest received</b>				
Interest income from term deposit	1,849.13		1,788.49	
Interest income from flexi	907.01		1,382.90	
<b>Total interest received</b>		2,756.14		3,171.39



Cash generated from investing activities		7,371.97		1,539.17
Deduction of TDS from income		(292.93)		(331.27)
Net cash flow from / (used in) investing activities (B)		7,079.04		1,207.90
<b>C. Cash flow from financing activities</b>				
Dividend paid		(1,431.88)		-
DDT Paid		(243.35)		-
Net cash flow from / (used in) financing activities (C)		(1,675.23)		-
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(3,628.70)</b>		<b>-1,209.84</b>
Cash and cash equivalents at the beginning of the year		18,080.60		19,290.44
<b>Cash and cash equivalents at the end of the year *</b>		<b>14,451.90</b>		<b>18,080.60</b>
* Comprises:				
(a) Cash on hand	0.12		0.11	
(b) Cheques, drafts on hand	2,184.89		3,437.63	
(c) Balances with banks				
(i) In current accounts (including flexi balance)	12,266.89		14,642.86	
(ii) In deposit accounts with original maturity of less than 3 months				
		14,451.90		18,080.60
<b>Notes:</b>				
Accompanying notes forming part of the financial statements				

As per our report of even date attached

For Singh Ray Mishra & Co.  
Chartered Accountants  
(FRN No.318121E)  
Sd/-  
(J. K. Mishra, FCA)  
Partner (M. No. 052796)  
Place:-Bhubaneswar  
Date: 28.01.2015

Sd/-  
Shri Barun Ku. Pallit  
Chief Manager (Finance)

For and on behalf of Board of Directors

Sd/-  
Shri Dwijaraj Kar  
(Managing Director)

Sd/-  
Shri A. K. Mishra  
(Director)



## 17. OTHER NOTES TO THE FINANCIAL STATEMENTS

### 1. 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 carry on wholesale trade in beverages throughout Odisha.

2. 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 2014 is Nil.
3. 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.
4. The debit balances under Sundry creditors operating amounting to ₹ 43.71lacs have been shown under the head "Advance to Parties" in Other Non Current assets (Note-7)" and the credit balance under Sundry debtors amounting to ₹ 2,453.67 lacs have been shown under the head "Advance from Parties" in Other Current liabilities (Note-4)".
5. 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	Amount (₹In Lacs)	Period
1.	Sri Dwijaraj Kar	Managing Director	Remuneration	11.04	April,13 to March,14
2.	Sri. P Dandasana	Chief Manager (Finance)	Remuneration	0.30	April 2013
3.	Sri Dillip Satpathy	Chief Manager (Finance)	Remuneration	2.72	May 2013 to Aug 2013
4.	Sri Barun Ku. Palit	Chief Manager (Finance)	Remuneration	3.82	Oct 2013 to March 2014



6. Audit Fees & Expenses for the F.Y.2013-14 includes as follows:

Payment to Auditor as	Purpose of audit	Amount (₹ In Lacs)
Statutory Auditor	For Statutory Audit	1.40
	<b>TOTAL</b>	<b>1.40</b>

7. There is un-reconciled bank balance(asset) amounting to ₹ 2,237.Lacs in respect of SBI IDCO tower Branch, is appearing in the books of accounts of the Corporation which is under reconciliation. Similarly, there is un-reconciled liability amounting to ₹ 2,453.67 Lacs in respect of Advance from Parties (excess balance in the books of accounts of the Corporation as per the party wise ledgers maintained in depot software) which is under reconciliation. The effect thereof (if any) will be dealt in accounts on such reconciliation.

8. 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.

9. The Regional Provident Fund Commissioner, BBSR recovered (28<sup>th</sup> Sept., 2011) ₹ 43.80 Lacs from the company by way of attachment of its bank a/c maintained with SBI, IDCO Tower branch towards arrear PF dues for the period January 2007 to December, 2010 against the employees employed by the company through MS Panther security Services. The Company disputed the amount and filed (February 2012) a writ petition (No-3164/2012) before Orissa High Court which was still pending for disposal.

10. **Earnings Per Share (EPS) Details**

a. **Basis of Computation**

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.



**b. Computation Details**

Particulars	Basic EPS	Diluted EPS
A. Earnings attributable to Equity Share holder	₹ 5,627.91 Lakhs	₹ 5,627.91 Lakhs
B. Weighted avg. of outstanding Equity share During the Year	10 Lakhs	10 Lakhs
C. EPS (A/B) (in Rs.)	562.79	562.79

**11. Deferred Tax Computation Table.**

Particulars	Amount (₹ in Lakh)
Timing Differences Resulting Deferred Tax Assets:	
Disallowance for the Year having future Tax Benefits	334.92
Deferred Tax Assets (A)	631.84
Timing Differences Resulting Deferred Tax Liability:	
Difference of Depreciation and Amortization	5.55
Deferred Tax Liability(B)	1.89
Deferred Tax Assets(Appearing in Balance Sheet) (Net) (A-B)	633.73
Less : OB of Deferred Tax Asset (As per BS-2012-13)	436.92
Deferred Tax Assets for 2013-14 (SPL)	196.81

**12. 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.

**13. 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.





## 14. CONTINGENT LIABILITIES WITH STATUS.

### (i) Income Tax

Sl No	Financial Year	Forum Pending	Amount of Contingent Liability (₹ In Lacs)	Status
1	2004-05	Commissioner of Income Tax (Appeal) – II	382.79	Appeal pending before Commissioner of Income Tax (Appeal)- II amounting to Rs. 382.79 Lacs against which an amount of Rs. 374.22 Lacs has been deposited.
2.	2008-09	Do	152.05	Appeal pending before Commissioner of Income Tax (Appeal).
3.	2009-10	Do	447.56	Appeal is pending before the commissioner of Income Tax (Appeal) against the order of the ACIT(TDS) awaiting disposal.
4.	2010-11	Do	858.81	Appeal pending before Commissioner of Income Tax (Appeal) which has been deposited.
5.	2011-12	Do	10.67	Appeal is pending before the commissioner of Income Tax (Appeal) against the order of the ACIT (TDS) awaiting disposal.
6	2012-13	Do	31.70	Appeal is pending before the Commissioner of Income Tax (Appeal) against the order of the ACIT (TDS) awaiting disposal.
		<b>TOTAL</b>	<b>1,883.58</b>	

Note: For TDS/TCS demand for the F.Y. 2009-10, 10-11 & 12-13 the Corporation has deposited ₹ 92.28 lakh under protest which is 20 % of the demand amount.

**(ii) Service Tax**

Period	Demand Amount (₹ In Lacs)	Amount Paid (₹ In Lacs)	Amount Due (₹ In Lacs)	Forum Pending With Status
2002-03 to 2006-07	1,191.74 1,191.74 0.01 <b>TOTAL = 2,383.49</b>	930.16	1,453.33	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, and stay has been granted by CESTAT. appeal is still pending.
2007-08	481.89 481.89 0.01 <b>TOTAL=963.80</b>	435.68	528.12	Stay has been granted and the appeal is pending.
2008-09 & 2009-10	1,580.98 15,80.98 0.05 <b>TOTAL=3,162.01</b>	0.00 0.00 <b>1365.84</b>	1,580.98 1,580.98 0.05 <b>3,162.01</b>	Against the demand of Commissioner of Service Tax appeal & stay has been filed in CESTAT, Kolkata. Stay has been granted and the appeal is pending.
2010-11	1,105.61 1,105.61 0.05 <b>TOTAL=2,211.26</b>		1,105.61 1,105.61 0.05 <b>2,211.26</b>	Against the demand order of the Commissioner Central Excise, Customs & Service Tax, appeal & stay petition have been filed before CESTAT. Stay has been granted and the appeal is pending.
<b>TOTAL</b>	<b>8,720.56</b>		<b>7,354.72</b>	

**CESTAT by its order on 19<sup>th</sup> August 2014 has passed the order to deposit 10% of the Service Tax determined while staying the appeals which refers to the F.Y. 2008-09, 2009-10, 2010-11. As per the order OSBC has deposited 10% of the net demand amounting to ₹ 2.68 crore. All the appeals will be heard for the final disposal shortly.**

**(iii) Sales Tax:**

Year	Forum Pending	Amount Involved (₹ in Lacs.)	Status
2001-02	Odisha Sales Tax Tribunal, Cuttack	250.33	The demand by STO as per report of AG(O) Audit, has been confirmed in 1 <sup>st</sup> appeal, Second appeal has been filed before Tribunal.
2002-03	Odisha Sales Tax Tribunal, Cuttack	322.04	The demand by STO as per report of AG(O) Audit, has been confirmed in 1 <sup>st</sup> appeal, Second appeal has been filed before the Tribunal.
	<b>TOTAL</b>	<b>572.37</b>	

**v) Others:**

Sl. No.	Case No.	Name of the party	Status
1.	W.P. (C) NO: 14499 of 2012	Ratikanta Das & Others VS. State of Odisha & Others	Counter filed
2.	W.P. (C) NO: 17482 of 2012 Misc. Case No. 9795 of 2011	Guru Charan Mohanty & Others VS. State of Odisha & Others	Counter filed
3.	W.P. (C) NO: 25512 of 2013	Kisan Chandra Narendra Ray & Others VS. State of Odisha & Others	Counter filed
4.	W.P. (C) NO: 15254 of 2012	Prasant Kumar Tripathy & Others VS. State of Odisha & Others	Counter filed
5.	W.P. (C) NO: 17798 of 2013 Misc. Case No. 16510/2013	Preeti Sagar Sahoo & Others VS. O.S.BC. Ltd. & Others	Counter filed
6.	W.P. (C) NO: 4270 of 2013	Anil Kumar Das & Others VS. State of Odisha & Others	Counter filed
7.	W.P. (C) NO: 4269 of 2013 Misc. Case No. 4158/2013	Ajaya Kumar Nayak & Others VS. State of Odisha & Others	Counter filed
8.	W.P. (C) NO: 3631/2013	Sananda Sahu & Others VS. State of Odisha & Others	Counter filed
9.	W.P. (C) NO: 11290 of 2013 Misc. Case No. 10636/2013	Susanta Kumar Bandha & Other VS. State of Odisha & Others	Counter filed



10.	W.P. (C) NO: 13973 of 2013 Misc. Case No.13066/2013	Brahmananda Mishra & Others VS. State of Odisha & Others	Counter filed
11.	W.P. (C) NO: 20600 of 2011	Nrusingh Charan Ojha VS. State of Odisha & Others	Counter filed
12.	W.P. (C) NO: 13843 of 2011	Tapan Kumar Acharya & Others VS. State of Odisha & Others	Counter filed
13.	W.P. (C) NO: 15395 OF 2011 Misc. Case No. 10512 of 2014	K.S. Sekhar & Others VS. State of Odisha & Others	Counter filed
14.	W.P. (C) NO: 3630/2013	Santosh Kumar Mohanty & Others VS. State of Odisha & Others	Counter filed
15.	W.P. (C) NO: 11697/2014 Misc. Case No. 10461 of 2014	ujit Kumar Mohanty & Others VS. State of Odisha & Others	Counter has not yet filed
16.	W.P. (C) NO: 11446/2014	Sankarshan Dalei VS. State of Odisha & Others	Counter filed.
17.	W.P. (C) NO: 12076 of 2014 Misc. Case No. 10826 of 2014	Manoranjan Pattanaik & Others VS. State of Odisha & Others	Counter filed
18.	W.P. (C) NO: 12075 of 2014 Misc. Case No. 10825 of 2014	Sukanta Kumar Bhuyan & Others VS. State of Odisha & Others	Counter filed
19.	W.P. (C) NO: 11227 of 2014 Misc. Case No. 10037 of 2014	Ajay Kumar Nayak & Others VS. State of Odisha & Others	Counter filed
20.	W.P. (C) NO: 12527 of 2014 Misc. Case No. 11256 of 2014	Itishree Pattanaik & Others VS. State of Odisha & Others	Counter filed
21.	W.P. (C) NO: 11225 of 2014 Misc. Case No. 10032 of 2014	Anil Kumar Das & Others VS. State of Odisha & Others	Counter filed
22.	W.P. (C) NO: 13801 of 2014 Misc. Case No. 12377 of 2014	Prasant Kumar Tripathy & Others VS. State of Odisha & Others	Counter filed
23.	W.P. (C) NO: 11228 of 2014 Misc. Case No. 10038 of 2014	Tapan Ku. Acharya & Others VS. State of Odisha & Others	Counter filed
24.	W.P. (C) NO: 16940 of 2014 Misc. Case No. 14965 of 2014	Parsuram Das & Others VS. State of Odisha & Others	Counter has not yet filed



25.	W.P. (C) NO: 18192 of 2014	Itishree Pattanaik & Others VS. State of Odisha & Others	Counter has not yet filed
26.	W.P. (C) NO: 18167 of 2014	Ratikanta Das & Others VS. State of Odisha	Counter filed
27	Civil Judge (Jr.) Division, BBSR	Loading & Unloading	3 Nos. of Cases
28	Civil Judge (Jr.) Division, BBSR	Excise Matter	1 No. of Cases
29	Addl. Dist. Judge, BBSR	Service Provider	2 Nos. of Cases
30	State Consumer Forum	Godown Insurance	1 No. of Cases
31	Dist. Consumer Redressal Forum, Dhenkanal	Excise Matter	2 Nos. of Cases
32	Slaes Tax Tribunal, CTC	Sales Tax	3 Nos. of Cases
33	Administrative Tribunal, CTC	Service Matter	1 No. of Cases
34	Supreme Court of India	Excise Matter	1 No. of Cases
35	City Civil Court, Hyderabad	Excise Matter	1 No. of Cases
36	CESTAT, Kolkata	Service Tax Matter	4 Nos. of Cases
37	Hon.ble High court of Orissa	Godown Rent	1 No of Case

Note: Since the demand is not quantifiable the quantification has not been done by the Corporation.

#### 15. *Previous year Figure*

Figures for the previous year have been re-grouped/re-arranged wherever considered necessary.

#### 16. *Rounding Off:*

Figures are rounded off to nearest Rupees in Lacs.



## **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. BASIS OF ACCOUNTING**

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, relevant provisions of the Companies Act, 1956 and accounting standards notified there under.

### **2. USE OF ESTIMATE**

In preparing the financial statements in conformity with accounting principles generally accepted in India, the company makes estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of revenues and expenses during the reported period. Actual result in some cases could differ from those estimates. Any revision of such estimates is recognized in the period in which the result is crystallized.

### **3. 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.

### **4. 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.

### **5. 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. Intangible assets are amortized over a period of 5 years or their estimated useful life, whichever is less.

### **6. 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.

### **7. INVENTORIES**

The title of the goods is transferred to the Corporation from the suppliers on final inspection, before the sales transaction takes place.

### **8. REVENUE RECOGNITION**

#### Sale of goods:

Sales of beverages are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership of the goods to the buyer. Sales include differential excise duty but exclude sales tax/ value added tax.

Cash Discount: Cash discounts received/ receivables are recognized on month-to-month basis based on the actual payment made to supplier.



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

Interest Income: Interest income is accounted on accrual basis.

## 9. 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 after the final inspection of goods takes place.

## 10. 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.

## 11. 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.

### Cash Flow Notes :

## 12. 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.

## 13. 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.