

10th Annual Report 2009-2010



ORISSA STATE BEVERAGES CORPORATION LIMITED

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COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of ORISSA STATE BEVERAGES CORPORATION LTD. for the year ended 31.03.2010 in accordance with the directions / sub directions issued by the Comptroller and Auditor General of India under section 619 (3) (a) of the Companies Act, 1956 and certify that we have complied with all the directions / sub directions issued to us.

PLOT No. 1113, NAYAPALLI
BHUBANESWAR - 751012

FOR P. K. SAHOO & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 317058E

DATE : 21.05.2011

Sd/-
P. K. SAHOO, F.C.A.
PARTNER
Membership No. 053138



BOARD OF DIRECTORS AS ON 31.03.2010

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

PRESENT BOARD OF DIRECTORS

1.	Shri P. R. Saha, I.A.S.	Chairman
2.	Shri Saurabh Garg, I. A.S	Director
3.	Shri N. B. Dhal, I.A.S	Director
4.	Shri Sudarsan Nayak, I.A.S.	Director
5.	Shri H. K. Panda	Director
6.	Shri R. R. Mallick, I.A.S.	Managing Director

COMPANY SECRETARIES :

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

STATUTORY AUDITORS :

M/s. P. K. Sahoo & Co.
Chartered Accountants,
1113, Nayapalli,
Bhubaneswar - 751 012

BANKERS :

Union Bank of India
State Bank of India
IDBI Bank Limited

REGISTERED OFFICE :

9th Floor, IDCO Tower,
Janpath, Bhubaneswar - 751022, Orissa



DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR 2009-10

Sir / Madam,

Your Directors have pleasure in presenting the 10th Annual Report of the Corporation with Audited Statements of Accounts for the year ended on 31st March 2010.

FINANCIAL HIGHLIGHT :

The financial results of the Company for the year ended 31st March 2009 vis-a-vis 31st March 2010 are :

Particular	For the Financial year ended on 31.03.2010 (Amount in ₹)	For the Financial Year ended on 31.03.2009 (Amount in ₹)
Total Income	₹ 854,684,126.46	₹ 629,471,997.90
Total Expenditure	₹ 441,397,270.01	₹ 335,147,267.07
Profit before Tax & Depreciation	₹ 414,315,886.66	₹ 295,305,344.14
Less : Depreciation	₹ 1,029,030.21	₹ 980,613.31
Profit After Depreciation	₹ 413,286,856.45	₹ 294,324,730.83
Add/Less : Prior Period Profit / Loss	₹ 13,933,460.00	₹ 00.00
Add/Less : Net Prior Period Income / Expenditure	₹ 851,957.00	₹ 35,000.00
Profit Before Tax	₹ 400,205,353.45	₹ 294,359,730.83
Provision For Tax	₹ 137,566,560.00	₹ 96,871,930.00
Profit After Tax	₹ 262,638,793.45	₹ 197,487,800.83
Profit Transferred to balance sheet	₹ 693,111,795.27	₹ 430,473,001.82

OPERATIONS :

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

The Corporation is vested with the exclusive right and privilege of importing, exporting and carrying on the wholesale trade and distribution of foreign liquor in the State on behalf of the State Government for the whole of the state of Orissa.



During the year, the total income of your Corporation was ₹ 854,684,126.46 and the total expenditure was ₹ 441,397,270.01. The net profit for the year is ₹ 262,638,793.45.

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

RESOURCES :

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

MANAGEMENT :

During the year Sri S. Srinivasan, IAS appointed as new Chairman in place of Sri Tara Datt, IAS, ex-chairman of the corporation and Sri Saurabh Garg, IAS and Sri N. B. Dhal, IAS are appointed as Directors in place Sri B. K. Pattnaik, IAS and Sri A. P. Padhi, IAS respectively. Further Sri P. C. Patnaik, IAS, appointed as new Managing Director of the Corporation in place of ex-Managing Director, Sri S. Nayak, IAS, Excise Commissioner, Orissa, and subsequently on cessation of Sri P. C. Patnaik, IAS from Managing Director, Sri S. Srinivasan, IAS continued as Chairman-cum-Managing Director of the Corporation. As on 06.01.2010 Sri P. C. Nayak, IAS appointed as new Managing Director and Sri S. Srinivasan, IAS continued only as Chairman of the Corporation.

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 31st day of March 2010.

AUDITORS :

M/s. P.K. SAHOO & CO., Chartered Accountants, Bhubaneswar has been appointed by C&AG as statutory auditors for the year 2009-10.

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 year 2009-2010 are enclosed with this report in Annexure - I & II respectively.

SECRETARIAL COMPLIANCE CERTIFICATE :

As per provision to sub-section(1) of Section 383 A of the Companies Act, 1956, we are hereby enclosing a Secretarial Compliance Certificate for the year ended 31st March 2010 with this report in Annexure - III.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

1. In the preparation of the Annual Accounts, for the year ended 31st March 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under report.
3. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT :

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

Place : Bhubaneswar
Date : 30.09.2011

For and On behalf of the Board

Sd/-
(Sri P. R. SAHA, IAS)
CHAIRMAN

**ANNEXURE - 1****THE REPLIES OF YOUR MANAGEMENT ON THE COMMENTS MADE BY THE STATUTORY AUDITOR ON THE ACCOUNTS OF THE CORPORATION FOR THE YEAR 2009-2010.**

Sl. No	Comments of Statutory Auditor	Replies of Management														
1.	<p>Additional Security Deposit</p> <p>a) Following accounts are showing debit balance since long in liabilities without any reconciliation, resulting in under statement of liabilities.</p> <table border="0"> <thead> <tr> <th><u>Name of the Parties</u></th> <th><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. MC Dowell</td> <td>3,49,987/-</td> </tr> <tr> <td>● M/s. Saw wallace Beverages</td> <td>6,79,560/-</td> </tr> <tr> <td>● M/s. Jagatjit Industries</td> <td>14,97,663/-</td> </tr> <tr> <td></td> <td><u>25,27,210/-</u></td> </tr> </tbody> </table>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. MC Dowell	3,49,987/-	● M/s. Saw wallace Beverages	6,79,560/-	● M/s. Jagatjit Industries	14,97,663/-		<u>25,27,210/-</u>	Reconciliation of these parties are completed and necessary effects will be given in the next year accounts.				
<u>Name of the Parties</u>	<u>Amount (₹)</u>															
● M/s. MC Dowell	3,49,987/-															
● M/s. Saw wallace Beverages	6,79,560/-															
● M/s. Jagatjit Industries	14,97,663/-															
	<u>25,27,210/-</u>															
	<p>b) In the following cases, credit balances have been appearing in liabilities since long without any adjustment. Reconciliation of the same has not yet been done.</p> <table border="0"> <thead> <tr> <th><u>Name of the Parties</u></th> <th><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. Narang Beverages</td> <td>4,14,960/-</td> </tr> <tr> <td>● M/s. Maikal Brew.</td> <td>2,30,000/-</td> </tr> <tr> <td></td> <td><u>6,44,960/-</u></td> </tr> </tbody> </table> <p>The same has resulted in over statement of liabilities.</p>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. Narang Beverages	4,14,960/-	● M/s. Maikal Brew.	2,30,000/-		<u>6,44,960/-</u>	Reconciliation of M/s. Maikal Brew has been completed and necessary effects will be given in the next year accounts and that of M/s. Narang Beverages is yet to be complete.						
<u>Name of the Parties</u>	<u>Amount (₹)</u>															
● M/s. Narang Beverages	4,14,960/-															
● M/s. Maikal Brew.	2,30,000/-															
	<u>6,44,960/-</u>															
	<p>c) The following accounts have remained inoperative (i.e. no transaction) during the year Balance confirmation and reconciliation was not available for our verification.</p> <table border="0"> <thead> <tr> <th><u>Name of the Parties</u></th> <th><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● Himalaya Distilleries</td> <td>3,52,372/- (Dr.)</td> </tr> <tr> <td>● Hitech Bottling Pvt. Ltd.</td> <td>2,20,000/- (Dr.)</td> </tr> <tr> <td>● Jagatjit Industries-I</td> <td>14,97,663/- (Cr.)</td> </tr> <tr> <td>● Jagatjit Industries - II</td> <td>15,22,945/- (Dr.)</td> </tr> <tr> <td>● Santan Trading Co.Ltd.</td> <td>1,62,000/- (Dr.)</td> </tr> <tr> <td>● Mc. Dowell</td> <td>3,49,987/- (Dr.)</td> </tr> </tbody> </table>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● Himalaya Distilleries	3,52,372/- (Dr.)	● Hitech Bottling Pvt. Ltd.	2,20,000/- (Dr.)	● Jagatjit Industries-I	14,97,663/- (Cr.)	● Jagatjit Industries - II	15,22,945/- (Dr.)	● Santan Trading Co.Ltd.	1,62,000/- (Dr.)	● Mc. Dowell	3,49,987/- (Dr.)	Reconciliation of Himalaya Distilleries and Hitech Bottling Pvt. Ltd. are under process and for others only accounting effects will be given in next year accounts.
<u>Name of the Parties</u>	<u>Amount (₹)</u>															
● Himalaya Distilleries	3,52,372/- (Dr.)															
● Hitech Bottling Pvt. Ltd.	2,20,000/- (Dr.)															
● Jagatjit Industries-I	14,97,663/- (Cr.)															
● Jagatjit Industries - II	15,22,945/- (Dr.)															
● Santan Trading Co.Ltd.	1,62,000/- (Dr.)															
● Mc. Dowell	3,49,987/- (Dr.)															
2.	<p>In the following cases, reconciliation has not done in Sundry Creditors account showing debt balance. The same has resulted in under statement of current liabilities.</p> <table border="0"> <thead> <tr> <th><u>Name of the Parties</u></th> <th><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. Appolo Alcho Beverages</td> <td>236531.19</td> </tr> <tr> <td>● M/s. Bachhus Bottling (P) Ltd</td> <td>1,50,284.65</td> </tr> <tr> <td>● M/s. Gemini Distilleries</td> <td>1,42,093.73</td> </tr> </tbody> </table>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. Appolo Alcho Beverages	236531.19	● M/s. Bachhus Bottling (P) Ltd	1,50,284.65	● M/s. Gemini Distilleries	1,42,093.73	Reconciliation of M/s. Pernord Ricard India and M/s. Shaw Wallace Breweries are completed and necessary effects will be given in the next year accounts. Since other companies are non-transacting, their reconciliation is under process.						
<u>Name of the Parties</u>	<u>Amount (₹)</u>															
● M/s. Appolo Alcho Beverages	236531.19															
● M/s. Bachhus Bottling (P) Ltd	1,50,284.65															
● M/s. Gemini Distilleries	1,42,093.73															



	<ul style="list-style-type: none"> ● M/s. Iceberg Industries Ltd. 6,28,706.45 ● M/s. Manav Breweries Pvt. Ltd. 1,97,447.66 ● M/s. Mohan Meakin Ltd. 2,25,096.67 ● M/s. MP Beer Products (Denzong) 7,81,000.00 ● M/s. National Industries Corporation 1,30,553.88 ● M/s. Oasis Distilleries Ltd. 71,011.10 ● M/s. Ocean Beverages 1,03,745.30 ● M/s. Pernord Ricard India 6,02,624.51 ● M/s. Shaw Wallace Breweries 59,45,563.10 ● M/s. Tripti Alcobrew Ltd. 2,22,650.91 ● M/s. Vinbros & Co. 1,21,354.30 ● M/s. Yukson Breweries Ltd. 1,39,692.46 ● M/s. White & Mackey 99,080.15 <p style="text-align: right;"><u>97,97,436.06</u></p>																							
3.	<p>In the following cases only credits have been accumulated to Sundry Creditors account. However no debit has been made during the year. These accounts are required to be reconciled.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Name of the Parties</u></th> <th style="text-align: right;"><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. Aska Co-operative Industries</td> <td style="text-align: right;">2,09,43,555.21</td> </tr> <tr> <td>● M/s. Denzong Breweries</td> <td style="text-align: right;">2,99,84,586.07</td> </tr> <tr> <td>● M/s. Denzong Breweries (Inter State)</td> <td style="text-align: right;">4,84,96,309.65</td> </tr> <tr> <td>● M/s. Foster India Pvt. Ltd.</td> <td style="text-align: right;">37,17,071.52</td> </tr> <tr> <td>● M/s. Golden Prince Wine</td> <td style="text-align: right;">70,61,701.27</td> </tr> <tr> <td>● M/s. Jagatjit Industries - II</td> <td style="text-align: right;">6,57,73,784.32</td> </tr> <tr> <td>● M/s. Pernod Recard India</td> <td style="text-align: right;">4,01,77,068.60</td> </tr> <tr> <td>● M/s. Radico Khaitan</td> <td style="text-align: right;">1,38,57,636.78</td> </tr> <tr> <td>● M/s. Shaw Wallace Breweries</td> <td style="text-align: right;">59,45,563.10</td> </tr> <tr> <td>● M/s. Tilaknagar Industries</td> <td style="text-align: right;">1,48,87,464.29</td> </tr> </tbody> </table>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. Aska Co-operative Industries	2,09,43,555.21	● M/s. Denzong Breweries	2,99,84,586.07	● M/s. Denzong Breweries (Inter State)	4,84,96,309.65	● M/s. Foster India Pvt. Ltd.	37,17,071.52	● M/s. Golden Prince Wine	70,61,701.27	● M/s. Jagatjit Industries - II	6,57,73,784.32	● M/s. Pernod Recard India	4,01,77,068.60	● M/s. Radico Khaitan	1,38,57,636.78	● M/s. Shaw Wallace Breweries	59,45,563.10	● M/s. Tilaknagar Industries	1,48,87,464.29	Reconciliation M/s. Denzong Breweries (Inter State) and M/s. Foster India Pvt. Ltd. are under process and for other Parties the reconciliation has been completed and necessary effects will be given in the next year accounts.
<u>Name of the Parties</u>	<u>Amount (₹)</u>																							
● M/s. Aska Co-operative Industries	2,09,43,555.21																							
● M/s. Denzong Breweries	2,99,84,586.07																							
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● M/s. Tilaknagar Industries	1,48,87,464.29																							
4.	<p><u>Old Sundry Creditors</u> In the following cases, reconciliation of the parties has not been done. Also balance confirmations have not been obtained.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Name of the Parties</u></th> <th style="text-align: right;"><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. Artos Breweries Ltd.</td> <td style="text-align: right;">19,892.00</td> </tr> <tr> <td>● M/s. Lilasons Brewereis Ltd.</td> <td style="text-align: right;">1,26,938.21</td> </tr> <tr> <td>● M/s. Maikal Brew (Inter State)</td> <td style="text-align: right;">6,11,983.00</td> </tr> <tr> <td>● M/s. Narang Breweries</td> <td style="text-align: right;">3,63,026.25</td> </tr> </tbody> </table> <p style="text-align: right;"><u>11,21,839.46</u></p>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. Artos Breweries Ltd.	19,892.00	● M/s. Lilasons Brewereis Ltd.	1,26,938.21	● M/s. Maikal Brew (Inter State)	6,11,983.00	● M/s. Narang Breweries	3,63,026.25	Reconciliation M/s. Maikal Brew (Inter State) is completed and necessary effects will be given in the next year accounts and for other accounts the reconciliation are under process.												
<u>Name of the Parties</u>	<u>Amount (₹)</u>																							
● M/s. Artos Breweries Ltd.	19,892.00																							
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● M/s. Narang Breweries	3,63,026.25																							



5.	<p>In spite of your previous audit observation, following imprest advance have not been adjusted resulted in over statement of Current Assets.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Name of the Branch</u></th> <th style="text-align: right;"><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● Balasore Branch</td> <td style="text-align: right;">50,000.00</td> </tr> <tr> <td>● Berhampur Branch</td> <td style="text-align: right;">48,004.75</td> </tr> <tr> <td>● Nirgundi Branch</td> <td style="text-align: right;">50,000.00</td> </tr> <tr> <td>● Khurda Branch</td> <td style="text-align: right;">3,627.00</td> </tr> <tr> <td>● Rayagada Branch</td> <td style="text-align: right;">51,127.60</td> </tr> <tr> <td>● Sambalpur Branch</td> <td style="text-align: right;">75,397.00</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">2,78,156.65</td> </tr> </tbody> </table>	<u>Name of the Branch</u>	<u>Amount (₹)</u>	● Balasore Branch	50,000.00	● Berhampur Branch	48,004.75	● Nirgundi Branch	50,000.00	● Khurda Branch	3,627.00	● Rayagada Branch	51,127.60	● Sambalpur Branch	75,397.00		2,78,156.65	<p>Since the imprest advances to different depot are continuing in nature so it is not possible for final adjustment.</p>
<u>Name of the Branch</u>	<u>Amount (₹)</u>																	
● Balasore Branch	50,000.00																	
● Berhampur Branch	48,004.75																	
● Nirgundi Branch	50,000.00																	
● Khurda Branch	3,627.00																	
● Rayagada Branch	51,127.60																	
● Sambalpur Branch	75,397.00																	
	2,78,156.65																	
6.	<p><u>Old Sundry Debtors</u></p> <p>In spite of our previous observation in the following cases, sundry debtors reconciliation has not been done. Also balance confirmation certificates have not been obtained.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Name of the Parties</u></th> <th style="text-align: right;"><u>Amount (₹)</u></th> </tr> </thead> <tbody> <tr> <td>● M/s. Denzong Brew</td> <td style="text-align: right;">6,08,309.25</td> </tr> <tr> <td>● M/s. Royal Enterprise</td> <td style="text-align: right;">6,11,983.00</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">12,20,292.25</td> </tr> </tbody> </table>	<u>Name of the Parties</u>	<u>Amount (₹)</u>	● M/s. Denzong Brew	6,08,309.25	● M/s. Royal Enterprise	6,11,983.00		12,20,292.25	<p>Reconciliation of Sundry Debtor i.e. M/s. Denzong Brew has already been done and the other i.e. M/s. Royal Enterprise is non-transacting. It is under process of reconciliation.</p>								
<u>Name of the Parties</u>	<u>Amount (₹)</u>																	
● M/s. Denzong Brew	6,08,309.25																	
● M/s. Royal Enterprise	6,11,983.00																	
	12,20,292.25																	
7. 8. 9. 10. 11.	<p>7. Sundry Debtor Includes a credit balance of Rs. 1,45,10,52,779.01 resulting in under statement of Sundry Debtor and Assets.</p> <p>8. Advance to Excise Department of Rs. 35,30,756/- still persisting under Current Asset. Only Rs. 1,05,934/- has been adjusted in current year against previous year balance of ₹ 36,36,690/-</p> <p>9. Franchise Fee Payable of Rs. 12,27,57,096.80 under liabilities is still laying without any adjustment.</p> <p>10. TDS on advertisement has been deducted @ 2% instead of 1%.</p> <p>11. For the year 2007-08, services Tax demand raised by CBEC is Rs. 4,81,89,438/- out of this an amount of Rs. 4,35,67,870/- deposited, but the balance amount of Rs. 46,21,568/- has not been disclosed as Contingent Liabilities.</p>	<p>The same may be treated as advance from retailers, which will be under Current Liabilities.</p> <p>Necessary correspondence made with Excise Department for adjustment of the same amount.</p> <p>“This is not Franchise Fee. The amount has been held up in accordance with the condition laid down in the Excise Policy for the Financial Year 2006-2007.</p> <p>Noted</p> <p>This will be accounted for in the current year books of account.</p>																



12.	Fringe Benefit Tax has been abolished from the Assessment Year 2010-11. However an amount of Rs. 96,341/- has been paid during the year 2009-10 (Assessment Year 2010-11), which increases the expenses and decreases the profit to the extent of Rs. 96,341/-.	This will be adjusted against Income Tax.
13.	Cash Flow Statement annexed to annual account has not been prepared in accordance with Accounting Standard-3 on "Cash Flow Statement" issued by the Institute of Chartered Accountants of India which results in violation Section 211 of India Companies Act, 1956.	Cash Flow Statement was prepared from Tally Package, which was as per Accounting Standard.
14.	Disclosure on Basic and diluted EPS regarding (i) amount available for equity shareholders, (ii) weighted average number of shares, (iii) basic and diluted EPS, (iv) Face value per share has not been disclosed in Notes to accounts.	Noted for future Compliance.
15.	Registration fee received in advance of Rs. 2,50,000/- has not been shown in Balance Sheet under separate head.	The same amount is reflected in the Current Asset Group.
16.	Details of other liabilities for Rs. 13,19,13,837.59 is not available.	The said amount in the books of account.
17.	Rent receivable from Shaw Wallace Breweries for the month of February & March, 2010 to the tune of Rs. 1,15,000/- & Rs. 1,60,000/- respectively have not been accounted for, resulting in under statement of Income and profit to the extent of Rs. 2,75,000/-.	The same was reflected in next year i.e. 2010-2011 accounts.
18.	Age wise break up of debtors i.e. period exceeding 6 month or more etc. classification of debtors i.e. good, doubtful, and bad and its provisions are not available for audit. Hence we are not able to give opinion on correctness of debtors.	The present Tally Package is not allowing for this type of report.
19.	Age wise break up and classification of loan and advances are not available for audit, hence we are not able give our opinion on the correctness of the same.	The present Tally Package is not allowed for this type of report.
20.	Statement of calculation of Interest on Term Deposit is not available for audit, hence we are not able to provide our opinion on the correctness of the same.	Corporation is maintaing a register for Fixed Deposit along with interest Calculation.



21.	Service Tax demand of Rs. 15,80,98,108/- is for the year 2008-09 & 2009-10, which is appealed before CESTAT, Kolkata. But in the notes to accounts it is mentioned for the year 2008-09 only.	Noted
22.	As per AS-5 if the incomes or expenses are of such significance then the nature and amount should be disclosed separately. But the Bidding amount of ₹ 1,01,93,928/- received during the year has not been disclosed separately, resulted in violation of As-5.	Noted
23.	Company Secretary Retainership fee of Rs. 17,648/- for the period from January, 2010 to March, 2010 has not been accounted for resulting in under statement of expenses and over statement of profit to the extent of Rs. 17,648/-.	Noted for future guidance.
24.	<p><u>Non-Compliance of Previous Year Audit Report</u></p> <p>Five numbers of jeeps amounting to Rs. 17,36,690/- purchased during the year 2003-04 and handed over to Excise Commissioner have not been accounted for and added in to Assets of Corporation.</p>	Corproation making necessary correspondence with Excise Commissioner for necessary adjustment.
25.	<p>The details of net decrease in profit to the tune of Rs.3,53,693/- are as follows :</p> <p>Fringe Benefit Tax paid in 2009-10 Rs. 96,341/- (Decrease in Profit).</p> <p>Rent receivable not accounted for Rs. 275,000/- (Decrease in Profit).</p> <p>Company Secretary Retainership fee Rs. 17,648/- (Increase in profit).</p> <p>For 4th quarter not accounted for</p> <p style="text-align: right;"><u>₹ 3,53,693/-</u></p>	The same comments are replied in point No.12, 17 and 23 respectivley.

**ANNEXURE - II**

**THE REPLIES OF MANAGEMENT ON THE COMMENTS of C & AG OF INDIA ON THE
ACCOUNTS OF THE CORPORATION FOR THE YEAR 2009-2010.**

Comments of the Comptroller & Auditor General of India		Replies of Management
1.	<p><u>A. Comments on profitability</u></p> <p>Profits & Loss Account Income</p> <p>Cash Discount - ₹ 8.55 crore</p> <p>The above is understated by ₹ 83.97 lakh due to short accounting of cash discount receivable on account of payments released to six manufactures within specified 15 days of receipt of material. This has also resulted in understatement of profit for the eyar and current Assets by ₹ 83.97 Lakh each.</p>	<p>The Corporation is maintaining a uniform policy for Cash Discount of 0.75% for IMFL and Beer and 1.00 % for C.S. on payable amount for all the suppliers irrespective of movement of items due to non-availability of proper software.</p>
2.	<p>Interest on Term Deposit : ₹ 6.38 Crore</p> <p>The Company re-invested two deposits valued ₹ 14.49 crore on maturity in May 2009 and accounted for interest income of ₹ 11.07 lakh (after netting off the TDS of Rs. 2.39 lakh) upto March, 2010 on accrual basis including accrued interest of ₹ 3.45 lakh. Against the same term deposit, the Company wrongly accounted for ₹32.94 lakh as investment (after netting off of TDS of ₹ 2.39 lakh) with erroneous accounting of interest of ₹ 3.45 lakhs and TDS (DR.) ₹ 2.39 lakh. This has resulted in overstatement of Term Deposit by Rs. 32.94 lakhs and Profit for the year ₹ 31.88 lakh and understatement of Current Assets (interest accrued but not due net of TDS) by ₹ 1.06 lakh.</p>	<p>Necessary rectification is being made in the accounts of 2010-11.</p>
3.	<p>Other Income ₹ 2.19 Crore</p> <p>The above is understated by ₹ 12.40 lakh due to non accounting of monthly bid value receivable towards loading and unloading charges from the selected bidders for the period from August 2009 to March, 2010. This has also resulted in understatement of Profit for the year and Current Assets by ₹ 12.40 lakh each.</p>	<p>Necessary adjustment has been made in accounts of the Financial Year 2010-11.</p>



4.	Expenditure Provision for ₹ 13.76 crore	
	The above is understated by ₹ 31.81 lakh due to non provisioning of differential income tax pertaining to the financial year 2008-09. This has also resulted in understatement of Current Liabilities and Provision (Provision for Income Tax 2008-09) and overstatement of profit for the year (after Tax) by ₹ 31.81 lakh each.	Noted
5.	Prior Period Profit (Dr.) Rs. 1.39 Crore	
	The above is understating by ₹ 27.36 lakh due to provisioning of ₹ 410.48 lakh towards differential excise duty for the period 2006-07 and 2007-08 as against actual differential duty of ₹ 437.84 lakh payable to excise Authority. This has also resulted in understatement of current liabilities (Superintendent of Excise) and overstatement of profit by ₹ 27.36 lakh each.	Noted for reference.
B.	Comments on Financial position Balance Sheet Application of Funds Current Assets, Loans and Advance other Current Assets (Schedule-7) Sundry Debtors ₹ 4.28 Crore.	
6.	This includes ₹ 66.96 lakh (Cr.) being the advance received from retailers against intra state sale of IMFL, Beer and Country Spirit. This should have been shown as current Liabilities. This has resulted in understatement of Sundry Debtors and current Liabilities (Advance from retailers) by ₹ 66.96 lakh each.	Noted for future guidance
C.	Comments on Disclosure Significant Accounting Policies and Notes forming part of accounts.	
7.	The Accounting Policy 2(b) adopted for accounting of Cash Discount reveals that the same is recognized on month to month basis where as in the Notes forming part of accounts Para-12 discloses that the cash discount are recognized on year to year basis in the account. This contradiction needs to be addressed.	Though the Cash Discount is calculated on monthly / quarterly basis, still we are taking it into accounts on yearly basis.



8.	A reference is invited to Sl.No. 11 of the Notes forming part of the accounts in which it has been disclosed that Income Tax Assessment up to the Assessment year (AY) 2008-09 have been completed and the Company has filed appeal against the demand for the Assessment year 2001-02 to 2008-09. However the Company has not disclosed the differential amount of Tax of ₹ 10.01 Crore (i.e. the amount demanded as per the Assessment order minus Provision for Income Tax) for the Assessment Year 2006-08 to 2008-09 as Contingent Liability pending finalisation of appeal with the Income Tax Authority. Thus, the disclosure is deficient to that extent.	Noted.
D.	Comments on Statutory Auditor's Report	
9.	A reference is invited to item 7 of Annexure-II of the Auditor's Report on inclusion of a credit balance of ₹ 145.11 crore in Sundry Debtors resulting in understatement of Sundry Debtors. Sundry debtors balance of ₹ 4.28 crore as taken in to account is the net balance of Control Account ₹ 145.11 crore (Cr.) and Debtor Control Account (CS) ₹ 144.44 crore (DR) both relating to Intra State Sale. Hence the disclosure is deficient to that extent.	The same may be treated as advance from retailers, which will be under Current Liabilities.
E.	Other Comments.	
10.	a. In presentation of the Financial Statement segment information has not been disclosed in conformity with "Accounting Standard-17".	Noted for future guidance.
	b. Earning per share (Basic and Diluted) works out to ₹. 262.64. However, it has however bene incorrectly mentioned as Rs. 91.86 in Balance sheet Abstract and Company's General Business Profile.	Noted
	c. Total liabilities and Total assets of ₹ 703111 thousand as mentioned in the Balance Sheet Abstract exclude Current Liabilities and Provisions of ₹ 1447418 thousand. Total liabilities and total assets should have been mentioned as ₹ 2150529 thousand each.	Noted
	d. Disclosure relating to related party, deferred tax and impairment of assets as per Accounting Standard 18, 22 and 28 respectivley has not been made.	Noted for future guidance.



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

No. CAD (T)/Accts/ OSBC/2009-10/05/11-12/300

Date : 09.08.2011

To

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

Sub : Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Orissa State Beverages Corporation Limited for the year ended 31st March 2010.

Sir,

I forward herewith the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Orissa State Beverages Corporation Limited for the year ended 31st March 2010.

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/-
(S. R. DHALL)
ACCOUNTANT GENERAL**



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA STATE BEVERAGES CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH 2010.

The preparation of financial statements of the Orissa State Beverages Corporation Limited for the year ended 31st March 2010 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21st May, 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of the Orissa State Beverages Corporation Limited for the year ended 31st March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report :

A. COMMENTS ON PROFITABILITY
PROFIT & LOSS ACCOUNT
INCOME
CASH DISCOUNT : ₹ 8.55 Crore

- 1) The above is understated by ₹ 83.97 lakh due to short accounting of cash discount receivable on account of payments released to six manufacturers within specified 15 days of receipt of material. This has also resulted in understatement of profit for the year and current Assets by ₹ 83.97 lakh each.

**Interest on Term Deposit : ₹ 6.38 Crore**

2. The Company re-invested two term deposits valued ₹14.49 crore on maturity in May 2009 and accounted for interest income of ₹ 11.07 lakh (after netting off the TDS of ₹ 2.39 lakh) upto March, 2010 on accrual basis including accrued interest of ₹ 3.45 lakh. Against the same term deposit, the Company wrongly accounted for ₹ 32.94 lakh as investment (after netting off of TDS of ₹ 2.39 lakh) with erroneous accounting of interest of ₹ 31.88 lakh again in March 2010 for the period upto March, 2010 and accrued interest (Cr.) ₹ 3.45 lakh and TDS (Dr.) ₹ 2.39 lakh. This has resulted in overstatement of Term Deposit by ₹ 32.94 lakhs and Profit for the year by ₹ 31.88 lakh and understatement of Current Assets (interest accrued but not due net off TDS) by ₹ 1.06 lakh.

Other Income ₹ 2.19 Crore.

3. The above is understated by ₹ 12.40 lakh due to non accounting of monthly bid value receivable towards loading and unloading charges from the selected bidders for the period from August 2009 to March, 2010. This has also resulted in understatement of Profit for the year and Current Assets by ₹ 12.40 lakh each.

Expenditure**Provision for Taxation : ₹ 13.76 Crore.**

4. The above is understated by ₹ 31.81 Lakh due to non provisioning of differential income tax pertaining to the financial year 2008-09. This has also resulted in understatement of Current Liabilities and Provision (Provision for Income Tax 2008-09) and overstatement of profit for the year (after Tax) by ₹ 31.81 Lakh each.

Prior Period Profit (Dr.) ₹ 1.39 Crore

5. The above is understated by ₹ 27.36 lakh due to provisioning of Rs 410.48 lakh towards differential excise duty for the period 2006-07 and 2007-08 as against actual differential duty of ₹ 437.84 lakh payable to Excise Authority. This has also resulted in understatement of current liabilities (Superintendent of Excise) and overstatement of profit by ₹ 27.36 lakh each.

**B. COMMENTS ON FINANCIAL POSITION****BALANCE SHEET****APPLICATION OF FUNDS****CURRENT ASSETS, LOANS AND ADVANCES****OTHER CURRENT ASSETS (Schedule-7)****SUNDRY DEBTORS ₹ 4.28 Crore**

6. This includes ₹ 66.96 lakh (Cr.) being the advance received from retailers against intra state sale of IMFL, Beer and Country Spirit. This should have been shown as current Liabilities. This has resulted in understatement of Sundry Debtors and current Liabilities (Advance from retailers) by ₹ 66.96 lakh each.

C. COMMENTS ON DISCLOSURE**SIGNIFICANT ACCOUNTING POLICIES AND****NOTES FORMING PART OF THE ACCOUNTS.**

7. The Accounting Policy 2(b) adopted for accounting of Cash Discount reveals that the same is recognized on month to month basis where as in the Notes forming part of accounts Para-12 discloses that the cash discount are recognized on year to year basis in the account. This contradiction needs to be addressed.

8. A reference is invited to Sl.No.11 of Notes forming part of the Accounts in which it has been disclosed that the Income Tax assessment up to the Assessment Year (AY) 2008-09 have been completed and the Company has filed appeal against the demand for the Assessment year 2001-02 to 2008-09. However the Company has not disclosed the differential amount of Tax of ₹ 10.01 crore (i.e. the amount demanded as per the Assessment order minus Provision for Income Tax) for the Assessment Year 2006-08 to 2008-09 as contingent Liability pending finaliation of appeal with the Income Tax Authority. Thus, the disclosure is deficient to that extent.

D. COMMENTS ON STATUTORY AUDITOR'S REPORT

9. A reference is invited to item 7 of Annexure- II of the Auditors' Report on inclusion of a credit balance of ₹ 145.11 crore in Sundry Debtors resulting in understatement of Sundry Debtors, Sundry debtors balance of ₹ 4.28 crore as taken into account is the net balance of Sundry Debtors (Inter State) ₹ 4.95 Crore (Dr.) relating to export / inter State sale, Debtor Control Account ₹ 145.11 Crore (Cr.) and Debtor Control Account (CS) ₹144.44 Crore (Dr) both relating to Intra State sale. Hence the disclosure is dificient to that extent.

**E. Other comments**

10. (a) In presentation of the Financial Statement segment information has not been disclosed in conformity with "Accounting Standard-17".
- (b) Earning per Share (Basic and Diluted) works out to ₹ 262.64. However, it has however been incorrectly mentioned as ₹ 91.86 in Balance sheet Abstract and Company's General Business Profile.
- (c) Total liabilities and Total assets of ₹ 703111 thousand as mentioned in the Balance Sheet Abstract exclude Current Liabilities and Provisions of ₹ 1447418 thousand. Total liabilities and total assets should have been mentioned as ₹ 2150529 thousand each.
- (d) Disclosure relating to related party, deferred tax and impairment of assets as per Accounting Standard 18, 22 and 28 respectively has not been made.

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

Place : Bhubaneswar
Dt : 09.08.2011

**Sd/-
(S. R. DHALL)
ACCOUNTANT GENERAL**

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

Plot No. N-6/215, IRC Village, Jaydev Vihar,
Bhubaneswar - 751 015, Orissa
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E-mail: info@sracs.com, sraconsultants@gmail.com
Visit us : www.sracs.com

COMPLIANCE CERTIFICATE

Regd. No. of the Company : 15-006372

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

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

We have examined the registers, records, books and papers of **M/s. Orissa State Beverages Corporation Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provision contained in the Memorandum and Articles of Association of the Company for the financial year ending on 31st March 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and agents, we certify that in respect of the aforesaid financial year :

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



4. The Board of Directors duly met 4 (four) times on 26.06.2009, 17.09.2009, 18.12.2009 & 17.03.2010 being the dates in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company is not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 17th September 2009 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year ended 31st March 2010.
8. The Company being a private company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under scrutiny.
13. The Company has:
 - (i) issued share certificates on transfer of shares during the year under scrutiny.
 - (ii) not deposited any amount in separate Bank Account, as no dividend was declared during the financial year.
 - (iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) duly complied with requirement of section 217 of the Act.



14. The Board of Directors of the company duly constituted. During the year Sri N. B. Dhal, IAS and Sri Saurabh Garg, IAS are appointed as directors and Sri B. K. Pattnaik, IAS, ceased from Directorship. Sri S. Srinivasan, IAS appointed as new Chairman in place of Sri Tara Datt, IAS, Ex-Chairman of the Corporation during the financial year under scrutiny.
15. During the financial year Sri P. C. Patnaik, IAS, appointed as new Managing Director of the Corporation in place of Ex-Managing Director, Sri S. Nayak, IAS, Excise Commissioner, Orissa, Cuttack and subsequently on cessation of Sri P. C. Patnaik, IAS, Sri S. Srinivasan, IAS continued as Chairman-cum-Managing Director of the Corporation, Further on 06.01.2010 Sri P. C. Nayak, IAS appointed as New Managing Director and Sri Srinivasan, IAS continued only as Chairman of the Corporation during the financial year under scrutiny :
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the Central Govt. Company Law Board, Regional Director, Registrar and such Authorities prescribe under the various provision of the Act during the financial year.
18. Being the company is a Private limited company the disclosure regarding interest in other concerns are not required.
19. The company has not issued any securities during the financial year under scrutiny.
20. The company has not brought back any shares during the financial year under scrutiny.
21. Since there is no preference shares or debentures, the question of redemption does not arise.
22. There were no restrictions necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The company has not invited, accepted, any deposits falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended 31st March 2010.
25. The company has not made any loans or advances or given guarantees or provided securities to other body corporate and consequently no entries have been made in the register kept for the purpose.



26. The company has not altered the provision of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provision of the Memorandum with respect to the object of the company during the year under scrutiny.
28. The company has not altered the provision of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provision of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecutions initiated against or show cause notices received by the company and no fines or penalty or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The company has not received any security from its employees during the financial year.
33. The company has deposited the amount with appropriate authority as per the Provident Fund Act.

Place : Bhubaneswar
Date : 01.09.2010

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

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



Annexure - A

REGISTERS AS MAINTAINED BY THE COMPANY.

Statutory Registers :

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

Other Registers :

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

**Annexure - B**

**FORMS & RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF
COMPANIES DURING THE FINANCIAL YEAR ENDING 31ST MARCH 2010.**

Sl. No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / NA
1.	20B	159 (1)	Annual Return 17.09.2009	31.12.2009	No	Yes
2.	66	383A	Compliance Certificate 31.03.2009	28.12.2009	Yes	Yes
3.	23AC/ 23ACA	220	Annual Accounts for the year 2006-2007.	29.12.2009	No	Yes
4.	32	303(2)	Appointment of Sri P. C. Patnaik, IAS as Managing Director on 02.04.2009	27.04.2009	Yes	NA
5.	32	303(2)	Appointment of Sri P. C. Nayak, IAS as Managing Director of the Corporation on 06.01.10	28.01.2010	Yes	NA
6.	32	303(2)	Appointment of Sri N.B.Dhal, IAS as Director on 26.08.2009	24.12.2009	No	Yes
7.	32	303(2)	Appointment of Sri Saurabh Garg, IAS as Director in place of Sri Bijay Kumar Patnaik, IAS on 23.09.2009	15.10.2009	Yes	NA
8.	32	303(2)	Appointment of Sri S. Srinivasan, IAS as Chairman of the Corporation in place of Sri Tara Datt, IAS on 12.06.09.	11.08.2009	No	Yes
9.	32	303(2)	Appointment of Sri S. Srinivasan, IAS as CMD of the Corporation in place of Sri P.C. Patnaik IAS.	08.09.2009	Yes	NA



P. K. SAHOO & CO .

CHARTERED ACCOUNTANTS

1113, Nayapalli (Behind Krishna Tower), Bhubaneswar - 751012, (Orissa), Ph : 0674-2561935, 2562935, 9437002935(M)
E-mail : p_ksahoo2002@yahoo.co.in

AUDITOR'S REPORT

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

We have audited the attached Balance Sheet of **Orissa State Beverages Corporation Limited**, Bhubaneswar as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management . Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Further to our Comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
- iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account ;
- iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes to account and significant accounting policies thereon and subject to our comments given in **Annexure- II** give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March,2010 and
 - b) in the case of Profit & Loss Account of the **PROFIT** for the year ended on that date.

Place : Bhubaneswar
Date : 21st May, 2011

FOR **P. K. SAHOO & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No. 317058E
SD/-
(P. K. SAHOO, F.C.A.)
PARTNER
Membership No. 053138

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

- i. In respect of its fixed assets :**
- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets of the company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed during such verification.
 - c) The company has disposed of Office equipment for Rs. 5,920/- during the year.
- ii. In respect of its inventories :**
- a) The company does not have stock of finished goods, stores, spare parts and raw materials of its own. However, there is a system of physical verification of stock held at different godowns on behalf of suppliers at reasonable intervals.
 - b) In our opinion, and according to information and explanations given to us, the procedure of physical verification followed by the company is reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion, and according to information and explanations given to us, the company is maintaining proper records of inventory and the discrepancies, if any, between physical stock and book records noticed on such verification are properly dealt with in the books of accounts.
- iii.** According to the information and explanation given to us the Company has neither granted nor taken any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
- iv.** In our opinion and according to the information and explanations given to us, as the company does not have purchases of stores, raw materials including components etc. and sale of goods, not adequate internal control has been framed by the company for purchases and sales. The company purchases furniture and fixture, office equipment and other assets for which no adequate internal control procedure commensurate with size of the company and nature of its business has been framed.
- v.** According to the information and explanations given to us the company has not entered into any contract or arrangements with other parties during the year referred to in section 301 of the Companies Act, 1956.
- vi.** The company has not accepted any deposits from the public during the year within the meaning of sections 58A & 58AA or any other relevant provisions of the Companies Act 1956 and Rules framed there under.



- vii. The company has an internal audit system commensurate with its size and nature of its business.
- viii. According to the information and explanation given to us, maintenance of cost records has not been prescribed by the Central Government to the Company under section 209 (1)(d) if the Companies Act 1956.
- ix. a) According to information and explanation given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, customers duty, Excise duty, cess and other statutory dues with appropriate authorities.
- b) The assessment position and demand amount of different statutory dues are as follows :-

<u>Particulars</u>	<u>Period</u>	<u>Forum where appeal filed</u>	<u>Demand Amount(₹)</u>
Sales Tax	FY 2000-01	Sales Tax Tribunal, Cuttack	1,57,215.65
	FY 2001-02	2nd Appeal at Tribunal, Cuttack	2,50,33,331.00
	FY 2002-03	----- do -----	3,22,04,304.00
	FY 2003-04	Asst. Commissioner, Sales Tax	28,593.00
Service Tax	FY 2002-03 to 2006-07	CESTAT, Kolkata	11,91,73,890.00
	FY 2007-08	----- do -----	4,81,89,438.00
	FY 2008-09	----- do -----	7,04,22,331.00
	FY 2009-10	----- do -----	8,76,75,757.00
Income Tax	AY 2001-02	Income Tax Tribunal	9,66,577.00
	AY 2002-03	----- do -----	1,12,11,583.00
	AY 2003-04	----- do -----	1,68,73,071.00
	AY 2004-05	----- do -----	5,33,94,546.00
	AY 2005-06	CIT (Appeal)	8,56,805.00
	AY 2006-07	Income Tax Tribunal	1,70,45,840.00
	AY 2007-08	----- do -----	2,80,10,810.00
	AY 2008-09	CIT (Appeal)	2,55,95,420.00

- x. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in this financial year and in the immediately preceding the financial year also.
- xi. According to information and explanation given to us the company has not defaulted in repayment of dues to any financial institution or bank.



- xii.** According to information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii.** As explained to us the company is not in the business of Chit Fund, Nidhi, Mutual Benefit Fund/ Societies.
- xiv.** As explained to us the company is not dealing or trading in shares, securities, debentures or other investments.
- xv.** As explained to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi.** As explained to us, the Company has not availed term loan.
- xvii.** As per information and explanations given to us, the funds raised by the company on short term basis have not been used for long term investment or vise-versa.
- xviii.** As per information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act.
- xix.** According to information and explanation given to us, the company has not issued any debentures during the year.
- xx.** The company has not raised any money by public issue during the year.
- xxi.** According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
- xxii.** The company is not a Sick Industrial Company within the meaning of clause(o) of sub section (I) if section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (I of 1986)

Plot No. 1113, Nayapalli,
Bhubaneswar, Odisha-751012

Date : 21st May, 2011

For **P. K. Sahoo & Co.**
(Chartered Accountants)
Firm Registration No. 317058E
Sd/-
(P. K. Sahoo, F.C.A.)
Partner
Membership No. 053138



ORISSA STATE BEVERAGES CORPORATON LTD. BHUBANESWAR
ANNEXURE - II TO THE AUDITOR'S REPORT

1. Additional Security Deposit

- a) Following accounts are showing debit balance since long in liabilities without any reconciliation, resulting in under statement of liabilities.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● M/s. Mc. Dowell	3,49,987/-
● M/s. Shaw Wallace Brew	6,79,560/-
● Jagatjit Industries	14,97,663/-
	25,27,210/-

- b) In the following cases, credit balances have bene appearing in liabilities since long without any adjustment. Reconciliation of the same has not yet been done.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● M/s. Narang Beverages	4,14,960/-
● M/s. Maikal Brew.	2,30,000/-
	6,44,960/-

The same has resulted in over statement of liabilities.

- c) The following accounts have remained inoperative (i.e. no transaction) during the year. Balance confirmation and reconciliation was not available for our verification.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● Himalaya Distilleries	3,52,372/- (Dr.)
● Hitech Bottling Pvt. Ltd.	2,20,000/- (Dr.)
● Jagatjit Industries-I	14,97,663/- (Dr.)
● Jagatjit Industries - II	15,22,945/- (Cr.)
● Santan Trading Co.Ltd.	1,62,000/- (Dr.)
● Mc. Dowell	3,49,987/- (Dr.)

- 2.** In the following cases, reconciliation has not been done in Sundry Creditors accounts showing debit balance. The same has resulted in under statement of current liabilities.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● M/s. Appolo Alcho Beverages	2,36,531.19
● M/s. Bachhus Bottling (P) Ltd.	1,50,284.65
● M/s. Gemini Distilleries	1,42,093.73
● M/s. Iceberg Industries Ltd.	6,28,706.45
● M/s. Manav Breweries Pvt. Ltd.	1,97,447.66
● M/s. Mohan Meakin Ltd.	2,25,096.67
● M/s. MP Beer Products (Denzong)	7,81,000.00
● M/s. National Industries Corporation	1,30,553.88



● M/s. Oasis Distilleries Ltd.	71,011.10
● M/s. Ocean Beverages	1,03,745.30
● M/s. Pernord Ricard India	6,02,624.51
● M/s. Shaw Wallace Breweries	59,45,563.10
● M/s. Tripti Alcobrew Ltd.	2,22,650.91
● M/s. Vinbros & Co.	1,21,354.30
● M/s. Yukson Breweries Ltd.	1,39,692.46
● M/s. White & Mackey	99,080.15
	97,97,436.06

3. In the following cases only credits have been accumulated to Sundry Creditors account. However no debit has been made during the year. These accounts are required to be reconciled.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● M/s. Aska Co-operative Industries	2,09,43,555.21
● M/s. Denzong Breweries	2,99,84,586.07
● M/s. Denzong Breweries (Inter State)	4,84,96,309.65
● M/s. Foster India Pvt. Ltd.	37,17,071.52
● M/s. Golden Prince Wine	70,61,701.27
● M/s. Jagatjit Industries - II	6,57,73,784.32
● M/s. Pernod Recard India	4,01,77,068.60
● M/s. Radico Khaitan	1,38,57,636.78
● M/s. Shaw Wallace Breweries	59,45,563.10
● M/s. Tilaknagar Industries	1,48,87,464.29

4. **Old Sundry Creditors**

In the following cases, reconciliation of the parties has not been done. Also balance confirmations have not been obtained.

<u>Name of the Parties</u>	<u>Amount (₹)</u>
● M/s. Artos Breweries Ltd.	19,892.00
● M/s. Lilasons Brewereis Ltd.	1,26,938.21
● M/s. Maikal Brew (Inter State)	6,11,983.00
● M/s. Narang Breweries	3,63,026.25
	11,21,839.46

5. In spite of our previous audit observation, following imprest advance have not been adjusted resulted in over statement of Current Assets.

<u>Name of the Branch</u>	<u>Amount (₹)</u>
● Balasore Branch	50,000.00
● Berhampur Branch	48,004.75
● Nirgundi Branch	50,000.00
● Khurda Branch	3,627.00



● Rayagada Branch	51,127.60
● Sambalpur Branch	75,397.00
	2,78,156.65

6. Old Sundry Debtors

In spite of our previous observation in the following cases, sundry debtors reconciliation has not been done. Also balance confirmation certificates have not been obtained.

Name of the Parties	Amount (Rs.)
● M/s. Denzong Brew	6,08,309.25
● M/s. Royal Enterprise	6,11,983.00
	12,20,292.25

7. Sundry Debtor includes a credit balance of ₹ 1,45,10,52,779.01 resulting in under statement of Sundry Debtor and Assets.
8. Advance to Excise Department of ₹. 35,30,756/- still persisting under Current Asset. Only ₹ 1,05,934/- has been adjusted in current year against previous year balance of ₹ 36,36,690/-.
9. Franchise Fee Payable of ₹ 12,27,57,096.80 under liabilities is still laying without any adjustment.
10. TDS on advertisement has been deducted @ 2% instead of 1%.
11. For the year 2007-08, Services Tax demand raised by CBEC is ₹ 4,81,89,438/- .Out of this an amount of ₹ 4,35,67,870/- has deposited, but the balance amount of ₹ 46,21,568/- has not been disclosed as Contingent Liabilities.
12. Fringe Benefit Tax has been abolished from the Assessment Year 2010-11. However an amount of ₹ 96,341/- has been paid during the year 2009-10 (Assessment Year 2010-11), which increase the expenses and decreases the profit to the extent of ₹ 96,341/-.
13. Cash Flow Statement annexed to annual account has not been prepared in accordance with Accounting Standard-3 on "Cash Flow Statement" issued by the Institute of Chartered Accountants of India which results in violation Section 211 of Indian Companies Act, 1956.
14. Disclosure on Basic and diluted EPS regarding (i) amount available for equity shareholders, (ii) weighted average number of shares, (iii) basic and diluted EPS, (iv) Face value per share has not been disclosed in Notes to accounts.
15. Registration fee received in advance of ₹ 2,50,000/- has not been shown in Balance Sheet under separate head.
16. Details of other liabilities for ₹ 13,19,13,837.59 is not available.



17. Rent receivable from Shaw Wallace Breweries for the month of February & March, 2010 to the tune of ₹ 1,15,000/- & ₹ 1,60,000/- respectively have not been accounted for, resulting in under statement of Income and profit to the extent of ₹ 2,75,000/-.
18. Age wise break up of debtors i.e. period exceeding 6 month or more etc. classification of debtors i.e. good, doubtful, and bad and its provisions are not available for audit. Hence we are not able to give opinion on correctness of debtors.
19. Age wise break up and classification of loan and advances are not available for audit, hence we are not able give our opinion on the correctness of the same.
20. Statement of calculation of Interest on Term Deposit is not available for audit, hence we are not able to provide our opinion on the correctness of the same.
21. Service Tax demand of ₹15,80,98,108/- is for the year 2008-09 & 2009-10, which is appealed before CESTAT, Kolkata. But in the notes to accounts it is mentioned for the year 2008-09 only.
22. As per AS-5 if the incomes or expenses are of such significance then the nature and amount should be disclosed separately. But the Bidding amount of ₹ 1,01,93,928/- received during the year has not been disclosed separately, resulted in violation of AS-5.
23. Company Secretary Retainership fee of ₹ 17,648/- for the period from January, 2010 to March, 2010 has not been accounted for resulting in under statement of expenses and over statement of profit to the extent of ₹17,648/-.
- 24. Non-Compliance of Previous Year Audit Report**
- Five numbers of jeeps amounting to ₹ 17,36,690/- purchased during the year 2003-04 and handed over to Excise Commissioner have not been accounted for and added in the Assets of Corporation.
25. The details of net decrease in profit to the tune of Rs.3,53,693/- are as follows :
- | | |
|------------------------------------|-----------------------------------|
| Fringe Benefit Tax paid in 2009-10 | ₹ 96,341/- (Decrease in Profit). |
| Rent receivable not accounted for | ₹ 275,000/- (Decrease in Profit). |
| Company Secretary Retainership fee | ₹ 17,648/- (Increase in profit). |
| For 4th quarter not accounted for | |
| | ₹ 3,53,693/- |

Plot No. 1113, Nayapalli,
Bhubaneswar, Odisha
Date : 21.05.2011

For **P. K. Sahoo & Co.**
(Chartered Accountants)
Firm Registration No. 317058E
Sd/-
(P. K. Sahoo, F.C.A.)
Partner
Membership No. 053138



Directions under Section 619 (3) (a) of the Companies Act, 1956. Annexure - III

I) Corporate Governance and Audit Committee :

- i) The Company has not been listed on the stock, exchange.
- ii) Whether the Company has 50% independent directors on their Board as required under SEBI guidelines ? **Not applicable.**
- iii) Whether The company has formed an Audit committee in compliance with Section 292A of the Companies Act, 1956. **Not applicable.**
- iv) Whether Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit paras of Government Audit and has given recommendation for taking appropriate corrective action in the next year's accounts ? **Not applicable..**
- v) Whether The Audit Committee has examined the replies to paragraphs, mini-reviews, sectoral reviews, comprehensive appraisals, etc included in various Audit Reports of the C & AG before their submission to Government Audit / Committee on Public Undertakings ? **Not applicable.**
- vi) Whether the Audit committee has reviewed and discussed with the Management and the internal and external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's financial and risk management policies ? **Not applicable.**
- vii) The BOD has reported in the Director's Report to the shareholders compliance to their responsibility statement under section 217 (2AA) of the Companies Act, 1956.
- viii) Whether CEO/CFO certificate has been obtained in terms of listing agreement ? **Not applicable.**

II). Business Risk :-

- i) No such, Statutory or Regulatory requirement or change in Government policy that could impari the financial stability or profitability of the entity observed.
- ii) No such, unusually repaid growth, especially compared with that of other companies in the same Industry noticed.
- iii) Unrealistically aggressive sales or profitability incentive programes are not observed during audit period.
- iv) The company does not have the system for making a business plan, short term/long term and review of the same vis-a-vis the actual during the audit period.

**III). Disinvestment :**

Not Applicable.

IV) Productivity :

Physical parameter to indicate level of performance of the Company. The Productivity of 3 Ms (Man, Machine and Material) may be indicated for the last three year. **Not Applicable.**

- i) Productivity of man per employee. **Not Applicable.**
- ii) Productivity of machine Percentage of Utilization. **Not Applicable**
- iii) Productivity of material. Per unit consumption of principal raw materials against norms, if any. **Not applicable.**
- iv) Manpower's of the corporation are working mainly on the basis of deputation & contractual basis.

V) System of Accounts & Financial Control :

- i) The duties and responsibility including the delegation of powers at various levels of Management have been adequately defined.
- ii) No such prescribed guidelines / Accounting manual in connection with accounts & finance are followed by the Corporation.
- iii) Notes to Accounts, qualifications in Auditor's Report and comments of the C & AG for last three years have been reviewed by the Management but 05 nos. of Jeeps for an amount of ₹ 17.37 lakhs has not been added with the Fixed Asset, which was detected by the AG Audit.
- iv) The Company has a clear credit policy for providing for doubtful debts/write off & liquidated damages. No such reasons found to analyse such as non-completion of performance tests, litigation, retention sales etc. for significant sundry debtors.
- v) The system of giving discount to promote sale is fair to the best of our knowledge. The instructions for allowing discount are issued in writing and communicated properly to sales outlets.
- vi) The Company has a system of monitoring the timely recovery of outstanding dues. No such significant instances of failure of the system found during the verification.
- vii) Though there is a system of obtaining confirmation of balances from debtors, however the company has not obtained the same during the audit.
- viii) There are no such cases of waiver of debts/loans/ interest etc.
- ix) Is there an adequate system of timely lodging of claims with outside parties ? Whether the claims are properly monitored ? No such claims found with outside parties.
- x) The credit obtained is monitored regularly and the terms of loan are no such that they have a negative impact on the earnings of the Company. The system of utilization of loan & the system of obtaining statutory benefit is satisfactory.



- xi) Examine and comment upon the reasonableness of assumption made by the Actuary in providing for retirement benefits as per Accounting Standard 15. No such case arises as employees are on deputation.

VI) Fraud / Risk :

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

VII) Assets (Including Inventory) :

- i) The maintenance of records such as fixed assets register, etc is satisfactory.
- ii) The installation and commissioning of plant and machinery is not required, as the organization is a service provider company.
- iii) Capitalization of assets done on due dates & revenue expenditure has been charged.
- iv) Examine whether the Company has prescribed the following in regard to the Management of stores :
- a) Maximum and minimum limits of stores and spares etc.
- b) Economic order quantity for procurement of stores.

Since it is a service provider company it is **Not Applicable.**

- v) Regulation made for the purpose of control over stores, including stock taking and valuation of stock, stores & work-in-progress at the end of the financial year are adequate are not duly enforced.
- vi) Does the work in progress contain any item, which has remained under work in progress, for an unduly long time ? **No such cases found.**
- vii) Whether ABC analysis has been adopted to control the inventory ? Not applicable as it is a service industry.
- viii) The physical verification, valuation of stock has been done by the Company.
- ix) The system of valuation of fixed assets, survey-off procedure and provision of assets and specific capital spares surveyed-off is satisfactory.
- x) The surplus / obsolete/ non/moving items of stock have not been destroyed by the Company.



- xi) Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities ? **Not Applicable.**
- xii) Are there any lapses in the internal control system right from ordering till the consumption of stores ? **No Adverse Comment.**
- xiii) Indicate the assets and Plant & Machinery items, which have not been in use over a considerable period of time (say 5 years) and the reasons there of. **No Adverse Comment.**
- xiv) Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date ? **No such Cases found.**
- xv) The norms of storage losses have not been fixed.
- xvi) Demurrage / Wharf age incurred during the year and reasons there of. **No Adverse Comment.**

VIII) Investment :

Not Applicable

IX) Liabilities and Loan :

- i) Give the total amount of loans (including interest, penal interest & commitment charges separately) whether defaults were made in repayment as at the end of the accounting period. No Adverse comment.
- ii) Whether guarantee fee payable to the Government of India as per terms of loan agreement has been accounted for properly ? **Not Applicable.**
- iii) Whether any part or whole of the Loans from Government and / or interest accrued thereon have been either converted into equity or waived by the Government, if so, its impact on the financial position of the Company ? **No such cases found.**
- iv) Are the terms of the loan agreement such that they make the entity especially vulnerable to changes in the interest rate ? **No Adverse Comment.**
- v) Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings. **No such cases found.**
- vi) The Company has not received large loan from other PSUs or enterprises not related with the business of the Company.
- vii) The Company is not involved in doing the MSME Programmes during the period under Audit.

X) Award & Execution of Contracts :

- i) The Company has devised a proper system of tendering for awarding of various contracts.



- ii) The Company has an efficient system for monitoring and adjusting advances to contractors / suppliers. However Other Advances and Advance to Supplier to the tune of ₹ 40,94,00,775.32 and ₹ 98,61,120.32 respectively needs to be adjusted.
- iii) The Company has settled all the issues viz. Performane Guarantee (PG) Tests, Recovery of Liquidity Damages (LDs), final payment etc.

XI) Costing Systems :

Not Applicable as the Company is service provider agency.

XII) Internal Audit System :

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

XIII) HRD :

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

XIV) Legal / Arbitration Cases :

- i) The legal cases are pending in connection with Income Tax, Sales Tax & Service Tax. Income Tax cases are pending from the Assessment Year 2001-2002 to 2008-09. Sales Tax cases are pending for the Financial Year 2000-2001 to 2003-04.
- ii) The Company has not any norms / procedure for large expenses. The norms / procedure for legal expenses is being finalised by Board.
- iii) The contingent Liabilities disclosed by the Company are not adequately cover the Court cases / arbitration cases pending against the Company.

**XV) EDP Audit :**

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

XVI) Environment Management :

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

XVII) General :

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

Plot No.- 1113, Nayapalli,
Bhubaneswar - 751012 (Odisha)
Date : 21st May, 2011

For **P. K. Sahoo & Co.**
(CharteredAccountants)
Firm Registration No. 317058E
Sd/-
(P. K. Sahoo, F.C.A.)
Partner
Membership No. 053138



**ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
BALANCE SHEET AS ON 31ST MARCH, 2010**

	Sch. No.	Amount (Rs.)	As on 31.03.2010 Amount (Rs.)	Amount (Rs.)	As on 31.03.2009 Amount (Rs.)
I. SOURCES OF FUNDS					
<u>(1) Shareholders' Funds</u>					
a) Share Capital	1	10,000,000.00		10,000,000.00	
b) Reserves & Surplus	2	<u>693,111,795.27</u>	703,111,795.27	430,473,001.82	440,473,001.82
<u>2) Loan Funds</u>					
a) Secured Loan	3.	-		-	
b) Unsecured Loan	4	-		<u>164,384.00</u>	<u>164,384.00</u>
TOTAL:			<u><u>703,111,795.27</u></u>		<u><u>440,637,385.82</u></u>
II. APPLICATION OF FUNDS					
<u>1) Fixed Assets:</u>					
a) Gross Block	5	18,293,160.25		17,979,354.25	
b) Less : Depreciation	18	<u>14,107,437.00</u>		<u>13,078,406.79</u>	
c) Net Block			4,185,723.25		4,900,947.46
<u>(2) Current Assets, Loans and Advances</u>					
a) Current Assets :					
i) Cash & Bank Balances	6	1,145,954,001.76		614,245,083.81	
ii) Other Current Assets	7	117,900,756.25		49,269,258.39	
b) Loans & Advances	8	<u>882,489,469.44</u>		<u>744,198,081.06</u>	
		<u>2,146,344,227.45</u>		<u>1,407,712,423.26</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	9	1,094,240,212.38		756,364,601.85	
b) Provisions	10	<u>353,177,943.05</u>		<u>215,611,383.05</u>	
		<u>1,447,418,155.43</u>		<u>971,975,984.90</u>	
Net Current Assets			698,926,072.02		435,736,438.36
3) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED					
Preliminary Expenditure			-		-
TOTAL :			<u><u>703,111,795.27</u></u>		<u><u>440,637,385.82</u></u>

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

For P.K.Sahoo & Co Chartered Accountants	For Orissa State Beverages Corporation Ltd.	For Orissa State Beverages Corporation Ltd.	For Orissa State Beverages Corporation Ltd.
Sd/ (P.K. Sahoo) Partner	Sd/ (Sri Radha Raman Mohanty, OFS) Chief. Manager(Fin.)(l/c)	Sd/ Sri Sudarshan Nayak, IAS Director	Sd/ Sri Rabi Ranjan Mallick, IAS Managing Director

Place : Bhubaneswar
Date: 21.05.2011



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	Sch. No.	<i>Figure For The Year Ending 31.03.2010</i>	<i>Figure For The Year Ending 31.03.2009</i>
INCOME			
Margin on operation		675,281,716.44	498,001,355.32
Export Permit Pass Commission		1,626,528.00	1,018,983.00
Interest on Term Deposit		68,250,684.00	52,443,568.75
Registration Fee Collected		2,140,000.00	900,000.00
Cash Discount		85,476,945.47	60,504,813.82
Other Income		21,908,252.55	16,603,277.01
Total Income		854,684,126.46	629,471,997.90
EXPENDITURE			
Advertisement & Business Development	11	1,164,465.00	370,002.00
Communication & Development	12	210,736.00	188,786.00
Godown Rent & Expenses		8,536,759.00	9,179,470.70
Office Rent		1,407,321.00	1,349,102.00
Office Expenses	13	637,850.80	475,213.70
Professional & Legal Charges	14	300,787.00	423,809.00
Donation		10,000,000.00	5,145,500.00
Salary & Wages	15	5,842,008.00	5,529,213.00
Travelling & Conveyance		57,663.00	92,023.00
Hire Charges of Vehicle		3,862.00	275,755.00
Audit Fees and Expenses	16	225,785.00	302,811.00
Insurance Premium		51,477.00	2,960.00
Licence Fees		403,000,000.00	303,000,000.00
Printing & Stationary		468,917.00	323,488.00
Repair & Maintenance		101,504.00	51,428.00
Security Service Charges		8,247,242.00	7,417,514.00
Financial Charges	17	15,522.00	3,850.36
Fringe Benefit Tax		96,341.00	35,728.00
Depreciation	18	1,029,030.21	980,613.31
Total Expenditure		441,397,270.01	335,147,267.07
NET PROFIT/(LOSS) FOR THE YEAR		413,286,856.45	294,324,730.83
Add / Less : Prior Period Profit		13,933,460.00	-
Add / Less : Net Prior Period Income/ Expenditure		851,957.00	35,000.00
PROFIT/(LOSS) BEFORE TAXATION		400,205,353.45	294,359,730.83
LESS : Provision for Taxation		137,566,560.00	96,871,930.00
PROFIT / (LOSS) AFTER TAXATION		262,638,793.45	197,487,800.83
Add : Balance Profit Brought from Last year		430,473,001.82	232,985,200.99
BALANCE PROFIT TRANSFERRED TO BALANCE SHEET		693,111,795.27	430,473,001.82

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

For P.K.Sahoo & Co Chartered Accountants	For Orissa State Beverages Corporation Ltd.	For Orissa State Beverages Corporation Ltd.	For Orissa State Beverages Corporation Ltd.
Sd/- (P.K. Sahoo) Partner	Sd/- (Sri Radha Raman Mohanty, OFS) Chief. Manager(Fin.)(I/c)	Sd/- Sri Sudarshan Nayak, IAS Director	Sd/- Sri Rabi Ranjan Mallick, IAS Managing Director

Place : Bhubaneswar
Date: 21.05.2011



ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR
SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2010

SCHEDULE-1

	As at 31.03.2010		As at 31.03.2009	
	Rs.	P.	Rs.	P.
<u>SHARE CAPITAL</u>				
<u>Authorised</u>				
50,00,000 Equity Shares of Rs. 10/- each	50,000,000.00		50,000,000.00	
<u>Issued Subscribed & Paid up Capital</u>				
1,000,000 Equity shares Rs. 10/- each	10,000,000.00		10,000,000.00	
TOTAL	10,000,000.00		10,000,000.00	

SCHEDULE-2

	Rs.	P.	Rs.	P.
<u>RESERVES & SURPLUS</u>				
Profit & Loss Account	693,111,795.27		430,473,001.82	
TOTAL	693,111,795.27		430,473,001.82	

SCHEDULE-3

	Rs.	P.	Rs.	P.
<u>SECURED LOAN</u>				
Short Term Loan from Union Bank of India, C.S.Pur (Against security of Short Term Deposit of Rs. 6.00 Crore)	-	-	-	-
Interest Accrued and due on above	-	-	-	-
TOTAL	-		-	

SCHEDULE-4

	Rs.	P.	Rs.	P.
<u>UNSECURED LOAN</u>				
Loan From Government Of Orissa	-	-	-	-
Interest Accrued and due on above	-	-	164,384.00	-
TOTAL	-		164,384.00	

SCHEDULE - 6

	Rs.	P.	Rs.	P.
<u>CASH & BANK BALANCES</u>				
Cash in Hand	890.00		3,868.80	
Cheques in Hand & Transit	-		-	
Balance with Scheduled Banks :				
In Current Accounts	371,461,675.76		159,196,055.01	
In Terms Deposits	774,491,436.00		455,045,160.00	
TOTAL	1,145,954,001.76		614,245,083.81	



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

	As at 31.03.2010		As at 31.03.2009	
	Rs.	P.	Rs.	P.
<u>SCHEDULE - 7</u>				
<u>Other Current Assets</u>				
a) Security Deposits	648,268.00		648,268.00	
b) Accrued Interest on Term Deposits	47,051,447.15		3,130,406.63	
c) Income Tax Deducted at Source (Receivable)	23,813,808.46		16,039,191.46	
d) Sundry Debtors	42,765,571.64		25,156,675.97	
e) Entry Tax Receivable	-		601,521.33	
f) Receivable from Govt. (Others)	3,621,661.00		3,693,195.00	
TOTAL	117,900,756.25		49,269,258.39	

	As at 31.03.2010		As at 31.03.2009	
	Rs.	P.	Rs.	P.
<u>SCHEDULE-8</u>				
<u>Loans And Advances</u>				
(Advances Recoverable in Cash or in Kind or for Value to be Received) (Unsecured Considered Good)				
a) Advance To employees	683,365.80		605,508.80	
b) Advance Income Tax	443,753,054.00		262,605,176.00	
c) Pre-paid insurance	1,918,083.00		-	
d) Other Advances	409,400,775.32		318,489,050.02	
e) Advance To Suppliers	9,861,120.32		105,290,913.24	
f) Advance FBT	-		84,788.00	
g) Income Tax Demand	16,873,071.00		52,022,645.00	
j) Sales Tax Demand	-		5,100,000.00	
TOTAL	882,489,469.44		744,198,081.06	

	As at 31.03.2010		As at 31.03.2009	
	Rs.	P.	Rs.	P.
<u>SCHEDULE-9</u>				
<u>Current Liabilities</u>				
a) Sundry Creditors				
i) Total Outstanding Dues to Small Scale Industrial Undertakings				
ii) Total Outstanding dues of Creditors other than Small Scale Undertakings	847,388,142.27		549,878,203.37	
b) Other Liabilities				
i) Security Deposits Received	26,500,000.00		11,600,000.00	
ii) Additional Security Deposits	1,087,395.00		9,438,005.00	
iii) Duties & Taxes Payable to Govt. of Orissa	87,309,731.52		55,567,154.19	
iv) Advance From Retailers				
v) Provident Fund Dues				
vi) Dues under Group Savings Linked Insurance Scheme	41,106.00		41,106.00	
vii) Registration Fees Pending Allocation				
viii) Salary Payable				
ix) Other Liabilities	131,913,837.59		129,840,133.29	
TOTAL	1,094,240,212.38		756,364,601.85	



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

<u>Provisions</u>	<u>SCHEDULE-10</u>	As at 31.03.2010		As at 31.03.2009	
		Rs.	P.	Rs.	P.
a) Provision For Income Tax (2000-01)					
b) Provision For Income Tax (2001-02)		6,572,340.00		6,572,340.00	
c) Provision For Income Tax (2002-03)		2,116,315.00		2,116,315.00	
d) Provision For Income Tax (2003-04)		3,504,328.00		3,504,328.00	
e) Provision For Income Tax (2004-05)		10,484,045.73		10,484,045.73	
f) Provision For Income Tax (2005-06)		6,479,732.00		6,479,732.00	
g) Provision For Income Tax (2006-07)		45,200,975.00		45,200,975.00	
h) Provision For Income Tax (2007-08)		44,381,717.32		44,381,717.32	
i) Provision For Income Tax (2008-09)		96,871,930.00		96,871,930.00	
j) Provision For Income Tax (2009-10)		137,566,560.00		-	
TOTAL		353,177,943.05		215,611,383.05	

Rs. P. Rs. P.

SCHEDULE-11**Advertisement & Business Development**

Advertisement		162,017.00		39,445.00	
Business Expenses		1,002,448.00		330,557.00	
TOTAL		1,164,465.00		370,002.00	

SCHEDULE-12**Communication & Development**

	Rs.	P.	Rs.	P.
a) Postage & Telegram	87,433.00		111,976.00	
b) Telephone Charges	123,303.00		76,810.00	
c) Website Development Expenses				
d) Computer Software				
TOTAL	210,736.00		188,786.00	

SCHEDULE-13**Office Expenses**

	Rs.	P.	Rs.	P.
a) News Papers and Periodicals	7,228.00		7,166.50	
b) Electric Charges	471,698.00		335,089.00	
c) Office Expenses	52,890.00		41,139.00	
d) Misc. Office Expenses	32,840.00		33,201.00	
e) Water Charges	19,656.00		19,656.00	
f) Books and Journals	8,357.00			
g) Office Maintenance	40,478.80		32,422.20	
h) B.O.D Meeting Expenses	4,703.00		6,540.00	
TOTAL	637,850.80		475,213.70	



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

	As at 31.03.2010		As at 31.03.2009		
	<u>SCHEDULE-14</u>	Rs.	P.	Rs.	P.
<u>Professional & Legal Charges</u>					
a) Company Secretary's Retainer Fees		52,944.00		52,248.00	
b) Legal Charges		173,456.00		91,494.00	
c) Professional Charges		74,387.00		280,067.00	
TOTAL		300,787.00		423,809.00	

	As at 31.03.2010		As at 31.03.2009		
	<u>SCHEDULE-15</u>	Rs.	P.	Rs.	P.
<u>Salaries & Wages</u>					
a) Leave Salary & Pension Contribution		244,521.00		230,331.00	
b) Salary & Wages		5,597,487.00		5,298,882.00	
c) Subsistence Allowance		—		—	
TOTAL		5,842,008.00		5,529,213.00	

	As at 31.03.2010		As at 31.03.2009		
	<u>SCHEDULE-16</u>	Rs.	P.	Rs.	P.
<u>Audit Fees & Expenses</u>					
a) Statutory Audit Fees		86,000.00		140,973.00	
b) Tax Audit Fees		7,515.00		13,860.00	
c) Internal Audit Fees		132,270.00		131,124.00	
d) Other Audit Fees		-		16,854.00	
TOTAL		225,785.00		302,811.00	

	As at 31.03.2010		As at 31.03.2009		
	<u>SCHEDULE-17</u>	Rs.	P.	Rs.	P.
<u>Financial Charges</u>					
a) Bank Charges		15,522.00		3,850.36	
b) Interest on Short Term Loan		—		—	
c) Interest on Govt. Loan		—		—	
TOTAL		15,552.00		3,850.36	



ORISSA STATE BEVERAGES CORPORATION LIMITED

BHUBANESWAR

SCHEDULE - 5 (2009 -10)

DEPRECIATION SCHEDULE FOR THE YEAR ENDING ON 31.03.2009

FIXED ASSETS

Sl. No.	ITEM	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK				
			Cost As On 01.04.09	Addition during the Year < 180 days	Addition during the Year > 180 days	Deletion / Sales during the year	Total Cost As On 31.03.10	Depreciation As On 01.04.09	Depreciation during the year	Depreciation adjusted during the year	Total Depreciation as on 31.03.10	Written down value as on 31.03.09	Written down value as on 31.03.10
1.	Air Conditioner	13.91%	896,331.15	-	-	-	896,331.15	606,632.74	40,297.05	-	646,929.79	289,698.41	249,401.36
2.	Computer	40.00%	5,877,941.00	-	-	-	5,877,941.00	4,971,978.81	362,384.88	-	5,334,363.68	905,962.19	543,577.32
3.	Furniture & Fixture	18.10%	3,703,449.50	5,600.00	63,280.00	-	3,772,329.50	2,928,643.10	152,200.44	-	3,080,843.54	774,806.40	691,485.96
4.	Electrical Fittings	13.91%	820,239.60	-	-	-	820,239.60	551,169.60	37,427.64	-	588,597.24	269,070.00	231,642.36
5.	Office Equipments	13.91%	3,699,210.00	173,918.00	45,428.00	5,920.00	3,912,636.00	1,609,333.03	318,053.40	-	1,927,386.43	2,089,876.97	1,985,249.57
6.	Vehicle	25.89%	2,189,063.00	-	-	-	2,189,063.00	1,898,705.23	75,173.63	-	1,973,878.86	290,357.77	215,184.14
7.	Acqua Water Purifier	13.91%	-	-	31,500.00	-	31,500.00	-	4,381.65	-	4,381.65	-	27,118.35
8.	Audio Visual	13.91%	793,120.00	-	-	-	793,120.00	511,944.29	39,111.54	-	551,055.83	281,175.71	242,064.17
	Total		17,979,354.25	179,518.00	1,40,208.00	5,920.00	18,293,160.25	13,078,406.80	1,029,030.21	-	14,107,437.01	4,900,947.45	4,185,723.24

For P.K.Sahoo & Co
Chartered Accountants

Sd/-
(P.K. Sahoo)
Partner

Place : Bhubaneswar
Date: 21.05.2011

For Orissa State Beverages
Corporation Ltd.

Sd/-
Sri Sudarshan Nayak,
Director

For Orissa State Beverages
Corporation Ltd.

Sd/-
Sri Rabi Ranjan Mallick,
Managing Director



**ORISSA STATE BEVERAGES CORPORATION LIMITED
BHUBANESWAR**

Cash Flow Statement for the Financial Year 2009-10

INFLOW OF CASH :

Current Liabilities		114,843,059.00
Additional Securities	105,171,423.00	
Security Deposit	7,300,000.00	
Sundry Creditors	600,000.00	
EMD	2,000.00	
Registration Fee (Supplier) Received in Advance	250,000.00	
Security Service Charges Payable	193,573.00	
Tax Deducted at Source (PAYABLE)	<u>1,326,063.00</u>	
Fixed Assets		5,920.00
OFFICE EQUIPMENTS	<u>5,920.00</u>	
Investments		330,000,000.00
Term Deposit	<u>330,000,000.00</u>	
Current Assets		14,491,231,219.60
Sundry Debtors	14,488,463,532.60	
Accrued Interest A/c.	2,235,616.00	
Advance to Excise Deptt.	105,934.00	
General Advance	20,540.00	
Legal Expenses Paid in Advance	30,000.00	
Security Service Charges Paid in Advance	<u>375,597.00</u>	
Direct Incomes		1,626,528.00
Processing Fee on Inter State Sale	<u>1,626,528.00</u>	
Director Expenses		131,373.00
Godown Rent & Expenses	27.00	
Salary & Wages	128,615.00	
Repair & Maintenance	331.00	
Travelling & Conveyance	<u>2,400.00</u>	
Indirect Incomes		26,648,126.00
Bidding Amount (Non Refundable)	10,193,928.00	
Interest on Term Deposit	8,757,362.00	
Interest Received on Flexi A/c.	6,243,946.00	
Misc. Receipt	14,844.00	
Prior Period Income	719,546.00	
Registration Fee (Supplier)	650,000.00	
Revalidation Fee	<u>68,500.00</u>	
Total		<u>14,964,486,225.60</u>

OUTFLOW OF CASH :

Current Liabilities	5,278,131,132.00	13,418,190,437.85
EXCISE A/c.	85,343.85	
Security Deposit	2,483,776,624.00	
Duties & Taxes	5,603,517,822.00	
Sundry Creditors	137,875.00	
Audit Fees & Expenses Payable	2,000.00	
EMD	1,089,648.00	
Godown Rent Payable	117,150.00	
Office Rent Payable	277,047.00	
Other Liability	1,062,500.00	
Pass Fee A/c.	1,088,587.00	
Payroll Deduction	17,648.00	
Professional Charges Payable	3,641,165.00	
Salary Payable	32,734.00	
Security Service Charges Payable	43,567,870.00	
Service Tax Payable	-	
Tax Deducted at Source (PAYABLE)	<u>1,645,292.00</u>	



Fixed Assets		319,726.00
Acquaguard Water Purifier	31,500.00	
Furniture & Fixture	68,880.00	
Office Equipments	219,346.00	
Investments		650,000,000.00
Term Deposit	650,000,000.00	
Current Assets	85,000.00	654,297,681.00
Loan & Advances (Asset)	145,998,304.00	
Advance Income Tax	30,040.00	
General Advance	78,125.00	
Legal Expenses Paid in Advance	503,000,000.00	
License Fee Paid in Advance	12,745.00	
Municipal Tax Paid in Advance	1,916,321.00	
Prepaid Insurance Premium	1,762.00	
Prepaid Vehicle Insurance	368,000.00	
Security Service Charges Paid in Advance	2,807,384.00	
Tax Deducted at Source (Receivable)		
Direct Expenses		19,245,137.80
Godown Rent & Expenses	7,094,353.00	
Professional & Legal Charges	267,530.00	
Salary & Wages	7,930,889.00	
Advertisement Exp.	162,017.00	
Assistance to Public Awareness Programme	1,000,000.00	
Audit Fees & Expenses	40,605.00	
Bank Charges	15,522.00	
B.O.D. Meeting Expenses	3,183.00	
Books & Journals	4,455.00	
Business Meeting Exp.	1,449.00	
Computer Repair & Maintenance	9,575.00	
Electricity Charges	440,515.00	
Entertainment Exp.	912.00	
Hire Charges of Vehicle	3,862.00	
House Rent	10,355.00	
Insurance Premium	71,343.00	
Miscellaneous Exp.	6,196.00	
Municipal Tax	13,399.00	
News Paper & Periodicals	5,626.00	
Office Expenses	52,890.00	
Office Rent	1,288,650.00	
P.O.L. Expenses	39,566.00	
Postage & Telegram	43,895.00	
Printing & Stationary	463,667.00	
Repair & Maintenances	74,457.00	
Telephone Charges	115,352.00	
Travelling & Conveyance	53,663.00	
Vehicle Insurance	881.00	
Vehicle Repair & Maintenance	12,312.00	
Water Charges	18,018.00	
Indirect Incomes		111,575.00
Reprocessing Fees (IMFL)	111,575.00	
Indirect Expenses		10,059,026.00
Donation	10,000,000.00	
Fringe Benefit Tax	11,553.00	
Prior Period Expenses	46,973.00	
Statutory Filling Fee.	500.00	
Total		14,752,223,583.65
Nett in Flow		212,262,641.95



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Significant Accounting Policies

1. Basis of Preparation of Financial Statements :
 - a) The accounts are drawn up on a historical cost convention and on accrual basis in accordance with the applicable Accounting Standards published by the Institute of Chartered Accounts of India except otherwise stated here below.
 - b) The Company follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis.
2. Revenue Recognition and Expenditure Allocation
 - a) Margin on Operation are recognized on completion of sale of goods on behalf of the supplier and are recorded net off sales tax, entry tax and surcharge on sales tax, if any.
 - b) Cash discounts received / receivables are recognized on month-to-month basis based on the Actual payment made to supplier net off the duty and taxes and reinvestment in duties, if any.
 - c) Registration fees collected from suppliers is taken into account in yearly basis.
 - d) The Expenditures are allocated and charged to respective expenditure heads as and when accrued / spent for the period of the financial statement.
3. **Fixed Assets:** Fixed assets are stated at cost including the incidental expenditure incurred to acquire the Fixed assets.
4. **Depreciation:** Depreciation is charged on all depreciable assets on the basis of written down value method as per the rates prescribed in Scheduled XIV of the Companies Act, 1956 as amended from time to time.
5. **Inventories :** As per the agreement between the company and the supplier, the stocks held in the godowns of the company are the stock of the supplier, the company will only earn margin on sales made on behalf of suppliers.
6. **Retirement Benefits of Employees :** The Corporation has taken employees from government and other organization on deputation basis. They are guided by the terms of deputation as fixed / to be fixed by the State Government / other Public Sector Undertakings. Their retirement benefits including Gratuity & Leave Salary etc. are accounted for on cash basis as per the terms of deputation.



Notes Forming part of Accounts

1. The payments made by the suppliers for deposit with Superintendent , Khurda for obtaining the Licence for Procurement of IMFL & BEER is considered as additional security received from the Respective Suppliers and considered in the financial statement as additional security deposits net off the payments made to Excise Department.
2. The Balance confirmations from retailers & suppliers are not obtained.
3. The reconciliation of sales tax collected and sales tax paid, entry tax collected and entry tax paid, supplier balances are in progress.
4. Sales made on behalf on the supplier during the year is credited to respective suppliers account after adjusting the sales tax, entry tax, company's margin and cash discount, if any.
5. Income Tax provision is made on the total profit considering the depreciation allowance applicable as per the Income Tax Rules.
6. The credit balance of Sundry Creditors amounting to ₹ 84,73,88,142.27 have been shown under the head "Sundry Creditors" and the debit balance of ₹ 98,61,120.32 have been shown under head "Advance to Suppliers".
7. **(a)** Non of the Employees draw remuneration more than ₹ 2,00,000/- per month or ₹ 24,00,000/- per annum.

(i)	No of Employees	Nil
(ii)	Salary & Wages	Nil
(iii)	Corporations' Contribution to Provident & Other Funds	Nil

(b) Employees employed for a part of the year and were in receipt of remuneration not less than ₹ 2,00,000/- per month

(i)	No of Employees	Nil
(ii)	Salary & Wages	Nil
(iii)	Corporations' Contribution to Provident & Other Funds	Nil
8. Interest on term Deposit as shown in the Profit & Loss Account ₹ 6,82,50,684.00 is gross.
9. Previous years figures have been regrouped, recast and rearranged wherever is necessary.
10. Salary & Wages includes ₹ 5,77,676 paid as salary to Directors.
11. The Income Tax Assessments up to the Assessment year 2008-09 have been completed. However, Income Tax authorities have raised demand notice on disputed amount of ₹ 2,55,95,420 for the A.Y. 2008-09. The Corporation has filed an appeal before the appellate authorities of Income Tax on disputed amount from the A.Y.2001-02 to A.Y. 2008-09 as a result of which amount paid to Income Tax is shown as "Advance against Income Tax" without adjustment with the head of "Provision for Income Tax" for the said years. Details are given in Schedule-10.
12. Cash Discount received / receivable are recognized on yearly basis based on actual payment made to the suppliers net off duty and taxes and reinvestment in duties, if any.



13. The Advance Income Tax amounting to ₹ 44,37,53,054/- includes ₹ 11,90,00,000/- as advance tax for the financial year 2009-10 and balance amount for the previous years which are not adjusted due to non completion of assessments.
14. Margin on Operation includes Margin Rounding off, and Margin on Operation for the financial year 2009-10.
15. Registration Fees of ₹ 21,40,000/- has been recognized as income during the financial year 2009-10.
16. The Corporation provided 5 nos. of vehicle to the Excise Commissioner at a total cost of ₹ 17,36,690/- under the head "Advance to Excise Commissioner" during the year 2003-04. These vehicles have been purchased in the name of the Excise commissioner. The Corporation earlier provided 5 nos. of vehicle to the Excise Commissioner at a total cost of ₹ 17,96,222/- in the year 2002-03. The Board of Directors in the 21st meeting held on 29.01.05 have decided that ownership of these 10 vehicles will be reverted back to the Corporation, which has not been incorporated.
17. After Assessment, the Sales Tax Authority has issued a demand of ₹3,22,04,314/- for the financial year 2002-03 which has been disputed by the Corporation and preferred to file an appeal before the Commissioner of Sales Tax. The Corporation has also filed an appeal and obtained stay from Hon'ble High Court of Orissa against the demand raised by the Sales tax authority for ₹250.33 Lakhs for the 2001-02.
18. The Commissioner of Service Tax issued a Demand order for ₹ 15,80,98,108/- for the year 2008-09 along with penalty of same amount plus Rs. 5000.00 U/s. 77 of Service Tax Act towards Service Tax for which Corporation will appeal before CESTAT, Kolkata.

For P.K.Sahoo & Co
Chartered Accountants

Sd/-
(CA. P.K. Sahoo)
Partner

Place : Bhubaneswar
Date: 21.05.2011

For Orissa State Beverages
Corporation Ltd.

Sd/-
(R. R. Mohanty, OFS)
Chief Manager (Fin.)

For Orissa State Beverages
Corporation Ltd.

Sd/-
Sudarshan Nayak, IAS
Director

For Orissa State Beverages
Corporation Ltd.

Sd/-
Sri R. R. Mallick, IAS
Managing Director



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

I	Registration Details	Registration No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>0</td><td>6</td><td>3</td><td>7</td><td>2</td></tr></table>	0	0	6	3	7	2	State Code	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td></tr></table>	1	5																	
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3	1	0	3																										
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II	Capital raised during the year (Amount in Rs. Thousands)*	Public Issue	Right Issue	Bonus Issue	Private Placement																								
		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>N</td><td>A</td><td></td><td></td></tr></table>		N	A			<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>N</td><td>A</td><td></td><td></td></tr></table>		N	A			<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>N</td><td>A</td><td></td><td></td></tr></table>		N	A			<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>N</td><td>A</td><td></td><td></td></tr></table>		N	A						
	N	A																											
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III	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)	Total Liabilities	Total Assets																										
		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>0</td><td>3</td><td>1</td><td>1</td><td>1</td></tr></table>	7	0	3	1	1	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>0</td><td>3</td><td>1</td><td>1</td><td>1</td></tr></table>			7	0	3	1	1	1												
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7	0	3	1	1	1																								
IV	Sources of Funds	Capital Funds	Reserve & Surplus	Secured Loans	Unsecured Loans																								
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V	Application of Funds	Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure																								
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	Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																											
VI	Performance of Company (Amount in Rs. Thousands)	Total Income	Total Expenditure	Profit Before Tax	Profit After Tax																								
		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>5</td><td>4</td><td>6</td><td>8</td><td>4</td></tr></table>	8	5	4	6	8	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>4</td><td>1</td><td>3</td><td>9</td><td>7</td></tr></table>	4	4	1	3	9	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>0</td><td>0</td><td>2</td><td>0</td><td>5</td></tr></table>	4	0	0	2	0	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>2</td><td>6</td><td>3</td><td>8</td></tr></table>	2	6	2	6	3	8
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	Earning per share in Rs	Dividend Rate																											
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	9	1	.	8	6																								
VII	Generic Names of Principal Products / Services of Company (as per monetary terms)	Item Code No <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>I</td><td>M</td><td>F</td><td>L</td><td>B</td><td>E</td><td>E</td><td>R</td><td>&</td><td>C</td><td>O</td><td>U</td><td>N</td><td>T</td><td>R</td><td>Y</td><td>S</td><td>P</td><td>I</td><td>R</td><td>I</td><td>T</td></tr></table>				I	M	F	L	B	E	E	R	&	C	O	U	N	T	R	Y	S	P	I	R	I	T		
I	M	F	L	B	E	E	R	&	C	O	U	N	T	R	Y	S	P	I	R	I	T								
	(ITC CODE)																												
	Product Description																												

For P.K.Sahoo & Co
Chartered Accountants

For Orissa State Beverages
Corporation Ltd.

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Sd/-
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Partner

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Sri Rabi Ranjan Mallick, IAS
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Place : Bhubaneswar

Date: 21.05.2011