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## REGISTERED OFFICE

“Seethalakshmi Towers”  
No.78, Mission Road  
Subbaiah Circle  
Bangalore - 560 027

## AUDITORS

M/s. Karra & Co.,  
Chartered Accountants  
Bangalore

## BANKERS

Canara Bank  
Corporation Bank  
Indian Bank  
ING Vysya Bank  
UTI Bank

## DIRECTORS

### Sriyuths

**B K Das, IAS**  
Additional Chief Secretary & Principal  
Secretary, Finance Department  
Chairman, KSBCL  
(from 02.06.2003 to 05.07.2004)

**K P Pandey, IAS**  
Additional Chief Secretary & Principal  
Secretary, Finance Department  
Chairman, KSBCL  
(from 05.07.2004 to 23.12.2004)

**Sudhakar Rao, IAS**  
Principal Secretary, Finance Department  
Chairman, KSBCL  
(from 23.12.2004)

**S K Pattanayak, IAS**  
Excise Commissioner  
Director, KSBCL  
(from 02.06.2003 to 23.09.2003)

**D Sathyamurthy, IAS**  
Excise Commissioner  
Director, KSBCL  
(from 23.09.2003 to 22.07.2004)

**R B Agawane, IAS**  
Excise Commissioner  
Director, KSBCL  
(from 22.07.2004)

**Dr. S Subramanya, IAS**  
Secretary to Government  
Director, KSBCL  
(from 26.11.2004)

**N S Nagaraju**  
Joint Commissioner of Excise  
Director, KSBCL  
(from 30.06.2003 to 26.11.2004)

**R Ramaseshan, IAS**  
Managing Director  
KSBCL  
(from 04.06.2003)



**Karnataka State Beverages Corporation Limited  
Bangalore**

**DIRECTORS' REPORT**

The Board of Directors take pleasure in presenting the first Annual Report together with audited statement of accounts for the year ended 31<sup>st</sup> March, 2004.

**1. Financial Performance**

(Rs. in crores)

<b>Details</b>	<b>For the current financial year (2003-04)</b>	
<b>Income</b>		
Liquor Operations	1297.29	
Spirit Operations	9.70	
Other income	3.89	
Total		1310.88
<b>Expenditure</b>		
Cost of sales	1280.91	
Personnel cost	2.91	
Other administrative expenses	5.15	
Privilege fee	21.50	
Total		1310.47
Earnings before tax		0.41
Income tax		0.14
Earnings after tax		0.27



## **2. Business Operations**

### **2.1 Government Policies**

The year witnessed a host of reforms aimed at curbing evasion of duty to mobilise additional revenue, rationalisation of duty structure and simplification of procedures. The Corporation which was incorporated as a private limited company on 2.06.2003 to realise these objectives, commenced its activities initially by taking over the IML division of M/s Mysore Sales International Limited, and thereafter significantly augmenting its infrastructure.

With the Corporation living up to the expectation of all stakeholders, the initial few months signalled the success of the new policy, as the recorded volume of IML consumption in the state increased substantially. This prompted the government to take the next step to further revenue mobilisation by introducing limited canalisation of rectified spirit/denatured spirit, wherein industrial users were required to source their requirement through the Corporation effective from 1.11.2003. The Corporation geared up to implement this policy.

### **2.2 Canalisation of Liquor**

The Corporation has uniquely positioned itself as a canalising agency without stifling competition, thereby giving the consumer the right to choose. While it is mandatory for every supplier, whether located in the state or outside, to access the market only through the Corporation, pricing of the product, choice of the market, portfolio of brands to cater to specific tastes and needs etc., are the prerogatives of the supplier. The Corporation, as a matter of policy, does not impose any restriction on the marketing strategy of the manufacturer.

The recorded volume of IML consumption which had almost stagnated around 200 lakh bulk litres a year showed a 235% increase to 668.04 lakh bulk litres (70.34 lakh carton boxes), indicating that the new policy was well received by the industry. The sale of beer increased to 627.05 lakh bulk litres from 489.85 lakh bulk litres in 2001-02 and 580.42 lakh bulk litres in 2002-03, the compounded annual growth rate being 13 percent.

Consequently, the duty collected for IML increased by over Rs.371 crores and for beer by a modest Rs.8 crores. Cumulatively, the increase in duty collection was Rs.379 crores, a 65 percent increase over the previous year. The duty collected apart from showing an increase, reflects the underlying economic activity of the industry, paving the way for a healthy growth in future.

The Company sourced IML from 99 manufacturers, out of which 49 were based in the state, 27 outside the state, and 23 outside the country. Local manufacturers supplied about 96 percent of the volume handled. Out of the balance 4 percent a little over 3 percent was supplied by manufacturers outside the state and a little less than 1 percent was from outside the country. Ten manufacturers supplied over 80 percent of the volume handled with just four manufacturers cornering over 50 percent of the market share.

In respect of beer, 17 manufacturers delivered supplies to the Corporation out of which 7 were from the state, 3 from outside the state and 7 from outside the country. Local manufacturers delivered about 99 percent of the volume handled. Manufacturers outside the state delivered about 1 percent of the volume handled and the share of manufacturers outside the country was negligible. Two major manufacturers in the state accounted for about 95 percent of the volume handled, indicating a highly concentrated market.

The lowest slab of IML (Rs.250-349) accounted for about 60 percent of the volume and 47 percent the value of goods transacted. The remaining volume was spread over other four slabs with the last slab (over Rs.1200) accounting for about 2 percent of the volume and 6 percent of the value.

The average sales and duty realisation for IML was Rs.1434 and Rs.901 respectively and for beer Rs.451 and Rs.188 respectively.

### **2.3 Canalisation of Spirit**

The Corporation has extended its philosophy of allowing competitive market forces to play in canalisation of spirit. Manufacturers are allowed to indicate the quantity and price at which they are



willing to deliver spirit to the Corporation. Canalisation is based on merit order, except in cases where the buyer has a specific choice of a source.

During the financial year, the Corporation handled 46 lakh litres of spirit, out of which over 99 percent was rectified spirit, extra neutral alcohol and absolute alcohol. A very negligible quantity of malt spirit and other concentrates were handled.

## 2.4 Infrastructure

The Corporation took over 22 distribution depots and one whole sale depot from MSIL. During the year, six new depots were added, and presently every district except Bangalore (rural) and Chamarajanagar has a depot. To cater to the demand of Bangalore city and its environs, there are three depots.

Every depot is well equipped for continuous operations. An integrated financial and inventory accounting software, customised for the specific requirement of the Corporation is the backbone of operations. Depots are electronically linked to the head office, ensuring almost instantaneous two way transfer of data. Elimination of traditional movement of documents has resulted in efficiency and cost savings.

## 2.5 Financial Management

A sound and prudent financial management is a major strength of the Corporation.

A cash management system operated through four banks ensures that the amounts remitted by wholesale licencees at various depots are pooled at Bangalore within two days. A unique blend of short term deposit with a short term accommodation to tide over temporary mismatch of funds ensures that funds do not idle in the current account.

Payment is made to suppliers on specific days every week, which has reduced uncertainty in their cash flow. The Corporation has paid 99 percent of the amounts due to the suppliers on time.

The Company has established an internal audit system for all its depots and the head office. Enhancing the audit process and augmenting internal controls is an area of priority for the company.

## 2.6 Human Resources and Staff Welfare

The Corporation has drawn its staff on deputation from other sister public sector undertakings. Certain areas like depot accounting, internal audit, software development and maintenance and security services have been out sourced.

The year was marked by smooth inter-personnel relations with a high level of commitment exhibited by all employees.

## 2.7 Future Outlook

The first year of the Corporation has been a landmark year, as it has been successful in implementing government policy, earning appreciation from all quarters. As a recognition of this effort, government have gone ahead with complete canalisation of rectified/denatured spirit and entrusted this responsibility to the Corporation.

Given its commitment to the cause entrusted to it, the Directors are confident that the Corporation would play a meaningful role in reforms in this sector.

## 3. Directors

During the year Shri D Satyamurthy was appointed as a Director in place of Shri. S K Pattanayak. The Board wishes to place on record its appreciation of the valuable services and advice rendered by Shri S K Pattanayak during his tenure as a Director of your Company.

## 4. Corporate Governance

The Company has laid emphasis on corporate governance aspects. During the year spanning nine months, the Board of Directors met four times. One extraordinary general meeting of the shareholders was conducted to consider amendment to the Articles of Association as recommended by the government.

## 5. Directors' Responsibility Statement

As required under section 217 (2AA) of the Companies Act, 1956, your Directors state that –

- (i) in the preparation of Annual Accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;



- (ii) accounting policies have been selected and applied consistently and judgments and estimates have been reasonably and prudently made when required, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) proper and sufficient care has been taken 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; and
- (iv) the annual accounts for the financial year have been prepared on a going concern basis.

#### **6. Secretarial Compliance Certificate**

Since the paid up share capital of the company is Rs. 2 crores, it has obtained a secretarial compliance certificate from a Company Secretary in whole time practice as required by proviso to section 383 A of the Companies Act and the same is annexed to this report.

#### **7. Particulars of Employees**

During the year under review, there were no employees who were in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975. Hence no information is required to be appended to this report in this regard.

#### **8. Conservation of Energy, Technology Absorption and Foreign Exchange Earning/outgo**

The information required under section 217(1) (E) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is nil.

#### **9. Auditors and Auditors' Report**

M/s Karra & Company, Chartered Accountants, Bangalore, have been appointed as the Statutory Auditors of your Company for the year 2003-04. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The C & AG has expressed that he has Nil comments under Section 619(4) of the Companies Act, 1956 on the accounts of the Corporation for the period from 2nd June 2003 to 31<sup>st</sup> March 2004.

#### **10. Acknowledgements**

Your Directors would like to place on record the continued support and encouragement extended by

- the Government of Karnataka and other agencies;
- the Excise Commissioner and all staff of the Excise Department which resulted in the excellent performance of the Company;
- the bankers of the Company, namely, Canara Bank, Corporation Bank, ING Vysya Bank and UTI Bank;
- the dedicated services rendered by the employees of the Corporation; and
- the media for publicity and creating awareness amongst the public.

for and on behalf of the Board of Directors

Sd/-  
(K.P. Pandey)  
Chairman



## KARNATAKA STATE BEVERAGES CORPORATION LIMITED

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Method of Accounting :

- i) Financial statements have been prepared under the historical cost convention.
- ii) Accrual basis of accounting has been adopted except wherever otherwise stated.
- iii) Purchase and Sales Policy :
  - a) Manufacturer/supplier places an offer to supply liquor based on the demand prevailing in the respective locations. Thereafter, an Order for Supply is issued to the manufacturer/supplier. Goods so supplied are stacked in the depots of the Corporation at the risk and cost of the manufacturers. Manufacturers/suppliers undertake the responsibility for creating demand for the goods supplied to the Corporation. Price for the supply is paid after sale of such supply has been done. Stocks lying unsold in the depots of the Corporation are subject to levy of demurrage charges which are collected from the manufacturers periodically.
  - b) Stocks are issued to the whole sale licencees after receipt of full value of the goods. Credit sale from the Whole sale Depot of the Corporation is permitted for a period of 15 days' in respect of MSIL and other registered clubs and institutes.
- iv) Income recognition :
  - a) Sales : Sales are recognised on invoicing and clearance of the goods from the depots. Sales do not include Inter-depot transfers.
  - b) Interest : Interest earned on advance and on fixed deposits with Banks are accounted on accrual basis.

#### 2. Fixed Assets and Depreciation :

- a) Fixed Assets :

Fixed Assets and leasehold improvements are stated at cost less accumulated depreciation. Intangible assets are recorded at the consideration paid for acquisition.
- b) Depreciation :
  - i) Depreciation is calculated on straight-line method adopting the rates specified in the Companies Act, 1956 except in the following cases :
    - Computer software classified as intangible assets, is being written off over a period of three years being the estimated useful life of the asset.
    - Leasehold improvements are written off over the period of the lease.



ii) Depreciation in respect of additions is charged proportionately for the period from the date of its addition.

iii) Assets costing Rs. 5,000/- or less individually are depreciated fully.

c) Preliminary Expenses :

Expenditure incurred towards incorporation of the Corporation is treated as Preliminary Expense and written off over a period of three years.

d) Pre-Operative Expenses :

All expenses incurred from the date of incorporation of the Corporation till the date of commencement of commercial operation is treated as "Pre-operative Expense" and amortised over a period of three years.

### **3. Valuation of Inventories :**

Stocks taken over from MSIL are valued at KSBCL's prices prevalent as at the end of 31st March 2004.

### **4. Personnel :**

The Corporation has personnel deputed from other State Government Organisations. In respect of these personnel, the Company has made remittances towards, leave salary, pensions, provident fund, Gratuity and ESI Contribution to the respective parent organisations.

### **5. Deferred Taxation :**

The timing differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax liability/asset is recognised. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised.

### **6. Contingencies :**

Contingent liabilities are provided for if there are reasonable prospects of such liabilities maturing.





**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**Balance Sheet as at 31<sup>st</sup> March 2004**

SI No	PARTICULARS	SCH	As at 31.03.2004	Amt. in Rs.
I	SOURCES OF FUNDS			
	<b>1. Shareholders' Funds</b>			
	a) Capital	A	20,000,000	
	b) Reserves & Surplus	B	2,658,326	22,658,326
	<b>2. Loan Funds</b>			
	a. Secured Loans	C	54,631,607	
	b. Unsecured Loans	D	27,853,718	82,485,325
	<b>3. Deferred tax Liability</b>			465,885
	<b>TOTAL :</b>			<b>105,609,536</b>
II	APPLICATION OF FUNDS			
	<b>1. Fixed Assets</b>	E		
	a) Gross Block		17,953,925	
	b) Less : Depreciation		4,118,564	
	c) Net Block			13,835,361
	<b>2. Investments</b>		--	
	<b>3. Current assets, loans &amp; advances</b>			
	a) Inventories		33,028,046	
	b) Sundry Debtors	F	10,196,520	
	c) Cash & bank balances	F	523,637,784	
	d) Loans & advances	G	175,446,835	
			742,309,185	



Less :				
<b>Current liabilities &amp; provisions</b>	H			
a) Current liabilities			592,263,868	
b) Provisions			58,794,389	
			651,058,257	
<b>Net current assets</b>				91,250,928
<b>4. Miscellaneous expenditure to the extent not written off or adjusted</b>				
a) Preliminary Expenses			239,333	
b) Pre-operative Expenses			283,914	523,247
<b>Total</b>				<b>105,609,536</b>

As per our report of even date  
for Karra & Co  
Chartered Accountants  
sd/-  
**(R. Sivakumar)**  
Partner

sd/-  
**(R. Ramaseshan)**  
Managing Director

sd/-  
**(K.P. Pandey)**  
Chairman

Place : Bangalore  
Date : 08.11.2004



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 2.6.2003 TO 31.3.2004**

SI No	PARTICULARS	SCH	Current year	Amt. in Rs.
<b>I.</b>	<b>1. INCOME</b>			
	a) Sales of IML/BEER		12,972,950,265	
	b) Sale of Spirit		97,021,763	
				13,069,972,028
	<b>2. Cost of Sales</b>			
	Opening Stock			
	Purchase (IML/BEER)		12,747,838,715	
	Purchase (RS)		95,397,083	
	Less : Depot Damages		1,066,760	
			12,842,169,038	
	Closing Stock (MSIL)		33,028,046	
	Cost of Sales			12,809,140,992
	Gross Margin			260,831,036
	<b>OTHER INCOME</b>			
	1) Interest on Advance to Distilleries		14,551,145	
2) Interest on Bank deposits		9,312,334		
3) Miscellaneous receipts		63,954		
4) Storage Fee		14,971,239	38,898,672	
<b>Total - A</b>			299,729,708	
<b>II.</b>	<b>EXPENDITURE</b>			
	1) Administrative & General Expenses	I	73,374,510	
	2) Managerial Remuneration	J	666,891	



3) Finance Charges	K	2,162,581	
4) Depreciation		4,118,564	
5) Privilege Fee to Govt of Karnataka		215,000,000	
6) Miscellaneous expenses written off		261,624	
<b>TOTAL - B</b>			295,584,170
7) Profit for the year (A – B)			4,145,538
8) Less : Provision for tax			
a) Current Tax		1,021,328	
b) Deferred Tax		465,884	
9) Profit after Tax			1,487,212
10) Balance transferred to General Reserve			2,658,326
11) Earning per share (Face Value of Rs.1000/- each)			
a) Basic			5,317
b) Diluted			133
12) Notes to accounts	L		

As per our report of even date  
for Karra & Co  
Chartered Accountants  
sd/-  
**(R. Sivakumar)**  
Partner

sd/-  
**(R. Ramaseshan)**  
Managing Director

sd/-  
**(K.P. Pandey)**  
Chairman

Place : Bangalore  
Date : 08.11.2004



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**CASH FLOW STATEMENT FOR 2003–2004**

<b>Cash flows from operating activities</b>	(Rs.in lakhs)	
Net profit before taxation and extraordinary items		41.46
Adjustments for		
Depreciation & misc. expenses written off		43.80
Interest income		(238.00)
Dividend income		
Interest expenses		21.63
Operating profit before working capital changes		(131.11)
Increase in sundry debtors		(101.96)
Increase in inventories		(330.28)
Increase in sundry creditors		5,914.17
Increase in outstanding expenses		577.73
Increase in current assets and advances		(1,658.81)
Cash generated from operations		4,269.74
Income taxes paid		95.66
Cash flow before extraordinary item		4,174.08
Proceeds from earthquake disaster settlement		
Net cash from operating activities		4,174.08
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(179.54)	
Proceeds from sale of equipment		
Interest received	238.63	59.09
Dividends received		
Net cash from investing activities		
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	200.00	
Proceeds from long term borrowings	824.85	
Repayment of long term borrowings		
Interest paid	(21.63)	
Dividend Paid	—	
<b>Net cash used in financing activities</b>		1,003.22
<b>Net increase in cash and cash equivalents</b>		5,236.39
<b>Cash and cash equivalents at beginning of period</b>		
<b>Cash and cash equivalents at end of period</b>		5,236.39

As per our report of even date  
for Karra & Co  
Chartered Accountants

sd/-  
**(R. Sivakumar)**  
Partner

Place : Bangalore  
Date : 08.11.2004

sd/-  
**(R. Ramaseshan)**  
Managing Director

sd/-  
**(K.P. Pandey)**  
Chairman



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SCHEDULE - A**  
**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**SHARE CAPITAL**

	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>
<b>1</b>	<b>AUTHORISED</b>  50000 Equity Shares of Rs. 1000/- each	50,000,000
<b>2</b>	<b>ISSUED, SUBSCRIBED AND PAID UP</b>  500 Equity Shares of Rs. 1000/- each  Share application money received pending allotment	500,000  19,500,000
	<b>Total</b>	<b>20,000,000</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SCHEDULE - B**  
**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**RESERVES & SURPLUS**

	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>
A	<b>GENERAL RESERVE :</b>  Transferred from Profit and Loss Account	  2,658,326
	<b>Total</b>	<b>2,658,326</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - C**

**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**BORROWINGS - SECURED**

<b>SI No</b>	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>
A	UTI Bank	54,631,607*
	<b>TOTAL</b>	<b>54,631,607</b>

\*Secured against fixed deposits with the bank amounting to Rs.30 crores





**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - D**

**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**BORROWINGS - UNSECURED**

<b>SI No</b>	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>
A	Government loans	
	Government of Karnataka	27,853,718
	<b>TOTAL</b>	<b>27,853,718</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SCHEDULE - E**  
**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**FIXED ASSETS**

(Rupees)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 1st April 2003	Additions	Deletions	As at 31st March 2004	Up to 31st March 2003	For the Year	Deletions	Up to 31st March 2004	As at 31st March 2004	As at 31st March 2003
1	2	3	4	5	6	7	8	9	10	11	12
1	Office equipments		688,458		688,458		54,414		54,414	634,044	
2	Computer Equipments		5,660,883		5,660,883		494,992		494,992	5,165,891	
3.	Furniture and fixtures		4,883,045		4,883,045		1,737,175		1,737,175	3,145,870	
4.	Fire fighting Equipment		478,125		478,125		233,699		233,699	244,426	
5.	Handling Equipment		935,000		935,000		10,170		10,170	924,830	
6.	Vehicle		673,420		673,420		43,117		43,117	630,303	
7.	Computer Software		2,232,652		2,232,652		744,217		744,217	1,488,435	
8.	Lease hold Improvement		2,402,342		2,402,342		800,780		800,780	1,601,562	
	<b>Total</b>		<b>17,953,925</b>		<b>17,953,925</b>		<b>4,118,564</b>		<b>4,118,564</b>	<b>13,835,361</b>	



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SCHEDULE - F**  
**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**CURRENT ASSETS**

PARTICULARS		Amt. in Rs.	
<b>I</b>	<b>SUNDRY DEBTORS, UNSECURED AND CONSIDERED GOOD</b>		
	Amount receivable from Wholesalers		
a)	More than six months	2,111,444	
b)	Less than six months	3,604,228	
	Interest receivable from banks	4,075,658	
	Hire Charges receivable	8,297	
	TDS Interest paid to Distilleries	221,187	
	Goods-in-transit	175,706	10,196,520
<b>II</b>	<b>CASH AND BANK BALANCES</b>		
	Cash on Hand	120,279	
	Cash In Transit	35,500	
	Canara Bank	5,570,124	
	Canara Bank - Short term Deposit	100,000,000	
	Corporation Bank	4,979,149	
	Corporation Bank - Short Term Deposit	10,300,000	
	UTI Bank - Short term Deposit	300,000,000	
	ING Vysya Bank	6,251,150	
	Cheques in hand	96,381,582	523,637,784



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - G**

**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**LOANS AND ADVANCES**

SI No	PARTICULARS	Amt. in Rs.	
	Advances recoverable in cash or in kind or for value to be received and considered good		
<b>A</b>	<b>ADVANCE INCOME TAX</b>		9,566,000
	TDS and Interest recovered on FD		1,909,027
<b>B</b>	<b>UNSECURED ADVANCES :</b>		
	Advance to staff- Pay	8,430	
	Advance to staff - Travelling	17,590	
	Advance Rent	11,400,492	11,426,512
<b>C</b>	<b>SECURED ADVANCE</b>		
	Advance to Distilleries		149,424,895
<b>D</b>	<b>DEPOSITS</b>		
	Deposit Paid	6,975	
	Telephone Deposit	175,103	182,078
<b>E</b>	<b>PREPAID EXPENSES</b>		2,938,323
	<b>TOTAL</b>		<b>175,446,835</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - H**

**FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2004**

**CURRENT LIABILITIES AND PROVISIONS**

SI No	PARTICULARS	Amt. in Rs.	
<b>A</b>	<b>CURRENT LIABILITIES :</b>		
	Sundry Creditors - Distilleries	564,666,675	
	Sundry Creditors - RS Distilleries	26,413,474	
	Sundry Creditors - Suppliers	337,010	591,417,159
	Miscellaneous Deposit	591,818	
	Deposits received from Suppliers and others	90,312	
	Receipts on behalf of Others	164,579	846,709
			592,263,868
<b>B</b>	<b>PROVISIONS :</b>		
	Privilege Fee Payable to Govt of Karnataka	35,400,000	
	Rent and Hire charges	8,719,082	
	Establishment expenses	2,852,502	
	TDS - Establishment and Supplies & Services	846,503	
	TCS payable	9,954,974	
	Income Tax Payable	1,021,328	58,794,389
	<b>TOTAL</b>		<b>651,058,257</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SCHEDULE - I**  
**FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD**  
**ENDED 31<sup>ST</sup> MARCH 2004**

**ADMINISTRATIVE AND GENERAL EXPENSES**

SI No	PARTICULARS	Amt.in Rs	
	<b>ESTABLISHMENT EXPENSES</b>		
1	Salaries and Wages	19,715,799	
2	Employers contribution to Provident Fund	1,507,089	
3	Employers contribution to ESI	25,087	
4	Travelling Expenses	1,084,565	
5	Conveyance Expenses	257,563	
6	Staff Training Expenses	55,400	
7	Entertainment Expenses - Staff	362,400	
8	Medical Expenses	486,901	
9	Remuneration for Security Services	3,274,092	
10	Leave Salary Contribution	1,055,648	
11	Pension Contribution	701,102	
12	Gratuity Contribution	672,932	29,198,578
	<b>GENERAL EXPENSES</b>		
13	Rent	20,011,857	
14	Rates and Taxes	876,408	
15	Books and Periodicals	77,361	
16	Computer Consumables	588,498	
17	Entertainment Expenses	171,367	
18	Electricity Charges	450,415	
19	Printing and Stationery	1,597,695	
20	Postage and Courier	246,134	
21	Telephone Expenses	2,182,317	
22	Hire Charges	1,427,746	
23	Water Charges	112,560	



24	Donations	55,000	
25	Office Expenses	953,891	
26	Expenses to Auditors	16,686	
27	Statutory Auditors Remuneration	110,200	
28	Out of Pocket Expenses-Statutory Auditors	29,396	
29	Tax Audit Fees	22,040	
30	Internal Audit Fees	801,360	
31	Advertisement and Publicity	366,076	
32	Professional and Legal Charges	6,070,490	
33	Insurance Others	5,723	
34	Insurance on Vehicles and Machinery	1,966,342	
35	Miscellaneous Expenses	328,494	
36	Consultancy Charges	574,567	39,042,622
	<b>MAINTENANCE EXPENSES</b>		
37	Repairs and Maintenance of Buildings	159,121	
38	Repairs and Maintenance of Computer Equipment	8,741	
39	Repairs and Maintenance of Furniture and Fixtures	4,084	
40	Repairs and Maintenance of Office Equipment	13,560	
41	Repairs and Maintenance of others	71,325	
42	Repairs and Maintenance of Motor Vehicles	58,740	315,571
	<b>OTHERS</b>		
43	Development Expenses	276,158	
44	Data Processing Charges	1,146,367	
45	Packing Forwarding and Freight	1,674,267	
46	Storage Charges	10,147	
47	Discount Allowed	549,274	
48	Expenses on Board Meeting	2,025	
49	Expenses on Depot Managers Meeting	92,740	
50	Depot Damages	1,066,760	4,817,739
	<b>TOTAL</b>		<b>73,374,510</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - J**

**FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD**

**ENDED 31<sup>ST</sup> MARCH 2004**

**MANAGERIAL REMUNERATION**

	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>	
<b>A</b>	<b>WHOLETIME DIRECTORS (MD) :</b>		
	Salary and Allowances	407,699	
	Travelling Expenses	172,803	
	Reimbursement of Medical Expenses	747	
	Leave Salary Contribution	24,992	
	Pension Contribution	46,249	652,490
<b>B</b>	<b>OTHER DIRECTORS :</b>		
	TA and Conveyance Allowance	12,901	
	Sitting Fees	1,500	14,401
	<b>TOTAL</b>		<b>666,891</b>





**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**SCHEDULE - K**

**FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD**

**ENDED 31<sup>ST</sup> MARCH 2004**

**FINANCE CHARGES**

	<b>PARTICULARS</b>	<b>Amt. in Rs.</b>
1	Interest paid on Overdraft	1,615,712
2	Bank charges	30,294
3	Expenses on availment of loan	31,410
4	Interest paid to MSIL	485,165
	<b>TOTAL</b>	<b>2,162,581</b>



## KARNATAKA STATE BEVERAGES CORPORATION LIMITED

### SCHEDULE - L

#### FORMING PART OF 2003-2004 ACCOUNTS

##### NOTES ON ACCOUNTS:

1. Nature of Operations:

The Company set up as a Government of Karnataka undertaking to canalise sales of IML and Beer in the State was incorporated on 2.6.2003. Canalising of RS sales through the company was also effected in a limited manner from 01.11.2003.

2. Contingent Liability not provided for: Rs. NIL

3. Consequent to setting up of KSBCL, physical verification of MSIL stocks in the Depots was conducted by the Institute of Cost & Works Accountants of India, Bangalore Chapter, from 19<sup>th</sup> June to 21<sup>st</sup> June, 2003 in the presence of the MSIL representative and an official from the Excise Department. The Institute classified the inventory as: (i) saleable stocks Rs. 15.95 crores; (ii) slow/non moving stocks to the extent of Rs.5.36 crores and damaged/missing stocks amounting to Rs. 0.45 crore respectively.

Pending treatment of account in respect of damaged/missing stocks of stocks, KSBCL took over the available stocks amounting to Rs.20.84 crores as per the MSIL stock ledger value on 1<sup>st</sup> July 2003. MSIL has been informed of the results of physical verification of stocks.

4. Consequent to reduction in duties, the selling prices of IML and beer were revised with effect from 01.07.2003. As a result, MSIL stocks to the extent of Rs.11.39 crores has been sold during the year 2003-2004 at reduced rates. The loss on account of: (i) sales at reduced rates amounting to Rs. 3.65 crores; and (ii) revaluation of closing stock at KSBCL's price as on 31<sup>st</sup> March 2004 amounting to Rs.2.49 crores will be borne by MSIL as per Government of Karnataka letter No.FD 14 PES 2004 dated 27.03.2004.

5. (a) KSBCL as custodian of stocks delivered by Manufacturers/Suppliers, held inventory of 877245 CBs amounting to Rs.103.20 crores in its godowns on behalf of Manufacturers/Suppliers as at the end of 31<sup>st</sup> March 2004.

(b) Following are inventory particulars:

	Qty. in CBs	Value (Rs. in crores)
i. Opening Stock	Nil	Nil
ii. Purchases	12364519	1274.78
iii. Sales	12336460	1297.30
iv. Shortages/Damages	1066	0.11
v. Closing Stock	26993	3.30



6. Bank balances include an amount of Rs.32.40 crores due to the suppliers of liquor & beer towards value of sales effected for the period from 25.03.2004 to 31.03.2004; but paid on 3<sup>rd</sup> April, 2004.
7. Letters seeking confirmation of balances as on 31.03.2004 in respect of Sundry Creditors and Advance to Distilleries have been sent and their response is awaited.
8. There are no earnings and/or outgo in foreign exchange.
9. Stock includes items taken over from MSIL on 01.07.2003. Goods supplied by manufacturers against Orders for Supplies are held in the custody at the depots of the Corporation. The Company has a policy of levying demurrage on slow moving stocks which are more than two months but less than three months old at the rate of Re.1/- per carton box per month and in respect of stocks which are more than three months old, at a rate of Rs.2/- per carton box per day.
10. This being the first year of the Company, previous year's figures do not arise.
11. The Manufacturers and Suppliers are paid to the extent of sale of their products every week. Hence, there are no dues beyond 30 days to small scale industries.
12. Consequent to preliminary comments/observations of the Comptroller & Auditor General, the Company has effected revision in the following items:
  - (i) Value of non-MSIL Stocks amounting to Rs.103.20 crores has been removed from the books of accounts - Refer Note. No.5(a).
  - (ii) Stock taken over from MSIL has been valued at KSBCL's price prevalent as at the end of 31<sup>st</sup> March 2004 resulting in a loss of Rs.2.49 crores to be absorbed by MSIL – Refer Note No. 4.
  - (iii) Demurrage charges amounting to Rs.12.63 lakhs on MSIL stocks taken over originally debited to MSIL A/c has been reversed.
  - (iv) Administrative & General Expenses have undergone change with creation of provision towards leave salary contribution amounting to Rs.8.58 lakhs and electricity charges amounting to Rs.1.60 lakhs respectively.
  - (v) Assets costing Rs.5000/- or less individually is now written off by charging full depreciation amounting to Rs.20.65 lakhs duly withdrawing excess depreciation of Rs.0.44 lakh.
  - (vi) On account of the above revisions, the current assets have reduced by Rs.105.12 crores and current liabilities by Rs.105.32 crores respectively. Additional provision to Profit & Loss Account is Rs.43.06 lakhs.
13. In pursuance of Government of Karnataka Notification No.FD 14 PES 2004 dated 02.11.2004, Company made an additional provision of Rs.3.54 crores towards privilege fee payable to Government as against Rs.3.99 crores originally provided for.



14. Net Impact of revision of accounts is the increase in pre-tax profit from Rs.38.95 lakhs to Rs.41.46 lakhs.

15. Related Party Disclosure :

Key Management Personnel:

Managing Director – Remuneration: Rs.6,52,490/- for the year 2003-04.

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**Signatories to Accounting Policies and Schedules “A” to “L”**

As per our report of even date  
for Karra & Co  
Chartered Accountants

sd/-  
**(R. Sivakumar)**  
Partner

sd/-  
**(R. Ramaseshan)**  
Managing Director

sd/-  
**(K.P. Pandey)**  
Chairman

Place : Bangalore  
Date : 08.11.2004



**KARRA & CO.,  
CHARTERED ACCOUNTANTS**

**No. 27, II Floor,  
Anand Chambers,  
Elephant Rock Road,  
Jayanagar III Block,  
Bangalore – 560 011  
Ph. – 26651762 / 26539240**

### **AUDITORS' REPORT**

We had earlier given our report dated 10<sup>th</sup> September 2004 on the Balance sheet of **Karnataka State Beverages Corporation Limited (The Company)** as at 31<sup>st</sup> March 2004 and the Profit & Loss Account and the Cash Flow statement of the Company for the period from 02.6.2003 to 31.03.2004 on that date duly approved by the Board of Directors on 10<sup>th</sup> September 2004.

We had also given another report dated 30<sup>th</sup> October 2004 on the revised Balance sheet of **Karnataka State Beverages Corporation Limited (The Company)** as at 31<sup>st</sup> March 2004 and the revised Profit & Loss Account and the revised Cash Flow statement of the Company for the period from 02.6.2003 to 31.03.2004 on that date duly approved by the Board of Directors on 29<sup>th</sup> October 2004 on the basis of the observations on the said accounts by the Comptroller & Auditor General as was indicated in Para 12 of Notes on accounts.

Subsequent to the above two reports, the Company has in the light of observations of the Comptroller & Auditor General and after obtaining the approval of authority for the payment of privilege fees payable to Government of Karnataka has reclassified and renumbered the notes on account as Note No. 12 (Observations of the Comptroller & Auditor General) & Note no. 13 (relating to Privilege fee) of the Notes on accounts. The Company has also added Note No. 14 disclosing the effect on the Pre tax Profits, subsequent to the revision carried out in the accounts dated 29.10.2004.

We have audited the attached Balance Sheet of **Karnataka State Beverages Corporation Limited (The Company)** as at 31<sup>st</sup> March 2004 and the Profit and Loss Account and Cash Flow Statement of the Company for the period from 02.6.2003 to 31.03.2004 on that date annexed there to incorporating the reclassified and renumbered Notes on Accounts as approved by the Board of Directors on 8<sup>th</sup> November 2004. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) and 4(D) and of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in the paragraph 4 and 5 of the said order.

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

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.



2. In our opinion, proper books of accounts, as required by law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2004, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2004 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
6. Subject to the following
  - a. *Note No. 07 in Notes on accounts pertaining to non confirmation of balances of sundry creditors and Advances to Distilleries,*
  - b. *Note 14 on the net increase in the profits before tax to the extent of Rs 250,297/- and the other changes in the items viz Inventories, Sundry Creditors, Fixed Assets and Deferred Taxes in the Balance Sheet after the said revision as carried out on 29.10.2004.*
  - c. *There is no impact on any of the items in Balance Sheet, Profit & Loss Account & Cash Flow Statement on account of the reclassification and renumbering the Notes on Accounts*

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2004;
- b. in the case of Profit and Loss Account of the Profit for the period ended on that date; and
- c. in the case of the Cash Flow Statement, of the Cash flows for the period ended on that date.

For KARRA & Co.,  
Chartered Accountants  
Sd/-  
R. Sivakumar  
Partner

Place: Bangalore  
Date: 08<sup>th</sup> November 2004



## **ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in the Auditors' report to the Members of  
Karnataka State Beverages Corporation Limited for the period ended 31<sup>st</sup> March 2004.**

### **1. FIXED ASSETS:**

- (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a substantial part of its fixed assets.

### **2. INVENTORIES:**

- (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification. Such discrepancies as were noticed have been properly dealt with in the books of accounts;

### **3. TRANSACTION WITH PARTIES UNDER SECTION 301 OF THE COMPANIES ACT, 1956.**

- (a) The company has neither granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) As the company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act, points 4 (iii)(b) to (d) are not applicable.

- 4. In our opinion and as per the information and explanations furnished to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



5. There are no transactions that need to be entered into a register in pursuance of Section 301 of the Act. In view of the fact that there are no transactions that need to be entered into a register in pursuance of section 301 of the Act, point 5(b) is not applicable.
6. The company has not accepted deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58 AA of the Companies Act, and the rules framed thereunder are not applicable.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (1) of section 209 of the Act.
9. **STATUTORY DUES:**
  - (a) As per information and explanations furnished to us and on the basis of our examination of the books of accounts, the company has personnel deputed from other state government organisations, in respect of whom all statutory payments with regard to Provident Fund and Employees' State Insurance, have been made to the parent organisations. The company is generally regular in depositing undisputed statutory dues relating to Income-tax, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of dues of sales tax / income-tax / custom tax/ wealth tax/ excise duty/ cess were in arrears as at 31.3.2004 for a period of more than six months from the date they became payable.
10. There are no accumulated losses and the company has not incurred cash losses during the financial year covered by our audit.
11. The Company has not defaulted in repayment of dues to a Financial Institution or bank or debenture holders
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund / nidhi / mutual benefit fund / society. Hence, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable





14. The company is not dealing or trading in shares, securities, and debentures and other investments.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not obtained any term loan during the period under audit.
17. According to the Cash Flow Statement and other records examined by us and information and explanation given to us, on an overall basis, funds raised on short term basis have prima facie not been used for long term investment and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The company has not issued debentures hence no securities have been created.
20. No money has been raised by public issues by the company.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For KARRA & Co.,  
Chartered Accountants  
Sd/-  
R. Sivakumar  
Partner

Place: Bangalore  
Date: 08<sup>th</sup> November 2004



### Indian Audit and Accounts Department

Office of the Principal Accountant General (Audit) I Karnataka,  
'C' Block, New Building, P.B. No. 5398,  
Bangalore - 560 001. Ph : 22269591 / Fax : 080-22380014  
E-mail : pragkar@vsnl.com

CAW/CA-I/2004-05/K-262(2)/116

10 November 2004

The Managing Director  
Karnataka State Beverages Corporation Limited,  
2nd Floor, Trade Centre,  
116/2, Race Course Road,  
Bangalore - 560 001

Sir,

**Sub : Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Karnataka State Beverages Corporation Limited, BANGALORE for the period from 2nd June 2003 to 31st March 2004.**

I am to forward herewith Nil comments under Section 619(4) of the Companies Act, 1956 on the accounts of **Karnataka State Beverages Corporation Limited, BANGALORE** for the period from **2nd June 2003 to 31st March 2004**.

2. A copy of the proceedings of the Annual General Meeting adopting the certified accounts, Auditors' Report thereon and the Comments of the Comptroller and Auditor General of India may be forwarded to this office immediately after the conclusion of the Annual General Meeting. Six copies of the printed Annual Reports may also be sent to this office.

3. Receipt of the letter and the enclosures may please be acknowledged.

Yours faithfully,

Sd/-

(K.P. LAKSHMANA RAO)

PR. ACCOUNTANT GENERAL (AUDIT)-I  
KARNATAKA, BANGALORE



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KARNATAKA STATE BEVERAGES CORPORATION LIMITED, BANGALORE FOR THE PERIOD FROM 2nd JUNE 2003 TO 31st MARCH 2004.**

“In view of the revisions made in the accounts as a result of the observations made by the Comptroller and Auditor General of India as indicated in Para 1 of the Auditors’ Report to the Shareholders and Note No. 12 of notes forming part of accounts, there are no further comments to offer upon or supplement to the Auditors’ Report under Section 619(4) of the Companies Act, 1956 on the accounts of Karnataka State Beverages Corporation Limited, Bangalore for the period from 2nd June 2003 to 31st March 2004”.

Sd/-  
(K.P. LAKSHMANA RAO)  
PR. ACCOUNTANT GENERAL (AUDIT)-I  
KARNATAKA, BANGALORE

Bangalore  
Dated : 10th November 2004





## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to part IV of schedule VI to the Companies Act 1956)

### I Registration Details

Registration No. 

0	8	-	3	2	0	3	3
---	---	---	---	---	---	---	---

 State Code 

0	8
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	0	4
---	---	---	---

### II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue 

N	I	L
---	---	---

 Right Issue 

N	I	L
---	---	---

Bonus issue 

N	I	L
---	---	---

 Private placement 

N	I	L
---	---	---

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 

0	0	1	0	5	6	1	0
---	---	---	---	---	---	---	---

 Total Assets 

0	0	1	0	5	6	1	0
---	---	---	---	---	---	---	---

#### Source of Funds

Paid-up Capital 

0	0	2	0	0	0	0
---	---	---	---	---	---	---

 Reserves & Surplus 

0	0	0	0	2	6	5	8
---	---	---	---	---	---	---	---

Secured Loans 

0	0	0	5	4	6	3	2
---	---	---	---	---	---	---	---

 Unsecured Loans 

0	0	0	2	7	8	5	4
---	---	---	---	---	---	---	---

DTL 

1	1	9	0
---	---	---	---

#### Application of Funds

Net Fixed Asset 

0	0	0	1	3	8	3	5
---	---	---	---	---	---	---	---

 Investment 

0	0	0	0	0	0	0
---	---	---	---	---	---	---

Net Current Assets 

0	0	0	9	1	2	5	1
---	---	---	---	---	---	---	---

 Misc. Expenditure 

5	2	3
---	---	---

Accumulated Losses 

N	I	L
---	---	---

### IV Performance of Company (Amount in Rs. Thousands)

Turn Over 

1	3	0	6	9	9	7	2
---	---	---	---	---	---	---	---

 Total Expenditure 

0	0	2	9	5	5	8	4
---	---	---	---	---	---	---	---

Profit Before Tax 

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

 Profit/Loss After Tax 

0	0	0	2	6	5	8
---	---	---	---	---	---	---

Earnings per share in Rs. 

1	3	3
---	---	---

 Dividend Rate % 

0	0	0
---	---	---

### V Generic Names of Three Principal Products/Services of Company

Item code No. 

N	I	L
---	---	---

Product Description 

I	M	L	/	B	E	E	R	/	S	P	I	R	I	T
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---





## **TRENDS & PERFORMANCE HIGHLIGHTS 2003-04**







**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**ABSTRACT OF SALES PERFORMANCE FROM JULY'03 TO MARCH '04**

Qty : in CBs  
 Value Rs.in lakhs

**IML & BEER SALES PERFORMANCE FROM JULY'03 TO MARCH'04**

MONTH	IML		BEER		TOTAL VALUE
	QTY	VALUE	QTY	VALUE	
JUL	600362	9160.94	449299	2029.60	11190.54
AUG	756054	11287.06	425115	1912.03	13199.09
SEP	771836	11659.05	496196	2237.68	13896.73
OCT	830715	12633.72	585810	2641.33	15275.05
NOV	756760	11388.13	554557	2508.07	13896.20
DEC	873755	13606.96	625268	2830.40	16437.36
JAN	819258	12321.53	606916	2745.75	15067.28
FEB	772176	11499.95	667073	3017.96	14517.91
MAR	852848	12223.81	892462	4025.53	16249.34
<b>TOTAL</b>	<b>7033764</b>	<b>105781.15</b>	<b>5302696</b>	<b>23948.35</b>	<b>129729.50</b>

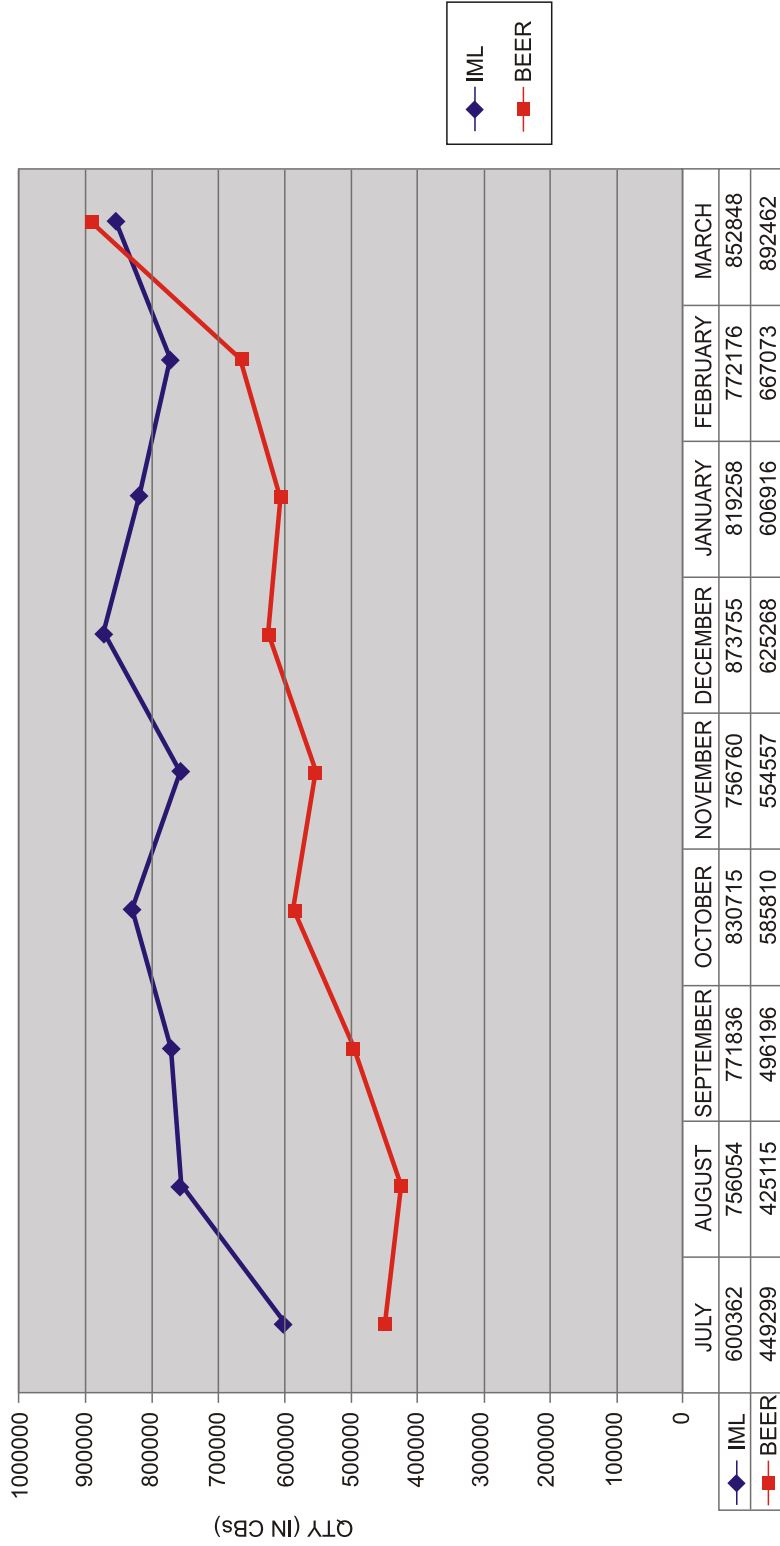
Qty : in Bulk Litres  
 Value in Rs.lakhs

**SPIRIT SALES PERFORMANCE FROM JANUARY'04 TO MARCH'04**

MONTH	RECTIFIED SPIRIT		DENATURED SPIRIT		TOTAL VALUE
	QTY	VALUE	QTY	VALUE	
JAN	1432500	281.37	110500	16.06	297.43
FEB	1713200	337.67	115000	17.51	355.18
MAR	1114475	290.81	133000	26.80	317.60
<b>TOTAL</b>	<b>4260175</b>	<b>909.85</b>	<b>358500</b>	<b>60.36</b>	<b>970.22</b>

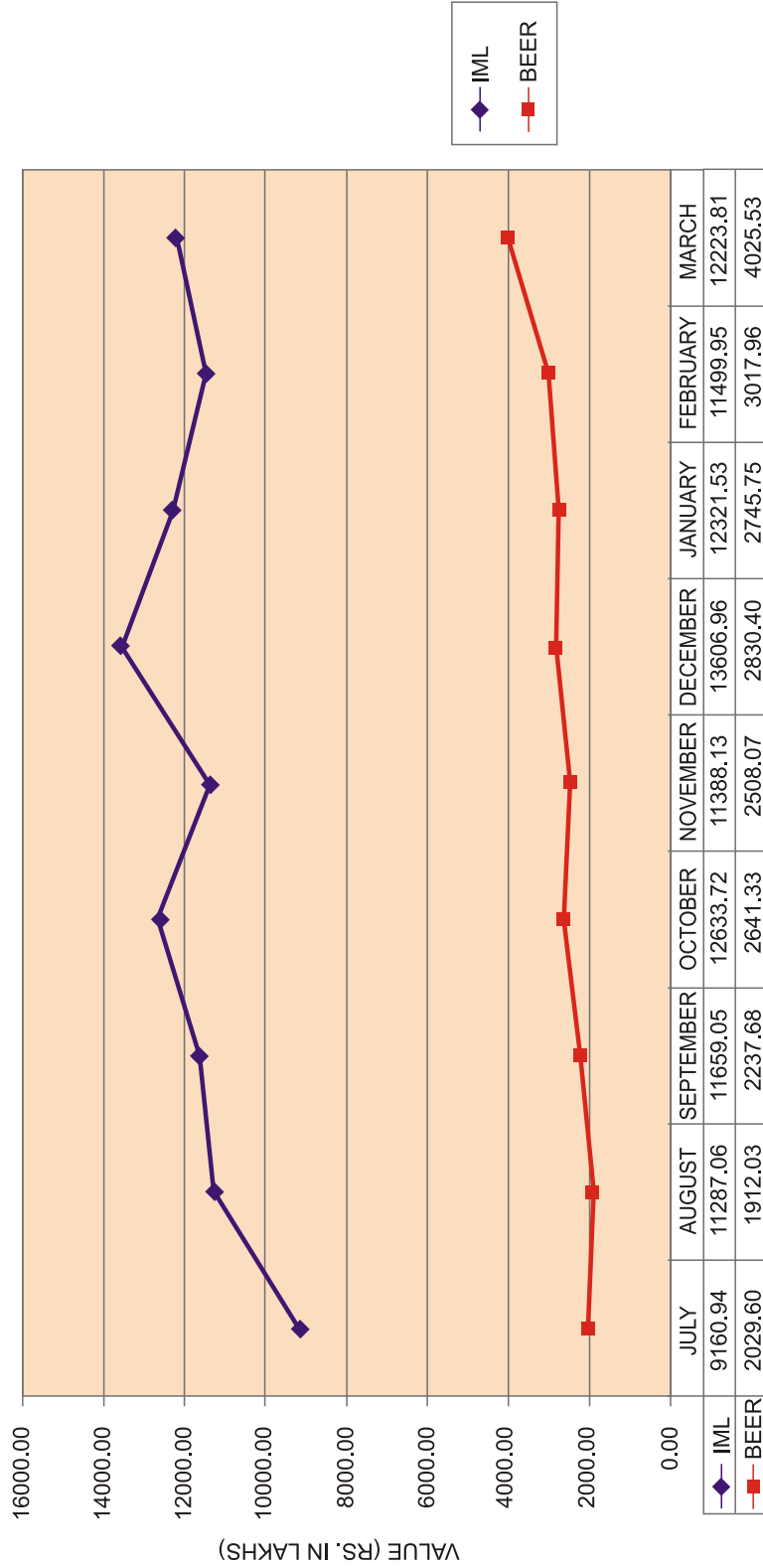


**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
 MONTHLYWISE IML & BEER SALES PERFORMANCE FROM JULY 2003 TO MARCH 2004  
 (QUANTITY : IN CBs)

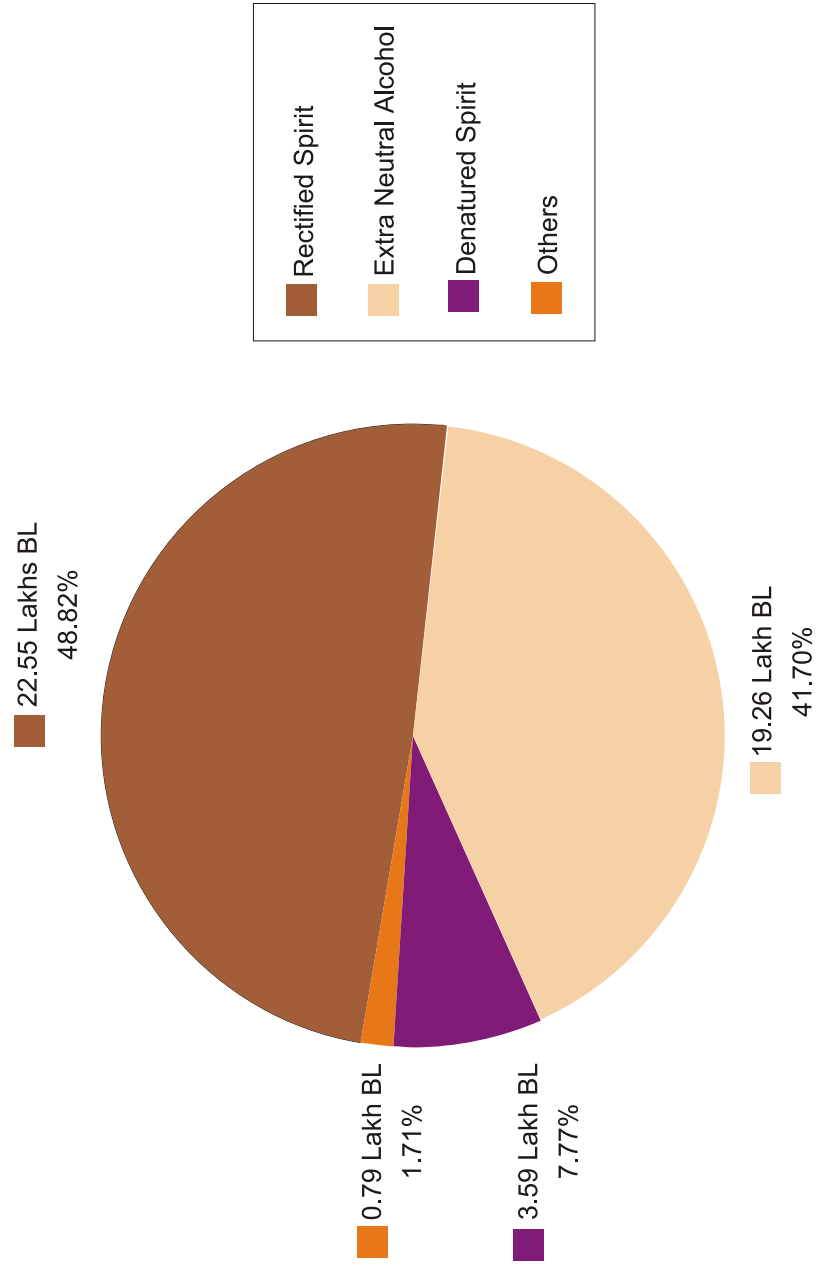




**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
 MONTHLYWISE IML & BEER SALES PERFORMANCE FROM JULY 2003 TO MARCH 2004  
 (VALUE :RS. IN LAKHS)



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**PRODUCTWISE COMPOSITION OF SPIRIT SALES**  
**FOR THE PERIOD JANUARY '04 TO MARCH '04**  
**QUANTITY IN LAKH BULK LITRES**





**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**DEPOTWISE SALE OF IML & BEER FOR THE PERIOD JULY '03 TO MARCH '04**

QTY : in CBs  
 VALUE : Rs in Lakhs

DEPOT	IML		BEER		TOTAL VALUE	Value in %
	Qty	Value	Qty	Value		
MYSORE ROAD	1169315	18698.23	815969	3620.42	<b>22318.65</b>	17.20
PEENYA	923516	13748.49	894813	3955.26	<b>17703.75</b>	13.65
PLATFORM ROAD	911969	14019.84	546010	2438.20	<b>16458.04</b>	12.69
MANGALORE	392509	5596.93	360416	1570.92	<b>7167.85</b>	5.53
MYSORE	374545	5813.60	207446	916.87	<b>6730.47</b>	5.19
BELGAUM	308926	4358.30	259703	1245.35	<b>5603.65</b>	4.32
UDUPI	255097	3505.56	206176	913.21	<b>4418.77</b>	3.41
GULBARGA	242694	3462.04	200943	947.35	<b>4409.39</b>	3.40
BANGARPET	222502	3232.06	148370	670.74	<b>3902.80</b>	3.01
DHARWAD	203225	2960.63	189817	890.77	<b>3851.40</b>	2.97
BELLARY	189881	2844.70	160979	736.98	<b>3581.68</b>	2.76
TUMKUR	206569	3069.61	103156	465.89	<b>3535.50</b>	2.73
HASSAN	168053	2688.88	81987	360.80	<b>3049.68</b>	2.35
DAVANAGERE	175219	2555.33	101790	465.57	<b>3020.90</b>	2.33
BIJAPUR	163677	2318.88	145938	692.94	<b>3011.82</b>	2.32
SHIMOGA	166813	2501.18	99862	448.85	<b>2950.03</b>	2.27
RAICHUR	145341	2115.22	140352	652.21	<b>2767.43</b>	2.13
CHICKMAGALUR	139035	2048.34	60192	263.01	<b>2311.35</b>	1.78
KUSHALNAGAR	110717	1745.06	59449	258.59	<b>2003.65</b>	1.54
MANDYA	103903	1617.90	69443	305.60	<b>1923.50</b>	1.48
SIRSI	94303	1327.28	114368	533.19	<b>1860.47</b>	1.43
BIDAR	89671	1280.72	99172	469.31	<b>1750.03</b>	1.35
BAGALKOT	83572	1152.24	74985	358.28	<b>1510.52</b>	1.16
HAVERI	64078	874.47	42073	200.29	<b>1074.76</b>	0.83
CHITRADURGA	45889	681.19	39032	178.91	<b>860.10</b>	0.66
KOPPAL	31366	437.55	32214	150.90	<b>588.45</b>	0.45
GADAG	33250	452.43	27876	132.64	<b>585.07</b>	0.45
WHOLESALE DEPOT	18129	674.49	20165	105.30	<b>779.79</b>	0.60
<b>TOTAL</b>	<b>7033764</b>	<b>105781.15</b>	<b>5302696</b>	<b>23948.35</b>	<b>129729.50</b>	100.00



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**TOP 32 IML BRANDS CONTRIBUTING 80% MARKET SHARE**  
**FROM JULY'03 TO MARCH'04**

Quantity : in CBs  
Value : Rs. In Lakhs

<b>IML BRAND</b>	<b>Quantity</b>	<b>Value</b>	<b>Value in %</b>
ORIGINAL CHOICE DELUXE WHISKY	1166434	13986.63	<b>13.22</b>
MCDOWELL'S NO.1 RESERVE WHISKY	415734	8906.66	<b>8.42</b>
MCDOWELL'S NO.1 SELECT GRAPE BRANDY	414164	7185.98	<b>6.79</b>
OLD MONK VERY OLD VATTED XXX RUM	550840	6599.84	<b>6.24</b>
RAJA WHISKY	431074	5135.65	<b>4.85</b>
KHODAYS XXX RUM	286041	4777.41	<b>4.52</b>
MCDOWELL'S NO.1 CELEBRATION DELUXE XXX RUM	265283	4040.25	<b>3.82</b>
GILBEYS GREEN LABEL WHISKY	186796	3404.29	<b>3.22</b>
BAGPIPER DELUXE WHISKY	183044	3171.60	<b>3.00</b>
MYSORE LANCER WHISKY	179545	2162.24	<b>2.04</b>
WELLINGTON WHISKY	163700	1963.31	<b>1.86</b>
AMRUT'S SILVER CUP BRANDY	158323	1891.44	<b>1.79</b>
DIRECTOR'S SPECIAL BLACK DELUXE WHISKY	81165	1808.41	<b>1.71</b>
HAYWARDS OT WHISKY	118380	1792.93	<b>1.69</b>
ROYAL GOLD CUP EXTRA SMOOTH WHISKY	123788	1478.29	<b>1.40</b>
ROYAL CHALLENGE FINEST PREMIUM WHISKY	37029	1319.03	<b>1.25</b>
BAGPIPER PRESTIGE WHISKY	75444	1309.36	<b>1.24</b>
MANSION HOUSE FRENCH BRANDY	53925	1280.98	<b>1.21</b>
HERCULES DELUXE 3X RUM	56097	1184.36	<b>1.12</b>
RAJA SUPER XXX RUM	98191	1169.18	<b>1.11</b>



<b>IML BRAND</b>	<b>Quantity</b>	<b>Value</b>	<b>Value in %</b>
ROYAL LANCER WHISKY	93028	1115.58	<b>1.05</b>
ROYAL STAG DELUXE WHISKY	40820	1028.04	<b>0.97</b>
DIRECTOR'S SPECIAL WHISKY	52426	959.12	<b>0.91</b>
MCDOWELL'S SIGNATURE RARE WHISKY	24128	940.76	<b>0.89</b>
AMRUT XXX RUM	77462	927.22	<b>0.88</b>
IMPERIAL BLUE SUPERIOR GRAIN WHISKY	42942	919.67	<b>0.87</b>
SUPER JACK DELUXE WHISKY	75007	885.53	<b>0.84</b>
8 P M CLASSIC RARE WHISKY	47761	871.38	<b>0.82</b>
PETER SCOT MALT WHISKY	18093	755.42	<b>0.71</b>
RAJA SPECIAL DRY GIN	62548	744.32	<b>0.70</b>
CAPTAIN MARTIN SPECIAL WHISKY	60570	723.34	<b>0.68</b>
HERCULES SUPERIOR WHITE RUM(BIANCO)	32513	685.74	<b>0.65</b>
<b>TOP 32 BRANDS CONTRIBUTING 80% OF THE TOTAL VALUE</b>	<b>5672295</b>	<b>85123.96</b>	<b>80.47</b>
<b>537 BRANDS CONTRIBUTING FOR 20% OF THE TOTAL VALUE</b>	<b>1361469</b>	<b>20657.19</b>	<b>19.53</b>
<b>TOTAL</b>	<b>7033764</b>	<b>105781.15</b>	<b>100.00</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**MARKET SHARE OF BEER BRANDS FOR THE PERIOD JULY '03 TO MARCH '04**

Quantity : in CBs  
Value : Rs. In Lakhs

BEER BRAND	Quantity	Value	Value in %
KINGFISHER	2389018	11090.85	46.31
KNOCK OUT HIGH PUNCH	1110590	5365.85	22.41
UB EXPORT	1294004	5140.35	21.46
HAYWARDS 5000	81877	394.60	1.65
HAYWARDS 2000	94853	378.88	1.58
LONDON NO.1	78139	371.97	1.55
FOSTERS	42184	230.27	0.96
ROYAL CHALLENGE	50347	224.37	0.94
PREMIUM ICE	42593	209.96	0.88
KALYANI BLACK LABEL	31243	148.69	0.62
KINGFISHER DIET	22945	105.07	0.44
CASTLE	19642	95.15	0.40
CHARGER	11456	52.36	0.22
GOLDEN EAGLE	11301	44.40	0.19
SAND PIPER	7832	33.70	0.14
ZINGARO	3664	17.44	0.07
COLTS BERG	3485	14.55	0.06
7 STARS SUPER STRONG LAGER BEER 650 ML (0207)	3470	15.20	0.12
OTHER BRANDS	4053	14.71	0.12
<b>TOTAL</b>	<b>5302696</b>	<b>23948.35</b>	<b>100.00</b>





**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**MANUFACTURERWISE IML SALES FROM JULY '03 TO MARCH '04**

Quantity : in CBs  
Value : Rs. In Lakhs

Manufacturer	Quantity	Value	Value in %
<b>I. DOMESTIC IML/WINE/FENNY</b>			
KARNATAKA BREWERIES & DISTILLERIES PVT. LTD.,(0080)	915878	17091.27	<b>16.16</b>
JOHN DISTILLERIES LTD (0067)	1119057	13396.31	<b>12.66</b>
SHASHI DISTILLERIES (0055)	747205	9022.52	<b>8.53</b>
J P DISTILLERIES PVT. LTD., (0063)	658278	8010.66	<b>7.57</b>
PAMPASAR DISTILLERY (0029)	389223	7219.69	<b>6.83</b>
KHODAY R C A INDUSTRIES (0001)	364851	6284.28	<b>5.94</b>
MCDOWELL & COMPANY LTD., (0020)	344944	5989.99	<b>5.66</b>
KARNATAKA BREWERIES & DISTILLERIES PVT. LTD., (0005)	275349	5002.37	<b>4.73</b>
AMRUT DISTILLERIES LIMITED (0009)	263910	4387.86	<b>4.15</b>
SRI VENKATESWARA DISTILLERIES (0060)	262133	3636.32	<b>3.44</b>
SARVADA DISTILLERIES (0021)	234735	2833.47	<b>2.68</b>
AMRUT DISTILLERIES LIMITED (0037)	231656	2768.76	<b>2.62</b>
VORIAN DISTILLERIES INC. (0014)	186678	2305.60	<b>2.18</b>
S P R GROUP HOLDINGS PVT. LTD.,(0032)	155120	1848.70	<b>1.75</b>
YEZDI DISTILLERIES (0026)	100360	1203.30	<b>1.14</b>
JOHN DISTILLERIES LIMITED, (0081)	94830	1119.95	<b>1.06</b>
KHODAY INDIA LIMITED (0003)	36027	1089.23	<b>1.03</b>
KHODAY BREWERIES LIMITED (0002)	45742	953.15	<b>0.90</b>
CHAMUNDI WINERIES & DISTILLERY (0066)	79875	948.47	<b>0.90</b>
THE UGAR SUGAR WORKS LIMITED, (0034)	68737	820.59	<b>0.78</b>
KALBURGI DISTILLERIES PVT. LTD., (0031)	58923	723.13	<b>0.68</b>
ANUGRAHA DISTILLERIES LIMITED (0065)	44058	666.82	<b>0.63</b>
BACARDI MARTINI (INDIA) LTD (0057)	17013	652.81	<b>0.62</b>
GREENFIELD DISTILLERIES (0069)	35887	430.36	<b>0.41</b>
TRACSTAR INVESTMENTS PVT. LTD., (0017)	15680	278.31	<b>0.26</b>
APPOLLO ALCHOBEV PVT. LTD., (0022)	21261	243.77	<b>0.23</b>
A J DISTILLERIES (0064)	20058	228.82	<b>0.22</b>
SREE BALAJI ENTERPRISES (0053)	9077	151.10	<b>0.14</b>
GROVER VINEYARDS LTD. (0079)	5039	142.09	<b>0.13</b>
B T & F C (P) LTD.,(0062)	4346	76.86	<b>0.07</b>
SOMARASA DISTILLERIES (0071)	5643	67.72	<b>0.06</b>
RAVINDRA & COMPANY LTD.(0083)	5571	64.96	<b>0.06</b>
SAINATH DISTILLERIES PVT LTD (IML)(0090)	3967	46.04	<b>0.04</b>
SRI VENKATESHWARA DISTILLERY (0082)	2044	22.86	<b>0.02</b>
SAINATH DISTILLERIES PVT. LTD., (0077)	1887	20.72	<b>0.02</b>
SHAKTHI AGRO INDUSTRIES CORPORATION (0078)	1672	18.38	<b>0.02</b>
OTHERS	6234	98.00	<b>0.09</b>
<b>DOMESTIC IML/WINE/FENNY - TOTAL</b>	<b>6832948</b>	<b>99865.28</b>	<b>94.41</b>



Manufacturer	Quantity	Value	Value in %
<b>II. IMPORT IML/WINE/FENNY</b>			
GWALIOR DISTILLERIES LIMITED (0142)	83375	1933.75	<b>1.83</b>
TILAK NAGAR INDUSTRIES LIMITED (0115)	58437	1429.04	<b>1.35</b>
SEAGRAM MANUFACTURING (P) LIMITED (0127)	8761	443.79	<b>0.42</b>
ASSOCIATED ALCOHOLS & BREWERIES LTD., (0141)	11240	386.48	<b>0.37</b>
UNITED DISTILLERIES (I) LTD., (0129)	4713	320.44	<b>0.30</b>
CHAMPAGNE INDAGE LTD., (0140)	9560	306.73	<b>0.29</b>
ALLIED DOMECC SPIRITS AND WINE (I) PVT. LTD., (0134)	3081	242.26	<b>0.23</b>
KONKAN AGRO MARINE INDUSTRIES PVT. LTD., (0143)	3384	139.10	<b>0.13</b>
SAMANT SOMA WINE LIMITED (0138)	2843	85.27	<b>0.08</b>
SEAGRAM DISTILLERIES (P) LTD.,(0137)	1705	43.04	<b>0.04</b>
WHYTE HALL INDIA LIMITED (0144)	1720	38.25	<b>0.04</b>
NAVEEN DISTILLERY (0102)	1984	21.49	<b>0.02</b>
SHAIV DISTILLERIES (0145)	982	20.38	<b>0.02</b>
JOHN DISTILLERIES LIMITED (0139)	1812	15.54	<b>0.01</b>
MCDOWELL & COMPANY LIMITED (0104)	248	11.50	<b>0.01</b>
SANKALP WINERY PVT LTD.(0148)	164	6.32	<b>0.01</b>
OTHERS	2110	47.46	<b>0.04</b>
<b>IMPORT IML/WINE/FENNY - TOTAL</b>	<b>196119</b>	<b>5490.85</b>	<b>5.19</b>
<b>III. FOREIGN IML/WINE/LIQUOR</b>			
MUDRA IMPEX (0316)	2204	175.07	<b>0.17</b>
BRINDCO SALES LIMITED (0308)	435	62.47	<b>0.06</b>
SONARY'S CO-BRANDS PVT. LTD., (0320)	531	56.68	<b>0.05</b>
SUNTAN TRADING COMPANY PVT. LTD., (0318)	161	33.45	<b>0.03</b>
BRINDCO SALES LIMITED (0321)	197	24.07	<b>0.02</b>
RADICO KHAITAN LIMITED (0304)	307	20.08	<b>0.02</b>
SAMANTH SOMA WINES LIMITED, (0319)	201	11.84	<b>0.01</b>
AGENCIES INTERNATIONAL IMPEX (0309)	166	9.82	<b>0.01</b>
KHODAY INDIA LIMITED (0303) IMPORT DIVISION	98	5.81	<b>0.01</b>
OTHERS	397	25.74	<b>0.02</b>
<b>FOREIGN IML/WINE/LIQUOR - TOTAL</b>	<b>4697</b>	<b>425.03</b>	<b>0.40</b>
<b>GRAND TOTAL - IML</b>	<b>7033764</b>	<b>105781.15</b>	<b>100.00</b>



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**MANUFACTURERWISE BEER SALES FROM JULY '03 TO MARCH '04**

Quantity : in CBs  
Value : Rs. In Lakhs

<b>Manufacturer</b>	<b>Quantity</b>	<b>Value</b>	<b>Value in %</b>
KARNATAKA BREWERIES & DISTILLERIES PVT. LTD., (0206)	2683661	11856.70	49.51
MYSORE BREWERIES LIMITED (0207)	1291380	6136.33	25.62
MANGALORE BREWERIES & DIST. LTD., (0208)	1190480	5261.33	21.97
KHODAYS BREWERIES LIMITED (0204)	62082	295.59	1.23
H. DASAPPA & SONS PVT. LTD., ( 0203)	23505	100.38	0.42
FOSTERS INDIA LIMITED, (0281)	42185	230.07	0.96
BOMBAY BREWERIES LIMITED (0277)	5345	30.59	0.13
OTHERS	4058	37.37	0.16
<b>TOTAL</b>	<b>5302696</b>	<b>23948.35</b>	<b>100.00</b>

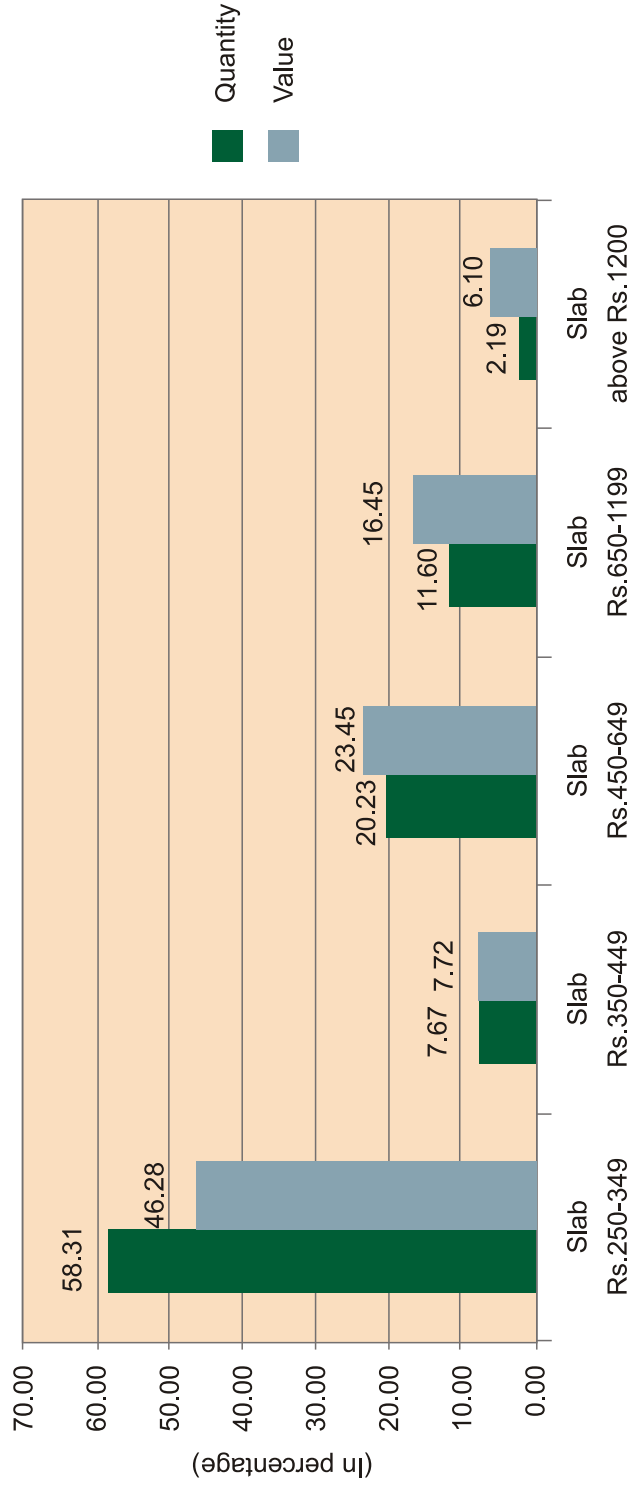


**KARNATAKA STATE BEVERAGES CORPORATION LIMITED  
CATEGORY WISE SALES FROM JULY '03 TO MARCH '04**

Quantity : in CBs  
Value : Rs. In Lakhs

Group	Category	Quantity	Value	Value in %
<b>I.M.L</b>				
	WHISKY	4302943	64873.28	50.01
	RUM	1569178	22514.05	17.35
	BRANDY	834885	13168.63	10.15
	GIN	207470	2702.67	2.08
	VODKA	60081	1284.13	0.99
	WINE	55098	1180.94	0.91
	OTHERS (FENNY, ETC.)	4110	57.45	0.04
<b>I.M.L TOTAL</b>		<b>7033764</b>	<b>105781.15</b>	<b>81.54</b>
<b>BEER</b>		<b>5302696</b>	<b>23948.35</b>	<b>18.46</b>
<b>GRAND TOTAL</b>		<b>12336460</b>	<b>129729.50</b>	<b>100.00</b>

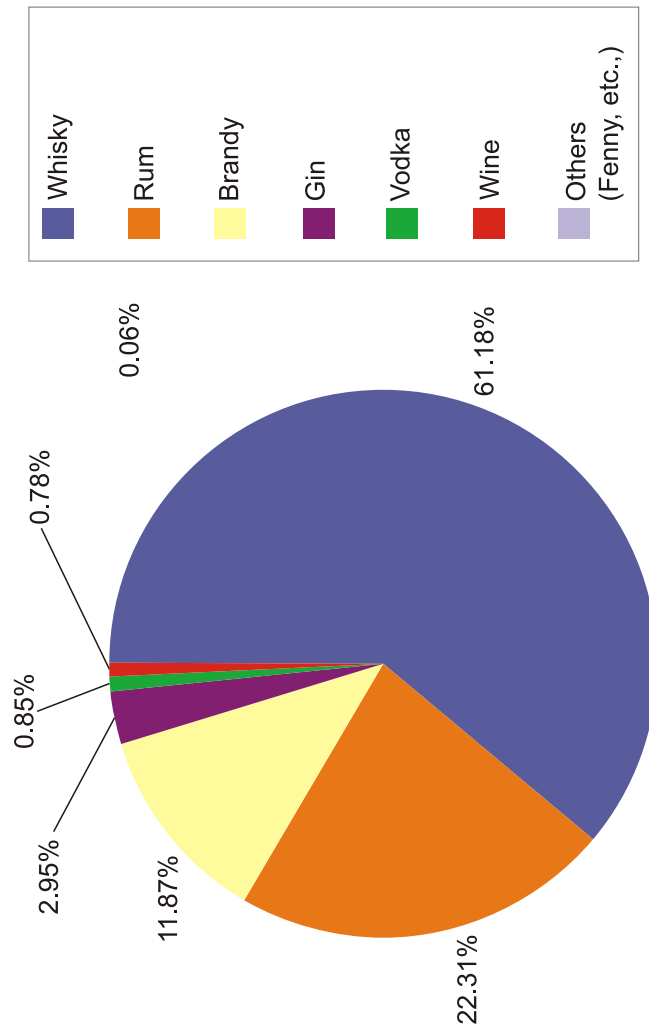
**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**SLABWISE SALES ANALYSIS OF IML, FENNY & WINE**  
**FOR THE PERIOD JULY'03 TO MARCH'04**  
**(QUANTITY AND VALUE IN PERCENTAGE)**



	Slab Rs.250-349	Slab Rs.350-449	Slab Rs.450-649	Slab Rs.650-1199	Slab above Rs.1200	Total
<b>Quantity (in CBs)</b>	4101248	539290	1423222	815811	154192	7033764
<b>Value (Rs. in Lakhs)</b>	48954.63	8168.92	24810.89	17397.3	6449.32	105781.15



**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
 PRODUCTWISE COMPOSITION OF IML SALES FOR THE PERIOD JULY'03 TO MARCH'04  
 (COMPOSITION OF PERCENTAGE QUANTITY-WISE)





**FORM**  
**[SEE RULE 3]**  
**COMPLIANCE CERTIFICATE**

The Members

Karnataka State Beverages Corporation Ltd  
(A Government of Karnataka Undertaking)  
Seetha Lakshmi Towers  
No.78, Mission Road  
BANGALORE 560 027

In connection with issue of a **SECRETARIAL COMPLIANCE CERTIFICATE** pursuant to Sec. 383A proviso of the Companies Act 1956 (as amended) in respect of **KARNATAKA STATE BEVERAGES CORPORATION LIMITED** I wish to state as under: -

**A) KARNATAKA STATE BEVERAGES CORPORATION LIMITED**

**(A Government of Karnataka Undertaking)** incorporated under the Companies Act, 1956 vide Certification of Incorporation Number issued by the ROC Karnataka dated 02.06.2003 Co.No.08/32033.

B) I have verified the records maintained by the Company under the provisions of The Companies Act 1956 from (Date of Incorporation) **02.06.2003 to 31.03.2004** and certify that the company has complied with the various provisions of the said Act properly.

C) The Authorised Capital of the Company is **Rs.5,00,00,000** (Rupees Five Crores) divided into 50,000 (Fifty Thousand) Equity Shares of Rs.1000/- (Rupees Thousand) each. The Issued, subscribed and Paid-up Capital of the Company is **Rs.2,00,00,000** (Two Crores) divided into 20,000 (Twenty Thousand) Equity Shares of Rs.1000/- each .

I have examined the registers, records, books and papers of **KARNATAKA STATE BEVERAGES CORPORATION LIMITED (A Government of Karnataka Undertaking)** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on **31st March, 2004**.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial period: -

**01. MAINTENANCE OF REGISTERS**

The Company has maintained the Registers that are to be maintained by a Government Company under the Companies Act, 1956.



### STATUTORY REGISTERS

Sl. No.	Name of the Register	Ref to Sec.	Remarks
01.	Register of Investments Register of Investments in shares or securities not held in Company's Name.	49(7)&(8) 49	<b>Maintained</b> . The Company has not made any investments in shares and securities and therefore no entries are made in the said register.
02.	Register of Deposits Return of deposits filed with ROC	58A Companies Acceptance of Dep. Rules 1975	Maintained. No entries are made in the said register as the Company has not accepted any public deposits.
03.	Register of Buyback of shares	77A	Maintained. No entries are made as the Company has not resorted to any buy back of shares.
04.	Register of shareholders of differential rights and index of members with differential rights	86 and Co. issue of share certificates share certificates with differential voting rights Rules 2001	The Company has not issued any shares with differential rights
05.	Copy of every instrument creating any charge requiring registration	136	Maintained
06.	Register of charges Copies of instruments creating charge	143 (1)	Maintained.
07.	Register of members	150(1)	Maintained. Proper and requisite entries are made in the said register.
08.	Register of Index of members if members exceeds fifty	151(1)	As total members do not exceed fifty the register is not maintained.
09.	Register of Debenture holders	152(1)	Maintained and no entries are made as the Company has not issued any debentures.
10.	Register of Index of debenture holders in case the Company is having more than fifty debenture holders.	152(2)	Not maintained as the Company has not issued any debentures





11.	Register and index of beneficial owners (members and debenture holders maintained by depository).	152A	The Company has not issued any shares under demat form
12.	Foreign Register of members and debenture holders	157(1) 158	The company has not opted to keep a foreign Register of members.
13.	Copies of annual returns prepared under Sec. 159/160 together with copies of certificates and documents required to be annexed thereto under Sec. 160 and 161.	163(1)	Maintained
14.	Minute Books of Board meetings and Committees	193(1)	Maintained. The Company has opted to maintain the minutes in loose leaf and has taken sufficient precaution to bound the sheets periodically.
15.	Minute Books of proceedings of	193(1) & 196(1)	The Company has kept the minutes of the general meetings in loose leaf and has taken sufficient precaution to bound them periodically
16.	Books of accounts and the other Cost records etc.,	209(1)	Maintained. The Act has not prescribed any cost audit. In respect of the business of the Company.
17.	Register of contracts with directors companies and firms in which Directors are interested.	301(1)/(5)	The Company has not entered into any contract which falls within purview of Sec 297.
18.	Register of Managing Directors, Manager, Secretary and Directors	303(1)/304(1)	Maintained. Proper entries are made in the Register. As the Company's paid up capital does not exceed Rs. 2,00,00,000/- there is no need to appoint a Qualified Full Time Company Secretary in terms of Sec. 383A Companies Act 1956.
19.	Register of Directors shareholdings	307(1)/(5)	Maintained.
20.	Register of Investments or loans made	372A	Maintained. As the Company is a private limited company provisions of Sec.372A do not arise.
21.	Place of keeping and inspection of	163	The registers are kept at the Registered Office at Karnataka State Beverages Corporation Ltd., (A Government of Karnataka Undertaking) Seetha Lakshmi Towers, No.78, Mission Road BANGALORE 560 027.



### NON STATUTORY REGISTERS

Sl. No.	Name of the Register	Ref to Sec.	Remarks
01.	Director's Attendance Register		The signatures of the directors attending the meetings are obtained in the Register Maintained.
02.	Register of share transfers		Maintained.
03.	Register of duplicate share certificates	Rule 7 of Issue of Share Certificate Rules 1960.	The company has not issued any duplicate share certificates.
04.	Share application and allotment book		Maintained. Necessary are made.
05.	Share warrants		The Company has not issued any share warrants.
06.	Register of beneficial interest	187(C)	Maintained.
07.	Register of legal representation such as probates, letters of administration and succession certificates		Maintained.
08.	Register of Fixed assets	The Companies (Auditors' Report) Order 2003.	Maintained

#### 02. FILING OF RETURNS

During the year under report, the Company has filed returns and forms that are to be filed under various sections with Registrar of Companies.

#### 03. ADEQUACY OF CAPITAL AND MINIMUM NUMBER OF MEMBERS

During the year under report

- (i) The Company has not invited public to subscribe for its shares or debentures.
- (ii) The Company has not invited or accepted any deposits from persons including from members, directors or their relatives.

#### 04. BOARD MEETINGS (Sec.285)

The Company has duly complied with the provisions of Section 285,286, 287,288 and 289 of the Companies Act. The Company has held Board Meetings during the year under report as under :-

Sl. No.	Dates	No of Meetings in a year
1.	04.06.2003	
2.	13.08.2003	
3.	06.11.2003	FOUR
4.	11.03.2004	

#### 05. CLOSURE OF REGISTER OF MEMBERS (Sec.154)

The Company has not closed the Register of members during the year under report.



**06. ANNUAL GENERAL MEETINGS (Sec.166/210)**

The first AGM is due to be held on or before 20.09.2004.

**07. EXTRAORDINARY GENERAL MEETINGS (Sec.165)**

During the year the Company has held an EGM on 13.05.2004 for Amendments to Articles of Association of the Company and complied with Section 31 of the Companies Act, 1956.

**08. LOANS TO DIRECTORS (Sec. 295)**

The Company has not given any Loans to Directors.

**09. CONTRACTS IN, WHICH DIRECTORS ARE INTERESTED (Sec. 297)**

The Company has not entered into contracts in which director/s is/are interested.

**10. MAINTENANCE OF REGISTER OF CONTRACTS (Sec. 301)**

The Company has maintained the Register and no entries needs to be made in the said register as the Company has not entered into any contracts.

**11. APPROVALS (U/S 314)**

Passing of resolutions or obtaining approvals under Section 314 do not apply to the Company as no director or relative of director has been appointed to the Office or place of profit.

**12. ISSUE OF DUPLICATE SHARE CERTIFICATES (Under Issue of Share Certificate Rules 1960)**

The Company has not issued any duplicate share certificates

**13. DELIVERY OF SHARE CERTIFICATES, DEPOSIT OF DIVIDEND AMOUNT, POSTING OF DIVIDEND WARRANTS, TRANSFER OF UNPAID DIVIDEND TO INVESTORS EDUCATION AND PROTECTION FUND AND MEETING THE REQUIREMENTS OF SEC. 217 REGARDING DIRECTORS REPORT:**

**DELIVERY OF SHARE CERTIFICATES (Sec. 113)**

(a) During the year the Company has made allotment of shares and has complied under Section 113 of the Companies Act, 1956.

**DEPOSIT OF DIVIDEND AMOUNT, POSTING OF DIVIDEND WARRANTS, TRANSFER OF UNPAID DIVIDEND TO INVESTORS EDUCATION AND PROTECTION FUND (Sec. 205)**

(b) The Company has not declared interim/final dividend for the year 2003-2004.

**MEETING THE REQUIREMENTS OF SEC. 217 REGARDING DIRECTORS REPORT (Sec. 217)**

©The compliance of Sec. 217 regarding directors report arises after 31.03.2004.



#### 14. APPOINTMENT OF DIRECTORS

During the year the following are the Directors of the Company:-

Name of the Director	Date of Appt.	Date of Ceasing	Remarks
Sri. R Ramaseshan, IAS	02.06.2003 04.06.2003	—	Director Appointed as Managing Director
Sri. N S Nagaraju, IAS	30.06.2003	—	Director
Sri. K P Pandey, IAS	05.07.2004	—	Director
Sri. Agawane, IAS	22.07.2004	—	Director
Sri. S K Pattanayak, IAS	02.06.2003	23.09.2003	
Sri. B K Das, IAS	02.06.2003	05.07.2004	
Sri. D Satyamurthy, IAS	23.09.2003	22.07.2004	

#### 15. APPOINTMENT OF MANAGING DIRECTOR, WHOLETIME DIRECTOR, MANAGER (Sec. 269 and Articles of Association of the Company)

During the year under the report the Company appointed Mr. R. Ramaseshan, IAS as Managing Director of the Company and filed necessary forms at Registrar of Companies and passed necessary board meeting resolutions.

#### 16. APPOINTMENT OF SOLE SELLING AGENTS (Sec. 294 AA)

The Company has not appointed selling agents.

#### 17. APPROVAL REQUIRED BY VARIOUS AUTHORITIES

There was no event, which required obtaining approval from various statutory authorities.

#### 18. DISCLOSURE OF INTEREST BY DIRECTORS (Sec. 299)

The Company has obtained Form 24AA Disclosure of interest by Director from all the Directors and the same has been placed before the Board Meeting and necessary entries have been made in the Register of Directors maintained for the purpose.

#### 19. ISSUE OF SHARE CERTIFICATES, DEBENTURES, OTHER SECURITIES DURING THE FINANCIAL YEAR: (Sec. 113)

During the year under report the Company has made Allotment of Shares and complied with Section 113 of the Companies Act, 1956.

#### 20. BUY BACK OF SHARES ( Sec. 77A)

The Company has not bought back any shares during the year under report.



**21. REDEMPTION OF PREFERENCE SHARES AND DEBENTURES (Sec. 80)**

The Company has not issued any preference shares or debentures and therefore the redemption of the same do not arise.

**22. KEEPING IN ABEYANCE RIGHTS TO DIVIDEND, RIGHT SHARES, BONUS SHARES, PENDING REGISTRATION OF TRANSFERS (Sec. 205)**

There is no such event or occasion during the year under report.

**23. ACCEPTANCE OF THE DEPOSITS (Sec. 58A read with Acceptance of Deposit Rules 1975)**

The Company has not accepted any deposits from the public.

**24. BOARD POWERS TO BORROW (Sec. 292)**

The Company has borrowed funds from banks and passed necessary resolutions and has also complied with Section 125 of the Companies Act, 1956 regarding filing of particulars of creation of charges.

**25. INTER-CORPORATE LOANS AND INVESTMENTS (Sec. 372A)**

The Company has not made any inter-corporate loans or investments.

**26. ALTERATION OF MEMORANDUM - RELATING TO SHIFTING OF REGISTERED OFFICE FROM ONE STATE TO ANOTHER STATE (Sec. 17)**

The Company during the year has not altered its Memorandum of Association relating to Clause II of MOA.

**27. ALTERATION OF OBJECTS CLAUSE OF MOA (Sec. 17)**

The Company has not altered its Memorandum of Association relating to Clause II of MOA.

**28. CHANGE OF NAME OF THE COMPANY (Sec. 21)**

During the year the Company has not changed its name.

**29. ALTERATION OF SHARE CAPITAL (Sec. 94)**

During the year under the report the Company has not altered its Authorized Capital of the Company.

**30. ALTERATION OF ARTICLES OF ASSOCIATION (Sec. 31)**

During the year the Company has made any amendments to Articles of Association of the Company and complied with Section 31 of the Companies Act, 1956 and filed necessary forms at Registrar of Companies, Karnataka.

**31. PROSECUTIONS, FINES AND PENALTIES**

As informed by the Company during the year under report, no prosecutions have been launched nor the Company has paid any fines or penalties.

**32. EMPLOYEES SECURITIES (Sec. 417)**

The Company has not obtained any security from the employees.



### **33. DEPOSIT OF PROVIDENT FUND (Sec. 418)**

The Company has been regular in depositing the Provident Fund dues with appropriate Government Authorities and does not have a provident fund scheme falling under Sec. 418 of the Companies Act 1956.

### **34. GENERAL**

This Certificate is issued based on the information that were made available at the time of verification of the records and clarifications furnished for queries raised by us and inspection of the documents, files, book, registers and other relevant papers made available for verification.

Sd/-

M R GOPINATH

Company Secretary

C. P. No.: 1030/FCS 3812

Date : 08.11.2004

Bangalore



**ANNEXURE - A**  
**TO**  
**COMPLIANCE CERTIFICATE**  
**KARNATAKA STATE BEVERAGES CORPORATION LIMITED**  
**REGISTERS MAINTAINED BY THE COMPANY:**

<b>Sl. No.</b>	<b>Name of the register</b>	<b>Sec.</b>
01.	Register of Investments Register of Investments in shares or securities not held in company's Name.	49(7)&(8) 49
02.	Register of Deposits Return of deposits filed with ROC	58A Companies Acceptance of Deposit Rules 1975
03.	Register of Buyback of shares	77A
04.	Register of shareholders of differential rights and index of Members with differential rights	86 and Co. issue of share certificates with differential voting rights Rules 2001
05.	Copy of every instrument creating any charge requiring registration	136
06.	Register of charges Copies of instruments creating charge	143 (1)
07.	Register of members	150(1)
08.	Copies of annual returns prepared under Sec. 159/160 together with copies of certificates and documents required to be annexed thereto under Sec. 160 and 161.	163(1)
09.	Minute Books of Board Meetings and Committees	193(1)
10.	Minute Books of Proceedings of General Meeting	193(1) & 196(1)
11.	Books of accounts and the other Cost records etc.	209(1)
12.	Register of contracts with directors, companies and firms in which Directors are interested.	301(1)/(5)
13.	Register of Managing Directors, Manager, Secretary and Directors	303(1)/304(1)
14.	Register of Directors's shareholdings	307(1)/(5)
15.	Register of Investments or loans made	372A



## ANNEXURE- B

Forms and Returns as filed by the Company, during the financial year ended **31.03.2004**  
**with Registrar of Companies**

Sl.No.	Forms	Purpose
1.	Incorporation Documents	
2.	Form 18/11.03.2004	For Shifting of Regd. Office
3.	Form 2/11.03.2004	For Allotment of Shares
4.	Form 32/04.06.2003	For Appointment of Managing Director
5.	Form 32/04.06.2003	For Appointment of Managing Director
6.	Form 32/30.06.2003	For Appointment of Director
7.	Form 32/23.09.2003	For Appointment & Resignation of Directors
8.	Form 8 & 13/11.07.2003	For Creation of Charge

**With Regional Director**

Nil

**With Central Government or other authorities**

Nil