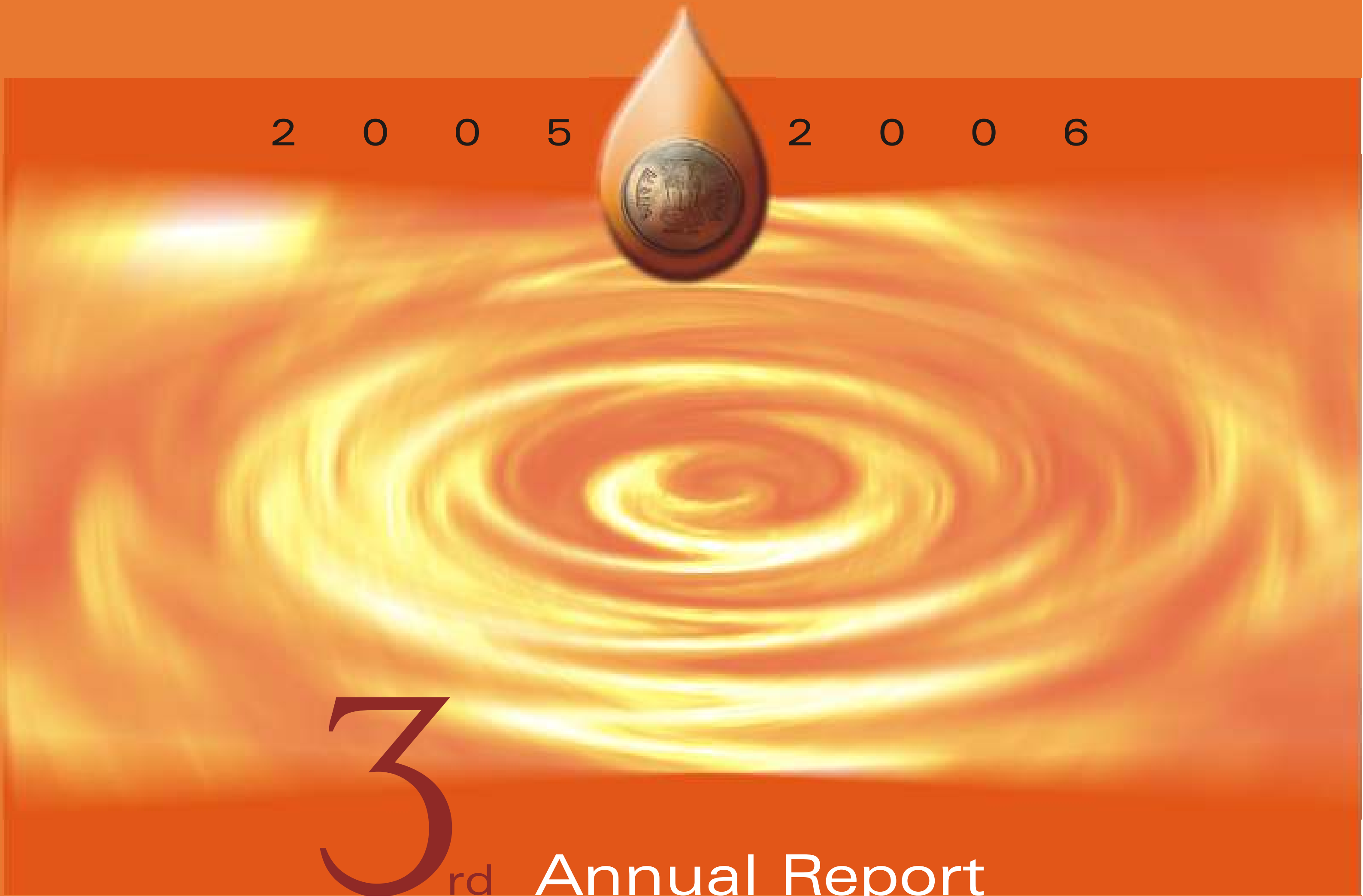


2005 2006

3rd Annual Report

ಕರ್ನಾಟಕ ರಾಜ್ಯ ಪಾನೀಯ ನಿಗಮ ನಿಯಮಿತ

Karnataka State Beverages Corporation Limited

CONTENTS

REGISTERED OFFICE

"Seethalakshmi Towers"
No.78, Mission Road
Bangalore - 560 027

AUDITORS

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

BANKERS

Canara Bank
ICICI Bank
IDBI Bank
ING Vysya Bank
UTI Bank

BOARD OF DIRECTORS

Sriyuths

Sudhakar Rao, IAS
Principal Secretary, Finance Department &
Chairman, KSBCL
(from 01.04.2005 to 14.09.2005)

N. Gokulram, IAS
Principal Secretary, Finance Department &
Chairman, KSBCL
(from 14.09.2005)

R B Agawane, IAS
Excise Commissioner &
Director, KSBCL
(from 01.04.2005 to 14.09.2005)

D N Nayak, IAS
Excise Commissioner &
Director, KSBCL
(from 14.09.2005)

Dr. S Subramanya, IAS
Secretary to Government &
Director, KSBCL
(from 01.04.2005)

R Ramaseshan, IAS
Managing Director
KSBCL
(from 01.04.2005)

Karnataka State Beverages Corporation Limited
Bangalore

DIRECTORS' REPORT

The Board of Directors take immense pleasure in presenting the Directors' Report together with audited statement of accounts for the year ended 31st March, 2006.

1. Financial Performance

(Rs. in crores)

Details	Current financial year 2005-2006		Previous financial year 2004-2005	
Income				
Liquor Operations	2688.08		2043.37	
Spirit Operations	288.30		184.83	
Other income	10.08		10.07	
Total		2986.46		2238.27
Expenditure				
Cost of sales	2923.30		2185.95	
Personnel cost	7.31		6.18	
Other administrative expenses	8.24		7.53	
Privilege fee	41.00		32.00	
Total		2979.85		2231.66
Earnings before tax		6.61		6.61
Prior Year Adjustments		0.36		0.07
Income Tax		2.48		2.42
Earnings after tax		3.77		4.12

The turnover of the Corporation during the year increased to Rs.2986.46 crores as against Rs. 2238.27 crores during 2004-05, a growth of 33.43 per cent over the previous year. The privilege fee paid to Government increased significantly to Rs.41 crores, as against Rs.32 crores in 2004-05, an increase of 28.13 per cent. The Corporation recorded a post tax earning of Rs.3.77 crores as against Rs.4.12 crores in the previous year.

2. Business Operations

2.1 Government Policies

Government policies governing IML and spirit canalisation remained the same as in the previous year.

Government have since announced abolition of wholesale licences (CL-1) for sale of liquor with effect from 01.07.2006. Consequently, the Corporation now directly deals with over 7500 retail and other licensees with effect from 01.07.2006, as against 183 wholesale licensees earlier. This has increased the number of transactions handled by the Corporation manifold, though the volume handled may increase only marginally. The Corporation significantly augmented its infrastructure to handle the same.

Government have rationalised the Excise Duty and the declared price ranges for levy of additional excise duty with effect from 01.04.2006. With this measure, government proposes to mobilise an additional revenue of Rs.175 crores in 2006-07.

With a view to create a level playing field in respect of liquor imported from abroad, government have rationalised the special fee payable thereon on par with the additional excise duty levied on local products.

2.2 Canalisation of Liquor

The Corporation continued its basic philosophy of canalising IML, beer and spirit without interfering with the dynamics of a free market. Considering the higher margin charged in respect of liquor imported from abroad and the quantum of imports, levy of penalty on imported stocks not sold up to 90 days has been dispensed with.

During the period ending 31.03.2006, the total quantity of liquor and beer sourced was 142.55 lakh cases and 113.84 lakh cases respectively, valued at Rs.2597.58 crores. About 98.10 per cent of IML and 98.45 per cent of beer was sourced from manufacturers based within the state. The volume of imported stocks, especially foreign brands, was negligible. The Corporation sourced IML and beer from 83 and 13 suppliers respectively and made a payment of Rs.2572.85 crores. In addition to the above Rs.279.85 crores was paid for spirit sourced during the period under review.

The total duty collected, including that on export sales during the financial year 2005-06 was Rs.1512.13 crores as compared to Rs.1220.74 crores for the previous year. The duty collected during the year was in excess of the budget target of Rs.1308 crores. When compared to the previous year, the duty collected during the financial year 2005-06 has increased by about 23.87 per cent.

The sales turnover during the year was Rs.2976.38 crores (IML Rs.2141.22 crores, beer Rs.546.86 crores and spirit Rs.288.30 crores). The volume handled was 144.21 lakh cases of IML, 116.70 lakh cases of beer and 851.28 lakh bulk litres of spirit.

The sales performance of IML of various districts for the financial year 2005-06 reveals an achievement of 103.44 per cent of the target envisaged. Sixteen districts recorded an achievement level of more than 100 per cent of the IML target, whereas the balance eleven districts recorded an achievement level ranging between 94 and 99 per cent. The overall achievement of beer for the financial year 2005-06 is 114.97 per cent with all districts exceeding the given target. As compared to 2004-05, the recorded growth was 27.81 per cent for IML and 32.36 per cent for beer.

The trend of 85 per cent of the sales of IML coming from eleven major suppliers continued during the year.

Sizewise demand of IML in respect of each segment indicates that cheaper brands (declared price between Rs.250 and Rs.449) command a market share of 73.59 per cent, followed by the medium slab (declared price between Rs.450 and Rs.1199) with a share of 23.99 per cent and the premium slab accounts for only 2.43 per cent of the total demand. The demand pattern of various sizes reveals that 180 ml bottles dominate the cheaper segment with 80.09 per cent of the share of the quantity sold. The share of 180 ml pack progressively reduces to 19.10 per cent in medium slab to 0.81 per cent in the premium slab. The share of 375 ml and 750 ml pack sizes within each slab progressively increases as the price of liquor increases. However, 750 ml pack sizes dominate the premium segment with 12.81 per cent share.

At the aggregate level, 180 ml bottles accounted for about 83 per cent of the volume followed by 750 ml at 9.2 per cent and 375 ml at 6.1 per cent. Other sizes contribute around 1.4 per cent of the overall share. This trend leads one to conclude that 180 ml and 750 ml are the major demand drivers in the cheap and premium segments respectively while 375 ml plays a sub-ordinate role across all segments.

Comparative analysis of sizewise and slabwise demand for the years 2004-05 and 2005-06 reveals that the increase in consumption of IML is contributed mainly by cheaper brands with an overall share of 85 per cent. The medium segment witnessed decline in growth to an extent of 4.58 per cent in the declared price range of Rs.450-649 whereas a growth of 16.18 per cent in declared price between Rs.650-1199 was recorded during the year.

2.3 Canalisation of Spirit

The Corporation continued its spirit canalisation policy with some minor modifications. In order to enable manufacturers of spirit to cater to the requirement of oil companies for blending ethanol with motor spirit, the Corporation allowed such manufacturers to deliver spirit in the premises of oil companies. The Corporation has played an effective role in implementing the national policy with regard to blending of ethanol with motor spirit.

In order to plug leakages, the Corporation has introduced a system of one time locks (OTL) for storage vats, receivers and tankers transporting spirit. In order to effectively monitor movement of vehicles carrying liquor/spirit, the Corporation has proposed a GPS/GSM enabled vehicle tracking system.

During the period, the total volume of rectified spirit handled was 851.28 lakh litres with a turnover of Rs.288.30 crores. Out of the above, 202.69 lakh litres valued at Rs.79.99 crores was imported and 86.39 lakh litres of spirit valued at Rs.34.59 crores was exported. The spirit drawn by distilleries for captive consumption to manufacture IML and arrack stood at 666.11 lakh litres. The sale of spirit for manufacture of arrack and IML and other purposes stood at 561.33 lakh bulk litres. The details of production reveal a capacity utilisation of 42.32 per cent of the installed capacity during the year. The utilisation details indicate an average yield of 245.62 bulk litres of spirit per MT of molasses.

2.4 Transparency in operations

As in the previous year, the Corporation brought out a compendium containing all its significant policies to facilitate transparent operations. Information relating to sales etc., were made available through the Corporation's website to all concerned.

The Corporation has nominated information officers and an appellate authority under the Right to Information Act, 2005. The Corporation has also made available all relevant details and the manual published by it under the Act in its website. The number of applications received under the Act during the year was NIL.

2.5 Infrastructure

The number of liquor depots in the state at the end of the year stood at 29. The infrastructure in these depots was considerably strengthened to ensure continuous smooth operations.

The Corporation's depots at Bangalore account for about 45 per cent of the total sales volume in the state. In order to rationalise the workload and decongest them, the Corporation has embarked upon establishment of additional depots at Bangalore. In this direction, additional depots have been established at Yeshwanthapur, Hebbal, Kadugondanahalli and Bannerghatta Road. Besides decongesting existing depots, these additional depots handle sale of liquor directly to retail and other licensees. As part of its initiative to have at least a depot in each district headquarters, the Corporation has established a depot at Chamarajanagar, which commenced operations from September, 2005.

Further, the Corporation has acquired 1.5 acres of land from M/s. Karnataka Leather Industries Development Corporation Ltd., (LIDKAR) at Kadugondanahalli at a cost of Rs.7.50 crores. Efforts are on to construct a depot in this land.

The Karnataka State Warehousing Corporation (KSWC) is constructing a depot for the Corporation at Hongasandra, off Hosur Road with financial assistance from the Corporation.

The Corporation has been using Tally Software for its operational, accounting and inventory management functions successfully since its inception. Given its limitations, the Corporation has successfully migrated to an Oracle based software with "Profit Plus" as the front end, both in depots and in the head office.

With a view to meet the expanding operational needs, the Corporation has added additional infrastructure like workstations, personal computers etc., at its Head Office. Also, considering the volume of transactions handled by the depots at Bangalore, these depots have been provided with servers.

2.6 Financial Management

The financial management system put in place continued during the year.

The Corporation has an impeccable record with regard to payment to suppliers with over 99.5 per cent of the amount payable during the year paid on time.

2.7 Human Resources and Staff Welfare

The number of employees increased significantly to 263 as at the end of 2005-06 from 234 as at the end of 2004-05. During the year depot accounting, internal audit, software development, hardware maintenance and security services were outsourced.

With a view to mitigate hardship in case of injury in course of employment to personnel posted in spirit depots, the Corporation has obtained an insurance policy for such personnel.

Towards having a comprehensive set of Cadre and Recruitment rules, the Board of Directors of the Corporation has approved an organisational structure consisting of thirteen cadres. The personnel on deputation have been re-designated in these cadres. Other initiatives in this regard are underway.

Focused workshops at different locations for depot managers were held during the year to enable them to interact with each other and facilitate dissemination of views.

2.8 Future Outlook

The Corporation's success in operations over the years has prompted government to entrust direct sale to retail and other licensees. With its track record in implementing government policies effectively and consistently increase revenue mobilisation the Corporation would play a meaningful role in ushering reforms in this sector.

3. Corporate Governance

3.1 Board of Directors

Sudhakar Rao - Chairman (from 01.04.05 to 14.09.05)

N. Gokulram - Chairman (from 14.09.05)

R.B. Agawane - Director (from 01.04.05 to 14.09.05)

Dr. S. Subramanya - Director (from 01.04.05)

D.N. Nayak - Director (from 14.09.05)

R. Ramaseshan - Managing Director (from 01.04.05)

The Board wishes to place on record its appreciation of the valuable services and advice rendered by them to your Company.

During the year, as per the requirements of the Companies Act, 1956, in order to transact statutory and other business and also to review the business operations of the Company, the Board of Directors met six times.

3.2 General Meetings

The second annual general meeting was held on 19.09.2005 at the Registered Office of the Corporation to consider and adopt the annual accounts relating to the year 2004-05 and fix the remuneration of statutory auditors for the year 2004-05.

4. 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.

5. Secretarial Compliance Certificate

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

6. Particulars of Employees

During the year under review, there were no employees who were in receipt of remuneration in excess of the 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.

7. Auditors and Auditors' Report

M/s. Karra & Company, Chartered Accountants, Bangalore, have been appointed as Statutory Auditors of your Company for the year 2005-06 by the Comptroller and Auditor General of India. 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's comments under Section 619(4) of the Companies Act, 1956 as and when received will be appended to this report.

8. 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 Deputy Commissioners of all districts and other district officials for their assistance;
- the bankers of the Company, namely, Canara Bank, ICICI Bank, IDBI Bank, ING Vysya Bank and UTI Bank;
- the dedicated services rendered by the employees of the Corporation;
- suppliers, wholesalers, manufacturers of spirit and other business associates;
- the Comptroller & Auditor General of India, New Delhi; the Accountant General, Karnataka, Bangalore; the statutory auditors and the secretarial auditor for their guidance and co-operation; and
- the media for publicity and creating awareness amongst the public.

for and on behalf of the Board of Directors

Sd/-
(N. Gokulram)
Chairman

Bangalore
24.07.2006

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

FORM B

I) Research and Development (R&D)

Expenditure on R&D .. NIL

II) Energy conservation, technology absorption, adaptation and innovation

In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

Technology imported	:	NIL
Year of import	:	Does not arise
Has the technology been fully absorbed	:	Does not arise
If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action	:	Does not arise

III) Foreign Exchange:

a) Foreign exchange earnings .. NIL

b) Foreign exchange outgo .. NIL

ANNUAL ACCOUNTS
2005-06

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 in the case of penalty income in respect of slow moving stocks from inoperative distilleries, which is accounted on receipt basis.

   iii) Purchase and Sales Policy :

   Purchase :

   IML : Manufacturer/supplier places an offer to supply liquor based on the demand prevailing in various locations. Thereafter, an Order for Supply is issued to the manufacturer/supplier. Goods so supplied are stacked in the depots of the Corporation and the ownership of these stocks continues to vest with the manufacturer/supplier. Manufacturers/suppliers undertake the responsibility for creating demand for the goods supplied to the Corporation. Price for the supply is paid after the sale of such supply. Stocks lying unsold in the depots of the Corporation attract a penalty, which is collected from manufacturers/suppliers periodically.

   Spirit: The Excise Commissioner, Karnataka, authorises the buyers to procure their requirement from a specific supplier. Upon remittance of the sale value of the supply, orders are placed by the Corporation on the supplier so authorised.

   Sales:

   IML: Stocks are issued to the wholesale licencees after receipt of full value of the goods.

   Spirit : Credit sale is permitted for a period of 30 days' time for supply of Ethanol to the companies. The margin on sale of spirit from 01.09.2004 has been waived.

   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 to distilleries 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 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.

3. Valuation of Inventories

Stocks taken over from MSIL are valued at lower of cost or net realizable value.

4. Personnel

The Corporation has personnel deputed from other State Government Organisations. In respect of these personnel, the Corporation has made remittances towards Leave Salary, Pensions, Provident Fund 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 & Provisions

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

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Balance Sheet as at 31st March 2006

(Amt. in Rs.)

Sl. No.	PARTICULARS	SCH No.	Current Year		Previous Year	
I	**SOURCES OF FUNDS**					
	1. Shareholders' Funds					
	a) Capital	A	20000000		20000000	
	b) Reserves & Surplus	B	81641909	101641909	43903339	63903339
	2. Loan Funds					
	a) Secured Loans	C	279526593		133536787	
	b) Unsecured Loans	D	25319486	304846079	26977261	160514048
	3. Deferred tax Liability			2013023		1665842
	TOTAL :			**408501011**		**226083229**
II	**APPLICATION OF FUNDS**					
	4. Fixed Assets	E				
	a) Gross Block		119671677		30364967	
	b) Less : Depreciation		16147183		9878656	
	c) Net Block			103524494		20486311
	5. Investments		—		—	
	6. Current Assets, Loans & Advances					
	a) Inventories		—		5858001	
	b) Sundry Debtors	F	45918750		3541584	
	c) Cash & Bank Balances	F	976853909		567790265	
	d) Loans & Advances	G	210866507		296318829	
			1233639166		873508679	

	Less :					
	7. Current Liabilities & Provisions	**H**				
	a) Current Liabilities		863984422		614863360	
	b) Provisions		64678227		53048401	
			928662649		667911761	
	Net Current Assets			304976517		205596918
	Total			**408501011**		**226083229**

As per our report of even date
for Karra & Co
Chartered Accountants
Sd/-
(R. Sivakumar)
Partner
M. No. 19834

for and on behalf of Karnataka State Beverages Corporation Limited

Sd/-
(R. Ramaseshan)
Managing Director

Sd/-
(N. Gokulram)
Chairman

Place : Bangalore
Date : 25.07.2006

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING 31.03.2006

(Amt. in Rs.)

PARTICULARS	SCH No.	Current Year		Previous Year	
1. INCOME					
a) Sale of IML/BEER		26880806406		20433704089	
b) Sale of Spirit		2883011979	29763818385	1848261532	22281965621
2) Cost of Sale			29232992968		21859528445
Gross Margin			**530825417**		**422437176**
3) Other Income					
a) Interest on Advance to Distilleries		22698040		14521004	
b) Interest on Bank deposits		46722585		32489458	
c) Miscellaneous receipts		336098		473151	
d) Penalty on slow moving stocks		31088732	100845455	53166720	100650333
Total - A			**631670872**		**523087509**
EXPENDITURE					
4) Administrative & General Expenses	I	135872013		121783531	
5) Managerial Remuneration	J	866829		765145	
6) Finance Charges	K	12461829		8151458	
7) Depreciation		6268527		5760092	
8) Privilege Fee to Govt. of Karnataka		410000000		320000000	
9) Miscellaneous expenses written off		—		523247	
Total - B			**565469198**		**456983473**

10) Profit for the year (A-B)			66201674		66104036
11) Previous years adjustments	**L**		3562920		669905
12) Profit after previous year adjustments			62638754		65434131
13) Less: Provision for tax					
a) Current Tax			24021980		22989160
b) Deferred Tax Liability			347180		1199958
14) Fringe Benefit Tax			531024		—
15) Profit after tax			37738570		41245013
16) Balance transferred to General Reserve			37738570		41245013
17) Earning per share (face value of Rs. 1000/- each)					
Basic			1887		2302
18) Notes to accounts	**M**				

As per our report of even date
for Karra & Co
Chartered Accountants
Sd/-
(R. Sivakumar)
Partner
M. No. 19834

for and on behalf of Karnataka State Beverages Corporation Limited

Sd/-
(R. Ramaseshan)
Managing Director

Sd/-
(N. Gokulram)
Chairman

Place : Bangalore
Date : 25.07.2006

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
CASH FLOW STATEMENT FOR 2005–2006

(Rs. in Lakhs)

	Current Year	Previous Year
Cash flows from operating activities		
Net profit before taxation and extraordinary item	662.02	661.04
Adjustments for :		
Depreciation & Misc. expenses written off	62.69	62.83
Interest income	(694.21)	(470.10)
Prior period expenses	(35.63)	(6.70)
Interest expenses	124.62	81.51
Operating profit before working capital changes	119.48	328.58
Increase / Decrease in sundry debtors	(423.77)	164.33
Decrease in inventories	58.58	271.70
Increase in sundry creditors	2,491.21	8.19
Decrease in outstanding expenses	(84.73)	(275.00)
Increase / Decrease in current assets and advances	1,008.60	(1,088.70)
Cash generated from operations	3,169.38	(590.90)
Income taxes paid	39.19	12.35
Fringe benefit tax paid	5.31	—
Self Assessment Tax paid	154.08	—
Cash flow before extraordinary item	2,970.80	(603.25)
Extraordinary item	—	—
Net cash from operating activities	*2,970.80*	*(603.25)*
Cash flow from investing activities		
Purchase of fixed assets	(893.07)	(124.11)
Proceeds from sale of equipment	—	—
Interest received	694.21	470.10
Dividends received		
Net cash from investing activities	*(198.86)*	*345.99*
Cash flow from financing activities		
Proceeds from issuance of share capital	—	—
Proceeds from long term borrowings	1,459.90	789.06
Repayment of long term borrowings	(16.58)	(8.77)
Interest paid	(124.62)	(81.51)
Dividends Paid	—	—
Net cash used in financing activities	*1,318.70*	*698.78*
Net increase in cash and cash equivalents	**4,090.64**	**441.52**
Cash and cash equivalents at beginning of period	**5,677.89**	**5236.37**
Cash and cash equivalents at end of period	**9,768.53**	**5,677.89**

As per our report of even date
for Karra & Co.
Chartered Accountants
Sd/-
(R. Sivakumar)
Partner
M. No. 19834

for and on behalf of Karnataka State Beverages Corporation Limited

Sd/-
(R. Ramaseshan)
Managing Director

Sd/-
(N. Gokulram)
Chairman

Place : Bangalore
Date : 25.07.2006

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - A

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

SHARE CAPITAL

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AUTHORISED				
	50,000 Equity Shares of Rs. 1,000/- each		50000000		50000000
	ISSUED, SUBSCRIBED AND PAID UP				
	20,000 Equity Shares of Rs. 1,000/- each		20000000		20000000
	Total		**20000000**		**20000000**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - B

FORMING PART OF BALANCE SHEET AS AT 31^{ST} MARCH 2006

RESERVES & SURPLUS

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	**GENERAL RESERVE :**				
	Balance as per last Balance Sheet		43903339		2658326
	Add : Transferred from Profit and Loss Account		37738570		41245013
	Depreciation Reserve		—		—
	Total		**81641909**		**43903339**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - C

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

BORROWINGS - SECURED

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	UTI Bank	—		8796619	
B	UTI Bank - OD A/C	10532872		211233	
C	Canara Bank	—		60733831	
D	ING-Vysya Bank	230120879		2763372	
E	IDBI Bank - J.P. Nagar	38872842		61031732	
			279526593		133536787
	Total		**279526593***		**133536787**

* All the Borrowings are Secured against Deposits with the Banks amounting to Rs. 47.42 crores.

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - D

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

BORROWINGS - UNSECURED

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	<u>**GOVERNMENT LOANS**</u>				
	Government of Karnataka		25319486		26977261
	TOTAL		**25319486**		**26977261**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
SCHEDULE - E
FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

FIXED ASSETS

(Amt. in Rs.)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 1st April 2005	Additions	Deletions	As at 31.03.2006	Up to 31.03.2005	For the Year	Deletions	As at 31st March 2006	As at 31st March 2006	As at 31st March 2005
1	2	3	4	5	6	7	8	9	10	11	12
1.	Land	—	82531525	—	82531525	—	—	—	—	82531525	—
2.	Office Equipments	2425432	187866	—	2613298	466164	151647	—	617811	1995487	1959268
3	Computer Equipments	13737371	2389696	—	16127067	2352339	2347693	—	4700032	11427035	11385032
4.	Furniture and Fixtures	6566879	1835627	—	8402506	2920663	931187	—	3851850	4550656	3646216
5.	Fire Fighting Equipments	478125	23120	—	501245	245559	23153	—	268712	232533	232566
6.	Handling Equipments	1441520	146500	—	1588020	561103	93636	—	654739	933281	880417
7.	Vehicles	673420	—	—	673420	107092	63975	—	171067	502353	566328
8.	Computer Software	2639878	536400	—	3176278	1624176	1058760	—	2682936	493342	1015702
9.	Lease hold Improvements	2402342	1655976	—	4058318	1601560	1598476	—	3200036	858282	800782
	Total	**30364967**	**89306710**	**—**	**119671677**	**9878656**	**6268527**	**—**	**16147183**	**103524494**	**20486311**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - F

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

CURRENT ASSETS - SUNDRY DEBTORS & CASH AND BANK BALANCES

(Amt. in Rs.)

Sl.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	**SUNDRY DEBTORS, UNSECURED AND CONSIDERED GOOD**				
	Amount receivable from buyers of spirit and others				
	a) More than six months	—		—	
	b) Less than six months	45918750	45918750	3541584	3541584
B	**CASH AND BANK BALANCES**				
	Cash on Hand	178933		159780	
	Cash In Transit	7620		9200	
	Cash at Bank	302284636		67439445	
	Deposits				
	Fixed Deposits	370000100		400000000	
	Flexi Deposit	304240140		100177897	
	Canara Bank (Confiscated Liquor Account)	142480	976853909	3943	567790265

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - G

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

CURRENT ASSETS - LOANS AND ADVANCES

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Advances recoverable in cash or in kind or for value to be received - considered good				
A	Interest Accrued & Not Due		12737569		9354669
	Leave Salary Recoverable Account	804371		28077	
	Sundries Recoverable from Staff	12546		—	
	Sundries Recoverable from Others	208820	1025737	440180	468257
B	Advance Income Tax		40793732		21677807
	Self Assement Tax		15408016		
C.	**UNSECURED ADVANCES :**				
	Advance Privilege Fee to GOK	—		1077600	
	Advance Emergent	—		5000	
	Advance to staff - Pay	221569		259928	
	Advance Medical	—		52883	
	Advance - Travelling	—		4908	
	Advance - Festival	37775		—	
	Rent Deposit	15550796	15810140	11589916	12990235
D.	**SECURED ADVANCES :**				
	Advance to Distilleries		113913270		251576670
E.	**DEPOSITS**				
	Deposit Paid	10890000		600	
	Telephone Deposit	253603	11143603	242603	243203
F.	**Prepaid Expenses**		34440		7988
	TOTAL		**210866507**		**296318829**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - H

FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006

CURRENT LIABILITIES AND PROVISIONS

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	**CURRENT LIABILITIES :**				
	Sundry Creditors - Distilleries	724180561		585344744	
	Sundry Creditors - RS Distilleries	94786337		—	
	Sundry Creditors - Others	8030382		5814956	
	Sundry Creditors - Others (RS)	34744627	861741907	12424300	603584001
	GOK-EXCISE (CONFISCATED LIQUOR)	142480		3943	
	Miscellaneous Deposit	11462		37877	
	Earnest Money Deposit	2000		—	
	Deposits received from Suppliers and others	1656020		1014332	
	Security Deposit - Distillery	—		9038628	
	Receipts on behalf of Others	430553	2242515	1184579	11279359
			863984422		**614863360**
B	**PROVISIONS :**				
	Rent and Hire charges	4331904		5307241	
	Establishment expenses	4859373		7819612	
	Others	257618		729300	
	Provision for Taxation	48032469		24010489	
	TDS	235627		1064654	
	Education cess - payable	—		26448	
	TCS payable - Depots	6961236		13111092	
	Cess payable - Depots	—		729322	
	TCS payable	—	**64678227**	250243	**53048401**
	TOTAL		**928662649**		**667911761**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
SCHEDULE - I

FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

ADMINISTRATIVE AND GENERAL EXPENSES

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	ESTABLISHMENT EXPENSES				
1	Salaries and Wages	34197639		31991753	
2	Salary and Wages (RS)	10626852		4391558	
3	Exgratia	—		1988462	
4	Incentive	950517		128000	
5	Employer's contribution to Provident Fund	3827050		3443250	
6	Employers contribution to ESI	24211		58307	
7	Travelling Expenses	1775576		1387541	
8	Conveyance Expenses	816337		544617	
9	Staff Training Expenses	13300		—	
10	Data Entry Operators Expenses	4650631		3021409	
11	Entertainment Expenses	1033966		1044559	
12	Reimbursement of Medical Expenses	1779487		1294272	
13	Reimbursement of Telephone Expenses	205430		180373	
14	Reimbursement of Fuel Expenses	252336		35613	
15	Expenses on Security	6003487		6222015	
16	Expenses on Security (RS)	4450185		2874728	
17	Leave Salary Contribution	2269245		1972126	
18	Pension Contribution	233869		445755	
19	Delegation to Conferences	6000		—	
20	Accident Insurance Staff	27936		—	
21	Administrative Charges - PF	217		—	
22	Gratuity Contribution	—	73144271	781136	61805472

	GENERAL EXPENSES				
23	Rent	33534476		29758733	
24	Rates and Taxes	19931		58633	
25	Books and Periodicals	89874		55614	
26	Computer Consumables	817018		944204	
27	Entertainment Expenses	213568		214161	
28	Electricity Charges	1713808		1573761	
29	Printing and Stationery	1687706		3034438	
30	Postage and Courier	295813		346091	
31	Telephone Expenses	2783338		3029692	
32	Hire Charges	743076		998197	
33	Water Charges	334204		248547	
34	Donations	—		55000	
35	Housekeeping Expenses	649556		579626	
36	Office Expenses	931305		918772	
37	Expenses to Auditors	118200		59613	
38	Statutory Auditors Remuneration	137750		137750	
39	Tax Audit Fees	27550		27550	
40	Out of Pocket Expenses - Statutory Auditors	10000		25000	
41	Internal Audit Fees	1824000		1595096	
42	Advertisement and Publicity	126888		205731	
43	Professional and Legal Charges	4586660		7664471	
44	Insurance - Cash in Transit	—		1102	
45	Insurance on Stock at Depots	6585261		2988613	
46	Insurance on Vehicles & Machinery	15417		7403	
47	Insurance on Computer Equipment	83862		15968	
48	Insurance - Others	1420		47725	
49	Miscellaneous Expenses	29107		56306	
50	Consultancy Charges	1656235		1116561	
			59016023		55764357

	MAINTENANCE EXPENSES				
51	Repairs and Maintenance of Buildings	179617		293530	
52	Repairs and Maintenance of Computer Equipment	215278		31394	
53	Repairs and Maintenance of Furniture and Fixtures	31039		37319	
54	Repairs and Maintenance of Office Equipment	239340		117925	
55	Repairs and Maintenance of others	50385		18389	
56	Repairs and Maintenance of Motor Vehicles	96266		80451	
			811926		579007
	OTHERS				
57	Development Expenses	—		—	
58	Data Processing Charges	1047538		964457	
59	Packing, Forwarding and Freight	1549168		1692903	
60	Discount Allowed	—		494945	
61	Expenses on Board Meeting	4747		2350	
62	Expenses on Depot Managers Meeting	87480		129421	
63	Expenses on Destruction of Sedimented Stocks	50		12549	
64	Depot Damages	210810		338070	
			2899793		3634695
	TOTAL		**135872013**		**121783531**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - J

FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

MANAGERIAL REMUNERATION

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A	**WHOLETIME DIRECTORS (MD)**				
	Salary and Allowances	556311		522580	
	Exgratia	—		10000	
	Travelling Expenses	101475		122135	
	Reimbursement of Medical Expenses	44162		15304	
	Leave Salary Contribution	43285		42554	
	Pension Contribution	106176	851409	51072	763645
B	**OTHER DIRECTORS**				
	TA and Conveyance Allowance	11420		—	
	Sitting Fees	4000	15420	1500	1500
	TOTAL		**866829**		**765145**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - K

FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

FINANCE CHARGES

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1	Interest paid on Overdraft	12142074	6901111
2	Bank charges	249955	2048
3	Expenses on availment of loan	—	—
4	Interest paid	69800	—
5.	Interest paid to MSIL	—	1248298
	GRAND TOTAL	**12461829**	**8151458**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

SCHEDULE - L

FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

PREVIOUS YEARS ADJUSTMENTS

(Amt. in Rs.)

Sl. No.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1	Expenses pertaining to previous years	8095551	1514253
2	Withdrawal of Income pertaining to previous years	295920	—
3	Withdrawal of Expenses pertaining to previous years	4828551	844348
	GRAND TOTAL	**3562920**	**669905**

SCHEDULE - M

FORMING PART OF 2005-2006 ACCOUNTS

NOTES ON ACCOUNTS

1. Claims against the Company not acknowledged as debt

   (i) A demand has been received on the income of penalty on slow moving stocks (demurrage charges) from the Commissioner of Service Tax for payment of service tax amounting to Rs.65,47,829/- together with applicable interest under Section 75 of the Finance Act, 1994; penalty under Section 77 of the Finance Act, 1994, and Rs.1,00,00,000/- under Section 78 of the Finance Act, 1994 in case of failure to discharge the liability. The Company has been legally advised that the said order could be contested in the court of law as the demand is untenable. Accordingly, an appeal has been filed against the order of the Commissioner of Service Tax. Hence, no provision for the liability in the books of accounts is considered necessary. In the year 2005-06, the Company has recovered an amount of Rs.310.88 lakhs towards penalty on slow moving stocks.

   (ii) A notice received from the Assistant Commissioner of Commercial Taxes (Intelligence), Mangalore has advised the Company to pay Rs. 18.44 lakhs towards sales tax in respect of empty bottles returned by wholesalers attached to Mangalore Depot to breweries for the financial years 2003-04, 2004-05 and 2005-06, on the ground that sale of empty bottles is liable for multi point levy under the Karnataka Sales Tax Act, 1957. In the year 2005-06, the amount credited to the wholesale licencees' accounts towards value of empty bottles returned to the breweries as per the credit notes furnished by the breweries is Rs.19.80 crores. As per the legal opinion obtained based on the entries made in the Company's books of accounts which are purely financial in nature, the Company has been advised that the transaction in question does not tantamount to a sale and hence does not constitute a liability against the Company. As such, the Company has been advised that it is not liable to pay any sales tax in this regard. Hence, no provision for the liability in the books of accounts is considered necessary.

2. MSIL Stocks

   (i) Government of Karnataka has directed that loss on account of reduced selling prices consequent to reduction in duties on the stocks taken over from MSIL shall be borne by them, vide Government Order No. FD 14 PES 2004 dated 27.03.2004. Accordingly, loss on sales of MSIL stocks at reduced prices amounting to Rs.0.07 crores (previous year Rs.0.73 crores) for a quantity of 2063 CBs (previous year 15759 CBs) has been debited to MSIL.

   (ii) A quantity of 1518 CBs of Khoday India brands (previous year 1803 CBs of McDowell brands valued at Rs.0.12 crores) belonging to MSIL stock valued at Rs.0.24 crores has been issued to the manufacturers for re-distillation purposes as per Excise Commissioner Order No. ECD 59 REV 2005 dated 20.08.2005.

   (iii) A quantity of 92 CBs (previous year 4211 CBs valued at Rs.0.11 crores) of MSIL stocks valued Rs.0.004 crores declared unfit for human consumption has been destroyed and the same has been debited to MSIL account.

3. Following are inventory particulars:

I. IML & Beer :

Sl. No.	Particulars	Quantity (CBs)		Value (Rs. in crores)	
		Previous Year	Current Year	Previous Year	Current Year
1.	Opening Stock	26993	5477	3.30	0.59
2.	Purchases	20078322	26088749	1998.64	2634.83
3.	Sales	20099510	26092186	2043.37	2688.08
4.	Shortage/Damage	328	249	0.03	0.02
5.	Closing Stock	5477	1791	0.59	—

Stocks of 1791 CBs represents stock taken over from MSIL at the inception of the Corporation and are considered to have no realizable value as on 31st March 2006.

II. Spirit :

Sl. No.	Particulars	Quantity (BLs)		Value (Rs. in crores)	
		Previous Year	Current Year	Previous Year	Current Year
1.	Opening Stock	Nil	Nil	Nil	Nil
2.	Purchases	50945780	85164050	184.63	288.30
3.	Sales	50945780	85164050	184.63	288.30
4.	Closing Stock	Nil	Nil	Nil	Nil

4. Letters seeking confirmation of balances as on 31.03.2006 in respect of Sundry Creditors and Advance to Distilleries have been sent and their response is awaited.

5. There are no earnings and/or outgo in foreign exchange.

6. Particulars of Deferred Tax Liability / (Asset) :

(Rs. in lakhs)

Timing Difference on account of	**Current year**	**Previous year**
Opening Balance (DTL)	16.66	4.67
Depreciation (Deferred Tax Liability)	2.59	13.35
Preliminary and pre-operative Expenses written off (DTL)	0.51	(1.36)
Deductions permissible under the IT Act, 1961	0.37	—
Net Deferred Tax Liability	20.13	16.66

7. There are no dues beyond 30 days to small scale industries.

8. Related Party Disclosure:
Key Management Personnel:
Managing Director – Remuneration: Rs.8,51,409/- (previous year Rs.7,63,645/-)

9. Previous year's figures have been regrouped / recast / rearranged wherever found necessary.

As per our report of even date
for Karra & Co.
Chartered Accountants
Sd/-
(R. Sivakumar)
Partner
M No. 19834

for and on behalf of Karnataka State Beverages Corporation Limited
Signatories to Accounting Policies and Schedules "A" to "M"

Sd/-
(R. Ramaseshan)
Managing Director

Sd/-
(N. Gokulram)
Chairman

Place : Bangalore
Date : 25.07.2006

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.	3 2 0 3 3	State Code	0 8
Balance Sheet Date	3 1 0 3 2 0 0 6		

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	4 0 8 5 0 1	Total Assets	4 0 8 5 0 1

Source of Funds

Paid–up Capital	2 0 0 0 0	Reserves & Surplus	8 1 6 4 1
Secured Loans	2 7 9 5 2 6	Unsecured Loans	2 5 3 1 9
Deferred Tax Liability	2 0 1 3		

Application of Funds

Net Fixed Asset	1 0 3 5 2 4	Investments	N I L
Net Current Assets	3 0 4 9 7 6		

IV Performance of Company (Amount in Rs. Thousands)

Turn Over	2 9 8 6 4 6 6 4	Total Expenditure	2 9 8 0 2 0 2 5
Profit Before Tax	6 2 6 3 9	Profit After Tax	3 7 7 3 8
Earnings per share in Rs.	1 8 8 7	Dividend Rate %	N I L

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

KARRA & CO.,
CHARTERED ACCOUNTANTS

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

To
The Shareholders
Karnataka State Beverages Corporation Limited
No.78, Seethalakshmi Towers,
Mission Road, Bangalore - 560 027.

AUDITORS' REPORT

We have audited the attached Balance Sheet of **Karnataka State Beverages Corporation Limited (The Company)** as at 31st March 2006, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed here to. 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 mis-statements. 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 account, 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 account.

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, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

6. Subject to ***Note No. 04 in Notes on accounts pertaining to non confirmation of balances of sundry creditors and Advances to Distilleries,***

   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 31st March 2006;

   b. in the case of Profit and Loss Account of the Profit for the year ended on that date; and

   c. in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

for KARRA & Co.,
Chartered Accountants
Sd/-
R. Sivakumar
Partner
M. No. 19834

Place: Bangalore
Date: 25.07.2006

ANNEXURE TO THE AUDITORS' REPORT

Referred to in the Auditors' report to the Members of
Karnataka State Beverages Corporation Limited for the year ended 31st March 2006.

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 account;

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

   (a) The Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   (b) The Company has not taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   (c) 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 & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. There are no contracts or arrangements referred to in Section 301 of the Act. In view of the fact that there are no contracts or arrangements 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, 58 AA or any other relevant provisions 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 organizations, in respect of whom all statutory payments with regard to Provident Fund and Employees' State Insurance, have been made to the parent organizations. The company is generally regular in depositing undisputed statutory dues relating to Income-Tax, Wealth-Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of dues of Income-Tax, Custom Duty, Wealth Tax, Excise Duty, Cess, were in arrears as at 31.3.2006 for a period of more than six months from the date they became payable.

   (b) There are no disputed dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Cess, as on 31st March 2006 which have not been deposited. However, the Company has since received a notice on 28.10.2005 for Rs.18.44 lakhs towards Sales Tax in respect of empty bottles returned by wholesalers attached to Mangalore Depot to breweries for the financial years 2003-04 to 2005-06. Please also refer Note No.1(ii) of the Notes on Accounts.

   (c) A demand has been received for a sum of Rs.65.48 lakhs together with applicable interest and penalty of Rs.1 crore from the Commissioner of Service Tax, Bangalore. The company has preferred an appeal against the Order. Please refer to Note No. 1(i) of the Notes on Accounts.

10. The Company has been registered for a period less than five years. There are no accumulated losses and, the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

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 security or charge has 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
M. No. 19834

Place: Bangalore
Date: 25.07.2006

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/2006-07/K-262(6)/58 28 August 2006

To
The Managing Director
Karnataka State Beverages Corporation Limited,
No.78, Sitalaxmi Towers,
Mission Road, Bangalore - 560 027.

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 year ended 31st March 2006.

I 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 year ended **31st March 2006.**

2. In this connection a reference is invited to letter of Director Karnataka State Bureau of Public Enterprises in No. DPAR (BPE) 25 MEA 84 dated : 7th January 1985 and its enclosures. The Supplementary Report referred to therein in respect of your Company is enclosed, which may please be published as an Annexure to the Directors' Report as suggested by the Government, in their letter cited above.

3. 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.

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

Yours faithfully,
Sd/-
(C. GOPINATHAN)
ACCOUNTANT GENERAL
(CIVIL & COMMERCIAL AUDIT)
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 YEAR ENDED 31st MARCH 2006.

"I have to state that the Comptroller and Auditor General of India has no comments 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 year ended 31st March 2006".

Sd/-
(C. GOPINATHAN)
ACCOUNTANT GENERAL
(CIVIL & COMMERCIAL AUDIT)
KARNATAKA, BANGALORE

Bangalore
Dated : 28 August 2006

FINANCIAL REVIEW ON THE ACCOUNTS OF KARNATAKA STATE BEVERAGES CORPORATION LIMITED, BANGALORE FOR THE THREE YEARS ENDED 31st MARCH 2006.

1. Financial Position

The following table summarises the Financial Position of the Company at the end of each of the three years ending 31st March 2006.

(Rupees in lakhs)

		2003-04*	2004-05	2005-06
	Liabilities			
a)	Paid-up capital (including share deposit / share application money pending allotment / share suspense / share advance)	200.00	200.00	200.00
b)	Reserves and Surplus	26.58	439.03	816.42
c)	Borrowings	824.86	1605.14	3048.46
d)	Deferred Tax Liability	4.66	16.66	20.13
e)	Current Liabilities and Provisions (including interest accrued and due on loans)	6510.58	6679.12	9286.63
	TOTAL	**7566.68**	**8939.95**	**13371.64**
f)	Gross Block	179.54	303.65	1196.72
g)	Less : Depreciation	41.19	98.79	161.47
h)	Net Block	138.35	204.86	1035.25
i)	Capital work-in-progress	0.00	0.00	0.00
j)	Investments	0.00	0.00	0.00
k)	Current Assets, Loans and Advances	7423.09	8735.09	12336.39
l)	Miscellaneous Expenditure	5.23	0.00	0.00
	TOTAL	**7566.67**	**8939.95**	**13371.64**
	Capital Employed	1068.15	2288.36	4107.70
	Net Worth	221.35	639.03	1016.42

* the figures relate to the period from June, 2003 (date of formation of the Company) to 31st March 2004.

NOTE
Capital employed represents net fixed Assets plus capital work-in-progress plus working capital.
Net worth represents paid up capital plus reserves and surplus less intangible assets.

2. CAPITAL STRUCTURE

The debt equity ratio of the Company was 1.4:1 both in 2003-04 and 2004-05 and 1.3:1 in 2005-06.

3. RESERVES AND SURPLUS

The reserves and surplus accumulated upto 31st March 2006 was Rs.816.42 lakh as against Rs.439.03 lakh as on 31st March 2005 and Rs.26.58 lakh as on 31st March 2004. The reserves and surplus comprised of profit and loss account surplus and represented 6.1 per cent of total liabilities during 2005-06 as against 4.9 per cent during 2004-05 and 0.4 per cent during 2003-04. The reserves and surplus was equivalent to 408.2 per cent of equity capital during 2005-06 as against 219.5 per cent during 2004-05 and 13.3 per cent during 2003-04.

4. LIQUIDITY AND SOLVENCY

a) The percentage of current assets, loans and advances to total net assets decreased from 98.1 per cent in 2003-04 to 97.7 per cent in 2004-05 and to 92.3 per cent in 2005-06.

b) The percentage of current assets, loans and advances to current liabilities (including provisions) increased from 114.0 per cent in 2003-04 to 130.8 per cent in 2004-05 and 132.8 percent in 2005-06.

c) The percentage of quick assets [sundry debtors, loans and advances (excluding prepaid expenses and advance Income Tax), deposits and cash and bank balances] to current liabilities (excluding provisions) increased from 107.6 per cent in 2003-04 to 132.0 per cent in 2004-05 and 135.8 per cent in 2005-06.

5. WORKING CAPITAL

The working capital of the Company was Rs.3072.45 lakh as on 31st March 2006 as against Rs.2083.50 lakh as on 31st March 2005 and Rs.-929.80 lakh as on 31st March 2004. The working capital was equivalent to 0.1 months' turnover in all the three years ending 31st March 2006.

6. SOURCES AND USES OF FUNDS

Funds of Rs.676.80 lakh from Internal Sources (Reserves and Surplus, Depreciation, Provisions and Deferred Tax Liability) and Rs.3817.57 lakh from External Sources (Borrowings and Current Liabilities) generated during the year were utilised as follows :

Gross Fixed Assets including Capital work-in-progress	893.07
Current Assets, Loans and Advances	3601.3
TOTAL	**4494.37**

7. WORKING RESULTS

The working results of the Company for the three years ending 31st March 2006 is tabulated below :

(Rs. in Lakhs)

	2003-04	2004-05	2005-06
Profit (+)/Loss(-) for the year	41.46	661.04	662.02
Prior period adjustments (Net)	0	-6.70	-35.63
Profit (+)/Loss(-) before Tax	41.46	654.34	626.39
Tax Provision	14.87	241.89	249.00
Profit (+)/Loss(-) after Tax	26.59	412.45	377.39
Percentage of Profit before Tax to			
Sales	0.0	0.3	0.2
Gross Fixed Assets	23.1	215.5	52.3
Capital Employed	3.9	28.6	15.2
Percentage of Profit after Tax to			
Net Worth	12.0	64.5	37.1
Equity Capital	13.3	206.2	188.7
Capital Employed	2.5	18.0	9.2

8. COST OF TRENDS

The table below indicates the percentage of cost of sales to sales for the three years upto 31st March 2006.

Sales	130699.72	222819.66	297638.18
Less Profit/Add Loss for the year before prior period adjustment	41.46	661.04	662.02
Cost of Sales	130658.26	222158.62	296976.16
Percentage of Cost of Sales to Sales	100.0	99.7	99.8

9. SUNDRY DEBTORS AND TURNOVER

The following table indicates the value of book debts and sales for the three years ending 31st March 2006.

(Rs. In Lakh)

As on 31st March	Debts considered		Total book Debts	Sales	Percentage of Debtors to Sales	Sundry Debtors in terms of months' sales
	Good	Doubtful				
2004	121.06	0.00	121.06	130699.72	0.1	0.0
2005	35.42	0.00	35.42	222819.66	0.0	0.0
2006	459.19	0.00	459.19	297638.18	0.2	0.0

Sd/-
(C. GOPINATHAN)
ACCOUNTANT GENERAL
(CIVIL & COMMERCIAL AUDIT)
KARNATAKA, BANGALORE

Bangalore
Dated : 28 August 2006

COMPLIANCE CERTIFICATE

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 **01.04.2005 to 31.03.2006** 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, 2006.**

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	**Maintained** . 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 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 exceed 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 General Meetings	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 apply.
21.	Place of keeping and inspection of Statutory registers	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	Maintained. Necessary entries are made.
04.	Share application and allotment book		Maintained. Necessary entries 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		Maintained.
08.	Register of Fixed Assets	The Company's (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 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 :-

Board Meeting No.	Dates	No of Meetings in a year
9th	25.06.2005	
10th	08.08.2005	
11th	19.09.2005	SIX
12th	17.11.2005	
13th	28.01.2006	
14th	25.03.2006	

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 Company has duly complied with the provisions of Section 166 and 171 to 186 of the Companies Act, 1956. The second AGM for the year 2004-2005 was held on 19.09.2005 (to consider the accounts for the year 2004-05).

07. EXTRAORDINARY GENERAL MEETINGS (Sec.165)

During the year under report, the Company has not held any EGM.

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 need 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 issued fresh certificates in lieu of defaced certificates with the approval of the Board of Directors.

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 not made allotment of shares.

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 2004-2005.

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

(c) The Company has complied with the provisions of Section 217 regarding Directors Report.

14. APPOINTMENT OF DIRECTORS

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

Name of the Director	Date of Appointment	Date of Ceasing	Remarks
Sri R. Ramaseshan, IAS	02.06.2003 04.06.2003	—	Director Appointed as Managing Director
Sri Sudhakar Rao, IAS	23.12.2004	14.09.2005	Director & Chairman
Sri N. Gokulram, IAS	14.09.2005	—	Director & Chairman
Sri R.B. Agawane, IAS	22.07.2004	14.09.2005	Director
Sri D.N. Nayak, IAS	14.09.2005	—	Director
Dr. Subramanya, IAS	26.11.2004	—	Director

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 has not appointed any Whole Time Director or Managing Director.

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, no allotment was made and therefore the requirement for issue of Share Certificate and other securities did not arise.

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'S POWERS TO BORROW (Sec. 292)

During the year under report the Company has not borrowed any funds from banks/financial institutions.

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 III 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 not altered the Articles of Association.

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.

Signature :	**Sd/-**
Name of Company Secretary :	**M R GOPINATH**
	Company Secretary
	C. P. No.: 1030/FCS 3812

Date : 24.07.2006

Bangalore

ANNEXURE - A

TO

COMPLIANCE CERTIFICATE

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

REGISTERS MAINTAINED BY THE COMPANY:

Sl. No.	Name of the register	Sec.
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 Company's 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 Meetings	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' 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 **31.03.2006**
with Registrar of Companies

Sl.No.	Forms	Purpose
01.	Annual Report	U/s 220 for Balance Sheet
02.	Annual Return	U/s 159 of the Companies Act, 1956.
03.	Secretarial Compliance Certificate	Proviso to Sec.383A of the Companies Act,1956.
04.	Form.32/14.09.2005	For Appointment & Ceasing of Directors

With Regional Director

Nil

With Central Government or other authorities

Nil

TRENDS & PERFORMANCE HIGHLIGHTS 2005-06

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

MONTH WISE ABSTRACT OF SALES PERFORMANCE FROM APRIL'05 TO MARCH '06

Qty : in CBs
Value : Rs.in lakhs

MONTH	IML		BEER		TOTAL VALUE
	QTY	VALUE	QTY	VALUE	
APR	1034274	15184.85	1150342	5344.76	20529.61
MAY	1135208	16656.55	1238082	5760.28	22416.82
JUN	1132101	16701.29	975679	4531.70	21232.99
JUL	1111873	16524.29	780124	3639.96	20164.25
AUG	1157793	17081.04	670831	3108.58	20189.62
SEP	1141583	16896.63	774275	3581.42	20478.05
OCT	1251459	18597.16	845920	3913.32	22510.48
NOV	1173428	17454.91	768238	3560.63	21015.54
DEC	1409963	21390.33	987217	4562.63	25952.96
JAN	1206979	17711.51	930975	4467.91	22179.42
FEB	1153724	17036.41	994011	4696.64	21733.05
MAR	1512435	22886.91	1553983	7518.35	30405.26
TOTAL	**14420820**	**214121.88**	**11669676**	**54686.19**	**268808.06**

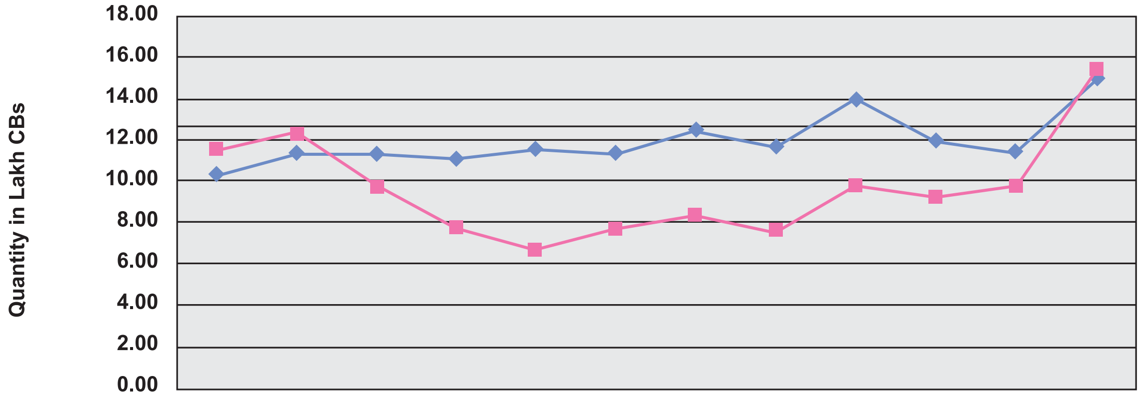
KARNATAKA STATE BEVERAGES CORPORATION LIMITED

DEPOTWISE SALE OF IML & BEER FOR THE PERIOD APRIL '05 TO MARCH '06

QTY : in CBs
VALUE : Rs in Lakhs

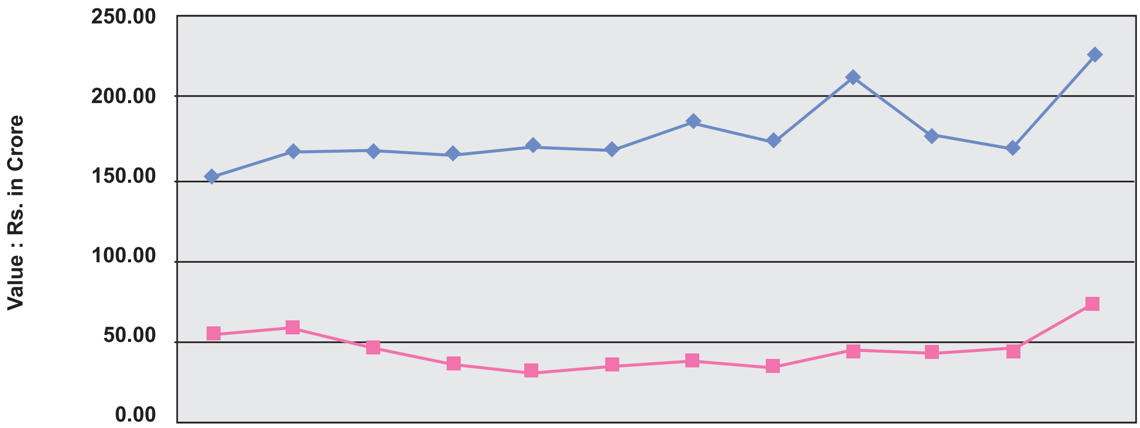
DEPOT	IML		BEER		TOTAL VALUE	Value in %
	Qty	Value	Qty	Value		
MYSORE ROAD	1869351	30113.04	1592697	7425.79	**37538.83**	13.96
PLATFORM ROAD	1796654	28053.57	1336025	6232.14	**34285.71**	12.75
PEENYA	1658449	23983.52	1393717	6445.02	**30428.55**	11.32
YESHWANTHPUR	806261	12353.78	586662	2729.24	**15083.02**	5.61
MANGALORE	720095	10260.94	728113	3284.56	**13545.50**	5.04
MYSORE	745159	11137.95	446519	2038.45	**13176.40**	4.90
BELGAUM	631046	8747.64	475523	2331.77	**11079.41**	4.12
BELLARY	470944	6904.04	466775	2240.41	**9144.45**	3.40
BANGARPET	449774	6523.98	366100	1719.06	**8243.04**	3.07
GULBARGA	416218	6060.82	441774	2169.42	**8230.24**	3.06
UDUPI	446083	6128.94	418740	1914.43	**8043.36**	2.99
TUMKUR	429948	6192.55	250422	1157.62	**7350.17**	2.73
HASSAN	389406	5964.77	230006	1035.57	**7000.34**	2.60
HUBLI	348380	5145.16	320014	1554.91	**6700.07**	2.49
SHIMOGA	312150	4531.18	219493	1004.54	**5535.73**	2.06
DAVANGERE	280064	3998.75	195795	924.10	**4922.85**	1.83
RAICHUR	253635	3696.25	248171	1191.21	**4887.45**	1.82
CHICKMAGALUR	292645	4131.72	148597	664.19	**4795.90**	1.78
BAGALKOTE	268572	3652.92	209785	1033.41	**4686.34**	1.74
MANDYA	237908	3632.60	174820	791.10	**4423.69**	1.65
KUSHALNAGAR	245889	3705.99	153512	683.56	**4389.55**	1.63
BIJAPUR	228250	3227.83	219299	1084.91	**4312.75**	1.60
CHITRADURGA	219999	3297.88	162177	767.00	**4064.88**	1.51
BIDAR	166764	2500.06	213117	1052.44	**3552.50**	1.32
SIRSI	169040	2404.08	234381	1110.60	**3514.67**	1.31
HAVERI	190394	2586.15	134414	646.45	**3232.60**	1.20
KOPPAL	148080	2025.31	156537	756.33	**2781.64**	1.03
GADAG	143228	1964.33	114331	548.56	**2512.89**	0.93
CHAMARAJANAGAR	86432	1196.15	32160	149.40	**1345.56**	0.50
TOTAL	**14420820**	**214121.88**	**11669676**	**54686.19**	**268808.06**	**100.00**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
MONTHWISE IML & BEER SALES PERFORMANCE FROM APRIL 2005 TO MARCH 2006
(QUANTITY IN LAKH CBs)



	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
IML	10.34	11.35	11.32	11.12	11.58	11.42	12.51	11.73	14.10	12.07	11.54	15.12
BEER	11.50	12.38	9.76	7.80	6.71	7.74	8.46	7.68	9.87	9.31	9.94	15.54

KARNATAKA STATE BEVERAGES CORPORATION LIMITED
MONTHWISE IML & BEER SALES PERFORMANCE FROM APRIL 2005 TO MARCH 2006
(VALUE : RS. IN CRORE)



	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
IML	151.85	166.57	167.01	165.24	170.81	168.97	185.97	174.55	213.90	177.12	170.36	228.87
BEER	53.45	57.60	45.32	36.40	31.09	35.81	39.13	35.61	45.63	44.68	46.97	75.18

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

BAND WISE IML SALES ANALYSIS FOR THE PERIOD APRIL 2005 TO MARCH 2006

Quantity in CBs

Size wise share within the slab

Size	SLAB 250-399		SLAB 400-449		SLAB 450-649		SLAB 650-1199		SLAB Above 1200		Total	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
180 ml	8690296	91.65%	941278	83.23%	1243648	73.55%	1054215	59.64%	97267	27.81%	12026704	83.40%
375 ml	279094	2.94%	101776	9.00%	215784	12.76%	237995	13.46%	43575	12.46%	878224	6.09%
750 ml	512160	5.40%	87909	7.77%	231481	13.69%	320876	18.15%	169368	48.42%	1321794	9.17%
OTHERS	0	0.00%	0	0.00%	0	0.00%	154530	8.74%	39568	11.31%	194099	1.35%
TOTAL	**9481550**	**100.00%**	**1130963**	**100.00%**	**1690912**	**100.00%**	**1767617**	**100.00%**	**349778**	**100.00%**	**14420820**	**100.00%**

Size wise share across the slab

Size	SLAB 250-399		SLAB 400-449		SLAB 450-649		SLAB 650-1199		SLAB Above 1200		Total	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
180 ml	8690296	72.26%	941278	7.83%	1243648	10.34%	1054215	8.77%	97267	0.81%	12026704	100.00%
375 ml	279094	31.78%	101776	11.59%	215784	24.57%	237995	27.10%	43575	4.96%	878224	100.00%
750 ml	512160	38.75%	87909	6.65%	231481	17.51%	320876	24.28%	169368	12.81%	1321794	100.00%
OTHERS	0	0.00%	0	0.00%	0	0.00%	154530	79.61%	39568	20.39%	194099	100.00%
TOTAL	**9481550**	**65.75%**	**1130963**	**7.84%**	**1690912**	**11.73%**	**1767617**	**12.26%**	**349778**	**2.43%**	**14420820**	**100.00%**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

TOP 30 IML BRANDS CONTRIBUTING 75% MARKET SHARE
FOR THE PERIOD APRIL '05 TO MARCH '06

Sl. No.	IML BRAND	Value in %
1	ORIGINAL CHOICE DELUXE WHISKY	11.10
2	MC DOWELLS NO. 1 RESERVE WHISKY	7.50
3	OLD MONK VERY OLD VATTED XXX RUM	7.23
4	NO. 1 MC DOWELLS SELECT GRAPE BRANDY	5.18
5	RAJA WHISKY	3.96
6	HAYWARDS CHEERS WHISKY	3.92
7	MC DOWELLS NO. 1 CELEBRATION DELUXE XXX RUM	3.76
8	SEAGRAM'S ROYAL STAG DELUXE WHISKY	2.61
9	WINDSOR DELUXE WHISKY	2.48
10	BAGPIPER DELUXE WHISKY	2.23
11	GILBEY'S GREEN LABEL WHISKY	2.17
12	DIRECTOR SPECIAL BLACK DELUXE WHISKY	2.14
13	DIRECTORS SPECIAL WHISKY	1.95
14	HAYWARDS O T WHISKY	1.91
15	AMRUTS SILVER CUP BRANDY	1.83
16	KHODAYS XXX RUM	1.64
17	MANSION HOUSE FRENCH BRANDY	1.57
18	MYSORE LANCER WHISKY	1.55
19	BONNIE SCOT SPECIAL MALTED WHISKY	1.35
20	U S WHISKY	1.16

21	ROYAL GOLD CUP EXTRA SMOOTH WHISKY	1.14
22	SEAGRAM'S IMPERIAL BLUE SUPERIOR GRAIN WHISKY	0.95
23	AMRUT PRESTIGE FINE WHISKY	0.91
24	HERCULES DELUXE 3 X RUM	0.90
25	ROYAL LANCER WHISKY	0.84
26	RAJA XXX RUM	0.75
27	WELLINGTON WHISKY	0.72
28	ORIGINAL CHOICE GRAPE BRANDY	0.66
29	ORIGINAL CHOICE DRY GIN	0.64
30	AMRUT XXX RUM	0.60

TOP 10 BEER BRANDS CONTRIBUTING 95% MARKET SHARE FOR THE PERIOD FROM APRIL '05 TO MARCH '06

Sl. No.	BEER BRAND	Value in %
1	KING FISHER PREMIUM LAGER BEER	24.83
2	KNOCK OUT HIGH PUNCH STRONG BEER	24.81
3	UB EXPORT LAGER BEER	18.64
4	KING FISHER STRONG PREMIUM BEER	9.68
5	KING FISHER STRONG BEER	9.23
6	KING FISHER PREMIUM LAGER BEER - CANS	1.75
7	KING FISHER STRONG PREMIUM BEER - CANS	1.74
8	FOSTERS LAGER BEER	1.74
9	HAYWARDS 5000 SUPER STRONG BEER	1.63
10	KING FISHER SUPER STRONG PREMIUM BEER	1.50

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

MANUFACTURER WISE IML SALES FROM APRIL '05 TO MARCH '06

Quantity : in CBs
Value : Rs. In Lakhs

Manufacturer	Quantity	Value	Value in %
DOMESTIC IML/WINE/FENNY			
KARNATAKA BREWERIES & DISTILLERIES (P) LTD., (0080)	1815897	34983.58	16.34
PAMPASAR DISTILLERY LIMITED (0029)	1732136	27868.18	13.02
JOHN DISTILLERY, BANGALORE (0067)	2357058	27307.77	12.75
GEMINI DISTILLERIES PVT. LTD. (0092)	1102647	18360.55	8.58
J P DISTILLERIES, BANGALORE (0063)	1347333	15769.85	7.37
SHASHI DISTILLERIES PRIVATE LTD (0097)	1273732	14768.10	6.90
MCDOWELL & CO. LTD., BANGALORE (0020)	804440	14010.12	6.54
UGAR SUGAR WORKS LTD. (0034)	574370	9396.09	4.39
AMRUT DISTILLERIES LIMITED (0009)	565539	6672.88	3.12
KHODAY R C A INDUSTRIES (0001)	337315	6052.64	2.83
SHASHI DISTILLERIES, BANGALORE (0055)	497948	5785.05	2.70
SARVADA DISTILLERIES (0021)	289542	3375.47	1.58
B T & F C PRIVATE LIMITED (0062)	226020	3242.94	1.51
VORIAN DISTILLERIES INC. (0014)	275844	3195.70	1.49
SREE VENKATESWARA DISTILLERIES (0060)	209194	2778.21	1.30
S P R GROUP HOLDING P. LTD.,(0032)	189844	2227.46	1.04
YEZDI DISTILLERIES (0026)	160588	1861.49	0.87
BACARDI MARTINI (I) LTD. (0057)	32388	1301.73	0.61
APPOLLO ALCHOBEV (0022)	100130	1160.86	0.54
KHODAY INDIA LTD. (0003)	23489	975.84	0.46
KHODAY BREWERIES LTD. (0002)	35119	738.74	0.35
SAMSONS DISTILLERIES PVT. LTD. (0072)	65395	733.11	0.34
AMRUT DISTILLERIES (0037)	38101	440.82	0.21
GROVER VINEYARDS P. LTD. (0079)	10276	288.18	0.13
AMRUT DISTILLERIES LTD (0037)	21062	243.69	0.11
CHAMUNDI WINERIES DISTILLERY (0066)	16904	197.35	0.09
KALBURGI DISTILLERY LTD. (0031)	13012	154.97	0.07

Manufacturer	Quantity	Value	Value in %
SOMARASA DISTILLERIES (0071)	12197	141.26	0.07
KARNATAKA BREWERIES & DISTILLERIES (P) LTD. (0005)	8431	128.33	0.06
HERITAGE GRAPE WINERY PVT. LTD. (0096)	7566	67.28	0.03
A J DISTILLERIES (0064)	2594	29.55	0.01
GREENFIELD DISTILLERIES (0069)	2162	25.16	0.01
KHODAY BREWERIES LTD (0002)	222	4.67	0.00
NETRAVATI DISTILLERIS PVT. LTD. (0095)	385	4.62	0.00
SRI VENKATESHWARA DISTILLERIES (0082)	280	3.02	0.00
RAVINDRA & COMPANY LIMITED (0083)	221	2.44	0.00
SAINATH DISTILLERIES PVT LTD (0090)	41	0.45	0.00
SREE BALAJI ENTERPRISES (0053)	17	0.27	0.00
M/S. WILSON DISTILLERIES PVT. LTD. (0093)	3	0.03	0.00
DOMESTIC IML/WINE/FENNY - TOTAL	**14149439**	**204298.48**	**95.42**
FOREIGN IML/WINE/LIQUOR			
BRINDCO SALES LTD. (0308)	2084	288.30	0.13
SUNTAN TRADING COMPANY PVT. LTD. (0318)	654	139.07	0.06
SONARYS CO-BRANDS PVT. LTD. (0320)	1226	103.83	0.05
SAMANT SOMA WINES LTD. (0319)	1069	75.27	0.04
MOET-HENNESSY INDIA PRIVATE LIMITED (0301)	256	55.49	0.03
MOHAN BROTHERS (P) LTD. (MOET) (0325)	345	51.38	0.02
ASPRI SPIRITS PVT. LTD. (0337)	359	46.29	0.02
BRINDCO SALES LTD. (BROWN) (0332)	170	40.79	0.02
MUNJRAL BROTHERS (DISTRIBUTION) PVT. LTD. (0339)	305	38.07	0.02
BRINDCO SALES LIMITED (STCPL) (0321)	246	28.56	0.01
RADICO KAITHAN LTD. (0304)	284	25.41	0.01
GLOBAL TAX FREE TRADERS INC. (0334)	372	22.68	0.01
BRINDCO SALES LIMITED (SEAGRAM) (0323)	113	18.20	0.01
SONARYS CO-BRANDS PVT. LTD. (0329)	236	16.70	0.01
MOHAN BROTHERS PVT. LTD. (0330)	92	14.15	0.01
KHODAY INDIA LTD. IMP DVN. (HENKELL & SOH) (0303)	210	10.11	0.00

Manufacturer	Quantity	Value	Value in %
MOHAN BROTHERS (MOET) NEW DELHI (0331)	65	10.01	0.00
ECHIDNA WINE TRADERS (0333)	71	8.47	0.00
BAUMGARTEN & WALLIA PVT. LTD.	90	7.59	0.00
AGENCIES INTERNATIONAL IMPEX (0309)	63	6.64	0.00
ASPRI SPIRITS PVT. LTD. (0341)	66	5.35	0.00
SOVEREIGN IMPEX PVT. LTD. (0314)	55	4.60	0.00
SRI LAKSHMI VENKATESWARA ENTERPRISES (0327)	43	3.41	0.00
PROCSYS HOSPITALITY PRIVATE LIMITED (0338)	23	1.58	0.00
AMRUT DISTILLERIES (FOREIGN) (0310)	16	0.98	0.00
SHAW WALLACE DISTILLERIES LTD. (0328)	22	0.94	0.00
RAVI KUMAR DIST. LTD. (0302)	8	0.74	0.00
FOREIGN IML/WINE/LIQUOR - TOTAL	**8541**	**1024.61**	**0.48**
IMPORT IML / WINE / FENNY			
KONKANA AGRO MARINE INDUSTRIES PVT. LTD. (0143)	31940	1618.17	0.76
SEAGRAMS DISTILLERIES LTD. NASIK (0137)	31815	1478.09	0.69
ASSOCIATED ALCOHOLS BREWERIES LTD. (0141)	37928	1371.10	0.64
ALLIED DOMECQ SPIRITS & WINE (I) PVT. LTD. (0134)	14811	1205.59	0.56
GWALIOR DISTILLERIES LTD., GWALIOR (0142)	26745	618.06	0.29
CHAMPAGNE INDAGE LTD. (0140)	16519	513.01	0.24
MCDOWELL & CO. LTD. (IMPORT) (0104)	13250	424.83	0.20
SEAGRAM INDIA (P) LTD. (0151)	7863	397.17	0.19
GEMINI DISTILLERIES (GOA) PRIVATE LIMITED (0158)	47878	346.56	0.16
NASHIK VINTNERS LIMITED (0152)	7233	284.97	0.13
UNITED DIST INDIA LTD. (0129)	2032	222.44	0.10
JOHN DISTILLERY LTD., GOA (0139)	13114	119.61	0.06
SANKALP WINERY PVT. LTD. (0148)	969	32.32	0.02
VINBROS & CO. (0110)	1355	27.20	0.01
SHAIV DISTILLERIES LTD. (0145)	1198	24.82	0.01
NAVEEN DISTILLERY (0102)	1926	20.90	0.01
KESARVAL SPRINGS DISTILLERS (P) LTD. (0157)	2007	17.07	0.01
N.D. WINES PVT. LTD. (0147)	185	10.72	0.01

Manufacturer	Quantity	Value	Value in %
NITA INDUSTRIES (0153)	633	7.64	0.00
INDOGRAPE WINERIES PVT. LTD. (0155)	537	5.73	0.00
SHAW WALLACE DISTILLERIES LIMITED (0146)	182	5.41	0.00
GREEN VALLEY CIDER PVT. LTD. (0161)	467	5.19	0.00
WHYTEHALL INDIA LIMITED (0144)	227	5.09	0.00
OCEANKING DISTILLERS (0160)	474	4.14	0.00
RENAISSANCE WINERY PVT. LTD. (0163)	90	3.83	0.00
V.M. AGROSOFT WINES (0150)	130	3.40	0.00
FLAMINGO WINES COMPANY PVT. LTD. (0159)	84	3.04	0.00
SPRING FIELDS (INDIA) DISTILLERIES, GOA (0154)	285	3.04	0.00
THE UNITED AGENCIES LIMITED (0135)	330	2.89	0.00
NATIONAL INDUSTRIAL CORPORATION LTD. (0156)	102	2.50	0.00
BARAMATI GRAPE INDUSTRIES LIMITED (0116)	229	1.81	0.00
SEAGRAM MANUFACTURING LIMITED (0127)	39	1.62	0.00
ASSOCIATES WINES PVT. LTD. (0162)	148	1.27	0.00
INTL DISTILLERIES (INDIA) P. LTD. (0126)	64	0.55	0.00
TILAK NAGAR INDUSTRIES LTD (0115)	17	0.49	0.00
M/S. KHEMANI DISTILLERIES (P) LTD. (0138)	4	0.13	0.00
MAHARASTRA DISTILLERIES LTD. (0106)	5	0.12	0.00
SAMANT SOMA WINE LTD. (0138)	2	0.08	0.00
WHYTE & MACKAY (INDIA) PVT. LTD. (0132)	7	0.06	0.00
INDAGE (INDIA) LIMITED (0107)	16	0.02	0.00
IMPORT IML / WINE / FENNY TOTAL	**262840**	**8790.69**	**4.11**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

MANUFACTURER WISE BEER SALES FROM APRIL '05 TO MARCH '06

Quantity : in CBs
Value : Rs. In Lakhs

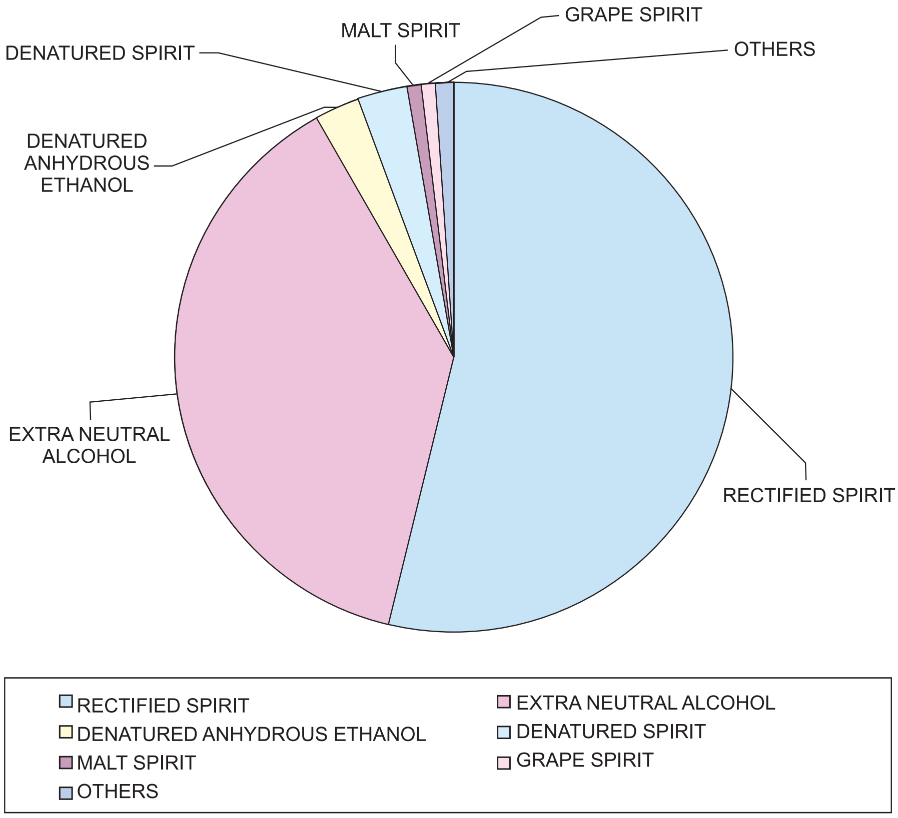
Manufacturer	Quantity	Value	Value in %
DOMESTIC BEER			
KARNATAKA BREWERIES & DISTILLERIES (P) LTD. (0206)	5593796	25273.77	46.22
MYSORE BREWERIES LTD (0207)	3185616	15512.09	28.37
MANGALORE BREWERIES (0208)	2691527	12800.90	23.41
KHODAY BREWERIES LIMITED (0204)	20681	101.44	0.19
H. DASAPPA & SONS PVT. LTD. (0203)	1056	4.38	0.01
DOMESTIC BEER - TOTAL	**11492675**	**53692.58**	**98.18**
FOREIGN BEER			
BRINDCO SALES LTD. (BEER) (0351)	843	17.20	0.03
MOHAN BROS. (P) LTD. (ASIA) (0359)	373	9.61	0.02
SONARY'S CO-BRANDS PVT. LTD. (0357)	285	6.55	0.01
ASIA PECIFIC BREWERIES (INDIA) PVT. LTD. (0355)	150	4.32	0.01
SONARYS CO-BRANDS PVT. LTD. (0360)	170	2.45	0.00
AGENCIES INTERNATIONAL (IMPEX DVN.) (0361)	143	2.30	0.00
MOHAN BROS PVT. LTD. (0358)	100	1.55	0.00
GLOBAL TAX FREE TRADERS INC. (0362)	17	0.29	0.00
RADICO KHAITAN LIMITED (BEER) (0352)	3	0.09	0.00
FOREIGN BEER - TOTAL	**2084**	**44.37**	**0.08**
IMPORT BEER			
FOSTER'S INDIA LIMITED, AURANGABAD (0281)	174916	949.24	1.74
IMPORT BEER - TOTAL	**174916**	**949.24**	**1.74**

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

PRODUCT WISE SPIRIT SALES FOR THE PERIOD APRIL '05 TO MARCH '06

PARTICULARS	Quantity : in Lakh BL	Value : Rs. In Lakhs
RECTIFIED SPIRIT	459.04	10993.76
EXTRA NEUTRAL ALCOHOL	322.15	9063.37
DENATURED ANHYDROUS ETHANOL	23.97	450.25
DENATURED SPIRIT	22.87	477.45
MALT SPIRIT	7.48	1408.55
GRAPE SPIRIT	7.19	1173.39
OTHERS	8.93	1244.26
TOTAL	**851.64**	**24811.03**
Add : Duties and Taxes		4019.65
Total		**28830.68**

PRODUCT WISE COMPOSITION OF SPIRIT SALES



Annual Report

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(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಒಂದು ಉದ್ದಿಮೆ)
ಸೀತಾಲಕ್ಷ್ಮಿ ಟವರ್ಸ್, ನಂ. 78, ಮಿಷನ್ ರಸ್ತೆ, ಬೆಂಗಳೂರು – 560 027
ದೂರವಾಣಿ : 2248 3636 / 44 ಫ್ಯಾಕ್ಸ್ : 2248 3645

Karnataka State Beverages Corporation Limited

(A Government of Karnataka Undertaking)
Seethalakshmi Towers, No. 78, Mission Road, Bangalore - 560 027
Phone : 2248 3636 / 44 Fax : 2248 3645