

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.131

24.05.2007

Sub: Liquor Sourcing Policy 2007 – Stocking of brands KSBCL depots
falling under Rs.250-299 and Rs.300-349 'Declared Price' ranges

Consequent to the abolition of arrack in the State with effect from 1st July 2007, the sale of IML especially in the DP ranges of Rs.250-299 and Rs.300-349 will increase substantially. To handle the huge volume of IML sales in these lowest two slabs and to streamline the stock holding in the depots, the Corporation has decided to implement the following stocking policy. This policy shall be applicable for all brands in the lowest two DP slabs of Rs.250-299 and Rs.300-349.

(1) IML Depots across the State have been bifurcated into two categories :

Category-I	IML depots located in Bangalore Urban and Rural districts
Category-II	Upcountry IML depots located in the remaining 25 districts

- (2) The manufacturers/suppliers would be permitted to stock their products in each KSBCL depot to a maximum of 7 days of average sale of their brands in the case of Bangalore based depots (Category-I) and 14 days of average sale in the upcountry depots (Category-II) suitably factored for expected increase in sales.
- (3) To arrive at the brand wise maximum limit for stocking purpose, the 'daily average sale' will be computed on the sales quantity of preceding month.
- (4) The increase in the sale of IML in the cheaper segments on account of ban on arrack is not known. Hence the factoring during the month of July only to arrive at the average sale per day will be 1.75 times in respect of DP slab Rs. 250-299 and 1.25 times in respect of DP slab Rs. 300-349.

For e.g. :

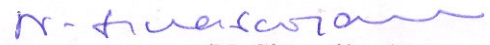
- (a) Average sale per day x 1.75 times in respect of DP 250-299 x 7 days
for Category-I Depots
- (b) Average sale per day x 1.75 times in respect of DP 250-299 x 15 days
for Category-II Depots

(5) In case of new brands under the above two slabs introduced during the year 2007-08, stock holding at KSBCL depots to a maximum quantity of 1200 CBs per depot on any given day would be allowed for the first three months and thereafter regulated based on sales.

(6) If maximum stocking limit is to be enhanced in any case as an exception to the above, separate proposals with justification for the higher stocking limits may be made by the manufacturer/supplier.

All the manufacturers and suppliers marketing their brands in the DP ranges of Rs.250-299 and Rs.300-349 are requested to indent for OFS accordingly. The depot wise maximum stocking level of each brand is displayed on our website for reference.

The circular comes into effect from 1st July 2007.


(N. Sivasailam)
Managing Director

To

- i) All Distilleries & Suppliers
- ii) OSDF
- iii) ED-1 / ED-3
- iv) GM(O) / CS
- v) DGM(O)
- vi) AGM(LS)
- vii) All IML Depot Managers
- viii) Circular – Master File & Spare copies